



**MEMORANDUM**

To: Human Resources and Governance (HR&G) Committee  
 From: Karl Pfirrmann, HR&G Committee Chairman  
 Date: July 31, 2017  
 Re: Item 10 – Review of Annual Committee Self-Evaluation Process

**HR&G Committee Charter Requirement for Annual Self-Evaluation**

The HR&G Committee Charter provides:

Annually, the Committee shall conduct a self-evaluation of its performance and, in light of this self-evaluation, consider changes in its membership, Charter, or procedures. The Committee shall report to the Board the results of its evaluation, including recommended Charter, membership, and other changes, if any.

**Proposed Self-Evaluation Questionnaire Provided for Review and Comment**

Attached is the proposed 2017 Annual Committee Self-Evaluation questionnaire for your review and comment.

The Committee has typically reviewed the proposed questionnaire at its next to last meeting of the year with the results discussed at the last meeting of the year, December 11, 2017.

The Committee is being provided the proposed questionnaire earlier than usual this year to allow for extra time to consider modifications as follows:

Committee Meeting	Task
August 2017	<ul style="list-style-type: none"> <li>Review proposed questionnaire for modifications.</li> </ul>
October 2017	<ul style="list-style-type: none"> <li>Requested modifications incorporated into questionnaire for discussion.</li> <li>Questionnaire issued to Committee for completion shortly after Committee meeting.</li> </ul>
December 2017	<ul style="list-style-type: none"> <li>Questionnaire results discussed.</li> </ul>

With this new schedule, the Committee would still stay on track to have the results discussed at the December 2017 Committee meeting.



<b>DRAFT 8.07.2017</b>		Yes	No	Not Sure	Comments
<b>Human Resources &amp; Governance Committee Annual Self-Evaluation (2017)</b>					
1	Does the committee have the appropriate number of members? The committee should not be so large that: <ul style="list-style-type: none"> <li>▪ its ability to operate efficiently and effectively is reduced</li> <li>▪ members' ability to raise issues is hampered</li> <li>▪ it is difficult to get a quorum when a time-sensitive issue arises.</li> </ul>				
2	Do committee members have varied backgrounds and bring diverse expertise?				
3	Committee members demonstrate their objectivity during meetings through behaviors such as driving agendas, rigorous probing of issues, consulting with other parties, and encouraging direct questions.				
4	Differences of opinion on issues are resolved to the satisfaction of the committee.				
5	Committee members challenge the Chair as appropriate.				
6	The committee charter is used as a document to guide the committee in its efforts, and to help guide the committee's agenda.				
7	The committee is fully independent, accountable and vigorous in taking primary responsibility for all aspects of executive compensation.				



<b>DRAFT 8.07.2017</b>		<b>Yes</b>	<b>No</b>	<b>Not Sure</b>	<b>Comments</b>
<b>Human Resources &amp; Governance Committee Annual Self-Evaluation (2017)</b>					
8	The committee reviews and approves a recommendation to the Board for compensation package and employment terms for the CEO as necessary and reviews CEO-recommended compensation for the CEO's direct reports annually.				
9	The committee annually reviews and approves performance goals & objectives with respect to the compensation of the CEO.				
10	The committee evaluates and measures the CEO's performance against the goals and objectives set for the year and provides oversight of the performance evaluation of all other CEO direct reports, or other employees the CEO identified for the committee, against the Board-approved key performance indicators and any other approved goals and objectives.				
11	The committee consults with the CEO and advises the Board with respect to senior management succession planning				
12	The committee advises the full Board as to risk issues it sees in the H.R. and Governance area.				
13	The committee investigates and is knowledgeable of competitive practices and trends to determine the adequacy of the organization's executive compensation programs.				



<b>DRAFT 8.07.2017</b>		<b>Yes</b>	<b>No</b>	<b>Not Sure</b>	<b>Comments</b>
<b>Human Resources &amp; Governance Committee Annual Self-Evaluation (2017)</b>					
14	The committee reviews key terms and design of all employment agreements with ERCOT, including retention agreements.				
15	The committee considers Board directors and Board committee compensation matters as needed.				
16	The committee considers necessary training to enhance the Board's performance, keeping apprised of the latest corporate governance trends and issues.				
17	The committee considers and recommends Board succession planning.				
18	The committee conducts an annual self-evaluation of its performance and reports the results to the Board, including recommended charter, membership and other changes.				
19	The Committee makes appropriate use of workgroups or task forces to investigate issues defined by the Committee.				
20	The committee engages outside experts as appropriate.				
21	The committee is cognizant of the line between oversight and management, and endeavors to respect that line.				
22	The committee interacts and communicates with management effectively and appropriately.				



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<b>Human Resources &amp; Governance Committee Annual Self-Evaluation (2017)</b>					
23	The committee is focused and understands its functions and responsibilities.				
24	The committee conducts executive sessions in a manner that is respectful to the individual, while at the same time asking tough and necessary questions, evaluating answers, and pursuing issues that might arise.				
25	The committee communicates at an appropriate level of detail when informing the Board of its actions.				
26	Committee members receive clear and succinct agendas and supporting written material.				
27	Meeting materials are provided in a timely manner to allow for review by the committee members prior to scheduled meetings.				
28	Committee members have adequate opportunities to discuss issues and ask questions.				
29	The frequency of committee meetings is appropriate for the responsibilities assigned to the committee.				
30	Meeting facilities and presentation materials are effective for the conduct of committee activities.				



<b>DRAFT 8.07.2017</b> <b>Human Resources &amp; Governance Committee</b> <b>Annual Self-Evaluation (2017)</b>		<b>Yes</b>	<b>No</b>	<b>Not Sure</b>	<b>Comments</b>
31	Please add additional comments, questions and suggestions.				

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