

**COMPENSATION POLICY  
OF  
SIMON'S HEART**

**Article I  
Rebuttable Presumption**

**Section 1.1 Policy.** In compliance with the Internal Revenue Service guidelines for approval of senior management compensation, the Board of Directors of Simon's Heart (the "Corporation") will apply the procedures in this policy to establish a rebuttable presumption that compensation paid is reasonable.

**Article II  
Individuals Subject to this Policy (defined as "Covered Individuals")**

**Section 2.1 Chief Employed Executives.** The individual or individuals who have the ultimate responsibility for implementing the decisions of the Corporation's Board of Directors or for supervising the management, administration, or operations of the Corporation, including the Corporation's senior management and financial official(s). If this ultimate responsibility resides with two or more individuals who may exercise such responsibility in concert or individually, then each individual is included.

**Section 2.2 Officers.** A person elected or appointed to manage the Corporation's daily operations, such as a President, Chief Executive Officer, Vice-President, Chief Financial Officer, Secretary, or Treasurer, as determined by its Articles of Incorporation and Bylaws, and include, at a minimum, those officers required by applicable state law.

**Section 2.3 Key Employees.** Individuals who are not a Chief Employed Executive or an officer of the Corporation, but who meet the following criteria:

- a. \$100,000 Threshold. The individual receives reportable compensation from the Corporation and all related organizations in excess of \$150,000 for the calendar year ending with or within the Corporation's tax year; and
- b. Responsibility Criteria. The individual:
  - (1) has responsibilities, power or influence over the Corporation as a whole that is similar to those of officers, directors, or trustees; or
  - (2) manages a discrete segment or activity of the Corporation that represents 10% or more of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole; or
  - (3) has or shares authority to control or determine 10% or more of the Corporation's capital expenditures, operating budget, or compensation for employees; and

c. Top 20 Limitation. In addition to meeting the \$100,000 threshold and the Responsibility Criteria, the individual is one of the top 20 most highly compensated employees (including all income from the Corporation and related organizations) for the calendar year ending with or within the Corporation's calendar year.

### **Article III Procedure for Approving Compensation**

**Section 3.1 Approval Procedures.** In reviewing and approving the compensation of any Covered Individuals, the Simon's Heart Board of Directors, or a delegated committee of the Board (referred to as the "Approval Body" below), will utilize the following process:

b. Impartial Decision Makers. The compensation arrangement must be approved in advance (before any payment is made) by the Approval Body of the Corporation composed entirely of individuals who do not have a conflict of interest with respect to the compensation arrangement (example: neither the executive whose compensation is being determined nor any of his/her family members may be present during the discussion/debate or participate in the vote).

b. Comparability Data. When the Approval Body is considering compensation to Covered Individuals, it must rely on comparability data that demonstrate the fair market value of the compensation in question. For example, when crafting compensation packages, the Approval Body must secure data that documents compensation levels for similarly qualified individuals in like positions at like organizations. This data may include the following:

- (1) expert compensation studies by independent firms;
- (2) written job offers for positions at similar organizations;
- (3) documented telephone calls about similar positions at both nonprofit and for-profit organizations; and
- (4) information obtained from the IRS Form 990 filings of similar organizations.

c. Concurrent Documentation. The Approval Body must document how it reached its decisions, including the data on which it relied. To qualify as concurrent documentation, written or electronic records of the Approval Body (such as the attached Rebuttable Presumption Checklist) must note:

- (1) the terms of the compensation and the date it was approved;
- (2) the members of the Approval Body who were present during the discussion on the compensation that was approved and those who voted on it;

(3) the comparability data obtained and relied upon and how the data were obtained;  
and

(4) any actions taken with respect to consideration of the compensation by anyone who is otherwise a member of the Approval Body but who had a conflict of interest with respect to the decision on the compensation.

Policy Adopted on October 13, 2020.

**REBUTTABLE PRESUMPTION CHECKLIST**

1. Name of disqualified person: \_\_\_\_\_

2. Position under consideration: \_\_\_\_\_

3. Duration of contract (1 yr., 3 yr., etc): \_\_\_\_\_

4. Proposed Compensation:

Salary: \_\_\_\_\_

Bonus: \_\_\_\_\_

Deferred compensation: \_\_\_\_\_

Fringe benefits (list, excluding Sec. 132 fringes):

\_\_\_\_\_  
\_\_\_\_\_

Liability insurance premiums: \_\_\_\_\_

Foregone interest on loans: \_\_\_\_\_

Other: \_\_\_\_\_

5. Description of types of comparability data relied upon (*e.g.*, independent compensation study, association survey, phone inquiries, etc.):

- a) \_\_\_\_\_
- b) \_\_\_\_\_
- c) \_\_\_\_\_
- d) \_\_\_\_\_

6. Sources and amounts of comparability data:

Salaries \_\_\_\_\_

Bonuses: \_\_\_\_\_

Deferred compensation: \_\_\_\_\_

Fringe benefits (list, excluding Sec. 132 fringes):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Liability insurance premiums: \_\_\_\_\_

Foregone interest on loans: \_\_\_\_\_

Others: \_\_\_\_\_

7. Office or file where comparability data kept: \_\_\_\_\_

8. Total proposed compensation: \_\_\_\_\_

9. Maximum total compensation per comparability data: \_\_\_\_\_

10. Compensation package approved by authorized body:

Salary: \_\_\_\_\_

Bonus: \_\_\_\_\_

Fringe benefits (list, excluding Sec. 132 fringes):

\_\_\_\_\_  
Deferred compensation: \_\_\_\_\_

Liability insurance premiums: \_\_\_\_\_

Foregone interest on loans: \_\_\_\_\_

Other: \_\_\_\_\_

11. Date compensation approved by authorized body: \_\_\_\_\_

12. Members of the authorized body present (indicate with X if voted in favor):

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13. Comparability data relied upon by approving body and how data was obtained:

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14. Names of and actions (if any) by members of authorized body having conflict of interest:

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15. Date of preparation of this documentation (must be prepared by the later of next meeting of authorized body, or 60 days after authorized body approved compensation):

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16. Date of approval of this documentation by Board (must be within reasonable time after preparation of documentation above):

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