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## Governance and Personnel Committee Charter

### Organization

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

### Purpose

The Committee assists the Board in fulfilling its oversight responsibilities and duties in three areas: governance, board, and personnel matters, which are enumerated in Section III of this Charter.

### Responsibilities

The Committee shall have the following responsibilities and duties:

1. Governance:
  - a. 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.
  - b. Coordinate the performance of the periodic stakeholder survey and recommend actions to the Board to take in response to the stakeholder survey and monitor those initiatives.
  - c. Maintain a policy and procedure to resolve any dispute between members or between a member and the Corporation.
  - d. Maintain a policy and procedure to facilitate NERC's Consolidated Hearing Process.
  - e. Designate the committee chair or a member to serve as the Meeting Secretary for executive session Board meetings that are held without staff.
  - f. Annually review and make recommendations to the Board regarding the Committee's Charter. Review any proposed changes to other Board committee charters and make recommendations to the Board for approval.
  - g. If the board chair is not an independent director, the chair of the committee will be responsible for providing advice to the Board chair on setting the Board's agenda and other material or strategic matters.
  - h. The Independent Directors will meet with the President and CEO, 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.
2. Board:
  - a. Identify and recommend independent Board member candidates to the Board.
  - b. Encourage the members to identify qualified regional and industry sector Board candidates.
  - c. Recommend regional Board member candidates to the Board.
  - d. Review regional director position description in Q1 of the year any regional director seat is expiring to ensure membership alignment with board geographic and sector representation, as well as a current board skill set needs.
  - e. Review board balance at the same time as the regional director review (provided above) in matters of geographic and sector representation, as well as Net Energy Load (NEL) and the standards requirement for each sector.
  - f. 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 Board's Guiding Principles or the bylaws.
  - g. 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.

*Approved by the MRO Board: December 3, 2020*

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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.

- h. With staff, annually evaluate the compensation for independent Board members, following the IRS procedures in order to secure the benefit of a rebuttable presumption 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.
- i. Present recommendations to the Board regarding reasonable compensation for independent Board members. The recommendations may be for a multi-year period.
- j. Coordinate orientation for new Board members and recommend on-going training for Board members.
- k. 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.
- l. In conjunction with staff, the Finance and Audit Committee, the Board, and the Company's insurance providers, annually review the Company's D&O coverages and limitation of liability provisions for Board members and Company personnel and make recommendations as appropriate.

3. Personnel:

- a. Annually, receive and review with staff, staff's assessment of personnel policies and procedures, including activities relating to recruiting, retention, and training of employees.
- b. Receive and review with the Chief Compliance Officer any complaints made pursuant to Policy and Procedure 7: Whistleblowing.
- c. 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.
- d. With respect to executive staff, in collaboration with the President and CEO, 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.
  - i. The compensation philosophy shall set forth:
    - 1. 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.
    - 2. 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.
    - 3. Criteria for the use, review, and approval of employment agreements for executive staff.
- e. Annually, the Committee shall meet with the President and CEO and review the compensation of each executive staff employee to determine whether the compensation complies with the Executive Compensation Policy. The President and CEO 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.
- f. Review with the President and CEO succession plans for key staff on a biennial basis, or more frequently as appropriate.
- g. Review annually the performance of the President and CEO and recommend the compensation of the President and CEO for approval by the Board. The chair of the Committee will review and approve the President and CEO's expense reports.
- h. Review and recommend approval of any employment agreements for executive staff.
- i. Address any issues raised related to the performance of the Company's executive staff and recommend appropriate action to the Board.



- j. Receive notice of and review with staff any material compliance matter with regard to the administration of MRO benefit plans.
  - k. As deemed appropriate by the Committee, obtain advice and assistance from internal and external accounting, legal or other consultants to provide advice to the Committee on matters under its purview.
4. Other duties related to review, reports and improvement procedures:
- a. Report to the Board on the matters discussed at each Committee meeting, as appropriate.
  - b. Perform any other activities consistent with this Charter, the Company's bylaws and governing law, as the Committee or the Board deems necessary or appropriate.

## 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 of the independent Board members currently seated on the Board.

The members of the Committee shall be appointed by the chair of the Board to serve a term of two years or until successors shall be duly appointed and qualified. Terms shall be staggered so that the terms of all members do not expire in the same year. If a member of the Committee resigns before the end of his or her term, a replacement will be appointed by the chair of the Board for the duration of the term. The chair of the Committee will be an Independent Director who will be elected by the Independent Directors and approved by the Board.

## Meetings

The Committee shall meet annually, or more frequently as circumstances dictate. The chair of the Board, the chair of the Committee, or a majority of the Committee members may call meetings of the Committee. The chair of the Committee 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 chair may excuse any non-Committee members from attendance at any meeting or portion of any meeting.

A quorum shall exist when at least four members of the Committee are present except for the purposes 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. A simple majority of the Committee members present may approve an action.