

Compensation Committee Charter

**ADOPTED:
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1. Mission

The compensation committee (the committee) shall aid the Board of Directors (the Board) in discharging its responsibilities relating to compensation of the staff of Western Climate Initiative, Inc. (the Corporation).

2. Responsibilities

The committee's responsibilities include the following:

- A. Recommending to the Board a compensation philosophy for the Corporation, updated as necessary to reflect any changes in the law, the Corporation's operations or other external factors affecting the Corporation.
- B. Annual review of the executive director's performance in light of the Corporation's goals and objectives and the duties and responsibilities of the executive director.
- C. Recommendation to the full Board on the executive director's compensation level, structure, and adjustment process.
- D. Review of compensation for executives and other positions considered "disqualified persons" under the Internal Revenue Service (IRS) intermediate sanctions (including the executive director):
 1. The executive director will have primary discretion and authority for setting the compensation for all employees other than himself or herself. However, the committee will review compensation for all executives and employees who are considered "disqualified persons" (including the executive director), to ensure that their compensation complies with:
 - a. the Corporation's compensation philosophy;
 - b. the rules governing tax exempt organizations described in the Internal Revenue Code, including, but not limited to, the intermediate sanctions statute (Section 4958) and applicable regulations;
 - c. the compensation rules and regulations promulgated by any other applicable regulatory agency or legislative authority.
 2. The review will include all elements of compensation including: base salary, retirement arrangements, fringe benefits, and any form of compensation promised therein;
 3. The review will obtain and rely on comparable data the committee deems relevant and applicable;
 4. In the case of the executive director, the committee will base its recommendation on compensation upon this review.

- E. Review the Corporation's compensation structure to ensure that it complies with the compensation philosophy
- F. Make a formal report to the full Board on the results of all reviews, including review of compensation for executives who are "disqualified persons" (including the executive director), and review of the compensation structure for compliance with the compensation philosophy.

3. Authority

The committee will make recommendations to the full Board regarding all plans designed and intended to provide compensation for the executive director and for such other senior executives who are deemed to be "disqualified persons" under Section 4958, as well as recommendations resulting from review of any other issue for which the committee has been delegated responsibility or authority.

- A. The full Board will have ultimate decision-making authority on any issue for which the committee has oversight. Final approval of the executive director's compensation may only be determined by a vote of the Board.
- B. The committee will have authority to engage outside independent compensation, accounting, legal, and other advisors it deems necessary or prudent in the exercise of its duties, and to obtain advice and assistance from such independent advisors, in compliance with the Corporation's Procurement Policy.

4. Membership

- A. Committee members shall be selected by the Board. The committee will consist of no fewer than one Board member or designated alternate from each Participating Jurisdiction. Each committee member will be independent and will not have been employed by the Corporation in the last five years.
- B. The members of the committee shall select one member to serve as Chair.
- C. No member of the committee may be an executive of the Corporation, related to an executive of the Corporation, be in a position to benefit from any Corporation executive's compensation arrangement, or otherwise have a conflict of interest without the Corporation.
- D. No member of the committee may have any other conflict of interest without the Corporation, as determined by Board's general conflict of interest policy.
- E. No member of the committee may be in a position to receive compensation or other economic benefits from any executive of the Corporation or from any transaction arrangement that is subject to the approval of any executive of the Corporation.

5. Meetings

The committee will meet as necessary to conduct its duties. The committee may meet via teleconference. Meetings of the committee will be called by the chair of the committee. The attendance of two committee members, whether in person or by teleconference, will constitute a quorum for these meetings. Minutes of meetings of the committee will be taken and included in the Corporation's records