

## FRENCH HERITAGE SOCIETY, INC.

### Policy on the Process for Determining Executive Compensation

This Policy on the Process for Determining Executive Compensation of French Heritage Society, Inc. (FHS) applies to the compensation of the following persons employed by FHS:

\_\_\_\_\_ The Organization's **chief employed executive**<sup>1</sup>

\_\_\_\_\_ Other **Officers**<sup>2</sup> or **Key Employees**<sup>3</sup> of the Organization

The process includes all of these elements: (1) review and approval by the board of directors or compensation committee of FHS; (2) use of data as to comparable compensation; and (3) contemporaneous documentation and recordkeeping.

1. **Review and approval.** The compensation of the person is reviewed and approved by the board of directors or compensation committee of FHS, provided that persons with conflicts of interest with respect to the compensation arrangement at issue are not involved in this review and approval.
2. **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.

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<sup>1</sup> **Chief employed executive**—The CEO (i.e., Chief Executive Officer) **executive director**, or top management official (i.e., a person who has ultimate responsibility for implementing the decisions of FHS's governing body or for supervising the management, administration, or operations of FHS).

<sup>2</sup> **Officer**—A person elected or appointed to manage FHS's daily operations, such as a president, vice-president, secretary or treasurer. The officers of FHS are determined by reference to its organizing document, bylaws, or resolutions of its governing body, or as otherwise designated consistent with state law, but at a minimum include those officers required by applicable state law. Include as officers FHS's top management official and top financial official (the person who has ultimate responsibility for managing FHS's finances).

<sup>3</sup> **Key Employee**—An employee of FHS who meets all three of the following tests: (a) \$150,000 Test: receives reportable compensation from FHS and all related organizations in excess of \$150,000 for the year; (b) Responsibility Test: the employee: (i) has responsibility, powers, or influence over FHS as a whole that is similar to those of officers, directors, or trustees; (ii) manages a discrete segment or activity of FHS that represents 10% or more of the activities, assets, income, or expenses of FHS, as compared to FHS as a whole; or (iii) has or shares authority to control or determine 10% or more of FHS's capital expenditures, operating budget, or compensation for employees; and (c) Top 20 Test: is one of the 20 employees (that satisfy the \$150,000 Test and Responsibility Test) with the highest reportable compensation from FHS and related organizations for the year.

3. **Contemporaneous documentation and recordkeeping.** There is contemporaneous documentation and recordkeeping with respect to the deliberations and decisions regarding the compensation arrangement.