Corporate Governance Principles
Version# 4.1

Effective Date October 28, 2024

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1.0   INTRODUCTION

The California Independent System Operator Corporation Board of Governors (Board) has adopted these Corporate Governance Principles to assist the Board and its committees in performing their duties.

The Board is responsible for governance and stewardship of the ISO, while the day-to-day operations are delegated to, and the responsibility of, management.

The size and selection of the Board are governed by state statute. The Board is composed of five governors, all of whom are appointed by the Governor of the State of California and confirmed by the California Senate. ISO business is conducted by its employees, managers, and officers, under the direction of the President and Chief Executive Officer and the oversight of the Board.

These principles have been approved by the Board and, along with the ISO articles of incorporation, bylaw s, committee charters, and key policies and practices of the Board and its committees, describe the framework for the governance of the ISO. The Board recognizes that good corporate governance is an ongoing process, and in partnership with management, will ensure that implementation of these principles reflect best practices.

These principles are intended only to describe the key aspects of the ISO governance framework. Where these principles describe or refer to specific governance documents, policies and practices, those items will control unless otherwise directed by the Board.

2.0   SCOPE

This policy shall apply to the ISO Board of Governors and all standing, advisory, and ad hoc committees established by the Board.

3.0   ROLES AND RESPONSIBILITIES

3.1   Board of Governors

The Board's role is to confirm and maintain corporate direction, to annually review and approve management's strategic plans and the ISO operating and capital budgets (as recommended by the President and Chief Executive Officer), define limitations, and monitor performance against objectives and limitations. In fulfilling this role, the Board will regularly review corporate objectives to ensure they remain responsive to the changing business environment in which the ISO operates.

The Board, using its independent judgment, is responsible for balancing commercial and public policy objectives to ensure that the ISO is operated in a sound commercial manner,

while at the same time fulfilling the public policy responsibilities assigned to it as a California

nonprofit public benefit corporation created under state law. In fulfilling its responsibilities, the Board should also consider the interests that employees, customers, and stakeholders, such as governmental authorities, market participants, vendors and communities, may have in the ISO. In addition to these general duties and responsibilities, the Board is specifically responsible for the oversight functions described in the sections below.

3.1.1 Strategic Planning and Budgeting

Providing input to management on trends and issues affecting the business and affairs of the ISO, and acting as a resource to management where appropriate.

Ensuring that an appropriate strategic planning process is in place to develop, review, and revise plans that are intended to support the achievement of the ISO mission, these plans should take into account, among other things, the opportunities and risks of the business.

Reviewing and approving the ISO strategic plans, financial objectives, plans and actions, including annual operating and capital budgets and material new project proposals.

3.1.2 Monitoring Corporate Performance

Monitoring corporate performance against the objectives set in the strategic and business plans, and operating and capital budgets.

3.1.3 Approving Material Transactions

Reviewing and approving material transactions not in the ISO's ordinary course of business or exceeding dollar-value or other limitations established by the Board.

Reviewing and approving material changes to the ISO executive compensation and employee benefits plans.

Reviewing and approving material changes to the terms and conditions of service approved by the ISO under its FERG-approved tariff, or approved by other governmental agencies with jurisdiction over ISO affairs.

3.1.4 Risk Assessment and Internal Controls

Ensuring that appropriate systems are in place and in use to identify, manage and monitor principal risks of the ISO business.

Ensuring, through Management, the adequacy and integrity of the ISO internal control systems.

3.1.5 Assessing Compliance with Policies, Standards and Regulatory Requirements

Assessing compliance with appropriate policies, standards and regulatory requirements to ensure that the ISO operates at all times:

with the highest ethical standards and in full compliance with law s and regulations of general application;

- in accordance with applicable auditing and accounting principles and ISO governing documents, including but not limited to the ISO Code of Conduct and Ethical Principles;

- in accordance with Board-approved policies; and

- in compliance with the regulatory requirements applicable to the ISO as a public utility subject to the jurisdiction of the Federal Energy Regulatory Commission.

3.1.6 Selection and Review of Management

Selecting, monitoring, and evaluating at least annually, and if necessary replacing, the President and Chief Executive Officer.

Providing advice and counsel to the President and Chief Executive Officer.

Providing advice to the President and Chief Executive Officer regarding the selection and review of other members of senior management.

Appointing corporate officers upon the recommendation of the President and Chief Executive Officer and other corporate officers.

Reviewing and approving compensation of the President and Chief Executive Officer and other corporate officers.

Ensuring that adequate provision is made for management succession for the President and Chief Executive Officer and vice presidents. The President and Chief Executive Officer shall engage with the Board annually regarding succession planning for executives.

3.1.7 Market Monitoring Oversight

Overseeing the ISO Department of Market Monitoring on all matters related to its core monitoring duties, which are defined in the ISO FERC-approved tariff.

Approving the termination of employment of the Executive Director of the Department of Market Monitoring.

3.1.8 Effective and Appropriate Communications

Ensuring the ISO has in place appropriate policies and procedures to enable it to communicate effectively with employees, state and federal legislative and executive staff, regulators, other stakeholders and the public, and to ensure prompt and appropriate reporting of its financial results and other material developments.

3.1.9 Governance

Assuming responsibility for the Board governance and disclosure practices.

Monitoring developments in corporate governance and directing corporate practices to be altered to conform with leading best practices.

Appointing committees of the Board and approving their charters.

Annually assessing the Board's effectiveness, as well as that of each Board committee in fulfilling designated responsibilities, and identifying and addressing requirements with respect to skill, abilities and succession.

3.2 Accountability and Ownership

The Corporate Secretary, or his or her designee, is responsible for the annual review of this policy to ensure that it is aligned with best practices. Should substantive changes to this policy be required, the Corporate Secretary will seek Board approval of the proposed changes.

4.0 DELEGATION TO MANAGEMENT

4.1 President and Chief Executive Officer

The Board assigns responsibilities to the President and Chief Executive Officer through a general delegation of authority and through specific mandates contained in Board resolutions regarding particular matters. The Board determines from time to time what limitations will apply to delegated authorities and in this regard, will approve policies within which management will operate.

Through these delegations, the President and Chief Executive Officer is delegated the authority to supervise the business and affairs of the ISO, subject to the direction of and the limitations established by the Board. Subject to the limitations, the delegations include the authority to make all decisions on behalf of the ISO that have not been reserved for the Board under applicable law or by the Board for itself or to a Board committee.

4.2   Management

All corporate authority delegated to management is delegated through the President and Chief Executive Officer, so that all authority and accountability of management is considered to be the authority and accountability of the President and Chief Executive Officer. This delegation does not preclude interaction between the members of the Board and senior management. Subject to any limitations imposed by the Board or any policy, the President and Chief Executive Officer has the authority to delegate operational decision making as he or she determines to be necessary for the effective operation of the business.

4.3   Non-Delegable Duties

The Board may not delegate its duty to oversee the Department of Market Monitoring's market monitoring functions, as defined in the ISO tariff and FERC regulations, nor delegate its duty to approve the termination of employment of the Executive Director of the Department of Market Monitoring.

5.0   CONDUCT AND EXPECTATIONS OF BOARD MEMBERS

In discharging their responsibilities, Governors are expected to demonstrate the following qualifications and fulfill the following standards.

5.1   Integrity and Accountability

- Demonstrate the highest ethical standards and integrity in their personal and professional dealings and actively support and be accountable for their decisions.

- Advise the Board and the Corporate Secretary of any actual or perceived conflicts between their personal interests and those of the ISO, including but not limited to invitations to serve on other boards and of any direct or indirect financial interest they may have in any transaction before the Board for its consideration. Should a conflict be identified, the Board member will recuse himself or herself from participation in any Board decision regarding such matters.

- Regularly review and confirm their compliance with the ISO Code of Conduct and Ethical Principles, which includes submitting all appropriate disclosure forms.

5.2 Informed Judgment

- Develop an in-depth know ledge regarding the power industry and ISO operations , assets and facilities, as w ell as its role in the community and the legal, regulatory , legislative, business, social and political environment within which it operates.

- Use the know ledge described above to critically analyze ISO strategic and business plans and to form sound and independent judgments.

- Appropriately prepare for each Board and committee meeting by reading materials provided by management and interested stakeholders, and acquire information necessary for reasoned decision making.

5.3 Financial Literacy

- If a member of the audit committee, be financially literate.

5.4 Communication

- Maintain an openness to others' opinions and a willingness to listen, to approach others constructively, responsibly and supportively, and to participate fully and frankly in Board deliberations and discussions, as w ell as to raise probing or difficult questions in a manner that encourages open discussion.

5.5 Board Interaction

- Establish an effective, independent and respected presence, and a collegial relationship with other governors, management and ISO stakeholders.

5.6 Orientation and Continuing Education

- Participate in a comprehensive orientation that Management conducts to help new governors become familiar with the ISO strategic direction, core values, and other key policies and practices through a review of background materials, meetings, and visits to facilities.

- When helpful, participate in continuing education programs on matters of significance to the ISO, including corporate governance issues.

6.0   BOARD MEETINGS

6.1   The Board Chair

The Board elects the Board Chair from among its members. The Board Chair will preside over Board meetings and lead the Board in establishing and adhering to effective governance processes and practices.

6.2   Meetings

The ISO bylaw s specify the procedures to be followed for scheduling and conducting Board meetings and committee meetings.

Regular quarterly meetings for each fiscal year shall be set prior to the beginning of the year. Special meetings of the Board may be called by the Board Chair, the President and Chief

Executive Officer, or by a majority of sitting Governors. Emergency meetings may be called in accordance with the terms of ISO bylaw s.

All meetings of the Board or any committee will be conducted in accordance with the ISO Open Meeting Policy.

6.3   Agenda and Minutes

A Governor may add a specific agenda item to be addressed at a meeting in accordance with the Open Meeting Policy.

The Corporate Secretary, or his or her designee, shall prepare agendas for, serve notice of, and act as Secretary at all meetings of the Board and its committees, and record the meeting proceedings in the minute books. Agendas should take into consideration time for questions and answers, as w ell as deliberation by the Governors.

6.4   Procedure

The General Counsel advises the Board on the Corporate Governance Principles rules related to the conduct of its meetings including parliamentary procedure, the requirements of the California nonprofit corporation's law, the ISO bylaw s, the Open Meeting Policy, and the Records Availability Policy.

7.0   COMMITTEES

7.1   Board Committees

Board committees include the Audit Committee and other committees the Board may appoint in accordance with the ISO bylaw s.

The Board will adopt written charters for each of its committees based upon proposed charters prepared by each committee, working with the Corporate Secretary and management. Each committee charter will specify the duties and responsibilities delegated by the Board to the respective committees. Each committee will submit recommendations regarding its proposed schedule of meetings and matters within the scope of its charter authority for which committees have not been delegated decision-making authority by the Board.

Committee members will be appointed and may be removed or replaced at any time by the Board in accordance with ISO bylaw s. The number of members and composition of each committee will be indicated in each committee's charter

8.0   COMMUNICATIONS AND TRAINING

A current version of this policy will be available on the ISO website. Any substantive revisions to this policy will be approved by the Board and communicated as necessary.

8.1   Training

All new members of the Board will be provided training on these principles and related policies and procedures as part of the orientation process. Board members shall also receive annual training on these principles.

9.0   COMPLIANCE

The Board and its committees must comply with these principles and related policies and procedures. Non-compliance will be addressed with the Board Chair or appointing body, as appropriate.

10.0   RESOURCES

Below is a list of additional resources relevant to this policy.

- ISO Bylaws
- Code of Conduct and Ethical Principles
- Records Availability Policy
- Open Meeting Policy

11.0   CONTACTS

For questions regarding subject matter covered in this policy, please contact Stacey Bernard at sbernard@caiso.com.

12.0   REVISION HISTORY

REVISION HISTORY

VERSION NO.	EFFECTIVE DATE	REVISED BY	DESCRIPTION
1.1	-	Board of Governors	Policy adopted
2.0	-	Board of Governors	Policy Amended
2.1	-	S. Karpinen	Updated ISO logo and made non-substantive changes.
3.0	09/13/2013	Board of Governors	Revision to Board role in assessing compliance with policies and procedures; revision to annual succession planning review requirement; revision to requirement to notify the Board and the Corporate Secretary of any actual or perceived conflicts; revision to requirement for agenda timing; other non-substantive revisions to improve readability; general revisions to comply with new ISO standard policy format.
3.1	06/18/2014	S. Karpinen	Minor edits made as part of annual review process.
3.2	05/09/2015	S. Karpinen	Minor edits made as part of annual review process.
3.3	04/29/2015	S. Karpinen	Updated revision history table to match new standard. 2015 annual review
3.4	04/26/2016	S. Karpinen	2016 annual review. Updated copyright.
3.5	08/07/2017	S. Karpinen	2017 annual review.
3.6	11/15/2018	S. Karpinen	2018 annual review. Minor edits.
3.7	10/25/2019	S. Karpinen	2019 annual review. Minor position title edit.
3.8	01/11/2021	S. Karpinen	2020 annual review. No changes.
3.9	05/01/2023	S. Bernard	2021/2022 annual review.
4.0	12/28/2023	S. Bernard	2023 Annual review. No changes
4.1	10/28/2024	S. Bernard	2024 Annual review. No changes.

13.0   APPROVAL

This policy has been reviewed and approved by:

VP, General Counsel and Chief Compliance Officer:

Roger Collanton	Signature on File	10/28/2024
Name	Signature	Date