

Agenda

Corporate Governance and Human Resources Committee Meeting

February 15, 2023 | 11:00-11:45 a.m. Mountain

JW Marriott Tucson
3800 W Starr Pass Blvd.
Tucson, AZ 85745

Conference Room: Tucson Salons E-F

Introduction and Chair's Remarks

NERC Antitrust Compliance Guidelines*

Agenda Items

1. **Minutes* — Approve**
 - a. November 7, 2022 Meeting
2. **Annual Review of Committee Mandate* — Review**
3. **Revisions to Board and Board Committees' Annual Evaluations* — Approve**
4. **NERC Governance Guidelines* — Review**
5. **Annual Conflict of Interest and Independence Report* — Review**
6. **People and Culture* — Update**
7. **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

November 7, 2022 | 10:00-11:00 a.m. Eastern

WebEx

Chair Suzanne Keenan 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 November 7, 2022, at 10:00 a.m. Eastern, and a quorum was declared present.

Present at the meeting were:

Committee Members

Suzanne Keenan, Chair
Robert G. Clarke
George S. Hawkins
Larry Irving
Robin E. Manning
Roy Thilly
Kenneth W. DeFontes. Jr., *ex officio*

Board Members

Jane Allen
Susan Kelly
Jim Piro
Colleen Sidford
James B. Robb, NERC President and Chief Executive Officer

NERC Staff

Tina Buzzard, Assistant Corporate Secretary
Howard Gugel, Vice President, Engineering and Standards
Kelly Hanson, Senior Vice President and Chief Administrative Officer
Stan Hoptroff, Vice President, Business Technology
Mark G. Lauby, Senior Vice President and Chief Engineer
Sônia Mendonça, Senior Vice President, General Counsel, and Corporate Secretary
Kimberly Mielcarek, Vice President, Communications
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

NERC Antitrust Compliance Guidelines

Ms. Buzzard directed the participants' attention to the NERC Antitrust Compliance Guidelines included in the advance agenda package.

Chair's Remarks

Ms. Keenan welcomed participants to the meeting. She remarked on the Board's recent retreat to discuss governance matters and the heightened focus on succession planning.

Minutes

Upon motion duly made and seconded, the Committee approved the minutes of the May 11, 2022, meeting as presented at the meeting.

Building a More Effective and Efficient Governance Process

Ms. Keenan reviewed the results of the recent Board governance retreat to discuss opportunities to improve NERC's corporate governance. She highlighted the key action items from the retreat, including: (1) leveraging the Board committees to address matters within their scope, while reducing redundancies; (2) restructuring the Board calendar to have three major meetings, with two being in person (February, August) and one hybrid meeting (May), and a virtual governance meeting in early December; (3) building Board and Member Representatives Committee agendas to focus on governance decisions and committee and forum reports, with awareness items moved to a separate open technical session, and taking steps to improve agility in decision making through delegation actions and actions without a meeting; and (4) ongoing assessment of priority areas. Ms. Keenan led the Trustees in a discussion of the retreat, noting that it was a Board-wide effort.

Annual Review of Trustee Compensation

Ms. Keenan noted that the Committee is required to conduct an annual review of Trustee compensation and conducts periodic studies regarding the structure and amount of Trustee compensation. In 2021, the Committee retained Meridian Compensation Partners, LLC to assist the Committee in determining whether to recommend any changes to the program. In November 2021, the Committee recommended to the Board, and the Board approved, a three year phase-in of new compensation levels that will be implemented through 2025. Ms. Keenan reported that, given the multi-year compensation adjustment plan, management is not recommending any action this year.

Status of Washington, D.C. Office

Ms. Hanson introduced the topic, noting that NERC's Connected Workforce model, with its focus on flexibility, created opportunities to rethink NERC's office environment to drive collaboration, improve the employee experience, and realize significant cost savings. Ms. Mielcarek provided an overview of the new D.C. office, highlighting the extensive collaboration space and sustainability features. She also noted that the new office will open to employees on November 9, 2022 and to visitors in 2023.

Adjournment

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

Submitted by,



Sônia Mendonça
Corporate Secretary

Annual Review of Board Committee Mandates

Action

Review

Background

As provided in its mandate, the Corporate Governance and Human Resources Committee (CGHRC) is charged with reviewing its mandate on an annual basis and recommending to the Board of Trustees (Board) any changes it considers advisable. The Board approved the current Committee [mandate](#) in February 2022.

Additionally, the CGHRC is charged with periodically reviewing the structure of the other Board committees and, together with the chairs of those committees, reviewing the mandate of each committee and recommending changes to the Board, as appropriate.

In February 2022, the CGHRC approved and recommended to the Board for approval amendments to the CGHRC, Finance and Audit Committee (FAC) and Enterprise-wide Risk Committee (EWRC) mandates. In May 2022, the CGHRC approved and recommended to the Board for approval amendments to the Nominating Committee mandate.

Summary

As part of the annual review for 2023, no revisions are being recommended to the CGHRC mandate or any of the other Board committee mandates at this time.

Revisions to Board's and Board Committees' Annual Evaluations

Action

Approve

Summary

As discussed with the Board in September 2022, and in an effort to enhance the Board's and Board committees' effectiveness, management is proposing to revise the evaluation process and in particular to move away from the historical numerical ranking to a focused set of questionnaires designed to elicit more actionable feedback. If approved by this Committee, the attached questionnaires will be distributed, respectively, to Trustees and MRC representatives, who will be asked to be as direct and concise as possible.

Responses will be collected by NERC staff and consolidated into themes, without attribution to the responder. The themes, as well as any particularly relevant or illustrative quotes (again, without attribution) will be provided to the Board and Board committee chairs to allow consideration of appropriate follow up actions.

Board of Trustees and Board Committee Self-Evaluations Process Proposal

Board of Trustees Committee Annual Self-Evaluation Process

The Board Committees' self-evaluations annually assess and monitor the performance of each Committee. Below is the recommended evaluation process to commence in 2023:

- The Committees self-evaluation process will be reviewed and presented for acceptance at the 1st quarter CGHRC closed meeting.
- Between the 1st and 2nd quarter meetings, Committee Chairs will reach out to individual committee members in the committee roster for 2023, as well as prior year members (as each Chair deems needed), and discuss the performance of that Committee.
- As requested, NERC staff will aid Committee Chairs in collecting and consolidating the feedback into a thematic summary.
- Committee Chairs will lead a discussion of the feedback in the 2nd quarter closed Committee meetings. Chairs will then present a high level summary of the feedback as part of their report to the Board at the Board's 2nd quarter open meeting.

Board of Trustees Committee Annual Self-Evaluation Questions

- 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.
- The purpose of [INSERT COMMITTEE NAME] is [INSERT 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"]? Include any specific suggestions regarding where the Committee should focus further effort to address its purpose.
- Overall what is the Committee doing exceptionally well? What suggestions do you have for improvement?
- In looking at NERC's strategy and the challenges facing the industry: What advice/suggestions do you have so the (INSERT COMMITTEE NAME) can have the biggest impact?
- Is there anything you would particularly like to be involved in?

Board of Trustees Self-Evaluation Process

The Board self-evaluation and MRC effectiveness survey of the Board annually assesses and monitors the performance and effectiveness of the Board. Below is the recommended evaluation process to commence in 2023:

- The Board self-evaluation and MRC effectiveness survey of the Board questions as revised, will be presented for acceptance at the 1st quarter CGHRC closed meeting.
- Immediately following the CGHRC closed meeting, the survey will be released through Diligent Boardbooks with a defined deadline for submission of responses.
- NERC Staff will consolidate the responses into a thematic summary. The Chair of the CGHRC and the Board Chair will lead a discussion of the feedback at the Board's 2nd quarter closed meeting. The Board Chair will also provide a high level summary of the results at the Board's 2nd quarter open meeting.

Board of Trustees Evaluation (Questionnaire for Trustees and MRC Members)

Overview

NERC appreciates the time you agreed to invest in participating in the annual evaluation of its Board of Trustees. The NERC Board is committed to continuous learning and improvement and takes the results of the evaluation process very seriously.

In an effort to fully understand what is working and what areas need improvement, the evaluation has moved away from numerical ranking and designed to elicit more substantive narrative, free-form responses. Please be as direct and concise as possible. Please provide your perspective based on what you have been able to observe. It is understood that not all respondents will have the same ability to observe all Board interactions.

Responses will be collected by NERC staff and consolidated into themes, without attribution to the responder. The themes, as well as any particularly relevant quotes (again, without attribution) will be provided to the Board to allow the Board to consider appropriate follow up actions.

- **Board Engagement** — Please provide your perspective on the level and quality of engagement of the Board as a whole, and the quality of the Board discussions you have observed.
- **Board Oversight Responsibilities** — Please provide your perspective on the extent to which the Board is focused on the most important issues affecting the organization and whether the existing mechanisms, including Board Committee structures, meeting cadence and agenda topics, and existing management reporting tools provide appropriate visibility and information.
- **Board Skills and Structure** — Please provide your perspective on the Trustee selection process and level of diversity of thought and skills represented in the Board, and how well these skills enable the Board to appropriately guide the organization toward its mission.
- **Board Management** — Please provide your perspective on the content of the meeting agendas and agenda packages, the quality of the materials and presentations, and the procedures for running the meetings, as well as the productivity of the meetings themselves.
- **Overall** — Is there one thing that the Board is doing exceptionally well? One thing that requires immediate improvement. In looking at NERC's strategy and the challenges facing the industry: What advice/suggestions do you have? Please provide any suggestions and other relevant perspectives not covered in the questions above.

NERC Governance Guidelines

Action

Review

Summary

Annually, the Corporate Governance and Human Resources Committee has the opportunity to review a number of policies embodied in the NERC Governance Guidelines, including those relating to the criteria for the overall composition of the Board of Trustee (Board), the criteria for independence of the Board, policies on codes of conduct and conflicts of interest, and other governance matters. The Governance Guidelines were last revised by the Board at February 10, 2022, meeting.

No revisions to the Governance Guidelines are recommended at this 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 (Board) 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 departments have 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.
3. NERC's current Board meets all qualifications under applicable laws.

People and Culture

Action

Update

Background

This background document provides an update on how the overall challenges to the transformation of the Grid impact NERC's ability to attract, retain, and engage the talent it needs for the future to meet its mission.

People and Culture Update

The grid has become hyper complex in the face of extreme weather events, unprecedented security events, heightened political tension and lingering pandemic challenges. Two years ago NERC implemented its Strategic People and Culture Plan designed to attract, engage, and retain talent. As a knowledge based organization, our talent is what powers our future. As part of this plan, we focused our efforts on managing regrettable turnover to less than 10% per year.

In order to address these issues, we will need to succeed in a very competitive talent market. Some of the primary causes of this competitive market include the competition for Cyber and IT talent, an ageing workforce, and the changing demographics of our workforce. In order to address the needs of our employees in the face of these changing demographics NERC has created four Employee Resource Groups (ERGs) focused on Women (through the Elevate ERG), Black and African American Employees, Caregivers, and Mental Health for all Employees. These ERGs are open to all employees and their guiding principles include: promoting diversity, openness, understanding, and inclusiveness while providing long-term business benefits as well as professional personal benefits to participants.

The initiatives of the Elevate ERG in 2022 provide a prime example of how these principles can be applied and benefit the entire organization as they brought a focus on understanding biases and working with others with different perspectives through empathy mapping.

NERC

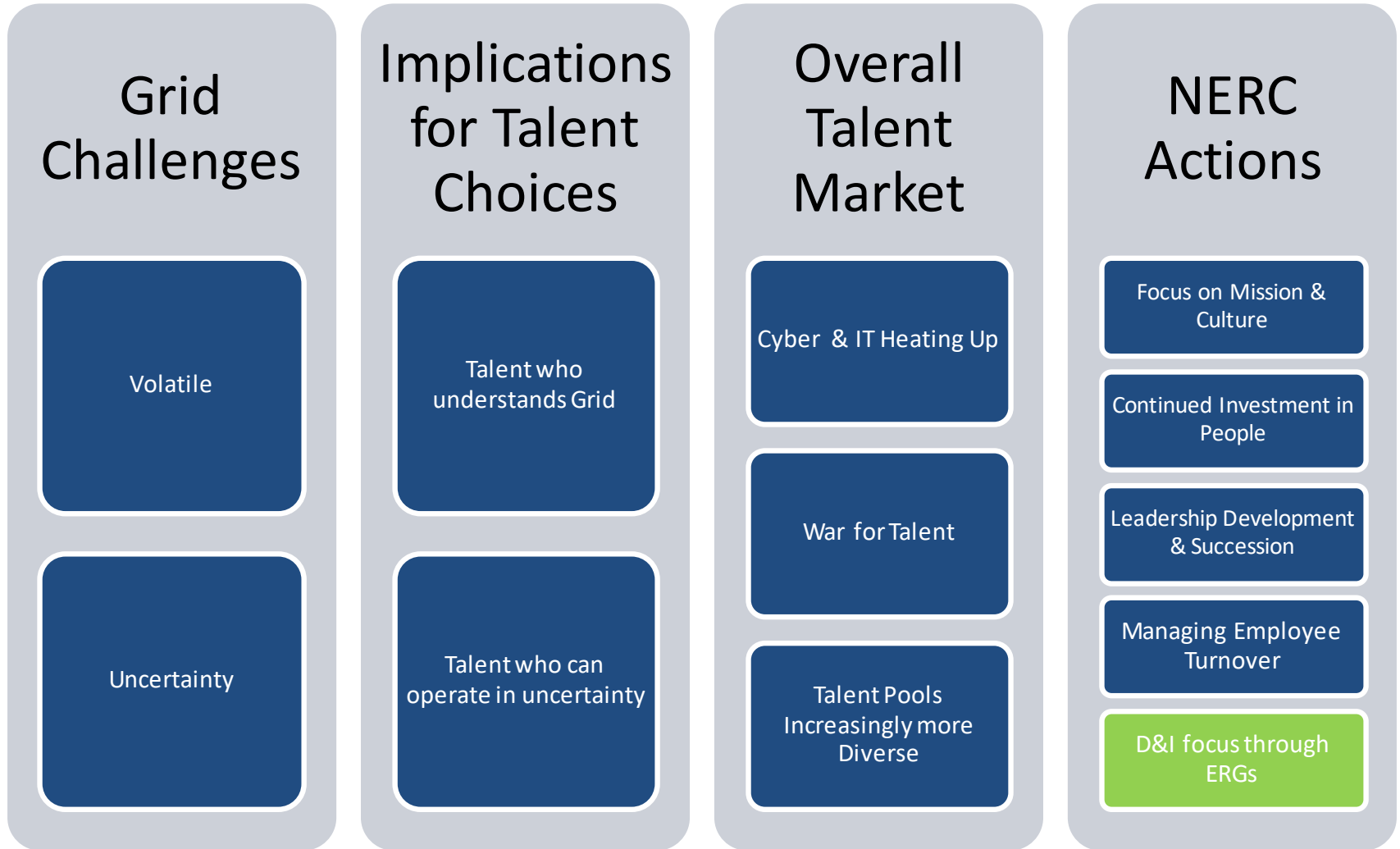
NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

Diversity and Inclusivity Employee Resource Groups (ERGs)

February 15, 2023

RELIABILITY | RESILIENCE | SECURITY





Purpose:

- Inspire employees to create an environment that embraces diversity and inclusivity. Create avenues to encourage a sense of community among all NERC employees through events focused on awareness, training, networking and leadership development.

Guiding Principles:

- Promote openness, understanding, and inclusiveness
- Provide long-term business benefits as well as professional/personal benefits to participants
- Promote voluntary participation

Current NERC ERGs:

- Black and African-American
- Caregiver Life Event
- Mental Health
- Elevate Women



Overview:

- Begin in 2021
- Membership = 77 men and women
- Metrics = participation & engagement

Events:

- 2021
 - Women's History and Shared Experiences
- 2022
 - International Women's Day, #breakthebias
 - History Lesson
 - Why "equity" and not "equality"?
 - Categories of bias
 - Joint session with Mental Health ERG
 - Empathy Map



Likeability bias



Performance bias



Maternal bias



Attribution bias



Affinity bias



Double discrimination
& intersectionality

Common Biases Women Experience

Lessons Learned:

- Awareness of types of biases we all have and importance of addressing them
- Empathy mapping reinforced the importance of understanding others' perspectives in communication

2023:

- Partner with business to assure all NERC processes (recruitment, succession planning, performance management, communications) are inclusive for women
- Kick off event in Q2