



Governance and Personnel Committee Charter

I. Organization

There shall be a committee of the Midwest Reliability Organization (MRO or Company) Board of Directors (board) known as the Governance and Personnel Committee (GPC or Committee). This charter shall govern the Committee with regard to its duties and responsibilities.

II. Purpose

The purpose of the GPC is to assist the board in fulfilling its oversight responsibilities and duties in three areas: governance, board, and personnel matters.

III. Responsibilities

The GPC shall be responsible for the following duties:

A. Governance:

1. Receive, and review with staff, staff's assessment of Company's bylaws, policies and procedures, and compliance with the Regional Delegation Agreement, as well as regulatory requirements and recommend changes as necessary to the board.
2. Coordinate the performance of the periodic stakeholder survey and recommend actions for the board to take in response to the stakeholder survey and monitor those initiatives.
3. Maintain a policy and procedure to resolve any dispute between members or between a member and the Corporation.
4. Maintain a policy and procedure to facilitate NERC's Consolidated Hearing Process.
5. Designate the GPC chair or a member to serve as the Meeting Secretary for executive session board meetings that are held without staff.
6. Annually review and as appropriate make recommendations to the board regarding the GPC charter. Review any proposed changes to other board committee charters and make recommendations to the board for approval.
7. If the board chair is not an independent director, the chair of the GPC will be responsible for providing advice to the board chair on setting the board's agenda and other material or strategic matters.
8. The independent directors will meet with the president, general counsel, and relevant Compliance Monitoring, RAM, and Enforcement staff at least annually to discuss any concerns with the board of directors as it pertains to the independence of MRO's Compliance and Monitoring and Enforcement Program.

B. Board:

1. Identify and recommend independent board member candidates to the board.
2. Encourage the members to identify qualified regional and industry sector board candidates.
3. Recommend regional board member candidates to the board.
4. Review independent director position description in the first quarter of the year any independent director seat is expiring
5. Review regional director position description in the first quarter of the year any regional director seat is expiring to ensure membership alignment with board geographic and sector representation, as well as current board skill set needs.

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6. In parallel with review of the regional director position description, review board balance with respect to geographic and sector representation, Net Energy Load (NEL), and the standards requirement for each sector.
7. Receive timely reports from staff on individual board member attendance if there is a concern that a board member's attendance may not be consistent with the bylaws or the board's Guiding Principles as outlined in Policy and Procedure 1: MRO Board of Directors.
8. Address any concerns about a board member's current or future ability to serve on the board. Depending on the nature of the concern, the committee chair, the committee, or the board may address the concern. The committee will report all concerns to the board in a timely manner, which could include requesting a special executive session of the board or reporting at the next regularly, scheduled session of the board, depending on the nature of the concern.
9. With staff, annually evaluate the compensation for independent board members, following the IRS procedures in order to secure the benefit of a rebuttable presumption that the compensation is reasonable. Consider the NERC Board of Trustee compensation study and the compensation for other Regional Entity Independent Directors. If advisable, set the compensation for MRO Independent Directors as a percent of the NERC Board of Trustee. Any adjustment to compensation shall occur in the following year.
10. Present recommendations to the board regarding reasonable compensation for independent board members. The recommendations may be for a multi-year period.
11. Coordinate orientation for new board members and recommend on-going training for board members.
12. Coordinate the performance of the board's periodic self-assessment, recommend to the board actions to be taken in response to the self-assessment, and monitor those initiatives.

C. Personnel:

1. Annually, receive and review with staff, staff's assessment of personnel policies and procedures, including activities relating to recruiting, retention, and training of employees.
2. Receive quarterly reports from the Director of Human Resources on employee matters, including but not limited to development initiatives, engagement initiatives, recruitment and retention efforts, diversity and inclusion efforts, succession planning, and employee training.
3. With respect to executive staff, in collaboration with the president, the Committee shall recommend for adoption by the board an "Executive Compensation Policy" (and from time to time modifications thereto) that sets forth the Company's compensation philosophy for executive staff.
 - a. The compensation philosophy shall set forth:
 - i. Company's strategy for ensuring that rewards are commensurate with Company's success and the creation of value for its members, and that the strategy supports the achievement of Company's objectives.
 - ii. The means by which goals and objectives are established pertaining to all annual and long-term incentive compensation plans, if any, for the executive staff.
 - iii. Criteria for the use, review, and approval of employment agreements for executive staff.
4. Annually, the Committee shall meet with the president and review the compensation of each executive staff employee to determine whether the compensation complies with the Executive Compensation Policy. The president may, from time to time, or at the request of the Committee, retain the services of an independent compensation consultant to facilitate this review. The Committee shall report the conclusions of this review to the board, along with any recommended actions arising from this review.
5. Review with the president succession plans for key staff on a biennial basis, or more frequently as appropriate.



6. Review annually the performance of the president and recommend the compensation of the president for approval by the board. The chair of the GPC will review and approve the president's expense reports.
7. Review and recommend approval of any employment agreements for executive staff.
8. Annually review the 457(b) Plan participants and make a recommendation for approval to the board.
9. Address any issues raised related to the performance of the Company's executive staff and recommend appropriate action to the board.
10. Receive notice of and review with staff any material compliance matter with regard to the administration of MRO benefit plans.
11. As deemed appropriate by the GPC, obtain advice and assistance from internal and external accounting, legal or other consultants to provide advice to the GPC on matters under its purview.

D. Other duties related to review, reports, and improvement procedures:

1. Report to the board on the matters discussed at each GPC meeting, as appropriate.
2. Perform any other activities consistent with this charter, the Company's bylaws and governing law, as the GPC or the board deems necessary or appropriate.

IV. Membership

The Committee shall generally consist of seven directors (in interim periods, the committee can operate with fewer appointed directors), and none of the Committee members shall be an officer or employee of the Company, but shall be independent of the management of the Company and free of any relationship that, in the opinion of the board, would interfere with the exercise of independent judgment as a Committee member. The Committee membership shall include all the independent board members currently seated on the Board.

The members of the Committee shall be appointed by the chair of the board. If a member of the Committee resigns, a replacement will be appointed by the chair of the board. The chair of the Committee will be an Independent Director.

V. Meetings

The Committee shall meet annually, or more frequently as appropriate or necessary. The chair of the board, the chair of the GPC, or a simple majority of the GPC members may call meetings of the GPC. The chair of the GPC shall prepare or approve an agenda in advance of each meeting. Members of staff shall be included in the meeting at the discretion of the chair and as needed based on the agenda topics. With the exception of directors, the GPC chair may excuse any non-GPC members from attendance at any meeting or portion of any meeting.

A quorum shall exist when at least four members of the GPC are present except for the purpose of setting independent director compensation. In order to follow the IRS procedures to secure a rebuttable presumption that the compensation is reasonable, a quorum shall consist of the three Industry Sector or Regional Directors. The GPC may take action with a simple majority of the GPC members present in a quorum, or by unanimous written consent.