

Agenda

Corporate Governance and Human Resources Committee

November 4, 2020 | 12:15-1:00 p.m. Eastern

Attendee Webex: [Join Meeting](#)

Introduction and Chair's Remarks

NERC Antitrust Compliance Guidelines and Public Announcement *

Agenda Items

1. **Minutes* — Approve**
 - a. August 19, 2020 Meeting
2. **2020 ERO Work Plan Priorities* — Update**
3. **Board Self-Assessment and MRC Assessment of Board of Trustees Effectiveness Survey* — Approve**
4. **Human Resources and Staffing Update* — Review**
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

August 19, 2020 | 11:00 a.m.-12:00 p.m. Eastern

Conference Call

Mr. George S. Hawkins, Chair, 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 August 19, 2020, at 11:00 a.m. Eastern, and a quorum was declared present. The agenda is attached as **Exhibit A**.

Present at the meeting were:

Committee Members

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

Board Members

Suzanne Keenan
Robin E. Manning
Jim Piro
Jim Robb, NERC President and Chief Executive Officer
Jan Schori

NERC Staff

Tina Buzzard, Assistant Corporate Secretary
Manny Cancel, Senior Vice President and Chief Executive Officer of the E-ISAC
Erika Chanzas, Manager of Business Planning, Accounting and Finance
Kelly Hanson, Senior Vice President and Chief Administrative Officer
Stan Hoptroff, Vice President, Business Technology
Mark Lauby, Senior Vice President and Chief Engineer
Sonia Mendonça, Senior Vice President, General Counsel, and Corporate Secretary
Janet Sena, Senior Vice President, External Affairs
Teri Stasko, Assistant General Counsel and Director of Enforcement

Chair’s Remarks

Mr. Hawkins welcomed attendees to the meeting and summarized the agenda items at the August 17, 2020 CGHRC Closed meeting. He welcomed Ms. Hanson to the meeting in her role as Senior Vice President and Chief Administrative Officer.

NERC Antitrust Compliance Guidelines

Ms. Buzzard 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.

Minutes

Upon motion duly made and seconded, the Committee approved the minutes of the May 13, 2020 meeting as presented at the meeting.

Responsible Return to Office

Ms. Hanson and Ms. Stasko presented on the responsible return to the NERC offices. Ms. Hanson provided an overview of the topic, and noted the cross-functional and diverse employee committee working to ensure a responsible return to the NERC offices. Ms. Stasko highlighted the employee committee's guiding principles, summary observations, and presumptions. She detailed the transition to a safe, gradual office reopening when conditions warrant, including office modifications and limited travel. Ms. Stasko mentioned that the employee committee will also review NERC's future facilities, technology, and policies to determine how NERC's Post-COVID world may look. Ms. Stasko emphasized that the Committee will receive regular updates on the responsible return to the NERC offices.

2020 ERO Work Plan Priorities

Ms. Chanzas reported on the status of the 2020 Work Plan priorities and reviewed the primary goals for 2020. She highlighted that NERC Management added seven priorities to the 2020 Work Plan in response to COVID-19, noting that four are complete and the remaining three are scheduled for completion by year-end.

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

Ms. Mendonça reviewed the drafts of the assessments for the Annual Board and Board Committee Self-Assessment and the Member Representatives Committee Assessment included in the advance agenda package, requesting evaluation and feedback from the Committee.

Human Resources and Staffing Update

Ms. Hanson reviewed the human resources and staffing update, referencing the information included in the advance agenda package. She emphasized the opportunity amid COVID-19 for NERC to strengthen the process by which NERC attracts, retains, and engages with employees by enhancing services to focus on clear, routine company communication, employee wellbeing, and investments in productivity and management tools. Ms. Hanson emphasized the increase in engagement with NERC staff through surveys, town hall meetings, and implicit bias training.

Adjournment

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

Submitted by,



Sonia Mendonça
Corporate Secretary

2020 ERO Work Plan Priorities

Action

Update

Background

The annual ERO Work Plan Priorities are guided by the [ERO Enterprise Long-Term Strategy](#), with key objectives established for each of the five long-term focus areas. The 2020 work plan priorities were approved by Board of Trustees (Board) in February. In April, the priorities were evaluated by management to determine which objectives may be impacted by circumstances of the COVID-19 pandemic, affecting both the ERO and industry. During this time, management also identified additional objectives to add in response to COVID-19 and current events. NERC provided the first [update](#) on both the original and added objectives to the Corporate Governance and Human Resources Committee (CGHRC) during its meeting on August 19, 2020. This update reviewed the progress and projected end-of-year status for each objective as of the end of Q2.

Summary

NERC will provide an update on the progress and projected end-of year status for each of the 2020 work plan priority objectives as of the end of Q3, highlighting any status changes since Q2. Consistent with the Q2 report, the majority of the objectives are either already completed or on track for completion in 2020. The objectives that are either at risk or will not be reached in 2020 are all due to COVID-19 impacts, with the exception of the Align release delay that was approved by the Board earlier this year.

As noted during the Q2 update presentation to the CGHRC in August, NERC feels that the items that are either at risk or will not be reached in 2020, though important, do not put reliability at risk in the immediate time frame and are necessary and appropriate due to the impacts of COVID-19 on both the ERO Enterprise and industry. However, certain objectives, particularly the cold weather standard and enhancements to the TPL standards to include fuel scenarios, continue to be of high importance to reliability and will be a key area of focus for the rest of 2020 and moving into 2021.

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

Action

Approve

Summary

NERC management has prepared the attached draft of the assessment for the annual Board self-assessment and the MRC assessment for Committee review. The proposed survey is divided into four sections:

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

The questions and answers within each section have been amended in 2018 to aid in more meaningful year over year analytics, direction, and areas of improvement for the Board. In response to feedback from the Committee in August, management added a sub-item to section III.2, to request survey respondents to provide feedback on the Board's effectiveness at monitoring risk.

Management recommends that the Committee approve the final assessment and the following timeline for the 2020 Board Self-Assessment and MRC Assessment of Board of Trustees Effectiveness Survey:

- Surveys distributed by November 16, 2020.
- Responses due by December 14, 2020.
- Draft summary of results provided to the Board and CGHRC Chair for review by January 12, 2021.
- Results will be presented for review and discussion at the February 2021 CGHRC and Board meetings.

As a reminder, the Board of Trustees governance year-end Committee surveys coordinate with the end of the Committee governance year; with the survey being conducted after the February meetings, with a report out on results in May.

DRAFT
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 Board Functioning

Final Comments/Suggestions/Requests

Thank you for taking part in this important assessment.

Human Resources and Staffing Update

Action

Review

Background

The ongoing pandemic continues to create opportunities for NERC to strengthen the processes by which we attract, retain, and engage employees by enhancing services to focus on clear, routine company communication, employee wellbeing and investments in feedback processes and management tools.

With the temporary shift to a virtual work environment in 2020, the company has been deliberate in keeping focus on cultural transformation as one method to ensure staff loyalty and engagement. Building on recent town halls to layout NERC's diversity and inclusion aspirations, additional progress has been made including formation and planned Q4 launch of employee resource groups to promote diversity, openness, understanding, and inclusiveness. Continued enhancements have also been made in performance management, building off a revised midyear process that's more continuous and focuses on employee wellbeing and tools and feedback needed to remain productive and drive staff growth and development. 2020 will serve as a transition year to a more qualitative-based performance feedback program that includes a new technology partner and significant investments in manager training.

In addition to performance management training, with the need for managers to lead virtually, additional best practices training for managing remote teams is being delivered in Q4, including an instructor-led, interactive ½ day course on leading virtual teams, outside counsel legal training on management fundamentals, and access to tailored online modules that promote a wellbeing-centered focus on staff. Additional training to build on this foundation will be delivered in 2021, and HR continues to monitor manager competency closely for opportunities to improve virtual team dynamics as well as provide access to skills-based training for employees.