

## **THE QUILT EXECUTIVE COMPENSATION POLICY**

In compliance with Internal Revenue Service guidelines for approval of senior management compensation, the Board of Directors of The Quilt, Inc ("The Quilt") adheres to the following review and approval guidelines.

### **Individuals Subject to This Policy ("*Covered Individuals*"):**

- **Chief Executive Officer**: The individual who has the ultimate responsibility for implementing the decisions of The Quilt's Board of Directors or for supervising the management, administration, or operations of The Quilt.
- **Key Employees**: Individuals who receive reportable compensation from The Quilt in excess of \$150,000 for the calendar year.

### **Procedure for Approving Compensation**

In reviewing and approving the compensation of any Covered Individuals, the Executive Committee or a delegated committee of the Board (the "***Approval Body***"), will utilize the following process:

1. The compensation arrangement must be approved in advance (before any payment is made) by the Approval Body, which shall be composed entirely of individuals who do not have a conflict of interest with respect to the compensation arrangement.
2. When the Approval Body is considering compensation for Covered Individuals, it should base its recommendation on executive performance and qualifications and, to the extent reasonably available, rely on appropriate comparability data from comparable positions with similarly situated organizations.

Based on the recommendation of the Approval Body, the Board of Directors will approve executive compensation for The Quilt. Only those Directors, who are free of conflicts of interest, may vote on executive compensation. Board action on executive compensation shall be documented in Board meeting minutes or comparable records.

The Approval Body shall make their recommendation at least once annually. The recommendation will typically be included in the operating budgets presented to the Board.