

**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 but no less than once per year.

RESPONSIBILITIES

The Compensation Committee shall have responsibility for the following:

1. 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 and make recommendations for modifying the criteria that are used for incentive awards to ensure that the performance measures are still relevant and effective.
9. 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.
10. Oversee preparation of an organizational succession plan.

*Approved November 3, 2005  
Amended April 1, 2009*