

## **Navicent Health Compensation Committee Charter**

### **Purpose**

The Compensation Committee (Committee) is appointed by the Board of Directors (the “Board”) of Navicent Health, Inc. (“Navicent”) as a standing committee to discharge the Board’s responsibilities for developing and making changes to the executive compensation philosophy for Board approval, evaluating the executive compensation program, and for approving and maintaining processes for the regular and orderly review of the compensation of Navicent’s disqualified persons. In the event of a conflict between the terms of this Charter and the Board’s Bylaws, the terms of the Bylaws will prevail.

### **Committee Membership**

The Committee shall consist of no fewer than three (3) members, who shall be the Board Chair, the Chair of the Human Resources Committee, and at least one other Board Member. At least two (2) of these members shall be "independent" in accordance with Section 4958 of the Internal Revenue Code (the “intermediate sanctions” law) and related regulations. The members of the Committee (and the Chair of the Committee) will serve terms that run concurrent with their Board appointments.

The Committee will be supported by Navicent staff, which include the Chief Executive Officer (CEO), the Chief Human Resources and Talent Officer (CHRO), and other executive leadership and administrative support staff as appropriate. No members of the medical staff, nor persons who would pose a conflict of interest relative to making decisions within the purview of the committee, may serve as members of the Committee.

The Board Chair may appoint and remove members of the Committee and may amend and revise this Charter at its discretion.

### **Meetings and Role of the Committee**

The Compensation Committee shall meet at least three times per year or more frequently as circumstances require. An agenda will be developed for each meeting and forwarded to Committee members in advance with all appropriate documents. Agenda items covered during each year will include, but may not be limited to:

- a review of the executive compensation philosophy, policies, and plans;
- evaluation of the executive compensation program to include salary structure and market competitiveness;
- review and approval of the Performance Incentive Plan (PIP) and its goals and objectives;
- completion of the CEO’s annual performance evaluation; and

- education on compensation related matters in the healthcare industry.

The Committee shall document its decisions in administering the executive compensation plan.

### **Committee Responsibilities and Authority**

#### 1. Compensation Committee

In addition to the responsibilities described below, the Committee shall provide oversight to all other duties described in this Charter.

- Develop and maintain administrative oversight over the executive compensation program of disqualified persons to ensure that necessary steps are followed to qualify for the “rebuttable presumption of reasonableness” under federal law. The Committee may request compensation data for other executive and management positions.
- Annually review the executive compensation philosophy to ensure internal equity, external competitiveness, and consistency with sound compensation principles and practices.
- Review and approve all changes to, and revisions of, the executive compensation program to include changes affecting total remuneration (base salary, incentives, and executive benefits) for disqualified persons, consistent with the Navicent’s Executive Compensation Philosophy.
- Annually review and approve the goals and objectives relevant to the compensation of the CEO, oversee the performance evaluation of the CEO in light of those goals and objectives, and determine the compensation of and benefits of the CEO based on such evaluation.
- Report to the Board in sufficient detail to ensure that the Board’s responsibility for the executive evaluation is met.
- Maintain and update the Executive Succession Plan to be reviewed periodically with the Board.
- Approve disclosures on IRS Form 990 regarding compensation of disqualified persons based on the recommendations of its tax counsel or tax return preparer.
- The Compensation Committee delegates authority and responsibility to the CEO for executing and providing for the daily management of the approved executive compensation program for all disqualified persons other than the CEO. Such authority is described in Section 2 below.

- The Compensation Committee may delegate authority and responsibility to the CEO for determining SERP and/or Retention Incentive eligibility for SVPs. Exceptions to this delegated authority (i.e., the authorization of a Retention Incentive to a VP or the withholding of these benefits to an SVP) must be approved in advance by the Committee.
- The Compensation Committee may designate a Plan Administrator to manage the day-to-day activities of the SERP and Retention Incentive Plans and, as needed, provide eligible executives with “Participation Agreement” notifications on the Board’s behalf.
- Other duties that may be assigned to the Committee by the Board Chair.

## 2. CEO

The Compensation Committee delegates authority and responsibility to the CEO for the daily execution and management of the approved executive compensation program for disqualified persons other than the CEO. The CEO will notify and make recommendations to the Committee when exceptions to approved components of the program as applied to one or more individuals is to occur. Examples of Committee delegated responsibilities to the CEO include:

- The negotiation of compensation and benefit offers to new executives (i.e., base salary, PIP participation and incentive opportunity, SERP participation and annual contribution, or Retention Incentive eligibility and amount).
- Authority to increase executive salaries annually based on the results of their performance reviews, the approved merit ranges for Navicent, and within the Committee approved salary ranges for the disqualified persons.
- Authority to determine eligibility for and annual contribution on behalf of SVPs for SERP, and eligibility for and amount to be provided as a Retention Incentive. Exceptions to this delegated authority must be approved in advance by the Committee.
- Authority to adjust executive salaries due to organizational changes and/or changes in duties, based on the updated salary range recommended by the Committee’s compensation consultant after reviewing new job descriptions and other information relating to the changes.

### 3. Plan Administrator

The Compensation Committee shall be responsible for the administration of all executive compensation and benefit plans that are part of the executive compensation program. The Committee may delegate these administrative responsibilities to the CHRO.

- The Administrator will execute SERP and Retention Incentive “Participation Agreements” and Beneficiary Designation Forms for individuals who participate in the SERP and Retention Incentive Plan. Additionally, the Administrator shall manage enrollments, accruals, vesting, taxation, and pay outs for executives in these plans.
- The Administrator will provide oversight of the PIP, confirm employee eligibility, and administer PIP payouts when authorized. The Administrator will work with the corporate auditors to ensure plan compliance.

### 4. Consultants, Legal Counsel, etc. of the Committee

The Compensation Committee shall have the authority to engage compensation consultants, legal counsel, and other professionals in connection with the development, evaluation, and maintenance of the executive compensation program for disqualified persons, and shall have the authority to approve their fees and other terms and conditions of engagement.

- Compensation consultants shall be responsible for advising the Compensation Committee in their decisions that affect the executive compensation program and the job classifications of those jobs in the program.
- Compensation consultants shall be responsible for keeping the job classification and compensation program current by periodically conducting salary surveys and reviewing the PIP, SERP, and Retention Incentive Plan for competitiveness and technical issues, and providing the Compensation Committee an annual written analysis of executive compensation “reasonableness.” The compensation consultant will report its analysis of “Reasonableness” directly to the Compensation Committee Chair.

### 5. Actions reserved by the Board

The Finance Committee of the Board is consulted as appropriate for adjustments such as PIP payouts and employee gifts/bonuses. Their action is to confirm that sufficient funds are available and planned for in the budget.

### **CEO’s Performance Evaluation Process**

The Compensation Committee is responsible for the CEO’s annual performance review, which shall include input from the Board. The steps below outline this process:

- The Compensation Committee will identify those Board members who are eligible to participate in the CEO's evaluation process each year. Eligible members must have served on the Board for at least one year and be in good standing.
- The CEO will create a self-evaluation form highlighting her accomplishments over the previous fiscal year and provide this document to the CHRO.
- The Compensation Committee will direct the CHRO to create and/or gather pertinent forms, instructions, and documentation reflecting Navicent Health's performance and the CEO's specific achievements at the conclusion of each fiscal year.
- The Compensation Committee will direct the CHRO to provide eligible Board members these materials and the CEO's self-evaluation form at least two weeks prior to the announced evaluation meeting. Board members will review the materials received and complete the evaluation form.
- The Compensation Committee will meet with the Board (in executive session) and, using the guidance provided, solicit feedback regarding the CEO's performance. After consensus has been reached on each evaluation question, the results will be recorded, and forwarded to the Compensation Committee for further evaluation.
- The Compensation Committee will then meet separately to consider the CEO's performance in much greater detail, taking into consideration the input provided by the Board. After this process, the Committee will rate the CEO's overall performance and authorize a base pay adjustment if appropriate.
- The CHRO will assist with the facilitation of the evaluation, record the minutes, and collect materials.
- The Compensation Committee Chair will report to the Board that the CEO review process has been completed.
- The Compensation Committee Chair and the CEO will meet to discuss the performance review, share feedback, and address future goals.