

# TERMS OF REFERENCE OF THE COMPENSATION COMMITTEE

Approved by the Board of Governors on 6 May 2002, amended on 29 November 2004,  
on 13 November 2005 and on 19 April 2007

The compensation committee is a sub committee of the Board of Governors (the Board) and as such has been delegated with the task of overseeing the key human resources activities of the IB. These activities include the philosophy and practice regarding employee compensation and benefits, human resources policies and procedures, and IB adherence to legislation affecting employees.

## 1. Purpose

- 1.1 To ensure that key human resources policies and procedures are in place across the organization, in line with local legislation and best practice.
- 1.2 To ensure that the organization is meeting statutory human resource requirements across the IB.
- 1.3 To ensure that a succession plan for the director general and the director leadership team is in place and review such leadership plan on an annual basis.
- 1.4 To put in place and administer, on behalf of the Board a comprehensive annual performance appraisal process of the director general and communicate the outcome to the Board and the director general along with any recommendation for adjustment of salary and benefits.
- 1.5 To consider and keep under review the policy on the grading structure and remuneration of the directors leadership team (DLT) and to receive annually a profile report and summary of ratings for the DLT from the director general on the performance of the DLT against the agreed job objectives for the previous year, individual salary/allowances covering recent years and relevant data on external and international comparability along with the director general's recommendations on adjustments to salary (and allowances if relevant) for each individual.
- 1.6 To receive and consider annually a report on the proposed salary rises for staff across the organization.
- 1.7 To report annually, usually in November to the Board on the activities undertaken.

## 2. Risk assessment

The human resources director will supply the compensation committee, at least once a year, with a report on risks relating to the work of the committee. The committee will consider the report and, as appropriate, comment on any management recommendations to mitigate against risk in the specific area of competence of the committee.

## 3. Membership

The compensation committee shall comprise the following members:

- The chair of the Board (*ex officio*, voting)
- The treasurer of the Board (*ex officio*, voting)
- Up to three (3) members of the Board of Governors, approved by the Board to include a member of the heads council, the chair of the IBNA Board and one other (*ex officio*, voting). These members will serve for a period of three years, or a lesser period coterminous with their appointment to the Board, renewable up to a maximum of six consecutive years coterminous with their appointment to the Board.
- One external expert in the field of international human resources approved by the Board for a period of three years and being eligible for re-appointment for a total period not exceeding six consecutive years. (*ex officio voting*)

The chair shall be the chair of the Board, however the chair may delegate this responsibility to a more qualified *ex officio* voting member of the committee, confirmed by the Board.

In case of a casual vacancy, the chair shall nominate a person, after consultation with the chair of the Board and the director general, to serve until the vacancy can be filled in accordance with the ordinary procedure.

The director general and the human resources director will be invited guests at each meeting.

## 4. Timing of appointment

The Board shall appoint members of the compensation committee, as required, at its annual general meeting (usually in April/May). Their terms of office commence after the conclusion of the annual general meeting of the Board.

## 5. Administration and secretarial support

The human resources director will provide support for the committee either directly or indirectly. The human resources director is responsible for the implementation of decisions of this committee in discussion with the director general.

**6. Rules of procedure**

The committee shall meet at least twice a year, in conjunction with a meeting of the Board.

A quorum is a majority of the voting membership. In the event of an equal vote the chair has a casting vote and must report this fact to the next meeting of the Board.

**7. Meeting expenses**

The IB shall refund all reasonable travel, accommodation and subsistence expenses incurred by members attending meetings of the compensation committee.

April 2007