

# THIRD AMENDED AND RESTATED CHARTER OF THE CORPORATE COMPLIANCE AND QUALITY OF CARE COMMITTEE OF ENCOMPASS HEALTH CORPORATION

## PURPOSE, PRIMARY OBJECTIVES, AND RESPONSIBILITIES

The purpose of the Corporate Compliance and Quality of Care Committee (the “Committee”) of the Board of Directors of Encompass Health Corporation (the “Company”) is to assist the Board of Directors in fulfilling its fiduciary responsibilities relating to the Company’s regulatory compliance and cyber security risk management activities and to review the Company’s policies and procedures relating to the delivery of quality medical care to patients. Specifically, the Committee shall be primarily responsible for overseeing, monitoring and evaluating the Company’s compliance with all regulatory obligations of the Company (federal, state and local) with the exception of obligations relating to compliance with tax and securities-related laws, rules, and regulations which are the responsibility of the Audit Committee of the Board of Directors. The Committee also shall be primarily responsible for oversight of all matters concerning or relating to the quality of health care provided, patient safety and cyber security management.

The primary objectives and responsibilities of the Committee are to:

- (a) ensure the establishment and maintenance of a Regulatory Compliance Program that constitutes part of an “effective program to prevent and detect violations of law” as defined by guidelines promulgated by the United States Sentencing Commission;
- (b) appoint and oversee the activities of a Chief Compliance Officer with responsibility for developing and implementing the Regulatory Compliance Program described in paragraph (a);

- (c) review and approve an Annual Quality Program Description developed by the Chief Medical Officer;
- (d) receive and review periodic reports from the Chief Medical Officer regarding the Company’s efforts to advance quality patient care and patient safety;
- (e) monitor the Company’s compliance with any Corporate Integrity Agreement (“CIA”) or similar undertaking, with the Office of Inspector General, U.S. Department of Health and Human Services or any other government agency;
- (f) review and approve an Annual Regulatory Compliance Program and Audit Plan developed by the Chief Compliance Officer;
- (g) review and approve an Annual Cyber Security Risk Management Program developed by the Chief Information Officer;
- (h) receive and review periodic reports from the Chief Information Officer regarding the Company’s efforts to advance cyber security management;
- (i) perform, or have performed, an annual evaluation of the performance of the Chief Compliance Officer and the Ethics & Compliance Department;
- (j) perform, or have performed, an annual evaluation of the performance of the Chief Medical Officer and the Quality of Care Program;
- (k) receive and review periodic reports from the Chief Compliance Officer, including an Annual Regulatory Compliance Report summarizing compliance-related activities undertaken by the Company during the year and the results of all regulatory compliance audits conducted during the year;

- (l) report at least twice annually, or more frequently as may be necessary, to the Board of Directors on the activities of the Committee and the effectiveness of the Company's Regulatory Compliance Program, Quality of Care Program and Cyber Security Risk Management Program;
- (m) ensure the development of a comprehensive Quality of Care Program by the Chief Medical Officer designed to measure and improve the quality of care and safety furnished to patients;
- (n) ensure the development of a comprehensive Cyber Security Risk Management Program by the Chief Information Officer designed to monitor, mitigate and respond to cyber security risks, threats and incidents;
- (o) recommend such actions or measures to be adopted by the Board as the Committee deems appropriate to improve the effectiveness of the Regulatory Compliance Program, the Quality of Care Program and Cyber Security Risk Management Program; and
- (p) perform such other duties and responsibilities as may be assigned to the Committee by the Board of Directors.

**COMMITTEE COMPOSITION**

The Committee shall consist of no fewer than three members of the Board of Directors.

Each member of the Committee shall be appointed by the Board of Directors, considering the recommendations of the Nominating/Corporate Governance Committee of the Board of Directors. No member of the Committee may be removed except by a majority of independent Directors (as defined in the Corporate Governance Guidelines) then in office. The Board of Directors may fill vacancies on the Committee by a majority vote of the Board of Directors.

Each member of the Committee must qualify as an independent director under the Corporate Governance

Guidelines and otherwise meet any qualifications for membership on a compliance committee imposed by the New York Stock Exchange and any other laws and regulations applicable to the Company.

The Board of Directors shall designate one Director member of the Committee as its chairperson (the "Chair"), provided that if the Board of Directors does not so designate a Chair, the members of the Committee, by a majority vote, may designate a Chair. Except as may be expressly provided to the contrary in the Bylaws of the Company, this Charter or the Corporate Governance Guidelines of the Company, the Committee shall determine the rules of procedure under which it shall operate.

**COMMITTEE STRUCTURE AND OPERATION**

The Committee will meet no less than four times per year. A majority of the members of the Committee, present in person or by means of a conference call or other communication equipment by means of which all persons participating in the meeting can hear each other, shall constitute a quorum.

The Chair shall preside over the meetings of the Committee and shall appoint a secretary (who need not be a member of the Committee) to take written minutes of the meetings. The Committee shall maintain minutes of its meetings and records relating to those meetings.

The Chair, in consultation with the other members of the Committee, will determine the frequency and duration of the meetings of the Committee and the agenda of items to be addressed at each meeting. In advance of each meeting, the Chair shall circulate the agenda for each meeting to each member of the Committee. In addition, if requested by the Board of Directors, the Chair shall call a meeting of the Committee and place on the agenda such items as may be requested by the Board of Directors.

The Committee may invite to its meetings other members of the Board of Directors, members of the Company's management and such other persons as the Committee deems appropriate. The Committee may exclude any person (other than a member of the Committee) from a meeting as the Committee deems appropriate.

The Committee may form and delegate any of its authority and responsibilities to one or more subcommittee(s) as deemed appropriate by the Committee; provided, however, that no subcommittee shall consist of fewer than two members; and provided further that the Committee shall not delegate to a

subcommittee any power or authority required by any applicable law, regulation or listing standard to be exercised by the Committee as a whole.

#### **GENERAL AUTHORITY**

The Committee shall have the authority to (a) retain, at the expense of the Company, the advice and assistance of outside advisers, including legal and accounting advisers, as necessary to fulfill its responsibilities, (b) conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and (c) perform all acts necessary or appropriate to fulfill its responsibilities and achieve its objectives under this Charter and as otherwise directed by the Board of Directors, provided such acts are not in violation of the Bylaws or Certificate of Incorporation of the Company, this Charter, the Corporate Governance Guidelines, any Corporate Integrity Agreement, the Company's Standards of Business Conduct or any laws and regulations applicable to the Company.

#### **CHIEF COMPLIANCE OFFICER**

The Committee shall (a) establish the qualification, authority, and responsibilities of the Chief Compliance Officer, (b) assist and oversee the Chief Compliance Officer in the accomplishment of his/her duties, (c) require the Chief Compliance Officer to prepare reports to the Committee on the operation of the Ethics & Compliance Office and Regulatory Compliance Program, and (d) have sole authority in consultation with the Chief Executive Officer to hire or terminate the Chief Compliance Officer.

#### **CHIEF MEDICAL OFFICER**

The Committee shall (a) establish the qualification, authority, and responsibilities of the Chief Medical Officer, (b) assist and oversee the Chief Medical Officer in the accomplishment of his/her duties, (c) require the Chief Medical Officer to prepare reports to the Committee on the operation of the Quality of Care Program, and (d) have sole authority in consultation with the Chief Executive Officer to hire or terminate the Chief Medical Officer.

#### **REVIEWS AND EVALUATIONS**

The Committee shall be responsible, at least on an annual basis, for reviewing and evaluating (a) the performance of the Committee and the members of the Committee, (b) the performance of the Chief Compliance Officer and the Ethics & Compliance Department in maintaining an effective compliance program, (c) the performance of the

Chief Medical Officer in carrying out an effective quality of care and patient safety program, and (d) with management, the Company's material compliance and quality of care related risk exposures and the steps management takes to monitor and mitigate any such exposures.

The Committee shall deliver, at least annually, to the Board of Directors a report setting forth the results of its evaluation.

The Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope and recommend such changes as it deems necessary or appropriate.

#### **DISCLOSURE OF CHARTER**

This Charter shall be made available on the Company's website. The Chief Compliance Officer, Chief Medical Officer and Chief Information Officer shall make a copy available to any interested person upon written request.

#### **DATE OF ADOPTION**

This Amended and Restated Charter was adopted by the Board of Directors effective February 23, 2018.

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While the members of the Committee have the duties and responsibilities set forth in this Charter, nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of members of the Committee, except to the extent otherwise provided under applicable federal or state law.