

# CVS HEALTH CORPORATION

A Delaware corporation  
(the “Company”)

## Corporate Governance Guidelines

Approved as of March 18, 2026

The Board of Directors (the “Board”) of CVS Health Corporation has adopted these guidelines to promote a high level of performance from the Board and management, to promote the interests of stockholders and to further the Company’s commitment to best practices in corporate governance.

### 1. **Composition of the Board and Board Membership Criteria; Director Qualifications; Election of Directors**

#### Director Qualifications

Candidates should be distinguished individuals who are prominent in their fields or otherwise possess exemplary qualities that shall enable them to effectively function as directors of the Company. The Nominating and Corporate Governance Committee may focus on the following qualities in identifying and evaluating candidates for Board membership: background, experience and skills; character, reputation and personal integrity; judgment; independence; viewpoint; commitment to the Company and service on the Board. The Nominating and Governance Committee may also consider any other factors that it may determine to be relevant and appropriate. In each search undertaken to identify director candidates, the Nominating and Governance Committee shall include individuals who reflect diverse backgrounds and experiences that align with the Company’s then current workforce strategies that support our strategic objectives.

#### Independence

At least a substantial majority of the Board shall be comprised of directors meeting the independence requirements of the New York Stock Exchange (“NYSE”). The Board shall make an affirmative determination at least annually as to the independence of each director. In qualifying a director as independent, the Board shall make an affirmative determination that the director has no material relationship with the Company directly or as a partner, stockholder or officer of an organization that has a relationship with the Company. The Board will review annually the relationship that each director has with the Company (directly or as a partner, stockholder or officer of an organization that has a relationship with the Company). Following such annual review, only those directors who the Board affirmatively determines have no material relationship with the Company that would interfere with the exercise of independent judgment in carrying out director responsibilities will be considered independent directors, subject to additional qualifications prescribed under the listing standards of the NYSE, the applicable rules of the U.S. Securities and Exchange Commission (the “SEC”) promulgated from time to time and applicable state and federal statutes.

The Board may from time to time establish categorical standards to assist it in making independence determinations. The categorical standards currently established by

the Board are attached hereto as Annex A. Compliance with the definition of independence is reviewed by the Nominating and Corporate Governance Committee.

### Director Nominations

The Nominating and Corporate Governance Committee shall recommend individuals for membership on the Board. In making its recommendations, the Nominating and Corporate Governance Committee shall:

- review candidates' qualifications for membership on the Board (including making a specific recommendation as to the independence of the candidate) based on the criteria approved by the Board (and taking into account any independence, financial literacy and financial expertise standards that may be required under applicable law, rules or regulations, of the NYSE and SEC promulgated from time to time);
  - determine the eligibility of candidates nominated by stockholders as permitted by the Company By-laws; provided that the Nominating and Corporate Governance Committee's determination that the procedural requirements set forth in the By-laws have been met shall not be considered a recommendation of such candidate by the Nominating and Corporate Governance Committee, and shall only signify that the Nominating and Corporate Governance Committee is not aware of any information that would disqualify the candidate from serving on the Board; and
- periodically review the composition and performance of the Board and including the chairs of each committee, in light of all of the factors the Nominating and Corporate Governance Committee deems relevant.

The Board proposes a slate of nominees for consideration each year. Between annual meetings, the Board may select one or more directors to serve until the next annual meeting. The Nominating and Corporate Governance Committee identifies, investigates and recommends prospective directors to the Board. Stockholders may recommend a nominee by writing to the Corporate Secretary in accordance with the Company's By-laws, including the time frames set forth in the By-laws. All stockholder recommendations are brought to the attention of the Nominating and Corporate Governance Committee. The Company will follow the procedural and informational requirements for director candidates as set forth in these Corporate Governance Guidelines and the By-laws of the Company. The Board and the Nominating and Corporate Governance Committee believe that all candidates for the Board should be treated equitably with respect to administrative and evidentiary requirements. Therefore, all nominees, whether proposed by the Board or recommended by stockholders, shall be subject to the same standards and informational requirements, which may include, among other requirements, the completion of the Company's standard Directors and Officers Questionnaire and any biographical affidavit required by the National Association of Insurance Commissioners.

### Board Size

The By-laws of the Company allow for between 3 and 18 members of the Board. The Nominating and Corporate Governance Committee shall periodically review the size of the Board and recommend any proposed changes to the Board.

### Annual Election of Directors

All directors are elected annually by the stockholders. The Company does not have staggered terms and does not elect directors for longer periods. Any vacancies on the Board may be filled or new directors appointed by the Board between annual meetings of stockholders, but any such appointment shall only remain in effect until the next annual meeting of stockholders, when any such appointee shall be presented to the stockholders for election.

### Majority Voting for Directors

In an uncontested election, each director shall be elected by the vote of the majority of the votes cast with respect to that director's election at a meeting of stockholders for the election of directors at which a quorum is present. A majority of votes cast means that the number of votes "for" a director's election must exceed fifty percent (50%) of the votes cast with respect to that director's election. Uncontested elections at a meeting of stockholders occur when the number of nominees is the same as the number of directors to be elected.

In a contested election, the nominees receiving a plurality of the votes cast by holders of shares entitled to vote in the election at a meeting at which a quorum is present shall be elected. An election shall be considered contested if the number of nominees for election of directors exceeds the number of directors to be elected as of the deadline for director nominations under the By-laws.

In order for any incumbent director to become a nominee of the Board for further service on the Board, such person must submit an irrevocable resignation, which resignation shall become effective upon (a) that person not receiving a majority of the votes cast in an election that is not a contested election, and (b) acceptance by the Board of that resignation in accordance with the policies and procedures adopted by the Board for such purpose.

In the event that an incumbent director does not receive a majority of the votes cast in an election, the Board, acting on the recommendation of the Nominating and Corporate Governance Committee, shall no later than at its first regularly scheduled meeting following certification of the stockholder vote, determine whether to accept the resignation of the unsuccessful incumbent. Absent a determination by the Board that a compelling reason exists for concluding that it is in the best interests of the corporation for an unsuccessful incumbent to remain as a director, no such person shall be elected by the Board to serve as a director, and the Board shall accept that person's resignation.

As set forth in the By-laws, if the Board determines to accept the resignation of an unsuccessful incumbent, the Nominating and Corporate Governance Committee shall recommend a candidate to the Board to fill the office formerly held by the unsuccessful incumbent, unless the Board decides to decrease the size of the Board.

### Term Limits

The Board does not currently believe that mandatory term limits for directors are necessary, and that continued service by a particular director may be in the best interests of the Company and its stockholders.

The Board believes the annual assessment of the Board's and each director's performance provides the Board the information necessary to confirm the desirability of each director continuing as a member of the Board.

#### Retirement Age

The current mandatory retirement age for directors is 74. No director who is, or would be over, the age of 74 at the expiration of his or her current term may be nominated to a new term, unless the Board waives the mandatory retirement age for a specific director based on individual circumstances, the needs of the Board and the interests of the Company and its stockholders. Such waiver must be renewed annually.

#### Simultaneous Service on Other Public or Private Company Boards or Public Company Audit Committees

It is the policy of the Board that every director must notify the Chair of the Board (the "Chair") and the Chair of the Nominating and Corporate Governance Committee prior to accepting any invitation to serve on another public or private company corporate board and/or another public company corporate board's audit committee for review and approval by the Nominating and Corporate Governance Committee, or by the Chair of the Nominating and Corporate Governance Committee in the event of exigent circumstances, subject to later ratification by the full Nominating and Corporate Governance Committee; provided, however, that approval of private company board memberships shall only be required where the private company may compete with the Company or may generate revenue from operations in the same or similar business lines as the Company. This notification and approval requirement applies both to management and non-management directors. The Nominating and Corporate Governance Committee and/or the Chair of such Committee shall evaluate the appropriateness of the new role, as well as continued appropriateness of Board and/or committee membership under the new circumstances and make a recommendation to the Board as to any action to be taken with respect to continued Board and/or committee membership.

The Board generally considers service on the board of directors of a total of four public companies, including the Company's Board, as the maximum number of public company directorships for directors. The Board does not have a limit on private company boards and will consider service on such boards on a case-by-case basis, since the workload and responsibilities of such boards varies widely.

Given the significant time demands and responsibilities of serving on a public company audit committee, if a member of the Audit Committee wishes to serve on the audit committees of more than a total of three public companies, including the Company's Audit Committee, the director must seek Nominating and Corporate Governance Committee or Board approval prior to accepting the additional service.

#### Changes in Professional Status

It is the policy of the Board that every director must notify the Chair of the Board and the Chair of the Nominating and Corporate Governance Committee in advance of his or her retirement or resignation from, or any other significant change in, his or her business or professional roles or responsibilities. This notification requirement applies both to management and non-management directors. Such a director should also offer not to stand for reelection as a director if the change significantly impacts the director's

primary professional role. The offer not to stand for reelection should be initially communicated to the Chair of the Board and the Chair of the Nominating and Corporate Governance Committee.

It is not the sense of the Board that such directors should necessarily leave the Board. The Nominating and Corporate Governance Committee should, however, evaluate the continued appropriateness of the director's Board membership under the new circumstances and make a determination as to whether any action should be taken with respect to continued Board membership. If the Nominating and Corporate Governance Committee determines that there are no concerns regarding the new circumstances, no further action shall be required. If the Nominating and Corporate Governance Committee believes action may need to be taken due to the new circumstances, it shall refer the matter to the full Board.

### Conflicts of Interest

If an actual or potential conflict of interest develops because of a change in the business of the Company, or in a director's circumstances (for example, significant and ongoing competition between the Company and a business with which the director is affiliated), the director should report the matter immediately to the General Counsel or the Chief Compliance Officer who shall, where appropriate, report the matter to the Board or Nominating and Corporate Governance Committee for evaluation and appropriate resolution. The Company's Code of Conduct contains a complete description of the Company's policies regarding conflicts of interest.

If a director has a personal interest in a matter before the Board, the director shall disclose the interest to the full Board, shall recuse himself or herself from participation in the discussion and shall not vote on the matter.

## **2. Board Leadership**

The Board selects its Chair from among its members each year following the annual election of Board members in accordance with the Company By-laws, which provide that the Chair may be an executive officer of the Company. The Chair is responsible for management of the Board's affairs, including ensuring the Board is organized properly and functions effectively. The Chair will perform such duties as are set forth in the Company By-laws and such other duties as may be assigned by the Board. The Chair has the authority to convene and preside over Board meetings. If the Chair is not present at any such meeting, the Company's Chief Executive Officer ("CEO") (if the CEO is not also the Chair) or the Lead Independent Director, if any, will preside.

The Chair will preside over annual and special meetings of the Company's stockholders. If the Chair is not present at any such meeting, the CEO (if the CEO is not also the Chair) will preside unless the Board or the Executive Committee designates another executive officer or director to preside over the meeting. If neither the Chair nor the CEO is present at any such meeting, or if the CEO is also the Chair and is not present, the Lead Independent Director will preside over the meeting. If none of the Chair, the CEO or the Lead Independent Director is present at any such meeting, the Board or the Executive Committee shall designate another executive officer or director to preside over the meeting.

The Board believes it is important to retain its flexibility to allocate the

responsibilities of the offices of Chair and the CEO in any way that is in the best interests of the Company. The Board shall periodically make a determination as to the appropriateness of its then current policies in connection with the recruitment and succession of the Chair and/or the CEO.

In the event that the Chair is an executive officer of the Company or otherwise does not meet the independence requirements of the NYSE, the independent directors will designate one of the independent directors as lead independent director to serve until replaced by the independent directors (the “Lead Independent Director”). If the Chair is an independent director, the Board may determine whether it is appropriate to appoint a Lead Independent Director. If the Board designates a Lead Independent Director, such Lead Independent Director will be identified in the Company’s annual proxy statement and the position will include the following responsibilities:

- calling and presiding over non-management director and independent director sessions of the Board;
- collaborating with the Chair and the CEO (if the CEO is not also the Chair) to set the agenda for Board meetings;
- reviewing information and written materials to be provided to the Board in connection with Board meetings in collaboration with the Chair and Corporate Secretary;
- providing feedback and perspective to the Chair and the CEO (if the CEO is not also the Chair) about discussions among the independent directors;
- facilitating communication and dialogue between the Chair, CEO (if the CEO is not also the Chair), management and the independent directors;
- communicating with stockholders when requested by the Chair and the CEO (if the CEO is not also the Chair) or by specific stockholders, when appropriate;
- in collaboration with the Management Planning and Development Committee, reviewing the performance of the Chair and the CEO (if the CEO is not also the Chair);
- in collaboration with the Nominating and Corporate Governance Committee, leading the annual Board and committee evaluation process; and
- performing other duties as may be assigned from time to time by the Board.

### **3. Director Responsibilities**

The Board acts as the ultimate decision-making body of the Company and advises and oversees management, who are responsible for the day-to-day operations and management of the Company. In fulfilling this role, each director must act in what he or she reasonably believes to be in the best interests of the Company and must exercise his or her business judgment.

### Participation at and Preparation for Board Meetings

The Company expects directors to be active and engaged in discharging their duties and to keep themselves informed about the business and operations of the Company. Directors are expected to make every effort, absent unavoidable circumstances, to attend all Board meetings and the meetings of the committees on which they serve and to diligently prepare themselves for these meetings and any applicable committee meetings. Directors are expected to attend the Company's annual meeting of stockholders. A director who is unable to attend a meeting, which may occur, is expected to notify the Chair of the Board or the chair of the relevant committee before any such meeting.

In order for the Board to exercise fully its oversight functions, management provides the Board with access to information regarding the Company and the markets in which the Company operates. This information comes from a variety of sources, including management reports, securities analysts' reports, information regarding peer performance, interaction with senior management at Board meetings and visits to Company facilities. The Chair and Corporate Secretary are responsible for gathering and distributing all information and written material that is important to the Board's understanding of the business to be conducted at a Board meeting. The Lead Independent Director shall review such information and written material, as appropriate. Any written materials that assist directors in preparing for a Board or committee meeting shall be distributed to the directors in advance of the meeting, to the extent possible, and directors are expected to review such materials prior to the meeting. The Chair and Lead Independent Director, if any, shall collaborate to advise the CEO (if the CEO is not also the Chair) and other members of senior management, as needed, of the Board's informational needs.

### Company Performance and Corporate Strategy

The Board reviews the Company's financial performance on a regular basis at Board meetings and through periodic updates, with a particular focus on peer and competitive comparisons. These reviews include the views of management as well as those of investors and securities analysts.

The Board also periodically reviews the Company's long-term strategy, and assesses its strategic, competitive and financial performance, on both an absolute basis and in relation to the performance, practices and policies of its peers and competitors.

### Confidentiality

The Board believes that maintaining the confidentiality of its discussions and the information it receives is necessary to ensure open dialogue. Accordingly, the proceedings and deliberations of the Board and its committees, including any non-public information or materials provided to directors, are confidential. A director shall not (a) use any confidential information for his or her own personal benefit or to benefit persons or entities outside the Company or (b) disclose confidential information to any person or entity outside the Company, either during or after his or her service as a director of the Company, except with authorization of the Board or as may otherwise be required by law.

## **4. Board and Committee Meetings**

The Chair, working together with the CEO (if the CEO is not also the Chair),

shall determine the frequency and length of Board meetings and the appropriate schedule of Board meetings. The Chair and the CEO (if the CEO is not also the Chair) shall also set the agenda for each Board meeting, subject to the review by the Lead Independent Director. Directors are encouraged to suggest the inclusion of additional items on an agenda, and any director may request that an item be placed on an agenda. In addition, each director is encouraged to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board shall meet at least four times each year and at such other times as it determines is appropriate to carry out its responsibilities.

The chair of each committee, in consultation with its members and subject to the applicable committee's charter, determines the frequency of the meetings of the committee. The chair of each committee, in consultation with the appropriate members of management, shall develop the agenda for meetings of the committees. Each director who is a member of a committee may recommend agenda items, and is free to raise any subjects that are not on the agenda for a particular meeting.

## **5. Meetings of and Contact with Non-Management Directors**

The Company's non-management directors shall regularly schedule executive sessions in which management does not participate. If this group includes directors who do not meet the independence standards of the NYSE, the directors who are deemed independent shall also meet in executive session at least once a year. The Lead Independent Director or, if there is no Lead Independent Director and the Chair meets the independence standards of the NYSE, the Chair, shall have the authority to call and preside over such executive sessions of non-management directors and independent directors.

The Company shall publicly disclose in the annual proxy statement the method for interested parties to communicate directly with the Chair, the Lead Independent Director, if any, or with the non-management directors as a group.

## **6. Board Committees**

The Board shall have at all times an Audit Committee, a Management Planning and Development Committee and a Nominating and Corporate Governance Committee. The Board also has a standing Health Services and Technology Committee, a Public Policy and External Affairs Committee and an Executive Committee. Subject to any changes that the Board may make from time to time:

- the Audit Committee shall generally be responsible for overseeing the integrity of the Company's financial statements, its independent auditor, its internal audit function, compliance by the Company with legal and regulatory requirements and overseeing the Company's Code of Conduct;
- the Management Planning and Development Committee shall generally be responsible for overseeing the Company's compensation and benefits policies, evaluating CEO and senior executive performance and recommending compensation and overseeing director compensation;
- the Nominating and Corporate Governance Committee shall generally be responsible for identifying qualified Board candidates, recommending director nominees and appointments to Board committees, evaluating Board performance and overseeing corporate governance matters, including the Company's Corporate Governance Guidelines, and sustainability and corporate social responsibility matters;

- the Health Services and Technology Committee shall generally be responsible for overseeing the Company's medical, pharmacy, and other health related strategies and initiatives, and matters relating to (a) the advancement of quality pharmacy and medical care, patient and colleague safety, patient experience and clinical practices and policies, (b) the enhancement of access to cost-effective quality health care, (c) promoting member health and health equity, and (d) overseeing matters of technological and digital innovation and transformation strategies
- the Public Policy and External Affairs Committee shall generally be responsible for oversight and review of (a) the Company's external positioning with respect to public policy-related matters, including material developments regarding the laws, rules and regulations that apply to the Company's business, (b) the Company's policies and practices related to political activities and significant public policy issues and (c) the Company's key reputation management initiatives, including with respect to the Company's efforts to simplify the health care experience and drive positive change in the health care industry; and
- the Executive Committee, subject to exceptions set forth in its charter, shall generally be responsible for exercising the powers of the Board during times when the full Board is unable to meet.

Each of the committees shall operate pursuant to its own written charter. These charters shall, among other things, set forth the purpose, goals and responsibilities of the particular committee, the procedures for committee member appointment and removal and committee structure and operations, as well as reporting to the Board. The charters shall also provide for an annual evaluation of each standing committee's performance. The Board shall periodically review the charter of each committee.

Only independent directors meeting the independence requirements of the NYSE and, for audit committee members, Rule 10A-3 of the Securities Exchange Act of 1934 and any other rules promulgated by the SEC, may serve on the Audit, Management Planning and Development and Nominating and Corporate Governance Committees. Committee members shall be appointed by the Board based upon the recommendation of the Nominating and Corporate Governance Committee. The Board may, from time to time, establish or maintain additional committees as it deems appropriate and in the best interests of the Company.

The Board designates committee chairs and members upon the recommendation of the Nominating and Corporate Governance Committee, taking into account the skills, experience and interests of individual Board members and suggestions of the Chair.

In making its recommendations for committee appointments, the Nominating and Corporate Governance Committee shall:

- take into account candidates' particular experience, knowledge of the Company, the needs of the Board and the preferences of individual directors;
- review candidates' qualifications for membership on the committee (including a specific recommendation as to the independence of each candidate) based on the criteria approved by the Board (including those criteria set forth in Annex A to the Nominating and Corporate Governance Committee Charter) and taking into account any independence, financial literacy and financial expertise standards that

- may be required under applicable law, rules or regulations, including NYSE and SEC rules; and
- periodically review the composition of the committee, including its Chair.

While the Board does not mandate the fixed rotation of committee members and/or committee chairs, the Board, as advised by the Nominating and Corporate Governance Committee, will seek to rotate committee chairs at least once every five (5) years, and rotate members on a staggered basis within each committee as the Board deems appropriate, with due consideration to ensuring continuity, expertise, the availability of experience derived through service on a particular committee over time and the effective utilization of the individual talents of our directors.

## **7. Director Access to Management and Independent Advisors**

Directors shall have complete access to the management and employees of the Company and to its outside counsel and auditors. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO, the General Counsel or the Corporate Secretary.

Executive officers and other members of senior management are expected to be present at Board meetings at the invitation of the Board. Furthermore, the Board encourages the continuation of the long-standing practice of bringing managers into Board meetings from time to time who: (a) can provide additional insight into the items being discussed or (b) senior management believes have future potential as prospective leaders.

The Board has the sole authority to retain and terminate legal, financial or other advisors that the Board may consider necessary, without conferring with or obtaining the approval of management. The Board has the sole authority to approve all of such advisors' fees and other retention terms and shall have available appropriate funding from the Company. The Board is directly responsible for the appointment, compensation and oversight of any such advisor's work.

Each committee is authorized to hire legal, financial or other advisors as it may consider necessary, without conferring with or obtaining the approval of management or the full Board, in accordance with its charter. Each committee shall, as applicable, consider relevant independence criteria, including NYSE listing standards, when retaining advisors.

## **8. Director Compensation**

The Management Planning and Development Committee shall review and recommend to the Board compensation (including stock option grants and other equity-based compensation) for the Company's directors. In so reviewing and recommending director compensation, the Committee shall:

- identify corporate goals and objectives relevant to director compensation;
- evaluate the performance of the Board in light of such goals and objectives and set director compensation based on such evaluation and such other factors as the Management Planning and Development Committee deems appropriate and in the best interests of the Company; and
- recommend any long-term incentive component of director compensation

based on the awards given to directors in past years, the Company's performance, stockholder return and the value of similar incentive awards relative to such targets at comparable companies and such other factors as the Management Planning and Development Committee deems appropriate and in the best interests of the Company.

Changes in director compensation, if any, should come at the recommendation of the Management Planning and Development Committee, but with full discussion and concurrence by the Board.

#### Charitable Contributions

Proposed charitable contributions to tax exempt organizations by the Company within any given fiscal year of the Company in an aggregate amount that exceeded the greater of \$120,000 or 2% of the entity's gross revenues, to an entity for which a director or a member of his or her immediate family serves as a director, officer or member of such entity's fund-raising organization or committee, shall be subject to prior review and approval by the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee shall be provided on an annual basis with a report from management of the charitable contributions to tax exempt organizations made by the Company during the fiscal year in an amount that exceeded the greater of \$120,000 or 2% of the entity's gross revenues, to an entity for which a director or executive officer, or a member of his or her immediate family, serves as a director, officer or member of such entity's fund-raising organization or committee.

### **9. Director Orientation and Continuing Education**

All new members of the Board are encouraged to participate in the Company's orientation program for directors. Other directors may also attend the orientation program.

All directors are encouraged to participate in continuing education programs, with any associated expenses to be reimbursed by the Company, in order to stay current and knowledgeable about the business of the Company.

Such orientation and continuing education programs shall be overseen by the Nominating and Corporate Governance Committee of the Board.

### **10. Stock Ownership**

The Board believes that directors and senior management should hold meaningful equity ownership positions in the Company in order to demonstrate the alignment of the interests of the Company's directors and senior management with those of the Company's stockholders. The Company's director share ownership guidelines require all non-employee directors to own a minimum of 10,000 shares of the Company's common stock within five years of being elected to the Board, and retain ownership of a minimum of 10,000 shares for at least six months after leaving the Board.

The Company also requires all corporate-level senior vice presidents and above to hold shares with a value equal to a multiple of the executive's annual salary. Executives who are members of the Company's Executive Leadership Team ("ELT") are required to own shares having a value equal to seven times salary, in the case of the CEO, and four times salary in the case of the other members of the ELT, while all other

corporate-level senior vice presidents and above are required to own shares having a value equal to one times salary. The executive is required to achieve the required value of shares within five years of being appointed to the ELT, in the case of ELT members, or within five years of being appointed an executive officer, in the case of all other corporate-level senior vice presidents and above.

## **11. Management Evaluation and Management Succession**

The Management Planning and Development Committee shall annually evaluate the performance of the senior management of the Company with reference to objective criteria including performance of the business, accomplishment of long-term strategic objectives, development of management and such other factors as the Committee deems appropriate and in the best interests of the Company. The Management Planning and Development Committee shall present its findings regarding the performance of the senior management team to the full Board.

The Management Planning and Development Committee together with the Board's other independent directors, including the Lead Independent Director (if any), shall annually set the CEO's compensation based on such Committee's annual performance evaluation. In addition, the Management Planning and Development Committee shall set each other senior manager's compensation based on its annual performance evaluation.

The Board shall review the Management Planning and Development Committee's report in order to ensure that management's performance is satisfactory and that management is providing the best leadership for the Company in the long and short-term.

The Board shall review the Company's succession planning, including succession planning in the case of the incapacitation, retirement or removal of the CEO. In that regard, the CEO shall provide an annual report to the Board recommending and evaluating potential successors, along with a review of any development plans recommended for such individuals. The CEO shall also provide to the Board, on an ongoing basis, his or her recommendation as to a successor in the event of an unexpected emergency.

## **12. Workforce Strategy**

The Board shall periodically review the Company's workforce strategies, including its efforts to attract and retain a workforce that reflects the broad and diverse communities whose health care needs the Company serves.

## **13. Annual Board, Committee and Director Performance Evaluations**

The Board, led by the Nominating and Corporate Governance Committee, shall establish and conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. In addition, each committee shall establish and conduct an annual self-evaluation to determine whether it is functioning effectively in accordance with its respective charter. It is the policy of the Board to have the Nominating and Corporate Governance Committee, in collaboration with the Lead Independent Director (if any), as appropriate, assess, on the basis of established criteria, the qualities, performance and professional responsibilities of each individual director, including the Chair and the Lead Independent Director, if any, standing for

reelection at the next stockholders' meeting and to evaluate the composition and performance of the Board and the challenges and needs of the Board at that time. These evaluations and assessments shall provide the basis for the Board's recommendation of a slate of directors to the stockholders.

#### **14. Board Interaction with Institutional Investors, the Press, Customers and other Interested Parties**

The Board believes that the management speaks for the Company and the Chair speaks on behalf of the Board. Individual directors may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. Accordingly, it is expected that individual directors shall meet or otherwise communicate with constituencies that are involved with the Company only with the knowledge and agreement of the Company's management or the Board. Individual directors should not speak with stockholders, members of the press, securities analysts or any other third-party constituencies regarding Company matters without first coordinating with the Chair and the CEO (if not also the Chair).

Interested parties wishing to communicate their concerns or questions about the Company to the independent directors may do so by contacting the Corporate Secretary. The Corporate Secretary shall also coordinate any requests from stockholders for additional communications with the Chair or Lead Independent Director (if any), as appropriate.

#### **15. Related Persons Transactions Policy**

The Board has adopted a Related Persons Transaction Policy whereby the Nominating and Corporate Governance Committee is responsible for reviewing, approving or ratifying any related person transactions under the policy. Pursuant to the policy, all executive officers, directors and director nominees are required to notify the General Counsel or Secretary of any financial transaction, arrangement or relationship, or series of similar transactions, arrangements or relationships, involving the Company in and an executive officer, director, director nominee, five percent beneficial owner or any immediate family member of such a person.

#### **16. Recoupment and Clawback Policies**

The Company has a Recoupment Policy that applies to all annual and long-term incentive awards granted to executive officers. The Recoupment Policy applies in cases where financial or operational results used to determine an award amount are meaningfully altered based on fraud or material financial misconduct (collectively, "Misconduct"), as determined by the Board, and apply to any executive officer determined to have been involved in the Misconduct. The Recoupment Policy applies to Misconduct committed during the performance period that is discovered during the performance period or the three-year period following the performance period. The Recoupment Policy allows the Company to recoup the entire award, not only excess amounts generated by the Misconduct, subject to the determination of the Board, and the Recoupment Policy may apply even where there is no financial restatement.

The Company also has a Dodd-Frank Clawback Policy that was adopted in accordance with the listing standards of the NYSE. The Clawback Policy: applies to all current and former Section 16 officers, regardless of fault; can be triggered by any restatement to previously issued financial statements; provides for the recovery

compensation that is incentive-based, erroneously awarded and received by the officer within the three (3) years preceding the date that the restatement was needed; prohibits actual or *de facto* indemnification; and is publicly disclosed.

**17. Confidential Stockholder Voting Policy**

The Company has a confidential voting policy to protect stockholders' voting privacy. Under this policy, ballots, proxy forms and voting instructions returned to brokerage firms, banks and other holders of record are kept confidential. Only the proxy solicitor, proxy tabulator and the Inspector of Election have access to the ballots, proxy forms and voting instructions. None of these persons is an employee of the Company.

**18. Review of Guidelines**

The Nominating and Corporate Governance Committee shall review these Corporate Governance Guidelines and related corporate governance documents at least annually and recommend any proposed changes to the Board for approval.

**Categorical Standards to  
Assist in Director Independence Determinations**

Any relationship or set of facts that falls within the following standards or relationships will not, in itself, preclude a determination of independence.

- (1) *Commercial or investment banking relationships.* A situation in which a director or an immediate family member of a director is an employee of a commercial or investment bank that has relationships or dealings with or provides services to the Company that do not cross the bright-line tests referred to in paragraph (3) below.
- (2) *Ordinary course commercial relationships.* A situation in which a director (or a member of his or her immediate family) is a director, officer, employee or significant stockholder of an entity with which the Company has ordinary course business dealings that do not cross the bright-line tests referred to in paragraph (3) below and where the director (or immediate family member) is not directly responsible for or involved in the entity's business dealings with the Company.
- (3) *NYSE Listed Company Bright-Line Tests.* Any relationship or set of facts that falls within the standards permitted by the bright-line tests set forth in Section 303A.02(b)(i)-(v) of the NYSE's Listed Company Manual. (For example: an arrangement whereby a director's son received a one-time payment of \$50,000 for consulting work to the Company in the past year would fall within the range of payment permitted by Section 303A.02(b)(ii) and not be preclusive of an independence determination for that director.)