

AMERICAN OSTEOPATHIC ACADEMY OF ORTHOPEDICS
POLICY ON THE PROCESS FOR DETERMINING COMPENSATION

This Policy on the Process of Determining Compensation of the American Osteopathic Academy of Orthopedics (the “Academy”) applies to the compensation of the following persons employed by the Academy: the Executive Director and Key Employees¹ of the Academy.

The process includes the following elements: (1) review and approval by the Board of Directors of the Academy; (2) use of data provided each year as to comparable compensation; and (3) contemporaneous documentation and recordkeeping.

- I. Review and approval. The compensation of the person is reviewed and approved by the Board of Directors or Compensation Committee of the Academy, provided that persons with conflicts of interest with respect to the compensation arrangement at issue are not involved in this review and approval.
- II. Use of data as to comparable compensation. The compensation of the person is reviewed and approved using data as to comparable compensation for similarly qualified persons in functionally comparable positions at similarly situated organizations.
- III. Contemporaneous documentation and recordkeeping. There is contemporaneous documentation and recordkeeping with respect to the deliberations and decisions regarding the compensation arrangement.

¹ Key Employee – An employee of the Academy who meets all three of the following tests:

- (a) \$150,000 test: The employee receives reportable compensation from the Academy and all related organizations in excess of \$150,000 for the year,
- (b) Responsibility Test: The employee:
 - (i) Has responsibility, powers, or influence over the Academy as a whole that is similar to those of officers, directors, or trustees; or
 - (ii) Manages a discreet segment or activity of the Academy that represents 10% or more of the activities, or shares authority to control or determine 10% or more of the Academy’s capital expenditures, operating budget or compensation for employees;
- (c) Top 20 Test: The employee is one of the 20 employees (that satisfy the \$150,000 Test and Responsibility Test) with the highest reportable compensation from the Academy and related organization for the year.