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## Policy and Procedure 1: MRO Board of Directors

### 1. Objective

The objective of this policy is to define the general procedures for board administration. In the case of a conflict between this policy and the Midwest Reliability Organization (MRO) Bylaws, the MRO Bylaws shall control. The board shall conduct an annual review and approval of this policy.

### 2. Guiding Principles

The MRO Board of Directors is guided by the following principles for highly effective and reliable board members. Board members shall:

- Support the MRO mission and its values and understand the role of the board.
- Exercise their fiduciary duty of care by preparing for, attending, and participating in board and assigned committee meetings. Absent compelling and stated reasons, directors should be present at meetings.
- Exercise objective decision-making and avoid participation in board issues that are self-serving or may be perceived as a conflict of interest.
- Read the materials before board meetings and come prepared with questions.
- Advocate why MRO is important and why it needs our support.
- Take leadership roles by chairing a committee and knowing what the committee's responsibilities are, and take the initiative, as necessary.
- Respect the different roles of staff and the board.
- Collaborate and cooperate with other board members.

### 3. Composition

The composition of the MRO Board of Directors is defined by the MRO Bylaws.

### 4. Qualifications and Ability to Serve

The qualifications to serve as a member of the MRO Board of Directors are defined in the MRO Bylaws. A director should report any concern the director has about his or her continued ability to serve on the board or another director's ability to serve on the board to the Governance and Personnel Committee Chair. Concerns include matters such as potential conflicts of interest, a change in job responsibilities or employer, health issues, or legal issues including criminal charges of any kind.

### 5. Responsibilities

Duties of the board identified in the MRO Bylaws include the following:

- Govern the corporation and oversee all its activities;
- Establish and oversee all organizational groups;
- Oversee the accomplishment of all functions set forth in any delegation, or other agreement, with the North American Electric Reliability Corporation (NERC) or any government entity related to development, monitoring, and enforcement of Reliability Standards and related matters;

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- Approve, revise, and enforce MRO Member data and information requirements and related confidentiality requirements;
- Establish and approve an annual budget;
- Represent the corporation in legal and regulatory proceedings; and
- Hire the president.

Additional duties of the board include, but are not limited to, the following:

- Participate actively in organizational strategic planning;
- Serve as a resource of knowledge and counsel to the executive staff, committees, and other board members;
- Consider recommendations received from board committees;
- Represent the organization at NERC and industry events;
- Serve on at least one, and no more than two, board committees, except for a board chair who is a sector director or regional director, in which case the board chair does not serve on a board committee;
- Chair committees as appointed; and
- Complete the board self-assessment.

## **6. Board Administration**

### **A. Board Chair and Vice Chair**

Pursuant to the MRO Bylaws, the board shall select a chair and a vice chair of the board of directors. The term for the board chair and vice chair shall be one-year term beginning on January 1 of each calendar year. The board chair and vice chair may serve no more than two consecutive terms. The chair, or in the chair's absence, the vice-chair shall preside over board meetings.

When the board chair is a sector director regional director, the board chair shall not serve on a board committee. When the board chair is an independent director, the board chair shall serve on the Governance and Personnel Committee.

### **B. Lead Director Role**

The Governance and Personnel Committee chair shall be an independent director and serve as the lead director.

### **C. Committee Chair and Members**

The board chair will recommend to the board for its approval members of board committees.

### **D. Regular and Executive Session Board Meetings**

Meetings are conducted in accordance with *Robert's Rules of Order (Modern Edition)* unless otherwise specified herein, or within the corporate bylaws or Certificate of Incorporation. Attendees at each meeting of the MRO Board or board committee must follow MRO's Antitrust and Standards of Conduct guidelines.

An executive session of the board of directors meeting may be held as a regular or special meeting. Notice provisions for regularly scheduled meetings and special meetings will be given as



required by the MRO Bylaws. An executive session may be held prior to, during, or following an open meeting or may be a separate meeting. It may be held in-person or through electronic communication such that the directors may simultaneously hear each other.

The procedures set forth below should be followed when calling an executive session:

1. Executive sessions may be noticed and held in conjunction with the board's regularly scheduled meeting.
2. Special executive sessions of the board may only be held at the request of the MRO president, the board chair, or any three members of the board of directors. If the executive session is called as a special meeting immediately before, during, or after a public meeting, and the notice required by the bylaws cannot be provided, the membership and the directors will be asked to waive notice.
3. Permissible subjects to be discussed during an executive session include matters such as:
  - a. Budgetary matters before such details become public.
  - b. Litigation, investigations, and other legal matters.
  - c. Personnel or labor actions and discussions involving specific individuals.
  - d. Contractual negotiations and discussions.
  - e. Audit and penalty matters.
  - f. Issues related to a specific registered entity where company confidential information may be disclosed.
  - g. Safety, physical, and cyber security matters.
  - h. Governing document violations.
  - i. Strategic Planning.
  - j. Nonpublic CMEP materials.

The information discussed in executive session shall be kept confidential. Therefore, executive sessions are closed to the public and any persons in attendance who are not members of the board must have executed a Midwest Reliability Organization's Statement of Confidentiality within the calendar year in which the meeting occurs. In addition, meeting minutes are not publicly posted, and access and use of the minutes will be limited to board members, MRO executive staff, and legal counsel.

#### **E. Approval of Minutes**

Draft minutes will be reviewed by the chair, vice chair, the chairs of each board committee, the president, and the secretary prior to distribution to the entire board. Draft minutes will be available to the entire board within fifteen (15) working days after any scheduled board meeting. After seven (7) working days for board review, the draft minutes will be posted to the MRO website. Approved meeting minutes will be available on the MRO website within seven (7) working days of being approved by the board.



## 7. Nomination and Election Procedures

### Director Nominations – Vacancy

Director Type	Step 1	Step 2	Step 3	Step 4	Other
<b>Industry Sector (“IS”)</b>	Nominations requested from IS within 14 days has been or will be formally vacated.	Nomination period to elect open for at least 14 days.			
<b>Regional Director (“RD”)</b>	GPC Chair calls a special meeting to be held within 30 days of MRO being notified that directorship has been or will be formally vacated.	GPC identifies desired geographic region with a view of the MRO Corporate Region and defines skill set required. GPC will establish timeline to identify and interview candidates.	GPC will present identified candidate(s) to Board to nominate one of these candidate(s) to the MRO members.	If the Board does not nominate a candidate recommended by the GPC, the Board will provide the GPC guidance on identifying and nomination a RD candidate.	
<b>Independent Director (“InD”)</b>	GPC Chair calls a special meeting to be held within 30 days of MRO being notified that directorship has been or will be formally vacated.	GPC, in consultation with the Board, will review position description for any changes. GPC will establish timeline to identify and interview candidates. GPC may recommend to the Board that a search firm be engaged.	GPC will present identified candidate(s) to Board to nominate one of these candidate(s) to the Industry Sector members.	If the Board does not nominate a candidate recommended by the GPC, the Board will provide the GPC guidance on identifying and nomination an InD candidate.	Annually, the GPC reviews the position description for any changes to be presented at the Q4 Board meeting.



**Director Nominations – Term Expiration**

Director Type	Step 1	Step 2	Step 3	Step 4	Other
<b>Industry Sector (“IS”)</b>	Nominations requested from IS in Q4.	If the incumbent has served 3 or more terms, GPC will make an effort to identify a different candidate. Regardless of number of terms, IS may nominate and elect incumbent.	Nomination period to elect open for at least 14 days.		
<b>Regional Director (“RD”)</b>	In Q1 of the term expiration, GPC will solicit feedback from Board Chair, Vice Chair, GPC members, and president on filling this position.  GPC will meet in executive session (without MRO staff or the incumbent if member of GPC) to discuss feedback.	If incumbent has served 3 or more terms, GPC will make an effort to identify a different candidate and may consider incumbent as a candidate.	If the GPC supports having the incumbent as a candidate, GPC will meet with incumbent to determine incumbent’s willingness to serve another term. If the GPC does not support the incumbent as a candidate, the GPC will inform the incumbent.  GPC will identify candidates 1) if the incumbent is unwilling to serve; 2) has served 3 or more terms; or 3) not recommended by the GPC to be a candidate.	GPC identifies desired geographic region with a view of the MRO Corporate Region and defines skill set required.  GPC will establish a timeline to identify and interview candidates for election in Q4.	If the Board does not nominate a candidate recommended by the GPC, the Board will provide the GPC guidance on identifying and nomination a RD candidate.



Director Type	Step 1	Step 2	Step 3	Step 4	Other
<b>Independent Director (“InD”)</b>	<p>In Q1 of the term expiration, GPC will solicit feedback from Board Chair, Vice Chair, GPC members, and president on filling this position.</p> <p>GPC will meet in executive session (without MRO staff or the incumbent if member of GPC) to discuss feedback.</p>	<p>If incumbent has served 3 or more terms, GPC will make an effort to identify a different candidate and may consider incumbent as a candidate.</p>	<p>If the GPC supports having the incumbent as a candidate, GPC will meet with incumbent to determine incumbent’s willingness to serve another term.</p> <p>If the GPC does not support the incumbent as a candidate, the GPC will inform the incumbent.</p> <p>GPC will conduct a search to identify candidates if the incumbent is: 1) unwilling to serve; 2) has served 3 or more terms; or 3) not recommended by the GPC to be a candidate.</p>	<p>GPC will establish timeline to identify and interview candidates for election in Q4.</p>	<p>If the Board does not nominate a candidate recommended by the GPC, the Board will provide the GPC guidance on identifying and nomination an InD candidate.</p>



**Elections – All Directors**

Election Type	Step 1	Step 2	Step 3	Step 4	Other
<p><b>Vacancy</b></p>	<p>After the nomination period has ended, director elections will be held by electronic ballot.</p> <p>The election will be held as soon as practicable for elections to fill a vacancy, in sufficient time for the results to be announced at the next regularly scheduled board meeting.</p>	<p>MRO Members will have at least 14 days to submit a vote.</p>	<p>Newly elected directors will be seated the date the election closes.</p>		
<p><b>Term Expiration</b></p>	<p>After the nomination period has ended, director elections will be held by electronic ballot.</p> <p>The election will be held as soon as practicable for elections to fill a vacancy in Q4, in sufficient time for the results to be announced at the last regularly scheduled board meeting of the year.</p>	<p>MRO Members will have at least 14 days to submit a vote.</p>	<p>Newly elected directors will be seated as of January 1, of the following year.</p>		