



Minutes

Board of Directors • Talent and Compensation Committee

December 4, 2024

North American Electric Reliability (NERC) Offices
1401 H St NW, Suite 410 • Washington, DC 20005

Closed Session

Call to Order – Chair Lesley Evancho called to order a duly noticed closed meeting of the Talent and Compensation Committee (Committee) on December 4, 2024, at 9:00 a.m. (ET). A quorum was present, consisting of the following Committee members: Lesley Evancho, Chair; Ken Seiler, Vice Chair; Joanna Burkey; Antonio Smyth, and Melika Carroll. A list of others present during the Committee meeting is set forth in Attachment A.

Appoint Secretary to Record Minutes – Chair Evancho designated Niki Schaefer, ReliabilityFirst's (RF) Vice President and General Counsel, as the secretary to record the meeting minutes.

Antitrust Statement – Ms. Schaefer advised all present that this meeting is subject to, and all attendees must adhere to, RF's Antitrust Compliance Guidelines.

Approve Compensation Committee Meeting Minutes – Chair Evancho presented draft minutes from the August 21, 2024 and the November 5, 2024 Committee meetings, which were included in the agenda package. Upon a motion duly made and seconded, the Committee approved the minutes as presented.

Staffing Demographics & Diversity Strategy Update – Hue DeLuca, RF's HR Manager, reported on RF's staffing demographics and highlighted that in 2024 RF had 30% internal hires, doubled its diverse hires, and implemented the HR business partner model. Ms. Burkey asked if RF was seeing the influence of recent anti-DEI sentiment, and Ms. DeLuca answered that RF has not experienced this, noting the relaunch of the DEI committee with a new strategy this year. The Committee then discussed retention metrics and the meaning of "regrettable turnover" (people leaving whom the organization would have liked to retain) versus other voluntary and involuntary turnover. Mr. Smyth asked for additional context regarding two thirds of talent being hired externally and Ms. Dowdell answered that a number of the internal hires have come from RF's audit team, and then those positions need to be replaced. Ms. Carroll asked about why the time to hire metric spiked in the fourth quarter, which was due to one position that the manager kept open but was not actively pursuing the hire.

2024 Corporate Goals Performance and Determination of Incentive Award – Ms. Dowdell presented RF’s corporate goal performance. She provided detail on how all Tier 2 goals were completed, along with additional work associated with the “start/stop/continue” exercise the organization underwent in March. Ms. Burkey asked about the philosophy of Tier 2 goals and why they are not quantifiable, and the Committee discussed the reasons behind the generic nature of the goals, the role of Tier 3 goals, and the downside of numeric targets for some of the work that RF does. The Committee discussed suggestions and ways to improve this process for next year, and Ms. Evancho requested for the Committee to see a snapshot of the entirety of the Tier 3 goals. Ms. Evancho also asked if RF staff could choose a few Tier 3 goals to track their performance and then discuss their meaning with the Committee. Ms. Carroll and Ms. Sterling talked about company culture and asked if 100% of the goals are completed, are they aggressive enough.

Mr. Smyth suggested creating a mapping of RF versus NERC goals, to see whether there is alignment. He also noted that he would like to see performance metrics on what it means to be an excellent regulator (i.e., is regulation by RF resulting in better performance). Mr. Gallagher explained that it is difficult to take credit for entity performance because RF does not control entity performance, and the efficacy of the work RF does is difficult to measure. Mr. Seiler suggested laying out what it is RF is influencing and how is it accomplishing it. Ms. Holder noted that the annual impact report could be shared with the Committee as an example of RF’s influence. Mr. Smyth noted that it is hard to tell how FERC and NERC views RF in terms of its comparative performance to the other Regions, and there was discussion among the Committee about how to demonstrate this. Ms. Dowdell noted the recommendation to the Committee was a 100% payout of the corporate incentive award.

Overview of Merit Increases for 2024 –Ms. Dowdell gave an overview of the merit increase process, the budget for salary increases, and the process for promotions. The Committee then discussed pay philosophy, pay structure, and the importance of consistency across departments. Ms. Dowdell explained the work she does to create consistency across the company. Ms. Evancho asked if RF is changing pay structure this year, and Ms. Dowdell responded that RF will do a pay study in 2025 so there are no plans to change until the results of the study are in with updated market data. Ms. Evancho asked if a pay study every three years is the right cadence for the pay study, and Ms. Dowdell responded that we will have a better idea of that after the study is completed this year. Ms. Dowdell noted that RF budgets salary increases over a year prior to when they occur and that in 2024, the budgeted salary increase was 4.0%, although RF came under that at 3.8%. She noted that RF’s recommendation is for approval of merit increases as they are planned. Mr. Smyth asked if RF feels the right pay scale is in place for talent management, and Ms. Burkey recommended that RF needs to self-reflect on what its talent/employee goals are and then have a pay structure that achieves those goals as well as a defined philosophy.

Independent Director Compensation Update – Ms. Dowdell explained that RF relies on NERC’s pay study for independent director compensation, and that NERC’s study would be voted on the following week at the NERC board meeting. In light of this, the Committee decided to table the independent director compensation discussion until the April 2025 meeting.

Compensation Committee Policy and Procedures – Chair Evancho and Ms. Dowdell presented minor edits to the Compensation Committee Procedure and the Procedure on Corporate Incentive Awards and Payouts, which were made to reflect current operations more

accurately. Upon a motion duly made and seconded, the Committee unanimously approved the revisions to the two documents.

Annual Review of Charter and Performance of Activities for 2024 – Ms. Dowdell led an annual review of the Committee Charter and the Committee’s 2024 performance of activities required by the Charter. She discussed the table in the Summary of Performance of Specific Duties for 2024 which shows the Committee completed all the things it was required to complete in 2024, noting the exceptions for independent director compensation and succession planning. Upon a motion duly made and seconded, the Committee unanimously approved the Summary of Performance of Specific Duties for 2024.

Closed Executive Session – Committee Members and Tim Gallagher Only

2025 Personal Goals for Tim Gallagher – Mr. Gallagher discussed his personal goals for 2025 with the Committee.

Closed Executive Session – Committee Members Only

Review Executive Performance and Compensation – Chair Evancho led a discussion on the annual performance of Tim Gallagher and the Committee voted on Mr. Gallagher’s 2025 compensation.

2024 Merit and Bonus Allocation – Chair Evancho led a discussion on the information presented earlier on the completion of the 2024 goals. The Committee voted and approved the recommendation for merit increases for staff. Chair Evancho then discussed the incentive payout percentage and the Committee voted and approved the incentive payout at 100%.

Next Meeting – Chair Evancho noted that the next Committee meeting will occur on April 30, 2025 in Cleveland, OH.

Adjourn – Upon a motion duly made and seconded, Chair Evancho adjourned the Committee meeting at 12:00 PM (ET).

As approved on this 30th day of April 2025 by the
Talent and Compensation Committee,



Niki Schaefer
*Vice President, General Counsel and Corporate
Secretary*

Attachment A

Others Present During the Compensation Committee Meeting

Jeff Craig
Hue DeLuca
Beth Dowdell
Tim Gallagher
Diane Holder
Niki Schaefer