

Hedera Council Meeting Minutes

Date (Day 1): May 9, 2024
Time: 8:30 am - 5:00 pm EST

Date (Day 2): May 10, 2024
Time: 8:30 am - 5:00 pm EST

Location: New York, NY

Council Chair

Brett McDowell

Council Member Attendees

abrdn plc: Duncan Moir

Australian Payments Plus: Rob Allen

Avery Dennison: Pradeep Iyer

BitGo: Frank Wang

Boeing: Brian Jeffords

COFRA: Jheroen Muste, Anil Nashier

Dell: David Frattura

Dentons: Yi Jing Teo, Kenneth Oh

Deutsche Telekom: Dirk Thatmann

DLA Piper: Kristi Swartz, Tim Poplewell

Google: Rich Widmann

Hitachi: Ravi Vennelakanti

IBM: Shyam Nagarajan, Sumabala Nair

IIT: John Augustine

LGE: Samuel Byungsun Park, Sehan Lee

LSE: Jeremy Grant, Tom Kirchmaier

Magazine Luiza: Simon Olson

Mondelez: Xiang Xu

Service Now: Shuchi Rana

Shinhan Bank: Junseok Lee

Standard Bank: Wandile Malinga

Swirls, Inc.: Dr. Leemon Baird, Mance Harmon,
Bill Miller, Arlan Harris, Dave O'Callaghan

Tata Communications: Ankur Jindal, Tri Pham

UCL: Paolo Tasca, Nikhil Vadgama, Jiahua Xu

Worldpay: Saiprasad Raut

Zain Group: Richard MacNamara

Members Not Present

Chainlink

DBS

EDF

Nomura/Laser Digital

Ubisoft

Wipro

Hedera Board of Directors

Brett McDowell (non-voting chair)

Tasker Generes

Brian Jeffords

Pradeep Iyer

Duncan Moir

Monique Morrow

Ian Putter

Scott Thiel

Hedera Officers & Staff

Charles Adkins, President

Andrew Aitken, Chief Open Source Officer

Joe Bachle-Morris, Chief of Staff

Betsabe Botaitis, Chief Financial Officer

Alex Popowycz, Chief Information Officer

Nilmini Rubin, Chief Policy Officer

Tom Sylvester, General Counsel & Secretary

Kate Ball, Dir. of Legal Operations & Senior Counsel

Mike Cave, Dir. Technical Operations

Gregory Schneider, Deputy General Counsel

Vanessa Valentine, Mgr. of Committee Operations

Swirls Labs

Joe Blanchard

Lionel Chocron

Madelene Gani

Atul Mahamuni

Eric Piscini

Guests

Shayne Higdon, The HBAR Foundation

David Cramer, The HBAR Foundation

Kamal Youseffi, The Hashgraph Association

Stefan Deiss, The Hashgraph Association

Katerina Sanchez-Schilling, DLT Science Foundation

Summary of actions taken at meeting:

- The Council Members voted to delegate authority to the Open Source Foundation Committee (“OSFCom”) as follows:
 - OSFCom is authorized to complete implementation of Council’s strategy, previously approved in November 2022, to create a separate open source foundation to host and govern, at a minimum, the Hedera Hashgraph LLC-owned hashgraph source code (“*the OSF*”), including but not limited to:
 - Choosing a foundation to host the OSF, *and*
 - Determining the scope of projects eligible for acceptance by the OSF;
 - provided that the membership of OSFCom doesn’t change (*other than by losing a member due to resignation or termination from existing Director or TechCom co-chair eligibility*); *and*
 - provided if OSFCom does not reach a unanimous decision within the next 90 days, the OSF Committee members will present their individual recommendations to the Council, and the Council shall vote on which recommendation, if any, to accept.
- The Council Members (i) affirmed that the Council is responsible for approving the network services pricing plan, node rewards, and staking settings, and directed the Secretary to update the LLCA accordingly; and (ii) authorized the President to approve pricing for new types of network transactions; provided that the Swirls Labs product team will propose a price and the Council Members must subsequently review and ratify pricing for new services.

Actions taken or ratified by the Hedera Council by written consent (April 10, 2024 - May 9, 2024)

- The Council Members voted to approve (i) the acceptance and publication of the meeting minutes for the Council meeting held on March 13, 2024; (ii) Council Membership Criteria as proposed by MemCom pursuant to Section 4.3(c) of the Hedera LLC Agreement; (iii) the Board’s proposed objectives for 2024; (iv) revised committee charters and 2024 objectives for CoinCom, CorpCom, GovCom, and MarCom, MemCom, and TechCom. (*April 26, 2024*).

Actions taken by Hedera Committees (April 10, 2024 - May 9, 2024)

- TechCom voted to conditionally approve HIP-904 (Frictionless Airdrops). Such approval includes any small changes that may be required to successfully implement this HIP; any material changes must come back to TechCom for another vote. (*April 11, 2024*).
- TechCom voted to conditionally approve HIP-906 (Proxy Redirect Contract for Hbar Allowance and Approval). Such approval includes any small changes that may be required to successfully implement this HIP; any material changes must come back to TechCom for another vote. (*April 25, 2024*).

Call to Order & Introductions

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

Brett McDowell
Council Chair

Network Utilization: Ecosystem ReportsSwirls Labs

Eric P. shared Swirls Labs' key achievements and priorities for 2024. Swirls Labs team members shared updates involving network security, product/engineering, developer and partner support, and finance, among other areas. Atul M. shared proposed updates to the HIP Process. If adopted, the new process would link all HIP discussions more effectively, continue fostering community contribution, and educate Council members to get involved early in the HIP lifecycle. Eric concluded by addressing enterprise adoption of the Hedera mainnet and outlining strategies through which Swirls Labs will continue to support the Hedera network.

Independent Foundations

Dr. Paolo T., Nikhil V., and Jiahua X. from the DLT Science Foundation ("DSF") summarized DSF's activities since its launch at the end of March 2023. With a focus on education, research, and innovation, DSF started its divisions (composed also of Hedera Council members), which will coordinate multiple working groups in finance, industrials, information technology, professional services, consumer discretionary, and communications services. DSF's activities include, but are not limited to, training executives and students, holding hackathons, managing a science fellows program, and publishing academic papers related to distributed ledger technology. DSF also set up an Intelligence unit responsible for the design, development and distribution of proprietary (community-based, financial, ESG) risk metrics for crypto-related projects. Related to this, DSF developed AI-driven tools for the elaboration of Crypto-Asset Regulation (MiCA) white papers. The Open Source strategy of DSF enables the public to get open access to research materials, data and resources developed by DSF scientists. Finally, DSF presented the Evergreen strategy which will lead to the organization's self-financial sustainability.

K. Youssefi and S. Deiss from The Hashgraph Association ("THA") discussed THA's mission to accelerate the broad adoption and utilization of the Hedera network globally, including their strategic plans for THA to achieve economic independence and build a self-sustaining operation that no longer depends on grants from Hedera's HBAR Treasury. THA manages the following Hedera-enablement programs and initiatives: the Hashgraph Innovation Program, the Hashgraph Certification Program, the Hashgraph Enterprise Accelerator, the Hashgraph Partnership Program, and the Hashgraph Venture Fund. With its regional Chapters in Europe (Switzerland), Africa (Morocco), Middle East (UAE), and Asia Pacific (Singapore), THA works with companies around the world to empower and support enterprise use case development. THA summarized for the Council Members several large enterprise use cases that it is currently supporting as well as co-investment opportunities secured for Hedera in the Middle East (Saudi Arabia, Qatar, and Oman).

Shayne H. from The HBAR Foundation ("THF") shared strategic areas that THF will pursue to advance the Hedera ecosystem. THF actively tracks several Hedera network performance metrics, including accounts created and transaction volume. THF also continues to enhance its internal grant management system, which enables data-driven grant and business decisions to best support ecosystem development. Shayne highlighted for the Council members several successful retail projects that THF has supported and continues to support.

Network Governance: Committee ReportsTechnical Steering & Product Committee ("TechCom")

Dr. Leemon B. and Shyam N. updated the Council Members on TechCom's progress against its 2024 objectives. TechCom is strategically working with Members who are migrating from temporary nodes to their permanent nodes. TechCom is also working to automate node rewards. For sustainability purposes, TechCom is analyzing methods to reduce the cost of storage for network history and in doing so, is encouraging more

Eric Piscini
*Swirls Labs***Joe Blanchard**
*Swirls Labs***Atul Mahamuni**
*Swirls Labs***Lionel Chocron**
*Swirls Labs***Madelene Gani**
*Swirls Labs***Paolo Tasca**
*University College London***Nikhil Vadgama**
*University College London***Jiahua Xu**
*University College London***Kamal Youseffi**
*The Hashgraph Association***Stefan Deiss**
*The Hashgraph Association***Shayne Higdon**
*The HBAR Foundation***Dr. Leemon Baird**
*Swirls, Inc.***Shyam Nagarajan**
IBM

third-party mirror nodes. TechCom continues to work towards increasing engagement in transaction signing, HIP review and approval, and committee participation generally.

Treasury Management & Coin Economics Committee (“CoinCom”)

Dr. Leemon B. and Dr. Paolo T. discussed CoinCom’s recent activities, including the decision to recommend edits to its charter to remove its delegated authority and render the committee advisory. With the Council Members’ recent approval of the charter edits, CoinCom will alter its meeting structure to discuss and advise the Council and the Board on treasury management and economics-related issues.

CoinCom will render advice in the following areas: node reward model and strategy, a network pricing plan, and a plan for fee allocation between accounts 0.0.98 (Council operations), 0.0.800 (staking rewards), and 0.0.801 (node rewards).

Government Affairs Committee (“GovCom”)

Kristi S. and Richard M. discussed GovCom’s recent activities and progress against its 2024 objectives. GovCom, with support from Hedera’s Chief Policy Officer Nilmini R., is working to identify, monitor, and report on policy, regulatory developments, and risks in key markets. GovCom is specifically focused on facilitating engagement with policy makers and trade associations in Asia and the Middle East. GovCom continues to engage with policy leaders affiliated with Council Members and support other Hedera committees in common interests and challenges.

Nilmini R. reported to the Council Members on Hedera’s policy progress and upcoming plans. Hedera has recently joined various associations, including Blockchain Australia, and has engaged advisors in various jurisdictions to amplify its policy impact. Nilmini detailed multiple events in which Hedera has participated and will participate in 2024. Highlights include a global leaders-led event in Washington D.C. and an informal layer-one group that meets frequently to discuss global policy changes and mechanisms to create cultures of compliance.

Corporate Utilization Committee (“CorpCom”)

Rob A. and Sai R. reported to the Council Members on CorpCom’s progress against its 2024 objectives. CorpCom is working to maintain a corporate utilization dashboard to enable CorpCom to record and report the ways in which the Council Members and other enterprises are using the Hedera network. This overview will identify opportunities to sponsor HIPs, provide feedback on the TechCom roadmap, and suggest integrations and other opportunities for ecosystem foundations to explore. CorpCom’s related initiative – the “Enterprise Readiness Dashboard” – will provide a single repository for change requests and ecosystem gaps for enterprises building on Hedera.

Based on positive feedback from the Council Members, CorpCom will continue to showcase network use cases from Council Members and third parties. The 2024 showcase themes will be made available on a rolling basis and CorpCom will maintain a content repository.

Membership Committee (“MemCom”)

Simon O. and Bill M. updated the Council Members on MemCom’s work and progress against its 2024 objectives. The pipeline of prospective members remains active. MemCom continues to work independently and in parallel with ecosystem foundations to support the education and advancement of prospective members.

MemCom is exploring the feasibility of a supplemental program for interested companies that do not qualify for Council membership. MemCom is also developing standardized materials to educate interested organizations about the Hedera Network and the Council’s unique decentralized governance structure. Last, MemCom continues to progress against its objective to develop standard operating procedures in order to efficiently onboard and engage Council members and individual representatives.

Dr. Leemon Baird
Swirls, Inc.

Dr. Paolo Tasca
University College London

Kristi Swartz
DLA Piper

Richard MacNamara
Zain Group

Nilmini Rubin
Chief Policy Officer

Rob Allen
Australian Payments Plus

Saiprasad Raut
Worldpay

Simon Olson
Magazine Luiza

Bill Miller
Swirls, Inc.

Marketing / Marketing Committee (“MarCom”) Report

In 2024, MarCom will focus on initiatives aimed at growing and continuing to engage the developer community. MarCom will examine the hurdles associated with developer engagement, such as complexity and compatibility with other networks, and share findings with appropriate committees and vendors. MarCom will specifically examine developer experiences building on Hedera versus other networks to identify areas in which the Hedera network can improve.

The Council members discussed effective communication to enterprises. Based on feedback and requests, MarCom will specifically launch educational campaigns around data integrity and AI, sustainability, and consumer engagement and loyalty. MarCom will continue to work with Council members on educational activities such as workshops and hackathons.

Shuchi Rana
ServiceNow

Charles Adkins
President

Eric Piscini
Swirls Labs

Corporate Governance: Board & Management Reports

Finance & Risk Committee Reports

Brian J., in his capacity as Chair of the Board’s Finance Committee, discussed financial metrics from Q1 2024. Betsabe and Brian discussed revenue projections against actuals and answered questions from the Council members regarding Hedera’s financials and network revenue.

Ian P., in his capacity as Chair of the Board’s Risk Committee, discussed a framework for Hedera’s ongoing risk identification, analysis, and remediation efforts. RiskCom is engaged in a risk prioritization process and will continue to update the Council members on Hedera’s risk program as it matures.

Brian Jeffords
Director

Betsabe Botaitis
CFO & Treasurer

Ian Putter
Director

Charles Adkins
President

President / Board Report

Charles outlined his vision for the Hedera network and the manner in which the goals set by the Board will be achieved.

Charles discussed the importance of obtaining a deeper understanding of Hedera network users to increase trust and engagement. Charles also explained the importance of continuing to grow Hedera’s developer base to accelerate use-case development. Charles also explained Hedera’s plans to enhance its insight into enterprise SLA requirements in order to better serve its Council members and enterprise users. The Council members asked questions and provided feedback.

Network Development: Member Use Case Presentations

Council Members presented use case applications of the Hedera network.

Professor Tom K. and Jeremy G. from the London School of Economics demonstrated a commercialisation project run on the Hedera network involving smart contracts for content licensing. Rob A. from Australian Payments Plus presented examples of various payment solutions involving distributed ledger technology.

Tom Kirchmaier
London School of Economics

Jeremy Grant
London School of Economics

Rob Allen
Australian Payments Plus

Network Development: Open Source Foundation Report & Discussion

Andrew A. outlined the hashgraph open source strategy. This strategy focuses on an independent foundation that will govern the code in a decentralized governance structure. Andrew noted that independent foundations are a well-established, best practice governance model for enterprise open source projects.

Andrew summarized the status of the open source foundation initiative. Following the Council Members’ approval in October 2022 to deploy an open hashgraph foundation,

Andrew Aitken
Chief Open Source Officer

Andrew has worked with additional open source experts and Council members to develop a recommendation for the foundation model. Andrew and his team will support the Board's newly-formed open source foundation committee ("OSFCom"), which is composed of five voting individuals: TechCom's two Co-Chairs (Leemon Baird and Shyam Nagarajan) and three Directors (Tasker Generes, Monique Morrow, and Scott Thiel), with Brett McDowell serving as the non-voting Chair.

OSFCom will complete the "last mile" execution of the foundation. There exist two open issues for OSFCom to decide: (i) the foundation's hosting entity and (ii) the scope of contemplated projects. The Council Members' 2022 approval contemplated a specific governance model; however, Andrew presented additional options. The Council Members' 2022 approval also contemplated a foundation that would host hashgraph and complementary projects; however, Andrew explained that it may be in the foundation's best interest to modify this restriction over time.

Discussion ensued. Following discussion, the Council Members voted to delegate authority to OSFCom as follows:

- OSFCom is authorized to complete implementation of Council's strategy, previously approved in November 2022, to create a separate open source foundation to host and govern, at a minimum, the Hedera Hashgraph LLC-owned hashgraph source code ("*the OSF*"), including but not limited to:
 - Choosing a foundation to host the OSF, *and*
 - Determining the scope of projects eligible for acceptance by the OSF;
- *provided* that the membership of OSFCom doesn't change (*other than by losing a member due to resignation or termination from existing Director or TechCom co-chair eligibility*); *and*
- *provided* if the OSF Committee does not reach a unanimous decision within the next 90 days (August 8, 2024), the OSF Committee members will present their individual recommendations to the Council, and the Council shall vote on which recommendation, if any, to accept.

Network Governance

Tom Sylvester
General Counsel & Secretary

Breakout Session Reports & Feedback

The Council Members entered into small-group breakout sessions to discuss key strategic initiatives. Topics included AI governance, tokenization, and "force for good" charitable uses of the Hedera network.

The Council Members discussed business needs around each topic, suggested a HIP to address certain needs, and agreed to form a working group to address specific pain points in charitable activities to which the Hedera network can offer a technological solution. TechCom and CorpCom, with support from Hedera staff and vendors, will incorporate and execute the feedback received.

Secretary Updates & Proposals

Tom S. rolled out the Hedera Ethics and Integrity Policy. Tom reminded the Council Members that all key terms had been discussed and approved at the Council meeting in Singapore in November 2023. Following extensive discussion and feedback, the legal team incorporated all approved terms into the Policy document for approval by Hedera's Board.

The newly-approved Policy has four parts: (i) a framework for review and analysis of related party transactions; (ii) a comprehensive review and approval procedure for any programs or initiatives that could result in payment to directors; (iii) heightened disclosure

requirements for certain secondary activities for all elected Directors and Committee Chairs, as well as any other individuals elected or appointed to oversight positions; and (iv) a revised Code of Conduct to govern individual behavior in Hedera governance procedures and in public-facing activities.

Tom stated that the revised disclosure forms will be circulated for completion shortly following the meeting.

Pricing Plan

Tom S. discussed the Council's delegation of authority regarding network pricing. As set forth in the Hedera LLC Agreement, CoinCom is responsible for approving pricing plans for use of the Hedera Network. At CoinCom's recommendation, the Council Members recently voted to amend CoinCom's charter to remove CoinCom's delegated authority to approve a pricing plan for use of the Hedera Network, among other edits to its charter. Accordingly, the authority to approve a pricing plan for use of the Hedera Network has reverted to the full Council and Hedera's LLC Agreement should be updated accordingly.

The Council Members' approval of CoinCom's charter edits also had the effect of removing CoinCom's delegated authority to maintain Hedera's Treasury Management Policy, review and approve Hedera's Treasury Management Reports, select and adjust Hedera Network staking settings, and set the terms and conditions of any Node subsidy policy. All such authority now rests with the Council.

Discussion arose regarding pricing approval for new network services. Tension exists regarding the Council's authority to set pricing and the need for an efficient process to determine pricing in conjunction with the release of new services or features.

After being moved and seconded, the Council Members took the following action:

- Affirmed that the Council is responsible for approving the network services pricing plan, node rewards, and staking settings and directed the Secretary to update the LLCA accordingly; and
- Authorized the President to approve pricing for new types of network transactions; provided that the Swirls Labs product team will propose a price and the Council Members must subsequently review and ratify pricing for new services.

Governance Review

Council Member Australian Payments Plus requested a review of the requirements for director affiliation as set forth in Hedera's LLC Agreement. Discussion ensued regarding a broader set of governance reforms in which the roles and expectations of Hedera's Board and Committees are reexamined in order to optimize the speed and quality of decision making.

A task force will be formed to propose and discuss governance reforms, which will include a close examination of Hedera's policies regarding director affiliation. The task force will be composed of Hedera's elected leaders and any interested Council Members. Representatives should contact Brett to be included in the task force formation and meeting logistics.

Meeting Wrap-Up & Next Steps

Brett McDowell
Council Chair

The Council Members briefly entered into executive session to provide meeting feedback for Hedera staff, contractors, and partners. The meeting was adjourned.