

Hedera Council Meeting Minutes

Date: November 14 - 15, 2024
Time: 8:30 am - 5:00 pm EST
Location: Miami, Florida, USA

Council Chair
Brett McDowell

Council Member Attendees

abrdn plc: Duncan Moir
Australian Payments Plus: Rob Allen
Avery Dennison: Pradeep Iyer
BitGo: Frank Wang
Chainlink: Richard Briffod
COFRA: Anil Nashier
Dell: David Frattura, Daniel Cummins
Dentons: Kenneth Oh, Yi Jing Teo
DLA Piper: Kristi Swartz
EDF: Gilles Deleuze
Google: Rich Widmann
Hitachi: Brijesh Khanna
IBM: Sumabala Nair, Shyam Nagarajan
LGE: Samuel Park, Joe Park, Paolo Lee
LSE: Jeremy Grant, Tom Kirchmaier
Magazine Luiza: Simon Olson
Mondelez: Xiang Xu
Nairobi Securities Exchange: Frank Mwiti
Service Now: Shuchi Rana
Shinhan Bank: Minju Kim, Daseob Lee
Standard Bank: Wandile Malinga
Swirls, Inc.: Dr. Leemon Baird, Mance Harmon, Bill Miller, Arlan Harris, Kurt Bierbower
UCL: Paolo Tasca, Nikhil Vadgama
Wipro: Maneesh Grover
Worldpay: Saiprasad Raut
Zain Group: Richard MacNamara, Nadir Patel

Members Not Present

Boeing	Nomura/Laser Digital
Deutsche Telekom	Tata Communications
IIT	Ubisoft

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
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
Gregory Schneider, Deputy General Counsel
Vanessa Valentine, Mgr. of Committee Operations

Hashgraph

Eric Piscini
Joe Blanchard
Lionel Chocron
Madelene Gani
Sara Hale
Paul Langston
Satish Ramakrishnan
Andrew Stakiwicz

Advisors

Diane Mueller

Guests

David Cramer, The HBAR Foundation
Kamal Youseffi, The Hashgraph Association
Stefan Diess, The Hashgraph Association
Katerina Sanchez-Schilling, Exp. Science Foundation
Juan Ignacio Ibanez, Exponential Science Foundation

Summary of actions taken at meeting:

- The Council members voted to approve (1) certain items to be incorporated into a revised Hedera LLC Agreement, which will be circulated to the Council members for a final approval vote; (2) certain items to be incorporated into a revised Committee Policy; and (3) certain items to be incorporated into a new Hedera Election Policy. The Council members directed the Secretary to implement the approved revisions.
- A committee of the Council members unaffiliated with current Hedera Directors, called by the General Counsel pursuant to the Hedera Ethics & Integrity Policy, voted to set Director compensation for 2025 at \$15k worth of hbar per quarter (\$17.5k for the Board chair).
- The Council members approved a transition plan for Board and Committee membership in light of the approved governance reforms.

- The Council members voted to extend Brett McDowell's term as Council Chair through June 30, 2025.

Actions taken or ratified by the Hedera Council by written consent (October 9, 2024 - November 14, 2024)

- The Council members voted in support of the core elements of the President's proposed strategic plan and directed the President to move forward with developing the key deliverables required for final approval at or after the Council's upcoming in-person Council meeting in Miami. (November 14, 2024.)

Actions taken by Hedera Committees (October 9, 2024 - November 14, 2024): None.

Call to Order & Introductions

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

Brett McDowell
Council Chair

Network Utilization: Ecosystem Reports

The Hashgraph Association ("THA")

Kamal, President of THA's Board, shared THA's key milestones and recent achievements. Notably, THA has signed several co-investment agreements in the GCC region, signed a web3 venture studio partnership with a major university, and kicked off several large initiatives in Africa, among other achievements.

THA continues to monitor market trends, specifically as related to the enterprise market. Kamal shared insights from its enterprise partners and discussed ways in which THA incorporates such insights into its product and service offerings.

Kamal also provided an overview of THA's finances and operational performance. THA is accelerating its innovation, enterprise, partnership, certification, and ventures programs and expects to operate these programs at scale in the coming years. Kamal shared ecosystem metrics and highlighted upcoming features and services that THA will deploy to further empower the Hedera community and ecosystem.

Kamal Youssefi
The Hashgraph Association

The HBAR Foundation ("THF")

David, Chief Operating Officer of THF, summarized THF's recent progress in ecosystem partnerships and integrations. David discussed market observations and, importantly, the role of public permissioned layer-one protocols for financial use cases with robust configurable privacy tools. David discussed opportunities in the consumer loyalty space and in the tokenization of real world assets.

David shared financial figures from THF's treasury utilization and expected runway. THF is tracking numerous key network metrics, such as average daily TPS, total value locked, total transactions, account creation, and revenue. David shared efficiencies, challenges, and opportunities for THF. Additionally, David updated the Council members on THF's proprietary grant management tool, PRISM, that continues to provide insight into the activities and growth of THF's grantees.

David Cramer
The HBAR Foundation

David concluded by sharing recent accomplishments of THF and its grantees, including the expansion of Karate Combat, the debut of Canary Capital, and initiatives in the lending and credit markets. THF's goals for 2025 include significant expansion of existing projects as well as new initiatives in identified markets.

Exponential Science Foundation (“ESF”)

Paolo and Nikhil, on behalf of ESF, informed the Council members of ESF’s recent milestones and activities. Highlights include ESF’s launch of the MiCA Crypto Alliance and publication of “*The Timeline to MiCA Compliance: Time to Take Action*,” a presentation at the Commonwealth Heads of Government Meeting in Samoa, market reports on decentralization and market research improvement proposals, and ESF’s membership in the Linux Foundation and the LF Decentralized Trust to advance the Hiero project and related projects, among other initiatives.

Paolo Tasca
Exponential Science
Foundation

Nikhil Vagdama
Exponential Science
Foundation

Paolo and Nikhil discussed market trends and opportunities. They also discussed ESF’s financial performance, including its cumulative ecosystem program spend on research, innovation, ecosystem support, and education, and its progress against specific KPIs.

In 2025, ESF will provide its research in support of various DLT projects and initiatives. ESF will also continue to expand its educational offerings with plans to launch a DLT certification platform for university certification.

Network Development: Ecosystem Reports

Linux Foundation “Project Hiero”

Diane updated the Council members on [Project Hiero](#). As announced in September 2024, Hedera recently became a founding Premier Member of the newly-launched LF Decentralized Trust and contributed the entirety of its source code to the Linux Foundation as the “Hiero” project. Diane discussed the numerous benefits of partnering with the LF Decentralized Trust and highlighted several related projects. Diane thanked the internal contributors who collaborated to allow Hedera to recognize this significant milestone.

Diane Mueller
Strategic Advisor,
Open Source
Development

Diane shared the Hiero transition steps, including the transition of the codebase and SDKs and the development of release infrastructure. Diane issued several calls to action regarding new projects and community involvement in the Technical Steering Committee.

Finally, Diane shared metrics regarding community activity and opportunities for increased community collaboration. Diane summarized other Hedera open source initiatives, such as a historical public dataset and blockchain ecosystem research. She concluded by emphasizing the many opportunities for Council members to contribute to Project Hiero and Hedera’s open source efforts generally.

Hashgraph

Hashgraph’s CEO, Eric, opened by sharing Hashgraph’s purpose: to invent decentralized technology to create interconnected public and private digital economies. Hashgraph’s goals include serving the Hedera Council, network, partners, and ecosystem, and Eric shared major achievements with respect to each. Hashgraph continues to increase its efficiency with new systems, tools, processes, and mindset. In addition, Hashgraph continues to deploy in-depth market research in order to customize its products and services consistently with market trends.

Eric Piscini
Hashgraph

Kurt Bierbower
Hashgraph

Satish Ramakrishnan
Hashgraph

Kurt, Hashgraph’s VP of Global BD, updated the Council members on Hashgraph’s current development work on a special purpose network (SPN). Kurt discussed the enterprise demand for a private network and the interplay between this and the public Hedera Network. Hashgraph expects that the private network will remove a significant barrier to entry for enterprise adoption that will ultimately result in increased enterprise adoption of the public Hedera network. Kurt, along with Satish and Andrew, highlighted what this SPN will look like in terms of governance, native operability, security features, and low operational costs.

Andrew Stakiwicz
Hashgraph

Lionel Chocron
Hashgraph

Joe Blanchard
Hashgraph

Lionel, Hashgraph’s Chief Product Officer, discussed recent product and engineering achievements. Major technical improvements have been executed pursuant to the roadmap, including EVM compatibility improvements, features like frictionless token airdrops and dynamic address book, and the delivery of 21 HIPs. Lionel discussed network operations metrics as well

as Hashgraph's contributions to community and ecosystem enablement. Hashgraph will be adding office hours in 2025 for Council members to discuss the product roadmap in more detail. Finally, Lionel highlighted Hashgraph's balanced, competitive, talented and lean engineering team, which continues to provide excellent service in support of the Hedera Network.

Joe, Hashgraph's CIO/CSO, provided a 2024 security update. Recent accomplishments include enhancement of product security, continuous improvement in incident response, and the continued focus on compliance (including an ongoing audit). Joe shared KPIs in each area and highlighted Hashgraph's key achievements. Joe concluded with a summary of ways in which the Council members can participate in product discussions, contribute to Project Hiero, and receive updates from the Hashgraph team.

Fostering Telco Adoption of Stablecoins on Hedera via GSMA

Monique Morrow
Director

Monique and Richard updated the Council members on their efforts within the DLT Working Group of the GSMA (an industry association of mobile operators and the broader mobile industry) to develop a Hedera-enabled global telco ecosystem platform. Monique highlighted GSMA's upcoming whitepapers regarding stablecoins and tokenization (of which Monique is an editor) in the telco space. Monique and Richard noted that Hashgraph recently joined Hedera as a GSMA member, thus expanding the technical and product community's contributions in support of GSMA's goals. A detailed Hedera ecosystem paper, 'The Role of DLT in Accelerating Transformation in Telecoms,' had been prepared and was available to Council members.

Richard MacNamara
Zain Group

The Council members discussed opportunities in the telco space, specifically involving stablecoins, and GSMA's role in educating the market and promulgating standards for widespread adoption.

Hedera-Enabled Global Telco Ecosystem Platform

Nadir Patel
Zain Group

Nadir shared the joint venture between Zain Group and Omantel Company, which aims to set new benchmarks for international wholesale telecom services. The project will lay the groundwork for a Telco-DLT platform, created by a Hedera-driven Telco consortium, with wholesale roaming settlement as the initial use case.

The joint venture is working alongside Tata Communications with support from The Hashgraph Association. Collectively, the parties are utilizing the Hedera Network to streamline roaming settlements and enhance efficiency, security, and trust across the telecommunications industry. Nadir highlighted the benefits of DLT in the proposed solution, including the single source of truth for transactions, signatures throughout the process, and automated digital contracts, among others.

Governance & Strategy

Charles Adkins
President

2025 Strategic Reforms

Charles facilitated an extensive discussion regarding proposed changes to Hedera's grant agreements with ecosystem partners, particularly THF. The proposal was presented in executive sessions during previous Council meetings and discussed individually with Council members to gather feedback and answer questions. Following these presentations and discussions, the Council members voted to express their general support for the proposal and directed the President to move forward with developing the key deliverables for the Council members' approval.

Charles explained that, if the resolution were to be approved by the Council and an acceptable agreement could be negotiated with THF, he would resign as President of the Hedera Council and become CEO of THF, which would relaunch as Hedera Foundation. As part of the transaction, Hedera and THF would negotiate a [term sheet](#) contemplating an additional grant to THF to support a variety of ecosystem development initiatives, subject to THF's satisfaction of certain reporting and other requirements.

Charles explained the ways in which the proposal would promote network stability. Charles shared his plans to focus THF's strategy, achieve operational and spending efficiencies, and further engage the Hedera community. Charles also discussed the logistics of the proposal and the specific terms on which the Council members would be asked to vote.

The Council members debated the proposal and provided additional feedback. Charles and Brett, in his capacity as Council Chair, offered to meet one-on-one with Council members to continue answering questions and accepting feedback on the proposal, after which an e-ballot would be issued for the Council members' consideration.

Treasury & Strategy

Rich Widmann
Google

Google: Introducing Blockchain RPC & Opportunities for Hedera

Rich discussed Google Cloud Web3's enterprise-grade RPC (remote procedure call) service. The service allows secure and performant read/write access to blockchains using native APIs. Rich explained the developer community's need for reliable RPC service, which is especially critical in the early stages of protocol development.

Rich highlighted Google Cloud's [Web3 Portal](#) and presented the current and future feature roadmap. To compile the backend data needed for this functionality, Google is working with various layer one protocols including Hedera. Rich shared lessons learned from his experience working with Hedera as well as other foundations. In addition he shared opportunities for continuous improvement.

Treasury Report & Forecast

Betsabe Botaitis
Chief Financial Officer

Betsabe discussed Hedera's 2025 goals, budget, and treasury allocation. After providing a comprehensive market overview, Betsabe discussed Hedera's past and projected revenue against its operating expenses. Betsabe also discussed Hedera's treasury management report and predictions, with context to explain the numbers and treasury management strategies being deployed.

Betsabe concluded by offering several recommendations to create financial efficiencies and optimize spend. The Council members discussed these recommendations and provided feedback for Betsabe and the Finance team's consideration.

Hedera Risk Report

Betsabe Botaitis
Chief Financial Officer

Betsabe and Kate discussed the Hedera risk management program. The goals of the program are to identify and prioritize risks, examine the root causes of top-priority risks, and develop strategies to mitigate such risks and report progress to the Board and the Council members. Kate updated the Council members on the risk team's progress and related developments.

Kate Ball
Director of Legal
Operations & Senior
Counsel

Network Governance

Public Policy Landscape in the United States: Post-Election Update

Nilmini Rubin
Chief Policy Officer

Nilmini discussed the recent U.S. election and the transition timeline for the new administration. Nilmini discussed the Presidency, Senate and House leadership, and the makeup of various committees relevant to the DLT industry.

Nilmini highlighted key policy milestones achieved in 2024. Hedera is an active participant in collaborative efforts between several layer one organizations aimed at educating the market and policymakers about the industry. Additionally, Hedera recently hosted a successful Young Global Leaders "Governing the Future" event in Washington, D.C. and continues to partner with web3-focused organizations and leverage internal resources to build global strategic relations.

Nilmini discussed a potential Hedera political action committee to further advance Hedera's policy goals in the United States. Nilmini discussed the value of PACs, examples of large enterprises with PACs, and the expected logistics to implement a Hedera-related PAC. Nilmini will present the PAC proposal to the Hedera Board at a later date.

Member Renewals & Phase 4 Internal Reforms

Tom Sylvester
General Counsel &
Secretary

Regarding the ten Council members whose initial terms are expiring at the end of 2024, Tom noted that each member indicated a desire to serve a three-year renewal term and, per the process set forth in Hedera's LLC Agreement, would be automatically nominated for the renewal term. Council members should expect a forthcoming e-ballot to vote on renewal terms.

Tom also presented recommendations from the "Phase 4 Task Force" to optimize Hedera's governance structure and operations. The Task Force, which was formed at the Council's in-person meeting held in May 2024 in New York City, met frequently to debate governance reforms related to the Council, Board, and Hedera Committees.

Tom, in his capacity as Chair of the Phase 4 Task Force, had briefed the Council members on the Task Force's recommendations at the Council meetings held on September 11 and October 9. The Council members discussed the proposals and provided feedback, which Tom incorporated into the specific reforms presented for a Council vote.

Following discussion, and after being moved and seconded, the Council members voted to approve each of the following items to be incorporated into a revised LLCA, which will be circulated to the Council members for a final approval vote:

- Each Council Member must appoint a primary representative who is an employee, officer, or director of the Council Member; the Council Member may also appoint one or more alternate representative(s) who are employees, officers, directors, or authorized agents of the Council Member (with such agency confirmed through an annual written certification process);
- The threshold for renewing an existing Council Member's term shall be the majority of the Council members (a change from the status quo, which requires a vote of 2/3 of the Council members to approve a Member's renewal term);
- The Board shall be reduced in size from seven to five Directors; all Directors and officers shall have fiduciary duties to Hedera Hashgraph, LLC; and Directors may be removed from office by a majority vote of the Council members;

The Council members also voted to approve each of the following items and directed the Secretary to revise the Committee Policy as follows:

- The following committees will be maintained as of January 1, 2025: Technical Steering & Product (TechCom), Membership (MemCom), Network Utilization (UseCom), and Coin Economics & Treasury Management (CoinCom);
- The following committees will be dissolved as of January 1, 2025: Marketing (MarCom) and Government Affairs (GovCom);
- For the Committees that will exist as of January 1, 2025:
 - Committee members will be Council Member-affiliated individuals elected by the Council members for one-year terms, but all Council Member representatives and directors may generally attend Committee meetings as non-voting participants;
 - Unless otherwise set forth in its charter, a Council committee will have 3 voting members, one of whom will be selected to serve as the Chair of that committee by consensus of the voting members (if no consensus is reached within 30 days of the committee members' term, the Council will decide who the chair shall be from among the voting members); and

- A committee member may be removed by a majority vote of the Council members.

Additionally, the Council members voted to approve a new Hedera Election Policy, which shall incorporate the following terms, and directed the Secretary to draft the Hedera Election Policy as follows:

- Regarding Board composition, the new five-person Board shall be comprised of the President ex officio, two Directors who are affiliated with current Council members, and two Directors who are unaffiliated with Council members;
- No more than one Director may be affiliated with the same entity;
- The Board shall elect its own Chair, who shall be a voting Director elected for a one-year term each calendar year and who shall not be the same person as the President or the Council Chair; the Board shall elect its Chair via a process to be determined by the Secretary and, if no candidate gets a supermajority of votes (e.g. four of five or five of seven) by December 1 of the year prior to the start of the Chair's term, the Council shall elect the Board Chair from among the elected Voting Directors;
- The Council Chair shall be elected by the Council members for a two-year term, and can be removed by a majority vote of the Council members;
- The Council Chair and Council Committee Chairs may attend Board meetings as non-voting participants;
- A Nominating Committee, comprised of the Council Chair, the Directors not up for reelection, and two Council committee chairs selected at random, shall be formed that will:
 - Meet on an ad hoc basis to assist with director recruitment (i.e., it would not be a regular, standing Council committee like MemCom, TechCom, etc.)
 - Select a recruiter/consultant to help with recruitment of "unaffiliated" director candidates (i.e., candidates who aren't affiliated with a Council member)
 - Work on a Board skills matrix with the leadership team & consultants/recruiters
 - Approve skills matrix & share it with the Council for ratification
 - Assist with and provide oversight on director recruiting and vetting "unaffiliated" candidates through interviews
 - Provide the Council members with recommendations (e.g., 2-3 finalists) and written assessments of "unaffiliated director" candidates prior to each annual election.

The Council members discussed additional changes to expect, such as a reduced meeting cadence for Council and committee meetings. Beginning in 2025, the Council is expected to meet quarterly and the committees will determine their schedules consistently with the approved reforms.

2025 Leadership Compensation Proposal

The Council members discussed leadership compensation for the calendar year 2025. Tom, in his capacity as General Counsel and pursuant to the Hedera Ethics & Integrity Policy, called a special committee composed of active Council members who are unaffiliated with a current Hedera Director.

Tom Sylvester
*General Counsel &
Secretary*

The committee, acting under delegated authority from the Council, voted to **APPROVE** the Director participation requirements as set forth in the attached Schedule A and **DIRECTED** the Secretary to update the Hedera Contributor Rewards Policy, effective as of January 1, 2025, consistently with the Council's resolution.

2025 Leadership Election / Transition Plan

Brett McDowell
Chair

Brett discussed the Board and Committee transition plan in light of the approved "Phase 4" governance reforms. The Council members discussed the benefits of a fresh start in which positions are elected pursuant to the recently-approved, optimized, governance structure.

Following discussion, the Council **APPROVED** the following transition plan:

- The Council members voted for Duncan Moir to serve in one of the two Director seats reserved for individuals affiliated with Council members (through December 31, 2025 and provided that he remain affiliated with a Council member during the term), with the other affiliated seat to be elected for the 2025 - 2026 term;
- The Council members voted for Monique Morrow to serve in one of the two Director seats reserved for individuals unaffiliated with Council members (through December 31, 2025), with the other unaffiliated seat to be elected for the 2025 - 2026 term;
- The Council members voted that each of the Committees (MemCom, TechCom, UseCom, and CoinCom) will hold an election to fill two of its three seats, with one identified incumbent Committee Chair remaining on each Committee through December 31, 2025.

Hedera Use Cases & Strategy Implementation: Breakout Sessions

The Council members entered into small-group breakout sessions to discuss key strategic initiatives. Topics included AI governance, tokenization, proposed ecosystem reforms, and "force for good" charitable uses of the Hedera network. The Council members discussed the working groups formed around each topic and the progress that has been made since the May 2024 meeting in New York.

Adjournment

The Council members then entered into executive session, during which they voted to **APPROVE** the extension of Brett McDowell's term as Council Chair through June 30, 2025.

The meeting was adjourned.

Hedera Director Rewards

The following compensation amounts were approved by the Council members on November 15, 2024, pursuant to a Committee-of-the-Whole as set forth in the Hedera Ethics & Integrity Policy, and are effective for the calendar year 2025.

A Director who satisfies the eligibility and other criteria set forth in this Policy may earn Coins worth **\$15,000 per quarter (\$60,000 annually)**.

The Board Chair, elected pursuant to the procedures established by the Council or its designee, who satisfies the eligibility and other criteria set forth in this Policy may earn Coins worth **\$17,500 per quarter (\$70,000 annually)**.

<i>Item</i>	<i>Payment Cadence & Amount</i>	<i>Max Annual Payment (2025)</i>	<i>Expectations</i>
Service as a Director	Quarterly Stipend in the amount of \$15,000 worth of HBAR	\$60,000 worth of HBAR	Although payment is to be made in the form of quarterly stipends without reference to specific participation criteria, Directors are expected to attend Board and Council meetings and be prepared by reviewing relevant materials, participating in discussions, and voting on matters up for decision.
Service as the Board Chair	Quarterly Stipend in the amount of \$17,500 worth of HBAR	\$70,000 worth of HBAR	Although payment is to be made in the form of quarterly stipends without reference to specific participation criteria, the Board Chair is expected to (i) perform the duties of a Director and (ii) provide notice for standing Board meetings, call additional Board meetings as needed, set and distribute the agenda for Board meetings, preside over the deliberations of the Board meetings, meet with Directors between meetings if needed to ensure engagement on all key issues facing the Board, and meet with the President and other officers, as appropriate.