

The California Endowment

CHARTER OF THE EXECUTIVE/COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

PURPOSE

The Executive/Compensation Committee (“Committee”) is appointed by the Board of Directors (“Board”) to 1) capitalize on the collective strengths of The Endowment’s Board leadership by providing greater teamwork and communication at the Board leadership level; 2) fulfill the Board’s oversight responsibilities for the overall compensation and benefit policies for The Endowment’s Board, management and staff; and 3) act for the full Board between meetings of the Board only in those instances when the Board is unable to take needed action in a timely manner.

AUTHORITY AND RESPONSIBILITIES

The Board grants the Committee authority and responsibility to:

1. Teamwork and Communication at the Board Leadership Level

- 1.1. Provide an opportunity for enhanced teamwork and communication at the Board leadership level in Board governance, strategic decision-making, and problem-solving;
- 1.2. Provide the CEO and Management an opportunity to engage Board leadership on emerging or pressing issues that may arise during the time period between regularly scheduled Board meetings;
- 1.3. Enhance the identification of sentinel issues and improve related communication; and
- 1.4. Provide for more effective management and communication of issues that cut across Committees.

2. Performance Appraisal and Compensation

- 2.1. Coordinate with the President and CEO to develop and recommend to the Board the President and CEO’s performance goals and criteria;
- 2.2. Review the President and CEO’s job description;
- 2.3. Review the performance of the President and CEO and recommend to the Board the overall President and CEO compensation package including any annual salary adjustment;

- 2.4. Receive annual performance reviews and approve the compensation packages including any annual salary adjustment for all other Officers of The Endowment;
- 2.5. Develop and recommend to the Board the overall compensation and benefit policies for Directors and Officers/Executive Staff for The Endowment that is consistent with its mission and values;
- 2.6. Review benchmark information for Directors and Officers/Executive Staff provided by outside consultants to ensure that compensation is reasonable; and
- 2.7. Review and recommend to the Board the design of incentive plans, including plan interpretation, eligibility and participation, and award determination.
- 2.8. Review and approve joint recommendation of management and Investment & Finance Committee for CIO incentive.

3. Committee Actions on Behalf of the Full Board

- 3.1. Because The Endowment is committed to act through its entire Board so as to ensure the full participation and involvement of all Board members, the Committee will only serve in a decision-making role in lieu of the full Board where it is impractical or impossible for the full Board to meet and take timely action. In those instances, the Committee exercises all of the powers and authorities of the full Board in the management and affairs of The Endowment when the Board is not in session, except as may otherwise be limited or restricted under applicable law or under The Endowment's Articles of Incorporation or Bylaws;
- 3.2. In this capacity, the Committee shall not have the power or authority to:
 - 3.2.1. Amend or repeal the Articles of Incorporation or the Bylaws of The Endowment or any resolution of the Board which by its terms is not so amendable or repealable;
 - 3.2.2. Establish any committee of the Board, revise the charter of any committee, or appoint members to any committee;
 - 3.2.3. Delegate its authorities or powers, remove Directors from office, fix the compensation of Directors of The Endowment, change the number of authorized Directors or fill vacancies in the Board;
 - 3.2.4. Exercise any authority or power which must be exercised by the full Board in order to be valid and lawful; or
 - 3.2.5. Approve any transaction between The Endowment and any Director, related party, employee or Officer that would require Board approval.

4. **General Responsibilities**

- 4.1. Report to the Board on Committee activities;
- 4.2. Conduct annually a performance evaluation of itself in relation to the requirements of this Charter and such other matters as the Committee may deem appropriate and present such performance evaluation to the Board;
- 4.3. Review annually the Committee Charter and recommend any changes to the Governance Committee; and
- 4.4. Recommend to the Board any other actions related to compensation matters necessary for The Endowment to fulfill its mission.

COMPOSITION AND TERMS

Composition: The Committee consists of the Board Chair, Vice Chair, the Board Committee Chairs, and the President and CEO ex-officio. The Committee shall be chaired by the Board Chair.

Terms: Each Committee member shall serve a one-year term concurrent with their terms as Chair and Vice Chair of the Board, and Board Committee Chairs.

MEETINGS

The Committee shall meet when called into session by the Board Chair, in between scheduled Board meetings and, additionally, as shall be necessary to take action in instances where it is impractical or impossible for the full Board to meet and take timely action. The Committee may ask Management or others to attend the meeting and provide pertinent information as necessary.

PROVENANCE AND LIMITATIONS

The Committee is mandated by The Endowment's Bylaws (Article IV, Section 15(a)). The Committee shall have the power and authority to act for the full Board in the management of the business and affairs of The Endowment, except as may otherwise be limited or restricted under applicable law or under The Endowment's Articles of Incorporation, Bylaws, or this Charter. Meetings and actions of the Committee are governed by the same provisions of The Endowment's Bylaws that pertain to meetings of the Board (Article IV, Section 4).