



**ELECTRIC RELIABILITY COUNCIL OF TEXAS, INC.**  
**HUMAN RESOURCES AND GOVERNANCE COMMITTEE CHARTER**

**I. Committee Purpose**

The Human Resources and Governance Committee (the “Committee”) of the Board of Directors (individually a “Director” and collectively the “Board”) of Electric Reliability Council of Texas, Inc. (“ERCOT” or the “Company”) shall be responsible for the oversight of the Company’s human resources, governance, and external affairs functions and such other functions as the Board, from time to time, may delegate to the Committee.

The Committee’s oversight extends to the functions described in the *Duties and Responsibilities* section of this Charter and includes the power, described in the *Committee Authority* section, to execute those duties and responsibilities as the Committee deems appropriate to further the Committee’s purposes.

**II. Committee Membership**

**A. Committee Member Qualifications**

1. The Board shall confirm the Committee’s membership (“Committee Members”) based on candidates’ combined expertise and experience to facilitate the Committee’s execution of the *Duties and Responsibilities* section of this Charter.
2. Committee Members are expected to prepare for and attend meetings of the Committee.

**B. Committee Member Terms**

1. A Committee Member shall serve on the Committee until whichever of the following first occurs:
  - a. The Committee Member’s service as a Board Director terminates;
  - b. The Board, with or without cause, removes the Committee Member from the Committee; or
  - c. The Committee Member resigns from the Committee.

**III. Committee Chair and Secretary**

**A. Committee Chair**

1. The Board shall designate a Committee Member, who shall not be the Chief Executive Officer (“CEO”) of ERCOT, as the Committee Chair.
2. The Committee Chair shall have the following duties:
  - a. Manage meetings and meeting frequency;
  - b. Manage and facilitate the Committee’s work; and



- c. Enlist the necessary assistance of other Committee Members to accomplish the Committee's purpose, duties, and responsibilities.
3. The Committee Chair's authority includes the following:
  - a. Unlimited access to ERCOT's management and information for purposes of conducting the functions of the Committee; and
  - b. Authority to establish such other rules as may from time to time be necessary and proper for the conduct of the Committee.

#### ***B. Committee Secretary***

1. The Committee shall designate a secretary ("Committee Secretary"), who may be a Committee Member or employee of ERCOT.

### **IV. Committee Duties and Responsibilities**

#### ***A. Committee Oversight Function***

1. The Committee's function is one of oversight, recognizing that the Company's management is responsible for preparing the Company's documents, plans, programs, filings, and agreements.
2. In adopting this Charter, the Board acknowledges that the Committee Members are not employees of the Company and are not providing any expert or special assurance as to the Company's documents, plans, programs, filings, and agreements.
3. Each Committee Member shall be entitled to rely on the integrity and expertise of those providing information to the Committee, including both staff and persons the Committee or the Company retains in relation to the Committee's performance of its duties and responsibilities, absent actual knowledge to the contrary.
4. In performing its duties and responsibilities, the Committee's general considerations shall include sound governance principles and industry trends.
5. The Committee's considerations specific to ERCOT shall include key performance indicators, the results of performance evaluations, reports of the ERCOT Retirement Plan Committee, impacts of changes to the regulatory landscape, and staff recommendations.
6. Committee duties and responsibilities are set forth below as a guide to the Committee with the understanding that the Board may alter or supplement them as appropriate under the circumstances to the extent permitted by applicable law, and by the Company's certificate of formation and bylaws.



## ***B. Committee's Governance Duties and Responsibilities***

### **1. Corporate Governance**

- a. The Committee shall regularly review the Company's governance processes and governing documents, and if applicable, make recommendations to the Board regarding potential changes to the Company's governance. This review shall include the following:
  - i. An annual review of the Company's certificate of formation and bylaws;
  - ii. An annual review of the Board's policies and procedures addressing Director compensation, reimbursement of business expenses, frequency of meetings, and Board interaction with Company management;
  - iii. An annual review of the Board's committee charters and membership;
  - iv. Regular reports regarding potential conflicts of interests disclosed by the Company's employees and the Board of Directors; and
  - v. An annual review of the Company's ethics agreement forms for the Company's employees and the Board's Directors.

### **2. Board and Board Committee Assessments**

- a. The Committee shall:
  - i. Oversee the annual self-assessments of Board committees;
  - ii. Oversee periodic assessments of individual Board members, the entire Board, and the Board committee structure; and
  - iii. Recommend Director education and training opportunities.

### **3. CEO Compensation and Performance**

- a. The Committee shall review:
  - i. The CEO's performance, annually; and
  - ii. Changes to CEO compensation and employment terms, as needed.

## ***C. Committee's External Affairs Duties and Responsibilities***

### **1. Strategic Planning and External Affairs**

- a. The Committee is responsible for annual review to assess and mitigate external risks pertaining to the following:
  - i. The Company's strategic plan;
  - ii. The Company's corporate communications strategy, including crisis communications; and
  - iii. The Company's governmental relations efforts, including related to the Texas Legislature and the Public Utility Commission of Texas.



## ***D. Committee’s Human Resources Duties and Responsibilities***

### **1. Human Resources**

- a. Annually, the Committee is responsible for assessing and mitigating the Company’s staffing risks, including review of the following:
  - i. The CEO’s report of performance and compensation of the CEO’s direct reports;
  - ii. The Company’s report of long-term development and succession for the Company’s CEO and the CEO’s direct reports, or other key employees as identified by the CEO or ERCOT’s Human Resources department;
  - iii. The Company’s benefits strategies; and
  - iv. The 401(k) Savings Plan audit report.

## **V. Committee Authority**

### ***A. Power to Investigate***

1. The Committee is empowered to investigate any matter relating to its duties and responsibilities, with full access to all books, records, facilities, and personnel of the Company and the power to retain compensation consultants, independent counsel, or other consultants or experts for this purpose.
2. All employees are directed to cooperate as requested by the Committee or any of its Committee Members for Committee purposes.
3. The Committee may request any officer or employee of the Company or the Company’s consultants or outside counsel to attend a meeting of the Committee to advise the Committee in carrying out its responsibilities.

### ***B. Appointment of Workgroups or Task Forces***

1. The Committee may appoint workgroups or task forces to investigate issues defined by the Committee. Members of such workgroups or task forces need not be Board members. Such workgroups or task forces shall have no authority to bind the Committee, the Board, or the Company.

## **VI. Committee Meetings**

### ***A. Meeting Agendas and Timing***

1. The Committee Chair, in consultation with the Board Chair and the Company’s Corporate Secretary or delegated ERCOT staff, shall develop the agenda, frequency, and length of meetings.



### ***B. Participation and Voting***

1. Board members who are not Committee Members (including alternate representatives, as set forth in the bylaws) may attend and participate in all Committee meetings, but may not vote on Committee matters, except that an alternate representative for a Director who is a Committee Member may vote in the absence of the Director.
2. Annually, the Committee shall approve a Committee charter and conduct a Committee self-evaluation.

### ***C. Quorum and Committee Action***

1. At all meetings of the Committee, fifty percent (50%) of the Committee Members shall constitute a quorum for the transaction of business.
2. At any meeting at which a quorum exists, the act of a majority of the Committee Members present shall be the act of the Committee.
3. For the purposes of voting, Committee Members who recuse themselves from voting on an issue shall not be counted as present for that vote.

### ***D. Meeting Minutes***

1. The Committee Secretary shall prepare or cause to be prepared the minutes of each meeting and file such minutes with the corporate records of the Company.