

Agenda

Corporate Governance and Human Resources Committee

August 11, 2021 | 11:00–11:30 a.m. Eastern

WebEx Link: [Join Meeting](#)

Introductions and Chair's Remarks

NERC Antitrust Compliance Guidelines and Public Announcement*

Agenda Items

1. **Minutes* — Approve**
 - a. May 12, 2021 Meeting
2. **Board of Trustees Self-Assessment and MRC Assessment of Board of Trustees Effectiveness Survey* — Review**
3. **Human Resources and Staffing Update* – Update**
4. **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

May 12, 2021 | 11:00-11:45 a.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 May 12, 2021, at 11:00 a.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

Larry Irving
Suzanne Keenan
Susan Kelly
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
Damon Epperson, Director of Human Resources
Kelly Hanson, Senior Vice President and Chief Administrative Officer
Mark Lauby, Senior Vice President and Chief Engineer
Sônia Mendonça, Senior Vice President, General Counsel and Corporate Secretary
Lauren Perotti, Senior Counsel
Janet Sena, Senior Vice President, External Affairs

Chair’s Remarks

Mr. Hawkins welcomed participants to the meeting. He thanked the members of the Committee for their hard work and dedication in addressing the Committee’s matters over the previous months.

NERC Antitrust Compliance Guidelines

Mr. Hawkins 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 February 3, 2021, meeting minutes, as presented to the Committee.

NERC Governance Guidelines Amendment

Mr. Hawkins introduced the topic, noting the importance of the Governance Guidelines as a document that collects and expands upon NERC's processes and procedures regarding governance. Ms. Perotti presented proposed amendments to the NERC Governance Guidelines, referencing the materials included in the advance agenda package. She noted that the proposed amendments are intended to conform the language in the Governance Guidelines regarding trustee independence with language in the revised NERC Bylaws, which were approved by FERC in April 2021. Ms. Perotti noted that NERC staff would present its proposal for implementing the revised NERC membership Sector criteria in the Bylaws at the Board's open meeting on May 13, 2021. Upon motion duly made and seconded, the Committee approved the amended Governance Guidelines and recommended to the Board of Trustees for approval.

Board Committees' Self-Assessment Surveys Results

Ms. Perotti reviewed the results of the NERC Board Committee assessments for the 2020 assessment year, referencing the materials included in the advance agenda package. She noted the role of the assessments as a tool of good governance, for keeping the pulse on the Committees and identifying any trends in responses year over year. Ms. Perotti highlighted that participation in the assessments continues to be high, and participants continue to provide generally positive feedback on their Committee's organization, operation, and mandate, consistent with prior years. She also noted the generally positive feedback received regarding this Committee. Mr. Hawkins emphasized that, while feedback on these surveys continues to be positive, the NERC Board continually looks for ways to improve the operation of its Committees and welcomes feedback and suggestions.

Annual Review of Trustee Compensation

Mr. Hawkins provided an update on the annual review of Trustee compensation. He noted that NERC is the final year of a three-year phased-in adjustment of Trustee compensation levels approved by the Board in 2018. Mr. Hawkins reported that, following a request for proposals, the Committee selected Meridian Compensation Partners to perform a study of Trustee compensation in 2021. Mr. Hawkins thanked NERC staff and the Committee for their work on this process to date and noted that any recommended adjustments regarding Trustee compensation would be presented to the Committee in November.

Staffing and Recruitment Update

Mr. Epperson provided the staffing and recruiting update, highlighting a recent employee survey and other efforts to strengthen the company's culture and enhance its ability to attract, retain, and engage talent. Mr. Hawkins commended NERC staff on their efforts in this area.

Adjournment

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

Submitted by,



Sônia Mendonça
Corporate Secretary

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

Action

Review

Summary

Attached is the survey for the annual Board of Trustees (Board) self-assessment and the Member Representatives Committee (MRC) assessment of Board effectiveness for Committee review. The survey is divided into four sections:

- Overall Effectiveness
- Strategy
- Oversight
- Stakeholder Relations and Board Functioning

The questions and answers within each section were amended in 2018 to aid in more meaningful year over year analytics, direction, and areas of improvement for the Board.

Management recommends that the Committee provide any comments, with the goal of approving the final assessment at the November 2021 Committee meeting, which will allow for a prompt release of the assessment after the November meeting.

Board of Trustees/Member Representatives Committee Assessment Questions

Thank you for taking this assessment of the NERC Board of Trustees. The questions should take about 10 minutes to complete.

Note: The questions are divided into four sections:

- Overall Effectiveness
- Strategy
- Oversight
- Stakeholder Relations and Board Functioning

I. Overall Effectiveness

- 1. Overall, how effective is the Board of Trustees at performing their responsibilities?**
 - a. Very effective
 - b. Effective
 - c. Neither Effective nor ineffective
 - d. Ineffective
 - e. Very ineffective
 - f. Uncertain
- 2. [Board only] Overall, how satisfied are you personally with the job you do working on the Board of Trustees?**
 - a. Very satisfied
 - b. Satisfied
 - c. Neither Satisfied nor Dissatisfied
 - d. Dissatisfied
 - e. Very dissatisfied
 - f. Uncertain
- 3. What are the Board of Trustees' MOST important functions at NERC? (Select No More Than 3)**
 - a. Setting company and management priorities
 - b. Guiding and approving the development of annual budgets and business plans
 - c. Providing vision for the future
 - d. Ensuring adherence to NERC's mission, vision and values
 - e. Overseeing NERC management
 - f. Approving NERC's Senior Management and Officer Hires
 - g. Uncertain
 - h. Other (please specify)

4. Comments on Board of Trustees Overall Effectiveness

II. Strategy

- 1. Please rate the Board’s effectiveness in overseeing NERC Management or staff to produce a final annual budget and business plan.**
 - a. Very effective
 - b. Effective
 - c. Neither effective nor ineffective
 - d. Ineffective
 - e. Very ineffective
 - f. Uncertain/Not applicable

- 2. Please rate how effective the Board of Trustees is at each of their following functions? [Very effective, Effective, Neither effective nor ineffective, Ineffective, Very ineffective, Uncertain/Not applicable]**
 - a. Staying in tune with issues and trends affecting NERC and the industry
 - b. Setting company priorities
 - c. Providing leadership
 - d. Incorporating the international charter of the North American bulk power system

- 3. How satisfied are you with how the board incorporates advice and/or recommendations from the MRC?**
 - a. Very satisfied
 - b. Satisfied
 - c. Neutral
 - d. Dissatisfied
 - e. Very dissatisfied
 - f. Uncertain/Not applicable

4. Comments on Strategy

III. Oversight

1. Please rate the **amount of involvement** the Board has in each of the following: *[Too much, About the right amount, Too little, Uncertain]*
 - a. ERO Enterprise's (NERC and the Regional Entities) annual business planning and budgeting process
 - b. Day-to-day management by NERC's CEO
2. Rate the Board's effectiveness at **monitoring** each of the following: *[Very effective, Effective, Neither effective nor ineffective, Ineffective, Very ineffective, Uncertain/Not applicable]*
 - a. Efficiency (cost effectiveness) of ERO Enterprise processes
 - b. Standards Development
 - c. Compliance Monitoring and Enforcement
 - d. Assessments
 - e. E-ISAC
 - f. Risk

3. Comments on Board Oversight

IV. Stakeholder Relations and Board Functioning

1. Please indicate your agreement or disagreement with each of the following statements about **stakeholder relations**. *[Strongly agree, Agree, Neither agree nor disagree, Disagree, Strongly disagree, Uncertain]*
 - a. The Board listens to input from the MRC.
 - b. The Board listens to input from NERC management.
 - c. The Board listens to input from Regional Entities
 - d. The Board works effectively with management.
 - e. The Board maintains a positive working relationship with Federal regulators.
 - f. The Board maintains a positive working relationship with State regulators.
 - g. The Board maintains a positive working relationship with Canadian federal and provincial regulators.
2. **[Board only]** Please indicate your agreement or disagreement with each of the following statements **board functioning**. *[Strongly agree, Agree, Neither agree nor disagree, Disagree, Strongly disagree, Uncertain]*
 - a. Board meetings are efficient.
 - b. Board meetings are an effective use of my time.
 - c. The frequency of Board meetings is appropriate.
 - d. Board members communicate effectively with each other.

- e. 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.

3. Comments on Stakeholder Relations and Board Functioning

Final Comments/Suggestions/Requests

Thank you for taking part in this important assessment.

Human Resources and Staffing Update

Action

Update

Background

In 2020, NERC leveraged the global pandemic as an opportunity to re-imagine and strengthen the processes by which we attract, retain, and engage employees in the “new normal” work environment, making investments in programs and tools for staff wellbeing and productivity.

With such a sudden shift in how staff worked, the company’s first priority was to provide resources for managing that change. Key milestones in 2020 included the establishment of multiple employee resource (support) groups, frequent interactive town halls to hear from staff, establishment of the Connected Workforce or flexible work model, and training for success in virtual environment, all of which demonstrably developed trust, kept staff comfortable during a time of change and uncertainty, and seamlessly productive.

Having ensured staff wellbeing, continued investments were made in NERC 2.0, the company’s cultural transformation plan. Central to this transformation is long-term people and culture strategy that prioritizes growth and development to ensure we’re appropriately positioned to meet our human capital needs for the next 5 years and beyond.

In 2021, training and performance management have been key initiatives for growth and development. To date, all staff have attended Transformational Leadership training, a four-day interactive program designed to empower employees as leaders. Mid-year performance management is underway, which has been aligned to Transformational Leadership and enhanced to ensure all staff have the tools and support for success. For the remainder of the year, the company will focus on reinforcing Transformational Leadership principles, making further enhancements in performance management, and conducting surveys to gather feedback on how we can make additional improvements.

Some key measures of the people and culture initiatives success include a 99% staff approval of how the company handled the pandemic and continued low-attrition.

As the company continues to execute against its long-term strategic people and culture plan, management will make periodic updates to the Committee on key milestones and progress.