

**ENERGYUNITED ELECTRIC MEMBERSHIP CORPORATION**  
**BOARD POLICY MANUAL**

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## **BP-01: BOARD POLICY MANUAL**

Version: 2015.12.17

### 1. OBJECTIVE:

To establish the basis for the formulation, approval, publication, and distribution of written board policy statements to provide guidance to the Members, Board of Directors (“Board”), Chief Executive Officer (“CEO”), management, employees, contractors, and other persons and entities in furtherance of the purposes, objectives, plans, viewpoints, and operational requirements of the Cooperative.

### 2. POLICY CONTENT:

- a. The Board hereby recognizes its responsibility for board policy planning and development through observation, study, and analysis of the affairs of the Cooperative which, together with the recommendations of the CEO, provide the basis for board policy content.
- b. Board policies will be developed and placed in written form. All board policies shall be placed in a board policy manual that is available to the Board, CEO, management, employees, contractors, and other persons and entities in furtherance of the purposes, objectives, plans, viewpoints, and operational requirements of the Cooperative.
- c. If any position with the Cooperative referred to in board policies is replaced by another position, then the board policies shall be interpreted as referring to the replaced position without the necessity of any further action being taken.
- d. The Board may, in its sole discretion, modify board policies at any time. The CEO and Corporate Attorney may make administrative corrections and non-substantive modifications to board policies without Board approval. Administrative corrections and non-substantive modifications include, but are not limited to, format changes, spelling corrections, style modifications, numbering changes, etc.

### 3. RESPONSIBILITY:

- a. The Board is responsible for the review, consideration, and approval of board policies.
- b. The CEO is responsible to the Board for recommendations covering the areas of need where board policies are required, such recommendations shall include the board policy statement, content, and responsibility requirements which are to be reviewed for revision, correction, and appropriate action by the Board.
- c. The requirements for board policies are to be determined by the Board in consultation with the CEO. The CEO is solely responsible for all internal operational procedure

statements that are required relative to procedures necessary in the accomplishment of their responsibilities.

## **BP-02: STATEMENT OF FUNCTIONS, BOARD OF DIRECTORS**

Version: 2019.05.16

### 1. OBJECTIVE:

- a. To clarify and elaborate upon the powers and duties set forth in the Articles of Consolidation, the Bylaws, and the law of the State of North Carolina.
- b. To provide guidance to each member of the Board of Directors (“Board”) in a more detailed form concerning their duties and responsibilities.

### 2. REPORTING RELATIONSHIPS OF DIRECTORS:

#### a. A Director Reports To:

- i. The Members (through elected officers or others).
- ii. The President (as the Chairperson and Chief Presiding Officer).

#### b. The Board Directs:

- i. Standing committees (through the respective Chairperson).
- ii. The Chief Executive Officer (“CEO”).

### 3. RESPONSIBILITIES AND AUTHORITIES OF BOARD OF DIRECTORS:

Within the limits of the Charter, Bylaws, and other legal or contractual obligations, the Board shall exercise the following discretionary (executive) and administrative (ministerial) duties:

#### a. To Constitute and Maintain Legal Entity with Respect to:

- i. Seeing that the legal requirements as set forth in the Articles of Incorporation, Bylaws, and other regulations and contractual requirements applying to the Cooperative are complied with regularly, including, but not specifically limited to those promulgated by:

- (1) Federal, state, and local statutes, ordinances, and regulations.
- (2) Federal and state regulatory bodies.
- (3) Lending Agencies, to include, but not limited to, Rural Utilities Service, CoBank, National Rural Utilities Cooperative Finance, local financial institutions, and the like.

- (4) Studying and determining the articles or sections in the Bylaws to be revised, amended, or repealed as necessary or required and keeping the Members informed of such changes in the Bylaws.
  - (5) Executing legal contracts such as loan agreements, engineering service agreements, or contracts and wholesale power contracts.
- b. To Act in the Members' Best Interests with Respect to:
- i. Holding and protecting the assets of the Cooperative.
  - ii. Being familiar with and complying with the Bylaws and Board policies as may be amended, revised, or corrected from time to time.
  - iii. Seeing that a continuous program of Member and public relations is carried out to obtain understanding and acceptance of the Cooperative's objectives, viewpoints, policies, plans, and programs.
  - iv. Keeping informed and growing in their own skills and understanding as Board members, and occasionally arranging for an evaluation of Board performance and for a systematic program to keep it growing in its abilities.
  - v. Informing the Members of the end results of the operations through publications, newsletters, and other news media and annual membership meetings that involve the Directors and Members.
  - vi. Participating in such outside activities as deemed necessary to enhance the acceptance of the Cooperative, broaden the scope of the Cooperative's operation and fulfill the public obligations of the Cooperative as a member of the community and of the electrification program.
  - vii. Seeing that accurate minutes of Board and Membership meetings are prepared and maintained.
- c. To Become Involved in and Thereafter Adopt Plans with Respect to:
- i. Developing the ideals, viewpoints, objectives, strategic plans, major goals, and end results desired through interpretation and application of the Articles of Incorporation, Bylaws, policies, and interests of the Membership.
  - ii. Developing the guiding policies of the Cooperative.
  - iii. Developing broad operating programs of services and activities as formulated and recommended by the CEO.

- iv. Developing, in consultation with the CEO, the final annual work programs and operating budgets in terms of the end results, risks, and evidence of conditions promising to attain desired end results.
  - v. Developing, in consultation with the CEO, the financial plans and policies essential to maintaining a sound financial structure, including Member equity.
  - vi. Developing, in consultation with the CEO, the required Board policies and programs essential to maintain a well-trained and fairly compensated staff of employees within the financial and other capabilities of the Cooperative.
  - vii. Developing policies and authorizing programs for maintaining good Member relations, good public relations, and the education of consumers on more effective use of electric service and Members on ownership of their Cooperative.
  - viii. Developing plans for effective Board meetings to be conducted often enough to keep informed, to provide needed policies, facilities, and financing and to assure desired end results.
  - ix. Developing of the program for annual and other official meetings of the Membership as indicated or required.
  - x. Developing methods which encourage the participation of the Members in planning and carrying out programs which affect them.
  - xi. Reviewing and making changes to the Wage and Salary Plan.
  - xii. Reviewing and making necessary recommendations on any matters pertaining to Cooperative personnel.
  - xiii. Annually reviewing Director Compensation for continuation or modification.
- d. To Provide Operating Requirements with Respect to:
- i. Setting the rates and authorizing monies for facilities and equipment necessary to carry out the objectives of the Cooperative.
  - ii. Appointing committees, when appropriate, and receiving reports and recommendations from the special or standing committees and taking appropriate action as a result of such reports.
  - iii. Selecting and employing a competent CEO.
  - iv. Assigning to the CEO the operating management and administrative functions described in the position guide approved by the Board and delegating the necessary authority to carry out such responsibilities.

- v. Approving the selection of engineering, financial, management, and legal consultants, including the corporate attorney, and approving a functional statement of their duties.
  - vi. Advising the CEO, upon request, in regard to specific managerial decisions which are the delegated authority of the CEO to make and for which they are to be held accountable, provided that:
  - vii. The Board shall avoid leaving the impression it is making decisions or giving instructions to the CEO when only advice is intended or inferred.
  - viii. The Board shall accept responsibility for the end results of any action involved in a decision should it direct the CEO to make specific administrative decisions.
- e. To Establish Measures and Controls (Results Indicators) Which Can Be Used in Appraising the Effectiveness of the Operation to be Accomplished by:
- i. Reviewing periodic reports from the CEO and checking for conformity to the approved viewpoints, objectives, strategic plan, major goals, plans, and programs. These reports should be of sufficient scope to enable the Board to:
    - (1) Prevent unauthorized action.
    - (2) Determine how operations in key result areas are progressing.
    - (3) Predict trends and forecast results on the basis of trends.
    - (4) Determine where changes or remedies are needed to prevent serious deviations and effect improvements.
    - (5) Establish sources of information for planning or replanning.
    - (6) Measure performance against systematically planned and approved budgets.
    - (7) Measure performance against work programs and results expected thereunder.
  - ii. Reviewing the minutes of Board meetings to determine where improvements can be made in the maintenance of official and historical actions to improve the operations and quality of services.
  - iii. Appointing, compensating, and overseeing the work of any registered public accounting firm employed by the Cooperative, including resolving disagreements between management and the auditor regarding financial reporting, which shall report directly to the Board for the purpose of preparing or issuing an audit report or related work.

- iv. Guiding the Cooperative's independent auditor for the purpose of preparing or issuing audit reports or related work.
  - v. Reviewing the annual financial audit and seeing that such remedial action as necessary is taken.
  - vi. Reviewing, retaining, and treating complaints received by the Cooperative regarding accounting, internal accounting controls, or auditing matters.
  - vii. Receiving, retaining, and treating confidential, anonymous submission by employees of the Cooperative of concerns regarding questionable accounting or auditing matters.
  - viii. Reviewing Annual Work Plans and making changes necessitated by changing conditions.
  - ix. Reviewing the management and personnel audits and seeing that the recommendations are carried through by receiving and reviewing regular progress reports.
  - x. Reviewing the results of Membership annual meetings that are held to adequately inform and involve the Members, to obtain their ideas and suggestions, and as a means of obtaining their understanding and acceptance of the Cooperative's objectives, strategic plans, goals, policies, and programs.
- f. To Promote Good Governance by:
- i. Being responsible for and educated regarding good governance.
  - ii. The President being responsible for raising awareness of and facilitating good governance.
  - iii. The CEO and Corporate Attorney being responsible for raising awareness regarding good governance and providing appropriate information and guidance to facilitate good governance.

4. SUPPORTIVE RELATIONSHIPS:

As a member of the Board, each Director recognizes and develops the following supportive relationships for purposes of effective Board function, effective relations with operating management, and effective communications with the Members.

a. Internal:

- i. President:

- (1) To inform on any matters which the President should consider in the preparation of a well-planned agenda for each regular or special meeting of the Directors.
  - (2) To assist the President in his or her role as chairperson and discussion leader during regular or special meetings of the Directors contributing to ideas, factual information, issues, and decisions in a manner consistent with parliamentary procedure.
- ii. CEO:
- (1) To inform and advise on matters concerning member interests which may be brought to the attention of the Directors.
  - (2) To recognize as the operating official through whom all complaints, problems, and other matters should be communicated when concerned with the Cooperative or its employees.
- iii. Directors:
- (1) To assist and work with through attention to effective discussion during regular or special meetings.
  - (2) To encourage effective appraisals of Board functioning that will ensure continuing and systematic attention to responsibilities concerning the present and future problems of the Cooperative.
  - (3) To accept and work with or on any committee or other special assignments.
- iv. Chairman, Standing Committees:
- (1) Designated standing committees will develop statements of their functions and submit them to the Board for adoption. They will meet and study needs in their respective functional areas.
  - (2) The Chairperson of each standing committee will be expected to submit the Committee's conclusions in the form of a report and propose a resolution for action.
- b. External:
- i. Member-Owners:
    - (1) To inform, advise, and enlist the continuing support and understanding on all problems affecting Member interests as consumers and owners.
    - (2) To accept information and relay to operating management.

- ii. General Public: To work at all times and at every opportunity in maintaining a favorable image of the Cooperative as a business citizen and its role in the social and economic wellbeing in service area which is served.

5. RESPONSIBILITY:

It shall be the responsibility of each Director to carry out the responsibilities set forth in this policy. It shall be the responsibility of the President to call attention of the Board to any non-adherence to this policy.

## **BP-03: QUALIFICATION FOR DIRECTORSHIP**

Version: 2017.07.20

### 1. OBJECTIVE:

- a. To state the intentions of the Membership on desirable qualifications, based upon past and present experiences and future problems, which have been determined to be the essential characteristics of those individuals who are elected Directors.
- b. To provide and inform the Membership on qualifications to be considered when nominating Members to be voted upon for service on the Board of Directors ("Board").
- c. To provide the Membership with a means of informing themselves on the nomination and election of the Board who are qualified to carry out the viewpoints, objectives, formulate policy, develop plans, and insure their execution within the Cooperative.

### 2. POLICY CONTENT:

The Cooperative hereby set forth this policy for use when considering Director candidates.

- a. Director Qualifications: The Nominating Committee and any Member or Members who nominate an individual to be voted upon for election to the Board will be aware of and will carefully and seriously consider the Director qualifications as set forth in the Bylaws.
- b. Director Responsibilities: Service as a Director shall include the following responsibilities for growth and development in keeping the Director and others informed and participating in the functions of the Board at all scheduled regular and special meetings. A Director is expected to:
  - i. Expend the effort to improve abilities and understand the Cooperative's problems, to provide the judgement required to make decisions in constantly changing circumstances that have a direct and indirect effect upon the Cooperative.
  - ii. Support all decisions and actions made or taken by the majority of the Board.
  - iii. Conscientiously study the information contained in reports submitted to the Board.
  - iv. Contribute to the development of statements on functions and responsibilities of Board members and thereafter to become familiar with and strive to improve such statements.
  - v. Objectively evaluate and consider the questions and problems with which the Cooperative is faced.

- vi. Keep informed as to the aims and objectives of the Cooperative and to further study and analyze the policies, plans, and problems which result from efforts to achieve such aims and objectives.
  - vii. Keep informed on, alert to, and aware of the attitudes of the Members and general public toward the Cooperative's objectives and policies.
  - viii. Inform all interested persons about the Cooperative's viewpoints, objectives, programs, and services.
- c. Commitment: A candidate for election or re-election to the Board shall be considered on the basis of their willingness and ability to carry out the functions of a Director as established and committed to writing.
  - d. Personal Qualifications of Potential Candidate: The Nominating Committee or group of Members of the Cooperative who nominate an individual to be voted upon for election to the Board shall consider the following questions when reviewing the personal qualifications of the nominee:
    - i. What is the business record of the individual and what has the management of the particular individual's own affairs indicated as to the possession of sound business judgement?
    - ii. What is the judgement of the proposed nominee's neighbors as to their demonstrated capacity for leadership and the neighbor's confidence for honesty and integrity?
    - iii. What has the proposed nominee done that would demonstrate their capacity for working with groups rather than as an individualist?
    - iv. What are the ideas and objectives of the proposed nominee as they relate to Cooperative principles and philosophy?
    - v. What are the problem areas which the proposed nominee might encounter as an individual when helping their fellow members obtain a more complete understanding of the Cooperative and its activities and problems?
  - e. Non-Discrimination: Directors shall be selected on the basis of the above stated criteria and without regard to race, religion, color, sex, or national origin.
  - f. Supplement to Charter and Bylaws. This policy shall be in addition to existing provisions of the Certificate of Incorporation and approved Bylaws and is intended to serve as a guide in keeping Nominating Committee members and Members informed on their nominating and voting obligations.
3. RESPONSIBILITY:

- a. The President and all members of the Board shall insure that a copy of the provisions of this policy is in the hands of each member of the Nominating Committee.
- b. The President is the Chief Presiding Officer of the Cooperative and is responsible for determining that this policy is adhered to and made known to all interested persons at all times.
- c. The Board, when filling a vacancy on the Board by appointment until the next annual meeting, shall adhere to this policy statement in making such an appointment.

## **BP-4: TRAINING AND DEVELOPMENT PROGRAM FOR DIRECTORS**

Version: 2021.11.18

### 1. OBJECTIVE:

- a. To provide Directors with the information and training necessary to acquire the knowledge and skills needed to meet the requirements of their position.
- b. To prepare the Directors to meet new challenges.
- c. To establish guidelines for the training and development of Directors.

### 2. POLICY CONTENT:

The Board of Directors ("Board") has resolved that the statements contained in the following paragraphs define its intention with regard to Director training and development:

- a. Program of Training and Development for Directors: The Cooperative shall have as a part of its total development program, a continuing program of training and development for Directors. The program shall be developed under the guidance and direction of the Board Executive Committee and shall be reviewed and updated annually as a part of the annual Director work planning process.
- b. Internal (Within the Cooperative) Training Programs. Internal training programs will be developed and implemented as the need is determined by the Board and the Chief Executive Officer ("CEO"), making use of Directors, staff, and external consultants as desirable to achieve the annual training goals.
- c. External (Outside the Cooperative) Training: Directors shall be encouraged to obtain director certification under the National Rural Electric Cooperative Association director training institute program. Directors will be expected to attend director updates and conferences sponsored annually by National and State trade associations of which the Cooperative is a member. Directors shall be expected to report back to the Board following participation in external training experiences, giving particular emphasis on areas which relate to the Cooperative and its operations.
- d. New Directors: A newly elected Director must be willing to do the following within the first twelve months of directorship for initial orientation and training:
  - i. Meet with the CEO to review the Cooperative's Board Policies.
  - ii. Meet with the CEO to become familiar with the general operations of the Cooperative.
  - iii. Attend a new director orientation course offered by the National or State Trade Association.

- iv. Attend at least one Statewide Board Meeting.
  - v. Directors elected after January 1, 1999, who shall have had no prior service as a Director of this Cooperative, shall within six years of his or her election, be certified by the National Rural Electric Cooperative Association (“NRECA”) Director Training Program or any substantially similar program.
  - e. Arrangements for Training Experiences: To assure arrangements for lodging, travel, and registration can be made in the most economical way, off-system director training for Directors will be planned prior to participation, giving adequate notice, when possible, where plane travel is involved.
  - f. Retraining: Where director institutes are held as repeat courses (example: NRECA director institutes) and contents of course have been updated or changed appreciably since a Director previously participated, the Board may approve participation by a Director who has previously attended the course. In any event, when it has been ten or more years since the director has attended an institute, the Board will give strong consideration to approving attendance at such an institute.
  - g. Board Self-Evaluation: The board shall conduct a comprehensive self-evaluation of its performance at least once every three years, beginning in 2022. Board self-evaluations shall be facilitated by an outside third party and shall include, at a minimum, director peer-to-peer evaluations, director self-evaluations, and director evaluations of the board as a whole.
3. RESPONSIBILITY:
- a. The Board is responsible for any changes in this policy and for approving budgetary requirements for the program as reflected in the Directors' annual work program.
  - b. The Board Executive Committee is responsible for recommending the annual training programs for Directors which will be included in the Directors' annual work program.
  - c. The CEO is responsible to provide assistance to the Board Executive Committee in the development of the annual Directors' training program and to provide staff support in carrying out the program.

## **BP-05: BOARD OF DIRECTORS CHIEF EXECUTIVE OFFICER RELATIONSHIP**

Version: 2022.03.17

### 1. OBJECTIVE:

To establish a policy governing the relationship between the Board of Directors (“Board”) and the Chief Executive Officer (“CEO”).

### 2. POLICY CONTENT:

The Board recognizes, establishes, and maintains the following guidelines in its relationship with the CEO.

- a. Board Responsibility: It is recognized that good management is the most important factor in the success of the Cooperative. In exercising such management, the Board reserves its responsibility to establish policy, to approve plans and programs, and to delegate to the CEO such authority not conferred upon or reserved to the Members.
- b. CEO Responsibility: The Board recognizes its responsibility and its need to establish policies, to approve plans and programs, and to delegate to the CEO authority to execute and carry out its plans, programs, and policies. The CEO shall, among other things, have authority to hire capable personnel within the approved wage and salary plan and policy and to train, supervise, and replace such personnel if necessary. The delegations of authority from the Board to the CEO are outlined in the attachment to this policy under Exhibit A.
- c. Formulation of Policy: All Board policies shall be approved at by the Board. The CEO is delegated the responsibility of carrying out such policies.
- d. Board Commitments: The Board recognizes that should any Director undertake in private conversation with others to make commitments for the Board, that Director becomes involved in a serious breach of policy which might disrupt the entire organization.
- e. Board-Personnel Relationship: It shall be the policy of the Board to refrain, as individuals, from discussing management problems with the personnel of the Cooperative. At the request of the CEO, the Board may confer with personnel at Board Meetings.
- f. Management Authority: It is understood that the "flow" of authority for the general management of the Cooperative shall pass through the CEO, and the CEO shall be the connecting link between the Board and personnel. The Board shall require full and complete information from the CEO concerning all matters in connection with the management of the Cooperative. The delegations of authority from the Board to the CEO are outlined in the attachment to this policy under Exhibit A.

- g. Board-CEO Relationship: Primarily, the purpose of this policy is to define the relationship that shall exist between the Board, who are elected representatives of the Members, and the CEO, who is employed by the Board. The Board recognizes that efficient management of the Cooperative can exist only through mutual understanding and complete cooperation between the Board and the CEO. The CEO is expected to produce results and give an account to the Board for their stewardship. The CEO's performance cannot be of the best unless they are given latitude to exercise independent judgement in executing Board policies. The Board acknowledges that obligation and gives the CEO that latitude of judgment and discretion and expects faithful performance in carrying out all the Board policies.
- h. Appraisal of CEO Performance: The Board recognizes its responsibility for the employment of a CEO and a systematic appraisal of the CEO's performance in order that growth, development, and effective improvement are encouraged.

3. RESPONSIBILITY:

The President and the Executive Committee shall be responsible for notifying the Board of any violation or non-compliance with this policy.

## EXHIBIT A

ADOPTED: March 17, 2022

SUBJECT: DELEGATIONS OF AUTHORITY FROM THE BOARD OF DIRECTORS TO THE CHIEF EXECUTIVE OFFICER

1. OBJECTIVE:

To define the delegations of authority from the Board of Directors to the Chief Executive Officer to give him the authority to direct the operations of EnergyUnited Electric Membership Corporation and to report to the board on the results achieved.

2. POLICY CONTENT:

a. Planning:

- i. Viewpoints, Objectives, and Policies: To formulate, with the staff, as appropriate, the viewpoints, objectives, and policies of EnergyUnited Electric Membership Corporation to be recommended by the Chief Executive Officer to the Board of Directors for approval.
- ii. Strategic Planning: To develop, with the Staff and the Board, the mission and long-range objectives of EnergyUnited Electric Membership Corporation by periodically assessing changes in the Cooperative's external environment, by identifying key issues and by adopting strategies to effectively address those issues.
- iii. Long- and Short-Range Operational Planning: To conduct studies and market research, utilizing Staff and outside consultants, and on this basis to develop action plans and reports to the board in such areas as load forecasts and future power requirements, financial forecasts, appliance saturation, member attitudes and long-range system engineering requirements.
- iv. Membership Meetings: To develop, with the Staff, plans for annual and other member meetings of EnergyUnited Electric Membership Corporation and to make appropriate recommendations to the Board of Directors for approval.
- v. Annual Workplans and Budgets: To formulate, with the Staff, annual work plans and budgets for EnergyUnited Electric Membership Corporation and recommend them to the Board for their consideration, and to provide detailed monthly reports on revenue, expenses, and other results compared to such plans.
- vi. Legislation: To analyze and determine, with the Staff and in coordination with organizations such as the North Carolina Statewide, and the National Rural Electric Cooperative Association (NRECA), state and federal legislative and regulatory matters to be proposed, supported, or opposed consistent with established policy.

vii. Retail Rates and Service Rules and Regulations: To periodically study and analyze the Cooperative's rates and service rules and regulations to make sure they meet current operating requirements and to make appropriate recommendations to the Board of Directors for approval.

b. Organization:

i. Organization Structure:

- (1) To periodically review activities of EnergyUnited Electric Membership Corporation and to determine, with the staff as appropriate, the organization structure best suited to carry out the overall objectives of EnergyUnited Electric Membership Corporation within the limitations of the budget.
- (2) To determine, with the appropriate Staff members, the need for additional positions, the transfer, reassignment, or elimination of present positions, and to effect such changes, provided they are within the limitations of the personnel costs of the approved budget.

ii. Selection of Personnel:

- (1) To develop or approve, standards and qualifications for use in recruitment, transfer, and promotion of personnel. Such standards and qualifications should meet all federal and state legal requirements.
- (2) To select, appoint, transfer, promote, and terminate personnel.

iii. Training:

- (1) To ensure that his staff members are trained in accordance with the qualifications and requirements of their positions.
- (2) To initiate and promote, through appropriate staff, professional and technical training programs for all personnel within the limitations of the approved budget, including sending personnel to appropriate training programs outside the organization and as much as possible to develop individualized development plans for the employees.
- (3) To ensure that an effective job training and safety program is carried out and that the employees are kept informed of the requirements of the Federal Occupational Health and Safety Act, and that they comply with its requirements.

iv. Performance Appraisals:

- (1) To appraise, at least annually, the performance of immediate Staff members and to counsel with them and assist them to develop and improve.

- (2) To ensure that a performance appraisal program is established and carried out for all personnel.
- v. Position Descriptions: To ensure that written position descriptions and job specifications are prepared and reviewed as necessary for all personnel. Such completed descriptions will not require board approval.
- vi. Fringe Benefits:
- (1) To administer or approve activities and actions with respect to vacations, holidays, sick leave, and other fringe benefit programs for the personnel within established policies and within the limitations of the budget. A report shall be presented annually to the board describing the various benefits and the employee and employer contribution, if any, and what percent fringes are of payroll.
  - (2) To study and recommend to the Board as required changes in the Cooperatives fringe benefit programs.
- vii. Consultants:
- (1) To select and recommend to the Board the employment of principal consultants, other than the firm performing the independent financial audit, and contracts and agreements for their services. The awarding of all contracts with consultants should comply with RUS policies and procedures. The selection of any consultants working in areas which affect the functions of the board requires the approval of the Board.
  - (2) To select and recommend to the Board for approval other outside specialized consultants, and to negotiate contracts or agreements for the services of such specialized consultants.
  - (3) To report to the Board periodically on services provided and the fees received by principal consultants.
- viii. Wage and Salary Administration:
- (1) To develop a systematic wage and salary plan and present it to the Board for review and approval.
  - (2) To determine all salary adjustments, except the Chief Executive Officer's within the Board-approved wage and salary plan and policy and within the limitations of the budget. Salary adjustments for the Chief Executive Officer shall be recommended to the Board by a Board Committee, which shall conduct the appraisal annually and report to the board. A report is to be provided to the board annually on the administration of the wage and salary plan.

- (3) To evaluate new positions and reevaluate existing positions, if their responsibilities and authorities substantially change, and as a result of such evaluation or reevaluation, place these positions in the board-approved wage and salary plan.
- (4) To conduct labor surveys as necessary to determine salaries paid for comparable jobs in the area in which the Cooperative recruits personnel and make appropriate recommendations to the Board of Directors on any revisions required in the approved wage and salary plan.

c. Operations:

i. Overall Administration:

- (1) To direct the day-to-day operations and activities of EnergyUnited Electric Membership Corporation except as specified otherwise by the bylaws or the Board; to delegate authority to immediate Staff; to authorize further delegation of authority to any level of management with full recognition that the Chief Executive Officer cannot be relieved of overall responsibility or accountability.
- (2) To manage the operations of EnergyUnited Electric Membership Corporation in accordance with the policies of the Board and in accordance with policies and procedures of RUS and other lending institutions; as well as applicable federal, state, and local laws.
- (3) To designate an appropriate person to serve as Acting Chief Executive Officer during an extended absence of the Chief Executive Officer.
- (4) To ensure that Staff advice and assistance is provided to the Board and its committees, and to participate in the deliberation of these committees as requested or required.
- (5) To accept invitations to participate in or designate other Staff members to participate in national, regional, state, and local meetings which further the best interests of EnergyUnited Electric Membership Corporation, within the limitations of policy and the approved budget. Participation by the Chief Executive Officer in such activities, which require considerable time over a sustained period, requires the approval of the Board. The Chief Executive Officer's serving on the Board of other organizations shall be reported to the Board.
- (6) To serve as the authorized spokesperson for EnergyUnited Electric Membership Corporation on major issues and to keep the Board up to date and well informed on such issues.

ii. Public and Member Relations:

- (1) To direct appropriate and efficient membership services in such areas as, but not necessarily confined to, provision of electric service, community, industrial and commercial development, member education, and research as authorized by the Board of Directors.
- (2) To ensure that every effort is made to meet the changing needs of the members and to develop their understanding and support for the cooperative.

iii. Legislation:

- (1) To develop and carry out, in coordination with organizations such as North Carolina Statewide and NRECA, and within policy, a legislative program furthering EnergyUnited Electric Membership Corporation's objectives and policies. Such a program will include, but not be limited to, research, preparation, and presentation of testimony before appropriate committees, consultation with members of Congress, the State Legislature, and state and federal administrative and regulatory agencies.
- (2) To participate with allied groups to obtain their increased understanding and support of EnergyUnited Electric Membership Corporation's legislative and regulatory objectives and programs.

d. Financial:

- (1) To make expenditures in accordance with the approved budget, including approval of non-budgeted items up to \$100,000, which, in their judgement, are necessary for conducting the operations of the Cooperative. Such expenditures will be reported to the Board no later than the following Board meeting.
- (2) To invest or reinvest funds, cash investments when due, and cash government bonds, when and if necessary to protect EnergyUnited Electric Membership Corporation's cash position and to carry out an effective cash management program. Investments will generally be made in CFC securities, in federal government insured or guaranteed securities, or in other securities approved by the lending agencies.
- (3) To authorize and approve the travel expenses of personnel except the Chief Executive Officer's on company business within the limitations of the budget and within policy. Such expenses shall be supported by itemized expense accounts with receipts attached, as appropriate. Expenses of the Chief Executive Officer will be reviewed by the Secretary and Treasurer.
- (4) To approve accounting systems, procedures, statistics, and types of reports necessary for sound financial management and to meet the requirements of

lending and regulatory agencies and for necessary control of information required by the board.

- (5) To purchase or lease all equipment, vehicles, hardware, furniture, materials, and supplies within the guidelines of the budget. All purchases of major equipment or large quantities of materials for transmission or distribution lines, substations, and associated facilities shall be done with competitive bids when applicable.
- (6) To execute and deliver purchase orders or contracts for projects previously approved by the Board.
- (7) To approve and sign change orders under contracts previously approved by the board and RUS. All change orders are to be approved by RUS if appropriate.
- (8) To determine insurance coverage required for effective risk management and to negotiate purchase of such coverage.
- (9) To authorize individual memberships in civic clubs and professional organizations and company memberships in local civic organizations in which they think membership of them or staff members would be beneficial and to authorize payment of dues by EnergyUnited Electric Membership Corporation within the limitations of the budget.
- (10) To execute and deliver on behalf of EnergyUnited Electric Membership Corporation agreements essential to the management of the cooperative, such as affidavits, agreements, and leases.
- (11) To negotiate franchises and execute all petitions and documents in relation thereto; to acquire by purchase or lease all easements and substation sites and execute, deliver and accept all documents relating thereto; to execute and deliver all environmental studies and reports; to make application for all permits relating to the operations of EnergyUnited Electric Membership Corporation; to design, route, and determine the site for all facilities within the limitations of the budget and as approved by the Board.
- (12) To perform all acts necessary or incidental to the management of the operations of EnergyUnited Electric Membership Corporation, unless such acts are specifically reserved to the Board pursuant to law, the articles of incorporation, the bylaws, or policies.
- (13) To prepare loan applications to be recommended to the Board for approval.
- (14) To approve and sign requisition for funds set up in the RUS loan budget.
- (15) To prepare "write-off" of delinquent accounts to be recommended to the board for approval.

e. Controls:

- i. Operations: To submit periodic and special reports to the board on conformity of operations with approved policies and programs; to recommend any revisions requiring board approval and to direct any remedial action required.
- ii. Finances: To submit periodic and special financial reports to the Board to keep them informed of EnergyUnited Electric Membership Corporation's financial position and conformance to financial plans and forecasts, and to see that all persons that have access to cash or responsible for purchasing of materials are properly bonded in accordance with all requirements of the lending agencies.
- iii. Budgets: To report monthly to the Board on revenues and expenditures compared to budget. To recommend any revisions required, and to direct any necessary remedial action.
- iv. Annual Financial Audit: To participate with the Board in the review, with the auditor present, of the annual financial audit and management letter and to direct any remedial action required and to ensure that the management letter, along with the audit report, is made available to each Board member.
- v. Materials Management:
  - (1) To determine the amount of and establish proper control of all physical inventories to minimize investment in inventories needed to meet operating and construction needs.
  - (2) To ensure that a system is established to accurately account for all materials used.
- vi. Member Complaints: To submit periodically to the Board an analysis of member complaints and to take any corrective action required or to recommend appropriate revisions in policy.
- vii. Member Meetings: To report to the Board on the effectiveness of annual and other member meetings with recommendations on any improvements which can be made.
- viii. Reliability of Service: To submit annually to the Board a report on service reliability and any remedial action taken.
- ix. Bylaws: To report to the Board an annual review with the Cooperative's attorney of the bylaws and to recommend any revisions required.
- x. Availability of Power Supply: To report periodically to the board on load growth compared to the power requirements studies and to recommend plans to meet

anticipated growth to ensure an adequate and reliable supply for the members at the lowest possible cost consistent with sound business and management practices.

- xi. Rates: To continually study power and other costs compared to projections and to recommend to the board, as far in advance as possible, any changes in retail electric rates necessary to maintain financial strength and stability and to meet all requirements of lending and regulatory agencies.
  - xii. Construction: To review construction practices with appropriate staff to make sure projects are being constructed in accordance with RUS policies and procedures so that reimbursement for completed construction can be obtained promptly.
  - xiii. Internal Auditing: To independently assess the adequacy, effectiveness, and efficiency of the systems of control within the organization and the quality of ongoing operations against policies and procedures established by management and/or the board, and regulations and requirements of RUS and other lending institutions; as well as applicable federal, state, and local laws.
3. RESPONSIBILITY:
- a. The CEO shall report to the board periodically on how these delegations are being carried out. The CEO may make further delegations to his staff as required.
  - b. The Board is responsible for approving any changes in the delegations to the CEO.
  - c. The president shall be responsible for seeing that the performance of the CEO is appraised each year.

## **BP-06: MEETING OF BOARD OF DIRECTORS**

Version: 2022.06.16

### 1. OBJECTIVE:

To set forth the regular meeting schedules of the Board of Directors (“Board”) and basis of compensation to the end that all Directors and the Chief Executive Officer might be informed and thus enable them to better carry out their responsibilities.

### 2. POLICY CONTENT:

- a. Regular Board Meeting Date: The Board shall meet on the third Thursday of each month at 1:00 p.m. at the office of the Cooperative in Statesville, North Carolina, unless otherwise designated by the Board.
- b. Compensation for Board and/or Committee Meeting Attendance:
  - i. A Director shall receive an annual retainer of \$10,000.00, payable in 12 equal monthly payments.
  - ii. The President shall receive an \$800.00 fee and all other Directors shall receive a \$600.00 fee for attendance at the 12 regular Board meetings each year.
  - iii. A Director shall receive a \$400.00 fee for attendance at any special Board meeting or other meeting called by the Board.
  - iv. A Director shall receive a \$400.00 fee for attendance at any meeting of a committee appointed by the Board, provided that no fee shall be paid to a director for attendance at a meeting of the Nominating Committee.
  - v. A Director shall receive a fee of \$400.00 per day for attendance at any director conference or training, any board retreat, any meeting of any cooperative or energy trade association or industry trade group, and any other meetings authorized by the Board.
  - vi. A Director shall receive a fee of \$100.00 per hour for attendance at any meeting requested by the CEO or the Corporate Attorney. The minimum fee paid for such meeting or multiple meetings occurring on the same day shall be \$100.00 and the maximum fee paid for such meeting or multiple meetings occurring on the same day shall be \$400.00.
  - vii. A Director shall receive a \$400.00 fee for attendance at a Member Advisory Committee Meeting.

- viii. The President shall receive a \$1,200.00 fee and all other Directors shall receive a \$1,000.00 fee for attending a regular Board meeting and a Member Advisory Committee meeting on the same day. In all other cases in which more than one fee is applicable, only the fee having the highest monetary value shall be paid.
  - ix. A Director shall receive a fee of \$400.00 per day for travel necessary for attendance at meetings set out in paragraph (II)(B)(4). The Cooperative shall provide cost-effective transportation to and from such meetings. The number of daily travel fees payable in connection with travel to and from such meetings by other means shall not exceed the number of daily travel fees payable had transportation provided by the Cooperative been used. If travel occurs on the same day as a meeting, a travel fee shall not be paid.
  - x. A Director shall be reimbursed for reasonable travel expenses incurred in connection with attendance at any meeting authorized by the Board, in accordance with BP-09, Reimbursement of Director Travel Expenses.
  - xi. Any amounts paid by third parties to a Director for attendance or travel to any meeting shall be deducted from the fee or travel reimbursement paid by the Cooperative to the Director for attendance or travel to such meeting.
  - xii. Directors shall report partial attendance at any meeting so that fees may be appropriately adjusted.
- c. Compensation for Officers: Any Officer or other duly authorized Director that is required to make a trip to the headquarters office for the purpose of executing documents or the signing of checks shall be reimbursed for travel expenses in accordance with BP-09, Reimbursement of Director Travel Expenses.

3. RESPONSIBILITY:

It shall be the responsibility of the Secretary to notify the Board of any change in the date of a regular meeting. The Secretary shall also advise the Board of any non-adherence to this policy.

## **BP-07: BOARD COMMITTEES**

Version 2021.12.16

### 1. OBJECTIVE:

To assist the Board of Directors (“Board”) in carrying out their responsibilities and providing in-depth and detailed study of significant aspects of the operation of the Cooperative.

### 2. POLICY CONTENT:

- i. There will be two standing committees, the Executive and Audit Committees. Members of the Executive Committee will be the President, Vice President, Secretary, and Treasurer with the Vice President serving as Chairperson. The Treasurer will serve as a permanent member of the Audit Committee and other members of the Audit Committee will be appointed by the Board.
- ii. It shall be the responsibility of the committee chairperson to preside over committee meetings and report to the Board.
- b. Executive Committee: The Executive Committee is made up of the President, Vice President, Secretary, and Treasurer with the Vice President serving as the Committee Chairperson. The Committee responsibilities shall consist of the following:
  - i. Review and make recommendations on any aspect of the operations and management of the system not covered by a standing committee.
  - ii. Review Board Policies and Bylaws and recommend additions or revisions as needed.
  - iii. Conduct the annual performance review of the Chief Executive Officer (“CEO”).
  - iv. Serve in an advisory capacity to the CEO on any special problems that may arise in the operations of the system.
  - v. Provide oversight of the Board succession planning process and potential new Board members.
  - vi. Address Directors who may be legally competent, but appear to lack the physical, mental, or emotional ability to serve as a director competently.
- c. Audit Committee: The Audit Committee is made up of three Directors, with the Treasurer serving as a permanent member of the Committee. The other members of the Audit Committee will be appointed by the Board. Other Committee members shall each serve three years, rotating on a staggered basis and appointed by the Executive Committee. The Committee responsibilities shall consist of reviewing and approving the expenses of the Directors and the CEO.

3. RESPONSIBILITY:

- a. It shall be the responsibility of each committee member to assist the other committee members in carrying out the responsibilities of the committee as set forth in this policy.
- b. It shall be the responsibility of the President to call attention of the Board members to any non-adherence to this policy.

## **BP-08: DIRECTOR AND FORMER DIRECTOR BENEFITS**

Version: 2022.11.17

1. **OBJECTIVE:**

- a. To align director benefits with recommended industry standards.
- b. To honor prior commitments to provide benefits to directors and former directors.

2. **POLICY CONTENT:**

- a. The Cooperative shall provide the following benefits to directors holding office on or after November 17, 2022:

- i. Such directors who were elected or appointed to their first term in office on or after January 1, 2022, shall receive:

- (1) Accidental death and dismemberment insurance in the amount of \$100,000.00, applicable only to accidental death or dismemberment suffered by a director while on cooperative business.

- (2) No other benefits.

- ii. Such directors who were elected or appointed to their first term in office between January 1, 1990 and December 31, 2021, shall receive:

- (1) Accidental death and dismemberment insurance in the amount of \$100,000.00, applicable only to accidental death or dismemberment suffered by a director while on cooperative business.

- (2) A death indemnity in the amount of \$25,000.00.

- (3) No other benefits.

- iii. Such directors who were elected or appointed to their first term in office on or before December 31, 1989 shall receive:

- (1) Accidental death and dismemberment insurance in the amount of \$100,000.00, applicable only to accidental death or dismemberment suffered by a director while on cooperative business.

- (2) Term life insurance in the amount of \$25,000.00.

- (3) No other benefits.

- b. The Cooperative shall provide the following benefits to former directors who left office on or after November 17, 2022:
  - i. Such former directors elected or appointed to their first term in office on or after January 1, 1990 shall receive no benefits.
  - ii. Such former directors elected or appointed to their first term in office on or before December 31, 1989 shall receive:
    - (1) A medical supplement up to \$350.00 will be provided to all retired Directors and their dependent.
    - (2) Term life insurance in the amount of \$25,000.00.
- c. The Cooperative shall continue to provide benefits to former directors who left office on or before November 17, 2022 in accordance with the board policy governing director benefits in effect on the date such directors left office.
- d. Director and former director benefits may be changed or terminated in the sole discretion of the board.

3. RESPONSIBILITY:

The Executive Committee and Chief Executive Officer shall be responsible for the administration of this policy.

## **BP-09: REIMBURSEMENT OF DIRECTOR TRAVEL EXPENSES**

Version: 2017.11.16

1. **OBJECTIVE:**

- a. To define conditions for the reimbursement to Directors for expenses incurred in connection with their position responsibilities.
- b. To define procedures for Directors to be reimbursed for any reasonable and necessary expense incurred while on authorized travel.

2. **POLICY CONTENT:**

a. **Travel:**

- i. Travel by personal automobile will be reimbursed at the maximum rate per mile as established by the Internal Revenue Service ("IRS").
- ii. Travel by personal automobile is also authorized for those persons who prefer not to use public carriers. However, when this preference is exercised, it is the intent of this policy that the Cooperative does not incur any additional expenses than if public carrier transportation was used. To accomplish this intent, the following general rules will apply:
  - iii. Travel expenses shall include actual miles driven. Total travel expenses shall not exceed the reasonable expenses incurred by other persons who used a public carrier, specifically the fare, parking, tips, and meals.
  - iv. When a public carrier is used, the Cooperative will shop for fares and the Director may be asked to leave early or return later if considerable savings can be realized in total travel cost.
  - v. Travel arrangement expense reimbursement will not exceed the fare amount as secured by the Cooperative.

b. **Lodging Expenses:**

- i. The Cooperative shall provide and pay for single room accommodations for each Director.
- ii. In-room food and beverage services, TV movies, and other personal conveniences are not reimbursable expenses.

c. **Food Expense:**

- i. The Cooperative shall reimburse a Director the Daily Food Per Diem amount, as determined by the IRS, for each day of travel and without the requirement that the Daily Food Per Diem be reduced for meals provided by conference or training event organizers.
- ii. A Director shall pay for his or her individual and guest meal expenses, including meals during any Cooperative planned group meal event, without reimbursement from the Cooperative.
- iii. The cost of alcoholic beverages is not a reimbursable expense.
- d. Unauthorized Expenses: Expenses related to personal business or personal and family entertainment are not reimbursable.
- e. Documentation, Receipts, and Reimbursement:
  - i. All travel expenses, other than food taken into account by the Daily Food Per Diem, shall be appropriately documented by a signed submission to the Cooperative on an expense form provided by the Cooperative.
  - ii. Receipts shall be required for the following reimbursements:
    - (1) Public carrier transportation.
    - (2) Any miscellaneous expense accompanying request for any reimbursement.
  - iii. All receipts along with the expense form should be turned in to the appropriate person within thirty days of return from travel.
  - iv. Reimbursement request without receipts must be accompanied with a detailed explanation of the expense prior to approval.
  - v. Director reimbursements must be approved by the Audit Committee.
  - vi. Once approvals have been received, all documentation will be forwarded to the Cooperative Accounting Department for reimbursement.
- f. Corporate Credit Card: The Cooperative will maintain corporate credit cards for the purpose of guaranteeing travel and lodging accommodations and for other approved travel expenses.
- g. Cancellations: When a Director cancels an event, lodging, meal, or other event or attendance due to reasons other than sickness or death of a family member, and such cancellation results in the Cooperative incurring penalties or expenses, the Director will reimburse the Cooperative such penalties and expenses in full.

3. RESPONSIBILITY:

- a. For purposes of this policy, authorized travel is defined as travel by Directors on official business on behalf of the Cooperative as authorized by the Board of Directors or their designee.
- b. The Audit Committee shall be responsible for the administration of this policy.

## **BP-10: CEO SUCCESSION PLANNING & CEO RECRUITMENT**

Version: 2015.12.17

### 1. OBJECTIVE:

- a. A change in the CEO (“CEO”) leadership position is inevitable for all organizations and can be a very challenging time. It is the policy of Cooperative to be prepared for an eventual change in the position of the CEO, either planned or unplanned, to ensure the stability and accountability of the organization until such a time as new leadership is identified.
- b. The Board of Directors (“Board”) hereby sets forth this policy for use when identifying potential candidates for the position of CEO.
- c. The purpose of this policy is:
  - i. To develop a Succession Planning Process to identify, monitor, and measure progress of potential candidates for the position of Chief Executive Officer (“CEO”).
  - ii. To develop a procedure to name an interim CEO in the event the incumbent CEO cannot fulfill his or her duties.
  - iii. To develop a CEO Recruitment and Selection Process for use when it becomes necessary for the Board to recruit and select a new permanent CEO.

### 2. POLICY CONTENT:

- a. The Board shall appoint a CEO Succession Planning and Search Committee. In the Board’s discretion, the Board may appoint the Executive Committee to act as the CEO Succession Planning and Search Committee.
- b. The CEO shall assist the CEO Succession Planning and Search Committee in the CEO succession planning process by:
  - i. Identifying the core competencies, skills, and experience required to fill the position of CEO.
  - ii. Developing a list of internal potential candidates to fill the position of CEO.
  - iii. Establishing an ongoing training, mentoring, and coaching program to ensure that internal potential candidates are developed and nurtured so as to be willing and capable of filling the position of CEO.
- c. Selection of an Interim CEO due to an Unplanned/Emergency Absence of the CEO:

- i. The President will be contacted immediately upon receipt of information that the CEO is unable to fulfill his or her duties.
  - ii. Members of the Executive Leadership Team will assume the CEO's Cooperative management responsibilities until an Interim CEO has been selected by the Board.
  - iii. The President will call a special meeting of the Board within five days of receiving information pursuant to Section (2)(c)(i) that the CEO is unable to fulfill his or her duties.
  - iv. The Board shall communicate the plan, process, and schedule to the Members, management, employees, the Rural Utilities Service ("RUS"), the North Carolina Electric Membership Corporation ("NCEMC"), the Cooperative's lenders, and other relevant organizations.
  - v. The Board shall, in its discretion, review or interview candidates from outside the Cooperative and members of the Executive Leadership Team for appointment to the Interim CEO position.
  - vi. The Board shall appoint an Interim CEO.
  - vii. The Board shall initiate action by the CEO Succession Planning and Search Committee to initiate the CEO Recruitment and Selection Process, in accordance with Section (2)(d)(iii) through Section (2)(d)(iv).
- d. Selection of Permanent CEO due to a Planned Departure of the CEO:
- i. The CEO shall inform the Board at least twelve months in advance of his or her planned departure date.
  - ii. The Board shall initiate action by the CEO Succession Planning and Search Committee to conduct a CEO Recruitment and Selection Process.
  - iii. The CEO Succession Planning and Search Committee will meet within fifteen days of being informed of a planned CEO departure to review and initiate the CEO Recruitment and Selection Process.
  - iv. The CEO Succession Planning and Search Committee will incorporate the following steps as part of the CEO Recruitment and Selection Process:
    - (1) Establish a schedule.
    - (2) Review Bylaws, Board policies, CEO job description, job specifications, and delegations of authority to the CEO by the Board.

- (3) Identify the core competencies, skills, and experience required to fill the position of CEO.
  - (4) In its discretion, hire an executive search firm to assist in managing the process and interactions with both potential internal and external candidates.
  - (5) Develop a transition plan for the departing CEO and incoming CEO.
  - (6) Communicate the plan, process, and schedule to the Members, the Board, management, employees, the Rural Utilities Service, the North Carolina Electric Membership Corporation, the Cooperative's lenders, and other relevant organizations.
  - (7) The CEO Succession Planning and Search Committee shall, in its discretion, review or interview candidates from outside the Cooperative and members of the Executive Leadership Team for appointment to the CEO position.
  - (8) Make recommendations to the Board.
- e. The Board shall appoint the CEO.
  - f. The Executive Committee shall annually review the CEO Succession Planning Process and report the results of such review to the Board.
  - g. Actions taken by the Cooperative, Board, CEO, Executive Committee, or CEO Succession Planning and Search Committee in accordance with this policy will in no way serve as a guarantee or promise of employment to any potential candidate.
  - h. The CEO, Executive Committee, or CEO Succession Planning and Search Committee may request the Board support investment in the development of potential candidates if necessary.
  - i. The Board, Executive Committee, and CEO Succession Planning and Search Committee will review all candidates fairly and with proper discretion without regard to race, color, national origin, religion, sex, gender identity, sexual orientation, disability, age, marital status, family or parental status, or political beliefs.
3. RESPONSIBILITY:
- a. The Executive Committee and CEO Succession Planning and Search Committee shall be responsible for the execution of this policy.
  - b. The Board shall approve any recommended changes to this policy.

## **BP-11: BOARD SUCCESSION PLANNING**

Version: 2020.12.17

### 1. OBJECTIVE:

- a. To establish a consistent, fully structured, and supported succession planning process for members of the Board of Directors (“Board”).
- b. To ensure that the most qualified people are appointed to fill Director vacancies.

### 2. POLICY CONTENT:

- a. The Board shall oversee the fair and equitable identification of potential new Board members in order to maintain a board made up of qualified individuals who can serve the best interests of the Cooperative and who understand the responsibilities of the position of Director and the commitment needed to effectively fill those responsibilities.
- b. The Board Executive Committee shall provide oversight of the succession planning process and potential new Board members. The Board Executive Committee shall follow this policy to provide guidance to the Board on the management of this process by following the steps listed below:
  - i. The Board Executive Committee will make every effort to anticipate, as far in advance as possible, vacancies that may occur on the Board.
  - ii. The Board Executive Committee will integrate a succession planning model that includes readiness assessments, success factors, position analysis, potential new Board member identification, assessment and feedback, development plans, and a process to monitor progress.
  - iii. The Board Executive Committee will review the succession planning model annually. This review shall be conducted by the Committee with support provided by the Cooperative’s Corporate Counsel and staff assistance provided by Chief Executive (“CEO”) and/or consultants if necessary.
  - iv. The Board Executive Committee will analyze potential new Board members against a list of desirable core competencies.
  - v. The process will be documented and communicated to all members of the Board after the annual review and update.
  - vi. The plan in no way will serve as a guarantee or promise to any potential new Board member and must align with established bylaw requirements.

- c. The Board Executive Committee will review all potential new Board members fairly and with proper discretion and may ask the Board to support investment in the development of potential new Board members if necessary.
- d. Potential new Board members shall be reviewed and identified on the basis of the above stated criteria and without regard to race, religion, color, sex, or national origin.
- e. This policy shall be considered in addition to the Cooperative's bylaws and is intended as a method to assist the Board in filling Director vacancies and as a method to assist the Nominating Committee in making Nominating Committee Nominations.

3. RESPONSIBILITY:

The Board Executive Committee shall be responsible for implementing and executing this policy.