



EXECUTIVE COMPENSATION POLICY

Program Philosophy and Objectives

FOCOS' primary objective is to provide a reasonable and competitive executive total compensation opportunity 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 program is designed to

- Encourage the attraction and retention of 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.
- Balance the need to be competitive with the limits of available financial resources.
- Ensure that the program complies with state and federal regulations.

Program Market Position

While the FOCOS Board of Directors will look to comparable nonprofit organizations in the same geographic area to benchmark pay, we also understand that the market for executive talent may be broader than this group. Market information from additional market segments, private foundations, and published not-for-profit compensation surveys may also be used as a supplement.

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, FOCOS positions total compensation, including benefits, at the median of the market. Programs are designed to be flexible so that compensation can be above or

FOUNDATON OF ORTHOPEDICS AND COMPLEX SPINE, INC. (FOCOS)



below the median based on experience, performance, and business need to attract and retain specific talent.

Governance and Procedures

FOCOS' executive compensation program is administered by the Executive Committee ("EXCOM") of the board. The EXCOM is responsible for establishing and maintaining a competitive compensation program for the key executives of the organization. The EXCOM meets as needed to review the compensation program and make recommendations for any changes to the board, as appropriate.

Nonpaid Officers

The Founder and Board Members, including board officers, are all unpaid volunteers of the organization.