

Agenda

Corporate Governance and Human Resources Committee

May 11, 2022 | 11:15 a.m.-12:00 p.m. Eastern
In-Person Meeting

Ritz-Carlton Pentagon City
1250 Hayes St.
Arlington, VA 22202

Introduction and Chair's Remarks

NERC Antitrust Compliance Guidelines*

Agenda Items

1. **Minutes* — Approve**
 - a. February 9, 2022 Meeting
2. **Proposed Amendment to Nominating Committee Mandate* — Approve and Recommend to Board of Trustees for Approval**
3. **Board Committees' Self-Assessment Surveys Results* — Review**
4. **Human Resources and Staffing* — Update**
5. **Other Matters and 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

February 9, 2022 | 3:30-4:30 p.m. Eastern

Virtual Meeting

Call to Order

Chair George S. Hawkins 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 February 9, 2022, at approximately 3:30 p.m. Eastern, and a quorum was declared present.

Present at the meeting were:

Committee Members

George S. Hawkins, Chair
Jane Allen
Robert G. Clarke
Colleen Sidford
Roy Thilly
Kenneth W. DeFontes, Jr., *ex officio*

Board Members

Susan Kelly
Suzanne Keenan
Robin E. Manning
Jim Piro
James B. Robb, NERC President and Chief Executive Officer

NERC Staff

Tina Buzzard, Assistant Corporate Secretary
Manny Cancel, Senior Vice President and CEO of the E-ISAC
Howard Gugel, Vice President, Engineering and Standards
Kelly Hanson, Senior Vice President and Chief Administrative Officer
Stan Hoptroff, Vice President, Business Technology
Mark Lauby, Senior Vice President and Chief Engineer
Sônia Mendonça, Senior Vice President, General Counsel and Corporate Secretary
Lauren Perotti, Senior Counsel
Bryan Preston, Vice President, People and Culture
Janet Sena, Senior Vice President, External Affairs
Andy Sharp, Vice President and Chief Financial Officer
Mechelle Thomas, Vice President, Compliance

Chair’s Remarks

Mr. Hawkins welcomed the participants to the meeting. He noted this would be his last meeting as Chair and deferred his remarks to the conclusion of the meeting.

Mr. Hawkins reported that the Committee met in closed session on January 19, 2022, to review corporate performance results for 2021, committee appointments, proposed changes to the Governance Guidelines,

and to perform the annual review of significant benefit plans. He reported the Committee also held executive sessions to discuss human resources issues, officers, and succession planning. On February 7, 2022, the Committee met in closed session to review items in advance of the open session and held executive sessions to discuss compensation matters.

NERC Antitrust Compliance Guidelines

Ms. Buzzard directed the participants' attention to the NERC Antitrust Compliance Guidelines included in the agenda package and indicated that all questions regarding antitrust compliance or related matters should be directed to Ms. Mendonça.

Minutes

Upon motion duly made and seconded, the Committee approved the minutes for the November 3, 2021, meeting as presented to the Committee.

Proposed Amendments to Board Committee Mandates

Ms. Perotti presented the proposed revisions to the Committee mandate, referencing the materials included in the advance agenda package. She highlighted the Committee's new responsibility to periodically review the charters of NERC's standing committees, similar to the review of Board committee mandates. Ms. Perotti presented the proposed revisions to the Finance and Audit Committee and Enterprise-wide Risk Committee mandates, referencing the materials included in the advance agenda package. After discussion and upon motion duly made and seconded, the Committee approved the revised mandates and recommended them to the Board for approval.

Proposed Increase in Vice Chair Stipend

Mr. DeFontes presented the proposal to increase the Board Vice Chair stipend, referencing the materials in the advance agenda package. He noted that the proposed increase is appropriate in light of the substantial additional responsibilities and time commitment associated with the role of Vice Chair. After discussion and upon motion duly made and seconded, the Committee approved the proposed increase to the Vice Chair stipend and recommended it to the Board for approval.

Board Committees' Self-Assessment Surveys

Ms. Mendonça presented the Board of Trustees Committees Self-Assessment surveys, referencing the materials included in the advance agenda package. Upon motion duly made and seconded, the Committee approved the proposed surveys as presented at the meeting.

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

Ms. Mendonça presented the results of the Board Self-Assessment and Member Representatives Committee Assessment of Board of Trustees Effectiveness Survey, referencing the material included in the advance agenda package. She highlighted the robust participation rate and positive feedback on the Board's effectiveness in its overall function. Mr. Hawkins remarked on the results and expressed his appreciation

for the feedback.

Proposed Amendment to the NERC Governance Guidelines

Ms. Mendonça presented the proposed amendment to add a tiebreaker provision to the NERC Governance Guidelines, referencing the material included in the advance agenda package. After discussion and upon motion duly made and seconded, the Committee approved the revised NERC Governance Guidelines and recommended it to the Board for approval.

Annual Conflict of Interest and Independence Report

Ms. Mendonça reviewed NERC's processes for considering conflicts of interest for employees, officers, and Trustees, and for assuring the independence of the Trustees as required by the Bylaws and NERC Governance Guidelines. She reported that NERC is in compliance with all applicable legal requirements related thereto, and Management is not recommending any changes to the requirements at this time.

Human Resources and Staffing

Mr. Preston provided the human resources and staffing update, highlighting NERC's efforts regarding the COVID-19 pandemic.

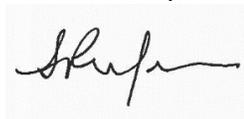
Final Remarks

Mr. Hawkins remarked on the ways in which the role of Committee Chair allowed him to focus on the human dimension of the issues NERC has been facing over the last several years, including the extraordinary changes in the scale of the work being undertaken by NERC and how NERC and its stakeholders conduct that work. He thanked NERC staff and the Committee for their support and wished Ms. Keenan much success in her role as the next chair of the Committee. Mr. DeFontes and Mr. Clarke thanked Mr. Hawkins for his service to the Committee.

Adjournment

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

Submitted by,



Sônia Mendonça
Corporate Secretary

Proposed Amendment to Nominating Committee Mandate

Action

Approve and recommend Board of Trustees approval.

Overview

NERC management proposes a revision to the Nominating Committee Mandate under Committee Membership formalizing the new process of including Trustees who are not eligible for reelection, consistent with recently approved changes to the NERC Bylaws.

Board of Trustees Nominating Committee Mandate

Approved by the Board of Trustees: ~~August 10, 2017~~ May xx, 2022

Committee Membership

The Board of Trustees Nominating Committee (NC or Committee) of the North American Electric Reliability Corporation (NERC) shall be appointed by the Board in accordance with Article III, Section 5 of the corporation's Bylaws, and shall be composed of those independent trustees of the corporation whose terms do not expire in the current year or who are not eligible for reelection and such number of other persons with such qualifications as the Board shall specify, provided that (i) there shall be at least three persons who are also members of the Member Representatives Committee (MRC) and (ii) it is the intent of the Board, subject to the requirements of the corporation's Bylaws, that a majority of the members of the Committee shall be trustees of the corporation.

Non-MRC Members of the Nominating Committee

Each member of the NC other than the members designated in the next paragraph shall be appointed or reappointed by the Board at the regular meeting of the Board immediately following each Annual Meeting of the MRC. Each such member shall continue to be a member thereof until a successor is appointed, unless he or she shall resign or be removed by the Board or, in the case of a member who is a trustee, shall cease to be a trustee. When a vacancy of such a member occurs at any time, the Board may designate a successor member of the Committee.

MRC Members of the Nominating Committee

The chair of the MRC shall provide to the chair of the NC the names of MRC members suggested for service on the NC, following each Annual Meeting of the MRC. Each MRC member appointed by the Board to the NC shall continue to be a member of the NC until a successor is appointed, unless such member resigns or is removed or ceases to be a member of the MRC. When a vacancy of an MRC member occurs at any time, the MRC chair shall suggest the name of a successor to the chair of the NC. The Board shall appoint any such successor.

Purpose

The purpose of the NC is to act as the nominating committee required by Article III, Section 5 of the corporation's Bylaws.

Committee Authority and Responsibilities

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

1. Recommend to the MRC candidates for election as members of the NERC Board of Trustees consistent with the requirements of the corporation's Bylaws and in accordance with the procedures established by the Board as contemplated by Article III, Section 5 of the corporation's Bylaws.
2. Implement the Board composition provisions of the NERC Bylaws, the Board's conflict of interest

policy, and Trustee succession policy in making its recommendations.

3. Perform such other functions as may be delegated to it by the Board from time to time.

Committee Meetings

The NC shall meet by conference call or in person as needed to carry out its responsibilities. 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 NC, using the same meeting procedures established for the Board. Given the sensitive nature of the discussion and process, meetings shall be held in closed session.

A majority of the members of the NC shall constitute a quorum. Except where prescribed differently by law: (a) any action or decision of the NC 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 NC shall appoint a chair from among the Trustee members of the NC. The NC 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 NERC staff shall assist the Chair and shall serve as the non-voting secretary.

Review

The NC shall review this mandate as necessary 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 NC shall complete a self-assessment annually to determine its effectiveness.

Board Committees' Self-Assessment Surveys Results

Action

Review

Summary

Results of the 2021 NERC Board of Trustees Committees' self-assessments, which assess and monitor annually the performance and effectiveness of the Committees, will be reviewed.

Attachment

- 2021 NERC Board of Trustees Committees' Self-Assessments Results

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

NERC Committee Assessments

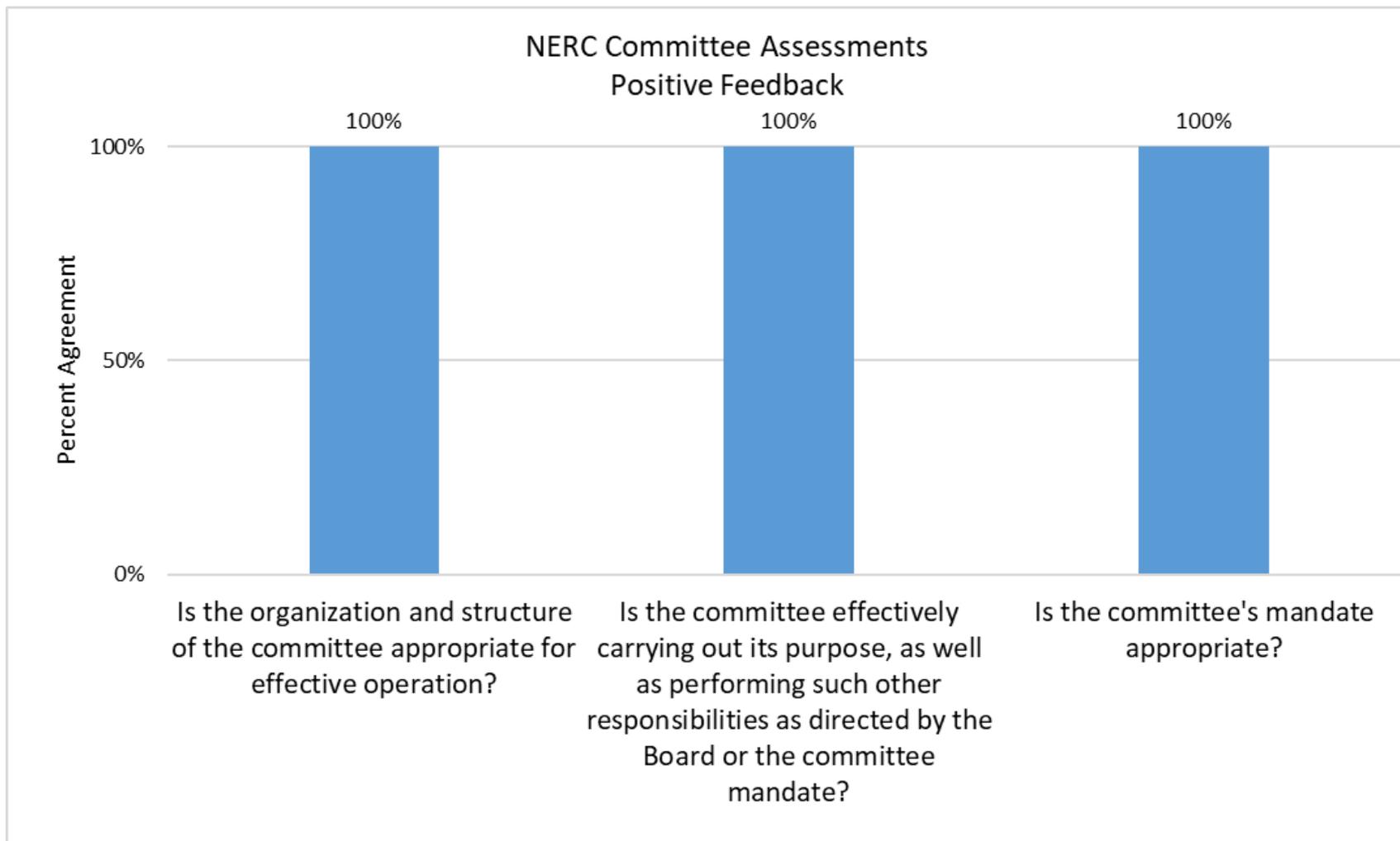
2021 Assessment Year Results

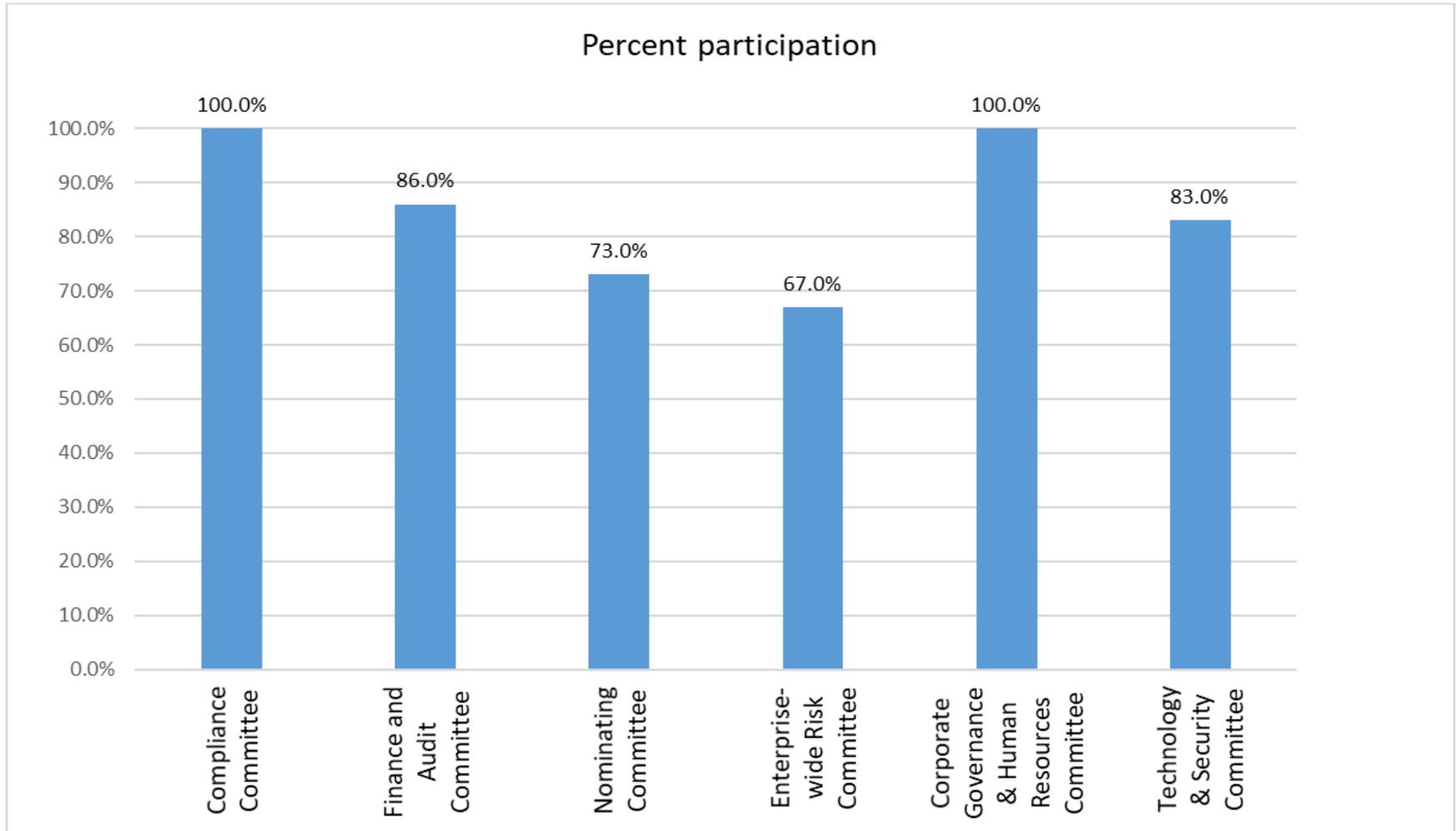
Corporate Governance and Human Resources Committee Meeting
May 11, 2022

RELIABILITY | ACCOUNTABILITY



- Consistent questions used since 2018 (2017 assessment year):
 - Is the organization and structure of the committee appropriate for effective operation?
 - Is the committee effectively carrying out its purpose, as well as performing such other responsibilities as directed by the Board or the committee mandate?
 - Is the committee's mandate appropriate?
- Positive Feedback:
 - 100% of all respondents replied “Yes” to all questions.
- Slightly lower response rate for 2021



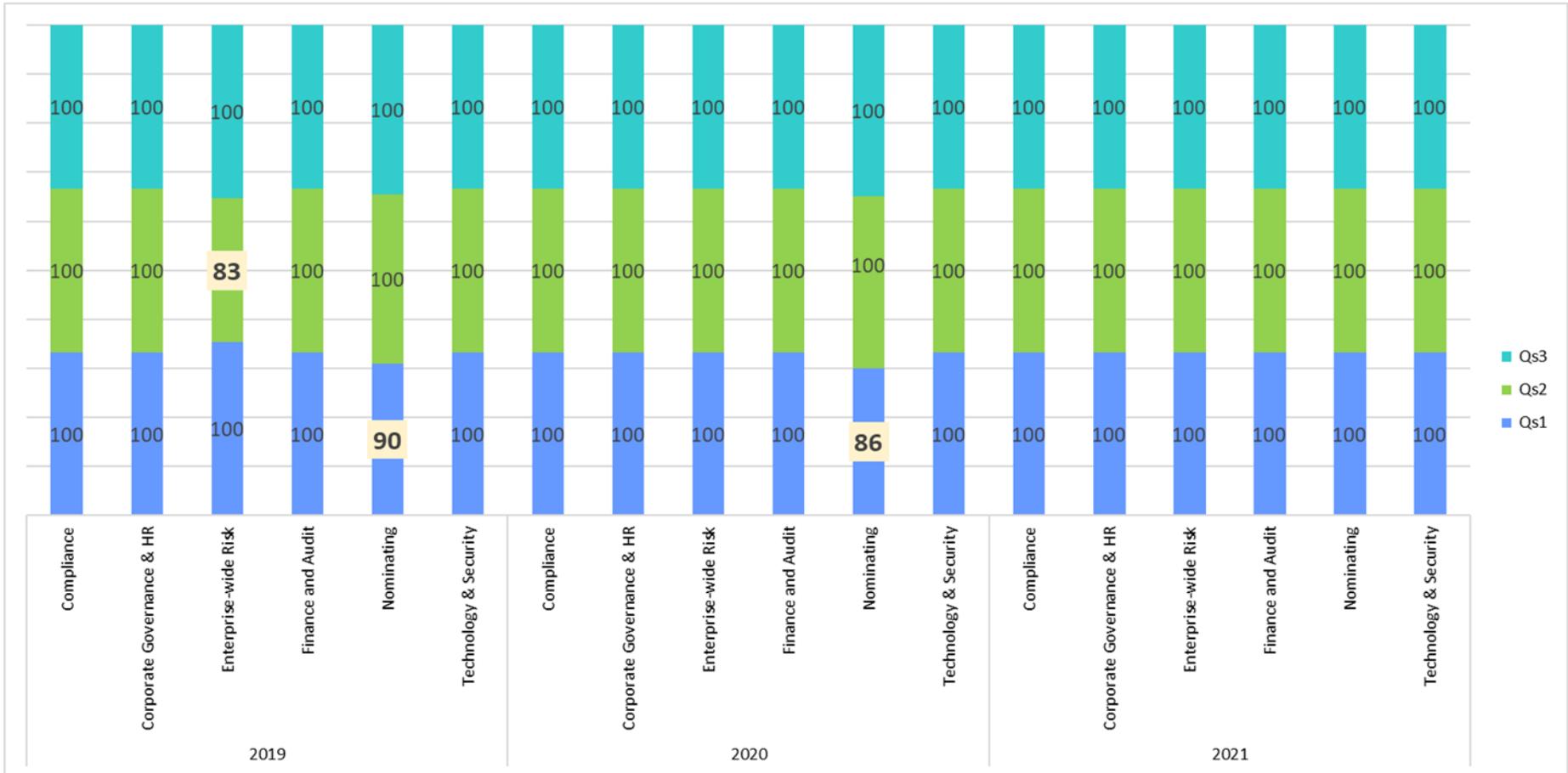


- 2021 was the first year associated with the Compliance Committee concentrating more on higher level issues such as significant violations and trends regarding most violated standards and evaluating and understanding what those trends mean and determining whether program changes or corrections that are warranted. Members feel this change had a positive impact on the effectiveness of the Committee.
- The Nominating Committee has remained effective and will continue to focus on ensuring access to people of diverse backgrounds with the requisite knowledge and skills to support the work of NERC, while ensuring the independence of the new Trustees as it initiates a new Trustee search in 2022.

- The Finance and Audit Committee and ERO Enterprise's continued focus on implementing efficiencies in the business plan and budget process over the past few years has resulted in three consecutive years of clean FERC orders. The Committee's ongoing commitment to evaluate its purpose has resulted in a different approach starting in 2022 of evaluating and implementing a three-year business plan strategy in lieu of an annual strategy.
- The Enterprise-wide Risk Committee continues its focus on establishing a mandate that effectively covers the needs and purpose of the Committee to include embedding a risk culture in all corporate functions, clarifying roles with the Finance and Audit Committee in audit responsibilities, and understanding the level of participation by the Compliance and Certification Committee as a member of the Committee.

- The Corporate Governance and Human Resources Committee effectively continued its mandated responsibilities of corporate governance, initiating and evaluating current compensation market studies and focusing on work place and work force issues given the pace of change in the work environment.
- The Technology and Security Committee continued its focus on the security topics to include oversight of NERC's IT initiatives such as Align and the Secure Evidence Locker, the information technology and security posture of the ERO Enterprise and providing guidance and input in real-time regarding active security threats.

Is the organization and structure of the committee appropriate for effective operation?	Is the committee effectively carrying out its purpose, as well as performing such other responsibilities as directed by the Board or the committee mandate?	Is the committee's mandate appropriate?
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Questions and Answers

Human Resources and Staffing

Action

Update

Background

In the February meeting, it was noted that NERC is continuing to execute against its long-term strategic people and culture plan. The post pandemic shift has begun and there has been much written in the press about the challenges of returning to work and employee well-being. In response to this, NERC launched its Mental Health Employee Resource Group. Over 75% of the organization attended the first meeting of the group.

With the reopening of our offices, NERC has moved to its Connected Workforce Model with an employee's primary work location being their home office and the Washington, DC and Atlanta locations providing us with meeting and collaboration spaces. This hybrid approach has allowed employees to continue to work from home and be in office as necessary. We welcomed our Board of Trustees (Board) to a closed meeting in April which is the first time we have met in person since the outbreak of the pandemic.

As we continue to execute against our strategic people and culture plan, we have focused our efforts on implementing technology solutions in our recruiting and compensation management systems. We are reviewing our job descriptions to begin the market based survey of our compensation for our staff. We expect that we will have this work completed in time for our annual merit reviews.

As part of the 2023–2025 Business Plan and Budget process we implemented a workforce planning model to ensure we have the talent we need to meet our strategic goals. This planning has allowed us by position and strategic initiative to determine the hiring for each of these plan years.

Our People and Culture Strategy includes the use of employee led groups to transform the culture. These groups were introduced in 2021 to NERC and their 2022 initiatives are included under the name NERC 2.0. We have kicked off the different employee resource, engagement, and innovation groups. The goal for 2022 is to move these groups to be fully led by employees. There are regular joint meetings of these groups to ensure coordination of efforts and there are executive sponsors for each group to provide guidance as they move forward.

We just launched an employee pulse survey and will be reviewing and analyzing the results with the intent to address our employees' concerns. As the company continues to execute against its long-term strategic people and culture plan, management will make periodic updates to the Board on key milestones and progress.