

Leadership Development and Executive Compensation Committee Charter

I. Purpose:

The purpose of the Leadership Development and Executive Compensation Committee is to carry out the Board's responsibilities relating to organizational strength and compensation for senior and executive leaders at WPI. In discharging its duties, the Committee shall effectively and appropriately make decisions and recommendations for and on behalf of the Board of Trustees relating to the effectiveness of executive compensation, benefits, performance management, and leadership development for the Institute's key executives and take the steps or actions necessary to establish a presumption of reasonableness, as described in Internal Revenue Code Section 4958, as amended.

II. Organization:

1. **Review of Charter.** This charter shall be reviewed and reassessed by the Leadership Development and Executive Compensation Committee at least annually, and any proposed changes shall be submitted to the Board of Trustees for approval.
2. **Membership and Structure.** The Committee shall consist of five or more members appointed by and serving at the pleasure of the Chair of the Board, who are not conflicted with the definition of a disinterested director, as contemplated under Section 4958 and its regulations. Members may be removed by the Chair of the Board of Trustees at the Chair's discretion.

The Chair of the Leadership Development and Executive Compensation Committee shall be appointed by the Chair of the Board. A quorum of any meeting of the Leadership Development and Executive Compensation Committee shall consist of a majority of its members.

3. **Staff Designee.** The President and other officers of the Institute shall not be members of the Committee but may be present at Committee meetings to provide information as requested by the Chair of the Committee. They shall not be present when the Committee debates and approves its recommendations.
4. **Meetings.** Meetings shall be held in conjunction with regularly scheduled meetings of the Board, or as deemed necessary by the Chair of the Committee.
5. **Agenda, Minutes and Reports.** The Chair of the Committee shall be responsible for establishing the agendas for meetings of the Committee. An agenda, together with relevant materials, shall be sent to the Committee members in advance of each meeting. Minutes for all meetings shall be prepared in draft form by the Chair, and shall be approved by the Committee members at the following meeting. The minutes shall be included in the permanent records of the Committee and the Institute, as the case may be, in accordance with Section 4958 and its regulations. The Committee shall make regular reports to the Board of Trustees.

III. Authority and responsibilities:

The Leadership Development and Executive Compensation Committee's primary responsibilities are as follows:

President's Performance and Compensation

The Committee shall annually consider and make recommendation for the Board of Trustees approval the President's goals and objectives to be used in compensation determination. At least once per year, the Committee will evaluate the President's performance in light of these established goals and objectives and recommend the President's annual compensation, including salary and incentive compensation. The Committee shall review and recommend for the Board's approval substantive changes in the terms relating to the compensation, benefits and perquisites for new or revised employment arrangements related to the President.

Executive and Senior Leadership Compensation Philosophy and Strategy

The Committee shall recommend, and annually re-examine, the Institute's Executive Total Compensation Philosophy and Strategy to ascertain that it (a) supports the Institute's overall mission, (b) sets forth a clear direction for the attraction and retention of leadership, (c) links total compensation with the Institute's objectives and organizational purpose, and (d) provides reasonable and competitive total compensation opportunities.

The Compensation Strategy may include a competitive review of the Institute's executive and faculty peer groups of higher education institutions against which the Institute will measure and establish executive and faculty pay levels. Significant changes to the executive compensation strategy that broadly affect the executive compensation programs, levels, and/or individual executives will be brought to the Board of Trustees for approval.

Organizational Development and Succession

In full alignment with overall institutional strategy and organizational mission, the Committee shall periodically review the Institute's organizational development strategy in support of retaining and attracting top leadership talent. The review may include management depth and strength assessment, leadership development, and succession planning for senior leaders, other than the President. The succession plan for the President is the responsibility of the Board of Trustees.

Performance and Compensation of Executives and Senior Leaders

The Committee shall review the assessment and recommendations made by the President with regard to the performance and leadership development of executives and senior leaders as defined in Appendix A (Positions within the Committees Purview), which may be amended, as

appropriate, by the Committee. The Committee shall make compensation decisions and review internal pay equity among executives and senior leaders on a regular basis as determined by the Committee.

Executive Incentive Plan(s)

The Committee, with input from the President shall be responsible for the design, implementation and administration of an annual executive incentive plan. The Committee will be responsible for reporting to the Board of Trustees its final decisions on annual incentive compensation awards to the participants in accordance with the achievement of performance goals and the mission of the Institute.

Compliance and Documentation

The Committee shall oversee compliance with respect to executive compensation matters and ensure program designs are consistent with the Institute's compensation philosophy and strategy.

The Committee shall act on behalf of the Board in administering compensation plans and establishing the presumption of reasonableness for the compensation and benefits paid to the President and any other individuals who are "disqualified individuals" under Section 4958 of the Internal Revenue Code.

The Committee shall document the basis for its determination of reasonable compensation based on the requirements in Section 4958. The Committee shall also document the decisions it reaches in administering a written plan of compensation or benefit opportunity with respect to any individual who is under the review of the Committee. Further, the Committee will be responsible for reviewing and approving the disclosures on IRS Form 990 (or any other regulatory filing) regarding compensation before they are filed.

Operational Effectiveness

The Committee shall conduct an annual self-evaluation of the performance of the Committee, and the effectiveness and compliance with this charter. The Committee shall address matters it considers relevant to its performance, including the adequacy, appropriateness and quality of the information and recommendations presented by the Committee to the Board, whether the number and length of meetings of the Committee were adequate for completion of its work in a thorough and thoughtful manner.

IV. Authority and Board Reporting

The Committee shall review and approve cash and non-cash compensation and benefit packages that are applicable to the Institute's "disqualified individuals" (as such term is defined in Section 4958) and to those individuals with employment agreements with the Institute, as well as any other individual the Committee identifies by name or position for review.

At its discretion, the Committee may seek the services of legal counsel and/or of an independent compensation consultant (“Consultant”), hired by the Committee to provide independent, objective and neutral advice regarding the cash and non-cash elements of the compensation packages for the President, “disqualified individuals” and others the Committee identifies for review.

The Committee shall control all aspects of the Committee-Consultant relationship including final authority to hire and fire the Consultant, defining the consulting project objectives and scope, and oversight and monitoring of the Consultant’s work for the Committee. The Committee is responsible for reviewing and making final decisions on all recommendations provided by the Consultant. The Consultant shall promptly inform the Chair of the Committee when asked to perform any other services for management of the Institute. The Consultant will provide an annual statement to the Committee summarizing all services that were outside of those requested by the Committee.

Appendix A - Positions within the Committee’s Purview

Appendix B - Decision Rights Guidelines

Approved by the Leadership Development and Executive Compensation Committee February 22, 2017

Approved by the Nominations & Governance Committee November 2, 2018

Approved by the Board of Trustees November 2, 2018

POSITIONS WITHIN THE COMMITTEE'S PURVEIW

President
Executive Vice President, Chief Financial Officer
Senior Vice President & Provost
Senior Vice President
Senior Vice President and General Counsel
Vice President & Dean, Academic and Corporate Development
Vice President for Student Affairs
Vice President for Talent Development & Chief Diversity Officer
Vice President for University Advancement
Vice Provost for Research
Vice President and Chief of Staff
Vice President for Campus Planning & Facilities Management
Vice President for Information Technology, Chief Information Officer (CIO)
Chief Marketing Officer
Executive Director President's Office and Board Operations
Director, Physical Education, Recreation and Athletics
Dean of Engineering
Dean of Arts & Sciences
Dean of the School of Business
Dean of IGSD
Dean of Graduate Studies
Dean of Undergraduate Studies
Dean, Graduate Enrollment Services
Dean of Admissions and Financial Aid

Appendix A – Positions within the Committee's Purview

DECISION RIGHTS GUIDELINES

KEY

- **Approve:** Confirm and sanction final decisions
- **Consult:** Provide input into item, advance/present opinions, facts, etc.
- **Inform:** Kept up to date on progress and outcomes
- **Initiate:** Begin execution of the item
- **Manage:** Administer the execution, oversee programs, regulate as needed
- **Recommend:** Suggest and propose the preferred approach

Action	Board of Trustees	Compensation Committee	President	VP, T & CDO	Finance	Legal
1. Set / change executive compensation strategy	Approve	Initiate / Recommend	Consult	Consult / Manage	Consult	Consult
2. Changes to executive compensation and benefit programs and policies	Inform (Approve where appropriate)	Initiate / Recommend / Approve	Recommend / Consult	Initiate / Manage	Consult	Consult
3. Presidential performance evaluation and compensation	Approve	Initiate / Manage / Recommend	Consult / Inform	Consult / Inform	Inform	Inform
3. Establish / change Presidential employment terms and provisions	Approve	Initiate / Manage / Recommend	Consult / Inform	Consult / Manage	Inform	Consult / Manage
4a. Performance review / compensation for executives	Inform	Approve	Initiate / Recommend	Consult / Manage	Inform	Inform
4a. Establish / change employment terms and provisions for executives	Inform	Approve	Initiate / Recommend	Consult / Manage	Inform	Consult / Manage
4b. Performance review / compensation for executives	N/A	Inform as Appropriate	Approve	Initiate / Manage	Inform	Inform
4b. Establish / change employment terms and provisions for executives	N/A	Inform as Appropriate	Approve	Initiate / Manage	Inform	Consult / Manage
5. Conduct annual executive pay study	Inform	Approve	Consult / Inform	Initiate / Manage	Inform	Inform