


# POLICY ON INDEPENDENCE

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	Type:	Corporate	
	Document:	LGL-0003	
	Owner:	Lisa Aragon, Director, Ethics & Compliance	
	Date Published/Rev. #	12/16/2021	011
	Effective Date	12/16/2021	
	Approver:	Christine Mason Soneral, SVP and General Counsel	

\* References to ITC are references to ITC Holdings Corp. together with all of its subsidiaries, unless otherwise noted.

## 1. INTRODUCTION

- 1.1. This policy replaces LGL-0003 Rev010, dated 11/25/2019 and titled “Policy on Independence.”
- 1.2. As an independent electric transmission company, ITC Holdings Corp. (“ITC Holdings”) must safeguard and maintain the independence of itself and its FERC-regulated operating subsidiaries ITC *Transmission*, METC, ITC Midwest and ITC Great Plains (collectively, the “Operating Subsidiaries”) from Market Participants. ITC therefore adheres to this Policy on Independence.

## 2. DEFINITIONS

- 2.1. *Affiliate* is defined consistent with the definition in the FERC regulations at 18 C.F.R. § 35.34(b)(3).
- 2.2. *Conflict of interest* refers to any situation in which a person has a duty to more than one person or organization but cannot do justice to the actual or potentially adverse interests of both parties.
- 2.3. *Defined Market Participant* means a Market Participant of a Regional Transmission Organization in which any of the Operating Subsidiaries has been granted incentive rate treatment by FERC based on its status as an independent transmission company. The restriction in Section 3 on financial interests in, or financial conflicts of interest with, Defined Market Participants, applies to interests in (1) entities in MISO and SPP identified on lists maintained on the MISO and SPP websites, as they exist currently or may be revised in the future (“Listed Entities”)<sup>1</sup>; and to (2) entities that are Affiliates of such Listed Entities.

<sup>1</sup> For MISO, the list of Market Participants is available at: <https://cdn.misoenergy.org/Certified%20Market%20Participant%20List68568.pdf>. For SPP, the list of Market Participants appears at: <https://www.spp.org/about-us/members-market-participants/>.

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## POLICY ON INDEPENDENCE

- 2.4. *Director* means any member of the boards of directors of ITC.
- 2.5. *Employee* means any employee of ITC.
- 2.6. *Financial interest* means and includes any direct ownership interest in a bank or savings account, in the cash surrender value of an insurance policy, in stocks, bonds, Securities, evidence of indebtedness, judgments, accounts receivable, and other monetary claims in liquidated amounts.
- 2.7. *Market Participant* is defined consistent with the definition in the FERC regulations at 18 C.F.R. §35.34(b)(2).
- 2.8. *Officer* means any employee of ITC who holds a Director-approved position, typically Vice President and higher.
- 2.9. *Regional Transmission Organization* means any FERC-approved Regional Transmission Organization including but not limited to MISO, SPP, ISO New England, the New York ISO, PJM Interconnection, or the California ISO.
- 2.10. *Securities* mean any note, stock, treasury stock, bond or debenture or other evidence of interest in or indebtedness of a business enterprise.

### 3. PROTECTIONS TO ENSURE CORPORATE, DIRECTOR, OFFICER AND EMPLOYEE INDEPENDENCE

#### 3.1. No Interests in Defined Market Participants

- 3.1.1. Directors, Officers, and Employees shall have no direct financial interest in, or a financial conflict of interest with any Defined Market Participant.

ITC will require any consultant, contractor, and/or subcontractor to disclose any direct financial interest in any Defined Market Participant, or any potential financial conflict of interest between ITC and any Defined Market Participant. ITC may disqualify any consultant, contractor, and/or subcontractor based on such direct financial interest or potential financial conflict of interest.

Directors, Officers, and Employees shall not benefit financially from any transaction with any Defined Market Participant.

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Directors, Officers, Employees and their immediate family members (spouses and minor children living in the same households) may not directly own Securities issued by any Defined Market Participant. Each Director, Officer, and Employee (and each immediate family member thereof) shall dispose of any Securities in any Defined Market Participant within six (6) months of the commencement of his/her employment with ITC. If a Director, Officer, or Employee (or any immediate family member thereof) receives a gift or inheritance of Securities in any Defined Market Participant, he/she must dispose of such Securities within six (6) months of the date of receipt.

- 3.1.2. Nothing in this Policy on Independence shall be interpreted to preclude a Director, Officer, or Employee (or any immediate family member thereof) from indirectly owning Securities issued by any Defined Market Participant through a managed diversified fund or similar arrangement (other than a managed fund or arrangement specifically targeted towards the electric utility industry, or any segment thereof). Participation in a pension plan of a Defined Market Participant shall be deemed to be a permissible financial interest as long as such pension plan is a defined benefit or defined contribution pension plan that does not involve ownership of the Securities of the Defined Market Participant sponsoring such plan.

### **3.2. Annual Verification of Compliance**

- 3.2.1. All Directors and Officers will annually certify in writing that they are in compliance with this Policy on Independence.

## **4. OBLIGATION TO ADVISE FERC OF NEW MATERIAL FACTS**

- 4.1. ITC Holdings will inform the FERC promptly of any material new facts that could affect the continued independence of the Operating Subsidiaries.

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### 5. APPROVALS

Owner: \_\_\_\_\_ <E-Signature on file> \_\_\_\_\_ Date: 12/15/2021

Approver: \_\_\_\_\_ <E-Signature on file> \_\_\_\_\_ Date: 12/15/2021

### 6. REVISION HISTORY

Date Published	Revision Number	Individual Making Edits	Reason / Comments
12/16/13	000	L. Aragon	Initial documentation.
01/15/14	001	L. Aragon	Inclusion of title of LGL-004 referenced in 3.2.
11/25/14	002	L. Aragon	Corrected title for Daniel J. Oginsky. Annual Review completed.
05/01/15	003	L. Aragon	Updated approver to be Christine Mason Soneral.
12/11/15	004	L. Aragon	Annual review completed. No changes needed.
10/13/16	005	L. Aragon	Consolidated sections 3 (Corporate Independence) and 4 (Director, Officer and Employee Independence) into a new section 3 (Protections to Ensure Corporate, Director, Officer and Employee Independence). Updated definitions of Affiliate and Market Participant to be consistent with 18 C.F.R. § 35.34(b) and added definition for Defined Market Participant. Annual review completed.
12/08/16	006	L. Aragon	Section 1.2 incorrectly states it is important to maintain our independence from Defined Market Participants, when it is important to maintain our independence from all Market Participants. References to Defined Market Participants elsewhere in document are correct.
01/09/18	007	L. Aragon	Annual review completed.
03/05/18	008	L. Aragon	Updated link for MISO's market participant list.

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11/29/18	009	L. Aragon	Updated link for MISO's market participant list. Annual review completed.
11/25/19	010	L. Aragon	Annual review completed.
12/16/21	011	L. Aragon	Updated document number. Annual Review completed.

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