



X12 Corporate Administrative Policy

CAP08 – X12 Board Elections

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X12 Board Elections

1 Introduction

The X12 Board of Directors (Board) is responsible for this policy and the associated procedures. X12 members agree to adhere to X12's policies and procedures as a condition of membership. Non-member participants afforded specific collaboration privileges agree to adhere to X12's policies and procedures as a condition of those privileges. Any party may submit a revision suggestion at x12.org/maintenance-requests.

2 Authority

X12 maintains corporate rules which define overall corporate policies and procedures. X12's primary organizational policies are defined in the **CAP01 - X12 Bylaws**. The policies established herein supplement the **X12 Bylaws** to establish X12's board election policies in full policies; no related lower-level governance shall be permitted.

3 Background

CAP08 establishes the qualifications and criteria required for candidates for a board seat, how candidates are identified, and board elections.

4 Applicant Criteria

4.1 Eligibility

An applicant is determined to be eligible as a candidate, and subsequently a director, based on certain fact-based criteria. The following criteria is always used to evaluate an applicant's eligibility; other eligibility factors may be considered at the discretion of the election committee.

1. Applicants must either represent an X12 member whose representatives are entitled to serve in elected positions or be a non-member with a vested interest in X12.
2. An organization is limited to one applicant, regardless of membership status.
3. Each elected director must represent a different organization. Therefore, an individual employed by the same organization as a seated elected director shall not be eligible to apply.
4. Immediate family members of a seated director are not eligible to apply.
5. X12 employees and their family members are not eligible to apply.
6. Employees of an organization currently operating under a contract with X12 and their family members are not eligible to apply.
7. An applicant must submit an online application by the application deadline.

4.2 Experience and Attributes

An applicant's experience and personal and professional attributes have a significant impact their ability to contribute positively to the Board's leadership and X12's success. The criteria described below is subjective, however the Election committee will strive to evaluate the applicants consistently. Other experience and attribute factors may be considered at the discretion of the election committee.

1. Executive and Corporate Governance Experience

An independent director of a U.S. corporation has disparate legal and corporate responsibilities. An applicant shall have executive leadership experience or corporate governance experience in sectors directly relevant to X12's business or key areas of interest that demonstrate an ability to perform such responsibilities.

2. Enterprise Leadership Experience

An independent director of a U.S. corporation must focus on organizational outcomes not operational details. An applicant shall have demonstratable enterprise leadership experience.

3. Commitment

An applicant must be committed to X12's corporate mission and principles.

4. Availability

An applicant shall be willing to commit the time necessary to discharge board duties.

5. Conflicts

Applicants must not have any professional, volunteer, or personal interests that conflict with X12's corporate interests.

4.3 Personal Characteristics

An applicant's personal characteristics reflect on the X12 organization and impact the individual's ability to work effectively with other directors and with X12 member representatives. The criteria described below is subjective, however the Election committee will make every effort to evaluate the applicants consistently. Other personal characteristics may be considered at the discretion of the election committee.

1. Personal Characteristics

An applicant shall exhibit the highest moral and ethical character, integrity, vision, objectivity, independent thought, and judgement. An applicant shall have specific qualities including intelligence, flexibility, and inter-personal skills. An applicant shall be highly regarded and respected by peers and subordinates.

2. Compatibility

An applicant shall be willing and able to develop a good working relationship with other directors and with the organization's senior management.

5 Determining the Open Seats

Each board seat 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. At least fifty percent (50%) of the directors must be a designated member representative of an X12 member. The Accredited Standards Committee (ASC) chair's ex-officio position counts as a member seat for this calculation.

By October 25th of each calendar year, the board shall determine the number of X12 member seats and unrestricted seats to be filled in the next 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 Call for Applications

By November 1st 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 applicant 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.

7 Activating the Election Committee

An adhoc election committee shall be activated annually to select the slate of candidates for the upcoming board election. The election committee shall consist of all voting directors except those running for a seat in the upcoming election. The board chair shall appoint an election committee chair from among the election committee; however, the X12 executive director shall not be appointed as chair of the group.

The annual process for activating the election committee shall be:

1. By November 15th of each calendar year, the board chair shall appoint an election committee chair.
2. By November 15th of each calendar year, the executive director shall create a temporary iMeet workspace available only to the election committee. This iMeet space shall be used for all written communication and collaboration between and

among the election committee. Directors shall not download any applicant information or discussion posts nor share the information, verbally or in-writing, with any other party.

3. The election chair shall call any necessary meeting, facilitate necessary discussion, report to the full board, and work with the executive director on the operational aspects of announcements and balloting.

The election committee shall be automatically disbanded, and the temporary workspace completely deleted from iMeet on February 15th of each calendar year unless there is an active protest or dispute related to the election or the election results.

8 Application Vetting

As applications are received, staff will perform basic screening to ensure the applicant is a real person who submitted the form on their own behalf, the submitted name and email address are legitimate, and to determine whether the applicant is a member representative. When the application period closes, staff will post the applicant information in the election committee's iMeet workspace for consideration.

Within one week of receipt of the applicant information, the election committee will select the slate of candidates from among the applicants. The election committee chair shall determine whether to schedule a meeting or conduct selection activities via iMeet.

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 follows 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. The evaluation will be based on the following.

1. Meeting all criteria listed in the *Section 4 Applicant Criteria*.
2. The overall ability and experience of individual applicants.
3. The applicant having enough X12 knowledge or experience to ensure an understanding of the organizational, political, and technical aspects of the organization.
4. Evaluation of the open seats versus the current member/non-member status of each applicant. If no unrestricted seats are available, non-member applicants shall not be included on the slate even if they were a qualified member representative at the time of their application.
5. Evaluation of balance between individual and organizational X12 members, types of

stakeholders, and industry sectors on both the slate and the potential resulting board. Balance herein indicates a reasonable division; it does not indicate exact numerical equality.

6. 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.
7. 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.

The election committee shall ensure the slate does not include any applicant who does not clearly meet all the established criteria. 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*.

Once the election committee has selected a candidate slate, the executive director shall notify all applicants, including those not selected for inclusion on the slate, of the election committee's decisions. This notification shall occur before the ballot is opened.

9 Announcing the Slate

X12 staff will distribute a slate announcement to all X12 member representatives and post it on the X12 website. The announcement may be released when the ballot is opened or prior to the ballot opening depending upon the timing of the specific election cycle.

10 The Election

Board elections shall be conducted as electronic votes, with voting closing no later than January 20th of each calendar year. X12 staff will execute the election in accordance with the **Bylaws (CAP01)**. The election committee will have the final decision on any issue related to the execution of the election. Election committee decisions shall be based on applicable corporate policies.

When balloting closes, candidate qualification will be reviewed based on the following:

1. Candidates who remain eligible based on employment and membership category considerations and open seat designations during the balloting period shall be eligible for a member seat.
2. A candidate who was a member representative when selected for the slate but is no longer a member's representative shall be eligible for an open unrestricted seat but not eligible for a member seat.

3. To demonstrate clear membership support for directors, candidates who receive at least the number of approval votes equaling the quorum requirement (20%) shall be eligible for a member or unrestricted seat, depending on other qualifications.
4. All other candidates shall be disqualified.

Among the remaining candidates, seats are awarded based on the total number of votes received.

1. 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 shall remain unfilled.
2. 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 shall remain unfilled.
3. If there is an exact numerical tie between two or more candidates in the initial ballot and one or more unfilled seats remain available, a run-off election will be conducted per *Section 10.1 Numerical Ties* below to fill the remaining seat(s).
4. If there is an exact numerical tie between two or more candidates after the run-off ballot and one or more unfilled seats remain available, the board shall vote to determine the winner(s).

Following ballot evaluation, staff will announce the election results in the following order, to the election committee, the board, the candidates, and X12 member representatives.

Following the announcements, the results shall be posted on the X12 website.

10.1 Numerical Ties

In the case of an exact numerical tie between two or more qualified candidates, a run-off election shall be conducted to determine the winner(s). The winner(s) shall serve a non-standard term, assuming office immediately after the run-off results are announced, contingent upon submission of the annual non-disclosure and conflict-of-interest paperwork to the executive director and relinquishing the office on January 31st of the second subsequent year.

All candidates from the original slate who are qualified for the remaining seat(s) based on their membership status and the available seat(s) designation and who were not disqualified after the initial ballot based on the candidate qualification review shall be included on the run-off slate. The run-off election will be executed per *Section 10 The Election*.

11 Assuming Office

Board terms for elected directors are two years. Elected terms shall commence on February 1st following the election and end on January 31st of the second subsequent January.

The newly elected directors will assume office on February 1st following the election, contingent upon submission of the annual 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 the director's seat shall be declared vacant.

12 Terminology

To ensure consistent use of terms, definitions, and acronyms across X12 products and activities, X12 maintains the **Wordbook**, a comprehensive corporate glossary. The included terms are either proprietary to X12, cite definitions published by another authority, or represent common terms and definitions that are relevant to X12's work. The terms and definitions defined in the **Wordbook** shall be used in X12 work products when applicable, without modification or revision. The **Wordbook** can be referenced online at wordbook.x12.org.

13 Document History

New versions of this document are effective on the approval date.

Approved	Description
07/10/2020	v8: Revised based on feedback, consolidate criteria into one section, and other minor clarifications.
10/18/2019	v7: Revised to eliminate duplication between with CAP01.
10/15/2018	v6: Revised to clarify the exact term dates for elected directors.
07/31/2017	v5: Revised to accommodate electronic voting.
10/25/2016	v4: Revised to expand on qualifications, vetting, and voting.
12/08/2015	v3: Revised to add details to the balloting procedure.
01/21/2015	v2: Revised for clarity and simplicity.
11/18/2013	Initial version approved.