

**Charter of the People  
and Governance Committee  
of the Board of Directors  
Tennessee Valley Authority**

**I. Purpose**

The People and Governance Committee (“Committee”) is a standing committee of the Board of Directors (“Board”) and is charged with assisting the Board in fulfilling its responsibilities under the Tennessee Valley Authority Act (“TVA Act”). The Committee has been created by the Board pursuant to Section 2(g)(1)(J) of the TVA Act. Provisions of the TVA Act that provide the Committee guidance pertaining to its areas of responsibility are listed in Section VI below.

Specifically, the Committee shall advise the Board with respect to oversight, policies, and strategies in the following areas:

- a. Chief Executive Officer (“CEO”) succession planning;
- b. Goals, compensation, and performance review for the CEO and the Tennessee Valley Authority’s (“TVA”) leadership team;
- c. Leadership and culture, including inclusion with diversity, talent planning, engagement (holistic safety and employee wellbeing), and people communications;
- d. Total rewards, including compensation, executive compensation, employee benefits, and performance incentives;
- e. Labor relations; and
- f. Board governance.

Senior management has primary responsibility for each of the items identified above. The Board oversees senior management in its performance of this responsibility and adopts policies and strategies with regard to the items identified above.

**II. Authority and Resources**

In accordance with guidelines and cost parameters established by the Board, the Committee may engage outside advisers to assist it in the conduct of its responsibilities, and TVA shall bear the expense of such advisers. The Committee shall set the compensation, and oversee the work, of outside advisers.

With respect to any such outside advisers, the Committee will assess annually any potential conflicts of interest raised by the work of the outside advisers retained by the Committee who are involved in determining or recommending executive compensation (other than any adviser whose role is limited to advising on any broad-based plan that does not discriminate in favor of TVA’s executive officers or directors and that is available generally to all salaried employees, or providing information that either is not customized for TVA or that is customized based on parameters that are not developed by the compensation adviser).

The assessment will include the following factors: (1) other services provided to TVA by the firm

employing the outside adviser; (2) fees paid by TVA to the firm employing the outside adviser as a percentage of the firm's total revenue; (3) policies or procedures maintained by the firm employing the outside adviser that are designed to prevent a conflict of interest; (4) any business or personal relationships between the outside adviser and a member of the Committee; (5) any TVA debt securities owned by the outside adviser; and (6) any business or personal relationships between TVA's executive officers and the outside adviser or the firm employing the outside adviser.

Nothing contained in this charter is intended to expand the applicable standards of liability under statutory or regulatory requirements for the Board or its directors. Members of the Committee are entitled to rely on the expertise, knowledge, and judgment of TVA management and employees and outside advisors.

### **III. Membership**

The members of the Committee shall be appointed by the Chair of the Board with the approval of the Board in accordance with the *Bylaws of the Tennessee Valley Authority*. The Chair of the Committee shall be appointed by the Chair of the Board and shall serve a term that runs concurrently with the term of the appointing Chair of the Board. If the Chair of the Committee is absent, that position's role shall be filled by another member of the Committee selected by the Committee's membership in attendance.

The Committee shall be composed of not more than four directors of TVA. No member of the Committee shall receive compensation from TVA, other than as specified by the TVA Act and any other benefits statutorily related to service as members of the Board or service as a Chair of a standing committee of the Board.

### **IV. Meeting Requirements**

The Committee shall meet at least four times per year and may meet more frequently. Any such meeting may be held in-person, virtually, or by any other means that allows members of the Committee to communicate simultaneously. The Committee shall meet in executive session at least once annually without management present. An executive session may be held during one of the four required Committee meetings. Officers and other management officials of TVA may attend meetings of the Committee upon invitation. A quorum of the Committee is defined as a majority of its members.

The Committee Chair will approve the agenda, with input from senior management and other directors on the Committee and the Board as appropriate.

The Committee shall maintain minutes of its meetings and records related to those meetings. The Corporate Secretary shall appoint a Secretary of the Committee. The minutes of the Committee meetings shall accurately reflect the actions taken by the Committee, including all recommendations made by the Committee to the Board, and shall be distributed to all Committee members and to the Chair of the Board. Copies shall be distributed to the Chief Executive Officer and to TVA's external auditor, unless the Committee specifies otherwise.

## **V. Responsibilities of the Committee**

In addition to the responsibilities described below, the Committee will undertake such other duties as the Board delegates to it, and will report periodically to the Board regarding the Committee's activities, examinations and recommendations.

### **A. Talent, Culture Management and Compensation**

1. Ensure CEO succession planning adequate to provide for an orderly transition under normal transition and unforeseen events;
2. Recommend specific and qualitative performance goals for the CEO and TVA's leadership team and review overall cultural performance metrics;
3. Review compensation for, and the annual performance of, the CEO and his or her managerial direct reports;
4. Review and from time to time make recommendations to the Board regarding: (i) TVA's executive and TVA-wide performance incentive plans and the goals and measures for those plans, (ii) compliance in promoting veterans' rights and diversity, and (iii) labor relations strategy;
5. Review the compensation plan for TVA that has been established under Section 2(g)(1)(F) of the TVA Act and make recommendations to the Board for revisions;
6. Periodically review the compensation and benefits programs for all TVA employees, including retirement benefits, annual opportunities under incentive plans, and other elements of compensation;
7. Review and recommend payouts, or adjustments in payouts, under TVA performance incentive plans as appropriate;
8. Review and discuss with management, the compensation discussion and analysis ("CD&A") to be included in TVA's Annual Report on Form 10-K ("10-K") and recommend to the Board whether the CD&A should be included in the 10-K. (This recommendation may be made by e-mail.);
9. Review the diversity, equity, and inclusion culture at TVA;
10. Review and recommend, as appropriate, matters of board governance;
11. Make such recommendations, on matters within the scope of the Committee's responsibilities, to the Board as considered necessary or appropriate; and
12. Conduct annually a self-assessment of the Committee with the goal of continuing improvement.

## **VI. Responsibilities Related to the TVA Act**

The Committee is charged with the responsibility of assisting the Board in fulfilling its responsibilities under the TVA Act, including primary responsibility regarding the following provisions of the TVA Act:

- a. Section 2(a)(2) (selection of Board chair);
- b. Section 2(g)(1)(A) (broad goals, objectives, and policies);
- c. Section 2(g)(1)(B) (long-range plans to guide TVA in achieving the goals, objectives, and policies of TVA and assistance to the CEO to achieve those goals, objectives, and policies);
- d. Section 2(g)(1)(C) (ensure that Board-approved goals, objectives, and policies are achieved);

- e. Sections 2(g)(1)(F) and 2(i) (establish a compensation plan for TVA employees);
- f. Section 2(g)(1)(G) (approve compensation of employees that report directly to the CEO);
- g. Sections 2(g)(1)(K) and 2(g)(2) (Board public hearings and holding of Board meetings);
- h. Sections 2(h)(1) and 2(i) (appointment and compensation of the CEO); and
- i. Section 2(i)(5) (approve salaries in excess of the annual rate payable for Level IV positions under 5 U.S.C. 5315).

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*Original charter approved August 30, 2021*