



RELIABILITY FIRST GOVERNANCE STANDARDS

The Nominating and Governance Committee of ReliabilityFirst Corporation (“RF”) has developed, and the Board of Directors has adopted, the following standards. Our Nominating and Governance Committee reviews and makes recommendations to the Board of Directors to amend or modify these standards at least annually.

1. **Role of the Board of Directors and Management.** Our officers and employees, under the direction of our President and Chief Executive Officer (“President”) and the oversight of our Board of Directors, work to preserve and enhance electric service reliability and to assess the adequacy and ensure the reliability of the interconnected electric system within RF’s region. In addition to its general oversight of management, the Board of Directors also performs numerous specific functions, including:
 - a) govern RF and oversee all its activities;
 - b) establish and oversee all organizational groups;
 - c) create Regional Reliability Standards;¹
 - d) establish compliance monitoring and enforcement policies and procedures, consistent with applicable NERC Rules;²
 - e) establish and approve an annual budget;
 - f) hire the President of RF and approve their salary;
 - g) annually at the first regular Board meeting following the annual meeting of Members, elect a Board chair (“Chair”), a vice chair, and a Lead Independent Director from among the members of the Board of Directors; and
 - h) establish Board committees as appropriate.

2. **Size of the Board of Directors.** RF’s Certificate of Incorporation and Bylaws provide that the Board of Directors shall consist of fourteen (14) or fifteen (15) directors. The President of RF shall be a non-voting ex officio member of the Board of Directors. The President shall be entitled to notice of and attendance at meetings, except those portions of a meeting at which matters directly relating to the President’s performance, contract and/or compensation are discussed.

¹ The Board of Directors has approved the ReliabilityFirst Standards Development Procedure and established the Standards Committee to govern and oversee the development of Regional Reliability Standards and any revisions thereto.

² By way of example, this oversight may include reviewing and assessing the actions of management (and directing action as appropriate); advising on long-term vision and strategy (such as monitoring the progress of management actions against the long-term vision and goals of the corporation); and establishing policy.

3. **Selection Process: Terms.** Our members elect directors to the Board of Directors each year at the annual meeting of members. Eight (8) of our directors are elected by specific industry sectors. Three (3) directors are at-large and three or four (3 or 4) are independent. Directors serve staggered three-year terms and approximately one-third (1/3) of the directors are elected each year. All candidates for at-large and independent director seats are evaluated and nominated by the Nominating and Governance Committee. The Bylaws require that no two (2) at-large directors and no two (2) directors representing a particular industry sector shall have terms ending in the same year and at least one (1) independent director must be in each director class.
4. **Term of Directors.** Our Bylaws provide that the term of office for directors is three (3) years. Directors shall not be eligible to serve more than four (4) consecutive full terms; provided, however, the Board may act to allow a one (1) term discretionary exception to this limitation for any director. Additionally, to ensure that the Board of Directors continues to consist of active, engaged, and effective directors, the self-evaluation and individual performance evaluation processes described in paragraph 14 below will be an important determinant for director tenure.
5. **Qualifications for At-large and Independent Directors.** The Nominating and Governance Committee seeks potential nominees for at-large and independent directors, establishes selection requirements and considerations for at-large and independent directors, and nominates candidates. At a minimum each at-large and independent director nominated by the Nominating and Governance Committee must possess: (i) a reputation for the highest ethical and moral standards, (ii) good judgment, (iii) a positive record of achievement, (iv) an excellent reputation for preparation, attendance, participation, interest and initiative, (v) business knowledge and experience relevant to RF's work, and (vi) a willingness to devote sufficient time to carrying out their duties and responsibilities effectively. The candidate for At-Large Director must hold a senior management position in a Member Organization; and cannot be employed by the same Member or any Affiliate or Related Party of any Member or Affiliate that employs any current Director. The Considerations for RF At-Large Directors and Considerations for RF Independent Directors (attached as Appendices A and B) contain additional details regarding the At-Large or Independent Director nominations.

Because diversity is an important ingredient for a successful organization and an excellent Board of Directors, RF is committed to achieving an inclusive Board of Directors by incorporating practices that enhance and maintain its diversity.

The Nominating and Governance Committee shall seek out potential new directors from diverse backgrounds, who will contribute to the effective functioning of our Board of Directors by bringing a broad range of viewpoints, experiences, skill sets and knowledge. The Nominating and Governance Committee will establish procedures to ensure that when vacancies exist on the Board of Directors, diverse candidates are in the pool of potential nominees for every director's search. The Nominating and Governance Committee will periodically review the composition of the Board of Directors as part of our commitment to diversity. Our Bylaws provide that if an incumbent independent director is not re-nominated, the Nominating and Governance Committee may retain an independent consultant to identify qualified candidates.

6. **Independence.** At least three (3) of our directors must be "independent." Directors who do not meet the independence requirements, however, are no less important to RF as Independent Directors due to their valuable contributions to the Board of Directors because of their experience and wisdom.

To be considered independent, the Board of Directors must determine that a director does not have any material relationship with RF (either directly or as a director, officer, or employee of an organization that has a relationship with RF). The Board of Directors has established the following requirements to assist it in determining director independence in accordance with that rule. Independent Directors shall:

- a) During service on the Board, not be a director, officer, or employee of RF or any entity registered on the NERC Compliance Registry (“Registered Entity”), or any entity that would reasonably be perceived as having a direct financial interest in the outcome of the Board’s decisions, nor have an immediate family member who is a director, officer, or employee;
- b) During service on the Board, not receive, or have a family member receive, more than \$10,000 in direct compensation from RF or any Registered Entity, excluding director and committee fees and pension or other deferred compensation for prior service paid by RF;
- c) Not have been an executive officer or an employee, or whose immediate family member is an executive officer, of another company that makes payments to, or receives payments from, RF, any member of RF, any affiliate or related party of any member, or any Registered Entity, for property or services in an amount which exceeds the greater of (i) \$100,000 or (ii) 2% of the other company’s consolidated gross revenues, in any of the last twelve months;
- d) Not own, directly or indirectly, ten percent (10%) or more of the outstanding voting capital stock or other equity interests having ordinary voting power of any Registered Entity;
- e) Not (i) be a partner of or have an immediate family member who is a current partner of a firm that is our current internal or external auditor; (ii) be an employee of a firm that is our current internal or external auditor; (iii) have an immediate family member who is a current member of our internal or external auditor and who participates in our audit, assurance or tax compliance (but not tax planning) practice; or (iv) have been or have an immediate family member who was a partner or employee of our internal or external auditor, within the last twelve months and personally worked on our audit within that time;
- f) Not be an immediate family member of any person who is disqualified from being an independent director; or
- g) Not serve on the board of directors of any Registered Entity during his or her term as an independent director for RF.

The Board of Directors will also evaluate, on a case-by-case basis, any other relationship, direct or indirect, between a director and RF and its officers, which might have the appearance of potentially impairing the director’s independence of judgment. Attention will be paid to service on a non-profit or charitable board of directors by the director or a close personal relationship between the director and any executive officer.

The Board of Directors will obtain written certifications from each director with respect to the independence standards noted above.

7. **Background Checks.** The Board of Directors is responsible for reviewing, handling, and making decisions based upon confidential and sensitive information, and believes that background checks help ensure that only ethical and trustworthy individuals have access to this confidential and sensitive information. Therefore:
- a) Any candidate for Independent or At-Large Director shall undergo a background check prior to being nominated to the membership for election; and
 - b) Any nominee for stakeholder director shall (i) demonstrate their satisfaction of a Personal Risk Assessment in accordance with CIP-004 by their stakeholder employer within the past seven years or (ii) undergo a background check prior to being assigned to a board committee.

Consistent with CIP-004, the background check will consist of identity verification (e.g., Social Security verification in the U.S.) and a seven-year criminal check. The results of the background check will be kept confidential except as otherwise provided below.

The RF General Counsel will be responsible for the background check process and will report and review any concerns or issues that arise from the background check results to the Nominating and Governance Committee.

8. **Meetings of Board; Chair and Lead Independent Director.** Our Board of Directors has no fewer than three (3) scheduled meetings a year at which it reviews and discusses reports by committees of the Board of Directors, organizational groups, management, and others on the performance of RF and RF's plans and objectives, as well as immediate issues facing RF. Directors are expected to attend scheduled Board and committee meetings.

At each Annual Meeting of the Board of Directors, the directors determine that a director endorsed by the Nominating and Governance Committee will preside as Chair at all board meetings for the following year and determine that a specified independent director will act as the Lead Independent Director for the following year. The Lead Independent Director Description, Responsibilities, and Criteria is attached as Appendix C.

The Chair has the authority to call meetings of the Board of Directors and, in collaboration with the Lead Independent Director, serves as a liaison between the President and the directors. As set forth in paragraph 9 below, the Chair and Lead Independent Director also take an active role in approving and setting agendas and approving the materials to be sent to the Board of Directors prior to its meetings. As requested, the Chair and/or Lead Independent Director is also available for consultation and direct communication with our members. Our directors meet in executive sessions without management present at least three times a year. Our independent directors meet in executive sessions without other directors or management present at least once a year.

9. **Setting Board Agenda.** The Board of Directors shall be responsible for its agenda. At the annual board meeting, the Chair, in collaboration with the Lead Independent Director, may propose for the Board of Directors' approval key matters to be scheduled and discussed during the next calendar year. Before that meeting, the President and the Board of Directors may be invited to offer suggestions. As a result of this process, a schedule of major discussion items for the balance of the year may be established. Prior to each Board meeting, the Chair and the Lead Independent Director will discuss the other specific agenda items for the meeting with the President. The Chair, or committee chairs as appropriate, shall determine the nature and extent of information that shall be provided regularly to the directors before each scheduled Board of Directors or committee meeting. Directors are urged to make suggestions for agenda items, or additional pre-meeting materials, to the Chair or appropriate committee chair at anytime.

10. **Board Committees.** The Bylaws have established the following board committees to assist the Board of Directors in discharging its responsibilities: (i) Finance and Audit Committee; (ii) Talent and Compensation Committee; (iii) Nominating and Governance Committee; and (iv) Risk and Compliance Committee. Current charters of these board committees are published on [our website](#), and will be mailed to members upon written request. The committee chairs present oral reports and the minutes of their meetings to the full Board of Directors following each meeting of the respective committees.
11. **Number and Independence of Board Committee Members.** Each board committee shall be comprised of not less than three (3) directors. The Risk and Compliance Committee and Talent and Compensation Committee shall be comprised of a majority of independent directors. The Risk and Compliance Committee and the Talent and Compensation Committee shall be comprised of a minimum of five (5) directors and all independent directors will be required to serve on the Risk and Compliance Committee and the Talent and Compensation Committee. The Finance and Audit Committee and the Nominating and Governance Committee shall have at least one (1) independent director. The chairs of the Finance and Audit Committee, Talent and Compensation Committee and Risk and Compliance Committee shall be independent directors. Members of the Finance and Audit Committee must meet certain financial literacy standards as provided in the Finance and Audit Committee Charter.
12. **No Personal Loans to Directors or Executive Officers.** RF will not make any personal loans or extensions of credit to directors, independent directors, officers, or employees.
13. **Service on Other Boards.** When considering new appointments, the Board of Directors should consider other demands on directors' time. Prior to appointment, and annually thereafter, directors shall disclose to the Board of Directors, the President, and the Corporate Secretary a listing of all other external boards upon which the director has been nominated or appointed to serve. If the director is appointed or serving on more than five (5) external boards, the Board of Directors will be required to affirmatively approve of such outside board participation.
14. **Self-Evaluation and Individual Performance Evaluation.** The Board of Directors and each of its committees will perform a biennial self-evaluation on even years and will periodically complete individual performance evaluations of each director.

A. The Biennial Board of Directors Self-Evaluation

For the biennial self-evaluation, (1) the directors will be requested to provide their assessments of the effectiveness of the Board of Directors as a whole and the committees on which they serve; and (2) the President & CEO and select employees of RF will be requested to provide their assessments of the effectiveness of the Board of Directors and its committees. The Board of Directors and committee assessments are organized and summarized by the General Counsel for discussion with the Nominating and Governance Committee. The chair of the Nominating and Governance Committee will share a summary of the evaluation results with the Board of Directors. Based on the summary results, the Nominating and Governance Committee can propose additional discussions, follow-up surveys (qualitative interviews or more targeted surveys) or hire a third party as appropriate.

B. The Periodic Individual Evaluation

For the individual performance evaluation, the Board of Directors will be requested to provide their assessments of (a) an individual sector director's performance in that director's fifth year of service, and every third year thereafter; and (b) an individual at-large or independent director's performance in that director's second year of service, and every third year thereafter.

The assessment may include:

- a) Attendance at, preparation for, and quality of participation in board meetings and training sessions;
- b) Knowledge and support of RF's mission and functions;
- c) Expertise provided to the Board of Directors;
- d) Ability to resolve actual or perceived conflicts relating to board functions;
- e) Ability to effectively communicate to, and collaborate with, members of the Board of Directors and others; and
- f) Impartial, informed, and objective decision making.

The individual performance assessments are organized and summarized by the General Counsel for discussion with the chair of the Board of Directors and the Nominating and Governance Committee. The chair of the Board of Directors will summarize and review the evaluation results with the applicable director to provide feedback and to facilitate that director's decision on whether they should seek reelection.

15. **Ethics and Conflicts of Interest.** The Board of Directors expects its directors, as well as RF officers and employees, to always act ethically and to acknowledge their adherence to the policies comprising RF's [Code of Business Conduct and Ethics](#) (the "Code"). The Board of Directors will not permit any waiver of any ethics policy for any director or executive officer. If an actual or potential conflict of interest arises for a director, the director shall promptly inform the President and the Board Chair. Any director that the full Board of Directors has determined has a conflict of interest in any compliance or enforcement matter brought before the Board of Directors or any of its committees shall not vote on such matter and shall recuse himself or herself from all Board of Directors or committee deliberations concerning such matter. If a significant conflict exists and cannot be resolved, the director should resign. The Finance and Audit Committee, in consultation with the RF Legal Department, will resolve any conflict-of-interest question involving the President, and the President, in consultation with the RF Legal Department, will resolve any conflict-of-interest issue involving any other officer of RF.
16. **Reporting of Conduct Concerns.** Anyone who has a concern about RF's conduct, or about RF's accounting, internal accounting controls or auditing matters, may communicate that concern directly to the President or through RF's [Whistleblower Policy](#). All such concerns will be promptly reviewed by the General Counsel and reported to the Finance and Audit Committee. The status of all outstanding matters will be reported by the Finance and Audit Committee to the full Board of Directors on a regular basis.
17. **Compensation of Independent Directors.** Industry sector and at-large directors on the Board of Directors shall not receive compensation for their service. The independent directors are entitled to such compensation as the Board of Directors via the Talent and Compensation Committee will determine.
18. **Annual Compensation Review of RF President.** The Talent and Compensation Committee is responsible for annually recommending to the full Board of Directors the goals and objectives for compensating the President. That committee shall evaluate the President's performance in light of these goals before recommending to the full Board of Directors. The full Board of Directors shall approve the President's compensation, the President's salary, bonus and other incentive compensation, and this approval requires separate endorsement by all the independent directors.
19. **Succession Plan.** The Board of Directors, via the Talent and Compensation Committee, is responsible for reviewing the succession plan for the president.

20. **Access to Managers and Employees.** Independent directors are encouraged to contact any manager or employee of RF as needed, regardless of whether senior officers are present.
21. **Access to Independent Advisors.** The Board of Directors and its committees shall have the right at any time to retain independent outside financial, legal, or other advisors.
22. **Director Orientation.** The President, with the assistance of the General Counsel and the oversight and input of the Nominating & Governance Committee, shall be responsible for providing an orientation for new directors and for periodically providing materials or briefing sessions for all directors on subjects that would assist them in discharging their duties. Each new director shall attend orientation within six months of election to the Board of Directors. This usually occurs at RF headquarters and includes personal briefing by senior management on the company's objectives, its financial statements, and its key policies and practices.
23. **Attendance at Risk and Compliance Committee Closed Sessions.** To ensure the confidentiality of information regarding Member compliance and enforcement activities presented to the Risk and Compliance Committee in closed session, only directors who are members of the Risk and Compliance Committee will be allowed to attend closed sessions of the Risk and Compliance Committee.

As adopted on May 1, 2025, by the Board of Directors,



Niki Schaefer
*Vice President, General Counsel &
Corporate Secretary*

Appendix A – Considerations for Selecting At-Large Directors

The candidate for At-Large Director must meet the requirements set forth in Section 5 of the Governance Standards by holding a senior management position in a Member Organization; and cannot be employed by the same Member or any Affiliate or Related Party of any Member or Affiliate that employs any current Director.

In determining a candidate for At-Large Director, the Nominating & Governance Committee should also consider all the following factors, and weigh these factors in context of the composition of the Board of Directors at the time of evaluation:

- **Cyber Security Expertise** – knowledge of issues related to cyber security and/or critical infrastructure protection, and related leadership experience, especially as it applies to the Bulk-Power System.
- **Diversity** – a person who offers a unique perspective to the Board of Directors based on his or her background, experiences, and personal characteristics (e.g. ethnicity or gender).
- **Senior Executive Experience** – present or prior experience leading an organization at the senior executive level (e.g., chief executive officer/president, chief legal officer/general counsel, chief operating officer, chief financial officer), especially as it applies to a Member Organization.
- **Board Experience** - present or prior experience as a board member at a corporation (non-profit or for-profit).
- **Geography** – an individual employed by a Member Organization situated in an area of the ReliabilityFirst footprint that is not already represented by a current Director.
- **Function** – an individual employed by a Member Organization performing a function not represented or under-represented by the current composition of the Board of Directors.

Appendix B - Considerations for Selecting Independent Directors

The candidate for Independent Director must meet the independence requirements set forth in Section 6 of the Governance Standards. The Independent Director must also have a proven reputation for excellence in their respective area of expertise and optimally should contribute to the overall diversity of the Board of Directors based on background, experience, and personal characteristics (e.g., ethnicity or gender). In determining a candidate for Independent Director, the Nominating & Governance Committee should nominate a candidate who also possesses one or more of the following areas of expertise:

- **General Corporate and Legal Expertise** – such as present or former executives for corporations (e.g., chief executive officer/president, chief legal officer/general counsel, chief operating officer); present or former management consultants; or present or former partners for reputable law firms.
- **Board Experience** - present or prior experience as a Board member at a corporation (non-profit or for-profit).
- **Financial Expertise** – such as present or former chief financial officers or senior executives with significant finance responsibility for corporations; present or former partners for reputable accounting or auditing firms; or present or former senior executives for financial institutions or investment banking organizations.
- **Electric Industry Expertise** – such as retired former electric utility senior executives currently unaffiliated with any entity registered on the NERC Compliance Registry (“Registered Entity”); present or former executives for professional utilities services organizations currently unaffiliated with any Registered Entity; former executives for NERC or a Regional Entity; or retired military officers with relevant experience.
- **Cyber Security Expertise** – knowledge of issues related to cyber security and/or critical infrastructure protection, and related leadership experience, especially as it applies to the Bulk-Power System. This knowledge is often exemplified by holding titles such as present or former chief security officer or chief information officer for corporations; present or former executives for corporations focused on cyber security and/or critical infrastructure protection; present or former professional cyber security services firm executives currently unaffiliated with any Registered Entity; former executives for NERC or a Regional Entity; or retired military officers with relevant experience.
- **Public Policy Expertise** – such as former state or federal regulators; present or former executives of environmental or consumer organizations; former consumer affairs officials or attorneys general; former legislators; academics or economics experts with relevant public policy background; present or former state or federal judges or administrative law judges; or strategic planners or public policy experts.

Appendix C - Lead Independent Director Description, Responsibilities, and Criteria

The Lead Independent Director is an Independent Director appointed by the Board of Directors to serve in a lead capacity to coordinate the activities of the other Independent Directors and to perform such other duties and responsibilities as the Board of Directors may determine, generally outlined below:

1. Assist the Chair and Vice Chair in the review and approval of the Board agenda for each meeting; provide advice/input on agenda topics.
2. Act as the Board Chair when the Chair and Vice Chair are prohibited from acting due to a conflict of interest (as defined by RF policy) for a particular matter or when the Chair and Vice Chair are unavailable or cannot act in their appointed capacity.
3. Establish, schedule and chair Independent Director executive sessions as needed, but not less than once a year and no more frequently than quarterly, and provide a report on such meetings to the Chair, Vice Chair and CEO.
4. Attend meetings with NERC officers/trustees with Chair and Vice Chair when convened.
5. In consultation with the Board Chair and President, establish, schedule and coordinate annual Independent Director board training and oversee administration of the Independent Director training and development budget as approved annually by the Board.
6. When conducted, oversee board self-evaluations, and coordinate with committee chairs with respect to committee self-evaluations.
7. Respond directly to stakeholder questions and comments that are directed to the Lead Independent Director or the independent directors as a group, when appropriate, following consultation with the CEO and other directors.
8. Serve as principal liaison between the Independent Directors and the CEO, Chair and/or Vice Chair. As needed, establish and schedule one-on-one meetings with the CEO, Chair and/or Vice Chair.

To be eligible for nomination as a Lead Independent Director, an Independent Director must have completed at least one full term as an Independent Director. Lead Independent Directors will be selected annually, coinciding with the Annual Meeting of Members, and are eligible to serve two consecutive one-year terms; however, at the Board's discretion, a Lead Independent Director may be eligible to serve longer. Independent Directors are eligible to serve as Lead Independent Director more than once during their tenure. To the extent possible, the appointment of a Lead Independent Director should occur in the year following the appointment of the Chair and Vice Chair.

The Lead Independent Director will receive an annual stipend for service as Lead Independent Director, in addition to the approved per meeting fees.