

MINUTES OF THE SEPTEMBER 27, 2021, MEETING OF THE COMPENSATION AND HUMAN RESOURCES COMMITTEE

The Compensation and Human Resources Committee (“Committee”) of the Board of Regents (“Board”) of the Smithsonian Institution (“Smithsonian”) held a videoconference meeting on September 27, 2021. Participating were Committee Chair Michael Govan and Committee members Representative Lucille Roybal-Allard, Barbara M. Barrett, and Steve Case.

Also present by invitation of the Committee were, Chief of Staff to the Secretary Greg Bettwy, Chief of Staff to Representative Roybal-Allard Victor Castillo, Associate General Counsel Farleigh Earhart, Deputy Chief of Staff to the Regents Kate Forester, Special Assistant to the Regents Mallory Gianola (recorder), Director of the Office of Human Resources Antonio Guzmán, Acting Under Secretary for Administration Doug Hall, Inspector General Cathy Helm, Chief Financial Officer Janice Lambert, Human Resources Specialist Suleyka Lozins, Director of the Office of Equal Employment and Supplier Diversity Era Marshall, Deputy Secretary and Chief Operating Officer Meroë Park, and Chief of Staff to the Regents Porter Wilkinson. Pearl Meyer consultant Jim Hudner also participated in the meeting

CALL TO ORDER AND AGENDA REVIEW

Committee Chair Michael Govan called the meeting to order at 10:00 a.m. and reviewed the agenda. He acknowledged Ambassador Barbara Barrett’s return to the Committee, following her reappointment to the Board of Regents in June 2021.

REVIEW OF THE MAY 18, 2021, COMMITTEE MEETING MINUTES

Upon motion duly made and seconded, the draft minutes of the May 18, 2021, Committee meeting were approved without modification.

CALENDAR YEAR 2022 COMPENSATION

As part of the annual cycle of the Committee, the September meeting is focused on reviewing the core principles and decisions that form the foundation for the executive pay cycle, and will culminate with the compensation recommendations that the Committee and the Board will review in January 2022.

2021 and 2022 List of Disqualified Person Positions

The Committee reviewed the proposed list of disqualified person positions for compensation years 2021 and 2022. Mr. Govan reminded the Committee that a disqualified person list was not considered last year due to the impact of the COVID-19 (Coronavirus) pandemic and financial implications related to the 2021 compensation cycle for senior-level Trust employees. With this cycle, the Committee will return to determining disqualified persons on an annual

basis. The updates to the disqualified persons list bring it into alignment with the recently revised 990 form and the applicable Internal Revenue Service guidance.

Upon motion duly made and seconded, the following was approved:

VOTED that the Compensation and Human Resources Committee approves the list of disqualified person positions and individuals for 2021 and 2022.

2022 Decision-Making Levels

Mr. Govan reviewed the criteria that distinguishes compensation decisions made by the Regents and those made by the Secretary. It was recommended that the decision-making levels for 2022 remain unchanged. The Board's review will include positions that meet the following criteria: Trust positions that report to the Regents and/or Secretary or Deputy Secretary/COO; Federal positions that report to the Regents (Inspector General); Trust positions designated as Disqualified Person positions; and any other position with a proposed 2022 salary above \$300,000 or proposed 2022 total compensation above \$325,000. The decision-making levels will result in approximately 30-40 positions going to the Board for review in January 2022.

Upon motion duly made and seconded, the following was approved:

VOTED that the Compensation and Human Resources Committee approves the 2022 decision-making levels.

2022 Updated Compensation Philosophies

Next, Mr. Govan led the Committee's review of the Trust and Federal compensation philosophies, which are reviewed and updated annually to reflect any changes in compensation approaches, salary ranges, and/or effective dates.

Upon motion duly made and seconded, the following was approved:

VOTED that the Compensation and Human Resources Committee approves the updated compensation philosophy to include new projected salary ranges and effective dates for calendar year 2022.

2022 Comparable Process

Pearl Meyer Consultant Jim Hudner provided an overview of the recommended approach and methodology for determining comparable compensation for approximately 130 Trust executive positions to be analyzed for 2022. Mr. Hudner reminded the Committee of the Smithsonian's approach of aging data every other year. A full pricing analysis of all positions was accomplished in 2019 and aged in 2020. For 2021, the consultant provided data for an abbreviated list of executive positions, instead of the full pricing analysis, given the elimination of senior-level Trust salary increases and awards due to the impact of COVID-19. Pearl Meyer will provide data for all of the Institution's Trust executive positions for the 2022 process. Mr. Hudner outlined the approach and methodology for assessing the competitiveness and reasonableness of

Smithsonian compensation levels, which is guided by the Smithsonian’s compensation philosophies, and the benchmarking analysis of market peers.

Upon motion duly made and seconded, the following was approved:

VOTED that the Compensation and Human Resources Committee approves the comparables approach for the positions being analyzed for 2022.

Preliminary Investment Incentive Payouts

The Committee reviewed preliminary calculations for the quantitative and qualitative portion of the Investment Incentive Program for the 2021 performance year. Preliminary data show the Institution’s annual portfolio return was 42.3%, which was 13% greater than the benchmark return of 29.3%, for the annual performance period ending June 30, 2021. The three-year portfolio return was 18.2%, which was 8.5% greater than the benchmark return of 9.7%. These preliminary estimates of projected payouts for certain executives included in the Investment Incentive Program will be verified and validated by a third party, prior to being formally presented for the Committee’s review and discussion in January 2021.

Update on Compensation Consultant Contract

Director of the Office of Human Resources Antonio Guzmán updated the Committee on the current contract with the Smithsonian’s independent compensation consultant Pearl Meyer, which was established in 2015. The Committee agreed with management’s recommendation to continue work with the consultant by exercising a final option to extend the contract through 2024.

UPDATE ON COVID-19 SAFETY PROTOCOLS

Acting Under Secretary for Administration Doug Hall briefed the Committee on the Smithsonian’s continued response to the COVID-19 (Coronavirus) pandemic, specifically impacts of vaccination mandates and safety protocols for Smithsonian operations. Effective September 9, 2021, the “Key to NYC” program requires all visitors ages 12 and older to show COVID-19 vaccination proof before entering certain New York City establishments. To be consistent with the New York City environment, the Smithsonian applies these requirements to the visitors of the Cooper Hewitt, Smithsonian Design Museum and the National Museum of the American Indian in New York. The Smithsonian is also carefully reviewing the Biden Administration’s Executive Order and guidance from the Office of Management and Budget (“OMB”) and the Office of Personnel Management (“OPM”) regarding vaccination mandates and attestation.

UPDATE ON SMITHSONIAN TELEWORK POLICIES

Director of the Office of Human Resources Antonio Guzmán provided an update on the status of Smithsonian policies impacted by COVID-19, as it relates to telework policies and procedures. As the Smithsonian continues to navigate the vaccine mandate and monitor community case

rates, the Institution is currently operating under enhanced telework guidelines. The Office of Human Resources is updating telework policies, flexible work schedules, and collaborative scheduling tools for work performed onsite and in shared office spaces to better adapt to the future of work in the long-term.

STATUS AND METRICS FOR THE OFFICE OF HUMAN RESOURCES

Mr. Guzmán updated the Committee on the status and priorities of the Office of Human Resources (“OHR”). The Committee discussed the most significant challenges facing human resource operations at the Smithsonian and reviewed the top focus areas to address that have been identified by senior leadership. Mr. Guzmán also outlined OHR’s priorities for 2021 through 2023 to achieve a nimble, cost-effective, and responsive administrative structure.

UPDATE ON THE SMITHSONIAN EMPLOYEE PERSPECTIVE SURVEY

The Committee was briefed on the 2021 Smithsonian Employee Perspective Survey, which will launch in October. The annual survey has been delayed due to the COVID-19 pandemic. The survey will be offered through Smithsonian Organization and Audience Research (“SOAR”) and made available in both English and Spanish to every employee who has been with the Smithsonian for at least three months. The Institution-wide results of the survey will be available on the SOAR website and will support the leadership team by identifying the Smithsonian’s strengths and in order to implement strategies to address areas needing attention.

EXECUTIVE SEARCHES

Deputy Secretary and Chief Operating Officer Meroë Park briefed the Committee on three senior-level positions: Head of Digital Transformation, Head Diversity Officer, and Under Secretary for Administration. On August 30, Becky Boutwell Kobberod joined the Smithsonian as the Head of Digital Transformation (“HDT”). The HDT position is the Smithsonian’s first leadership role devoted to developing a pan-institutional digital strategy. Executive searches for the Head Diversity Officer and Under Secretary for Administration are underway.

Chief of Staff to the Secretary Greg Bettwy updated the Committee on the progress of searches for eight vacant director-level positions at the following units: Cooper-Hewitt, Smithsonian Design Museum; National Air and Space Museum; National Museum of the American Indian; National Museum of the American Latino; National Zoological Park; Smithsonian American Women’s History Museum; Smithsonian Astrophysical Observatory; Smithsonian Institution Libraries and Archives.

SMITHSONIAN ENTERPRISES ANNUAL INCENTIVE PROGRAM AND PERFORMANCE INCENTIVE

To conclude the open session, Mr. Guzmán briefed the Committee on the Smithsonian Enterprises annual incentive program and performance incentive. Due to the impact of the

COVID-19 (Coronavirus) pandemic and financial implications the incentive plan was put on hold for 2021 as part of the measures adopted to address the significant loss of revenue and to help mitigate Trust losses as related to compensation. For 2022, the program will be reinstated, but it has been revised to clarify program participants based on positions that either have direct revenue responsibility or have a significant impact over the financial results of a business line or Smithsonian Enterprises. For 2022, there will be approximately 37 participants and an overall financial goal of \$14.1 million.

EXECUTIVE SESSION

The Committee moved into an Executive Session at approximately 11:00 a.m. to receive updates on potential mitigation strategies to address the Central Trust deficit and the Smithsonian's Anti-Harassment and Workplace Violence Prevention Program.

ADJOURNMENT

With no further business to consider, the meeting was adjourned at approximately 11:20 a.m.

Respectfully submitted,

Michael Govan
Chair