



## MEMORANDUM

To: Human Resources and Governance (HR&G) Committee  
From: Karl Pfirrmann, HR&G Committee Chairman  
Date: December 4, 2017  
Re: Item 5 - Annual Committee Self-Evaluation Survey Results

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At the October 16, 2017 HR&G Committee meeting, Committee members were encouraged to complete and submit the Annual Committee Self-Evaluation Survey. We received five completed surveys for a 100-percent completion rate.

Attached are the Annual Self-Evaluation Survey results for the Committee's consideration.



ERCOT HR & Governance Committee 2017 Self-Evaluation Survey Results		Yes	No	Not Sure	Comments
1	<p>Does the committee have the appropriate number of members? The committee should not be so large that:</p> <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>	4		1	<b>Comment 1:</b> We probably need a better balance on both committees, F&A and HR&G, next year.
2	Do committee members have varied backgrounds and bring diverse expertise?	5			<b>Comment 1:</b> I think it is important to have some committee members that are from large organizations like ERCOT because they can bring that perspective to committee discussions.
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.	5			<b>Comment 1:</b> There are candid discussion during committee meetings.



ERCOT HR & Governance Committee 2017 Self-Evaluation Survey Results		Yes	No	Not Sure	Comments
4	Differences of opinion on issues are resolved to the satisfaction of the committee.	5			<b>Comment 1:</b> In my view everyone has the opportunity to surface issues that they see and in those cases, commute discussion is encouraged and occurs.
5	Committee members challenge the Chair as appropriate.	4		1	<b>Comment 1:</b> As the Chair, I feel Committed Members can challenge me personally or the Committee as a whole. I am not aware of anyone who feels that they cannot challenge either me or the Committee.
6	The committee charter is used as a document to guide the committee in its efforts, and to help guide the committee's agenda.	5			
7	The committee is fully independent, accountable and vigorous in taking primary responsibility for all aspects of executive compensation.	5			<b>Comment 1:</b> It uses appropriate external resources for compensation studies.
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	5			



ERCOT HR & Governance Committee 2017 Self-Evaluation Survey Results		Yes	No	Not Sure	Comments
	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.	5			<p><b><u>Comment #1:</u></b> The CEO's compensation is not affected by his performance review. Circumstances do not permit this linkage.</p> <p><b><u>Comment #2:</u></b> In addition to reviewing the goals and objectives for the upcoming year there is also a robust discussion of the drivers for the goals with the CEO.</p>
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.	4		1	
11	The committee consults with the CEO and advises the Board with respect to senior management succession planning.	5			



ERCOT HR & Governance Committee 2017 Self-Evaluation Survey Results		Yes	No	Not Sure	Comments
12	The committee advises the full Board as to risk issues it sees in the H.R. and Governance area.	5			
13	The committee investigates and is knowledgeable of competitive practices and trends to determine the adequacy of the organization's executive compensation programs.	5			<b><u>Comment #1:</u></b> The appropriate external resources are utilized to facilitate this objective.
14	The committee reviews key terms and design of all employment agreements with ERCOT, including retention agreements.	5			<b><u>Comment #1:</u></b> The committee reviews key terms but does not approve all individual agreements.
15	The committee considers Board directors and Board committee compensation matters as needed.	5			
16	The committee considers necessary training to enhance the Board's performance, keeping apprised of the latest corporate governance trends and issues.	4		1	<b><u>Comment #1:</u></b> The committee considers necessary training to enhance the Board's performance based on committee members' experiences and staff



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					<p>recommendations. The committee should discuss ways to stay abreast of latest corporate governance trends and issues.</p> <p><b><u>Comment #2:</u></b> Even though we have elected to not participate as members of NACD, I believe the Committee's members are well aware of current trends and issues in the areas of our responsibility.</p>
17	The committee considers and recommends Board succession planning.	5			
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.	5			
19	The committee makes appropriate use of workgroups or task forces to investigate issues defined by the committee.	5			
20	The committee engages outside experts as appropriate.	4	1		



ERCOT HR & Governance Committee 2017 Self-Evaluation Survey Results		Yes	No	Not Sure	Comments
21	The committee is cognizant of the line between oversight and management, and endeavors to respect that line.	5			
22	The committee interacts and communicates with management effectively and appropriately.	5			
23	The committee is focused and understands its functions and responsibilities.	5			
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.	5			
25	The committee communicates at an appropriate level of detail when informing the Board of its actions.	5			
26	Committee members receive clear and succinct agendas and supporting written material.	5			
27	Meeting materials are provided in a timely manner to allow for review by the committee members prior to scheduled meetings.	5			



ERCOT HR & Governance Committee 2017 Self-Evaluation Survey Results		Yes	No	Not Sure	Comments
28	Committee members have adequate opportunities to discuss issues and ask questions.	5			
29	The frequency of committee meetings is appropriate for the responsibilities assigned to the committee.	5			
30	Meeting facilities and presentation materials are effective for the conduct of committee activities.	5			
31	Please add additional comments, questions and suggestions.				No Additional Comments Provided.