



MEMORANDUM

To: Human Resources and Governance (HR&G) Committee
From: Karl Pfirrmann, HR&G Committee Chairman
Date: November 30, 2020
Re: Item 4 - Annual Committee Self-Evaluation Survey Results

At the October 12, 2020 HR&G Committee meeting, Committee members were encouraged to complete and submit the Annual Committee Self-Evaluation Survey. We received nine completed surveys from the Committee members.

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

Human Resources & Governance Committee Annual Self-Evaluation Survey Results (2020)		Yes	No	Not Sure	Comments
1	Does the committee have the appropriate number of members? The committee should not be so large that: <ul style="list-style-type: none"> ▪ its ability to operate efficiently and effectively is reduced ▪ members' ability to raise issues is hampered ▪ it is difficult to get a quorum when a time-sensitive issue arises. 	9			Comment #1: We should always strive to keep a balanced number of Board members between the F&A Committee and the HR&G committee.
2	Do committee members have varied backgrounds and bring diverse expertise?	9			
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.	9			Comment #1: But more active involvement is welcome and should reflect the needs of ERCOT and the interest of the Committee. Comment #2: The committee discussions identify issues and probe in an effective manner to provide oversight.
4	Differences of opinion on issues are resolved to the satisfaction of the committee.	9			

Human Resources & Governance Committee Annual Self-Evaluation Survey Results (2020)		Yes	No	Not Sure	Comments
5	Committee members challenge management as appropriate.	9			<u>Comment #1:</u> The committee asks direct questions of management with appropriate follow up to ensure clarity and understanding. The committee is also good at asking questions to broaden perspective.
6	The committee charter is used as a document to guide the committee in its efforts, and to help guide the committee's agenda.	9			
7	The committee is fully independent, accountable and vigorous in taking primary responsibility for all aspects of executive compensation.	9			<u>Comment #1:</u> Subject to PUCT oversight (CEO) <u>Comment #2:</u> Periodic benchmarking is led by a committee member and is helpful to the committee as it executes this function.
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			<u>Comment #1:</u> HR&G does review aspects of the above, but approvals of compensation are not

Human Resources & Governance Committee Annual Self-Evaluation Survey Results (2020)		Yes	No	Not Sure	Comments
					required to be presented to the Board.
9	The committee annually reviews performance goals for the CEO.	9			<p><u>Comment #1:</u> This is an excellent and collaborative process which should continue.</p> <p><u>Comment #2:</u> This review comes with robust discussion.</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.	9			
11	The committee consults with the CEO and advises the Board with respect to senior management succession planning	9			<p><u>Comment #1:</u> This is also an excellent and insightful exercise. Bill does a great job providing insight to the development of his key staff. Bill does a great job providing insight to the development of his key staff.</p>

Human Resources & Governance Committee Annual Self-Evaluation Survey Results (2020)		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.	9			<u>Comment #1:</u> Areas of risk for ERCOT along with ERCOT's plan to manage those risks is of interest to the entire Board and should be discussed with all Board members present and participating in the discussion. Assignment to F&A is fine as long as the timing of presentations allows non-F&A members to be present.
13	The committee investigates and is knowledgeable of competitive practices and trends to determine the adequacy of the organization's executive compensation programs.	9			
14	The committee reviews key terms and design of all employment agreements with ERCOT, including retention agreements.	8		1	<u>Comment #1:</u> I have not been part of this review during my membership on the committee. <u>Comment #2:</u> This question should eliminate the reference to retention contracts.

Human Resources & Governance Committee Annual Self-Evaluation Survey Results (2020)		Yes	No	Not Sure	Comments
15	The committee considers Board directors and Board committee compensation matters as needed.	8		1	<u>Comment #1:</u> I have not been part of this compensation review during my membership on the committee. I think this review is conducted by the Nominations committee.
16	The committee considers necessary training to enhance the Board's performance, keeping apprised of the latest corporate governance trends and issues.	9			
17	The committee considers and recommends Board succession planning.	6		2	<u>Comment #1:</u> I have not been part of this review during my membership on the committee. I think this function is largely conducted by the Nominating committee. <u>Comment #2:</u> Of course along with the Nominating Committee. <u>Comment #3:</u> This function seems to be carried out primarily in the nominating committee, other than

Human Resources & Governance Committee Annual Self-Evaluation Survey Results (2020)		Yes	No	Not Sure	Comments
					discussion around establishing terms such that a lot (as in 3) Independent Board members do not roll off simultaneously.
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.	9			
19	The Committee makes appropriate use of workgroups or task forces to investigate issues defined by the Committee.	6		2	<u>Comment #1:</u> I am not aware of any workgroups or task forces that have been formed to investigate specific issues during my membership on the committee.
20	The committee engages outside experts as appropriate.	8		1	<u>Comment #1:</u> Although this activity (and likely the need thereof) is rare.
21	The committee is cognizant of the line between oversight and management, and endeavors to respect that line.	9			
22	The committee interacts and communicates with management effectively and appropriately.	9			
23	The committee is focused and understands its functions and responsibilities.	9			

Human Resources & Governance Committee Annual Self-Evaluation Survey Results (2020)		Yes	No	Not Sure	Comments
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.	9			
25	The committee communicates at an appropriate level of detail when informing the Board of its actions.	9			
26	Committee members receive clear and succinct agendas and supporting written material.	9			Comment #1: Materials are put together well and provide an appropriate level of detail. Briefings are focused and succinct, but cover all pertinent information and highlight potential issues.
27	Meeting materials are provided in a timely manner to allow for review by the committee members prior to scheduled meetings.	9			
28	Committee members have adequate opportunities to discuss issues and ask questions.	9			
29	The frequency of committee meetings is appropriate for the responsibilities assigned to the committee.	9			

Human Resources & Governance Committee Annual Self-Evaluation Survey Results (2020)		Yes	No	Not Sure	Comments
30	Meeting facilities and presentation materials are effective for the conduct of committee activities.	9			<u>Comment #1:</u> Superb job of handling meetings/presentations during COVID.
31	Please add additional comments, questions and suggestions.				<u>Comment #1:</u> Karl has done a commendable job leading this important committee for many years, and his leadership will be a challenge for his successor to match. <u>Comment #2:</u> The committee chair does an excellent job of making sure the HR&G committee does its important work in an efficient and effective way. ERCOT staff provide essential support to the chair and the committee members. This is a smooth sailing ship. <u>Comment #3:</u> The transition to virtual meetings went very well.

Human Resources & Governance Committee Annual Self-Evaluation Survey Results (2020)		Yes	No	Not Sure	Comments
					The flow of information and level of discussion were not diminished in response to Covid-19.