

## Minutes

### Board of Directors • Talent and Compensation Committee

October 23, 2025

Virtual

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#### Closed Session

**Call to Order** – Chair Lesley Evancho called to order a duly noticed closed meeting of the Talent and Compensation Committee (Committee) on October 23, 2025, at 9:00 a.m. (ET). A quorum was present, consisting of the following Committee members: Lesley Evancho, Chair; Steve Ambrose, Vice Chair; Joanna Burkey; Melika Carroll; Craig Creamean; Ken Seiler; and Robert Taylor. 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. Evancho advised all present that this meeting is subject to, and all attendees must adhere to, RF's Antitrust Compliance Guidelines.

Tim Gallagher made a few comments to open the session. He discussed the compensation study process and outlined the plan for today's Committee session with respect to that study. Beth Dowdell added that Payformance performs a compensation gap study as part of its offerings, which was one of the reasons they were chosen as a partner.

**Compensation Study** -- Marc Mullis, founder and CEO of Payformance, led a discussion on the compensation study. He opened by sharing his background and introduced Rebecca Bernie, who also worked on RF's compensation study. Mr. Mullis described how Payformance looks at labor markets, with a focus on where RF recruits its talent. He explained that cost of labor tracks closely behind cost of living. Payformance looked at four different labor market views—National General Industry, National Utilities, General East Coast and East Coast Utilities. He noted that RF does not generally recruit from non-profits, so non-profits was not a view that was averaged in the study. He explained that the data used is from PayScale, which has at least 10 organizations in it so as to avoid antitrust issues. There was some discussion around where the data comes from, and why East Coast was the regional view instead of the Midwest.

Mr. Mullis then discussed the process for job-based salary ranges, meaning that every role gets its own salary range based on market data. The minimums and maximums were 20% below mid-point for the minimum and 20% above mid-point for the maximum for all jobs. He shared that it is more common to do a 10% spread for individual contributors and a 40-50%

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spread for executives because they tend to stay in jobs longer. He also explained that employees can progress through the salary range based on job proficiency. Ms. Dowdell explained that this is not what RF is currently doing under its existing pay philosophy. Ms. Burkey added that the Committee should discuss the intersection of how people are brought in and how they progress through their pay bands.

Mr. Gallagher went on to explain why RF has a 75<sup>th</sup> percentile pay philosophy for all employees. Ms. Evancho shared that most companies target the 50<sup>th</sup> percentile. A discussion ensued about the difference between being employed at RF and employed at a large publicly traded utility with more flexibility in the opportunity to reward talent with short term incentive, stock, etc.

Mr. Mullis then went through the gap analysis that Payformance conducted for RF. He noted that to get everyone at RF to 100% of market base, it would cost RF approximately \$1 million, and to bring everyone at RF to 90% of market base would cost approximately \$700,000. For short term incentive, the range would be about from \$1 million (90%) to \$1.2 million (100%). Ms. Dowdell noted that the chart does not include 401k match and profit sharing, which are other total rewards levers that RF can pull.

Mr. Mullis moved on to discuss that for base salary, about 30 people (30%) of the organization fall below 90% of the target (90% of the 75<sup>th</sup> percentile), 57% are in the target, and 15% are above target. For the short-term incentive, 45% are below the target, 29% are in the target, and 26% are above target. There was discussion about how individual performance is factored into the analysis, and thinking about whether people are underperforming or new to the role. Ms. Evancho asked Mr. Mullis to explain how the four different labor market viewpoints factor into the numbers and he explained that it is a straight average of the four, which has traditionally been RF's pay philosophy.

Mr. Mullis then shared some things for the Committee to consider: (1) focus areas depending on the market RF is looking at, (2) an average of 60% in market presents an opportunity for improvement, (3) look at pay ranges yearly for an annual refresh that is updated with the current labor market, (4) review the short term incentive targets with a focus on certain departments, and (5) revisit salary range spreads by level of employee.

Mr. Creamean asked about whether current headwinds like cost are factored into pay analysis, and Mr. Mullis answered that the political and cost climate is so chaotic it is hard to predict what those headwinds will be. Ms. Evancho noted that many companies are doing more than a yearly refresh and are diving deeper into their pay philosophy more regularly given how quickly the landscape changes. Mr. Mullis talked about how his organization partners with companies to create a new compensation philosophy.

Mr. Ambrose then asked what the differences are between East Coast versus Midwest labor markets, and Mr. Mullis said he would pull the data for the Committee but did not anticipate a significant difference. Ms. Dowdell shared that most of the RF remote staff reside on the East Coast. She explained that RF recruits from anywhere but tries not to go further than one time zone given the challenges it presents for the workday. Mr. Gallagher explained that he has a desire to, when feasible, remain in the RF footprint with employees.

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A discussion then ensued about how remote work is causing a pay normalization across regions. Ms. Burkey noted that RF is still a regional organization by nature, and that there should be discussion at the committee level about how to maintain that flavor in a remote world.

Mr. Gallagher described some additional work RF would like to do on compensation strategy with Payformance, which was sanctioned by the Committee.

**2026 Goals** - Ms. Dowdell discussed the 2026 Draft Goals for the Committee's consideration. She first explained the tiers of goals: Tier 1 (which typically do not change significantly and are tied to the strategic plan); Tier 2 (the corporate wide goals that change every year and are approved by the Board); and Tier 3 (specific activities articulated and performed by RF staff). Tier 3 goals are not subject to Board approval but it is the work performed by employees to achieve the Tier 2 goals. Mr. Gallagher noted that Ms. Dowdell will be scheduling a Talent & Compensation Committee 101 training meeting with each of the Committee members, which will also include information on the goal process.

Ms. Evancho questioned whether the current goal structure makes sense or should be revisited. Mr. Gallagher shared that he does think this goal structure works for RF but recognizes that it is hard to digest. In response to a question from Ms. Carroll, Mr. Gallagher explained how the goals tie to compensation, both the corporate award and then on an individual level. In response to a question about wording changes on the Tier 1 goals, Ms. Dowdell pointed out where terminology has been adjusted based on revisions to the strategic plan.

Mr. Seiler had a question about the goal related to operationalizing the Regional Risk Assessment (RRA). Ms. Schaefer explained the draft goal to the Committee and said she would set up a meeting between Atif Guzman (who is going to lead the execution of that goal) and Mr. Seiler to refine the language of the goal.

There was a discussion about goal organization and making the Tier 2 goals clearer when they are presented for consideration. Upon a motion duly made and seconded, the Tier 2 goals were approved by the Committee, subject to some language adjustments to the goal related to operationalizing the RRA.

**Next Meeting** – Chair Evancho noted that the next Committee meeting will occur on December 3, 2025 in Washington, DC at the NERC offices. Ms. Evancho adjourned the meeting at 10:22 a.m.

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As approved on this third day of December, 2025 by  
the Talent and Compensation Committee,

A handwritten signature in blue ink, appearing to read "Niki Schaefer", is centered below the approval text.

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

## **Attachment A**

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### **Others Present During the Compensation Committee Meeting**

Jeff Craigo  
Hue DeLuca  
Beth Dowdell  
Tim Gallagher  
Diane Holder  
Marcus Noel  
Niki Schaefer  
Marc Mullis (Payformance presentation only)  
Rebecca Bernie (Payformance presentation only)