

Hedera Council Meeting Minutes

Date: December 13, 2023
Time: 9:00 a.m. EST
Location: Virtual (Videoconference)

Council Member Attendees

abrdn plc: Duncan Moir
Avery Dennison: Pradeep Iyer
Boeing: Brian Jeffords
COFRA: Anil Nashier
Dell: David Fraturra
DLA Piper: Kristi Swartz, Ian Jebbitt
eftpos: Rob Allen
FIS/Worldpay: Saiprasad Raut
Google: Rich Widmann
IBM: Shyam Nagarajan, Sumabala Nair, Venkat Vairavan
IIT (Madras): John Augustine
LG: Paulo Lee
LSE: Carsten Sorensen, Jeremy Grant
Magazine Luiza: Simon Olson
Nomura/Laser Digital: Akira Iwasaki, Toshinori Ishibashi
Service Now: Shuchi Rana, Nicola Attico
Shinhan Bank: Jun Lee, Minju Kim, Daseob Lee
Standard Bank: Shaveen Bageloo
Swirls, Inc.: Dr. Leemon Baird, Bill Miller, Arlan Harris, Natalie Furman
UCL: Nikhil Vadgama, Paolo Tasca
Zain: Richard MacNamara

Hedera Staff

Brett McDowell, Chair & President
Andrew Aitken, Chief Open Source Officer
Betsabe Botaitis, Chief Financial Officer
Alex Popowycz, Chief Information Officer
Nilmini Rubin, Chief Policy Officer
Tom Sylvester, General Counsel & Secretary
Gregory Schneider, Deputy General Counsel
Kate Ball, Dir. of Legal Operations & Sr Counsel
Mike Cave, Dir. of Technical Operations
Brad Wells, Dir. of Risk & Compliance Operations
Vanessa Valentine, Mgr. of Committee Operations

Swirls Labs

Eric Piscini
Joe Blanchard
Young Cho
Zenobia Godschalk
Christian Hasker
Cate Papez

Independent Director Attendees

Monique Morrow, Independent Board Member
Tasker Generes, Independent Board Member

Members Not Present

Chainlink	EDF
DBS	TATA Communications
Dentons	Ubisoft
Deutsche Telekom	Wipro

Summary of actions taken at meeting: None.

Actions taken or ratified by the Hedera Council by written consent (December 6, 2023 - December 13, 2023)

- **Minutes:** The Council members approved the meeting minutes for their October 18, 2023 meeting. (December 8, 2023).
- **Board of Directors:** The Council members elected the following individuals to serve on Hedera's Board of Directors for the term beginning January 1, 2024 and ending December 31, 2025: Monique Morrow, Tasker Generes, Ian Putter, and Duncan Moir. (December 8, 2023).
- **2024 Treasury Allocation:**
 - The Council members approved the allocation and transfer of 4.86 billion hbars from Hedera's treasury account to Board-governed Hedera accounts as follows (and as further presented and discussed in the December 6, 2023 special Council meeting):
 - **Network Governance & Operations:** 614,060,000 hbars, to be used for the Hedera Council's operating expenses; and

- **Ecosystem & Open Source Development:** 4,248,000,000 hbars, with 3,975,000,000 hbars allocated to independent ecosystem development foundations and 273,000,000 hbars for open source development, including a management reserve fund.
- The Council members directed the Board to ensure that any grant to an independent ecosystem development entity shall include requirements that such entity has appropriate good governance mechanisms in place, including, without limitation, appropriate policies with respect to ethical conduct and conflicts of interest. The Council members authorized Hedera's officers to perform such acts as may be necessary to implement the above resolutions. (December 12, 2023).

Call to Order & Introductions

Brett McDowell
Chair

Brett M. called the meeting to order and the agenda was adopted.

Welcome & Introductions

Brett McDowell
Chair

Brett M. introduced Hedera's newly-appointed President, Charles Adkins, as [publicly announced](#) on December 13, 2023. Charles briefly discussed his background and plans for Hedera, and the Council members introduced themselves and welcomed Charles.

The meeting then went into executive session.

Security Update

Alex Popowycz
Chief Information Officer

Alex P. and Joe B. briefed the Council on measures, protocols, and procedures to ensure the security of the Hedera network, including Hedera's bug bounty program and incident response practices under Hedera's decentralized governance model.

Joe Blanchard
Swirls Labs

Transaction Signing

Brett McDowell
Chair

Brett M. discussed the possibility of moving away from Council members voting in meetings and e-ballots to voting "on-chain" using the transaction signing tool. The Council members discussed the pros and cons of the different voting models and agreed to continue investigating the best methods to implement decentralized governance.

Hedera Contributor Rewards Policy

Tom Sylvester
General Counsel &
Secretary

Tom S. reviewed the revised Hedera Contributor Rewards Policy, which will go into effect on January 1, 2024. The changes applicable to Committee Chairs and Transaction Signers were approved by the Board and those applicable to Directors were approved by a committee-of-the-whole of Council, excluding Council representatives who were directors or affiliated with a director.¹

Tom noted that the revised Policy had been circulated via email and that Council member representatives are responsible for circulating the revised Policy to relevant members of their organization.

Election Outcome Reporting Procedures

Brett McDowell
Chair & President

Brett M. discussed the recent Hedera Board of Directors election, as previewed during the November Council meeting and held via e-ballot from November 28, 2023 through December 8, 2023, with results announced to the Council members on December 8, 2023. Brett

¹ The Contributor Rewards participation requirements are attached as Exhibit A to these minutes.

requested feedback from the Council members regarding the amount of information they would like to see regarding votes cast and total votes per candidate.

Discussion ensued regarding the balance between transparency and collaboration among members. Ultimately, after discussing several options, the Council members reached consensus that they would like to see engagement metrics from Hedera leadership elections, namely, how many Council members voted in the election.

Brett then reminded the Council members that, per the previously circulated schedule, the election for Committee Chairs would open later that day and would conclude on December 21, 2023.

Adjournment

The meeting was adjourned.

Hedera Director Rewards

A Director who satisfies the eligibility and other criteria set forth in this Policy may earn Coins worth up to **\$62,500 per quarter (\$250,000 annually)** by satisfying the following participation requirements, as determined by the Administrator.

Payment shall be calculated based on the Director's satisfaction or failure to satisfy each participation requirement. In no event shall payment be prorated for partial satisfaction of any participation requirement.

<u>Item</u>	<u>Participation Requirement</u>	<u>Quarterly Payment Percentage</u>
Board & Committee Meetings	<p>Attend at least 75% of Board meetings and applicable Board committee or Council committee leadership team meetings for the relevant quarter.*</p> <p>Serve on at least one Board or Council committee, which may be either a standing committee or an ad hoc committee, as appointed by the Board or the Hedera Chair. This requirement may be met by serving as a Chair-appointed Board liaison to a Council committee leadership team.</p> <p>Be prepared for meetings by reviewing relevant materials, participating in discussions, and voting on matters up for decision.</p>	50%
Official Representation	<p>Act as an official representative of the Hedera Board at least one time during the relevant quarter. Such activity shall include advocacy in furtherance of Hedera's mission.</p> <p>Examples of official representation include, but are not limited to:</p> <ul style="list-style-type: none"> • attending meetings of an unaffiliated independent entity as a Hedera-appointed observer (e.g., HBAR Foundation, Hashgraph Association, DLT Science Foundation); • giving a public talk or publishing an article that discusses the Hedera network; • being interviewed by media (including podcasts) about Hedera; • meeting with prospective Council Members as part of recruitment efforts; and • working with third-parties on their Hedera network use cases (outside the scope of their normal employment). <p>To receive the quarterly payment for this item, a Director must document the official representation activity in a Hedera-provided form, with details including the date(s) of service and links to any media or supporting sources, if applicable.</p> <p>If such form is not submitted to Hedera staff within 90 days of the date on which Hedera staff made the form available to Director, Director shall and hereby does waive Director's right to the applicable quarterly payment for this item.</p> <p>For budgetary reasons, it is primarily intended that such "Official Representation" activities be virtual or at local events that do not require travel. Activities that require travel shall be subject to Hedera's travel and expense reimbursement policy.</p>	10%
Annual Objectives & Reporting	<p>Each year, the Board will present to the Council, and obtain Council approval of, a set of annual objectives that the Board seeks to achieve.**</p> <p>Each quarter, the Board must present to the Council a report of the Board's progress against its Council-approved objectives and other relevant Board activity.**</p>	40%
Maximum quarterly payment		\$62,500 worth of HBAR
Maximum annual payment		\$250,000 worth of HBAR

* When calculating attendance, only meetings that occur between 7 a.m. and 10 p.m. in the Director's local time zone shall be counted towards the attendance requirement. Absences from meetings due to Hedera-related engagements or obligations requested or approved by Hedera's Board, Chair, President, or Marketing Department shall be excluded from the participation requirement.

If a Director does not satisfy the 75% meeting attendance threshold for a quarter, the Director shall not receive the quarterly payment for Board & Committee Meetings attendance (or any prorated portion thereof), regardless of the reason for the absence(s).

**Each Director is expected to contribute to developing the annual objectives and reports and to distribute/assume responsibilities fairly; provided, however, that if any Director presents the objectives and reports to Council as set forth above, the Administrator shall consider this participation requirement satisfied for each Director for the applicable quarter.

Hedera Committee Chair Rewards

A Committee Chair who satisfies the eligibility and other criteria set forth in this Policy may earn Coins worth **up to \$25,000 per quarter (\$100,000 annually)** by satisfying the following participation requirements, as determined by the Administrator.

Payment shall be calculated based on the Chair's satisfaction or failure to satisfy each participation requirement. In no event shall payment be prorated for partial satisfaction of any participation requirement.

<u>Item</u>	<u>Participation Requirement</u>	<u>Quarterly Payment Percentage</u>
Committee Meetings	<p>The Chair shall:</p> <ul style="list-style-type: none"> • Convene and lead at least one Committee meeting between Council meetings (in compliance with the notice and other requirements in the Hedera Committee Policy); • Draft and circulate the meeting agenda and relevant meeting materials no later than 48 hours before the Committee meeting, which such agenda must be tailored to each meeting sufficient to provide notice to committee delegates of specific topics to be covered at each meeting; and • Convene and lead at least one Committee leadership team meeting between Committee meetings, which shall include or be made available to the designated Board liaison (if one has been assigned pursuant to the Committee Policy), applicable Hedera staff, each Co-Chair (if two chairs have been elected), and any other participants at the Chair's discretion. <p>For purposes of this Section, the term "Chair" shall refer to the Committee Chair elected pursuant to the Committee Policy or, if two chairs are elected, to the Co-Chairs collectively. In the event two chairs are elected:</p> <ul style="list-style-type: none"> • Co-Chairs are expected to distribute duties fairly; and • If the participation requirements are satisfied for a particular Committee, the Administrator shall consider the participation requirements satisfied for each Co-Chair; provided, however, that each Co-Chair must have attended at least 75% of the Committee and Committee leadership team meetings for the applicable quarter in order to receive the quarterly payment for the "Committee Meetings" participation requirement.* <p>To satisfy this participation requirement, the Chair must satisfy each participation item individually and may not delegate such items to Hedera staff; provided, however, that the Chair may rely on Hedera staff to manage calendar invitations and perform other actions of the "Administrator" as set forth in the Committee Policy and still receive the quarterly compensation for this participation requirement.</p>	40%
Council Meetings	The Chair (or, if applicable, each Co-Chair) shall attend at least a majority of the Council meetings for the applicable quarter.*	10%
Annual Objectives & Reporting	<p>The Chair shall present to the Council, and obtain Council approval of, a set of objectives that the committee seeks to achieve in the calendar year (i.e., this process shall be done once per year).**</p> <p>The Chair shall provide the Council and Board quarterly reports of the committee's progress against its approved objectives.**</p>	40%
Maximum quarterly payment		\$25,000 worth of HBAR
Maximum annual payment		\$100,000 worth of HBAR

* When calculating attendance, only meetings that occur between 7 a.m. and 10 p.m. in the Chair's local time zone shall be counted towards the attendance requirement. Absences from meetings due to Hedera-related engagements or obligations requested or approved by Hedera's Board, Chair, President, or Marketing Department shall be excluded from the participation requirement.

If a Chair does not satisfy the applicable meeting attendance threshold for a quarter, the Chair shall not receive the quarterly payment for the applicable meeting attendance (or any prorated portion thereof), regardless of the reason for the absence(s).

**In the event two chairs are elected for a particular Committee, each Co-Chair is expected to contribute to developing the annual objectives and reports and to distribute/assume responsibilities fairly; provided, however, that if one Co-Chair presents the objectives and reports to Council on the Committee's behalf as set forth above, the Administrator shall consider this participation requirement satisfied for each Co-Chair for the applicable quarter.

Transaction Signer Rewards

A Transaction Signer who satisfies the eligibility and other criteria set forth in this Policy may earn Coins worth **\$3,000 per quarter (up to \$12,000 annually)** based on participation as follows:

<u>Item</u>	<u>Participation Requirement</u>	<u>Quarterly Payment Percentage</u>
Transaction signing	Digitally sign all Hedera network transactions sent by Hedera to Council Members for their digital signatures prior to the expiration time of the transaction(s), so long as such expiration time(s) are at least 72 hours after email notice is provided to the Transaction Signers requesting such signatures.	100%
	Maximum quarterly payment	\$3,000 worth of HBAR
	Maximum annual payment	\$12,000 worth of HBAR