Adopted by the Board of Directors on May 24, 2021

Policy for Review of Executive Compensation
of
Trailnet, Inc.

In compliance with Internal Revenue Service guidelines for approval of senior management compensation, the Executive Committee (the "Executive Committee") of Trailnet, Inc. (the "Organization") will follow the following review and approval guidelines.

Individuals Subject to this Policy (defined as "Covered Individuals"):

- Chief Executive Officer: The individual who has the ultimate responsibility for implementing the decisions of the Organization's governing body or for supervising the management, administration, or operations of the Organization.
- Key Employees: Individuals who are not the Chief Executive Officer, but who meet the definition of "key employee"[1] as provided in the IRS Form 990.

Procedure for Approving Compensation

In reviewing and approving the compensation of any Covered Individuals, the Organization's Executive Committee will utilize the following process:

1. Independent / Impartial Decision Makers. The compensation arrangement must be approved in advance (before any payment is made) by the Executive Committee composed entirely of individuals who do not have a conflict of interest with respect to the compensation arrangement (example: neither the executive whose compensation is being determined nor any of his/her family members may be present during the discussion/debate or participate in the vote).

2. Comparability Data. When the Executive Committee is considering compensation to Covered Individuals, it must rely on comparability data that demonstrate the fair market value of the compensation in question. For example, when crafting compensation packages, the Executive Committee must secure data that documents compensation levels for similarly qualified individuals in like positions at like organizations. This data may include the following:
    a. expert compensation studies by independent firms;
    b. written job offers for positions at similar organizations;
    c. documented telephone calls about similar positions at both nonprofit and for-profit organizations; and
    d. information obtained from the IRS Form 990 filings of similar organizations.

3. Concurrent Documentation. The Executive Committee must document how it reached its decisions, including the data on which it relied. To qualify as concurrent documentation,

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1 A "key employee" receives reportable compensation in excess of $150,000 and either (1) has certain responsibilities, power or influence over the Organization (similar to an officer or director), (2) manages a discrete segment or activity of the Organization that represents 10% or more of the activities, assets, income, or expenses of the Organization, or (3) shares authority to control or determine 10% or more of the Organization's capital expenditures, operating budget, or compensation for employees.

written or electronic records of the Executive Committee (such as meeting minutes) must note:

a. The terms of the compensation and the date it was approved;
b. The members of the Executive Committee who were present during the debate on the compensation that was approved and those who voted on it;
c. the comparability data obtained and relied upon and how the data were obtained; and
d. any actions taken with respect to consideration of the compensation by anyone who is otherwise a member of the Executive Committee but who had a conflict of interest with respect to the decision on the compensation.

By following these steps, the charity establishes a "rebuttable presumption" that executive compensation is reasonable.

Other Guidance

The determination of what constitutes "reasonable compensation" in the charitable context closely parallels the determination of "reasonable compensation" under section 162(a) of the Code ("Trade and Business Expenses") and is determined on an examination of all the pertinent facts and circumstances. The Internal Revenue Manual lists twelve factors which are considered in determining whether compensation is reasonable: (1) the nature of the employee's duties; (2) the employee's background and experience; (3) the employee's knowledge of the organization's operations; (4) the size of the organization; (5) the employee's contribution to the organization's efficient operation; (6) the time devoted by the employee to the organization's operations; (7) the economic conditions in general and locally; (8) the character and amount of the employee's responsibility; (9) the time of year when compensation is determined; (10) the relationship of the employee's compensation to any ownership interest in the organization (there should be none in the case of a tax-exempt organization); (11) whether compensation is in reality, in whole or in part, payment for a business or assets acquired; and (12) the amount paid by similar size organizations in the same area to equally qualified employees for similar services. It may be appropriate to apply one or more of these factors.

The Organization is committed to pay equity. When considering compensation for any Covered Individuals in accordance with this policy, the Executive Committee shall seek to ensure that the Organization is providing equal pay opportunities for equal work, regardless of gender, race and other relevant factors, in a manner consistent with applicable law.