

## Board of Trustees Corporate Governance and Human Resources Committee Mandate

Approved by the Board of Trustees: February 6, 2019

### **Committee Membership**

The Board of Trustees Corporate Governance and Human Resources Committee (CGHRC or the Committee) of the North American Electric Reliability Corporation (NERC) shall be composed of not less than three and not more than six of the independent members of the Board of Trustees (Board). The members of the CGHRC shall be appointed or reappointed by the Board at the regular meeting of the Board immediately following each Annual Meeting of the Member Representatives Committee. Each member of the CGHRC shall continue to be a member thereof until a successor is appointed, unless a member resigns, is removed, or ceases to be a trustee of the corporation. When a vacancy occurs at any time in the membership of the CGHRC, it may be filled by the Board.

### **Purpose**

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.

### **Committee Authority and Responsibilities**

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

#### **Corporate Governance:**

1. Develop criteria governing the overall composition of the Board for recommendation to the Board.
2. Periodically review the criteria for independence of the Board set out in the NERC Bylaws and recommend changes to the Board, as appropriate.
3. Monitor the membership of the Board to ensure that: (i) the Board members are independent, (ii) qualifications under any applicable laws are maintained, and (iii) specific situations of conflict of interest are avoided.
4. Coordinate an annual effectiveness evaluation of the Board, its structure, and processes.
5. Review the self-assessments of the Board committees to assure that they are being done on a consistent basis.
6. Review on a periodic basis the structure of the other Board committees and, together with chairs of other Board committees, review the mandate of each committee and recommend changes to the Board, as appropriate.

7. Receive the recommendation of the Board chair for Board committee membership and chairs, and recommend to the Board the chairs and members of each board committee.
8. Ensure the meaningfulness and timeliness of support, information, and documentation from NERC management to the Board.
9. Develop a Board member and company code of conduct and conflict of interest policy for adoption by the Board and periodically review the code of conduct and conflict of interest policy and recommend changes, as appropriate.
10. Develop recommendations for the Board regarding Board member succession policy.
11. Develop Governance Guidelines for adoption by the Board that address the overall governance processes of the Board, and periodically review them and recommend changes, as appropriate.

#### **Compensation and Benefits:**

1. Review, on an annual basis, the compensation plan for members of the Board and make recommendations to the Board, as appropriate.
2. Conduct periodic reviews of industry compensation and benefit practices and trends and other information in order to assess the adequacy, effectiveness and competitiveness of the Company's compensation and benefit plans for Board members and officers.
3. Approve the metrics related to the Corporation's annual performance goals for use in determining incentive compensation.
4. Review and approve a general compensation and benefit structure for the officers and management of the corporation.
5. Review the performance and approve the compensation and significant benefit plans for all officers of the Corporation, including salaries, bonuses, life insurance and retirement benefits, based on recommendations by the NERC's President and Chief Executive Officer (the "CEO").
6. Recommend to the Board the appropriate compensation, including salary and bonus, of the CEO.

#### **Personnel Development and Human Resources:**

1. Regularly review the performance of the CEO and provide feedback as appropriate.
2. Review with the CEO the essential elements of key personnel succession planning.
3. Review overall staffing levels and management's plans and activities for the development and improvement of key personnel.

#### **Other Matters**

1. Oversee the corporation's retirement plans and take various other actions related thereto, including, but not limited to, the following: (i) create such retirement plan investment policy statements and retirement plan oversight committees as it deems appropriate to provide day to day oversight of the company's retirement plans; (ii) review, on an annual basis, the performance

- of the company's retirement plans; and (iii) undertake such other actions as it deems prudent in connection with its oversight responsibilities and otherwise consistent with applicable law.
2. Review the corporate governance aspects of the Corporation's Form 990 prior to it being filed with the Internal Revenue Service.
  3. Whenever it may be appropriate to do so, retain and receive advice from experts, including independent compensation consultants and legal counsel, and conduct or authorize the conduct of investigations into any matters within the scope of the responsibility of the CGHRC as the CGHRC may consider appropriate.
  4. Perform such other functions as may be delegated from time to time by the Board.

### **Committee Meetings**

The CGHRC shall meet at least twice a year by conference call or in person. Meetings may occur at the same place in conjunction with the regular Board meetings of the corporation, or as determined by the members of the CGHRC, using the same meeting procedures established for the Board. Meetings may be held in either open or closed session as set forth in the Bylaws of the corporation.

A majority of the Committee members shall constitute a quorum. Except where prescribed differently by law: (a) any action or decision of the CGHRC 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 CGHRC, shall appoint a chair from among their members. The CGHRC Chair shall be responsible for leadership of the Committee, scheduling of meetings, setting agendas, presiding over Committee meetings, and making reports to the Board. The CGHRC shall appoint a person, who does not need to be a member of the Board or of the Committee, to assist the Chair and serve as the non-voting secretary.

### **Review**

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