

# The University of Texas/Texas A&M Investment Management Company

## Charter of the Compensation Committee

### Background

The Board of Directors (the "Board") of The University of Texas/Texas A&M Investment Management Company (the "Corporation") established a Compensation Committee (the "Committee") on August 30, 1996. The Committee's responsibilities were enumerated and documented in the August 30, 1996 Board minutes. This Charter, adopted by the Board on February 21, 2019, supersedes the Charter adopted by the Board on July 20, 2014.

### Purpose

The primary purpose of the Committee is to carry out the responsibilities delegated to it by the Board relating to the review and determination of compensation for officers and employees of the Corporation.

### Composition

The Committee shall be composed of three members of the Board appointed from time to time by a majority vote of the Board at a meeting at which a quorum is present. Individuals who are not members of the Board may be appointed to the Committee; provided however, a majority of the Committee members shall be members of the Board. A member may be removed with or without cause at any time by a majority vote of the Board.

### Meetings; Quorum; Etc.

The Corporation's Bylaws state that any committee created by the Board or the Bylaws, including the Committee, shall (i) have a chairman designated by the Board, (ii) fix its own rules or procedures, (iii) meet at such times and at such place or places as may be provided by such rules or by resolution of such committee or resolution of the Board, and (iv) keep regular minutes of its meetings and cause such minutes to be recorded in books kept for that purpose in the principal office of the Corporation, and report the same to the Board at its next regular meeting. At every meeting of any such committee, the presence of a majority of all the members thereof shall constitute a quorum, and the affirmative vote of a majority of the members present shall be necessary for the adoption by it of any action, unless otherwise expressly provided in the committee's rules or procedures or the Bylaws of the Corporation or by the Board. The Board may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member of such committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting of the committee and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint the designated alternate Director to act at the meeting in the place of the absent or disqualified member.

## Duties and Responsibilities

The Committee has the following duties and responsibilities:

- Recommend to the Board the UTIMCO Compensation Program and any amendments thereto
- Review the UTIMCO Compensation Program to determine whether it encourages optimal risk-taking, to review and discuss at least annually the relationship between risk management policies and practices and compensation, and to evaluate compensation policies and practices that could mitigate any such risk
- Select and retain the services of an independent qualified compensation consultant as necessary to assist with the execution of its duties and responsibilities as set forth in this Charter and periodically perform a salary benchmarking study
- Review and approve annually the performance standards applicable to the compensation of the President, Chief Executive Officer and Chief Investment Officer ("CEO"); at least annually, determine the CEO's level of achievement of those performance standards, and determine and recommend to the Board the base salary and performance award of the CEO of the Corporation
- Approve the base salaries of all officers (except the CEO) of the Corporation
- Determine the Award Opportunity for each Performance Standard for the Participants in an Eligible Position
- Annually, review the actual performance of each Participant against the performance standards of the respective Participant and determine the Participant's level of achievement of those performance standards, and determine and approve the Performance Plan awards for all Eligible Employees except the CEO
- Develop and recommend to the Board an officer succession plan (the "Succession Plan"), review the Succession Plan periodically with the CEO, develop and evaluate potential candidates for executive positions and recommend to the Board any changes to, and any candidates for succession under, the Succession Plan
- Provide the Board with full supporting materials for each of the foregoing recommendations in sufficient time to allow such materials to be considered by the Board prior to its full discussion and review of such recommendations.

Determination of performance compensation for employees not included in the Performance Plan is delegated to Corporation management.

## Other Duties

In addition to its duties and responsibilities outlined above, the Committee shall perform such additional special functions, duties or responsibilities related thereto as may from time to time be designated to it by the Board Chairman. In discharging its responsibilities, the Committee may obtain advice and assistance from Board consultants, U.T. System staff, and other individuals as it deems necessary.

The Committee will evaluate the Committee's performance on a periodic basis, periodically review the adequacy of this Charter and submit this Charter to the Board for its approval; and perform any other activities

consistent with this Charter, the Corporation's Bylaws, and applicable laws as the Committee or the Board deems necessary or appropriate.

Approved by the Board of Directors on February 21, 2019.