X12 Corporate Administrative Policy

Board Elections

(CAP08)
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Board Elections

1 Introduction

The X12 Board of Directors (Board) is responsible for this policy and the associated procedures.

Members agree to adhere to X12’s policies and procedures as a condition of membership. In addition, non-member participants afforded specific collaboration privileges agree to adhere to X12’s policies and procedures as a condition of those privileges.

Suggestions for revisions to this document may be submitted at x12.org/maintenance-requests.

2 Authority

X12’s board election policies stand-alone as defined herein and in the X12 Bylaws (CAP01). No other corporate or committee rules of order or standing rules shall be established related to X12’s board elections.

3 Background

This policy/procedure defines the qualifications and criteria interested individuals must meet to be considered as a candidate for a Board seat and how candidates are identified and elected to the Board.

4 Director Qualifications

The Board shall be composed of individuals (directors) who demonstrate significant achievements in business, education, or public service. They must have the requisite intelligence, education and experience to make a significant contribution to the deliberations of the Board. Directors shall bring a broad range of experiences to the Board.

Directors shall have the following attributes.

1. Enterprise Leadership Experience
   A director shall have extensive and relevant leadership experience and understand the complex challenges of enterprise leadership.

2. Relevant Sector Experience
   A director shall have leadership experience in sectors directly relevant to X12’s business or in professional disciplines pertinent to X12’s key areas of interest.

3. Corporate Governance Experience
   A director shall have sufficient corporate governance experience to understand the legal and corporate responsibilities of an independent director of a U.S. corporation.
4. Personal Characteristics
   A director must exhibit the highest moral and ethical character, integrity, vision, objectivity, independent thought, and judgement. A director shall have specific qualities including intelligence, flexibility, inter-personal skills, and communication skills. A director shall be highly regarded and respected by peers and subordinates.

5. Availability
   A director shall be willing to commit the time necessary to discharge Board duties.

6. Compatibility
   A director must be willing and able to develop a good working relationship with other directors and with the organization's senior management.

7. Commitment
   A director must be committed to the mission and principles of the organization.

8. Education
   A director should hold at least an undergraduate degree from a respected college or university. However, an exceptional applicant who does not meet these educational criteria shall not be excluded from consideration.

5  Determining the Open Seats
   At least fifty percent (50%) of the elected directors must be a designated member representative of an X12 member. The ASC Chair's ex-officio position counts as a member seat for this calculation.

   Board seats shall be identified as either an X12 member seat or an unrestricted seat. An X12 member seat must be filled by a member representative of an X12 member. An unrestricted seat may be filled by any qualified individual.

   By October 1st of each calendar year, the Board shall determine the number of X12 member seats and unrestricted seats to be filled in the next Board election. The number of open seats in each category shall be determined based on the fifty percent requirement listed above and the minimum and maximum number of directors defined in the X12 Bylaws (CAP01).

6  Establishing the Election Committee
   Each election will be overseen by an Election Committee. The Board shall appoint the Election Committee by October 1st of each calendar year. The Election Committee shall consist of a chair, who shall be a director not running for reelection, and between two and four other appointees, each of whom shall be a director or an X12 member's representative.

   The Election Committee shall determine the slate of candidates and oversee the elections.
The Election Committee shall be automatically disbanded on February 15th of each calendar year, unless there is an active protest or dispute related to the election or the election results.

7 Call for Applications

By October 31st of each calendar year, staff will publish a call for applications. The call shall be sent to the X12 membership via email announcement to each member's primary representative and shall be posted on the X12 website. The call may be distributed via other channels at the discretion of the Executive Director. The call will clearly state the candidate criteria, number of open member seats, number of open unrestricted seats, the term of office, and the deadline for applications. The call will include a link to the online application. The application period will be at least 30 days.

This application process is the only mechanism for inclusion on the ballot. To ensure appropriate vetting, candidates are not added to the ballot via any member endorsement or write-in process.

8 Candidate Criteria

In addition to having the attributes described in Section 4 Director Qualifications, applicants selected as candidates must meet the following criteria.

1. The applicant must either represent a member whose representatives are entitled to serve in elected positions or be a non-member with a vested interest in X12.
2. Only one candidate will be selected from any one organization, regardless of membership status.
3. Each elected director must represent a different organization. Therefore, an applicant employed by the same organization as a seated elected director shall not be eligible for the slate. Consideration of the candidate's employer and an ex-officio director's employer is not subject to this restriction.
4. Immediate family members of a seated director are not eligible for the slate.
5. X12 employees and their family members are not eligible for the slate.
6. Employees of an organization currently operating under a contract with X12 and their family members are not eligible for the slate.
7. An applicant must submit an online application by the application deadline.

9 Application Vetting

By December 1st of each calendar year, the Election Committee will select the slate of candidates from among the applicants. All applicants, including those not selected for inclusion on the slate, will be notified of the final slate before the ballot is opened.
The Election Committee’s deliberations are confidential and shall not be disclosed to any party. Although it is recognized that portions of this vetting are subjective, the Election Committee will make every attempt to evaluate applicants consistently.

The Board is committed to maintaining diverse representation. The Election Committee shall evaluate each applicant as described below, in the context of the overall composition and needs of the Board, with the objective of recommending a group that best integrates with sitting directors to manage the business and affairs of the organization. Based on this evaluation, the Election Committee may select fewer candidates than the number of open seats as determined in Section 5 Determining the Open Seats.

The Election Committee will select a candidate slate based on the following:

1. Having the attributes described in Section 4 Qualifications and meeting all criteria listed in the Section 8 Candidate Criteria.
2. The overall ability and experience of individual applicants.
3. The candidate having enough X12 knowledge or experience to ensure an understanding of the organizational, political, and technical aspects of the organization.
4. Evaluation of the balance between member representatives and non-members and individual and organizational members on both the slate and the potential resulting Board. Balance herein indicates a reasonable division; it does not indicate exact numerical balance.
5. Ensuring the slate represents diversity in background, experience and viewpoints, on both the slate and the potential resulting Board. However, candidates shall not be chosen nor excluded solely or largely because of race, color, gender, national origin or sexual orientation or identity.
6. Preference shall be given to the following applicants
   a. Those with experience as an executive or senior officer of a corporation.
   b. Those with proven experience in nonprofit governance.
   c. Those with executive experience in a highly-regulated industry.

10 Announcing the Slate

The slate of candidates may be announced before the ballot is opened at the discretion of the Election Committee.

11 The Election

Board elections shall be conducted as electronic votes, with voting closing no later than January 15th of each calendar year. The Election Committee will have the final decision on any issue related to the execution of the election.
Candidates who do not receive a simple majority of the ballots cast, excluding abstentions, are disqualified. Candidates who became ineligible based on employer considerations during the balloting period are disqualified. Among the remaining candidates, seats are awarded based on the total number of votes received. First, member seats are filled by candidates who are member representatives, with each open member seat filled in turn by the unseated member representative candidate with the most votes. If there are fewer member representative candidates than open member seats, announced member seats will remain unfilled. Then, each unrestricted seat is filled in turn by the remaining candidates with the most votes, regardless of membership status. If there are fewer candidates than open unrestricted seats, announced unrestricted seats will remain unfilled.

When voting is complete, the election results will be announced to X12 members and posted on the X12 website.

12 Assisting Office

Board terms for elected directors are defined in the Bylaws (CAP01) as two years. Elected terms shall be from February 1st of the election year through January 31st of the second subsequent January.

The newly elected directors will assume office on February 1st of each calendar year, contingent upon submission of Non-Disclosure and Conflict of Interest paperwork to the Executive Director. Any newly elected director who does not provide the required paperwork by February 28th shall be considered to have withdrawn interest and shall not assume the director’s seat.

13 Terminology

To ensure consistent terminology and definitions across X12 activities and products, X12 maintains the Wordbook, an online comprehensive corporate glossary at wordbook.x12.org. Some of the included definitions are proprietary to X12 while others cite definitions published by another organization or authority, such as Robert’s Rules of Order. The terms and definitions defined in the Wordbook must be used in X12 work products when applicable, without modification or revision.
14 Document History

New versions of this document are effective on the approval date, unless otherwise stated in the approval.

<table>
<thead>
<tr>
<th>Approved</th>
<th>Description</th>
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<tbody>
<tr>
<td>10/18/2019</td>
<td>v7: Revised to eliminate duplication between this policy and CAP01.</td>
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