

MEMORANDUM

TO: JOINT PERSONNEL COMMITTEE

FROM: VALTER VIOLA, CORTEX

SUBJECT: REVIEW OF PERFORMANCE EVALUATION PROCESS

DATE: JANUARY 31, 2022

CC: PRABHU PALANI, CIO; ROBERTO PENA, CEO

On January 6, 2022, the JPC met to review the CEO/CIO performance evaluation processes. Most of the discussion focused on the Leadership/Management Survey (the "Survey") in Appendix B of the draft Procedures for Evaluating the Performance of the CEO (the "January Draft Procedures").

The Survey in the January Draft Procedures consisted of:

- <u>36 criteria, developed in an earlier draft</u>, showing nine (9) proposed deletions for the JPC to consider (i.e., items 1, 5, 6, 7, 13, 16, 20, 26, 30 from the **January** Draft Procedures); or
- **27 remaining criteria** (i.e., 36 less the 9 proposed deletions above).

It was agreed at the January JPC meeting that Cortex would review the 27 remaining criteria in the Survey again, with a goal to further reduce the number of criteria. The proposed changes are as follows:

- 1. Group criteria into four (4) groups:
 - A. Stakeholder Relations;
 - B. Board Relations;
 - C. Enterprise Risk Management, Operations Management, and Human Resources; and
 - D. Leadership/Management;
- 2. Merge 12 criteria that were similar, reducing the criteria to 15 (down from 27 above); and
- 3. Remove one (1) additional criteria (see footnote)¹, leaving 14 criteria for the JPC to consider.

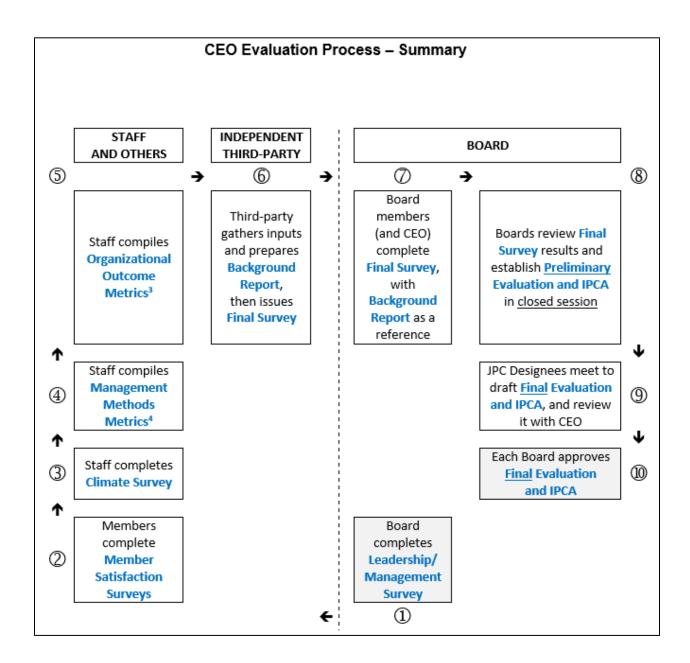
The Procedures have been revised to reflect the above, and are attached (the "February Draft Procedures") as a Word document for JPC's consideration. This "clean" (Word) version shows how some criteria in the Survey have been merged (highlighted in yellow in Appendix B). (The PDF version tracks the changes noted above, assuming the other changes proposed at the January JPC meeting were acceptable. Minor changes to formatting are also shown in the PDF.)

¹ **Criteria #8 from January Draft Procedures:** Demonstrates an appreciation of both the "big picture" (e.g., strategy and policy) and the day-to-day tasks of management and administration.

The only other proposed change to the Procedures is the diagram that depicts the CEO Evaluation Process; this change is designed to clarify roles and to distinguish between inputs and outputs. This is shown below.

The proposed diagram (below) describes the 10-step process in a clockwise manner:

- ullet The first step oxdot involves the Board completing the CEO Leadership/Management Survey; and
- The process ends with step ①, when each Board approves the Final Evaluation and IPCA.



I look forward to discussing the above at the February JPC meeting.