

Human Resources and Compensation Committee (HRCC) Charter



Purpose

The SERC Human Resources and Compensation Committee (HRCC) is a committee of the SERC Board of Directors (Board). The purpose of the HRCC is to: (i) assist the Board in fulfilling its fiduciary duties as they pertain to determining appropriate compensation levels and ensuring that compensation methods are consistent with the Corporation's mission, vision, and values; (ii) assist the Board in developing compensation strategies, policies and plans that will enhance the Corporation's ability to attract and retain skilled leadership; and (iii) assist the Board in developing and implementing compensation policies for Independent Directors.

Responsibilities and Activities

The following is a list of the HRCC's responsibilities and routine activities:

- 1) In consultation with management, review SERC's general policies relating to employee compensation, and oversee the implementation of these compensation programs.
- 2) Ensure that reviews of industry compensation and benefit practices are conducted periodically, in order to assess the adequacy, effectiveness, and competitiveness of SERC's compensation and benefit plans.
- 3) Annually review and approve the base salary, bonus, and any other forms of compensation for the President and CEO and corporate officers to ensure that SERC's compensation policies are followed.
- 4) Regularly review the performance of the President and CEO based on the achievement of goals and objectives relevant to their compensation, and evaluate their performance in light of these goals and objectives.
- 5) Assist the Board in developing and implementing compensation policies for Independent Directors.
- 6) Assist the President in maintaining a succession plan for all key personnel, including recommendations for the recruitment and promotion of corporate officers as appropriate to maintain continuity and fulfill the corporation's mission, consistent with SERC's Bylaws.
- 7) Receive reports regarding changes associated with SERC's Retirement Plans.
- 8) Review overall staffing levels and management's plans and activities for the development of key personnel.
- 9) Perform other functions as may be assigned from time to time by the Board.
- 10) Perform an annual review of this charter.

Representation

The HRCC shall consist of up to seven (7) members of the Board, at least two (2) of which shall be Independent Directors.

Each HRCC representative shall serve for a term of two (2) years, beginning on July 1 of the appointment year, and may be reappointed by the Board to successive terms. To permit the presence of experienced HRCC representatives, terms should be staggered so that approximately half of the representatives rotate off the HRCC each year.

The Nominating and Governance Committee shall propose a slate of representatives to serve on the HRCC annually at the April meeting of the Board. The Board shall approve the slate as presented, or as modified by the Board.

The Board Chair shall appoint a Chair of the HRCC from among the HRCC representatives. The HRCC Chair shall serve for a term of two (2) years beginning on July 1 of the appointment year.

In the event that a representative of the HRCC is unable to complete a term, the Board shall fill such vacancy at its next meeting.

The Board Chair shall serve as a non-voting Ex Officio member of the HRCC.

Governance

The HRCC shall meet as required and at least twice per year.

HRCC decisions and recommendations are generally made by consensus. If a vote is required, each HRCC representative shall have one (1) vote. HRCC representatives holding a simple majority of the individual votes shall constitute a quorum. A simple majority of those present is needed to approve any motion or vote except for motions or votes regarding setting compensation for Independent Directors and the President and CEO, including directing compensation studies. To approve any motion or vote regarding setting compensation for Independent Directors and the President and CEO, including directing compensation studies, a simple majority of those present with the majority of Independent Directors voting in favor is required.

The HRCC shall abide by the SERC Confidentiality Policy, the SERC Antitrust Compliance Guidelines, all other applicable statutes and regulations, and any other applicable policies approved by the Board in carrying out its purpose. The HRCC shall otherwise be governed by Robert's Rules of Order.

In the event of a conflict between the language in this document and the SERC Bylaws, the language of the Bylaws will control.

Reporting

The HRCC shall report to the Board at each meeting.