

Remuneration Committee¹ Charter Assessment Tool

	Acceptable	Better	Desirable	Best Practice
I. Establishment	1. Any written document, including Board resolution.	1. Incorporated in by-laws ² or corporate governance guidelines, with clear terms of reference on roles and responsibilities.	1. Incorporated in corporate Charter or Articles of Association, with more detailed terms of reference on roles, responsibilities, composition, functioning, and procedures.	1. Same. ³
II. Purpose	1. Establishing and reviewing the Company's compensation philosophy and policies. 2. Reviewing and recommending approval of CEO compensation to the Board.	1. Same. 2. Same, <i>and for all senior executive officers.</i>	1. Same. 2. Same. 3. Reviewing and approving incentive compensation plans for executive officers. 4. Establishing that the purpose of the executive compensation policy is to align incentives and create shareholder value.	1. Same. 2. Same. 3. Same. 4. Same.
III. Composition	1. Only non-executive Board members. ⁴	1. Same, <i>but majority independent Board members.</i> 2. Three to five members. 3. Committee has, in the aggregate, sufficient knowledge and experience in executive compensation so as to be able to fulfill its responsibilities.	1. Same. 2. Same. 3. Same.	1. All members independent directors. 2. Same. 3. Same.
IV. Individual Committee Membership Qualifications	1. Time and desire to fulfill obligations.	1. Same.	1. Same. 2. Introductory briefing for all new Committee members.	1. Same. 2. Same. 3. Less than 75% attendance at Committee meetings in one year automatic threshold for non-re-appointment. 4. Limit on number of memberships on other Board committees.
V. Committee Chair	1. Appointed by non-executive Board Chair, Board as a whole, or the Committee.	1. Same. 2. Is an independent Board member.	1. Same. 2. Same.	1. Appointed by independent members of Board or Committee. 2. Same.

¹ This committee is also referred to as Compensation Committee.

² Bylaws refer to internal corporate documents which do not have to be filed externally (with corporations' registry or the regulator).

³ "Same" indicates that the recommendation of the identical number in the column immediately to the left is carried over into the column. Should the recommendation be only partially identical, any differences are *italicized*.

⁴ In jurisdictions with the so called two-tiered Board systems, the non-executive directors refer to members of the Supervisory Board.

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VI. Appointment to Committee	<ol style="list-style-type: none"> Appointed by Board Chair, Board as a whole or Corporate Governance/Nominations Committee. 	<ol style="list-style-type: none"> Same, with full Board ratification of Committee members where nomination is by Chair or Corporate Governance/Nominations Committee. Minimal or no management (e.g., CEO) or controlling shareholder influence in nominations to Committee. Fixed terms, preferably annual, but not exceeding Board terms. 	<ol style="list-style-type: none"> Same. Same. One-year renewable terms. 	<ol style="list-style-type: none"> Same. Same. Same.
VII. Remuneration (in addition to compensation for work as member of full board)	<ol style="list-style-type: none"> Is solely related to fulfilling the obligations of a Committee member (no form of payment which would compromise independence (e.g., salary, consulting, finders' fees, etc.)). 	<ol style="list-style-type: none"> Same, payment as Committee fees and/or meeting fees is the preferred form. Adequate level of payment so as to create expectation of responsibility. 	<ol style="list-style-type: none"> Annual Committee fees. Same. Additional per meeting fees. Additional fee for Chair. 	<ol style="list-style-type: none"> Same. Same. Same. Same.
VIII. Meetings	<ol style="list-style-type: none"> May be called by the Committee Chair. Approved annual calendar of regular meetings.⁵ 	<ol style="list-style-type: none"> Same. Same. At least semiannual meetings. May be requested by the Board Chair or CEO. 	<ol style="list-style-type: none"> Same, and by any two Committee members. Same. Same. Same. Meetings may be in person, by telephone, web, or other electronic communication means agreeable to Committee. Ability to act by unanimous written consent. 	<ol style="list-style-type: none"> Same. Same. Same. Same. Same. Same.
IX. Attendance and Notice	<ol style="list-style-type: none"> Quorum required. Advance notice required; may be waived with unanimous written consent. 	<ol style="list-style-type: none"> Same, and simple majority as a minimum. Same. Agenda and related materials to be provided in advance unless Chair (or other convener) believes confidentiality requires otherwise, in which case general description of subject of the meeting to be circulated, with statement from Chair as to reason for confidentiality. Minutes to be prepared and distributed to Committee 	<ol style="list-style-type: none"> Same. Same, and with minimum 48 hour notice. Same. Same. May ask all non-independent Board members, officers, employees or agents of the Company to leave the meeting at any time. 	<ol style="list-style-type: none"> Same. Same, and with minimum 1 week notice. Same. Same. Same. May ask all non-Committee members to leave the meeting at any time Executive officers and other Company officials may be asked to leave the room during discussions and votes or other decision-making proceedings.

⁵ In addition to regular Committee meetings, extraordinary meetings may be held when needed and appropriate with agenda set in advance.

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		members. Board has access to review them.		
X. Reporting to Board	1. Verbal or written reports to the Board as needed.	1. Same. 2. Annual written report to the Board.	1. Same, or minutes to Board following each Committee meeting. 2. Same.	1. Written reports or minutes to the Board following each Committee meeting. 2. Same.
XI. Evaluation⁶			1. Annual evaluation of work the Committee has performed over the previous year. 2. Annual evaluation of Committee effectiveness, including processes and procedures.	1. Same. 2. Same. 3. Periodic evaluation of the Committee Charter, with written report to the Board suggesting improvements, if any. 4. Periodic independent evaluation of Committee effectiveness.
XII. Authority and Resources	1. Having access to all internal resources.	1. Same. 2. Recommending hiring of outside resources (e.g. compensation consultants, counsel), as needed.	1. Same, without necessarily going through the hierarchy (though the hierarchy should be respected absent compelling reasons to avoid it). 2. Having the right to hire outside resources without executive approval.	1. Same. 2. Same. 3. Receiving an annual budget sufficient to achieve its needs, plus ability to access additional funds in unforeseen circumstances.
XIII. Responsibilities – Executive Compensation	1. Proposing the total value of the CEO’s compensation and the relative size of its components, as well as the underlying formula to determine component values. 2. Ensuring that the Company complies with any applicable regulations and by-laws relating to compensation and/or disclosure of such compensation.	1. Same. 2. Same. 3. Reviewing and approving corporate goals and objectives relevant to CEO and senior management compensation (individual performance indicators). ⁷ 4. Evaluating the performance of the CEO against corporate goals and objectives. 5. Reviewing, overseeing and/or approving the level and structure of compensation for other senior executives (may be in conjunction with CEO). 6. Reviewing any agreements, including those addressing retirement, termination of employment or other special	1. Same. 2. Same. 3. Same. 4. Same. 5. Same. 6. Same. 7. Same. 8. Same. 9. Same. 10. Reviewing, negotiating and making a proposal to the Board on the employment contract of the CEO. Reviewing the contracts of other senior executive officers. 11. Determining the policies for expense reimbursement for the CEO and other senior executive officers.	1. Same. 2. Same. 3. Same. 4. Same. 5. Same. 6. Same. 7. Same. 8. Same. 9. Same. 10. Same. 11. Same. 12. Same. 13. Same. 14. Overseeing similar functions at any subsidiaries. 15. Annually reviewing executive compensation at peer group companies. ⁸

6 The Corporate Governance Nominations Committee may coordinate evaluation of the Board and all Committees at some companies. For more on evaluations, see Corporate Governance and Nominations Committee Charter Assessment Tool of the IFC’s Advanced Methodology for Financial Institutions.

7 Such goals may be as varied as workplace diversity goals or ROI goals. Determination of the actual goals and parameters for those goals will vary with each company.

8 The analysis following the review should attempt to balance retention vs. pay-for-performance concerns.

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		<p>circumstances, as appropriate, between the Company and the CEO or other executive officers.</p> <ol style="list-style-type: none"> 7. Reviewing any new benefit or perquisite plans for senior executives, including the CEO. 8. Reviewing on a periodic basis the Company’s management compensation programs. 9. Proposing and reviewing stock purchase plans and stock option plans for executives and employees. 	<ol style="list-style-type: none"> 12. Determining the share ownership guidelines, if any, for executive officers and monitoring compliance therewith. 13. Ensuring that performance-based compensation efficiently focuses on the long-term success of the Company and is not able to be manipulated through short-term reporting mechanisms (e.g., stock price manipulation). 	
XIV. Responsibilities – Board Remuneration⁹	<ol style="list-style-type: none"> 1. Suggesting level and form of Board remuneration, including Board fees, Chair stipend, Committee Chair stipends, meeting fees. 	<ol style="list-style-type: none"> 1. Same. 	<ol style="list-style-type: none"> 1. Same. 2. Determining policies for expense reimbursement for Board members. 3. Determining share ownership guidelines, if any, for non-executive Board members, and monitoring compliance therewith. 	<ol style="list-style-type: none"> 1. Same. 2. Same. 3. Same. 4. Monitoring remuneration of Board members at peer group of companies.
XV. Responsibilities – Disclosure	<ol style="list-style-type: none"> 1. Reviewing compliance with existing provisions regarding disclosure of remuneration and preparing a report in accordance with applicable rules and regulations. 	<ol style="list-style-type: none"> 1. Same. 	<ol style="list-style-type: none"> 1. Same. 2. Determining, in conjunction with Corporate Governance/ Nominations Committee, whether further disclosure is desirable. 	<ol style="list-style-type: none"> 1. Same. 2. Same.

⁹ The Board remuneration may be function of Corporate Governance/Nominations Committee at some companies. For convenience, we have included this responsibility on both the Compensation Committee and Corporate Governance/Nominations Committee tools.