Introduction and Chair's Remarks

NERC Antitrust Compliance Guidelines*

Agenda Items

1. Minutes* — Approve
   a. October 31, 2019 Meeting


3. Board Committees’ Self-Assessment Surveys* — Approve

4. 2020 Board of Trustees Committee, Chair and Chair-Elect/Vice Chair Appointments and Related Assignments* — Review and Recommend to Board of Trustees for Approval

5. 2020 Work Plan Priorities* — Approve and Recommend for Board of Trustees Approval


7. Board Self-Assessment and MRC Assessment of Board of Trustees Effectiveness Results* — Review

8. NERC Governance Guidelines Annual Review* — Review

9. Annual Conflict of Interest and Independence Report* — Review

10. Annual Review of Committee Mandate* — Review

11. Human Resources and Staffing Update* — Review

12. Adjournment

*Background materials included.
Antitrust Compliance Guidelines

I. General
It is NERC’s policy and practice to obey the antitrust laws and to avoid all conduct that unreasonably restrains competition. This policy requires the avoidance of any conduct that violates, or that might appear to violate, the antitrust laws. Among other things, the antitrust laws forbid any agreement between or among competitors regarding prices, availability of service, product design, terms of sale, division of markets, allocation of customers or any other activity that unreasonably restrains competition.

It is the responsibility of every NERC participant and employee who may in any way affect NERC’s compliance with the antitrust laws to carry out this commitment.

Antitrust laws are complex and subject to court interpretation that can vary over time and from one court to another. The purpose of these guidelines is to alert NERC participants and employees to potential antitrust problems and to set forth policies to be followed with respect to activities that may involve antitrust considerations. In some instances, the NERC policy contained in these guidelines is stricter than the applicable antitrust laws. Any NERC participant or employee who is uncertain about the legal ramifications of a particular course of conduct or who has doubts or concerns about whether NERC’s antitrust compliance policy is implicated in any situation should consult NERC’s General Counsel immediately.

II. Prohibited Activities
Participants in NERC activities (including those of its committees and subgroups) should refrain from the following when acting in their capacity as participants in NERC activities (e.g., at NERC meetings, conference calls and in informal discussions):

- Discussions involving pricing information, especially margin (profit) and internal cost information and participants’ expectations as to their future prices or internal costs.
- Discussions of a participant’s marketing strategies.
- Discussions regarding how customers and geographical areas are to be divided among competitors.
- Discussions concerning the exclusion of competitors from markets.
- Discussions concerning boycotting or group refusals to deal with competitors, vendors or suppliers.
• Any other matters that do not clearly fall within these guidelines should be reviewed with NERC’s General Counsel before being discussed.

III. Activities That Are Permitted
From time to time decisions or actions of NERC (including those of its committees and subgroups) may have a negative impact on particular entities and thus in that sense adversely impact competition. Decisions and actions by NERC (including its committees and subgroups) should only be undertaken for the purpose of promoting and maintaining the reliability and adequacy of the bulk power system. If you do not have a legitimate purpose consistent with this objective for discussing a matter, please refrain from discussing the matter during NERC meetings and in other NERC-related communications.

You should also ensure that NERC procedures, including those set forth in NERC’s Certificate of Incorporation, Bylaws, and Rules of Procedure are followed in conducting NERC business.

In addition, all discussions in NERC meetings and other NERC-related communications should be within the scope of the mandate for or assignment to the particular NERC committee or subgroup, as well as within the scope of the published agenda for the meeting.

No decisions should be made nor any actions taken in NERC activities for the purpose of giving an industry participant or group of participants a competitive advantage over other participants. In particular, decisions with respect to setting, revising, or assessing compliance with NERC reliability standards should not be influenced by anti-competitive motivations.

Subject to the foregoing restrictions, participants in NERC activities may discuss:

- Reliability matters relating to the bulk power system, including operation and planning matters such as establishing or revising reliability standards, special operating procedures, operating transfer capabilities, and plans for new facilities.
- Matters relating to the impact of reliability standards for the bulk power system on electricity markets, and the impact of electricity market operations on the reliability of the bulk power system.
- Proposed filings or other communications with state or federal regulatory authorities or other governmental entities.
- Matters relating to the internal governance, management and operation of NERC, such as nominations for vacant committee positions, budgeting and assessments, and employment matters; and procedural matters such as planning and scheduling meetings.
Chair Kenneth W. DeFontes called to order a duly noticed meeting of the Corporate Governance and Human Resources Committee (the “Committee”) of the Board of Trustees (“Board”) of the North American Electric Reliability Corporation (“NERC” or the “Company”) on October 31, 2019, at 2:00 p.m. Eastern, and a quorum was declared present. The agenda is attached as Exhibit A.

Present at the meeting were:

<table>
<thead>
<tr>
<th>Committee Members</th>
<th>Board Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenneth W. DeFontes, Chair</td>
<td>Frederick W. Gorbet</td>
</tr>
<tr>
<td>Robert G. Clarke</td>
<td>David Goulding</td>
</tr>
<tr>
<td>Robin E. Manning</td>
<td>George S. Hawkins</td>
</tr>
<tr>
<td>Jan Schori</td>
<td>Suzanne Keenan</td>
</tr>
<tr>
<td>Roy Thilly, <em>ex officio</em></td>
<td>James B. Robb, President and Chief Executive Officer</td>
</tr>
<tr>
<td></td>
<td>Colleen Sidford</td>
</tr>
</tbody>
</table>

**NERC Staff**
Tina Buzzard, Associate Director
Damon Epperson, Director of Human Resources
Howard Gugel, Vice President and Director of Engineering and Standards
Sônia Mendonça, Vice President, Interim General Counsel, Corporate Secretary, and Director of Enforcement
Lauren Perotti, Senior Counsel
Andy Sharp, Vice President, Controller, and Interim Chief Financial Officer

**NERC Antitrust Compliance Guidelines**
Mr. DeFontes directed the participants’ attention to the NERC Antitrust Compliance Guidelines included in the agenda, and indicated that all questions regarding antitrust compliance or related matters should be directed to Ms. Mendonça.
Chair’s Remarks
Mr. DeFontes welcomed participants to the meeting.

Minutes
Upon motion duly made and seconded, the Committee approved the minutes of the August 14, 2019 meeting as presented at this meeting.

2020 Board of Trustees Effectiveness Survey
Ms. Mendonça presented on the 2020 Board Effectiveness Survey questions provided in the advance agenda materials, emphasizing that the questions are similar to last years’ questions. She noted that the questions were highlighted to the Committee in August and results will be discussed with the Committee in February 2020. Following discussion, the Committee approved the survey questions.

2019 ERO Work Plan Priorities
Mr. Gugel reviewed the status of the status of the 2019 ERO Work Plan Priorities, highlighting that all goals are on track for completion by the end of the year, with the exception of Align Release 1. The Committee discussed the benefit of the Internal Audit group reviewing the Work Plan Priority metrics.

Human Resources and Staffing Update
Mr. Robb reviewed the human resources and staffing update, referencing the information included in the advance agenda package. He highlighted the success of the E-ISAC in hiring, the focus on promoting alignment on organizational and ERO Enterprise priorities, and the formation of an officer steering committee to renew NERC’s Human Resources programs. The Committee discussed different methods to create a baseline at which to measure progress in employee engagement.

Adjournment
There being no further business, and upon motion duly made and seconded, the meeting was adjourned.

Submitted by,

Sônia Mendonça
Corporate Secretary
Board Committees' Self-Assessment Surveys

Action
Approve

Summary
In connection with the November 2017 approved revised approach for the Board Committee self-assessments, NERC management presents a draft of the proposed surveys, a copy of which is included in the materials, for Committee approval.

Management recommends the following timeline for the 2019 governance year-end Committee surveys:

- Surveys distributed to Board members February 10, 2020.
- Reponses due by March 6, 2020.
- Draft summary of results provided to Board and Committee Chairs by April 10, 2020.
- Results presented at May 2020 Committee meetings.
Committee Self-Evaluations
February 5, 2020

Timeline and Structure
The Committee Self-Evaluations will be administered in February, at the end of the governance year. The Self-Evaluations for the Board of Trustees and the Member Representatives Committee will continue to take place around November.

The Self-Evaluations will occur online, accessible through a link provided by the vendor, consistent with prior practice.

Survey Questions
The Self-Evaluation for each Committee will consist of the same three questions, except the “purpose” included in question 2 will vary. Each question will be answered with either “Yes” or “No.” Questions answered with “No” will require the trustee respondent to include a comment, although the trustee respondent will also have the option to include a comment with a response of “Yes.”

Sample Instructions:
In considering each question, the trustee respondent should provide a response of “Yes” or “No.” The survey will include a prompt requiring comment for any item answered “No.” Optional comments may be provided for questions answered “Yes.”

Sample survey questions (information in brackets will vary per committee):

1. Is the organization and structure of the committee appropriate for effective operation? For example, the number of members, number of meetings, quality and timeliness of materials provided in support of the agenda, and the management of the Committee Chair.

2. The purpose of [COMMITTEE NAME] is [PURPOSE]. Is the committee effectively carrying out its purpose as stated above, [include the following if not part of Committee’s purpose “as well as performing such other responsibilities as directed by the Board or the committee mandate”]1? Include any specific suggestions regarding where the committee should focus further effort to address its purpose.

3. Is the committee’s mandate appropriate? Include any specific provision the committee should add to or remove from the mandate.

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1 Include for CC and NC. All other committees’ purposes include this sentence.
<table>
<thead>
<tr>
<th>Committee</th>
<th>Purpose from Mandate</th>
</tr>
</thead>
<tbody>
<tr>
<td>CC</td>
<td>The purpose of the BOTCC is to assist the Board with governance, oversight, guidance, and policies to help assure the NERC Compliance Monitoring and Enforcement Program (CMEP) and the NERC Organization Registration and Certification Program (ORCP), as administered by NERC and the Regional Entities to which NERC has delegated authority pursuant to Regional Delegation Agreements, support the reliability of the North American bulk power system, and are administered fairly and efficiently.</td>
</tr>
<tr>
<td>CGHRC</td>
<td>The purpose of the CGHRC is to assist the Board in (i) insuring the appropriate governance approaches for the corporation, (ii) overseeing the corporation’s employee compensation and benefit approaches, including the compensation of the corporation’s Board members and officers, and (iii) overseeing the corporation’s programs and practices for personnel development and human resources, as well as performing such other responsibilities as directed by the Board or this Mandate.</td>
</tr>
<tr>
<td>EWRC</td>
<td>The purpose of the EWRC is to assist the Board in the oversight of (i) the corporation’s risk management program, internal controls processes and ethics related policies and procedures, (ii) compliance by NERC and each of the Regional Entities with the NERC Rules of Procedure (ROP) and governmental authorizations, regulations and orders, and (iii) coordinating with the CCC with respect to the CCC’s execution of its responsibilities under applicable orders, the ROP and the CCC’s Charter, as well as performing such other responsibilities as directed by the Board or this Mandate.</td>
</tr>
<tr>
<td>FAC</td>
<td>The purpose of the FAC is to assist the Board in fulfilling its oversight responsibilities for NERC’s financial results and reporting process, system of internal financial and accounting controls and financial audit process and its oversight of the NERC, Regional Entities and WIRAB business plans and budgets, as well as performing such other responsibilities as directed by the Board or this Mandate.</td>
</tr>
<tr>
<td>NC</td>
<td>The purpose of the BOTNC is to act as the nominating committee required by Article III, Section 5 of the corporation’s Bylaws.</td>
</tr>
<tr>
<td>TSC</td>
<td>The purpose of the TSC is to assist the Board by providing oversight to the corporation’s (i) information technology program, (ii) information security program, and (iii) Electricity Sector Information Sharing and Analysis Center (E-ISAC), as well as performing such other responsibilities as directed by the Board or this Mandate.</td>
</tr>
</tbody>
</table>
2020 Board of Trustees Committee, Chair and Chair-Elect/ Vice Chair Appointments, and Related Assignments

Action
Review and recommend for Board of Trustees approval.

Background
Upon recommendation of NERC Board of Trustees (Board) Chair Roy Thilly, the Corporate Governance and Human Resources Committee will consider the attached Committee, Chair and Chair-Elect/Vice Chair appointments, as well as related assignments set forth in Attachment A. The proposed committee appointments of Mr. Piro are conditional upon his election by the Member Representatives Committee at its February 5, 2020 meeting.
Attachment A

Committee Assignments for 2020

Chair: Roy Thilly

Chair-Elect/Vice Chair: Kenneth W. DeFontes

Corporate Governance and Human Resources
Chair: George S. Hawkins
Robert G. Clarke
Kenneth W. DeFontes
Colleen Sidford

Compliance Committee
Chair: Jan Schori
George S. Hawkins
Robin E. Manning
Jim Piro

Finance and Audit
Chair: Robert G. Clarke
Suzanne Keenan
Robin E. Manning
Jim Piro

Enterprise-wide Risk
Chair: Colleen Sidford
Robert G. Clarke
Suzanne Keenan
Robin E. Manning
Jim Piro

Technology and Security
Chair: Suzanne Keenan
Kenneth W. DeFontes
Robin E. Manning
Jan Schori

Nominating
Chair: Kenneth W. DeFontes
Robert G. Clarke
Suzanne Keenan
Jim Piro
Jan Schori
Colleen Sidford
Roy Thilly

Related Assignments

- **ESCC Observer**: Roy Thilly
- **MEC Liaison**: Suzanne Keenan
- **Standards Liaison**: Robin E. Manning
- **International Liaison**: Colleen Sidford
- **New Member Mentor**: Jan Schori
- **Ex Officio all committees**: Roy Thilly
2020 Work Plan Priorities

Action
Approve and recommend for Board of Trustees approval.

Summary
The proposed 2020 Work Plan Priorities identifies key accomplishments that align closely with the ERO Enterprise Long-Term Strategy. Once approved, NERC management will track and report on these priorities throughout the year.
2019 Work Plan Priorities Year-End Report

Action
Review

Summary
Management will provide a summary of the year-end performance for the 2019 ERO Work Plan Priorities. Each quarter, NERC staff provides a summary of the status towards achievement of each metric. The status of each metric is reviewed and validated by NERC management as well as internal audit staff. The Work Plan were largely on track and all but one was completed. The work plan objectives note that the Align tool plan and timing were adjusted to meet stakeholder needs.
Board Self-Assessment and MRC Assessment of Board of Trustees Effectiveness Results and Work Plan

Action
Review

Summary
Results of the 2019 NERC Board of Trustees (Board) Self-Assessment and MRC Assessment of the Board Effectiveness Survey, which assesses and monitors annually the performance and effectiveness of the Board, will be reviewed.

Attachment
- 2019 NERC Board of Trustees Self-Assessment and MRC Assessment of the Board Effectiveness Survey Results
Board Self-Assessment and MRC Assessment of Board of Trustees Effectiveness Results

Prepared by Survey Design & Analysis
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objectives &amp; Methods</td>
<td>3-5</td>
</tr>
<tr>
<td>Executive Summary</td>
<td>6-8</td>
</tr>
<tr>
<td>Overall Effectiveness</td>
<td>9-14</td>
</tr>
<tr>
<td>Strategy</td>
<td>15-24</td>
</tr>
<tr>
<td>Oversight</td>
<td>25-38</td>
</tr>
<tr>
<td>Stakeholder Relations</td>
<td>39-49</td>
</tr>
<tr>
<td>Board Functioning</td>
<td>50-52</td>
</tr>
<tr>
<td>Final Comments</td>
<td>53-55</td>
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<tr>
<td>Area Overall Summaries</td>
<td>56-61</td>
</tr>
<tr>
<td>Appendix – Assessment Questionnaire</td>
<td>62-65</td>
</tr>
</tbody>
</table>
Objectives & Methods
• To assess the performance and effectiveness of the NERC Board of Trustees (Board).

• NERC engaged SDA to design a new assessment questionnaire for 2018. The topics were the same but questions were modified and rating scales changed. That same survey was run again in 2019.

• The assessment has 28 questions (see appendix) to be answered by Board members, 22 of which are also answered by MRC members.

• 11 out of 11 Board members participated in the assessment. 24 out of 24 MRC members participated, for a response rate of 100%.
• Breakouts (MRC vs. Board) are shown only when differences are significant. Significant differences exist between Board and MRC members for most questions, those questions with no significant differences are indicated as such.
• For this report “Effectiveness Level” is defined as the percent of respondents selecting “Very effective” or “Effective;” the top two boxes of the 5-point effectiveness scale.
• For this report “Satisfaction Level” is defined as the percent of respondents selecting “Very satisfied” or “Satisfied;” the top two boxes of the 5-point satisfaction scale.
• For this report “Agreement Level” is defined as the percent of respondents selecting “Strongly agree” or “Agree;” the top two boxes of the 5-point agreement scale.
• Section summary measures include only those questions using a 5-point scale. This includes all questions except the questions that ask about the amount of Board involvement.
Executive Summary
Positive Highlights

• Excellent response rate as in past years: Board, 100% (10 of 10); MRC, 100% (24 of 24).
• Board and MRC members show commitment to the process by providing thoughtful comments, a total of 129 (up from 72 in 2018) in all, many with suggestions for the Board.
• In general, Board ratings are more modest of themselves while MRC ratings of the Board are improved.
• The Board was seen as clearly effective in their overall function. They received overall effectiveness levels of 100% by the Board and 96% by MRC.
• 88% of Board and MRC members rate the Board’s involvement in NERC’s CEO’s day-to-day management as “About the right amount”.
• 92% of MRC (up from 85%) feel the Board listens to their input.
Potential Focus Areas (based on scores and analysis of verbatim comments):

• Board should increase focus on Standards and Compliance and Enforcement Programs.
• Board should continually assess E-ISAC effectiveness as the program functions evolve.
• Board should continually assess efficiency and effectiveness of meetings and stakeholder engagement.
• Board should continue focus on FERC, State and Provincial Regulators relationships.
Overall Effectiveness
Overall, how effective is the Board of Trustees at performing their responsibilities?

Overall how satisfied are you personally with the job you do working on the Board of Trustees?

**MRC, N=24**
- Very Effective: 73%
- Effective: 71%
- Neither effective nor ineffective: 25%

**Board, N=11**
- Very Effective: 27%
- Effective: 71%
- Neither effective nor ineffective: 0%

**Board Only N=11**
- Very satisfied: 72.7%
- Satisfied: 27.3%
- Neutral: 0.0%
- Dissatisfied: 0.0%
- Very dissatisfied: 0.0%
## Most Important Board Functions

**What are the Board of Trustees' MOST important functions at NERC? [Select No More Than 3]**

<table>
<thead>
<tr>
<th>Function</th>
<th>2019 N=35</th>
<th>2018 N=36</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensuring adherence to NERC's mission, vision and values</td>
<td>66%</td>
<td>64%</td>
</tr>
<tr>
<td>Providing vision for the future</td>
<td>51%</td>
<td>50%</td>
</tr>
<tr>
<td>Setting company and management priorities</td>
<td>51%</td>
<td>50%</td>
</tr>
<tr>
<td>Guiding and approving the development of annual budgets and business plans*</td>
<td>49%</td>
<td>58%</td>
</tr>
<tr>
<td>Overseeing NERC management</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>Approving NERC's Senior Management and Officer Hires</td>
<td>14%</td>
<td>22%</td>
</tr>
<tr>
<td>Other</td>
<td>6%</td>
<td></td>
</tr>
</tbody>
</table>

### Others
- Board has “outward facing” responsibilities as well because of NERC’s unique structure.
- Board Member Selection (with MRC), CEO & Officer selection (NERC's Sr. Management hit me as too broad). I selected Vision but really it is more providing support of Strategy vs Vision

*Board 73%, MRC, 38%*
Please rate the Board's effectiveness in overseeing NERC Management or staff to produce a final annual business plan and budget.

<table>
<thead>
<tr>
<th>Category</th>
<th>MRC, N=24</th>
<th>Board, N=11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Effective</td>
<td>38%</td>
<td>91%</td>
</tr>
<tr>
<td>Effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neither effective nor ineffective</td>
<td>4%</td>
<td>0%</td>
</tr>
<tr>
<td>Ineffective</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Very ineffective</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Use the scale below to rate the Board's effectiveness:

0% = Very ineffective
20% = Ineffective
40% = Neither effective nor ineffective
60% = Effective
80% = Very effective
100% = MRC
Please rate how effective the Board of Trustees is at each of their following functions:

- Incorporating the international charter of the North American bulk power system N=34
  - Ineffective: 0%
  - Neither effective nor ineffective: 6%
  - Effective: 53%
  - Very effective: 41%

- Staying in tune with issues and trends affecting NERC and the industry N=36
  - Ineffective: 3%
  - Neither effective nor ineffective: 9%
  - Effective: 66%
  - Very effective: 23%

Board and MRC together.
### Setting company and management priorities.

<table>
<thead>
<tr>
<th>Category</th>
<th>MRC, N=24</th>
<th>Board, N=11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Effective</td>
<td>21%</td>
<td>55%</td>
</tr>
<tr>
<td>Effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td>Neither effective nor</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>ineffective</td>
<td></td>
<td>13%</td>
</tr>
<tr>
<td>Ineffective*</td>
<td>4%</td>
<td>0%</td>
</tr>
<tr>
<td>Very ineffective</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

### Providing Leadership.

<table>
<thead>
<tr>
<th>Category</th>
<th>MRC, N=24</th>
<th>Board, N=11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Effective</td>
<td>33%</td>
<td>73%</td>
</tr>
<tr>
<td>Effective</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>27%</td>
<td>58%</td>
</tr>
<tr>
<td>Neither effective nor</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>ineffective</td>
<td></td>
<td>8%</td>
</tr>
<tr>
<td>Ineffective</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Very ineffective</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>
How satisfied are you with how the Board incorporates advice and/or recommendations from the MRC?

<table>
<thead>
<tr>
<th>Satisfaction Level</th>
<th>MRC, N=24</th>
<th>Board, N=11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very satisfied</td>
<td>29%</td>
<td>64%</td>
</tr>
<tr>
<td>Satisfied</td>
<td>42%</td>
<td>36%</td>
</tr>
<tr>
<td>Neutral*</td>
<td>29%</td>
<td>0%</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Very dissatisfied</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>
How satisfied are you with how the Board incorporates advice and/or recommendations from the MRC?

**Board – 2019 versus 2018**

- **Very satisfied**
  - 2019: 64%
  - 2018: 70%

- **Satisfied**
  - 2019: 36%
  - 2018: 30%

**MRC – 2019 versus 2018**

- **Very satisfied**
  - 2019: 29%
  - 2018: 20%

- **Satisfied**
  - 2019: 42%
  - 2018: 64%

- **Neutral**
  - 2019: 29%
  - 2018: 12%

- **Dissatisfied**
  - 2019: 0%
  - 2018: 4%
Oversight
Please rate the amount of involvement the Board has in each of the following:

- Day-to-day management by NERC's CEO N=26
  - Too little: 0%
  - About the right amount: 88%
  - Too much: 12%

- ERO Enterprise's annual business planning and budgeting process N=32
  - Too little: 6%
  - About the right amount: 91%
  - Too much: 3%

Board and MRC together.
### Efficiency of ERO Enterprise Processes

- **Very Effective**
  - MRC, N=22: 5%
  - Board, N=11: 18%
- **Effective**
  - MRC, N=22: 55%
  - Board, N=11: 64%
- **Neither effective nor ineffective**
  - MRC, N=22: 36%
  - Board, N=11: 18%
- **Ineffective**
  - MRC, N=22: 5%
  - Board, N=11: 0%
- **Very ineffective**
  - MRC, N=22: 0%
  - Board, N=11: 0%

### Standards Development

- **Very effective**
  - Board & MRC N=31: 23%
- **Effective**
  - Board & MRC N=31: 58%
- **Neither effective nor ineffective**
  - Board & MRC N=31: 13%
- **Ineffective**
  - Board & MRC N=31: 3%
- **Very ineffective**
  - Board & MRC N=31: 3%
Board Monitoring Trend

Efficiency of ERO Enterprise Processes

**Board – 2019 versus 2018**

- **Very Effective**
  - 2019: 18%
  - 2018: 20%

- **Effective**
  - 2019: 64%
  - 2018: 80%

- **Neither effective nor ineffective**
  - 2019: 18%
  - 2018: 0%

**MRC – 2019 versus 2018**

- **Very Effective**
  - 2019: 5%
  - 2018: 0%

- **Effective**
  - 2019: 55%
  - 2018: 56%

- **Neither effective nor ineffective**
  - 2019: 36%
  - 2018: 28%

- **Ineffective**
  - 2019: 5%
  - 2018: 12%

- **Very ineffective**
  - 2019: 0%
  - 2018: 4%
**Board Monitoring II**

### Compliance Monitoring and Enforcement

<table>
<thead>
<tr>
<th>Category</th>
<th>MRC, N=24</th>
<th>Board, N=11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Effective</td>
<td>29%</td>
<td>82%</td>
</tr>
<tr>
<td>Effective</td>
<td>18%</td>
<td>58%</td>
</tr>
<tr>
<td>Neither effective nor ineffective</td>
<td>4%</td>
<td>0%</td>
</tr>
<tr>
<td>Ineffective*</td>
<td>8%</td>
<td>0%</td>
</tr>
<tr>
<td>Very ineffective</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

### Reliability Assessments

<table>
<thead>
<tr>
<th>Category</th>
<th>MRC, N=21</th>
<th>Board, N=11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Effective</td>
<td>19%</td>
<td>36%</td>
</tr>
<tr>
<td>Effective</td>
<td></td>
<td>52%</td>
</tr>
<tr>
<td>Neither effective nor ineffective</td>
<td>24%</td>
<td>64%</td>
</tr>
<tr>
<td>Ineffective*</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>Very ineffective</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>
## Reliability Assessments

### Board – 2019 versus 2018

- **Very Effective**
  - 2019: 36%
  - 2018: 50%

- **Effective**
  - 2019: 64%
  - 2018: 50%

### MRC – 2019 versus 2018

- **Very Effective**
  - 2019: 52%
  - 2018: 54%

- **Effective**
  - 2019: 5%
  - 2018: 24%

- **Neither effective nor ineffective**
  - 2019: 19%
  - 2018: 25%

- **Ineffective**
  - 2019: 5%
  - 2018: 4%
**E-ISAC**

**Board – 2019 versus 2018**

- **Very Effective**
  - 2019: 18%
  - 2018: 50%

- **Effective**
  - 2019: 82%
  - 2018: 50%

**MRC – 2019 versus 2018**

- **Very effective**
  - 2019: 17%
  - 2018: 8%

- **Effective**
  - 2019: 52%
  - 2018: 75%

- **Neither effective nor ineffective**
  - 2019: 26%
  - 2018: 8%

- **Ineffective**
  - 2019: 4%
  - 2018: 8%
Stakeholder Relations
"The Board listens to input from the MRC"

- **Strongly agree**: MRC, 42%; Board, 64%
- **Agree**: MRC, 36%; Board, 50%
- **Neither agree nor disagree**: MRC, 8%; Board, 0%
- **Disagree**: MRC, 0%; Board, 0%
- **Strongly disagree**: MRC, 0%; Board, 0%

"The Board listens to input from NERC management."

- **Strongly agree**: MRC, 58%; Board, 91%
- **Agree**: MRC, 33%; Board, 9%
- **Neither agree nor disagree**: MRC, 8%; Board, 0%
- **Disagree**: MRC, 0%; Board, 0%
- **Strongly disagree**: MRC, 0%; Board, 0%
"The Board listens to input from the MRC"

**Board – 2019 versus 2018**

- **Strongly agree**:
  - 2019: 64% (N=11)
  - 2018: 20% (N=10)

- **Agree**:
  - 2019: 36% (N=11)
  - 2018: 80% (N=10)

**MRC – 2019 versus 2018**

- **Strongly agree**:
  - 2019: 42% (N=24)
  - 2018: 23% (N=252)

- **Agree**:
  - 2019: 50% (N=24)
  - 2018: 62% (N=252)

- **Neither agree nor disagree**:
  - 2019: 8% (N=24)
  - 2018: 8% (N=252)

- **Disagree**:
  - 2019: 0% (N=24)
  - 2018: 8% (N=252)
“The Board listens to input from NERC management.”

**Board – 2019 versus 2018**

- **Strongly agree**
  - 2019: 91% (N=11)
  - 2018: 80% (N=102)
- **Agree**
  - 2019: 9% (N=11)
  - 2018: 20% (N=102)

**MRC – 2019 versus 2018**

- **Strongly agree**
  - 2019: 58% (N=24)
  - 2018: 48% (N=232)
- **Agree**
  - 2019: 33% (N=24)
  - 2018: 48% (N=232)
- **Neither agree nor disagree**
  - 2019: 8% (N=24)
  - 2018: 4% (N=232)
“The Board listens to input from Regional Entities.”

- **Strongly agree**: MRC: 16%, Board: 64%
- **Agree**: MRC: 27%, Board: 63%
- **Neither agree nor disagree**: MRC: 9%, Board: 21%
- **Disagree**: MRC and Board: 0%
- **Strongly disagree**: MRC and Board: 0%

“The Board works effectively with management.”

- **Strongly agree**: MRC: 33%, Board: 91%
- **Agree**: MRC: 9%, Board: 57%
- **Neither agree nor disagree**: MRC: 10%, Board: 0%
- **Disagree**: MRC and Board: 0%
- **Strongly disagree**: MRC and Board: 0%
"The Board listens to input from Regional Entities."

**Board – 2019 versus 2018**

- **2019 N=11**
  - Strongly agree: 64%
  - Agree: 27%
  - Neither agree nor disagree: 9%

- **2018 N=10**
  - Strongly agree: 70%
  - Agree: 30%
  - Neither agree nor disagree: 0%

**MRC – 2019 versus 2018**

- **2019 N=19**
  - Strongly agree: 16%
  - Agree: 63%
  - Neither agree nor disagree: 21%

- **2018 N=21**
  - Strongly agree: 24%
  - Agree: 76%
  - Neither agree nor disagree: 0%
Please indicate your agreement or disagreement with each of the following statements about stakeholder relations:

- The Board maintains a positive working relationship with Canadian federal and provincial regulators. N=31
  - Disagree: 0%
  - Neither agree nor disagree: 6%
  - Agree: 74%
  - Strongly agree: 19%

- The Board maintains a positive working relationship with State regulators. N=28
  - Disagree: 4%
  - Neither agree nor disagree: 29%
  - Agree: 61%
  - Strongly agree: 7%

- The Board maintains a positive working relationship with Federal regulators. N=32
  - Disagree: 3%
  - Neither agree nor disagree: 6%
  - Agree: 63%
  - Strongly agree: 28%

Board and MRC together.
Please indicate your agreement or disagreement with each of the following statements about stakeholder relations:

- The Board maintains a positive working relationship with Canadian federal and provincial regulators. N=34
  - Disagree: 3%
  - Neither agree nor disagree: 12%
  - Agree: 62%
  - Strongly agree: 24%

- The Board maintains a positive working relationship with State regulators. N=31
  - Disagree: 10%
  - Neither agree nor disagree: 32%
  - Agree: 55%
  - Strongly agree: 3%

- The Board maintains a positive working relationship with Federal regulators. N=33
  - Disagree: 3%
  - Neither agree nor disagree: 3%
  - Agree: 61%
  - Strongly agree: 33%

Board and MRC together.
Board Functioning
Please indicate your agreement or disagreement with each of the following statements about Board functioning:

- **The frequency of Board meetings is appropriate.**
  - 2018: 9% Disagree, 9% Neither agree nor disagree, 73% Agree, 9% Strongly agree

- **Board meetings are an effective use of my time.**
  - 2018: 0% Disagree, 55% Neither agree nor disagree, 45% Agree

- **Board meetings are efficient.**
  - 2018: 9% Disagree, 9% Neither agree nor disagree, 73% Agree, 9% Strongly agree

**Board only.**

- 2018: 0% Disagree, 10% Neither agree nor disagree, 70% Agree, 20% Strongly agree
Please indicate your agreement or disagreement with each of the following statements about Board functioning:

- **The Board has established procedures to ensure meetings are able to be run effectively.**
  - 2018: 50% Agree, 50% Strongly agree

- **Board members communicate effectively with each other.**
  - 2018: 20% Agree, 80% Strongly agree

Board only.
Area Overall Summaries
Strategy Summary

Strategy – Six Questions, five Effectiveness, one Satisfaction

Very effective (or satisfied) - MRC, N=143: 29%, Board, N=66: 62%
Effective (or satisfied) - MRC, N=143: 36%, Board, N=66: 58%
Neither effective nor ineffective (or Neutral) - MRC, N=143: 12%, Board, N=66: 2%
Ineffective (or dissatisfied) - MRC, N=143: 1%, Board, N=66: 0%
Very ineffective (or dissatisfied) - MRC, N=143: 0%, Board, N=66: 0%
Oversight Summary

**Oversight – Five Questions**

- **MRC, N=110**
  - Very effective: 18%
  - Effective: 21%
  - Neither effective nor ineffective: 5%
  - Ineffective: 5%
  - Very ineffective: 1%

- **Board, N=55**
  - Very effective: 36%
  - Effective: 55%
  - Neither effective nor ineffective: 5%
  - Ineffective: 0%
  - Very ineffective: 0%
Oversight Summary Trend

All Five Oversight Questions Combined

**Board – 2019 versus 2018**

- **Very Effective**
  - 2019: 36%
  - 2018: 44%
- **Effective**
  - 2019: 58%
  - 2018: 56%
- **Neither effective nor ineffective**
  - 2019: 0%
  - 2018: 5%

**MRC – 2019 versus 2018**

- **Very Effective**
  - 2019: 18%
  - 2018: 17%
- **Effective**
  - 2019: 55%
  - 2018: 55%
- **Neither effective nor ineffective**
  - 2019: 21%
  - 2018: 18%
- **Ineffective**
  - 2019: 5%
  - 2018: 6%
- **Very ineffective**
  - 2019: 1%
  - 2018: 4%
Stakeholder Relations Summary

Stakeholder Relations – Seven Questions

<table>
<thead>
<tr>
<th></th>
<th>MRC, N=146</th>
<th>Board, N=77</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>32%</td>
<td>51%</td>
</tr>
<tr>
<td>Agree</td>
<td>40%</td>
<td>56%</td>
</tr>
<tr>
<td>Neither agree nor disagree</td>
<td>6%</td>
<td>12%</td>
</tr>
<tr>
<td>Disagree</td>
<td>0%</td>
<td>3%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

0% 10% 20% 30% 40% 50% 60%
Oversight Summary Trend

All Seven Stakeholder Questions Combined

**Board – 2019 versus 2018**

- **2019 N=77**
  - Strongly agree: 51%
  - Agree: 40%
  - Neither agree nor disagree: 6%
  - Disagree: 3%

- **2018 N=70**
  - Strongly agree: 59%
  - Agree: 30%
  - Neither agree nor disagree: 9%
  - Disagree: 3%

**MRC – 2019 versus 2018**

- **2019 N=146**
  - Strongly agree: 32%
  - Agree: 56%
  - Neither agree nor disagree: 12%
  - Disagree: 4%

- **2018 N=162**
  - Strongly agree: 25%
  - Agree: 62%
  - Neither agree nor disagree: 9%
  - Disagree: 0%
Appendix
• Board of Trustees/Member Representatives Committee Proposed 2018 Survey Questions

• Levels of Effectiveness (Rating Scale)
  ▪ 5 = Very effective, 4 = Effective, 3 = Neither Effective nor ineffective. 2 = Ineffective, 1 = Very ineffective

• Levels of Satisfaction (Rating Scale)
  ▪ 5 = Very satisfied, 4 = Satisfied, 3 = Neutral, 2 = Dissatisfied, 1 = Very dissatisfied

• Levels of Agreement (Rating Scale)
  ▪ 5 = Strongly agree, 4 = Agree, 3 = Neither agree nor disagree, 2 = Disagree, 1 = Strongly disagree

The survey included a prompt requiring comment for any item rated a “1” or a “2”.

Overall Effectiveness
• Overall, how effective is the Board of Trustees at performing their responsibilities?
• Overall how satisfied are you personally with the job you do working on the Board of Trustees?*
• What are the Board of Trustees' MOST important functions at NERC? [Select No More Than 3]

*Board Only Questions
Assessment Questionnaire P2

**Strategy**
- Please rate the Board’s effectiveness in overseeing NERC Management or staff to produce a final annual business plan and budget.
- Please rate how effective the Board of Trustees is at each of their following functions.
  - Staying in tune with issues and trends affecting NERC and the industry
  - Setting company priorities
  - Providing leadership
  - Incorporating the international charter of the North American bulk power system
- How satisfied are you with how the Board incorporates advice and/or recommendations from the MRC?

**Oversight**
- Please rate the amount of involvement the Board has in each of the following:
  - ERO Enterprise’s (NERC and the Regional Entities) annual business planning and budgeting process
  - Day-to-day management by NERC’s CEO
- Please rate the Board’s effectiveness at monitoring each of the following:
  - Efficiency (cost effectiveness) of ERO Enterprise processes
  - Standards Development
  - Compliance Monitoring and Enforcement
  - Assessments
  - E-ISAC
Stakeholder Relations

• Please indicate your agreement or disagreement with each of the following statements about stakeholder relations.
  
The Board listens to input from the MRC.
The Board listens to input from NERC management.
The Board listens to input from Regional Entities.
The Board works effectively with management.
The Board maintains a positive working relationship with Federal regulators.
The Board maintains a positive working relationship with State regulators.
The Board maintains a positive working relationship with Canadian federal and provincial regulators.

Board Functioning*

• Please indicate your agreement or disagreement with each of the following statements about Board functioning.
  
Board meetings are efficient.
Board meetings are an effective use of my time.
The frequency of Board meetings is appropriate.
Board members communicate effectively with each other.
The Board has established procedures to ensure meetings are able to be run effectively, including delivery of agendas and appropriate background material in time to prepare in advance of meetings.

*Board Only Questions
Questions and Answers
NERC Governance Guidelines Annual Review

**Action**
Review

**Background**
The Board of Trustees (Board) has approved Governance Guidelines (Guidelines), which consolidated the provisions of various policies and documents related to the conduct of the Board and of individual Trustees:

- Role of the Board
- Trustee succession
- Process for electing the Board Chair and Vice Chair
- Duties and responsibilities of the Board Chair
- Confidential information
- Representation of NERC
- Board meetings, including criteria for holding closed and executive sessions, notice and provision of materials, and preparation and distribution of minutes
- Conflicts of interest
- Trustee compensation
- Compensation of NERC officers and key employees
- Loans to Officers or Trustees
- Review of IRS Form 990

This consolidated approach is consistent with best corporate governance practices.

The Guidelines require that they be reviewed by the Committee from time to time. The Guidelines remain consistent with general corporate governance practices and the Committee is not recommending revisions at this time. The Board has initiated discussions regarding potential clarifications to its conflicts of interest policies and may consider modifications to that section of the Guidelines at a future time.
Annual Conflict of Interest and Independence Report

Action
Review

Background
Pursuant to its Mandate, the Committee is required to:

1. Periodically review the criteria for independence of the Board of Trustees as set out in the NERC Bylaws and recommend any changes to the Board, as appropriate.

2. Monitor the membership of the Board to determine that: (i) Board members are independent; (ii) qualifications under any applicable laws are maintained; and (iii) specific situations of conflict of interest are avoided.

Consistent with past practice, the Legal and Human Resources Department has distributed and reviewed conflict of interest questionnaires for all NERC Trustees, officers, key employees and all other employees. In addition, the Legal Department has reviewed the independence criteria for Trustees as set forth in the NERC Bylaws and considered any applicable legal requirements related thereto, including Section 215 of the Federal Power Act.

The Legal and Human Resources Departments have advised the Committee that:

1. Based on the completed conflict of interest questionnaires, each NERC Trustee, officer, key employee and employee is in compliance with all applicable conflict of interest and independence requirements.

2. No modifications are necessary to NERC’s independence and conflict of interest requirements or policies. However, the Board is in the process of considering clarifications to these policies.

3. NERC’s current Board of Trustees meets all qualifications under applicable laws.
Review of Committee Mandate

**Action**
Review

**Background**
As part of the annual review of all Board committee mandates, the NERC Legal Department has reviewed the current Corporate Governance and Human Resources Committee (CGHRC) mandate and is not recommending any revisions at this time.
Human Resources and Staffing Update

Action
Review

Background
2019 has been in pivotal year in the company’s multi-year human resources (HR) strategy. Management and HR have made significant investments and progress in enhancing all HR products and services to strengthen the quality of hires and performance, capabilities and loyalty of all staff.

These investments include:

- Significant addition of technical staff in E-ISAC, development of core leadership, transition to 24 X 5 operations, and optimization of team structures.
- Creation of the Employee Engagement and CEO-Advisory groups, both instrumental in creating trust with staff and promoting more unified teams.
- Finalization of a comprehensive plan to develop a NERC culture that’s safe, inclusive, innovative, and collaborative and development of a two-year road-map led in partnership by HR and NERC executive sponsors. Core projects include recruitment and selection enhancements, an improved onboarding and orientation program, diversity and inclusion initiatives, investments in collaboration tools to improve communication throughout the ERO, further investments in E-ISAC operational efficiencies, and an employee climate survey to measure staff satisfaction and establish a baseline against which to make improvements.
- Addition of a Washington, D.C.-based HR Business Partner to support E-ISAC growth and maturation and enterprise-wide cultural initiatives.

Focus on these initiatives have been instrumental in improving employee retention, resulting in a historically low annual attrition rate for 2019.