

Hedera Council Meeting Minutes

Date: January 12, 2022
Time: 6:00 – 8:00pm ET
Location: Videoconference

Attendees:

Avery Dennison: Pradeep Iyer, Max Winograd
Boeing: Brian Jeffords
Chainlink:
DBS: Matthew Feng Cheng Quek, Gary Chua Yee Seng
Dentons: Kenneth Oh
DLA Piper: Scott Thiel, Mark Radcliffe, Andrew Gastwirth, Jonathan Gill
EDF: Paul Breslow
eftpos: Ben Tabell
FIS/Worldpay: Che Cabrerros, Saiprasad.Raut
IIT: John Augustine
LGE: Jaewook Kim, Samuel Park
London School of Economics: Carsten Sorensen
Magazine Luiza: Simon Olson
Nomura: Yu Ori, Akira Iwasaki
ServiceNow: Tasker Generes
Shinhan: Daseob Lee
Swirls: Bill Miller, Arlan Harris
TATA Comm: Ankur Jindal
University College London: Nikhil Vadgama, Riccardo Piselli

Members Not Present

Chainlink
Deutsche Telekom
Google
IBM
Standard Bank
Wipro
Zain

Hedera Officers/Staff:

Mance Harmon, CEO
Dr. Leemon Baird, Chief Scientist
Young Cho, CFO
Brett McDowell, Chair
Natale Furman, General Counsel
Lionel Chocron, Chief Product Officer
Christian Hasker, Chief Marketing Officer
Zenobia Godschalk, SVP, Corp. Communications
Samuel Brylski, Chief Compliance Officer & Regulatory Counsel
Tom Sylvester, Assoc. General Counsel & Secretary
Atul Mahamuni, SVP Product
Rachel Epstein, Corporate Counsel

Guests:

Ken Herzinger, Paul Hastings LLP
Josh Planton, VTM Group
Jessica Zuver, VTM Group
April Denning, VTM Group

Guest Presenters

Bob Migliorino, HBAR Foundation
Shayne Higdon, HBAR Foundation
Dan Miller, HBAR Foundation
Don Thibeau, HBAR Foundation
David Cramer, HBAR Foundation

Summary of actions taken at meeting

- Minutes approved. Council members approved the minutes from the Council meeting held on November 17, 2021.
- Minutes approved. Council members authorized the Board to finalize and approve the minutes from the Council meeting held on December 21, 2021.

Call to Order & Introductions

Brett M. formally called the meeting to order and welcomed Council members to the first Council meeting of 2022.

Brett M. McDowell
Chair

After being moved and seconded, the Council members unanimously approved the agenda as presented for the meeting. Brett M. welcomed new members and allowed them a few minutes to introduce themselves.

The HBAR Foundation Update

Shayne H. reviewed the current goals and initiatives of the HBAR Foundation and the metrics by which they are measuring their success. He described the Foundation's vision for the Hedera ecosystem and the Foundation's role in that ecosystem. The Foundation is currently targeting four areas for grantmaking—the crypto economy, consumer engagement, payments and fintech, and sustainability. The largest grants to-date have been to support new markets for sustainability assets and sustainability initiatives.

Shayne Higdon
CEO, HBAR
Foundation

Don T. described additional Foundation initiatives, including accelerator program sponsorship, event and hackathon sponsorship, and Hedera Council recruitment. He noted that the Foundation is also looking for other ecosystem partners to broaden its reach.

Don Thibeau
Chief Strategy
Officer, HBAR
Foundation

The Council members and Foundation personnel discussed the appropriate level and frequency of engagement that both sides would like to see moving forward. There was discussion of allocating a portion of all Council meetings for an update from the Foundation. Brett M. agreed to review this request further before the next Council meeting.

Tom S. reminded the Council members of their obligations under Hedera's antitrust and market integrity policies.

ESG Use Cases

Andrew G. presented the new ESG initiative service that DLA Piper is collaborating on with ServiceNow. The project utilizes the TOKO platform to allow businesses to track their carbon footprint and supply chain efficiency. The goal is for corporations to be able to use the information that is tracked through the platform to increase ROI by identifying inefficiencies in their businesses.

Andrew Gastwirth
DLA Piper

The platform works by creating different wallets within each department and tracking workflows against established metrics, which will then use the Hedera network to automatically derive cost data to determine how well workflows are being accomplished. While this process leads to a significant number of transactions from an enterprise perspective, it is meaningful from a business standpoint as well. The data that is collected can be monitored to determine the carbon output that is created by the various workflows to determine a company's carbon credit use. This data will be auditable and will allow any surplus carbon credits to be sold on the market by corporations with a net negative carbon footprint.

Andrew G. summarized the benefits for businesses as cost reduction, industry compliance, fraud/waste and abuse tracking, and supply chain management.

Andrew G. clarified that right now the TOKO platform is using the Hedera network when the workflows are being audited to validate the data. Andrew G. encouraged others who are interested in participating in the initiative to reach out to him.

Board Report

Pradeep I. shared several updates from the Hedera Board of Directors relating to the planned reorganization of Hedera approved at the December 21st meeting. At the Board level, he reported that Brett M. had been elected as Chair of the Council. In addition, due to the upcoming reorganization, Mance H. and Bill M. submitted their resignations from the Board given their positions with Swirlds.

Pradeep Iyer
Avery Dennison

Pradeep I. also noted that, as an early step in the reorganization, Natalie F. will be stepping down as Hedera's General Counsel to join Swirlds, and that Tom S. will become Hedera's General Counsel.

Brett M. reviewed the procedure for filling the Board vacancies, and Mance H. reminded the Council members that, after the reorganization, Hedera will no longer have a CEO or CTO.

Secretary Report

Tom S. reviewed the proposed updates to the Hedera LLC Agreement, which are generally to implement the decisions the Council approved at the end of 2021, including the removal of special governing rights for Swirlds and that new Council members will be recruited through Hedera's Membership Committee.

Tom Sylvester
Secretary & Assoc.
General Counsel

After being moved and seconded, the Council members approved the minutes from the Council meeting held on November 17, 2021.

Tom S. reviewed the draft December 21st meeting minutes, and the Council discussed potential revisions to the minutes. After being moved and seconded, the Council members, in the interests of time, authorized the Board to provide final approval of the December 21st meeting minutes

LLC Phase 3 Implementation Report

Mance H. reported that the IP Purchase Agreement and Service Level Agreement between Hedera and Swirlds are still being negotiated.

Mance Harmon
CEO

Christian H. reviewed the communications plan with respect to the reorganization, including a press release and webinar with Mance H., Dr. Leemon B., Brett M., and Sai R. from FIS (Worldpay). It was noted that the final IP license purchase price will be disclosed.

Christian Hasker
Chief Marketing
Officer

Dr. Leemon B. reminded the Council members that, through the IP Purchase Agreement, Hedera will be purchasing the IP for the Hashgraph consensus algorithm. The Council members reflected on and discussed the benefits and risks of open sourcing the Hedera network code under an Apache 2.0 license agreement. It was acknowledged that other projects might use the code to compete with the Hedera network, but also that open sourcing the code likely provided advantages to the Hedera network with respect to attracting developers, inter-ledger communication, and standardization.

Brett M. agreed to gather further information to share with Council members regarding questions relating to other networks and the Apache 2.0 license.

TechCom Report

Dr. Leemon B. reported that TechCom has approved several Hedera Improvement Proposals (HIPs) since the last Council meeting and expressed excitement about the HIP program's growth over the past several months. He also noted that the Hedera network would be undergoing scheduled maintenance on January 13th, which will be the first real test of the new ability added in December to automatically update the network software without manual intervention.

Dr. Leemon Baird
Chief Scientist

Dr. Leemon B. reviewed the Technical Roadmap and noted that the network will see its 25th node added in February.

CoinCom Report

Dr. Leemon B. shared that, over the past several months, CoinCom has been focused on analyzing staking models, as incorporating a staking model is a key priority for the network. The Council members agreed on the importance of implementing staking, and Brett agreed to schedule time at an upcoming meeting for the Council Members to analyze and vote on a staking model.

Dr. Leemon Baird
Chief Scientist

RegCom Report

Natalie F. shared that RegCom had been engaging with members to address questions on the reorganization and that RegCom will also review staking proposals. She encouraged all Council members to participate in RegCom, noting that one did not need to be a lawyer to attend.

Natalie Furman
General Counsel

Any Other Business

Brett M. informed the Council that the e-ballots to approve a Council Engagement Program and 2022 Budget are both on track to be approved.

Brett M. McDowell
Chair

Given the level of activity coming to the Council, it was agreed that the cadence of meetings should be increased to monthly. Brett M. agreed to follow-up with an invitation for a Council meeting in February.

The meeting was adjourned.

Actions taken or ratified by the Hedera Council by written consent (Dec. 21, 2021 – Jan. 12, 2022)

| <u>Date</u> | <u>Type</u> | <u>Action</u> |
|------------------|-------------|---|
| January 12, 2022 | Governance | Council Members authorized the Board’s Compensation Committee to formalize and implement the recommended options (first presented to the Council at the Nov. 17 meeting with updated materials sent to the Council ahead of the Dec. 21 meeting) to foster Council Member engagement. |
| January 12, 2022 | Treasury | <p>Council Members authorized 2.79 billion HBAR to be moved from Treasury to administrative accounts, including:</p> <ul style="list-style-type: none"> ● 2.07 billion HBAR for existing contractual obligations including SAFTs, TPAs, RCUs, and license fees to Swirlds; ● 520 million HBAR for open source initiatives, including the anticipated purchase of the hashgraph IP¹; ● 200 million HBAR for management reserves as recommended by the Board. |

¹ Note: The purchase price for the hashgraph IP paid by Hedera Hashgraph, LLC to Swirlds, Inc. was 292,682,666.871142 hbars, representing a USD value of \$76,340,420. The conversion price used was \$0.26083/hbar, which is the 30-day trailing average USD price of hbars as of January 31, 2022. For more information, see <https://help.hedera.com/hc/en-us/articles/4419580000273-How-was-the-hashgraph-IP-purchase-price-calculated->.