Hedera Council Meeting Minutes

Date: June 12, 2024
Time: 9:00 a.m. EST
Location: Virtual

Independent 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
Dentons: Yi Jing Teo
Deutsche Telekom: Dirk Thatmann
DLA Piper: Kristi Swartz
IBM: Shyam Nagarajan, Sumabala Nair, Venkat Vairavan
IIT (Madras): John Augustine
LGE: Paulo Lee, Eli Hyun
LSE: Jeremy Grant
Magazine Luiza: Simon Olson
Mondelez: Xiang Xu
Nomura/Laser Digital: Akira Iwasaki
ServiceNow: Shuchi Rana
Shinhan Bank: Minju Kim
Standard Bank: Wandile Malinga, Muhammed Omarjee
Swirlds, Inc.: Dr. Leemon Baird, Mance Harmon, Bill Miller, Arlan Harris, Natalie Furman
TATA Communications: Ankur Jindal
Worldpay: Saiprasad Raut
Zain Group: Richard MacNamara

Hedera Directors
Brett McDowell (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 & Information Security Officer
Tom Sylvester, General Counsel & Secretary
Kate Ball, Dir. of Legal Operations & Senior Counsel
Mike Cave, Director of Technical Operations
Gregory Schneider, Deputy General Counsel
Michael Spurgeon, Senior Security Manager
Vanessa Valentine, Manager of Committee Operations

Swirlds Labs
Cate Papez, Swirlds Labs
Eric Piscini, CEO

Members Not Present

Chainlink	Hitachi
DBS	Ubisoft
Dell	University College London
EDF	Wipro
Google	

Summary of actions taken at meeting:

- The Council, via a designated committee of Council Members who are unaffiliated with current Hedera directors, determined that Hedera directors are ineligible for payment under the recruitment rewards policy.

Actions taken or ratified by the Hedera Council by written consent (May 10, 2024 - June 12, 2024):

- None.

Actions taken by Hedera Committees (May 10, 2024 - June 12, 2024):

- TechCom voted to conditionally approve HIP 968 (Enhancing Mirror Node Rest API to Query by Token Name). 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. *(May 23, 2024)*.

- TechCom approved edits to the Hedera Council Transaction Signing Policy. *(May 23, 2024)*.

- TechCom voted to conditionally approve HIP-850 (Enhancing Supply Key Functionality for NFT Updates in Treasury Account). 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. *(June 6, 2024)*.

Call to Order & Introductions

Brett M. called the meeting to order. After being moved and seconded, the agenda was adopted.

Brett McDowell
Chair

Policy & Procedure for Accessing Sensitive Documents

Alex P. discussed best practices for sharing confidential information between and among Hedera staff and Council members. Hedera's information security policy and classification scheme contemplates strong technical controls with specific means to support Council member access.

The Council members discussed different types of information that are or should be subject to heightened levels of technical controls. Alex will continually update members regarding information security policies and procedures.

Alex Popowycz
Chief Information & Information Security Officer

Network Utilization: Follow-up Activities and Plans from New York Use Case Breakout Sessions

Charles discussed the breakout sessions at the recent Council meeting in New York. These sessions – charitable use cases, AI governance, and tokenization – produced ideas and tangible action items that have been delegated to Hedera staff and committees for execution.

Regarding charitable use cases, a "Force for Good" working group has been formed. The working group is led by a Hedera Director and has seen significant Council member engagement. The group is working to identify actionable pain points experienced by philanthropic groups and Council member foundations, after which it will hold a hackathon to address a specific, identified pain point. Charles noted that interested Council members should contact Vanessa to join.

Charles noted that the market has expressed a strong appetite for AI-related use cases. Participants in this breakout session made two specific suggestions: (i) a Hedera Improvement Proposal ("HIP"), and (ii) a product idea. Charles noted that Hedera staff has been speaking with interested users to gather feedback and assist with development efforts. A formal project plan is in progress to evaluate and implement the participants' suggestions.

Charles also summarized the tokenization breakout session. Charles and team, working in conjunction with the Corporate Utilization Committee, seek to empower Council members to deploy their tokenization use cases on the Hedera network. Charles noted that this initiative ties into the Membership Committee's ("MemCom") recent discussions regarding the formation of industry-specific working groups. These groups will identify industry-specific solutions and develop HIPs and other tools to support deployment of these solutions. Charles and MemCom will provide more information to the Council members as the program develops.

Charles Adkins
President

Brett and Charles asked the Council members to identify specific industry verticals in which they would like to see working groups formed. Financial services and health care will be among the first sectors explored in the new program.

Network Governance

Board Report on Status of Market Integrity Policy Compliance

Brett updated the Council members on Hedera's ongoing efforts to track and enforce compliance with its Market Integrity Policy. Brett explained that the purpose of the Policy is to clearly explain to covered individuals the manner in which they are expected to avoid unfair market practices or the appearance thereof. Brett emphasized that compliance with the law remains Hedera's top priority and that the Market Integrity Policy is an important tool in establishing and maintaining a culture of compliance.

Brett shared that the Board is working with professional advisors to formalize the process through which it evaluates and addresses reports of potential noncompliance. The Board will share information about the Policy and compliance efforts with the Council members on an ongoing basis.

Sunsetting the Recruitment Rewards Policy

Simon O. and Kate B. discussed the Recruitment Rewards Policy that the Board rolled out during the Council meeting on September 13, 2023. Having examined the Policy and its effectiveness, and acknowledging the strong membership pipeline that has developed outside the Policy's scope, the Board recently voted to sunset the Policy. Kate and Simon shared the Board's approved timeline through which the Policy will terminate.

Designated Committee Meeting

Tom S. convened a designated committee pursuant to Hedera's Ethics & Integrity Policy. Tom explained that, because the Board approved the Recruitment Rewards Policy but cannot approve its own compensation, the issue of director eligibility for recruitment rewards is unresolved. The designated committee - composed of active Council members who are unaffiliated with current Hedera directors - was called to determine director eligibility under the Recruitment Rewards Policy during its wind-down period.

The designated committee discussed the issue. Ultimately, the designated committee determined that Hedera directors are ineligible for payment under the Recruitment Rewards Policy.

Adjournment

The meeting was adjourned.

Brett McDowell
Director (Chair)

Simon Olson
Magalu

Kate Ball
Director of Legal Operations & Senior Counsel

Tom Sylvester
General Counsel & Secretary