

## **TEACHERS' RETIREMENT BOARD COMPENSATION COMMITTEE CHARTER**

### **INTRODUCTION**

The Compensation Committee has been established to provide oversight to the system's compensation policies and plan that support the successful recruitment, development and retention of talent to meet the business objectives of CalSTRS.

### **AUTHORITY**

To provide oversight to the system's compensation strategy and operation of the plan.

To develop recommendations for the board related to the system's compensation plan and policies necessary for effectively administering the compensation plan.

To engage professional services consultants and counsel as necessary to assist the committee in fulfilling its responsibilities. The committee has the sole authority to select, retain and terminate a compensation consultant and approve the consultant's fees.

### **COMPOSITION**

The committee shall be composed of a minimum of three (3) members appointed by the chairperson of the board.

### **MEETINGS**

The committee will meet on an as-needed basis as determined by the committee chair in consultation with the chair of the board. The committee may hold meetings on dates other than regular board/committee meeting dates to facilitate both the expeditious resolution of compensations issues and the efficient conduct of regularly scheduled meetings.

### **RESPONSIBILITIES**

The Compensation Committee shall have responsibility for the following:

1. Conduct the committee's work in a manner appropriately aligned with the CalSTRS strategic plan, including its mission and vision and ensure that the compensation program is properly designed to support organizational objectives.
2. Develop for board adoption written policies that document the compensation plan and its administration.
3. With the assistance of outside professional services, make a determination of the labor market benchmarks (select appropriate peer groups) that will be utilized to compare system personnel salaries.

4. With the assistance of outside professional services, conduct a periodic examination of the compensation structure to assess its competitiveness and make recommendations for any adjustments.
5. Conduct periodic reviews of the board's annual evaluation processes for the chief executive officer and chief investment officer to determine if any modifications are necessary.
6. Review relevant human resource policies that might hinder the system's ability to attract talented employees and make recommendation for change.
7. Determine the components (base and incentive) of the total compensation and their respective measures.
8. Periodically review labor market data on the system's employees to assess the impact of the compensation plan on the recruitment and retention of staff.
9. Adhere to the Risk Management Policy established by the board.
10. Review emerging and significant risks specific to the area of responsibility of the Compensation Committee and to report those risks to the board.
11. Determine appropriate level of authority delegated to the CEO with respect to compensation program administration.
12. Reporting to the board on all activities, findings, and recommendations of the committee.

History: Approved November 3, 2005; Amended April 1, 2009; Amended February 6, 2014 [to delineate Board and Committee responsibility in the oversight of risk], Amended May 9, 2019. Amended September 2022 to add strategic plan link.