

Board of Trustees Enterprise-wide Risk Committee Mandate

Approved by the Board of Trustees: February 10, 2022

Committee Membership

The Board of Trustees Enterprise-wide Risk Committee (“EWRC” or “the Committee”) of the North American Electric Reliability Corporation (“NERC” or “the Corporation”) shall be composed of not less than three and not more than six of the independent members of the Board of Trustees (“Board”), one of whom shall be the chair of the Finance and Audit Committee. In addition, the members of the EWRC shall include the chair of the Compliance and Certification Committee (CCC) and the vice chair of the ERO Executive Committee (EC). In the event that the chair of the CCC or the vice chair of the EC are unavailable to attend a meeting, they may designate an alternate member of the CCC Executive Committee (Chair, Vice Chair, and Subcommittee Chairs) or EC, respectively, to attend and participate in EWRC meetings in their absence.

The members of the EWRC shall be appointed or reappointed by the Board at the regular meeting of the Board immediately following each Annual Meeting of the Member Representatives Committee. Each member of the EWRC shall continue to be a member thereof until a successor is appointed, unless the member resigns, is removed, or, for the chair of the CCC or the vice chair of the EC, ceases to be chair of the CCC or vice chair of the EC, respectively. When a vacancy occurs at any time in the membership of the EWRC, it may be filled by the Board.

Given the sensitive and confidential nature of the material reviewed and discussed by the EWRC, any non-trustee member (or permitted attendee in lieu of a member) shall be required to enter into confidentiality agreements with the Corporation.

Purpose

The purpose of the EWRC is to assist the Board in the oversight of the following:

- The corporation’s risk management program, internal controls processes and ethics related policies and procedures, and,
- The CCC’s monitoring responsibilities under the Rules of Procedure with respect to the NERC Compliance Monitoring and Enforcement Program (CMEP), Organization Registration program (“Registration program”), Organization certification program (“Certification program”), and the Reliability Standards development programs.

Committee Authority and Responsibilities

To carry out its purpose, the EWRC shall have the following authority and responsibilities:

1. The EWRC shall review, make recommendations to the Board, and oversee the development and implementation of the following:

- a. NERC's audits and other oversight activities involving the Compliance and Certification Committee (CCC), and,
 - b. Internal corporate risk management and internal control strategies, policies, procedures, and corporate risk mitigation programs.
2. The EWRC may make a recommendation to the Director of Internal Audit and/or the Finance and Audit Committee (FAC) to conduct an audit relating to a particular area of risk, so long as such audit is coordinated with the FAC chair and approved by the FAC for inclusion in the audit plan.
3. The EWRC shall provide oversight and direction to guide the design and implementation of risk management practices which ensure that:
 - a. All aspects of NERC operations have a risk mitigation lens;
 - b. Management of the corporation understands and accepts its responsibility for identifying, assessing, and managing corporate and strategic level risk;
 - c. Risk assessments are performed periodically and completely;
 - d. Adequate and effective risk mitigation strategies are in place by management
 - e. The Corporation is in compliance with internal operating procedures and controls, as well as corporate ethics policies and codes of conduct.
4. NERC's Corporate Risk Management, Compliance, and Ethics (CRM) lead shall serve as the primary liaison to the EWRC and shall review the results of NERC's Enterprise Risk Management (ERM) process annually, or as requested by the EWRC.
5. The EWRC shall coordinate with the CCC with respect to the CCC's execution of its responsibilities under applicable FERC orders and the ROP, including:
 - a. Providing balanced discussion and recommendations to the NERC Board regarding stakeholder perceptions, ROP changes and process or procedural issues relating to compliance monitoring and enforcement;
 - b. Monitoring NERC's compliance with the ROP as related to Reliability Standards development, compliance monitoring and enforcement, and organization registration and certification program;
 - c. Participating as an observer with NERC Internal Audit in the oversight of NERC's performance of an independent audit of its compliance monitoring and enforcement program and its organization registration and certification programs;
 - d. Undertaking assignments from the NERC Board relating to Reliability Standards development, compliance monitoring and enforcement, and organization registration and certification program;
6. The EWRC shall provide recommendations regarding resource requirements in connection with the annual business plan and budget process.
7. The EWRC shall prepare reports to the Board at the Board's request and at such other times as deemed necessary in the judgment of the chair of the EWRC regarding:

- a. The top or key risks to the corporation, emerging risks, and trends;
 - b. The processes, procedures, and controls in place to manage key risks; and
 - c. The overall effectiveness of the risk management and management's attestation of internal controls processes.
8. The EWRC shall perform such other functions as may, from time to time, be delegated or assigned by the Board.

Committee Meetings

The EWRC shall meet at least quarterly by conference call or in person. Meetings may occur at the same place in conjunction with the regular Board meetings of the corporation, or as determined by the members of the EWRC, using the same meeting procedures established for the Board. The EWRC shall meet in closed session given the sensitive nature of the materials discussed.

Attendees at the meeting may include the Chief Executive Officer of the corporation, the officer with oversight of risk management, the general counsel, the head of corporate risk management, head of internal audit, and other employees of the corporation or other individuals as the Chair of the EWRC deems advisable. The EWRC may, at the discretion of the Chair and with notice to the EWRC members, meet in special session with only Board members present.

A majority of the EWRC members shall constitute a quorum. Except where prescribed differently by law: (a) any action or decision of the EWRC requires a vote of a majority of the Committee members then in attendance at any Committee meeting provided a quorum is present; and (b) participation may be telephonic or by Action without a Meeting. The Committee may hold special meetings as circumstances require. Minutes of each Committee meeting shall be maintained as part of the Committee's record.

Governance

The Board, or in the event of their failure to do so, the members of the EWRC, shall appoint a chair from among their members. The EWRC Chair shall be responsible for leadership of the Committee, including scheduling of meetings, setting agendas, presiding over Committee meetings, and making reports to the Board. A member(s) of the NERC staff shall assist the Chair and shall serve as the non-voting secretary.

Review

The EWRC shall review this mandate annually and recommend to the Board Corporate Governance and Human Resources Committee any changes it considers advisable. Any changes must be approved by the full Board. The EWRC shall complete a self-assessment annually to determine its effectiveness.