H Hedera™

Hedera Council Meeting Minutes

Date: June 15, 2022
Time: 9:00 – 10:30am ET
Location: Videoconference

Attendees
Avery Dennison: Pradeep Iyer
Boeing: Brian Jeffords
Chainlink: David Post
DBS: Xiaomeng Liu
DLA Piper: Scott Thiel, Mark Radcliffe, Andrew Gastwirth
EDF: Paul Breslow
FIS/Worldpay: Saiprasad Raut
Google: Rich Widmann
IBM: Shyam Nagarajan
LGE: Samuel Park
LSE: Thamim Ahmed, Carsten Sorensen
Magazine Luiza: Simon Olson
Nomura: Yu Ori
Service Now: Tasker Generes, Nicola Attico
Swirlds: Dr. Leemon Baird, Mance Harmon, Bill Miller, Arlan Harris, Natalie Furman
Ubisoft: Oscar Navarro
UCL: Paolo Tasca, Nikhil Vadgama, Riccardo Piselli, Juan Ibanez
Wipro: Andrew Aitken
Zain: Richard MacNamara

Hedera Staff/Contractors
Brett McDowell, Chair
Young Cho, CFO & Treasurer
Tom Sylvester, General Counsel & Secretary
Samuel Brylski, Chief Compliance Officer & Regulatory Counsel
Alex Popowycz, Chief Information Officer
Josh Planton, VTM Group
Jessica Zuver, VTM Group
Jason Brett, Key Bridge Advisors
Lionel Chocron, Swirlds Labs
Atul Mahamuni, Swirlds Labs
Christian Hasker, Swirlds Labs
Cate Papez, Swirlds Labs
Zenobia Godschalk, Swirlds Labs
Ken Anderson, LaunchBadge

Guests
Shayne Higdon, HBAR Foundation
Elaine Song, HBAR Foundation
Josh Sroge, HBAR Foundation

Members Not Present
Dentons
Deutsche Telekom
eftpos
IIT (Madras)
Shinhan Bank
Standard Bank
TATA Communications

Summary of actions taken at meeting

- <u>Minutes</u>. The Council members approved the May 11, 2022 meeting minutes.

- <u>Staking</u>. The Council authorizes CoinCom to select and adjust staking settings, provided at least 5 Council members vote to approve the settings.

Call to Order & Introductions   ***Brett McDowell***
                                                                    Chair

Brett M. called the meeting to order and welcomed Council members to the sixth Council meeting of 2022. Tom S. reminded the Council members of Hedera's antitrust and market integrity policies.

After being moved and seconded, the Council members approved the agenda as presented for the meeting.

Approval of Council Minutes   ***Tom Sylvester***
                                                                    General Counsel &
After being moved and seconded, the Council members approved the minutes from the Council   *Secretary*
meeting held on May 11, 2022.

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Board Election Update

Brett McDowell
Chair

Brett M. shared that Board elections are upcoming and Council members will receive an email with candidate information and voting instructions.

Membership Committee Report

Simon Olson
MemCom Chair

Simon O. shared that MemCom has been discussing how to make the recruitment and approval process more efficient and transparent, using objective criteria to identify the best potential candidates. Shayne H. noted that the HBAR Foundation would be happy to join these discussions as appropriate and make introductions to potential candidates the Foundation has been engaged with.

Corporate Utilization Committee Report

Andrew Gastwirth
CorpCom Chair

Andrew G. summarized the use cases that CorpCom has been reviewing. In addition to discussing use cases, CorpCom is also focused on Council Member engagement and identifying ways Council members can work together to bring new solutions to market.

Andrew G. noted that CorpCom will be discussing ESG use cases utilizing the Hedera network. Brett M. added that CorpCom can actively engage in partnerships to promote use of the network and standardization within the ecosystem to help accelerate adoption.

HBAR Foundation

Shayne Higdon
HBAR Foundation

Shayne H. shared a snapshot of allocated and distributed grants to the Foundation's four primary funds, as well as a new fund focused on decentralized identity and another fund focused on projects with female leadership. To date, the Foundation has awarded 108 grants totaling 279 million hbars, of which 76 million hbars have been distributed. Shayne noted that when the Foundation launched, the price of hbars was quadruple its current market price. Given the change in market conditions, the Foundation changed its approach to focus on smaller grants that can be distributed more quickly.

The group discussed when the Foundation expects to start seeing grant activity result in greater network use, including from enterprise projects under development.

Hedera Developer Marketing

Christian Hasker
Swirlds Labs

Christian H. shared that he will be sending out a recap to the Council on Hedera's activities at the Consensus conference in Austin, Texas.

Open Source Task Force

Andrew Aiken
Wipro

Ken Anderson
LaunchBadge

It was noted that the purpose of the Open Source Task Group was to determine the best way to open source the hashgraph code by the end of 2022. To this end, the Task Force has been reviewing different operational models for the project.

Hedera has retained outside legal counsel with expertise in open source projects to advise the Task Force. The Task Force will next be drafting a community engagement plan. As part of this plan, the group is taking into consideration Hedera's governance rules and benchmarking them against best practices.

Technical Steering & Product Committee Report

Dr. Leemon Baird
TechCom Chair

Dr. Leemon B. shared that TechCom has approved 4 new HIPs (415, 351, 435 and 475) and formed two task groups (ESG Tokens and Distinguished Tokens) since the last Council meeting.

One new feature that recently launched was the new virtual merkle data structure for NFTs, which will lead to lower storage costs while maintaining transaction speed. It was reported that all Council member nodes are currently running.

Treasury Management & Coin Economics Committee Report

Dr. Leemon Baird
CoinCom Chair

Dr. Leemon B. shared that CoinCom continues to discuss staking on the Hedera network and will be voting on initial parameter values in an upcoming meeting. To this end, Dr. Leemon B. proposed that the Council authorize CoinCom to select and adjust settings for staking, such as the staking reward emission rate; min and max stake allowed per node; and thresholds for when staking rewards will start.

Dr. Leemon B. explained that, even if CoinCom is delegated this authority, Council members will still need to sign the transaction to make the relevant update to the network code. The first staking code update is expected to occur in the coming months, though likely there will need to be adjustments made based on the community's feedback.

After being moved and seconded, the Council members approved the proposal to authorize CoinCom to determine staking settings for staking, provided that are approved by a majority of CoinCom members in good standing and no less than 5 Council members.

It was requested that, after CoinCom makes its decisions, that CoinCom circulate a memo to the Council members to provide a summary overview of the staking settings and relevant considerations that were taken into account.

Legal & Regulatory Committee Report

Sam Brylski
Chief Compliance Officer & Regulatory Counsel

Sam B. summarized the DC Blockchain Summit, where he spoke on a panel on U.S. regulatory approaches to DLT. The conference was seen as a positive and productive event for Hedera.

Sam B. and Jason B. reviewed RegCom's key objectives, and it was noted that any public statements or responses to requests-for-information or requests-for-comment made on behalf of Hedera would need to be approved by an authorized group of Council member representatives.

Jason Brett
Key Bridge Advisors

Jason B. shared that Hedera provided comments to the proposed Responsible Financial Innovation Act, a bipartisan bill on crypto regulations that could clarify the regulatory categorization of digital assets.

Tom Sylvester
General Counsel & Secretary

Any Other Business

Simon O. noted that, in light of the difficult macroeconomic environment, many companies and projects are cutting costs and Hedera's uncirculated treasury of hbars was not intended to support Hedera's operations indefinitely. He asked what steps Hedera was taking to cut costs and "right-size" expenditures and suggested that Hedera's CFO meet with relevant partners to discuss cost-cutting measures. It was agreed to discuss this topic at an upcoming meeting.

The meeting was adjourned.

Actions taken or ratified by the Hedera Council by written consent (May 12, 2022 – June 15, 2022)

None