

MARKLUND
HUMAN RESOURCES POLICY AND PROCEDURE

POLICY NO: 4.0

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SUBJECT: EXECUTIVE COMPENSATION POLICY

DEPARTMENTS AFFECTED: NONE APPROVED BY: BOD (as noted in minutes)

ISSUE/REVISION DATES: EFF DATE: 11/01/13; 08/12/21

PURPOSE:

Marklund's primary objective is to provide a reasonable and competitive executive total compensation consistent with market-based compensation practices for individuals possessing the experience and skills needed to improve the overall performance of the organization.

The organization's executive compensation policy is designed to do the following:

- Attract and retain high-caliber executives
- Provide a competitive total compensation package, including benefits
- Strongly support and further transition to a "pay for performance" culture through the use of incentives for key employees
- Reinforce the goals of the organization by supporting teamwork and collaboration
- Ensure that pay is perceived to be fair and equitable
- Be flexible to reward individual accomplishments as well as organizational success
- Ensure that the program is easy to explain, understand, and administer
- Balance the need to be competitive with the limits of available financial resources
- Ensure that the program complies with state and federal legislation

POLICY:

Marklund's executive compensation program is administered by the executive committee of the board. The executive committee is responsible for establishing and maintaining a competitive compensation program for the key executives of the organization. The committee meets as needed to review the compensation program and make recommendations for any changes to the board, as appropriate.

The executive committee commissions an annual review to evaluate the organization's executive compensation program against the competitive market. The evaluation is intended to ensure that the compensation program falls within a reasonable range of competitive practices for comparable positions among similar organizations.

Following this review, the President/CEO will make recommendations to the executive committee, subject to their final review and approval, for the Chief Financial Officer and the Chief Development Officer, base salaries and annual incentive opportunities. The committee reviews and approves the salary and annual objectives for the President/CEO.

MARKET POSITION:

While Marklund focuses on comparable nonprofit organizations in our area to benchmark pay, we also understand that the market for executive talent may be broader than this group. Market information from two additional market segments, private foundations, and published not-for-profit compensation surveys may be used as a supplement.

In addition, Marklund may also collect other published survey data, when appropriate, for for-profit organizations for specific functional competencies such as finance, medical and human resources.

Together with data from the comparable local organizations, data from these market segments are used to form a “market composite” to assess the competitiveness of compensation.

In general, Marklund positions total compensation, including benefits, at the median of the market. Programs are designed to be flexible so that compensation can be above or below the median based on experience, performance, and business need to attract and retain specific talent