

Associate Evaluation & Compensation Policy

This policy updates and summarizes several of the Firm's associate-related policies regarding hours expectations, evaluations, partnership track, and compensation.

We will continue to periodically review our policies and compensation system and consider potential changes to it in an effort to assist us in continuing to attract and retain the best and brightest associates at all levels.

1950 HOURS STANDARD:

The hours requirement for all associates for the current evaluation period (September 1 – August 31) continues to be 1950 creditable hours comprising:

- 1800 billable minimum
- Firm representation hours (which include pro bono hours spent on court appointed cases) will count toward the 1800 billable hour requirement without requiring a waiver.
- 150 creditable maximum
 - 150 hours includes a combination of approved Pro Bono, Strategic Planning, Firm Citizenship, Diversity, Equity & Inclusion (DEI) and Training time.
 - Waivers will be considered only if the associate's creditable time is comprised primarily of pro bono hours and will be limited to only pro bono hours in excess of the cap.
 - Waivers do not apply to the calculation of a productivity bonus.
 - Members of the Pro Bono Committee are eligible to receive credit up to 300 Pro Bono hours.
- Legacy Schiff associates moved to the evaluation period of September 1 – August 31 effective September 1, 2022.
- Legacy Schiff associates' hours recorded in September, October and November of 2022 will be counted toward the 2023 evaluation period beginning September 1, 2022 and ending August 31, 2023.

In determining whether the Firm's hours standard is met, the Associate Evaluation Committee (AEC) will continue its practice of "annualizing" hours for certain groups of associates as follows:

- For an associate who commenced employment during the evaluation year, the AEC will not consider the calendar month the associate began work and will annualize the associate's hours over the remaining calendar months during the evaluation period.
- For a part-time associate, the AEC will annualize hours as if the associate were working a full-time schedule.

- For an associate on a leave of absence in excess of ten business days for certified FMLA reasons (not including vacation, holidays, or normal sick time), which leave of absence has been approved by a Practice Group Leader (PGL) and the Firmwide Co-Managing Partners, the AEC will annualize the associate's hours by not considering the time spent on such leave and annualizing the hours over the time spent actively working.

EVALUATIONS:

All associates will be evaluated in the Fall of each year. The Spring evaluation process will be primarily focused on senior associates, new laterals and associates designated for review during the preceding Fall evaluation process. The Fall process is the traditional evaluation process with an in-depth evaluation of performance during the entire evaluation year requiring a self-evaluation memo for all associates and a business plan for senior associates. The associate evaluation process will be administered by the AEC, in conjunction with the Firmwide Co-Managing Partners and the PGLs.

- The AEC will evaluate ALL associates including associates eligible for promotion.
- Associates in the three most senior classes will be asked to write a Business Plan as part of the Fall evaluation process.
- PGLs will continue to be consulted for feedback on associates in their practice groups and may be asked to participate in AEC review meetings.

PARTNERSHIP TRACK:

Consideration for promotion to the partnership will occur during the 9th year. As set forth below, any associate who believes that he/she has an extraordinary business case may request to be considered for promotion one year early.

Early Advancement for Partnership Consideration

Associates with an extraordinary business case can be considered for partner one year earlier by formally requesting early consideration through the AEC, PGL, Executive Committee (EC) and Firmwide Co-Managing Partners during the Spring evaluation process of their eighth year. It is expected that an extraordinary business case will be measured by significant business generation and/or other factors which the AEC, PGL, and EC deem appropriate in their discretion.

Deferral of Partnership Consideration

Associates will be allowed to request deferral of partnership consideration by one year (e.g., due to medical leave for an extended period of time, practice group or office change or other factors that the AEC, PGLs, and Firmwide Co-Managing Partners deem appropriate in their

discretion) by formally requesting deferral through the AEC, PGLs, EC and Firmwide Co-Managing Partners. Low hours by themselves will not serve as a basis for a deferral request.

COMPENSATION/REWARDS:

Productivity Bonus

The Firm will continue its practice of awarding lump-sum bonus payments for above standard hours according to the scale below:

Level	2032 & 2031 (1st and 2 nd)	2030-2027 (3 rd , 4 th , 5 th , 6 th)	2026-2024 (7 th , 8 th , 9 th)
Level 0 1950 Creditable Hours	\$10,000	\$15,000	\$20,000
Level I 2000 Creditable Hours	\$15,000	\$25,000	\$30,000
Level II 2050 Creditable Hours	\$20,000	\$35,000	\$40,000
Level III 2100 Creditable Hours	\$30,000	\$45,000	\$50,000
Level IV 2150 Creditable Hours	\$37,500	\$55,000	\$60,000
Level V 2200 Creditable Hours	\$45,000	\$65,000	\$70,000
Level VI 2250 Creditable Hours	\$52,500	\$75,000	\$80,000
Level VII 2300 Creditable Hours	\$60,000	\$85,000	\$90,000
Level VIII 2350 Creditable Hours	\$67,500	\$95,000	\$100,000

- Productivity Bonuses will begin at 1,950 creditable hours and above.
- Those associates annualizing to 1,950 creditable hours or above as of February 28, 2023 will receive 50% of the corresponding productivity bonus on July 15, 2023. Please note that the Firm is discontinuing the 50% productivity bonus based on hours during the first half of the evaluation year beginning with the 2023-2024 evaluation period.
- At the end of the associate evaluation period, those associates meeting the productivity bonus threshold of 1,950 creditable hours or above for the entire evaluation period will receive a productivity bonus payment, minus any first half bonus payments, in mid-January 2024.

- The calculation of productivity bonuses based on hours during the second half of the evaluation period (March 1 -August 31) is discontinued. For 2022-2023, associates will only be eligible for productivity bonuses based on the 1st half or full year calculation as described above.
- Except in extraordinary circumstances to be determined by the Firm in its discretion, only up to a maximum of 150 approved pro bono, strategic planning, firm citizenship, DEI and training hours can be credited towards qualification for a productivity bonus.
- For the purpose of the first half calculation, only up to a maximum of 75 (which is 150 annualized) approved pro bono, strategic planning, firm citizenship, DEI and training hours can be credited towards qualification for a productivity bonus.
- Additional bonuses awarded for hours significantly beyond the 'Level VIII 2350 Creditable Hours' tier will only be awarded based on hours for the entire evaluation period. This calculation/award will not occur based on hours for the 1st half of the evaluation period.
- In order to be eligible and earn a productivity bonus, associates must be (1) performing at the level of quality expected for the associate's level of seniority (which includes the AEC taking into account any significant write-offs directly resulting from an associate's inefficiency), and (2) be employed by the Firm at the time productivity bonuses are paid.
- Annualization will be allowed when determining qualification for productivity bonuses.
- Productivity bonuses will be pro-rated for associates who reach productivity bonus levels through annualization.
- Associates earn the amount listed for the level they achieve – bonuses are not cumulative.

Cash Bonus

The Firm awards discretionary lump-sum cash bonuses to eligible associates who have made special significant contributions to the Firm, based on the Firm's assessment of the following in its discretion:

- Business generation and expansion
 - 15% of originated collections if collections are above \$50,000 (during the evaluation period) and 10% of collections for client expansion above the \$50,000 threshold during the same period.
 - Collections must be during the evaluation period.

- The AEC and PGLs work with the Firmwide Co-Managing Partners to ensure cash bonus recommendations based on client generation are consistent with the concept of attribution in the partner compensation system.
- Other traditional factors: extraordinary billable hours, extraordinary contributions and/or extraordinary Firm citizenship.
- In extraordinary circumstances, the Firm may also in its discretion award special cash bonuses for hours in excess of 150 hours for specifically designated and pre-approved pro bono projects.
- Cash bonuses are paid as a lump sum and are not included in base salary.
- In order to be eligible and earn a bonus, associates must be (1) performing at the level of quality expected for the associate's level of seniority, and (2) be employed by the Firm at the time bonuses are paid.

Compensation for 1st -3rd Years:

- Associates in the 1st-3rd year classes will be compensated on a lock-step basis.
- Except in extraordinary circumstances to be determined by the Firm in its discretion, associates in the 1st – 3rd year classes will be paid at the same annual rate assigned to their class year.
- Merit recognition is not a component of the compensation system for 1st-3rd year associates.
- Associates in the 1st – 3rd year classes are eligible to earn productivity and cash bonuses.

Class Yr.	Partnership Class Year	2023 AFS Salary
1 st Year	2032	\$205,000
2 nd Year	2031	\$215,000
3 rd Year	2030	\$230,000

Compensation for 4th Years and Above:

- Associates in the 4th year class and above will be considered for an annual increase based on performance and meeting the hours standard. The Firm will continue to distinguish superior performance as determined by the Firm in its discretion by awarding merit recognition.
- Merit recognition will reward associates who meet the Firm's hours standard and are performing work of superior quality.
- The EC may, in its discretion, limit the percentage of associates 4th year and above who may receive merit recognition.
- In the case of associates who work reduced hours, any form of payment made to reflect such recognition will be pro-rated.
- Merit recognition will be paid in the form of a bonus.

- The cap on base compensation rate for associates is currently \$365,000.

Class Yr.	Partnership Class Year	2023 AFS Salary Range
4 th Year	2029	\$245,000-\$265,000
5 th Year	2028	\$275,000-\$295,000
6 th Year	2027	\$300,000-\$330,000
7 th Year	2026	\$320,000-\$345,000
8 th Year	2025	\$330,000-\$355,000
9 th Year	2024	\$340,000-\$365,000

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We will continue to review our policies and procedures and reserve the right to modify them at any time in our discretion. Any issues concerning the interpretation or application of the policies and procedures will be resolved by the AEC, PGLs, Executive Committee and Firmwide Co-Managing Partners in their discretion.

We hope these associate policies will encourage further contributions that will build an even stronger Firm and create more opportunities for all of us. In the event that you have any questions regarding the Firm's evaluation and compensation program, please feel free to contact the Firmwide Co-Managing Partners, Co-Chairs of the Associate Evaluation Committee, or your Practice Group Leader.