

Agenda

Corporate Governance and Human Resources Committee

February 5, 2020 | 8:00-9:00 a.m. Pacific

(Please note the Schedule may be adjusted real-time should meetings conclude early and/or extend past their scheduled end time.)

westdrift Manhattan Beach, Autograph Collection

1400 Park View Avenue

Manhattan Beach, California 90266

Conference Room: Loftlight - Lobby Level

Introduction and Chair's Remarks

NERC Antitrust Compliance Guidelines*

Agenda Items

1. **Minutes* — Approve**
 - a. October 31, 2019 Meeting
2. **Report on Matters Discussed in January 13-14 and February 4, 2020 Closed Sessions — Discussion**
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**
6. **2019 Work Plan Priorities Year-End Report* — Review**
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.

DRAFT Minutes

Corporate Governance and Human Resources Committee Meeting

October 31, 2019 | 2:00 – 3:00 p.m. Eastern

Conference Call

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:

Committee Members

Kenneth W. DeFontes, Chair
Robert G. Clarke
Robin E. Manning
Jan Schori
Roy Thilly, *ex officio*

Board Members

Frederick W. Gorbet
David Goulding
George S. Hawkins
Suzanne Keenan
James B. Robb, President and Chief Executive Officer
Colleen Sidford

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.
- Responses 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.

¹ Include for CC and NC. All other committees’ purposes include this sentence.

Committee	Purpose from Mandate
CC	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.
CGHRC	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.
EWRC	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.
FAC	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.
NC	The purpose of the BOTNC is to act as the nominating committee required by Article III, Section 5 of the corporation’s Bylaws.
TSC	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.

**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

Finance and Audit

Chair: Robert G. Clarke

Suzanne Keenan

Robin E. Manning

Jim Piro

Technology and Security

Chair: Suzanne Keenan

Kenneth W. DeFontes

Robin E. Manning

Jan Schori

Compliance Committee

Chair: Jan Schori

George S. Hawkins

Robin E. Manning

Jim Piro

Enterprise-wide Risk

Chair: Colleen Sidford

Robert G. Clarke

Suzanne Keenan

Robin E. Manning

Jim Piro

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

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Board Self-Assessment and MRC Assessment of Board of Trustees Effectiveness Results

Prepared by Survey Design & Analysis

RELIABILITY | RESILIENCE | SECURITY



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• Stakeholder Relations	Page 39-49
• Board Functioning	Page 50-52
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• Area Overall Summaries	Page 56-61
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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):

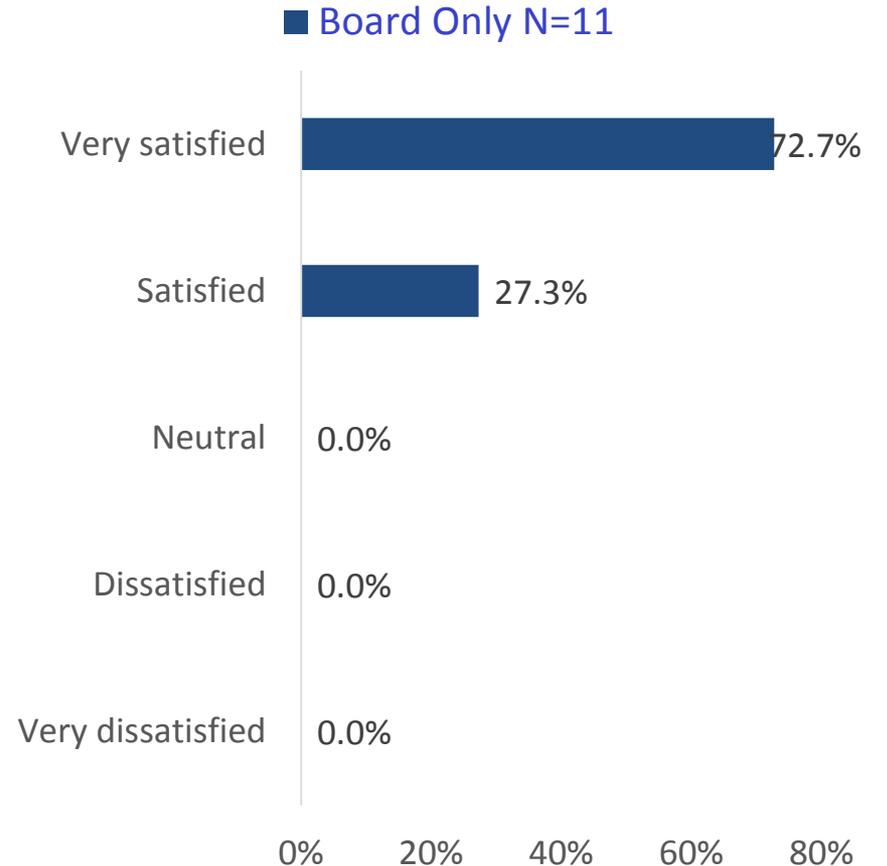
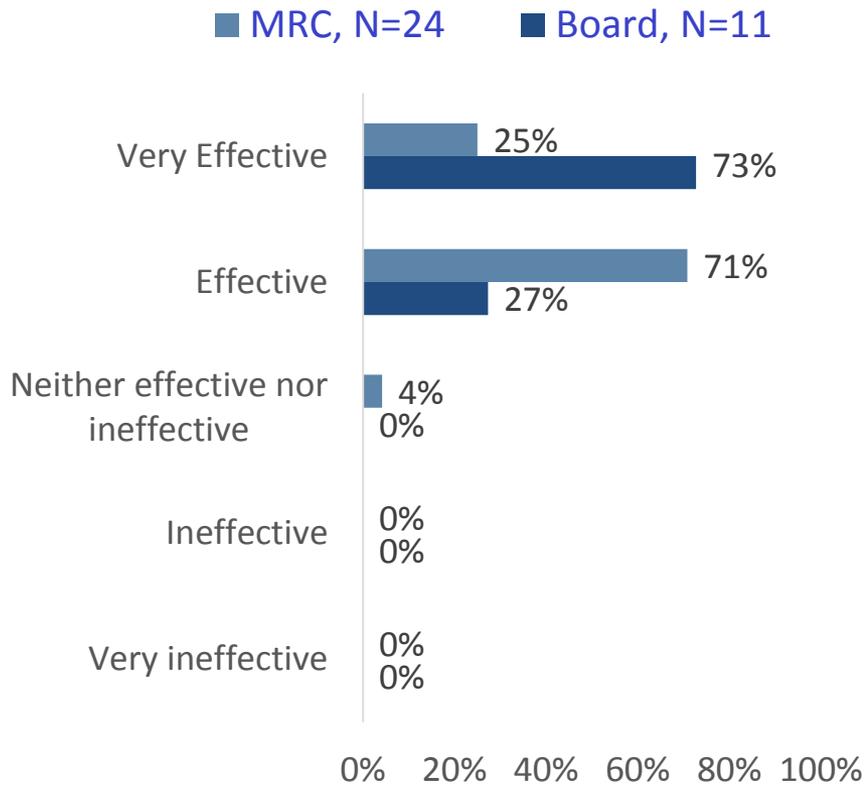
- Board should increase focus on Standards and Compliance and Enforcement Programs.
- Board should continually assess E-ISAC effectiveness as the program functions evolve.
- Board should continually assess efficiency and effectiveness of meetings and stakeholder engagement.
- Board should continue focus on FERC, State and Provincial Regulators relationships.



Overall Effectiveness

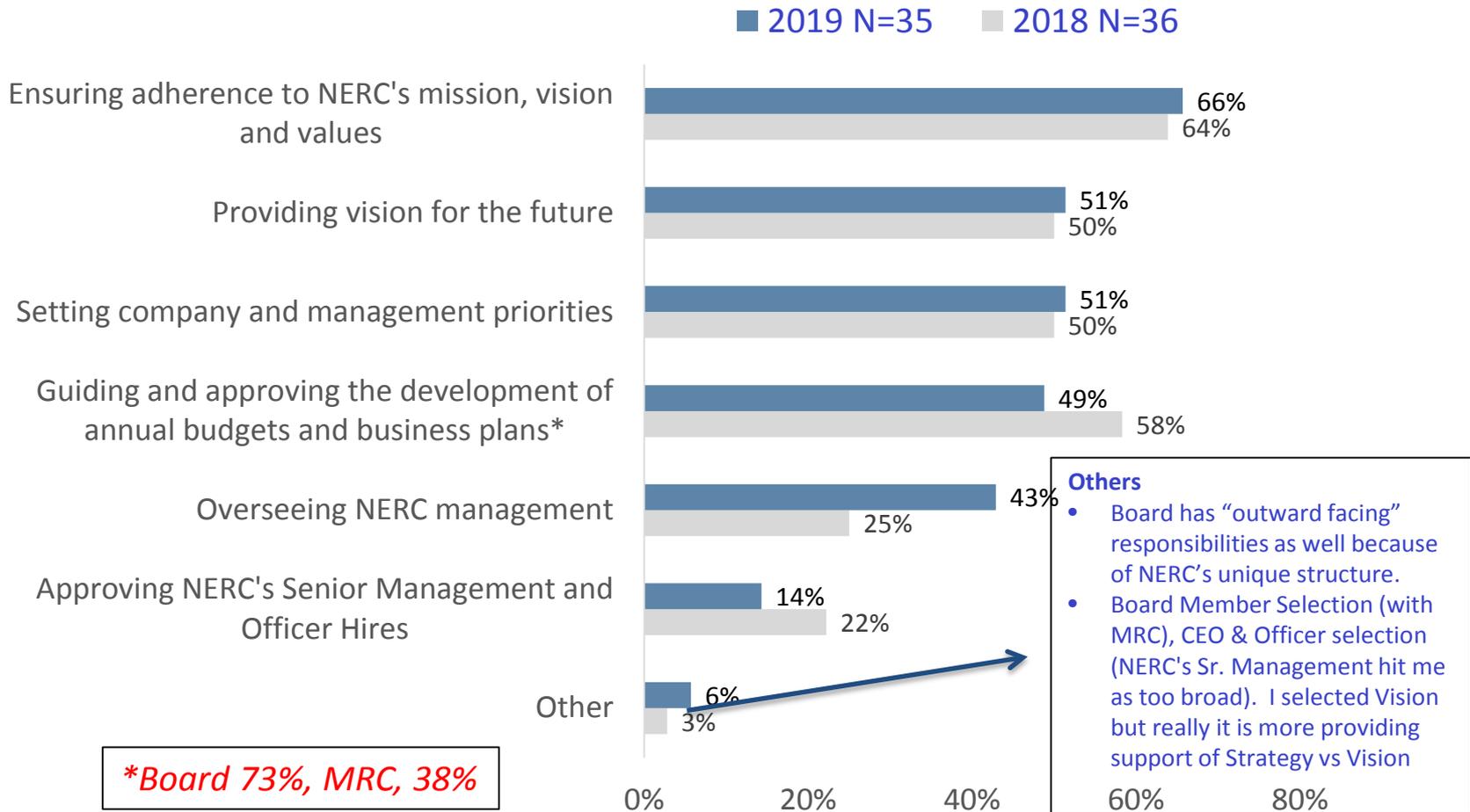
Overall, how effective is the Board of Trustees at performing their responsibilities?

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



Most Important Board Functions

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

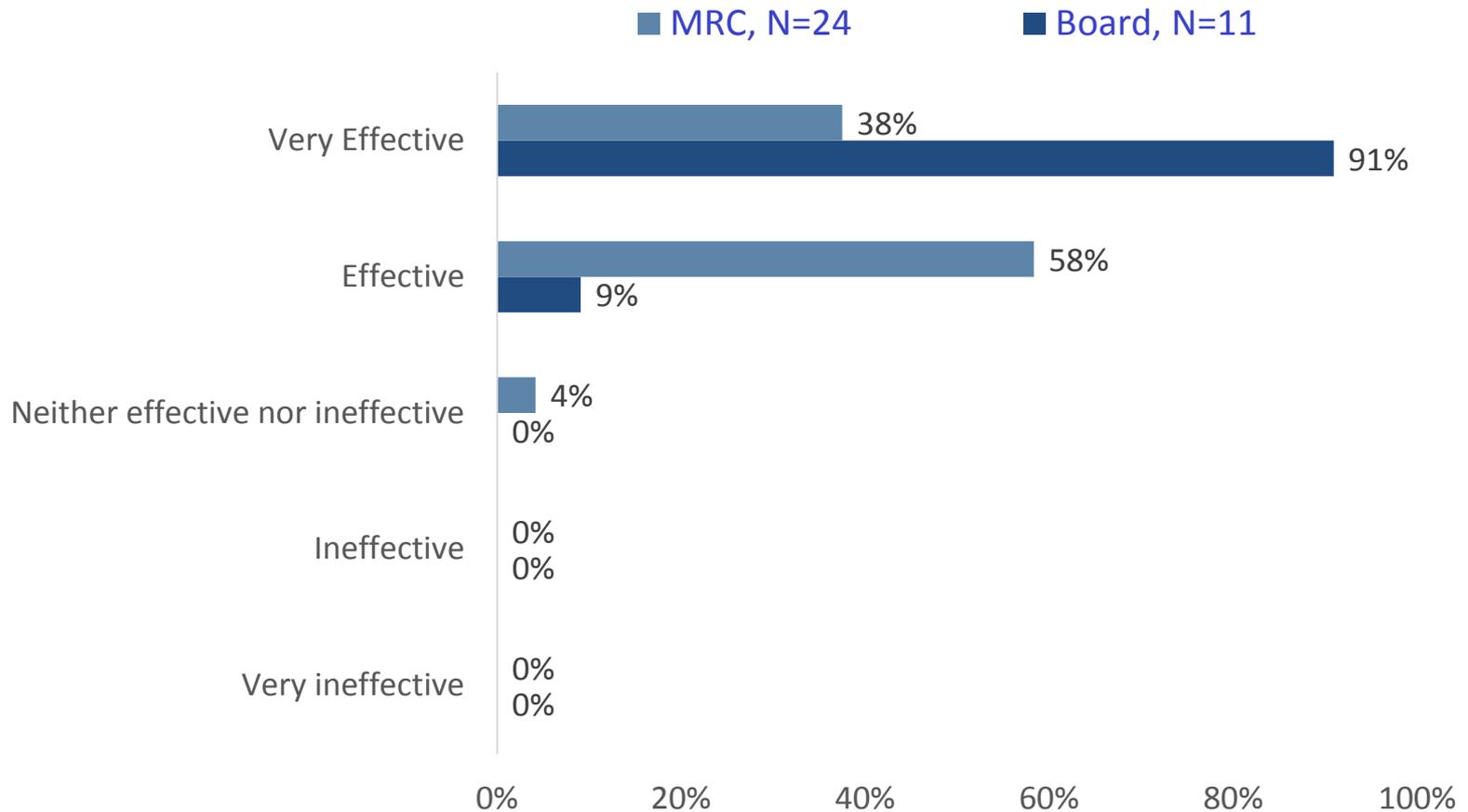




Strategy

Board Oversight on Plans & Budget

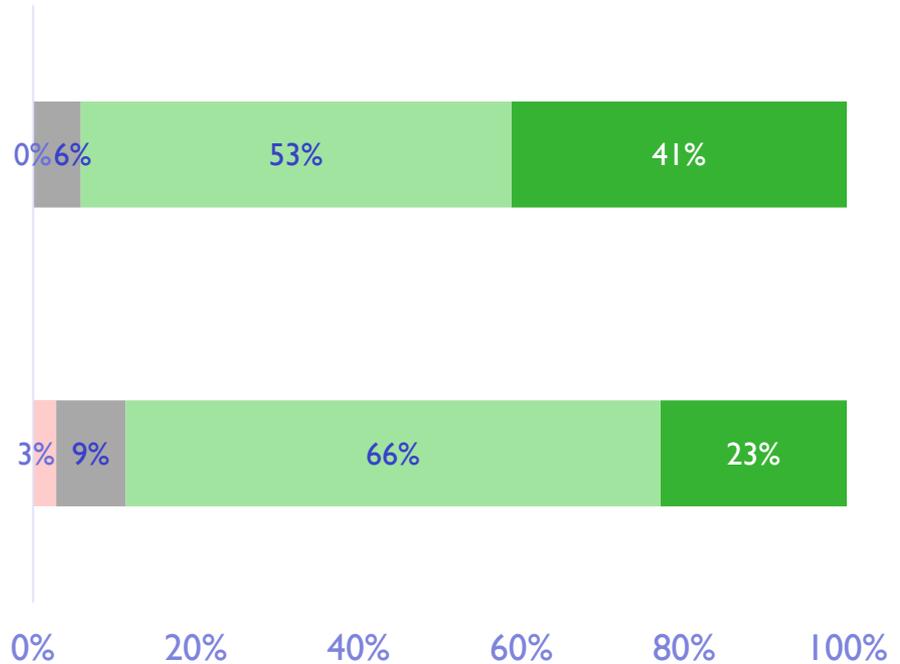
Please rate the Board's effectiveness in overseeing NERC Management or staff to produce a final annual business plan and budget.



Please rate how effective the Board of Trustees is at each of their following functions:

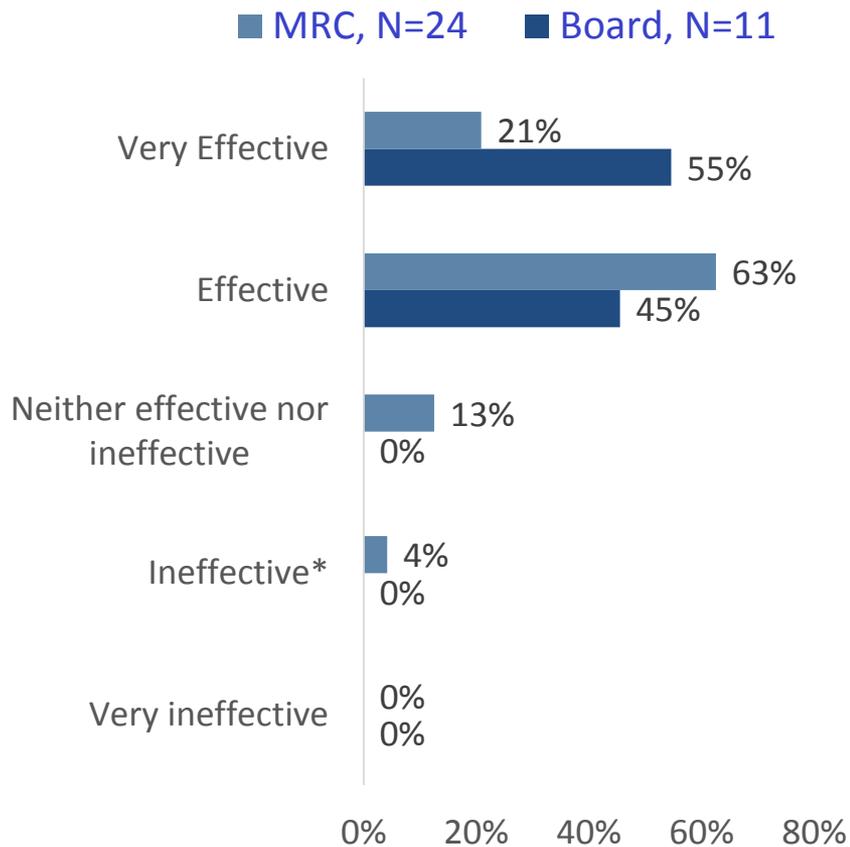
■ Ineffective*
 ■ Neither effective nor ineffective
 ■ Effective
 ■ Very effective

Incorporating the international charter of the North American bulk power system N=34

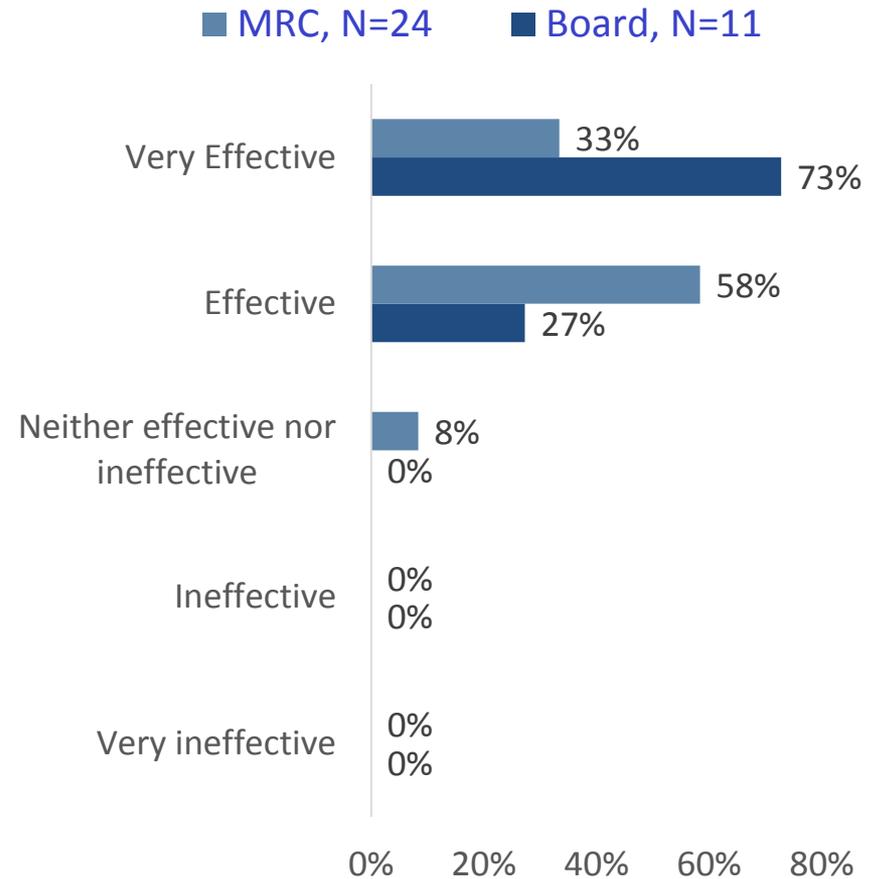


Board and MRC together.

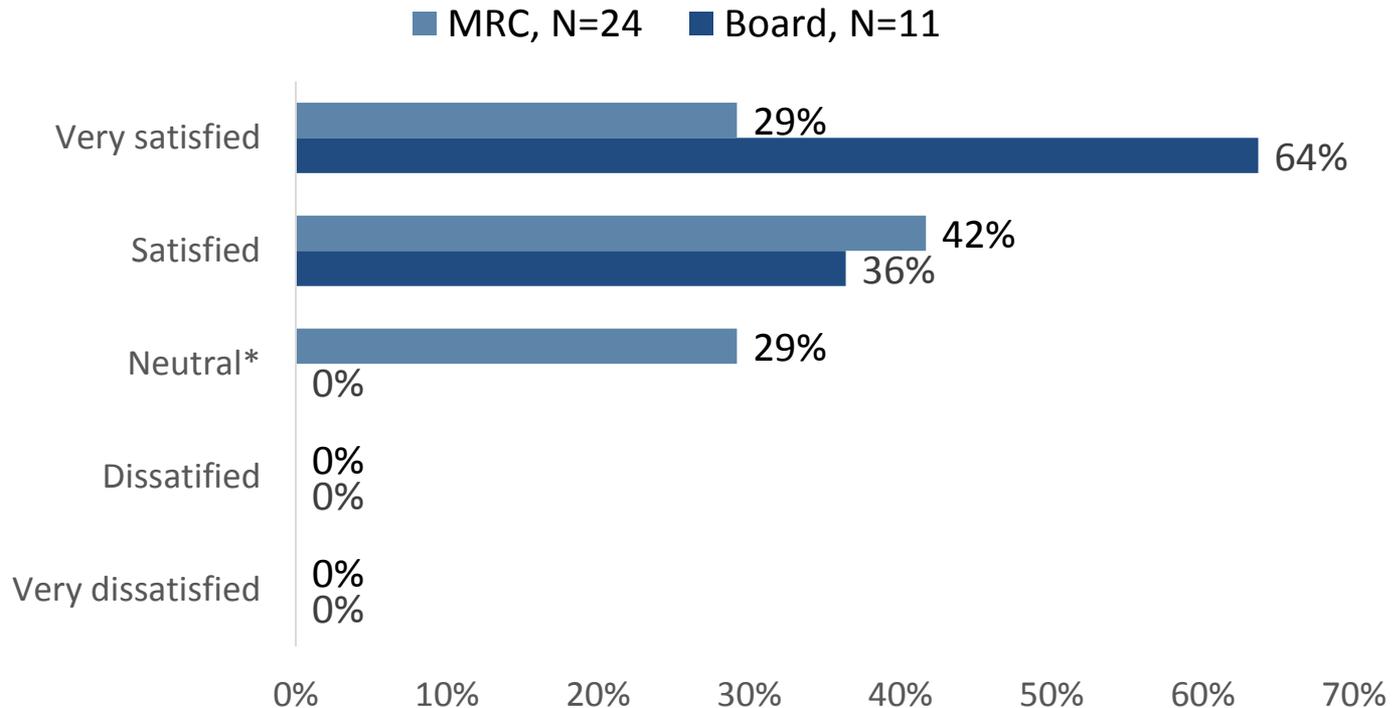
Setting company and management priorities.



Providing Leadership.

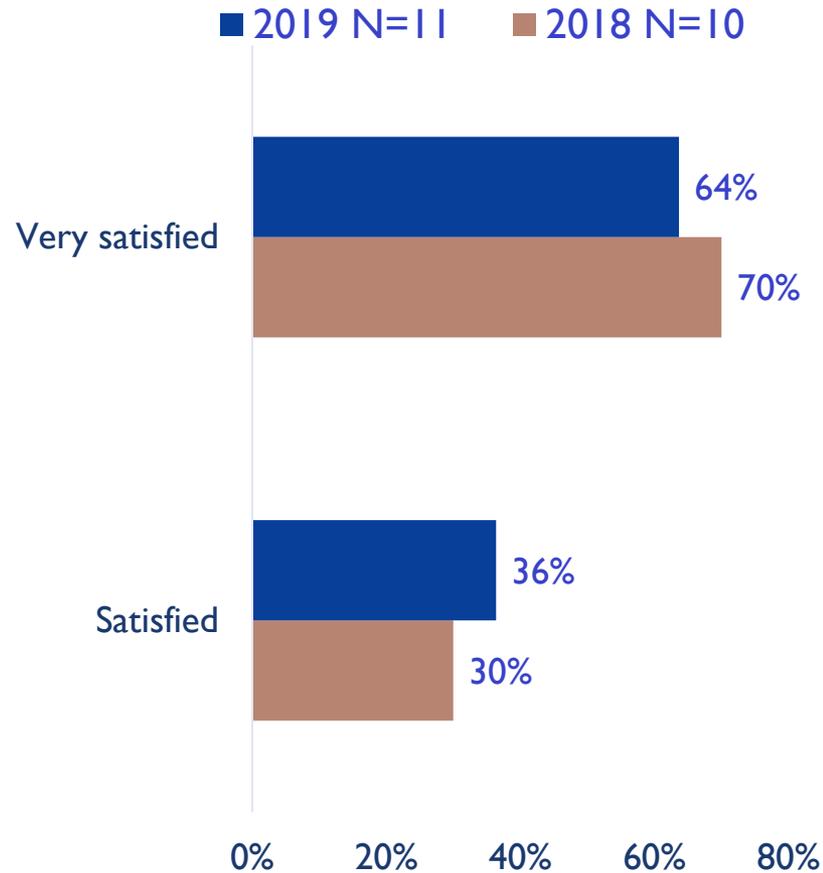


How satisfied are you with how the Board incorporates advice and/or recommendations from the MRC?

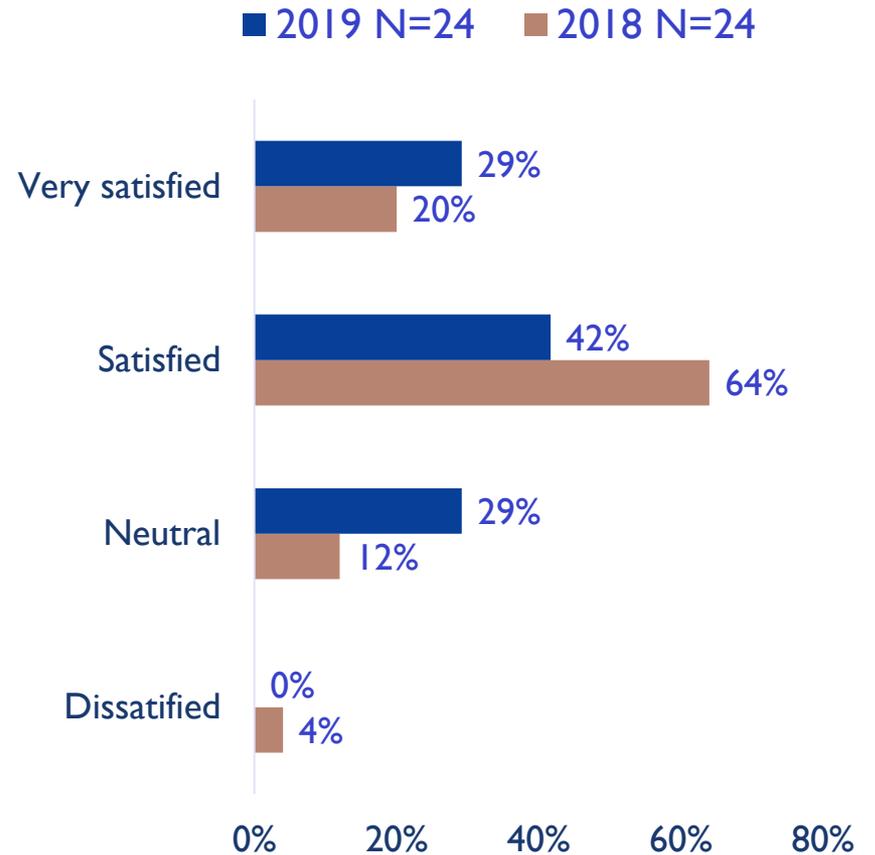


How satisfied are you with how the Board incorporates advice and/or recommendations from the MRC?

Board – 2019 versus 2018



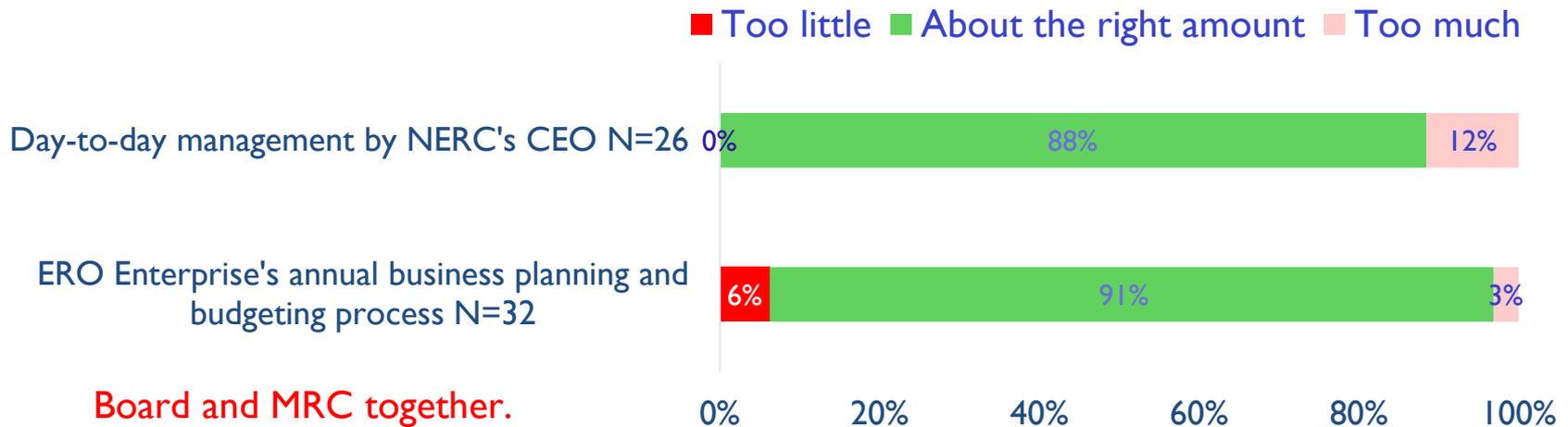
MRC – 2019 versus 2018



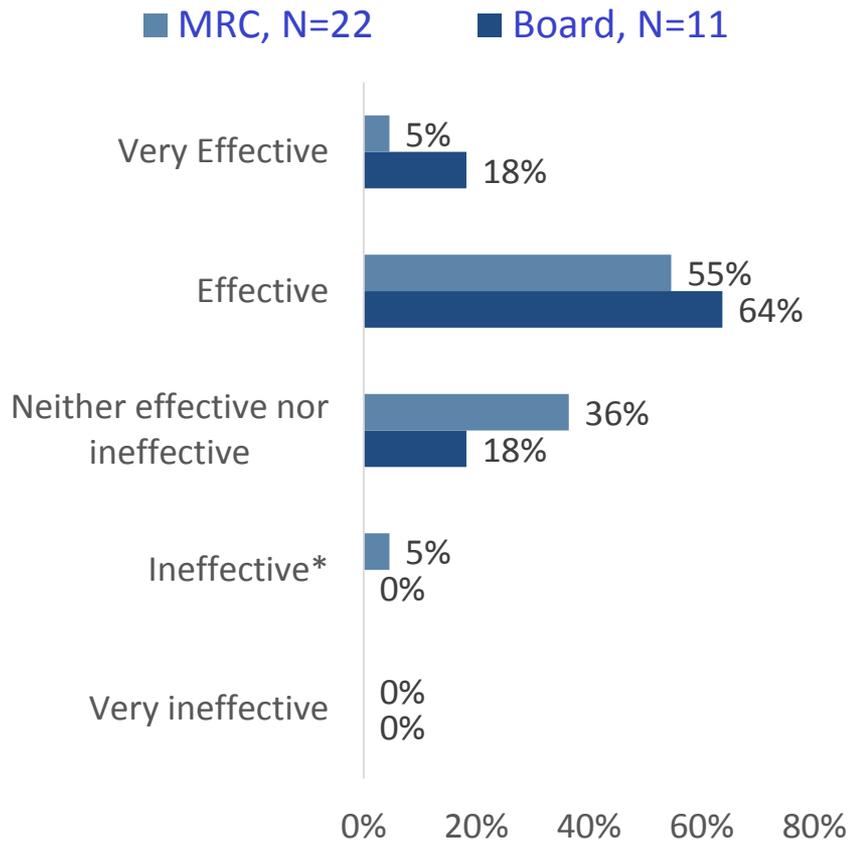


Oversight

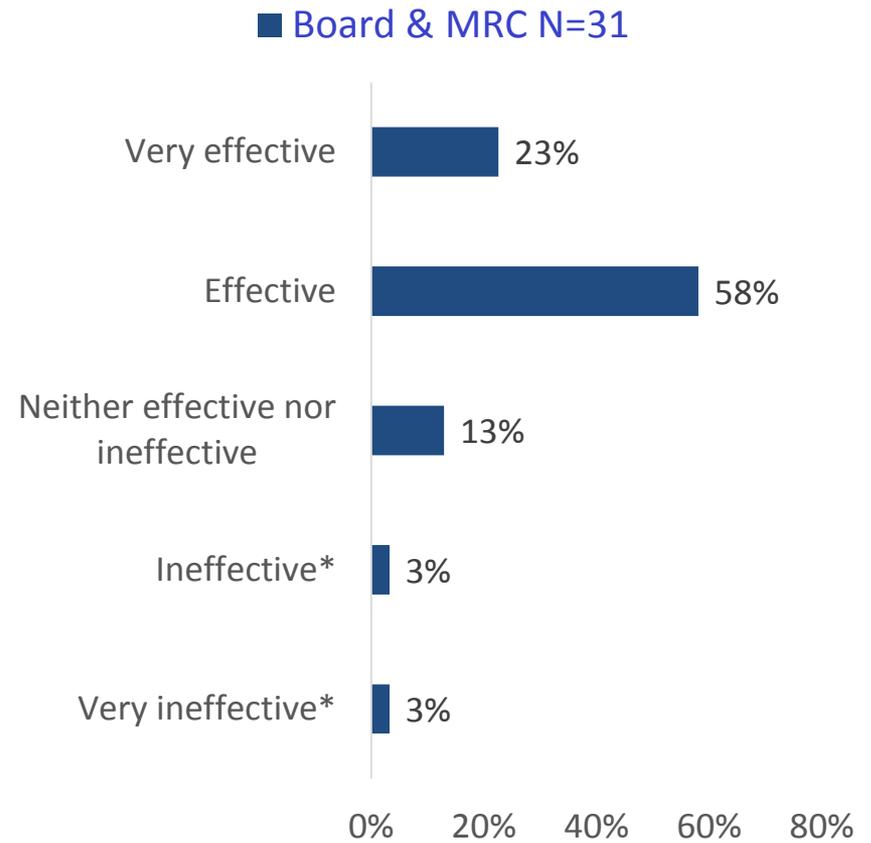
Please rate the amount of involvement the Board has in each of the following:



Efficiency of ERO Enterprise Processes

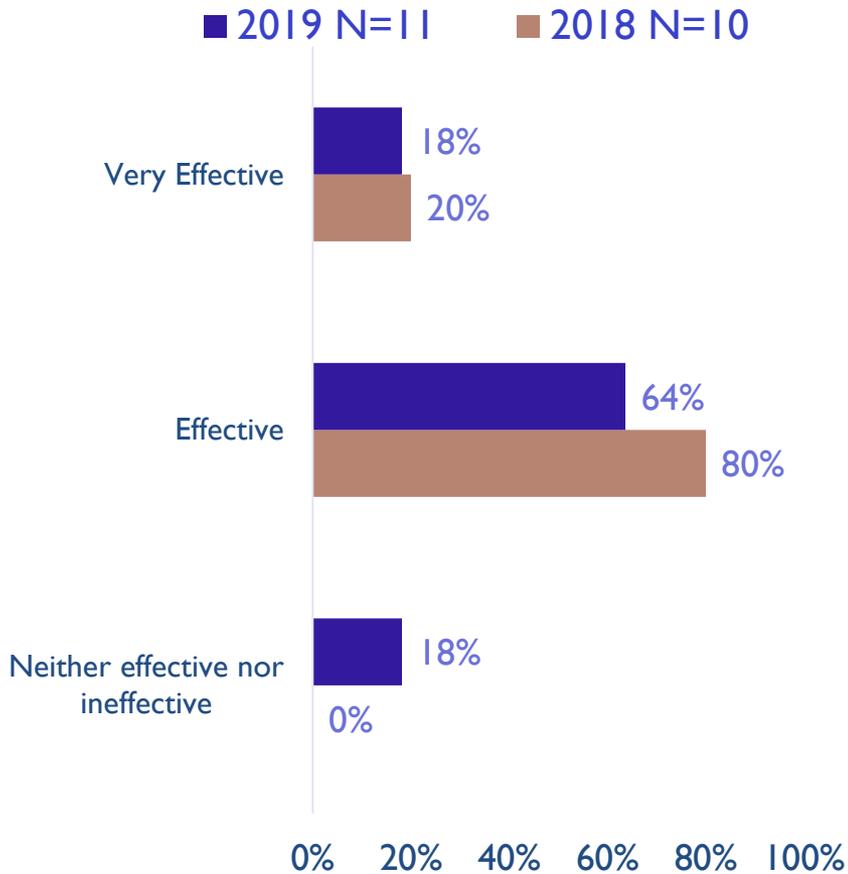


Standards Development

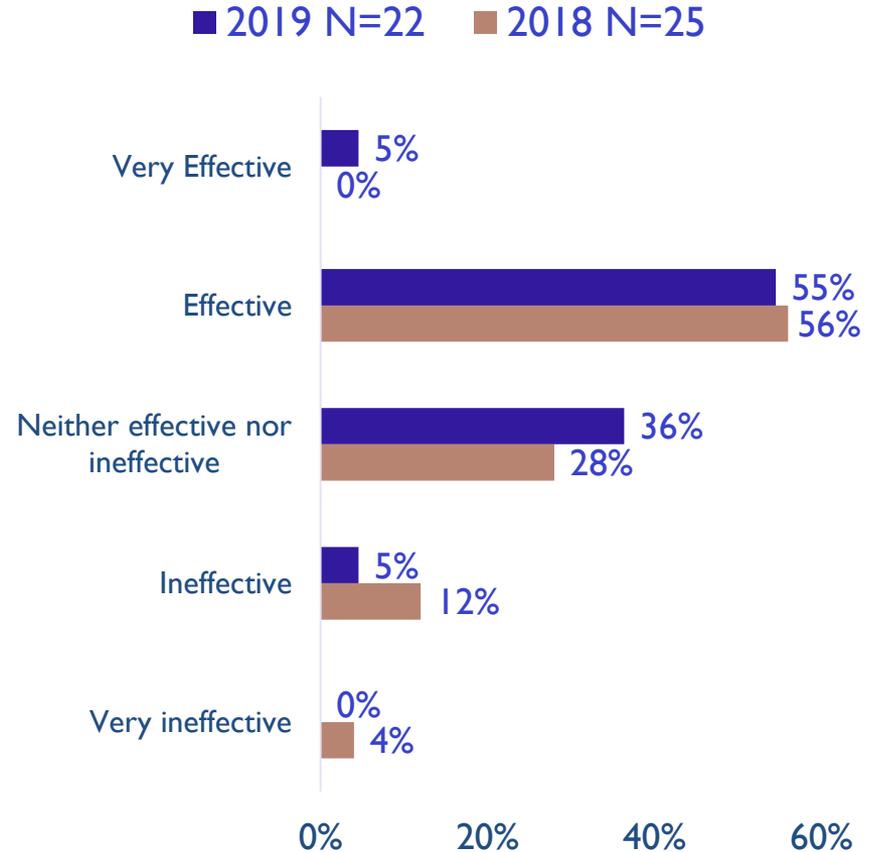


Efficiency of ERO Enterprise Processes

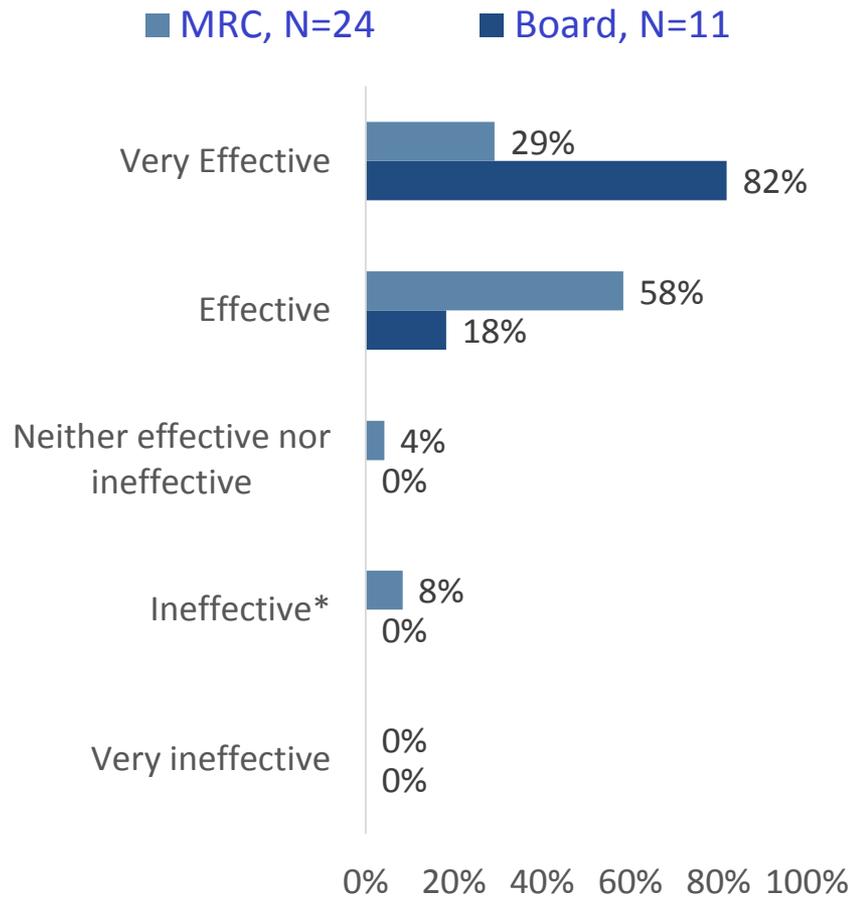
Board – 2019 versus 2018



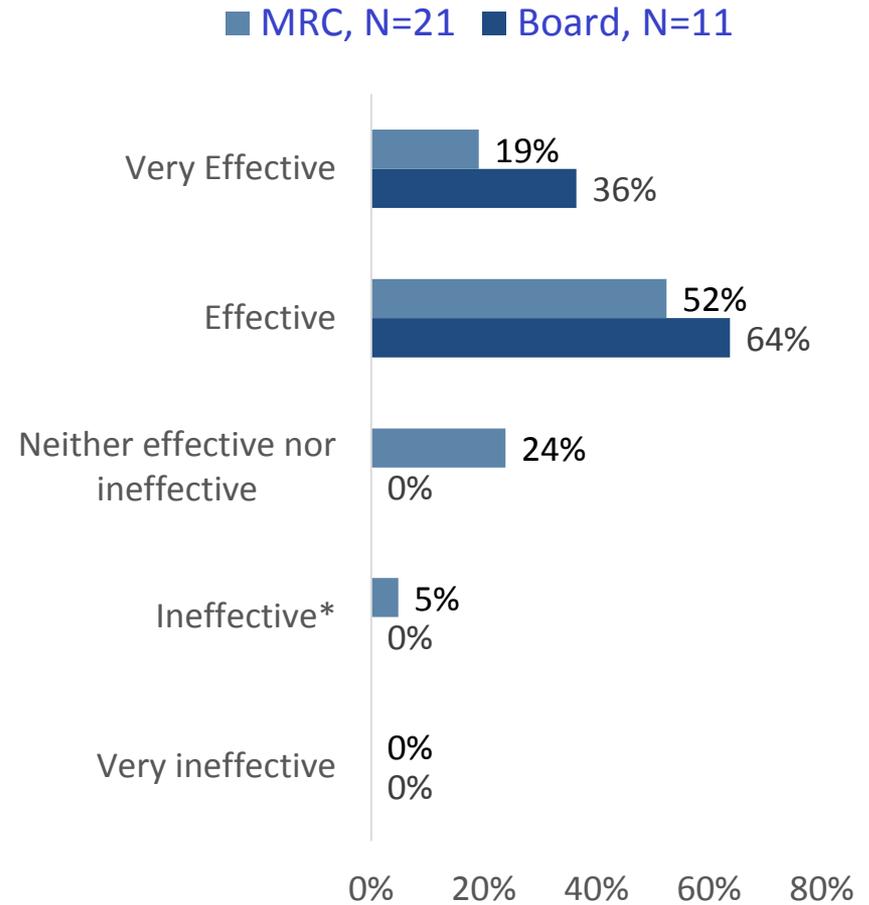
MRC – 2019 versus 2018



Compliance Monitoring and Enforcement

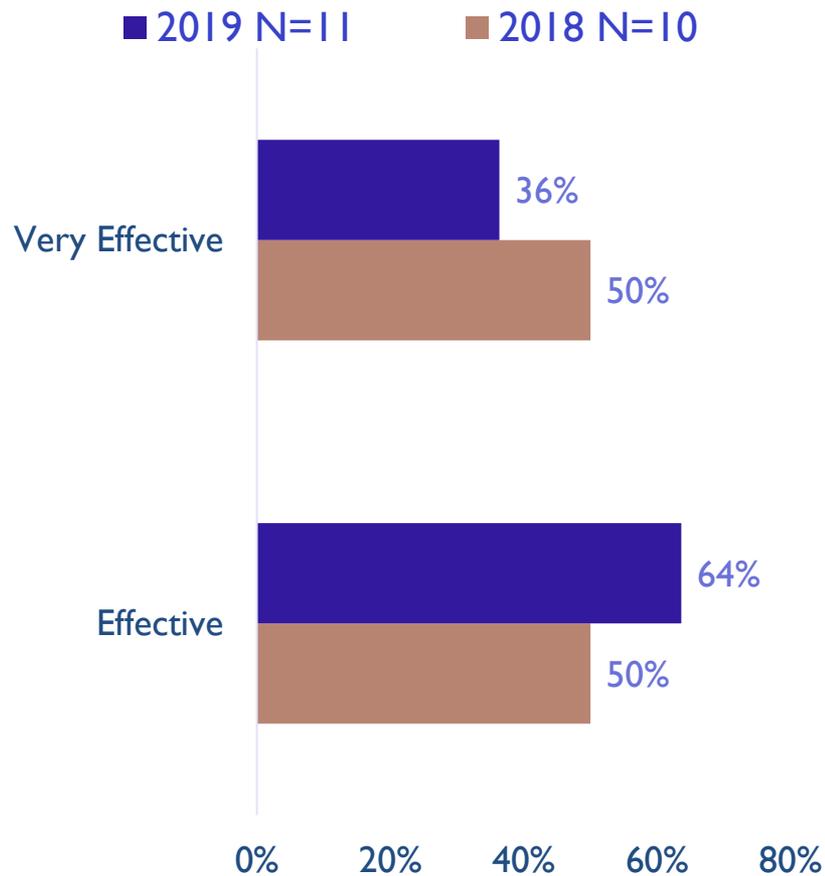


Reliability Assessments

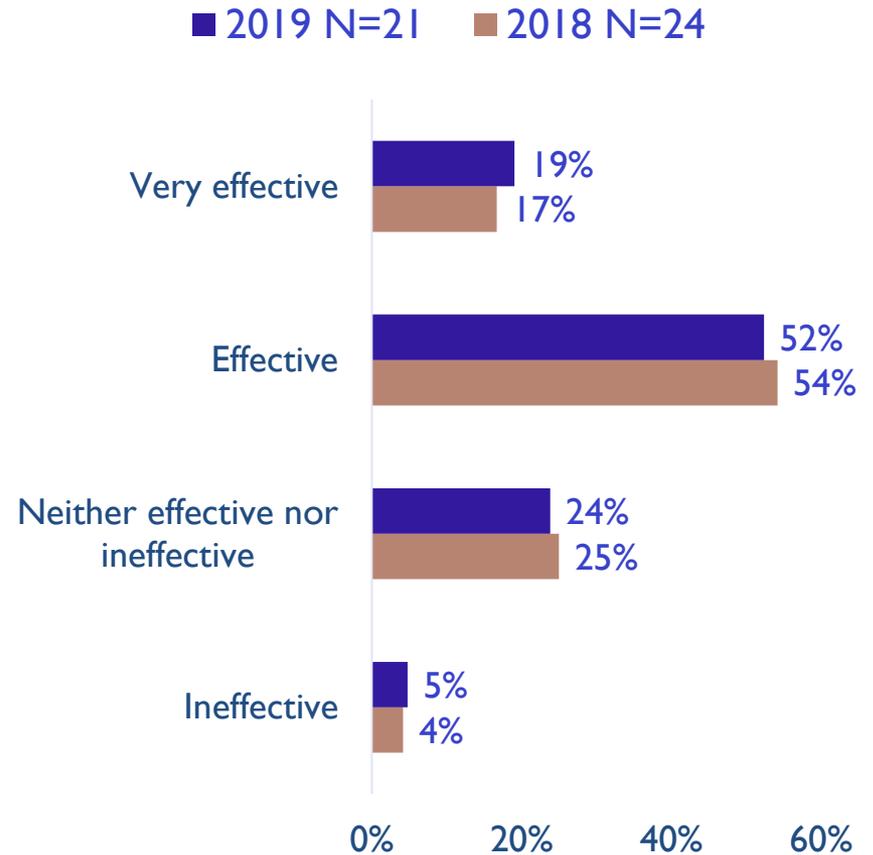


Reliability Assessments

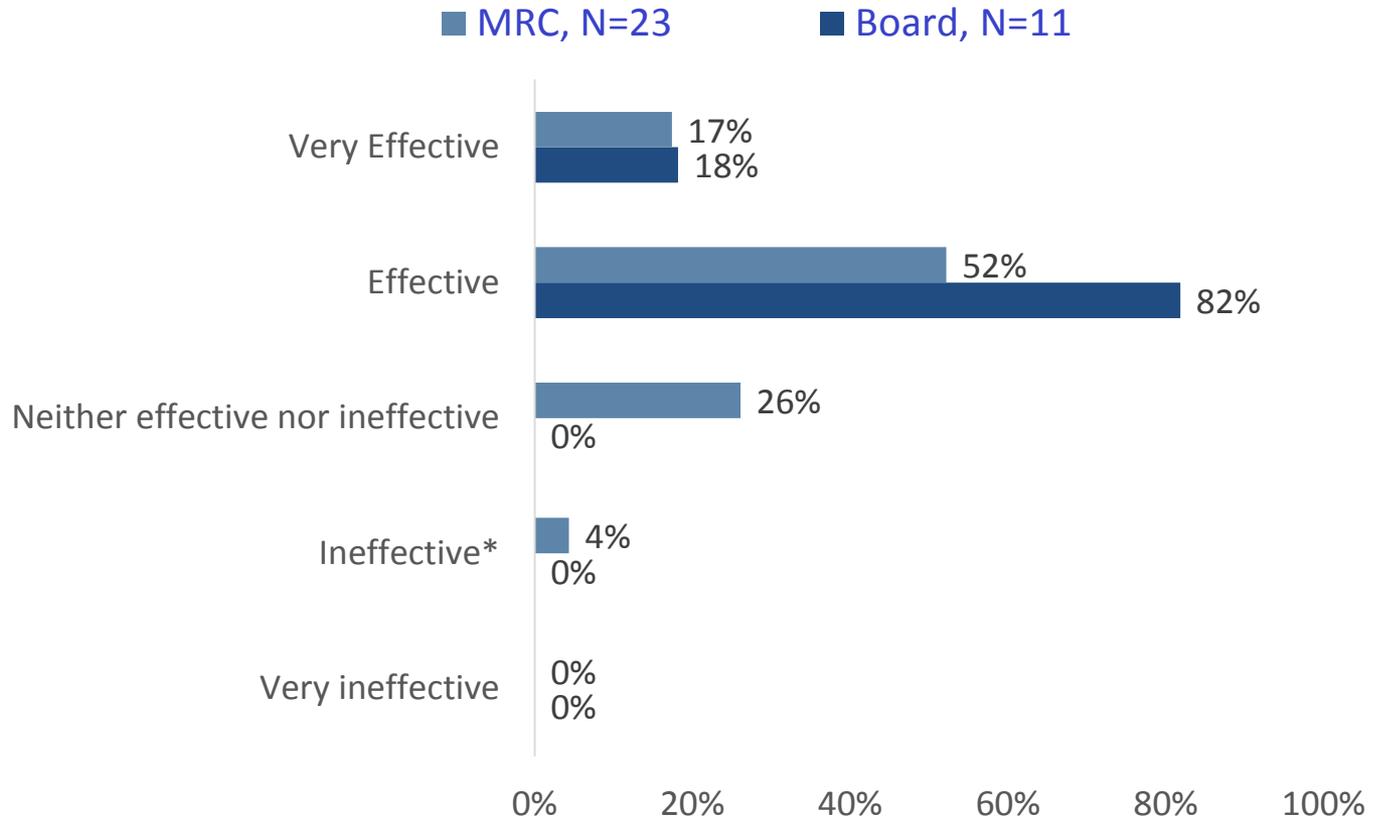
Board – 2019 versus 2018



MRC – 2019 versus 2018

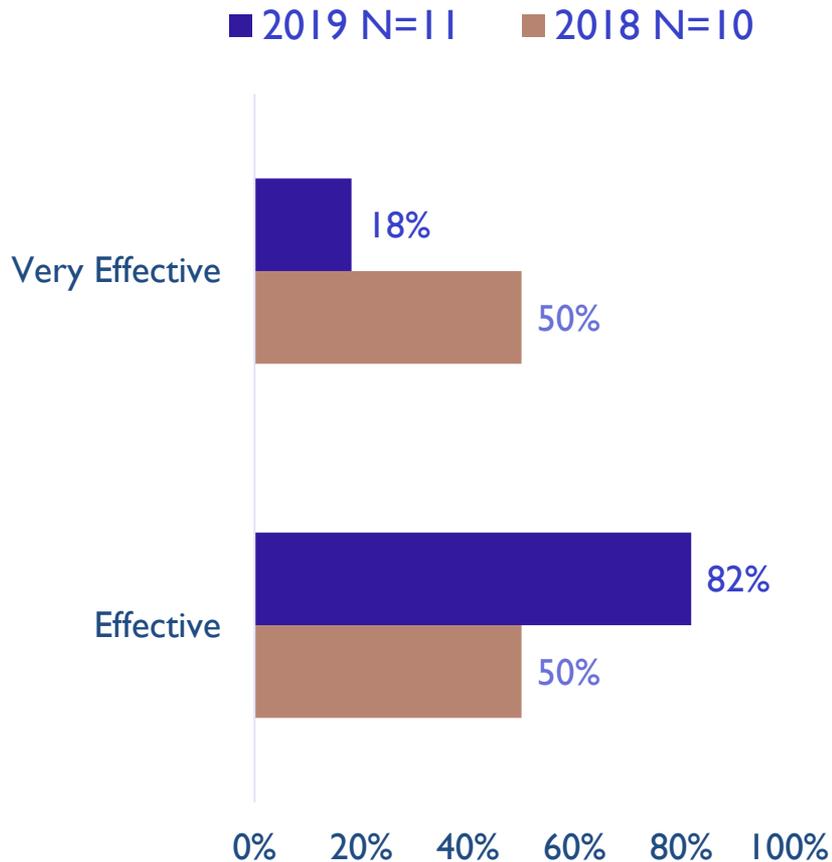


E-ISAC

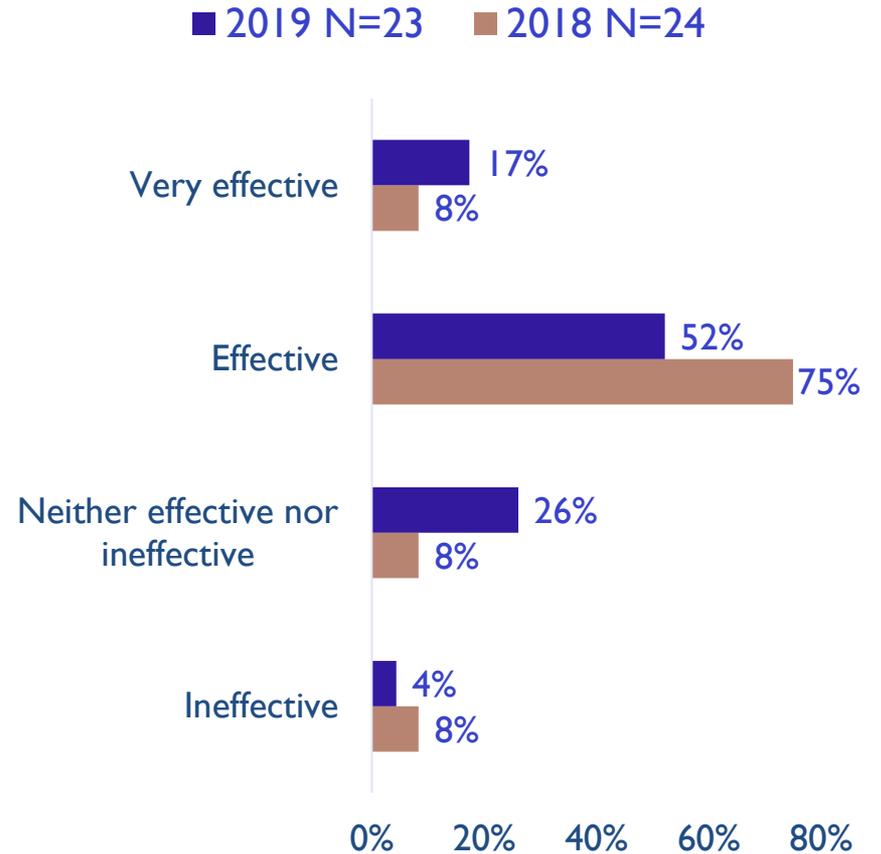


E-ISAC

Board – 2019 versus 2018



MRC – 2019 versus 2018

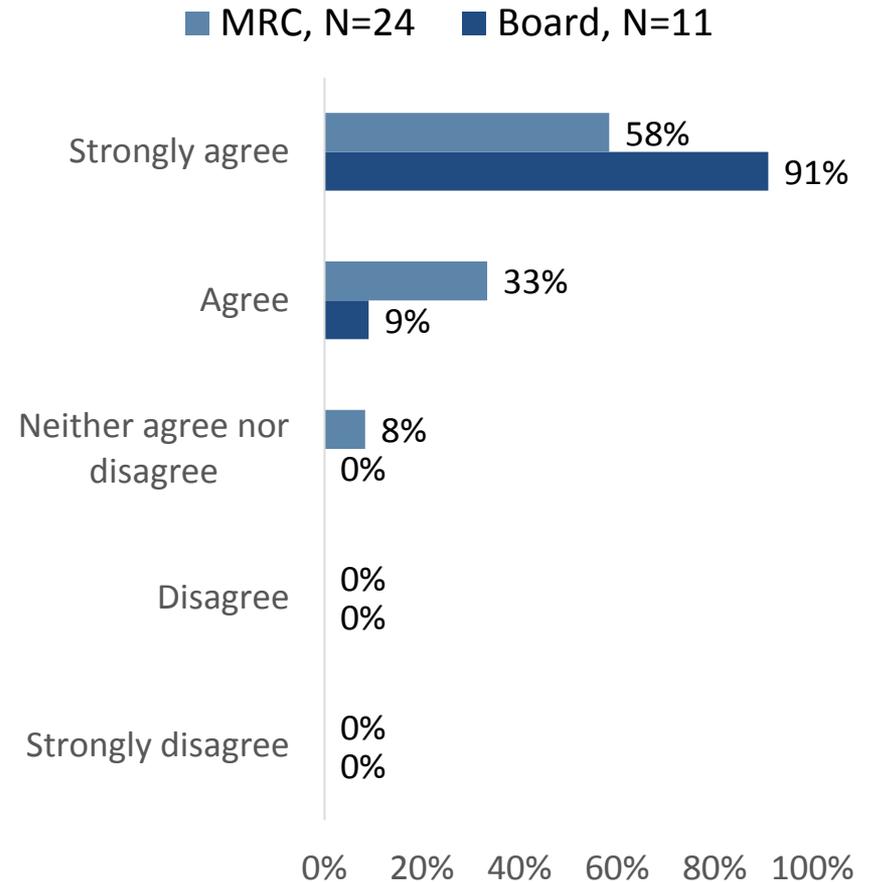
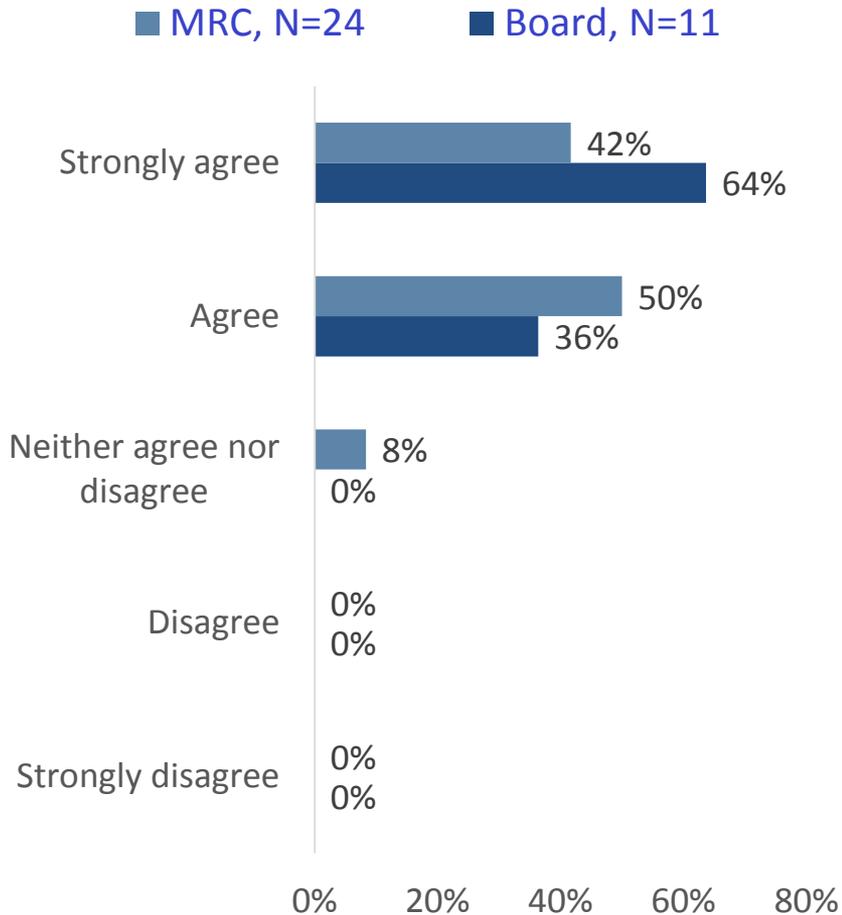




Stakeholder Relations

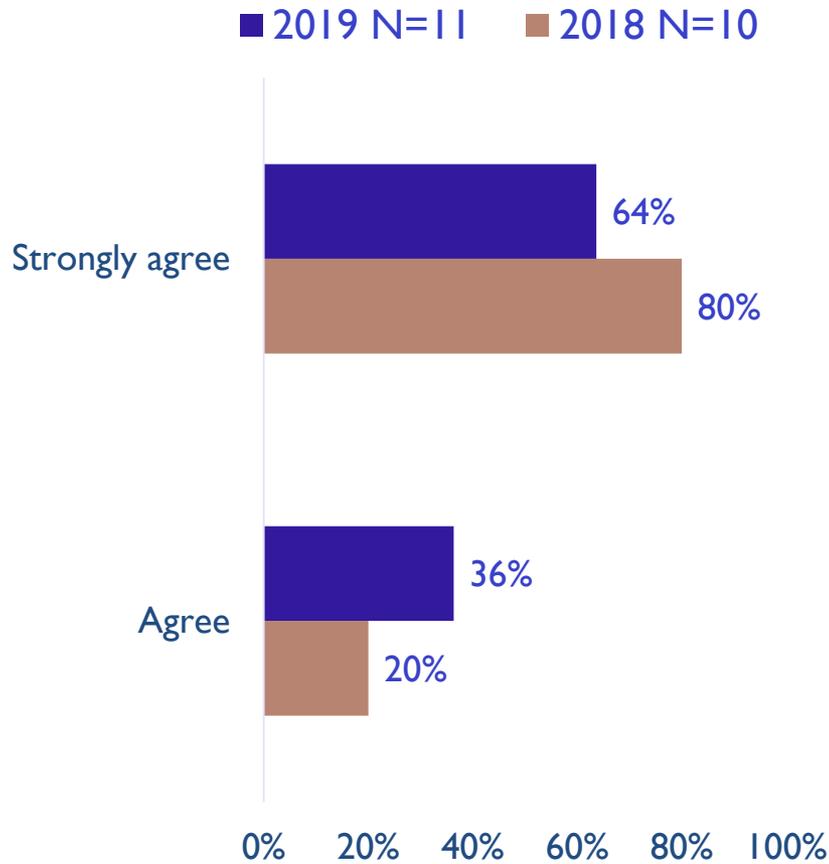
"The Board listens to input from the MRC"

"The Board listens to input from NERC management."

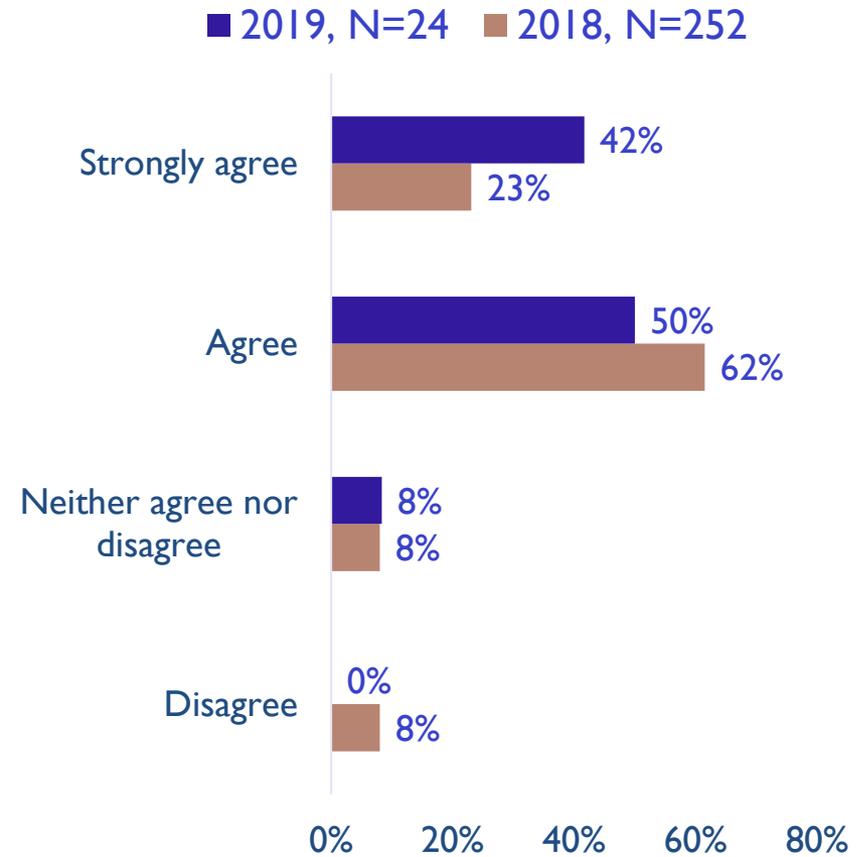


"The Board listens to input from the MRC"

Board – 2019 versus 2018

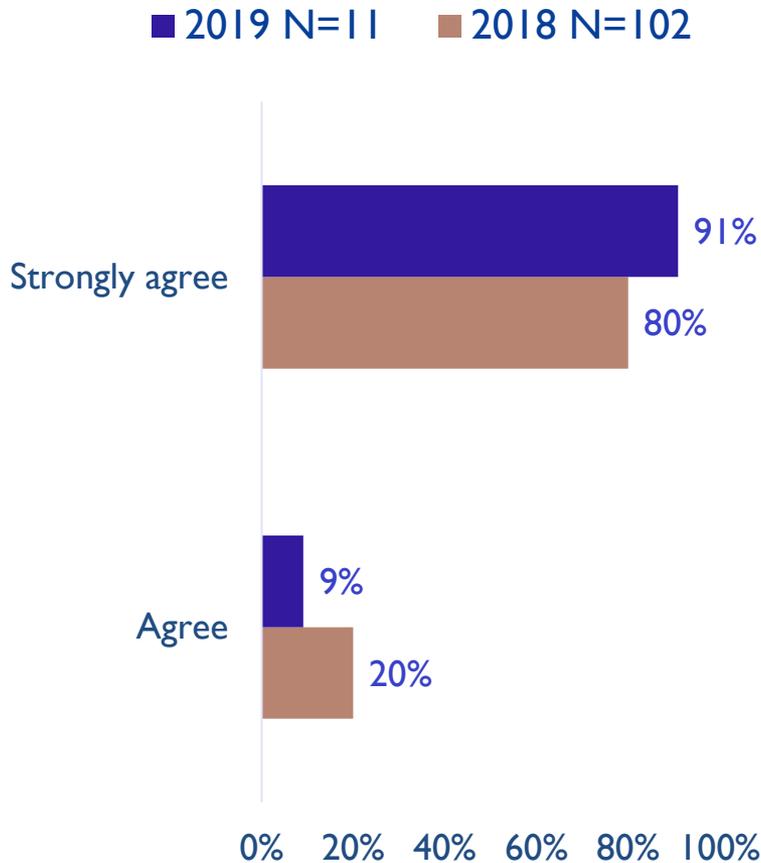


MRC – 2019 versus 2018

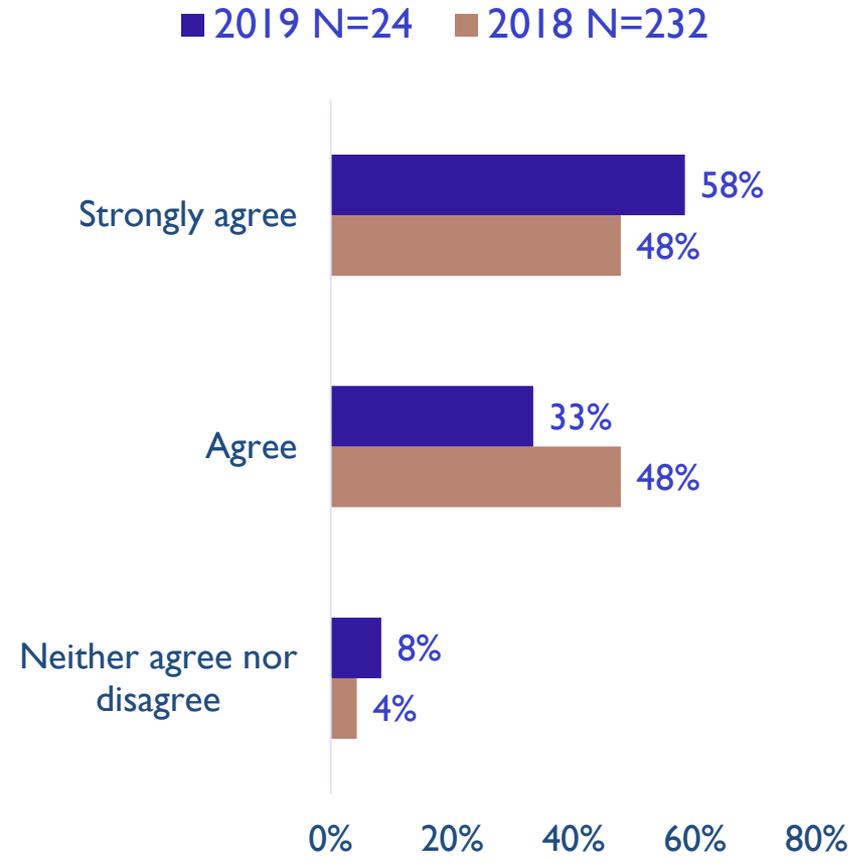


"The Board listens to input from NERC management."

Board – 2019 versus 2018

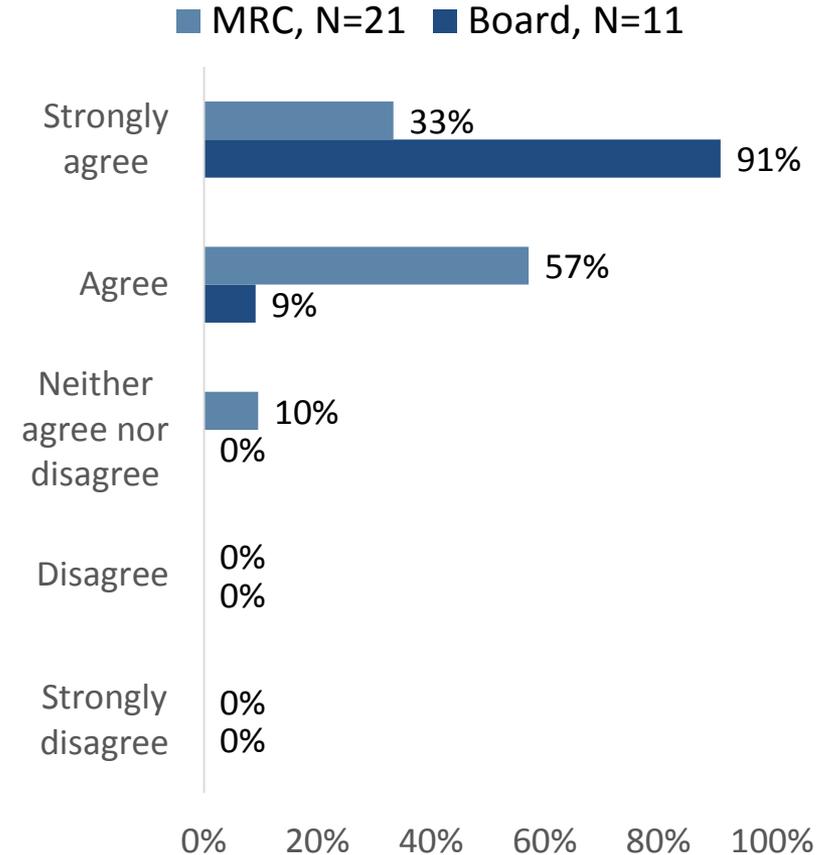
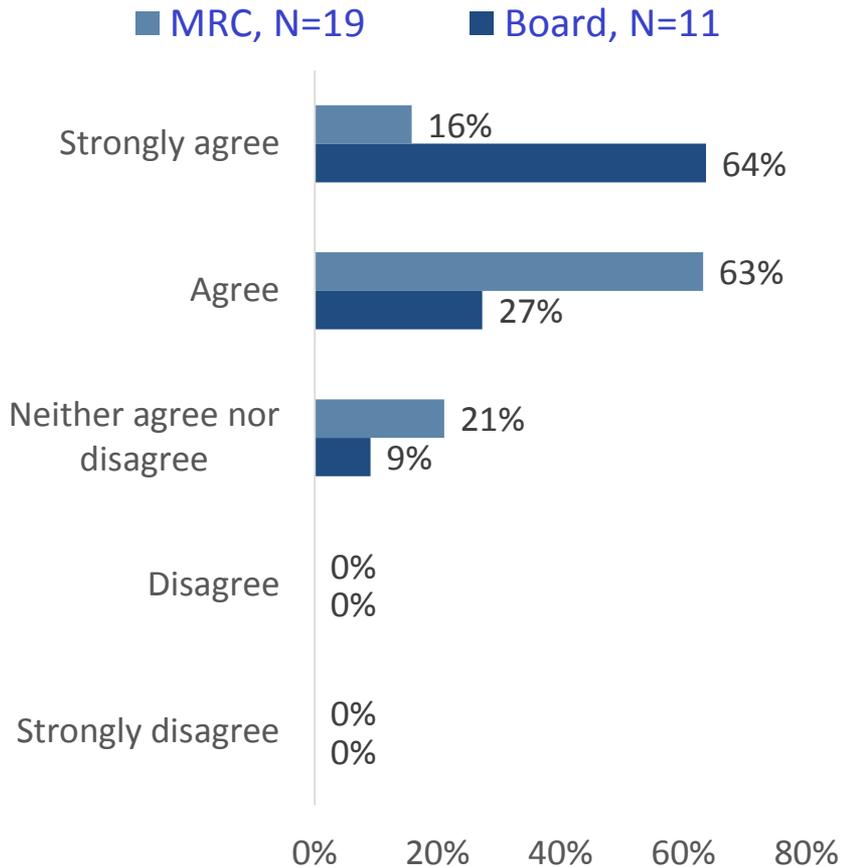


MRC – 2019 versus 2018



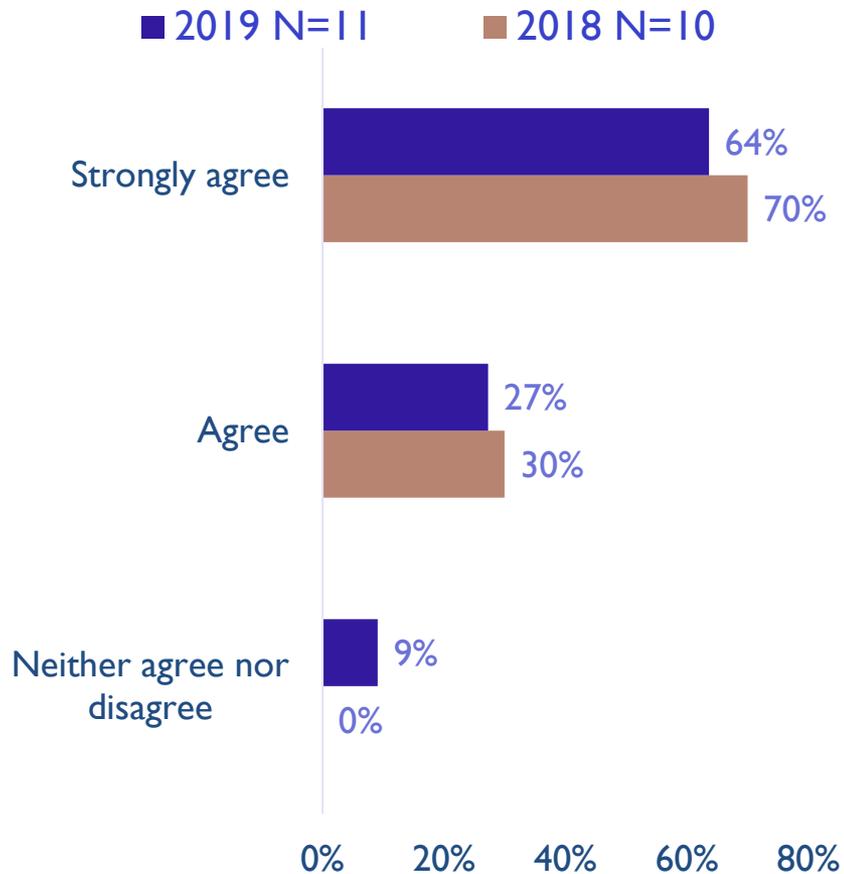
“The Board listens to input from Regional Entities.”

“The Board works effectively with management..”

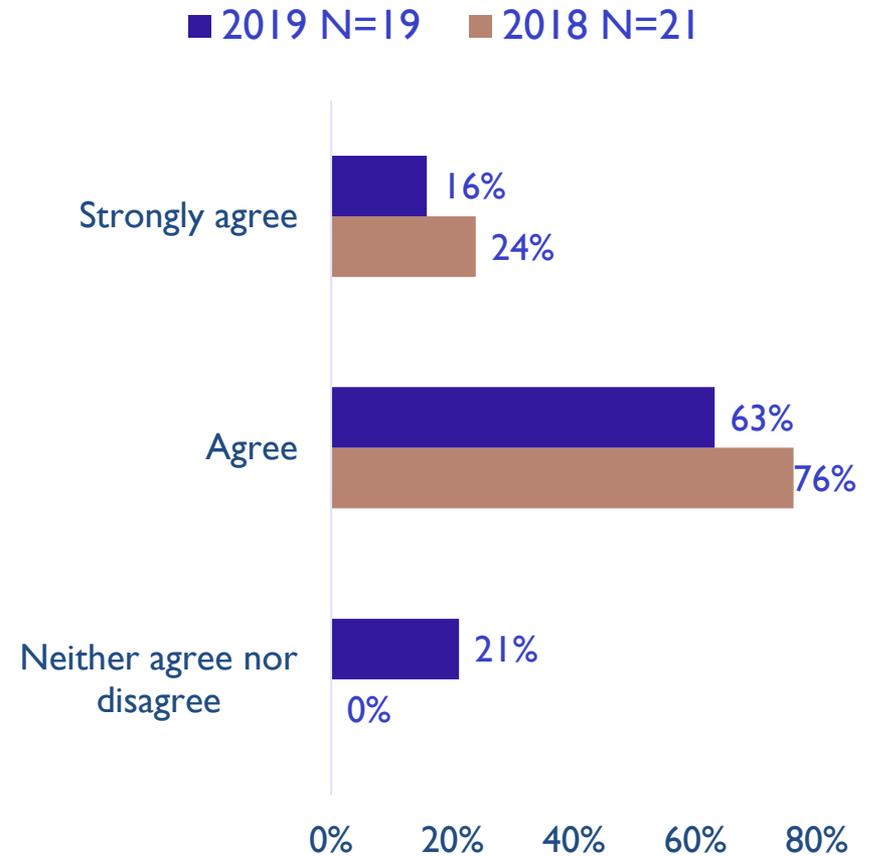


“The Board listens to input from Regional Entities.”

Board – 2019 versus 2018



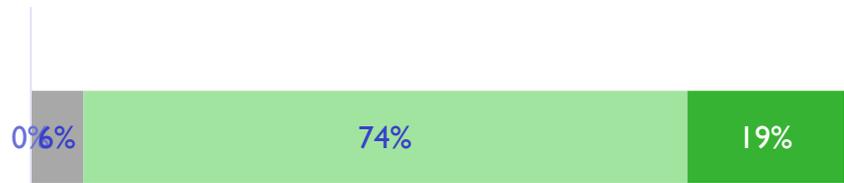
MRC – 2019 versus 2018



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

Disagree Neither agree nor disagree Agree Strongly agree

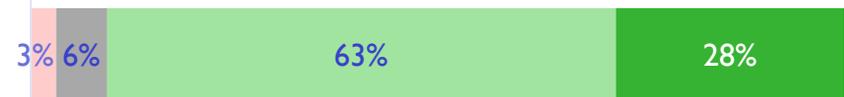
The Board maintains a positive working relationship with Canadian federal and provincial regulators. N=31



The Board maintains a positive working relationship with State regulators. N=28



The Board maintains a positive working relationship with Federal regulators. N=32



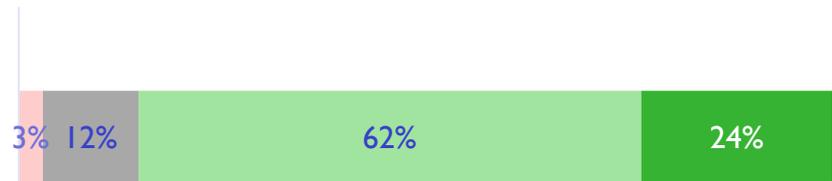
Board and MRC together.

0% 20% 40% 60% 80% 100%

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

Disagree Neither agree nor disagree Agree Strongly agree

The Board maintains a positive working relationship with Canadian federal and provincial regulators.
N=34



The Board maintains a positive working relationship with State regulators. N=31



The Board maintains a positive working relationship with Federal regulators. N=33



Board and MRC together.

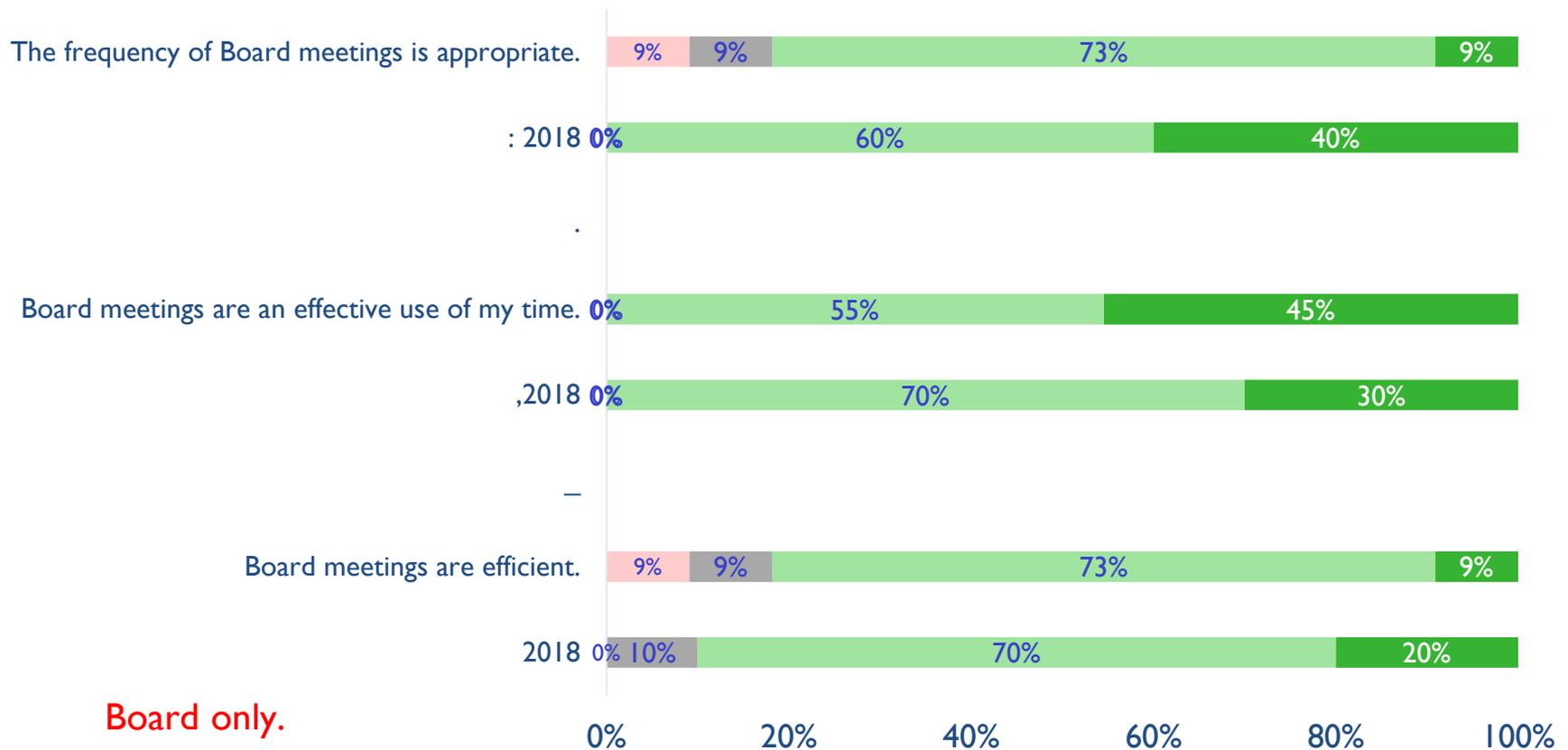
0% 20% 40% 60% 80% 100%



Board Functioning

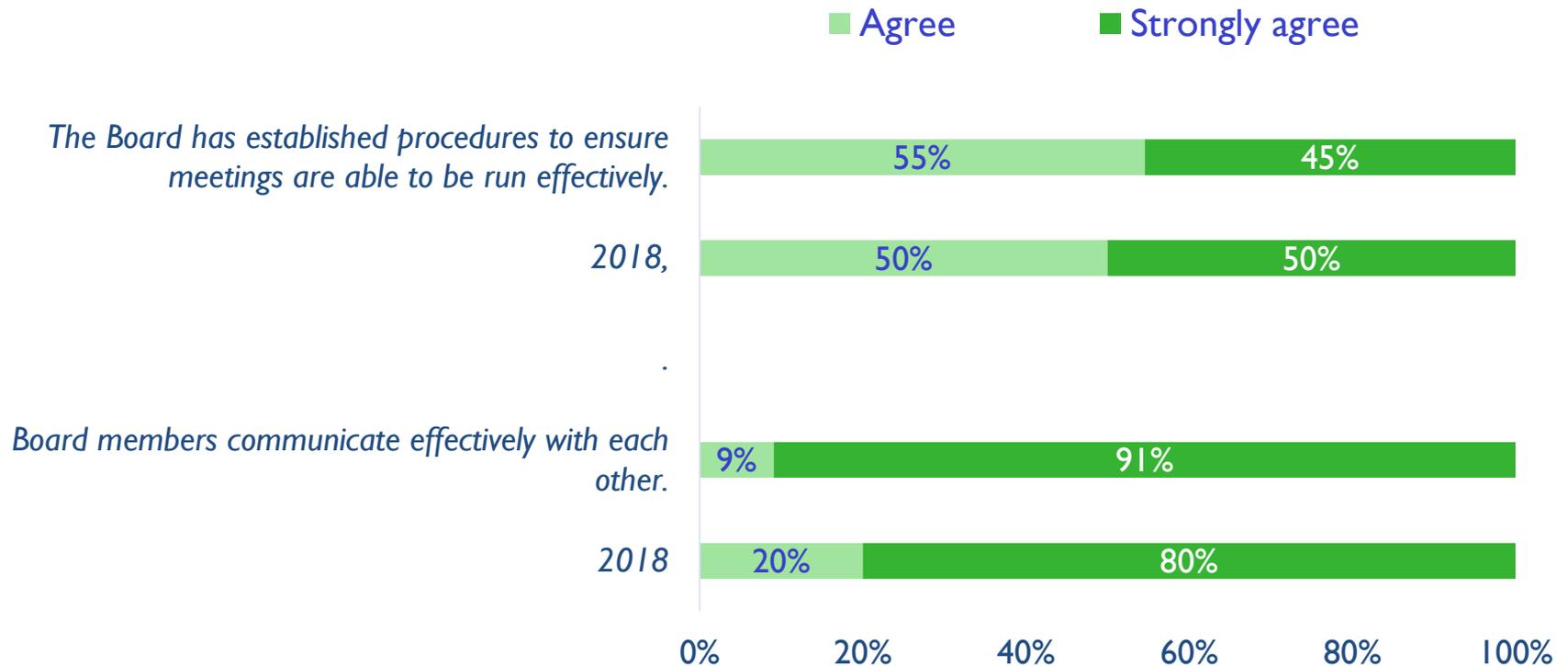
Please indicate your agreement or disagreement with each of the following statements about Board functioning:

Disagree Neither agree nor disagree Agree Strongly agree

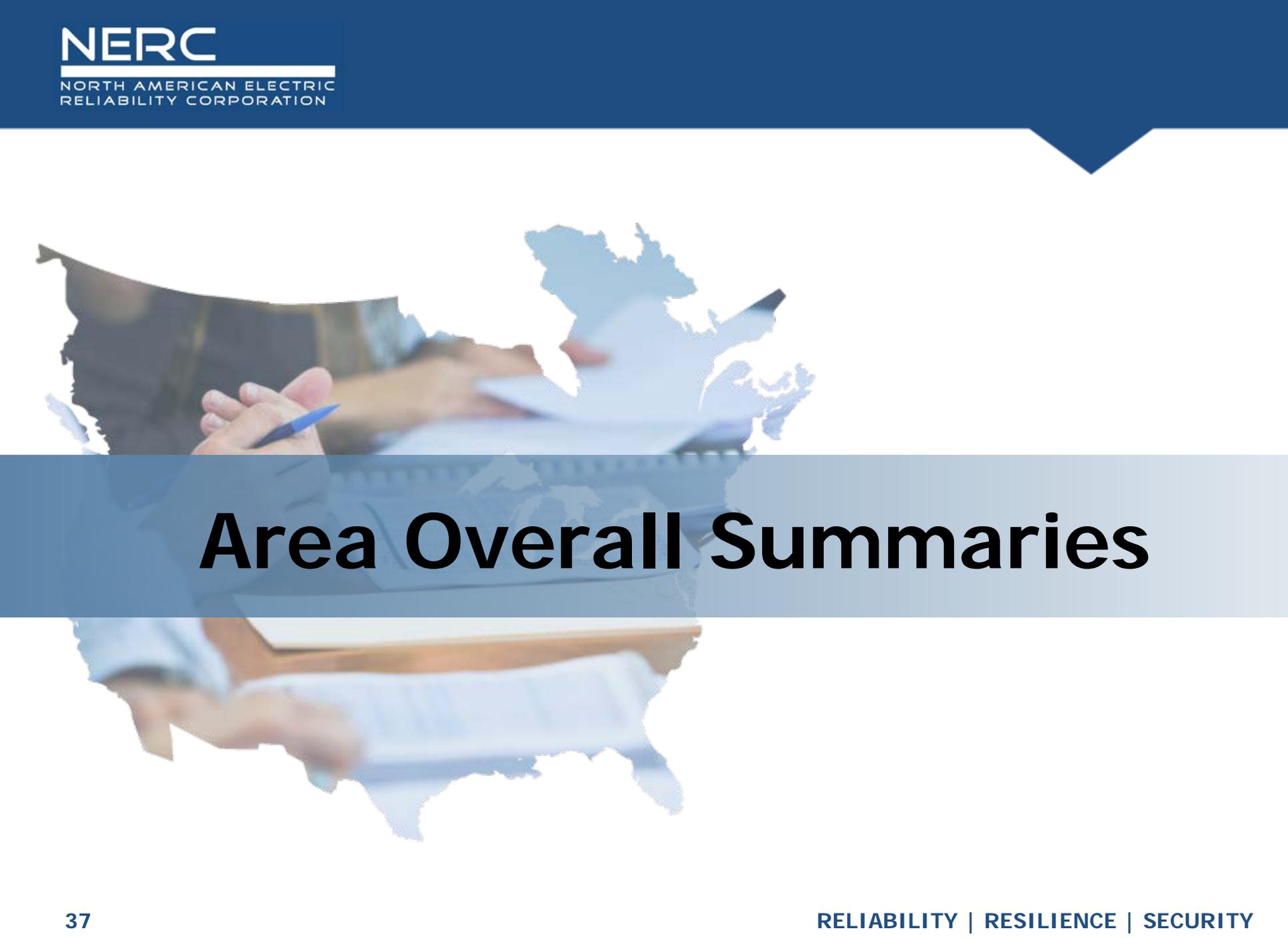


Board only.

Please indicate your agreement or disagreement with each of the following statements about Board functioning:

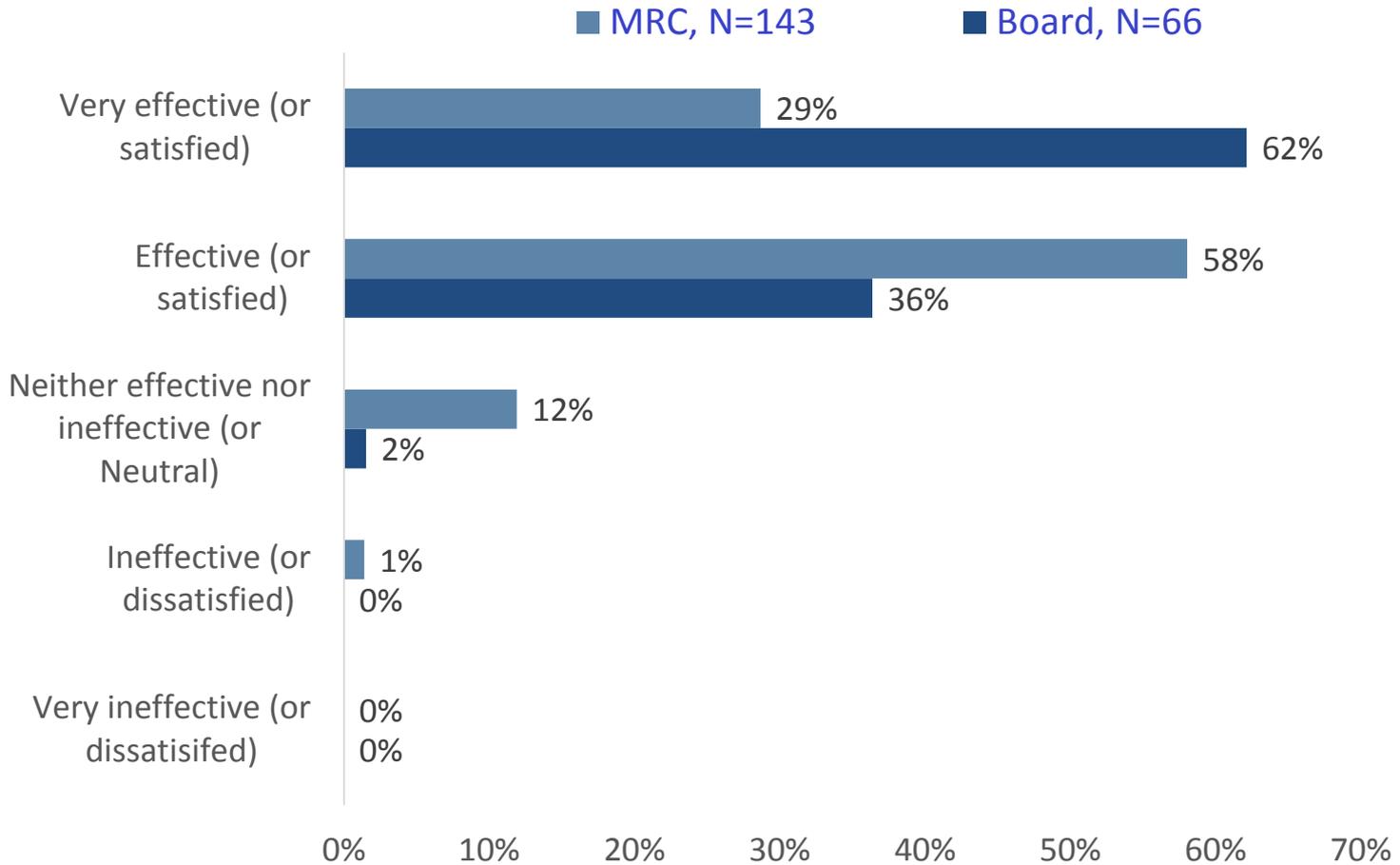


Board only.

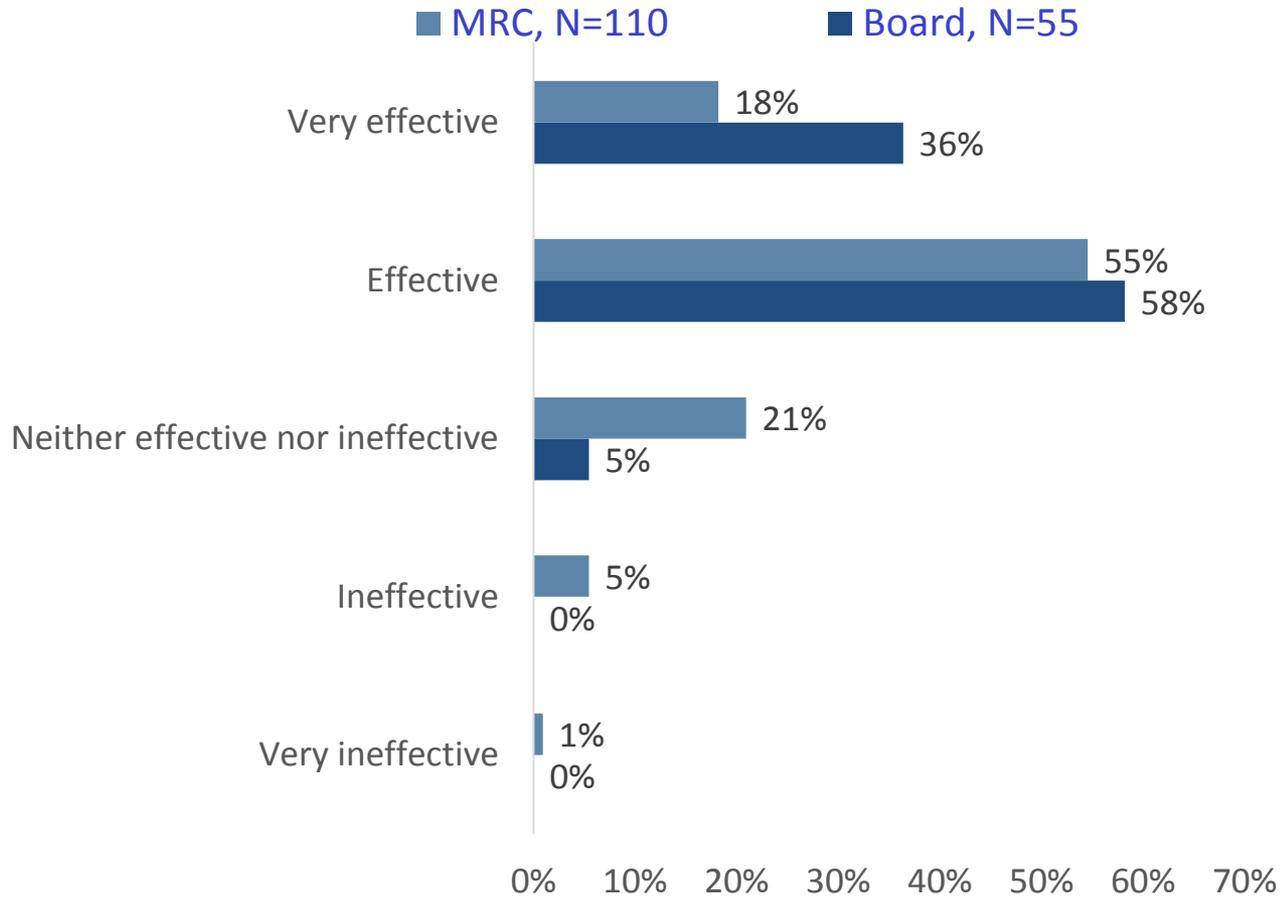


Area Overall Summaries

Strategy – Six Questions, five Effectiveness, one Satisfaction

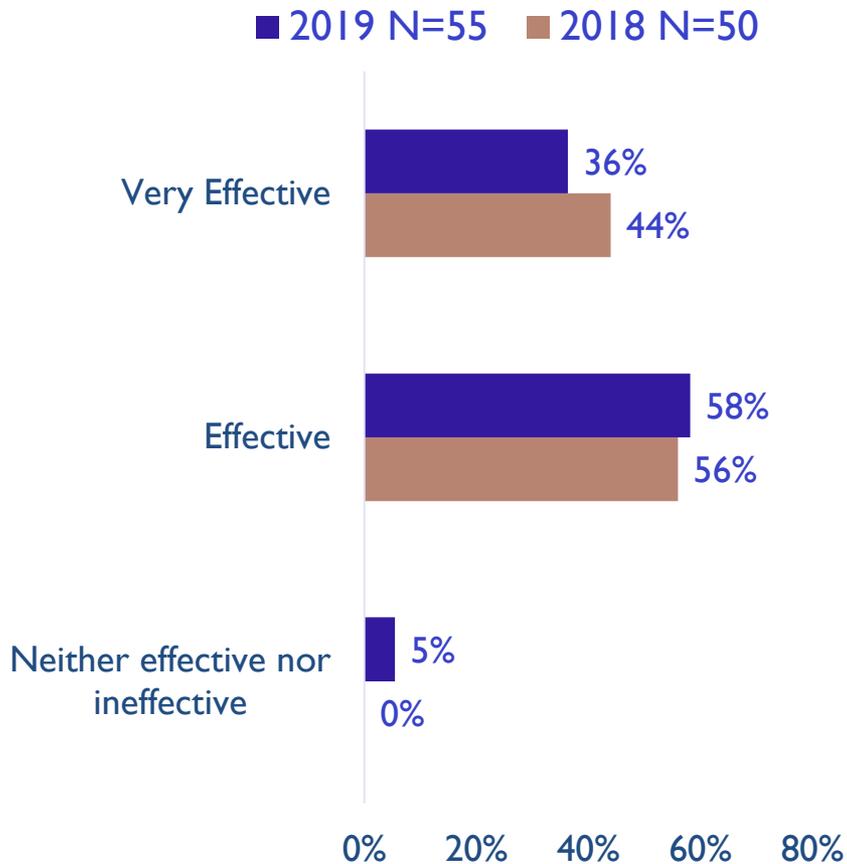


Oversight – Five Questions

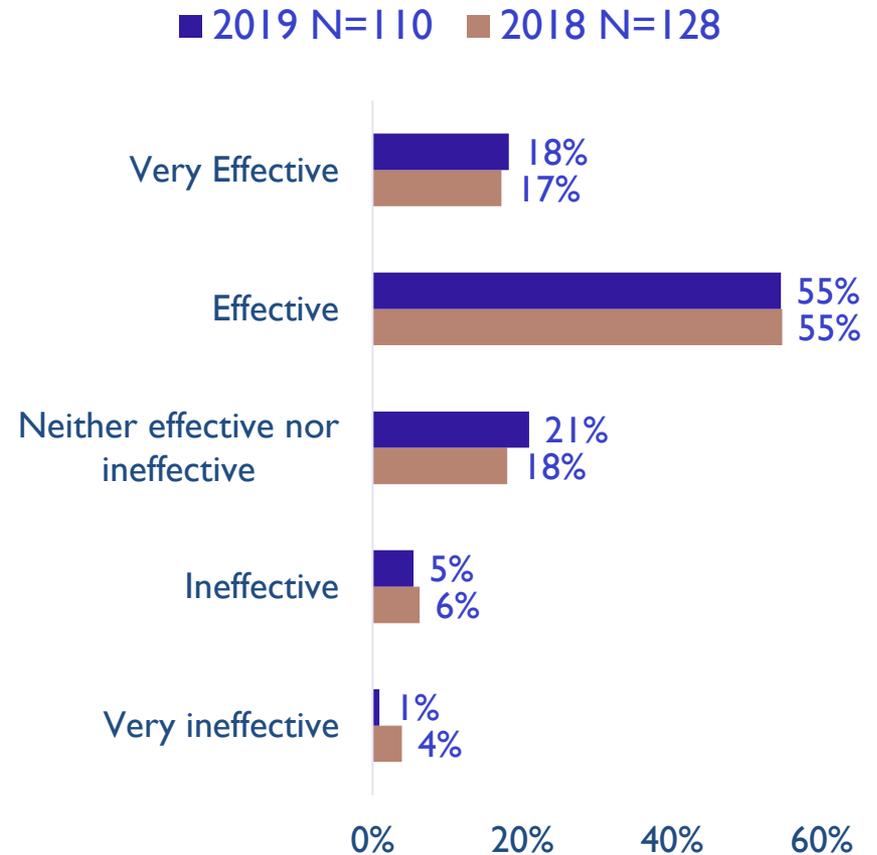


All Five Oversight Questions Combined

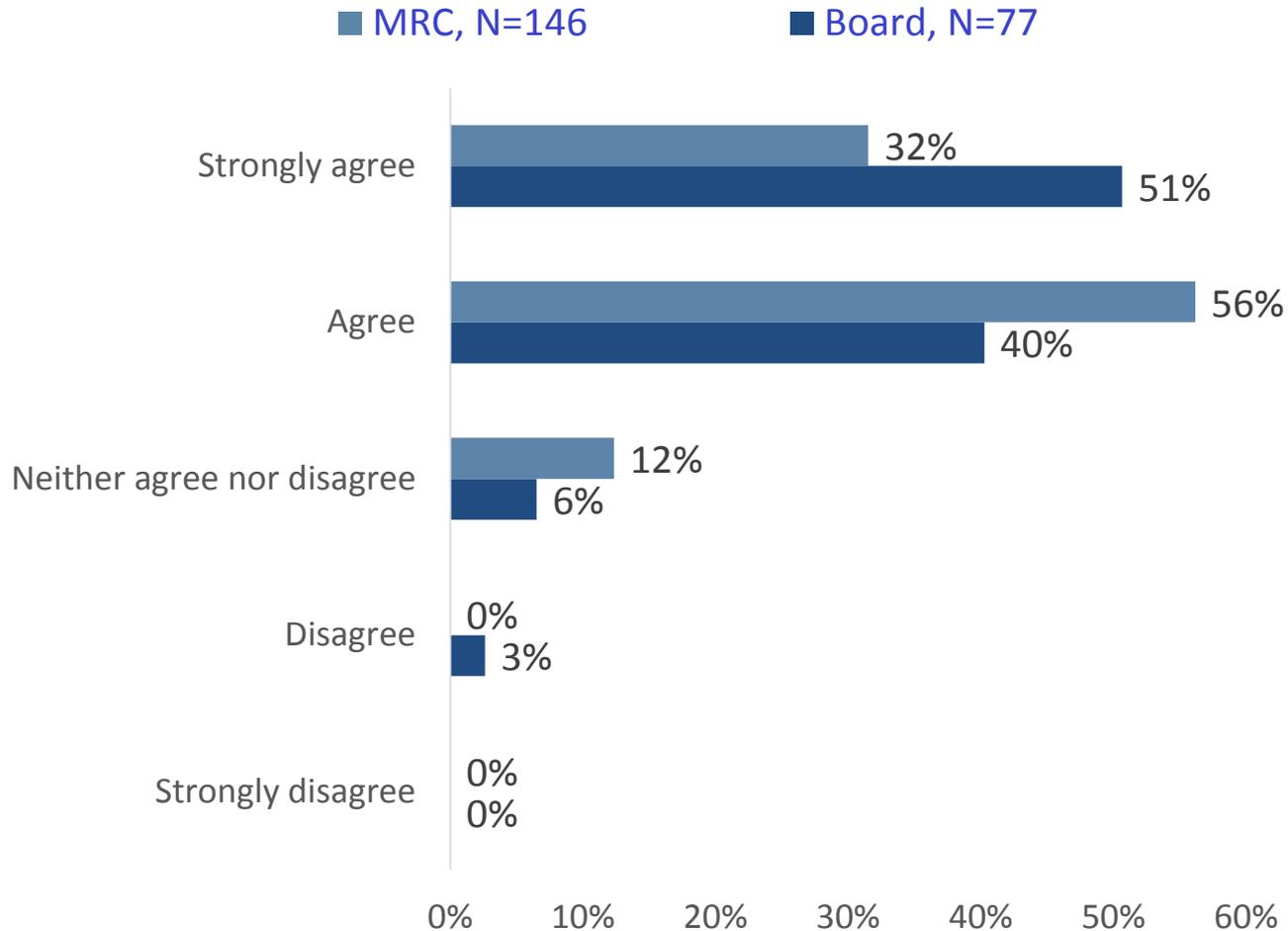
Board – 2019 versus 2018



MRC – 2019 versus 2018

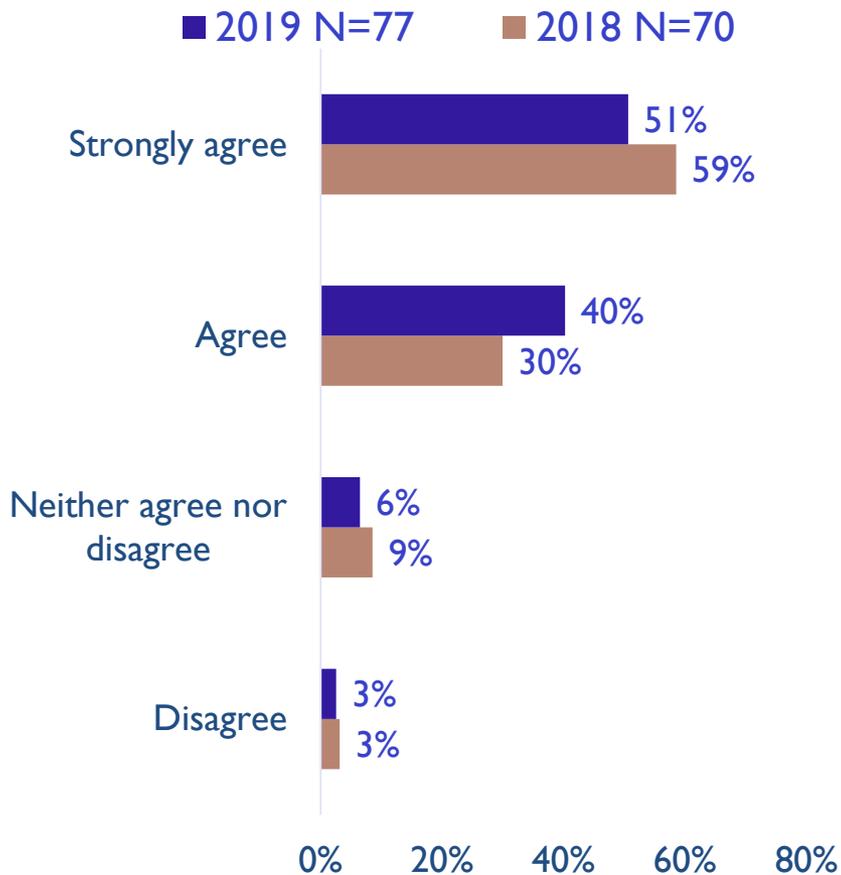


Stakeholder Relations – Seven Questions

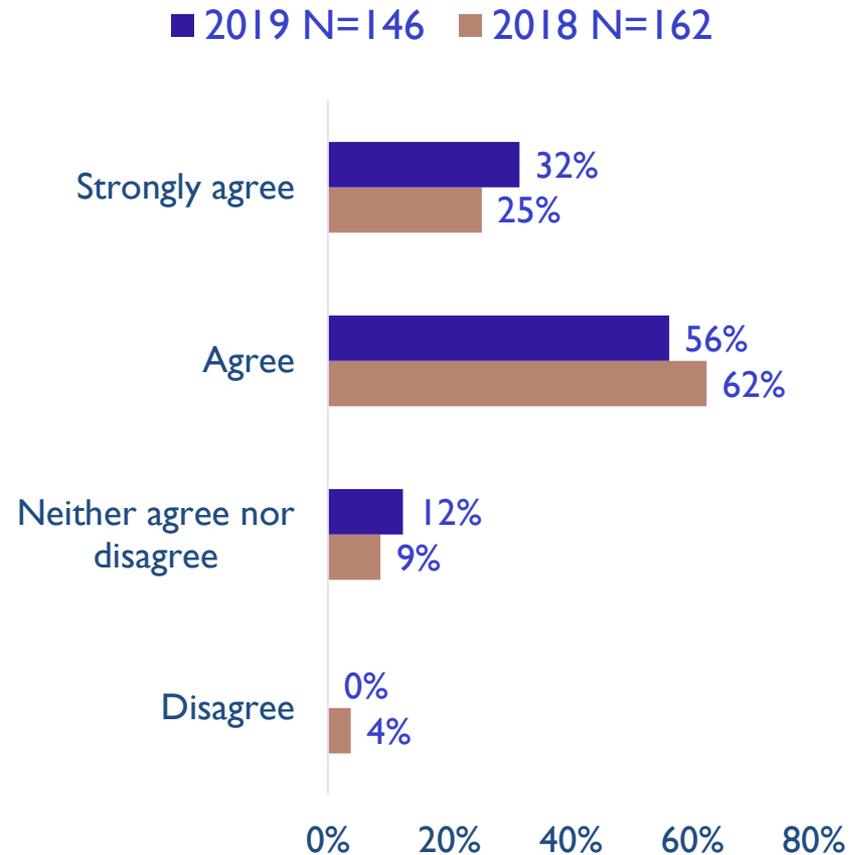


All Seven Stakeholder Questions Combined

Board – 2019 versus 2018



MRC – 2019 versus 2018





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

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



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 a 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.