

Corporate Governance Principles
Community Bancorp. and Community National Bank
Owner: Corporate
Approved: December 8, 2021

The board of directors of Community Bancorp. (the “Company”) and its subsidiary, Community National Bank (the “Bank”), aspire to the highest standards of corporate governance and ethical conduct. They have adopted the following principles to assist in fulfilling their role in the oversight of the management of the Company and the Bank for the benefit of the shareholders. The corporate governance principles set forth below are intended to serve as a flexible framework, not legally binding requirements, and are to be interpreted and applied in the context of the charter documents, bylaws and applicable law.

General Principles:

- Board members have two fundamental duties to the organizations and their shareholders: the duty of loyalty, dealing fairly with the company or the bank in all business transactions and ensuring that personal interests do not bias Board decisions; and the duty of due care, being aware of the organization’s operating environment, being diligent and exercising independent judgment on behalf of the organizations and their shareholders. The basic responsibility of corporate directors is to exercise their business judgment in a manner they reasonably believe to be in the best interests of the corporation and its shareholders in accordance with their duties of care and loyalty.
- In discharging its obligations, the board is entitled to rely on the honesty, integrity, business acumen, competence and experience of management, its outside auditors and other advisors.
- Board members must be qualified for their positions, have a clear understanding of their role in corporate governance, be cognizant of the legal and regulatory environment, and be able to exercise sound judgment about the affairs of the Company and the Bank.
- Board members should collectively possess a broad range of skills, expertise, knowledge and business and other experience useful to the effective oversight and promotion of the Company’s banking business.
- The board approves the Bank’s strategic objectives, risk tolerance and corporate values and ensures that they are communicated throughout the banking organization. The board’s role is oversight and strategic direction and not day-to-day management.
- The board must select and retain competent management and ensure that the management team receives the training and ongoing support needed to be successful. The board must also ensure that a management succession plan is in place for the Company and the Bank.

- The board ensures that the Company and the Bank, through senior management, maintain high ethical standards and effective policies and practices designed to protect the reputation, assets and business of the Company and the Bank. The board ensures there is appropriate oversight by senior management of the day-to-day banking business, consistent with board policy, and that there are appropriate lines of responsibility and accountability throughout the organization.
- The board and senior management effectively utilize the work conducted by internal audit, external auditors, and internal control functions.
- The board ensures that Bank compensation policies and practices are consistent with the Bank’s corporate culture, long-term objectives and strategy, risk tolerance and regulatory environment.

Board Practices:

- The board has the flexibility to configure the leadership in a way that best serves the interests of the Company and Bank, and accordingly has no fixed policy with respect to combining or separating the offices of Chairman and CEO. That decision is made on a case by case basis.
- The board reviews the strategic plans and objectives and the major issues that it expects the Company and Bank may face in the future during at least one board meeting or retreat each year.
- The boards of the Company and of the Bank and all holding company committees have the opportunity to meet in executive session, without management present, during every meeting.
- The board designates one of its independent members as a lead “outside” director who presides over executive sessions in the absence of the Board Chair.
- Committees of the Company’s board have written charters outlining their composition, member qualifications, roles and responsibilities.
- Senior management is encouraged to invite other officers and employees to board and committee meetings, as appropriate, to provide additional insight on business issues or other agenda items.
- The board has the authority to retain such outside advisors or other experts as it deems necessary or appropriate to assist in carrying out its responsibilities.

- The Company and Bank provide opportunities for director education to ensure board members have the appropriate skills and technical and professional competence relevant to their roles as bank and bank holding company directors.
- Board members must be prepared for board and committee meetings, be attentive, and give attendance a high priority. Board members must strive to fully understand bank operations and the legal environment in which the Company and Bank operate.
- Each board member's judgement must be exercised independently from that of the other directors and of personal business interests. Active discussion, difference of opinion and debate are to be expected and encouraged. Board members must respect and support the collective decision of the board and management's implementation, and must keep confidential the proceedings and deliberations of the board and its committees.

Risk Management:

- The corporate strategy of the Bank must be explicitly related to its risk appetite and risk management, in order to both minimize exposure to loss and maximize opportunities for profit and growth.
- Senior management must create a pervasive risk-aware culture throughout the organization and an environment that sustains this culture over time.
- The board expects sound management of the following risk areas:
 - Credit Risk
 - Operational Risk
 - Strategic Risk
 - Reputation Risk
 - Liquidity Risk
 - Compliance Risk
 - Interest rate risk
- Risk management responsibilities are the responsibility of employees and managers throughout the organization. The board promotes a culture of risk-aware decision making through the establishment of an Enterprise Risk Management Program that considers the Bank's risk appetite, business strategy and objectives, and its ability to identify, monitor, manage, and control the risks of its business activities.

Transparency:

- The organization must be governed in a manner that is transparent to all stakeholders, including shareholders, directors, employees, auditors and regulators.

- The board's governance and oversight functions do not relieve executive management of the primary responsibility for preparing financial statements which accurately and fairly present the Company's and Bank's financial results and condition. Executive management maintains systems, procedures and a corporate culture that promote the ethical conduct of business and compliance with applicable legal and regulatory requirements.
- Quantitative and qualitative information about the material business activities of the Bank and the key drivers of profit and loss, as well as information on significant risks arising from the Bank's business activities (both actual and anticipated), must be provided to the board on a regular basis.
- Quantitative and qualitative information on how the Bank's balance sheet and cash flows are managed and any significant risks must be provided to external stakeholders, including regulators, as appropriate. The Company is committed to furnishing financial and other periodic reports that are thorough and accurate.
- The risk management process and governance structure are communicated clearly and comprehensively to stakeholders. Relevant corporate governance principles, policies and committee charters are posted on the Company's website.
- The board welcomes communication from shareholders and has approved a process which provides that the Assistant Corporate Secretary will review and forward shareholder correspondence to the board or appropriate committee or individual director. This process is described in the Company's proxy statement for the annual meeting of shareholders.