

## 2.03.000-P Energy Trust Board of Directors Statement of Board Norms and Corporate Governance Guidelines

<b>History</b>			
Source	Date	Action/Notes	Next Review Date
Board Decision	04/05/17	Adopted (R801)	02/20
Board Decision	06/15/23	Adopted (R1005)	06/26

### **STATEMENT OF BOARD NORMS AND GOVERNANCE GUIDELINES**

The Board believes that Energy Trust’s long-term credibility and success is dependent upon the maintenance of an ethical business and operational environment that focuses on adherence to both the letter and spirit of regulatory and legal mandates, as well as Energy Trust’s Public Purpose Policy and Conflict of Interest Policies. The Board commits to conducting its proceedings in an atmosphere that fosters respectful and meaningful communication, demonstrates a commitment to continuous learning, and supports camaraderie among its members. The Board expects all directors and management to conduct operations in an ethical manner consistent with applicable laws, rules and regulations and Board policies.

The following corporate governance guidelines (these “Guidelines”) have been approved by the Board of Directors (the “Board”) of Energy Trust of Oregon, Inc. (“Energy Trust”) to provide a corporate governance framework within which the Board and management can effectively pursue Energy Trust’s objectives of planning for and pursuing cost effective energy efficiency resources and renewable energy resources and distribution system-connected technologies for the customers of its funder utilities. These guidelines, along with Energy Trust’s Articles of Incorporation, Bylaws, Public Interest Policy, Conflict of Interest Policies, and the charters of the various Board committees, provide the foundation for Energy Trust’s corporate governance.

### **I. REGULAR BOARD GOVERNANCE FUNCTIONS**

The Board, directly and through its appropriate committees, shall:

- Review and approve strategic plans and annual operating plans, including goals/objectives;
- Review Energy Trust’s financial and annual operating and strategic plan performance;
- Oversee and evaluate management’s systems for internal control, financial reporting and public disclosure;
- Determine the reasonable risk exposure of Energy Trust with respect to, for example, financial safety, cybersecurity, political, and reputational risk, and oversee implementation of systems for managing risk;
- Establish corporate governance standards;
- Select, evaluate and compensate Energy Trust’s Executive Director;
- Maintain a close relationship with Energy Trust’s Executive Director and work with management to encourage entrepreneurship, appropriate risk-taking, and investment to

promote the long-term success of the organization and to navigate material changes in economic, social, and political conditions.

- Organize the business and maintain the collegiality of the Board and its Committees so that matters that Board and Board Committees are expected to oversee receives the appropriate attention of the Directors.
- Oversee and evaluate employee compensation frameworks;
- Plan for effective succession of the Executive Director and senior management;
- Set a tone for a climate of trust and confidence;
- Develop an understanding of stakeholder perspectives on Energy Trust and foster long-term relationships with stakeholders;
- Set standards for director qualification;
- Set standards for director orientation and continuing education; and
- Undertake performance assessments of the Board as needed.

The Board, shall also retain legal, accounting and other advisors who report directly to the Board, to the extent the Board deems necessary or appropriate to carry out its responsibilities. Such advisors may be the regular advisors to Energy Trust.

## **II. SELECTION OF THE BOARD**

The Board Nominating & Governance Committee is responsible for selecting nominees for the Board and recommending them for election to the Board by the Board. The Board Nominating & Governance Committee has primary responsibility for the screening process necessary to identify qualified candidates and recommend such candidates to the Board. The Board Nominating & Governance Committee shall regularly review the appropriate experience, skills and qualifications expected of Board member candidates in the context of the current membership of the Board.

This assessment should include, in the context of the perceived needs of the Board at that time, issues of experience, reputation, judgment, diversity and skills. When the Board Nominating & Governance Committee determines that adding or replacing a director is advisable, the Committee shall initiate a search for a suitable candidate, which may include working with other directors, management, or a search firm retained to assist in the search, each as the Board Nominating & Governance Committee deems necessary or appropriate. The Board Nominating & Governance Committee shall establish a process to consider nominations for directors, including but not limited to those received from Energy Trust's advisory committees and shall consider all appropriate candidates. The Board Nominating & Governance Committee should evaluate the candidates based on the needs of the Board at that time as identified in the assessment process outlined above to enhance the overall composition of the Board. The Board Nominating & Governance Committee shall then meet to consider the selected candidate(s) and submit the approved candidate(s) to the full Board for approval as a nominee.

## **III. BOARD COMPOSITION**

### **A. Size of the Board**

Energy Trust's Articles of Incorporation and Bylaws provide that the number of directors of Energy Trust shall be fixed from time to time by a majority of the Board, but it shall never be less than five (5) nor more than thirteen (13), not including *ex officio* members. The Board Nominating & Governance Committee, in consultation with the President of the Board, shall periodically examine the composition of the Board and determine whether the Board would better serve its purposes with the addition or subtraction of one or more directors consistent with

the bylaws. The Board shall determine, after considering the recommendations of the Board Nominating & Governance Committee, the number of members of the Board appropriate to provide that all of the necessary or desirable core competencies are possessed by the Board as a whole.

### **B. Director Interests Reporting**

At least once per year, and as required by Oregon law, the Board shall review each relationship that exists between a director and his or her related interests for the purpose of determining whether the director is compliant with Energy Trust's Board Conflict of Interest policy and Oregon's Government Ethics Law. This information shall be collected by Energy Trust's chief legal counsel and submitted to the Oregon Ethics Board in compliance with Oregon law.

### **C. Service on Board of Directors**

Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively. It is expected that, at the time of initial appointment, a director should be committed to regular meeting attendance and participation and to serving on the Board for the full appointed term. In deciding whether to serve on the Energy Trust board, a nominee should consider his or her time commitments and interest in the objectives and mission of Energy Trust. Directors and nominees should also consider the time commitment of service on Energy Trust's board when deciding whether to participate or serve on other organization boards of directors.

The expectation is that board members devote time to actively participate on at least one of the Board's committees and attend or follow the work and discussions of Energy Trust's advisory councils.

### **D. Term Limits**

The Board has determined not to establish formal term limits. However, the Board Nominating & Governance Committee shall review each director's continued service on the Board shortly before the end of such director's term.

This review shall be conducted in connection with the Board Nominating & Governance Committee's evaluation of governance and Board effectiveness, consideration of nominations to the Board for the annual meeting at which such director's term will expire, and the Board's annual self-evaluation.

## **IV. BOARD MEETINGS**

### **A. Schedule of Meetings**

The President of the Board will work with Energy Trust's Executive Director to determine an appropriate schedule of Board meetings to ensure that the directors can perform their duties responsibly without interfering with the flow of Energy Trust's operations. Energy Trust's Board typically meets in regular board meetings at least eight times annually. Board committee meetings occur regularly throughout the year as well.

### **B. Selection of Agenda Items for Board Meetings**

The President and the Vice President of the Board shall work with Energy Trust's Executive Director to establish the agenda for each Board meeting. Each other Board member may suggest the inclusion of items on the agenda. Each director may raise, at any Board meeting, subjects that are not on the agenda for that meeting.

### **C. Attendance at Board Meetings and Review of Board Materials**

Each director is expected to attend all meetings of the Board and committees on which the director serves. In advance of each Board meeting, and generally not less than one week before each Board meeting, an agenda and pre-reading materials and information that is important to an understanding of the business to be discussed, shall be distributed. It is expected that each director shall review these materials prior to the Board meeting. All pre-read materials and information will be presented in order of the agenda and clearly labeled with topic, date, and page numbers.

### **D. Board Meeting Presentations Standards and Expectations**

Presenters should assume that Directors have reviewed the pre-read materials and, therefore, should avoid reading slides or repeating the pre-read materials. Presenters should plan to spend a significant amount of the allotted agenda time for their topic in question-and-answer discussion with Directors. Presentations should begin with a summary statement of the purpose of the presentation and the information used to prepare the presentation and/or recommendation. Professional tone and demeanor is expected from all.

### **E. Executive Sessions**

The President of the Board shall preside over and prepare or have prepared an agenda for all executive sessions in accordance with the Bylaws of Energy Trust.

## **V. BOARD COMMITTEES**

### **A. Number, Structure and Independence of Committees**

The Board shall establish committees in accordance with the Bylaws of Energy Trust. Currently, the Board has established a Compensation & Human Resources Committee, a Finance & Audit Committee, and a Nominating & Governance Committee. In addition, the Board may establish ad hoc committees for specified scopes of work as the need arises. It is expected, for example, that the Board will establish an ad hoc Strategic Planning Committee for the development of Energy Trust's five-year strategic plans. Board members are also encouraged to participate in the Conservation Advisory Council (CAC), the Diversity Advisory Council (DAC) and Renewable Energy Advisory Council (RAC) meetings.

### **B. Assignment of Committee Members**

The President of the Board shall, with consideration of the desires of individual Board members, recommend to the full Board the assignment of directors to committees and selection of the chairperson of the committees.

### **C. Committee Meetings**

Committee chairpersons, in consultation with committee members, will determine the frequency and length of committee meetings; *provided, however*, that each committee shall meet independently and in separate sessions from the Board's regular or special meetings at least twice per fiscal year. Each committee shall meet as set forth in each committee's charter, and otherwise as frequently as required to carry out its responsibilities.

Committee chairpersons, in consultation with the President of the Board, appropriate members of senior management and staff, will develop the agenda for each committee meeting.

## **VI. DIRECTOR OBLIGATIONS**

### **A. Ethics and Conflicts of Interest**

Directors, as well as officers and employees, must act ethically at all times and should acknowledge their adherence to the Board's Public Interest Policy, Conflict of Interest Policies, law and regulation, and these Guidelines. The Board understands that an actual or potential conflict of interest may be created if Energy Trust provides substantial incentive support to organizations with which a director is affiliated, or if Energy Trust enters into consulting or other contracts with, or provides other direct or indirect compensation to, a director or an organization with which the director is affiliated. If an actual or potential conflict of interest arises in such circumstances or exists for other reasons for a director, the director shall promptly inform the Audit Committee and Board President and the Executive Director. All directors shall recuse themselves from any individual discussion or individual decision affecting their personal or professional interests and disclose the existence of such conflict to the remaining members of the Board. If a significant conflict exists, or is perceived to exist, that may impair a director's ability to act on an ongoing basis in the best interests of Energy Trust and the conflict cannot be resolved, the director should submit his or her resignation to the Board.

### **B. Reliance on Others; Liability Insurance**

In discharging their obligations and responsibilities, Energy Trust's directors are entitled to rely, in good faith, on the honesty, integrity, and capability of the other directors with whom they serve, Energy Trust's management, independent auditors and outside advisors. Further, to promote the ability of each director to act in accordance with the director's good faith business judgment without undue concern for the substantial risk of personal liability faced by public company directors, Energy Trust shall seek to purchase and maintain at all times directors' and officers' liability insurance in amounts deemed reasonably appropriate.

### **C. Directors Who Change Their Present Job Responsibility**

Directors who change their occupation shall notify the President of Board and the Executive Director in order to identify any changes in actual or potential conflict of interests. As noted in Energy Trust's Board Policy 5.02.001-P Policy on Principles of Conflict of Interest, "[a] conflict of interest occurs when a director's personal or financial interests interfere with, or appear to interfere with, their duties and responsibilities to Energy Trust." Board members shall, as indicated in Section VI.A and in Energy Trust's Conflict of Interest Policies, disclose employment in order to determine whether a Director's employment gives rise to a conflict of interest for the Director that is fundamental and ongoing and cannot be waived. Should a Director's employment be fundamentally in conflict with board service on ongoing basis, the director should submit his or her resignation to the Board.

### **D. Removal of a Director**

Energy Trust Bylaws provide that directors may be removed with or without cause by the affirmative vote of seventy percent (70%) of the directors then in office. Reasons that the Board may be compelled to remove a sitting Director prior to the conclusion include, but are not limited to:

- A material conflict of interest
- Poor record of attendance at Board meetings
- Inadequate history of constructive contributions to the Board's responsibilities
- Inappropriate behavior directed towards the Executive Director or another member of staff
- Inappropriate behavior directed toward another Board member
- Inappropriate behavior directed toward a member of the public

- Any other behavior judged to be damaging to Energy Trust and/or the Board's reputation

## **VII. DIRECTOR ORIENTATION AND EDUCATION**

Energy Trust will establish, or identify and provide access to, appropriate orientation programs, sessions or materials for newly elected directors. The program or materials will include information to acquaint new directors with Energy Trust, including its strategy, action plans, financial statements, these Guidelines, and the Board's Public Interest and Conflicts of Interest Policies. As part of the orientation, new directors will be introduced to Energy Trust's senior management. The directors will also receive periodic training concerning their fiduciary duties as Energy Trust board members. Additionally, from time to time, directors will receive information and updates on legal and regulatory changes that affect Energy Trust and the directors. All directors are also encouraged to participate in continuing education programs relating to organizational governance. Reasonable expenses for such programs may be reimbursable with prior approval by the President of the Board.

## **VIII. DIRECTOR COMPENSATION**

The Board has determined not to provide director compensation to members of Energy Trust's board of directors. Members of Energy Trust's board of directors shall be reimbursed for expenses associated with travel to and from, and attendance at, board meetings and committee meetings. Members of Energy Trust's board of directors shall also be reimbursed for expenses associated with and travel to and from training and continuing education opportunities and events.

## **IX. BOARD ACCESS TO SENIOR MANAGEMENT**

Board members shall have unrestricted access to Energy Trust's senior management. Furthermore, the Board encourages senior management, from time to time, to bring to Board meetings officers and managers who (a) can provide additional insight to matters before the Board because of such person's involvement in the areas being discussed, or (b) are officers and managers with potential for future advancement that senior management believes should be given exposure to the Board. As necessary and appropriate, Board members shall also have access to outside legal, accounting and other professional advisors to assist them in carrying out their duties and responsibilities as directors.

## **X. LEADERSHIP DEVELOPMENT**

### **A. Formal Evaluation of the Executive Director**

Each year, the full Board and a committee appointed by the Board shall evaluate the performance of the executive director. In evaluating the Executive Director, the full Board and the committee shall take into consideration the executive director's performance in both qualitative and quantitative areas, such as leadership and vision, integrity, keeping the Board informed on matters affecting Energy Trust, and the performance of the business, including the achievement of Oregon Public Utility Commission performance metrics and Integrated Resource Plan goals, as well as financial objectives. The evaluation will be communicated to the Executive Director by a designee of the Board and considered by the Board or a designated committee in the course of its deliberations when establishing the compensation of the Executive Director for the following year.

**B. Succession Planning**

The Executive Director shall periodically provide to the Board a report regarding succession planning for the position of Executive Director. The Executive Director will also communicate to the President of the Board a recommendation for his or her successor as a result of an unexpected event. This recommendation should be updated by the Executive Director periodically.

**XI. PERIODIC REVIEW OF STATEMENT OF BOARD NORMS AND CORPORATE GOVERNANCE GUIDELINES**

These Guidelines and Energy Trust's other board policies shall be reviewed by the Nominating & Governance Committee on a periodic basis, but not less than every three years. Any recommended changes shall be submitted to the Board for consideration and approval. Energy Trust of Oregon counsel may request independent review of these Guidelines either periodically or as indicated. Recommendations resulting from such review shall be submitted to the Board Nominating & Governance Committee for consideration and Board review.

**XII. DISCLOSURE OF STATEMENT OF BOARD NORMS AND CORPORATE GOVERNANCE GUIDELINES**

Energy Trust shall maintain, and update promptly, its website to include these Guidelines.