

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, on 19 April 2007 and on 17 April 2008

1. Purpose

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

- 1.1 To ensure that key human resource policies and procedures are in place across the organization, in line with local legislation and best practice, and meeting statutory requirements
- 1.2 To ensure that a succession plan for the director general and key roles is in place and review such leadership plan on an annual basis.
- 1.3 To 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.
- 1.4 To receive annually a profile report and performance summary of the director general's key leadership roles across the organization.
- 1.5 To approve the overall compensation philosophy framework for the organization including the level of competitiveness for staff salaries. Receive and consider annually a report on the proposed salary rises for staff across the organization compared to salary band and data to support whether the overall level of competitiveness is increasing, static or decreasing relative to competitiveness targets set.
- 1.6 To report annually, usually in November, to the Board on the activities undertaken.

2. Membership

- 2.1 The compensation committee shall comprise the following members, all voting:
 - The chair of the Board (*ex officio*)
 - Up to three Board members to include a member of the finance committee and one head of school.
 - One external expert in the field of international human resources.
- 2.2 The following IB staff attend meetings except if the compensation committee goes into executive session:
 - The director general
 - The human resources director.