

**ADVOCATES INTERNATIONAL POLICY RE SETTING COMPENSATION OF  
CHIEF EXECUTIVE OFFICER AND OTHER EMPLOYEES RECEIVING  
ANNUAL COMPENSATION OF OVER \$150,000**

1. **Employees Covered.** This “Policy” shall apply to Advocates International’s (AI’s) Chief Executive Officer (“CEO”), and to all other employees whose “Total Compensation,” as that term is defined in the commentary of the Evangelical Council for Financial Accountability (“ECFA”) regarding Standard No. 6, exceeds a certain amount. The policy shall apply to the CEO during every year he is employed as CEO, and to such other employees during the years in which their annual Total Compensation exceeds \$150,000. (The CEO and these other employees are sometimes referred to in this Policy as the “Covered Employees.”)
2. **Approval of Compensation.** AI’s Board of Directors (it’s “Board”) shall annually approve the total compensation package of each Covered Employee. Those participating in the decision-making process may not have any direct or indirect conflict of interest, including, but not limited to:
  - a. **Related Employee:** being related to the Covered Employee;
  - b. **Subordinates:** being a subordinate to the Covered Employee; or
  - c. **Others:** being a person whose compensation is determined in a way that involves input or decision-making by the Covered Employee.
3. **Process.** The Board shall follow the following procedures in establishing the Total Compensation package for Covered Employees:
  - a. **Comparability Data.** The Board shall obtain reliable “Comparability Data” regarding the Covered Employees’ positions. This data shall be for functionally comparable positions in organizations that are as similar as possible to AI. This data shall be updated at least every five years.
  - b. **Factors to be Considered.** In determining the appropriate compensation package for Covered Employees, the Board shall consider the financial status of AI as well as the Comparability Data,

the skills, talents, education, experience, performance and knowledge of the Compensated Employees, and the value they add to AI.

- c. **Report regarding Family Members.** The Board shall annually require the CEO to report to it the Total Compensation package of any member of his or her family who is employed by AI or its subsidiaries or affiliates.
  - d. **Record of Compliance.** The Board shall document in its minutes the compensation package it decides that the Covered Employee is to receive, and contemporaneously shall document its compliance with the procedures contained in this paragraph 3. If applicable, the Board shall also document its rationale for establishing any compensation package which exceeds that which is supported by the Comparability Data.
4. **Action by Executive Committee.** The process described in paragraphs 2 and 3 above may be conducted by the Executive Committee rather than the full Board, provided that the full Board is notified of the Executive Committee's action and affirms, ratifies or otherwise approves the Total Compensation package established by it.
  5. **Effective Date.** This Policy shall take effect immediately but shall first be applied with respect to the compensation of all Covered Employees for calendar year 2014.