

Board of Directors Succession Policy #: BP 11

Rappahannock Electric Cooperative

1. Purpose

- 1.1. To establish guidelines and procedures for a planned, orderly transition of Cooperative Directors and filling any unplanned vacancy or vacancies on the Board;
- 1.2. Develop qualifications that are essential characteristics of individuals who are elected or appointed to succeed a director; and
- 1.3. To continue the Cooperative's viability, good governance and mission, all in the best interest of the Cooperative and its members.

2. Scope

This policy applies to REC's Board of Directors (the "Board").

3. Policy Statement and Implementation

- 3.1. It shall be the policy of the Board to implement the guidelines set forth in this policy in an objective, systematic and coordinated manner that will ensure that a broad spectrum of qualified candidates are encouraged to participate in the Board evaluation process with the primary goal of selecting or recommending board members best suited to fill identified knowledge, demographic, and/or skill gaps and guide the Cooperative.
- 3.2. The Board has resolved that the qualifications below shall serve as a general guide in the recommendation or selection of future Board members.
 - 3.2.1. Director Qualifications:

In addition to the Bylaws, Article IV, Board of Directors, Section 3: "Qualifications for Director," Board candidates shall also meet the following general requirements:
Qualifications

 - 3.2.1.1. Be motivated to serve the best interests of the membership as a whole as a director of a high-performing, member-focused organization;
 - 3.2.1.2. Possesses an understanding of basic financial matters and fiduciary responsibilities of a board member, including evaluation of opportunities and risks presented to the Cooperative;
 - 3.2.1.3. Be recognized as a leader in their industry and/or community;
 - 3.2.1.4. Be experienced in serving on a board or reporting directly to a board and have knowledge of governance best practices;
 - 3.2.1.5. Be committed to learning about the Cooperative and its diverse membership in order to be a meaningful contributor on behalf of all Cooperative members;
 - 3.2.1.6. Be willing and capable of articulating points of view that may challenge the thinking/direction of the board and management team;
 - 3.2.1.7. Place a high value on personal and corporate integrity and ethical behavior;
 - 3.2.1.8. Have an understanding of cooperatives;
 - 3.2.1.9. Be willing and able to successfully complete NRECA's Credentialed Cooperative Director program within three years of becoming a director;
 - 3.2.1.10. Be willing and able to participate in the Cooperative's New Director Orientation program;
 - 3.2.1.11. Be financially secure (not motivated by director compensation);

- 3.2.1.12. Possess understanding and capabilities around the oversight of inclusive culture, practices, and strategy as outlined in the Cooperative's Diversity, Equity, and Inclusion (DEI) Plan.
 - 3.2.1.13. Once elected, the Board member must execute a confidentiality and standards of conduct agreement.
- 3.3. The following procedures have been established to assist the Board in addressing succession planning for any Board vacancies:
- 3.3.1. Planned Succession
 - 3.3.1.1. In accordance with Term limits approved November 18, 2009, the Executive Committee shall annually review the Board Succession Schedule for any potential Board vacancy.
 - 3.3.1.2. Following notification by a director regarding a date of termination, the Board shall:
 - 3.3.1.2.1. Exercise the processes as defined in the Bylaws Article IV, Board of Directors;
 - 3.3.1.2.2. Review the Board Prospect Forms for potential Board candidates and inform potential candidates of vacancy in upcoming Board election process.
 - 3.3.1.3. The Board may make board member recommendations to the membership.
 - 3.3.2. Unplanned Vacancy
 - 3.3.2.1. In the event of an unexpected loss of a director for any reason, the Board Chairman and all Directors shall be notified immediately by the President & Chief Executive Officer or Assistant Secretary of the vacancy on the Board of Directors.
 - 3.3.2.2. As soon as practical after an unplanned Board vacancy, the Board shall, in accordance with Article IV, Section 6, of the Bylaws and in conjunction with the President & Chief Executive Officer, work to address the board vacancy issue as follows:
 - 3.3.2.2.1. Establish a search for a person to fill the director vacancy
 - 3.3.2.2.2. Develop a profile of Board needs
 - 3.3.2.2.3. Set a date for receipt of résumés for Director candidates
 - 3.3.2.2.4. Screen the Board applicants and choose interviewees
 - 3.3.2.2.5. Interview candidates
 - 3.3.2.2.6. Select and appoint of new Director
 - 3.3.2.2.7. Inform Membership – Cooperative Living
 - 3.3.2.2.8. Undertake other reasonable steps

4. Responsibilities

It shall be the responsibility of the Chairman and the President & Chief Executive Officer to present to the Board this policy, which has been established to assist the Board in fulfilling one of its most important functions, which is the recommendation of or selection of qualified Board members.

5. Confidentiality

This policy may be treated as public and may be made available on REC's website or other communication channels.

6. Definitions

Board: The Board of Directors for Rappahannock Electric Cooperative

Cooperative: Rappahannock Electric Cooperative and its affiliates.

References and Related Documents:

Rappahannock Electric Cooperative Bylaws

Policy Title:	Board of Directors Succession
Policy Number:	BP 11
Review Frequency:	Triennial
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Approver:	Board of Directors
Applies to:	Board of Directors
Administrator:	Chair of the Board of Directors
Superseding Effect	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy.