

## **PROCESS FOR ANNUAL REVIEW OF CEO AND ANNUAL COMPENSATION INCREASE**

Link to Board Policy 4.5: CEO Compensation and Benefits

The board shall negotiate a written employment understanding with the CEO that will stipulate compensation and benefits for the CEO.

1. CEO remuneration will be decided during the first quarter of the calendar year after a review of monitoring reports received in the last year.
2. The annual appraisal shall be conducted and remuneration will be established.

Principles:

1. CEO's performance is synonymous with the organization's performance, because the CEO is accountable for all of it.
2. CEO evaluation is always and only evaluating against criteria specified in the executive limitations and Ends policies.
3. Compensation decisions will take into account performance, market conditions, and any anticipated change in the "size" of the job in the future the board may foresee.

Process:

1. The board will appoint the Board Chair and 2-3 other board members (at least one of whom will be recommended by the CEO) to serve on this task group.
2. The task group will meet at least one time with the CEO to hear her self-assessment toward meeting Ends, compliance with executive limitations, and monitoring reports (this may be with the board as a whole).
3. The task group will conduct the review and report back to the board.

Charges:

1. Prepare a written annual performance assessment for board discussion/approval of Ends and executive limitations, indicating whether the CEO's performance has been satisfactory or unsatisfactory per the process and guidelines outlined below.
2. Recommend annual salary increase (including bonus, if applicable) to the board with documentation that it is reasonable (including market, inflation, key personnel increases and any other factors other than performance that are relevant to compensation).
3. Report information to the CEO – specifically, a signed (by Board Chair) copy of the written performance assessment and salary increase. (The task group can choose to delegate follow-up to the Board Chair.)

Process:

1. Prepare and review a summary of the board's recorded assessments of monitoring reports that have been submitted throughout the year. Review the summary looking for trends in performance.

- A. Based on a review of the board's assessment of Ends monitoring reports (internal, external, direct inspection) as recorded in the minutes, over the past year, which Ends has the CEO:

- 1) Achieved a reasonable interpretation of Ends?
- 2) Not achieved a reasonable interpretation of Ends?
- 3) Exceeded a reasonable interpretation of Ends?

Cite the evidence that supports this assessment (specific internal monitoring reports, external monitoring reports, or direct board inspections).

- B. Based on a review of the board's assessment of executive limitations monitoring reports (internal, external, and direct inspection) as recorded in the minutes, over the past year, has the CEO:

- 1) Consistently operated within the constraints posed by a reasonable interpretation of the executive limitations?
- 2) Occasionally contravened the limitations, but reported the contravention promptly, provided acceptable rationale, and a commitment for future compliance, which was met?
- 3) Occasionally contravened the limitations, but without reporting the contravention, or without acceptable rationale?
- 4) Frequently contravened the limitation?

Cite the evidence that supports this assessment (specific internal monitoring reports, external monitoring reports, or direct board inspection).

- C. Based on the above data only, has the CEO's performance been satisfactory or unsatisfactory? (Do not add "extra" criteria for evaluation. Only criteria that has been previously stated in policies is relevant.)

- D. Based on the review, recommend whether there are any policies for which the board should supplement the internal report by an external report or direct board inspection.

2. Prepare a recommendation for CEO's annual compensation increase. This should include referencing Girl Scouts of the USA's CEO compensation report, market comps for salary range/increases, and budgeted increases for senior executive leadership of Girl Scouts of Western Ohio.