Total Compensation Philosophy

JumpStart desires to attract and retain highly experienced, entrepreneurially-oriented and results-driven staff capable of creating economic transformation by efficiently securing and investing financial capital in high potential, early-stage companies located in Northeast Ohio and providing business commercialization expertise and technical support to the entrepreneurs leading these companies.

To attract, motivate and retain staff, JumpStart uses a total compensation package that is designed to be comprehensive, performance-based, cost-competitive and reasonable given the Organization's non-profit status. Given the Organization's strong performance orientation, cash and variable compensation is emphasized and is more competitive than indirect and fixed compensation. When Organizational and individual performance expectations are achieved, total compensation for fully-proficient staff will typically be above market median but below the 75th percentile of competitive practices.

On an annual basis, the CEO and the Human Resources & Compensation Committee of the Board is to review the programs and reward opportunities specific to comparably-sized (one-half to two times JumpStart's revenue and operating budget size), national and regional non-profits as well as those specific to financial services (venture capital, investment and banking) and professional services/general industry (business strategy and management consulting, entrepreneurship) organizations to determine if JumpStart's programs, policies and reward opportunities are appropriate, reasonable and cost-competitive. From a cash compensation perspective, the Committee places greater weight on pay practices applicable to the labor markets from where the majority of JumpStart's executives have been recruited, i.e., financial services (30%) and professional services/general industry (30%), and slightly less weight on pay practices applicable to other non-profit organizations (40%). From an indirect compensation perspective, the Committee typically uses an equally weighted combination of non-profit and for-profit organizational practices for organizations of comparable size.

Additional details include:

- Targeted Competitive Position – JumpStart intends to target its:
  - Base salary generally around market median for fully proficient employees excluding the CEO. For the CEO, base salary is targeted approximately 5% below market median for a fully proficient individual. Competitiveness varies, however, based on the job's role, organizational impact, degree of staffing difficulty and level of bonus potential.

- Maximum total annual cash compensation (combination of base salaries paid at the target rate (i.e., the "fully proficient" rate plus maximum annual bonus opportunity) within the third quartile of competitive practices (i.e., at market median and below the 75th percentile) for achieving the highest level of performance expectations for all Organizational and individual performance goals. Again, competitiveness varies based on the job's role, organizational impact, degree of staffing difficulty and competitive position of base pay.
- Health, disability and life insurance programs with cost sharing arrangements below market and within the second quartile of competitive practices.
- Annual contributions toward retirement benefits at or below market median practices to promote employee retention and Organizational performance, when applicable.
- Vacation, paid sick days and paid holidays to yield total time off benefits that are slightly above market.

- Pay/Performance Linkages – JumpStart intends to link its pay opportunities to performance expectations. Specifically:
  - Base salaries will be managed within a pay range; the pay range target range will reflect the competitive market value of the job. Each employee's actual salary within the pay range will reflect his/her qualifications and performance relative to job responsibilities. Adjustments to base salaries will reflect a combination of individual performance relative to job duties, responsibilities; pay competitiveness; typical market practices; the Organization's financial situation; and, the general economy.
  - Each employee will be eligible to participate in the annual bonus plan and bonus opportunities will be assigned to each position based on market values and the impact the position has on the Organization's overall success. Annual bonus rewards will reflect the combination of organizational and individual performance, weighted 70% and 30%, respectively, for all executives except the CEO. The CEO's annual bonus will reflect the Organization's overall performance against key goals.

- Governance and Ongoing Administration – JumpStart monitors the ongoing market competitiveness, appropriateness and reasonableness of JumpStart's total compensation program. Specifically:

- Total compensation philosophy – Every year, the Human Resources & Compensation Committee will review the appropriateness of the total compensation philosophy and market analysis methodology to ensure alignment with JumpStart's business strategies and financial situation.
- Annual market assessment of cash compensation – Using the Committee-approved market analysis methodology and published pay surveys, JumpStart will gather market pay practices – base salary and total cash compensation – applicable to each type of labor market (i.e., financial services, professional services/general industry and non-profits) for each position and use this information to determine:
  - the market competitiveness of JumpStart's current base salaries, pay ranges and total cash opportunities;
  - the appropriateness and amount of any change to the job's pay range or bonus potential; and,
  - the appropriateness and amount of any change to an incumbent's base salary.

  The CEO makes compensation adjustment recommendations for his direct reports to the Committee for approval. The Human Resources & Compensation Committee makes compensation adjustment recommendations for the CEO to the full Board for approval.
- Triennial market assessment of total compensation – Every three years, JumpStart will conduct a comprehensive review and competitive assessment of its total compensation package using published pay surveys and Form 990s from Committee-approved peers' to determine the above information plus:
  - the market competitiveness of JumpStart's monetary values and mix of total cash compensation, employer contributions to benefits and employer contributions to expense accounts and other allowances as reported on Form 990s;
  - the market competitiveness of indirect compensation and perquisites in terms of prevalence and design; and,
  - the total compensation package.

  The CEO makes compensation adjustment recommendations for his direct reports to the Committee for approval. The Human Resources & Compensation Committee makes compensation adjustment recommendations for the CEO to the full Board for approval.