

**Montana State Fund**  
**Human Resource and Compensation Committee Charter**  
**Approved: [date]**

**Purpose of Committee**

The purpose of the Human Resource and Compensation Committee is to discharge the Board's responsibilities relating to personnel matters of all staff and compensation of the company's CEO.

**Committee Membership**

The Committee shall consist of three Board Members.

Members shall be appointed by the Board Chair who shall notify the Board of all appointments as they are made. The Chair shall appoint for membership to the Committee only those individuals who the Chair believes in his/her judgment are qualified to perform the duties of the Committee as set forth in this charter. The Chair may remove a Committee member at any time and appoint a replacement, provided the Chair notifies the Board of the removal and the reasons at the time of the removal.

**Committee Structure and Operations**

The Chair shall designate one member of the Committee as its chairperson. The Committee shall meet in person or telephonically as it deems necessary or appropriate, and at least two times per year, at a place and time determined by the Committee chairperson.

The Committee may invite such staff to its meetings as it may deem desirable or appropriate, consistent with the maintenance of the confidentiality of performance and compensation discussions. The President/CEO should not attend any meeting where his/her performance or compensation is discussed, unless specifically invited by the Committee. Meetings will always be publicly noticed, and will normally open to the public, but may from time to time be closed to the public, upon agreement of counsel, if the matters being discussed so require (the maintenance of the confidentiality of trade secrets, litigation strategy, ongoing or past fraud investigations, fraud prevention tactics and processes, and staff performance discussions, and other such matters where counsel agrees it is legally justified to do so).

If one member of the Committee cannot attend a meeting, the remaining two members of the Committee, acting unanimously, shall have the power to take any action necessary or convenient to the efficient discharge of its responsibilities. No action of the Committee shall be valid unless approved by at least two members of the Committee.

**Committee Duties and Responsibilities**

The following are the general duties and responsibilities of the Committee:

- In consultation with the President/CEO, establish and periodically review the general compensation policies applicable to employees, and oversee the development and implementation of compensation programs. This activity includes from time to time the commissioning of salary studies and other surveys of organizations similar to the Company, the review of such surveys, and to assist in the establishing of pay ranges based on the surveys.
- Review and recommend the compensation program, and modifications and amendments thereto, applicable to the CEO. Discharge any responsibilities imposed on the Committee by this program.

- Review and recommend the specific levels of compensation, including salaries, benefits and perquisites, of the President/CEO.
- Review and approve goals and objectives relevant to the compensation of the CEO.
- Evaluate and advise the Board concerning the performance of the CEO against established goals and objectives.
- Recommend the CEO's compensation level for the coming year based on this evaluation and recommend, as appropriate, a course of action to remedy deficiencies observed or improve performance.
- Review and advise the Board concerning and, if deemed appropriate by the full board, retain consultants to advise the Committee regarding industry compensation practices and trends in order to assess the adequacy and competitiveness of the company's compensation programs.
- Prepare and deliver to the Board, at such time as the Board shall request, reports concerning the activities and recommendations of the Committee and disclose the compensation policies applicable to the CEO, and senior staff. Discuss the relationship of the company's performance to compensation and the basis for the compensation awarded during such period.
- Review with the CEO the development and maintenance of a succession plan for senior staff and other key employees, and report to the Board the Committee's recommendations regarding succession.
- Conduct a CEO search process and make succession recommendations to the Board in the event of a retirement or vacancy in the CEO position.
- In consultation with the CEO, review regulatory compliance with respect to compensation matters.
- Any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to performance and compensation.

### **Committee Reports**

The Committee shall produce the following reports and provide them to the Board.

- The Committee will keep the Board informed on a timely basis either verbally or in writing on all matters related to its duties and purpose. The Committee has the discretion to keep specific personnel matters within the Committee or, if required by the Board, to report on any such matter in Executive Session of the Board. At least once every two years, the Committee shall review its Charter and either recommend changes, or recommend no changes, to the full Board.

### **Resources and Authority of the Committee**

The Committee shall request the resources, and hold the authority appropriate to discharge its duties and responsibilities.