

## **POLICY ON EXECUTIVE COMPENSATION**

### **AUTHORITY**

As a committee of the Board of Trustees of the University of Pittsburgh, the Compensation Committee has been delegated authority and responsibility by the Board to determine the compensation of the Chancellor and Chief Executive Officer, including fringe benefits and perquisites, and otherwise fix the terms and conditions of his/her appointment (subject only to prior approval of the Board of any proposed fixed duration of employment in excess of one year).

The Board has also delegated to the Compensation Committee authority and responsibility to determine, upon the recommendation of the Chancellor and Chief Executive Officer, the compensation, including fringe benefits and perquisites, of the Officers of the University, except assistant treasurers and associate and assistant secretaries (the “Officers”).

### **COMMITTEE COMPOSITION**

The Committee shall consist of the Chairperson of the Board, the Chairperson of the Budget Committee, and other Trustees appointed by the Chairperson of the Board.

### **INDEPENDENCE**

No member of the Compensation Committee shall have a conflict of interest or a material interest in any matters under consideration by the Compensation Committee.

### **ADVISORS/SUPPORTING INFORMATION**

In gathering data to support its decisions, the Compensation Committee is authorized to retain external professionals to render advice and counsel as needed. The Compensation Committee may consider various data sources including, but not limited to, salary and benefit compensation studies by independent sources, information obtained from IRS Form 990 filings, published compensation surveys by industry groups, and other information deemed to be reasonable and relevant.

### **COMPENSATION PHILOSOPHY**

The University will offer fair and reasonable total compensation, comprised of salary and benefits, that is competitive with the market for its Officers in order to attract and retain top talent and to reward exceptional performance. The compensation system for Officers shall be equitable, non-discriminatory, and in alignment with the compensation system and objectives of the University as a whole.

## COMPENSATION APPROVALS

All compensation arrangements for University Officers, as identified above, shall be approved in advance by the Compensation Committee.

In approving each transaction, the Compensation Committee shall obtain and rely on appropriate comparability data in order to ensure that the determination is fair and reasonable, but not excessive compensation. Such data shall reflect the compensation levels and benefits for individuals in functionally comparable positions at similar organizations (e.g., number and quality of academic programs, size, complexity, financial condition, location, and any other relevant considerations).

## WRITTEN DOCUMENTATION

All compensation decisions, along with the basis for such determinations, made by the Compensation Committee shall be documented in the written minutes of the meeting during which a compensation decision is made. The written record shall reflect:

- (i) A description of the compensation (salary and benefits) approved;
- (ii) The date of the approval;
- (iii) The members of the Compensation Committee who were present and voted on (or abstained from) the decision; and
- (iv) The comparability data obtained and relied upon.

## ANNUAL REVIEW

The Compensation Committee shall annually evaluate the performance of the Chancellor and Chief Executive Officer. The Chancellor and Chief Executive Officer shall annually evaluate the performance of the other University Officers.

## IMPLEMENTATION

The Chancellor and Chief Executive Officer shall be responsible for (i) evaluating the compensation, including fringe benefits and perquisites, of the other University Officers consistent with the terms of this Policy, and (ii) making recommendations to the Compensation Committee of such Officers' compensation and any adjustments thereto.

## REPORTING

The Compensation Committee shall report its decisions to the Board of Trustees.