Adult Children of Alcoholics and Dysfunctional Families
World Service Organization
Compensation Policy

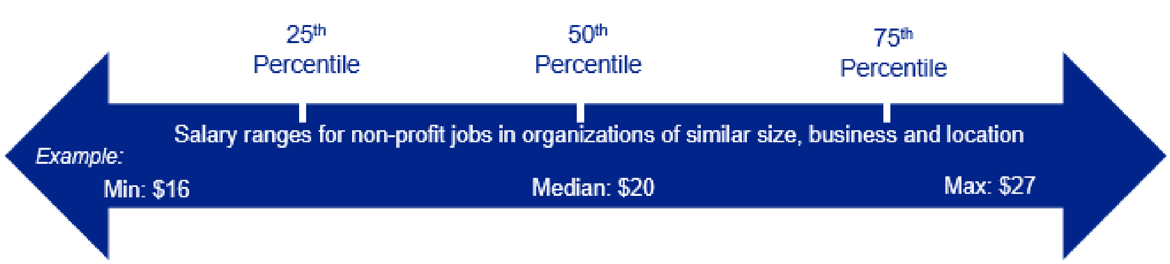
Compensation Philosophy

At Adult Children of Alcoholics and Dysfunctional Families (ACA), we believe that a clear and well-designed compensation strategy is key to attracting, motivating, and retaining valued Special Workers. Our compensation philosophy is built on principles of fairness, competitiveness in the marketplace, and alignment with our mission and values. As an inclusive organization, ACA is dedicated to fostering an environment that reflects the diverse communities we serve, where everyone feels encouraged to bring their full, authentic selves to work.

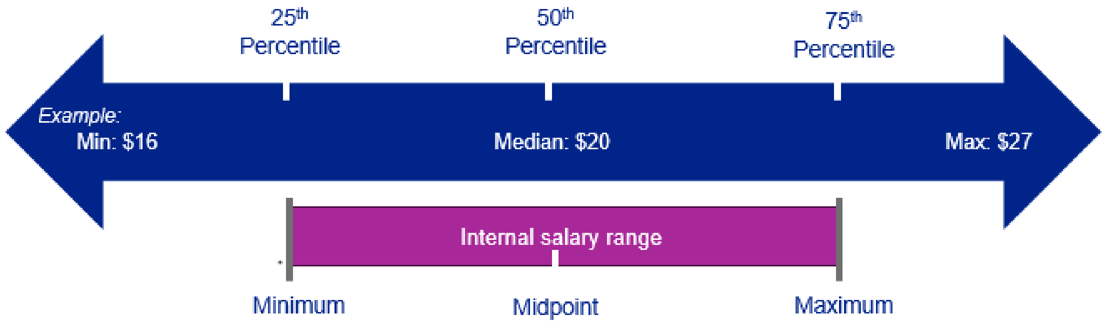
Our compensation philosophy underpins our commitment to a fair, transparent, and competitive compensation system that values the contributions of every employee. By adhering to these principles, we strive to create an environment where special workers are motivated, compensated fairly, and empowered to deliver their best performance.

1. Market Positioning

As ACA is an organization that recruits all over the world, our market-competitive compensation is defined for each position based on factors such as: a) nonprofit industry and b) similarly sized organizations and c) location. We utilize two compensation databases to understand the pay rates for our jobs in comparison to others in similarly situated organizations. These survey databases include CompAnalyst (a salary.com compensation database that aggregates company-reported salary surveys) and the Economic Research Institute (ERI) survey database. These databases return pay ranges that include all pay rates for a specific job. This is exhibited below:



We target the market median (50th percentile) of our peer organizations and align our pay ranges accordingly, centering the internal pay range around the median.



We utilize and analyze this market data and industry trends to ensure our special workers are paid competitively. Special workers who demonstrate high performance and exceptional contributions are rewarded, further differentiating their compensation. In addition to market competitive pay, we offer a benefits package that forms the total compensation package.

2. Location Differentials

We recognize that the cost of living and market conditions can vary significantly across different locations, and our compensation philosophy is designed to account for these geographic variations. Our goal is to ensure that Special Workers are compensated fairly and equitably, regardless of where they live and work.

For U.S.-based special workers, we analyze market data specific to each state and, when applicable, specific cities or metropolitan areas. This allows us to account for differences in cost of living, labor market conditions, and other regional economic factors that may impact market compensation. For Special Workers outside the U.S., we consider country-specific market data to ensure compensation is competitive and aligned with local economic conditions.

Our approach to location differentials is grounded in the principle that all special workers should be fairly compensated for their work, no matter where they are based. By adjusting salaries to reflect local market conditions, we desire to maintain a competitive edge in attracting and retaining talent globally while ensuring equity and fairness within our workforce.

3. Executive Compensation

At ACA, we believe that fair, competitive, and strategically aligned executive compensation is essential to attracting and retaining the leadership talent needed to achieve our long-term vision and organizational goals. Our executive compensation philosophy reflects our commitment to rewarding leadership excellence while ensuring that executive compensation is aligned with the company's values, performance, and market standards.

Executive compensation is determined by ACA WSO's Board of Trustees. To ensure our compensation packages remain competitive within the market, the Board may engage an independent compensation consulting firm to provide expert analysis. This external firm conducts a comprehensive review of ACA's current executive compensation structure and considers key industry benchmarks, peer organizations, market trends, and best practices. The firm may offer recommendations based on this analysis to ensure our executive compensation aligns with the organization's values, goals, and long-term strategy.

This independent, data-driven process ensures that ACA's executive compensation is competitive, fair, and consistent with industry standards. The Board's oversight of executive pay reflects our commitment to ensuring that compensation is aligned with ACA's strategic objectives while rewarding leadership performance that drives success and sustainability for the organization.

4. Setting Salary for Other Special Workers

We are committed to setting salaries that reflect the value an employee brings to the company while being competitive within the market. The process of setting compensation for other special workers is managed by the General Manager in consultation with the Board of Trustees as needed. Factors used to set an employee's salary in the range include but are not limited to the following:

Organizational and Economic Factors

- Budgets and Funding
- Cost of Living (COLA) and Market Conditions
- Internal fairness

Individual Factors

- Work experience (type and years of experience)
- Education, certifications and qualifications
- Performance (e.g. diligence, teamwork)
- Employee location

New hires will usually start at the lower end of the salary level within a range. Special workers advance through the salary range based on experience, learning, and growing responsibilities. That said, some factors may be outside of the Special Workers' control such as the organizational factors listed above.

5. Salary Increase Practices

Regular salary adjustments generally occur once annually to align with ACA WSO's Board of Trustees-approved budget cycle, with all special workers on the same regular adjustment schedule. This approach ensures that salary increases are evaluated fairly across all Special Workers while maintaining alignment with the organization's budget. A salary increase budget will be established, with all special workers initially receiving an across-the-board COLA increase. However, the final total salary adjustment percentage will be differentiated based on performance and other compensation factors outlined above. Note that in times of economic crisis or uncertainty, salary adjustments may not be financially feasible. Temporary work schedule and compensation adjustments made under Section 6 are separate from ACA WSO's regular annual compensation review and market-based salary-setting practices.

Adjustments may also be pro-rated up or down, depending on the employee's last date of increase or anniversary date. For example,

- if an employee has not been employed one year at time of salary adjustment, we may pro-rate down from the established percentage (e.g. 2.5% of 5% possible adjustment)

- If an employee is made to wait longer than a year since prior increase, we will pro-rate up (e.g., 5.25% of 5% possible adjustment)

In cases where an employee received a promotion in the year, including an increase, it will be communicated that an annual salary adjustment may not apply since their compensation was evaluated with a recent increase. Salary adjustments will be communicated to special workers.

6. Temporary Work Schedule and Compensation Adjustments

ACA WSO recognizes that significant financial, operational or other organizational circumstances may occasionally require temporary compensation measures that are separate from its normal market-based compensation practices. Under such circumstances, ACA WSO may implement or approve a temporary reduction in an employee's regular work schedule together with a prospective reduction in salary. Such an arrangement may be voluntarily agreed to by the employee or initiated by ACA WSO, subject to applicable law and ACA WSO approval requirements.

A temporary adjustment under this section does not, by itself, represent a change in the market value, salary range, or appropriate compensation level established for the position under ACA WSO's compensation philosophy and benchmarking practices.

For salaried exempt employees, the adjustment must be established prospectively as a bona fide change to the employee's regular work schedule and fixed salary. It will not be administered as deductions from salary based on hours worked, partial-day absences, or variations in actual hours worked.

For non-exempt employees, a temporary adjustment may include a prospective change to the employee's regular work schedule, hours, or rate of pay, as applicable. Non-exempt employees will continue to record all hours worked and will be compensated for all hours worked, including overtime when applicable, in accordance with federal, state, and local wage-and-hour requirements.

Any temporary adjustment will:

- comply with applicable federal, state, and local wage-and-hour requirements, including applicable minimum salary requirements for exempt employees;
- provide any advance notice required by applicable law;
- be communicated to the affected employee in writing before becoming effective; and
- identify the effective date, the adjusted regular work schedule and salary, and anticipated duration or end date of the adjustment.

An employee's classification and eligibility for benefits will continue to be determined under ACA WSO's applicable personnel policies and benefit plans. A temporary reduction in schedule or salary does not automatically change an employee's classification or benefits eligibility when the employee continues to meet the applicable requirements.

At the conclusion of the temporary adjustment, the employee's regular schedule and salary will return to their prior levels unless a different arrangement is authorized and communicated in accordance with applicable law and ACA WSO policy.

Employees subject to a temporary schedule and compensation adjustment remain eligible to request and use accrued vacation or other paid time off in accordance with ACA WSO's applicable leave policies and applicable law.

7. Transparency

We believe that transparency in compensation fosters trust and engagement. Our approach to compensation is built around clear communication and openness:

- **Open Communication**: Special workers are informed about how their salary is determined, the factors that influence salary increases, and what they can do to advance their compensation.
- **Salary Ranges**: Salary bands for each role are clearly defined and communicated to special workers to ensure clarity on how their compensation fits within the larger structure.
- **Regular Reviews**: We conduct annual compensation reviews to ensure our practices remain aligned with our philosophy and market conditions.

ACA promotes an open and transparent compensation program while respecting the sensitivity and privacy of individual pay information. Managers and supervisors are mindful of this when communicating about pay decisions.

Change Log - September 2026 Revision

This change log summarizes substantive revisions made to the Compensation Policy in September 2026. It is intended as an administrative record and does not replace the policy text.

Date	Section	Summary of Change
Sept. 2026	5. Salary Increase Practices	Clarified that the once-annual schedule applies to regular salary adjustments and that temporary adjustments under Section 6 are separate from the normal annual compensation review and market-based salary-setting process. This avoids conflict with temporary financial or operational measures while preserving the integrity of ACA WSO benchmarking practices.
Sept. 2026	6. Temporary Work Schedule and Compensation Adjustments	Added new section
Sept. 2026	7. Transparency	Renumbered former Section 6 as Section 7 with no substantive change.