

# AMENDED AND RESTATED CORPORATE GOVERNANCE GUIDELINES OF ENCOMPASS HEALTH CORPORATION

## PURPOSE AND OBJECTIVES

**Introduction.** The Board of Directors (the “Board”) of Encompass Health Corporation (the “Company”) has developed corporate governance policies and practices in order to help fulfill its responsibilities to stockholders, including the review, evaluation and oversight of the Company’s business operations and management. These guidelines are intended to serve as a framework within which the Board may conduct its business and not as a set of legally binding obligations. These guidelines are subject to modification from time to time as the Board may deem necessary or appropriate in order for the Company to achieve its objectives or as may be required by applicable laws, regulations or stock exchange rules.

The Board recognizes that the long-term interests of stockholders are advanced by responsibly addressing the concerns of other stakeholders including employees, patients, suppliers, government, and the public. The Board may refine or change these guidelines as necessary or advisable to achieve these objectives.

### **Corporate Authority and Responsibility.**

The business and affairs of the Company shall be managed under the direction of the Board. The Board may exercise that authority through delegation to committees of the Board and through the delegation of authority to the Company’s management, all in accordance with applicable law and the Certificate of Incorporation and Bylaws of the Company. The Board shall provide

advice and counsel to management of the Company in carrying out management’s delegated responsibilities.

## GENERAL PRINCIPLES

**Expectations for Directors.** Each member of the Board shall:

- Dedicate sufficient time, energy and attention to ensure the diligent performance of his or her duties;
- Comply with the duties and responsibilities set forth herein and in the Bylaws of the Company;
- Comply with all duties of care, loyalty and confidentiality applicable to directors of publicly traded Delaware corporations; and
- Adhere to the Company’s Standards of Business Ethics and Conduct, including, but not limited to, the policies on conflicts of interest expressed therein.

**Financial Literacy.** Members of the Board should know how to read and understand fundamental financial statements and understand the use of financial ratios and information in evaluating the financial performance of the Company.

**Character of the Members of the Board.** Members of the Board should be persons of good character and thus should possess all of the following personal characteristics:

- Integrity: Directors should demonstrate high ethical standards and integrity in their personal and professional dealings;
- Accountability: Directors should be willing to be accountable for their decisions as directors;

- **Judgment:** Directors should possess the ability to provide wise and thoughtful counsel on a broad range of issues;
- **Responsibility:** Directors should interact with each other in a manner which encourages responsible, open, challenging and inspired discussion;
- **High Performance Standards:** Directors should have a history of achievements that reflect high standards for themselves and others;
- **Commitment and Enthusiasm:** Directors should be committed to, and enthusiastic about, their performance for the Company as directors; and
- **Courage:** Directors should possess the courage to express views openly, even in the face of opposition.

#### **BOARD OF DIRECTORS COMPOSITION AND SELECTION; INDEPENDENT DIRECTORS**

**Board Size.** The Board shall, in accordance with the Bylaws of the Company, determine the size of the Board that is optimal to allow the Board to operate in an effective fashion, to accomplish all of its goals and to fulfill all of its responsibilities. The Board believes that the size of the Board should generally be between eight (8) and twelve (12) members.

**Selection of Members of the Board.** The Board shall be elected in the manner provided in the Bylaws of the Company. A Director who fails to receive the required number of votes for re-election in accordance with the Bylaws will offer to resign. In addition, the Director whose resignation is under consideration will abstain from participating in any decision regarding that resignation. The Board may refuse to accept a Director's resignation for any compelling reason. The Board will

publicly disclose its decision regarding the resignation within ninety (90) days after the results of the election are certified. If the resignation is not accepted, the Director will continue to serve until the next annual meeting and until the Director's successor is elected and qualified or until the Director's earlier death or removal in accordance with the Bylaws. The Nominating / Corporate Governance Committee shall identify, and recommend to the Board, candidates who are qualified to become members of the Board in accordance with the policies and principles set forth in its charter, the Bylaws of the Company, the Certificate of Incorporation of the Company and these Corporate Governance Guidelines.

**Annual Meeting of Stockholders.** The Board shall select, from among the candidates identified and recommended by the Nominating / Corporate Governance Committee, the slate of nominees for membership on the Board at each annual meeting of the Company's stockholders. In accordance with the provisions of its charter, the Nominating / Corporate Governance Committee shall consider candidates recommended by stockholders in accordance with applicable law, rule or regulation. The Board will nominate for election or re-election as Directors only candidates who agree to tender, following the annual meeting at which they are elected or re-elected as Directors, irrevocable resignations that will be effective upon (i) the failure to receive the required vote at the next annual meeting at which they are nominated for re-election and (ii) acceptance by the Board of such resignation.

**Vacancies / New Positions.** The Board shall fill vacancies on the Board, including newly-created positions on the Board resulting from any increase in the authorized number of Directors in the manner provided

in the Bylaws of the Company, by appointing new members pending election at the next annual meeting of the Company's stockholders. The Board shall select such Directors from among the candidates identified and recommended by the Nominating / Corporate Governance Committee. The Board shall fill vacancies and newly created positions on the Board only with candidates who agree to tender, promptly following their appointment to the Board, the same form of resignation tendered by other Directors in accordance with these Corporate Governance Guidelines.

#### **BOARD OF DIRECTORS MEMBERSHIP CRITERIA**

(a) The Nominating / Corporate Governance Committee shall assist the Board in determining the appropriate characteristics, skills and experience for the individual members of the Board and the Board as a whole.

(b) In evaluating the suitability of individual candidates and nominees, the Nominating / Corporate Governance Committee and the Board shall consider the personal characteristics above and relevant factors, including, but not limited to:

- A general understanding of marketing, finance, corporate strategy and other elements relevant to the operation of a large publicly-traded company in today's business environment;
- An understanding of the Company's business;
- Educational and professional background; and
- Diversity of skills, perspectives and experiences.

(c) The Nominating / Corporate Governance Committee and the Board shall evaluate each individual candidate and nominee in the context of the Board as a whole, with the objective of recommending a slate of nominees who can best oversee the management of the business and represent stockholder interests through the exercise of sound judgment using their diversity of experience in these various areas.

(d) In determining whether to recommend a member of the Board for re-election, the Nominating / Corporate Governance Committee and the Board also shall consider such member's past attendance at meetings and participation in, and contributions to, the activities of the Board.

**Board Composition.** At least three-quarters (3/4) of the members of the Board must be independent, as affirmatively determined by the Board, which shall include an affirmative determination that each independent member of the Board has no material relationship with the Company (either directly or as a partner, significant stockholder or officer of an organization that has a relationship with the Company). This will not, however, prevent the Board from taking valid actions if, in accordance with the Bylaws of the Company, there are fewer than the intended proportion of independent members of the Board. For purposes of these Corporate Governance Guidelines, a member of the Board may be considered independent if, and only if, such member satisfies the definition of "independent" set forth in the rules, as then in effect, of any exchange or market on which the Company's common stock is listed (the "Exchange") and:

- Has not been employed by the Company within the last three (3) years;

- Does not have an immediate family member that has been employed by the Company as an executive officer within the last three (3) years;
- Has not received in a twelve (12) month period more than \$120,000 in direct compensation from the Company within the last three (3) years, other than for services as a member of the Board, interim officer or from deferred compensation from prior services;
- Is not, and has not been within the last three (3) years, an executive officer or an employee of a significant customer or supplier of the Company;
- Is not, and has not been within the last three (3) years, affiliated with or employed by the Company's present or former internal or external auditor;
- Is not affiliated with any not-for-profit entity which, in the business judgment of the Board, receives significant contributions from the Company;
- Is not employed as an executive officer of a public company at which an executive officer of the Company serves as a member of such public company's board of directors;
- Has not had any of the relationships described above with any affiliate of the Company;
- Is not a member of the immediate family of any individual, or have an immediate family member, with any of the relationships described in the bulleted paragraphs above; and
- Has no other material relationship which, in the business judgment of

the Board, would impair his or her ability to exercise independent judgment.

Notwithstanding the foregoing, each member of the Board must meet any mandatory qualifications for membership on the Board, and the Board, as a whole, must meet the minimum independence requirements, imposed by the Exchange and any other laws and regulations applicable to the Company. Each member of the Board shall promptly advise the Chairman of the Board and the Nominating/Corporate Governance Committee of any matters which, at any time, may affect such member's qualifications for membership under the criteria imposed by the Exchange, any other laws and regulations or these Corporate Governance Guidelines, including, but not limited to, such member's independence.

**Impairment of Independence.** Each independent member of the Board shall promptly notify the Chairman of the Board if any actual or potential conflict of interest arises between such member and the Company which may impair such member's independence. If a conflict exists and cannot be resolved, such member should submit to the Board written notification of such conflict of interest and an offer of resignation from the Board and each of the committees on which such member serves. The Board need not accept such offer of resignation; however, the submission of such offer of resignation provides the opportunity for the Board to review the appropriateness of the continuation of such individual's membership on the Board. In some cases, it may be appropriate for such member to be replaced as a member of one or more of the committees on which he or she serves but be retained as a member of the Board.

**Related-Party Transactions.** The Board shall consider, in consultation with the Nominating / Corporate Governance Committee, whether a transaction between a member of the Board and the Company presents any inappropriate conflicts of interest or impairs the independence of any member of the Board. The Nominating/Corporate Governance Committee shall conduct a prior review of related party transactions (as defined by and in accordance with the rules of the Exchange) for potential conflicts and prohibit such a transaction if it determines it to be inconsistent with the interests of the company and its stockholders.

**New Directors and Continuing Education.**

Within the first ninety (90) days after election or appointment to the Board, each new member of the Board shall commence participation in an orientation program in which such new member will meet with corporate department heads and will have the opportunity to visit facilities representing all of the Company's business lines. Such orientation program shall be completed within the first one hundred eighty (180) days after election or appointment. In addition, the management of the Company shall provide new members of the Board with materials, briefings and educational opportunities to permit them to become familiar with the Company and to enable them to better perform their duties. In addition, from time to time on a continuing basis, all members of the Board shall receive additional materials, briefings and educational opportunities to enable them to remain current with matters within their purview.

**Limitations on Service.**

(a) Members of the Board and executive officers of the Company may serve on the

boards of other entities, subject to the limits and conditions set forth below.

(b) Members of the Board and executive officers must disclose all external board memberships to the Nominating/Corporate Governance Committee. This disclosure requirement applies to all external board memberships including, without limitation, membership on the boards of non-profit, private for-profit, and publicly-traded companies. The duty to disclose is continuing, and members and officers are under an affirmative duty to update disclosures to reflect changes in circumstances or other developments. Without limitation of the foregoing, a member of the Board or an executive officer entertaining an offer or considering an opportunity for a new board membership must disclose the offer or opportunity to the Nominating/Corporate Governance Committee prior to acceptance and should allow not less than 21 calendar days review by the committee. The person notifying the committee of the offer or opportunity is responsible for timely disclosure to allow for sufficient time to review for potential conflicts of interest.

(c) The Nominating/Corporate Governance Committee shall review all external board memberships for conflicts and for compliance with these Corporate Governance Guidelines, the Company's Standards of Business Ethics and Conduct and any related policies, and all applicable laws, rules and regulations, including, without limitation, those of the Exchange and the Security and Exchange Commission. Members of the Board and executive officers are required to supply to the Nominating/Corporate Governance Committee all material information necessary to assess the offer or opportunity for conflicts and compliance generally. If

the Nominating/Corporate Governance Committee makes a determination that a particular board membership presents no conflict and is otherwise in compliance, the Nominating/Corporate Governance Committee shall report the determination to the full Board, with sufficient information to support its determination, and the board membership shall be deemed approved by the Board unless a member thereof raises an objection or a request for the Board to discuss within such timeframe as communicated by the Nominating/Corporate Governance Committee. In the event of such an objection or a request, the matter will be referred to the Board for discussion and approval. If the Nominating/Corporate Governance Committee makes a determination that a particular board membership presents a conflict or otherwise is not in compliance, the Nominating/Corporate Governance Committee may, in its sole discretion, recommend a waiver to the Board, which shall have sole authority to approve such a waiver. All determinations of conflict and compliance, approvals, and waivers, if any, are subject to review at all times based on changing circumstances or developments. All determinations, approvals, and waivers shall be conditional upon updated review in the event of changed circumstances or developments, and all members and executive officers serving on external boards have an affirmative duty to update the Nominating/Corporate Governance Committee of any changed circumstances or developments material to an existing determination, approval or waiver.

(d) Each member of the Board and each executive officer is responsible for ensuring that the time required by external board memberships is not detrimental to the ability of such member or officer to fulfill the duties and responsibilities to the Company.

Although the Board does not believe that members of the Board or executive officers of the Company should be specifically limited from serving on the boards or committees of non-profit entities or organizations, or that members of the Board should be specifically limited from serving on the boards or committees of private for-profit corporations, the Nominating/Corporate Governance Committee and the Board shall take into account the nature of, and the time involved in, the service of an individual to other entities and organizations in evaluating the suitability of such individual for service on the Board, and in evaluating the performance of officers of the Company. Without limitation of the foregoing:

- Executive officers of the Company should not hold more than two (2) directorships of for-profit companies, whether private or publicly traded, other than the Company; and
- Members of the Board should not hold more than four (4) directorships of publicly-traded companies other than the Company, provided, however (i) a member of the Board who is employed on a full-time basis should hold no more than two (2) directorships of publicly traded companies other than the Company; and (ii) members of the Audit Committee should serve on the audit committee of no more than three (3) publicly-traded companies.

(e) The Board believes it is in the best interest of the Company to create an annual review process for the Board and its committees. Such annual review process will provide individual members with an assessment of the current performance of the Board and areas for potential improvement. Individual members of the Board are

expected to use these reviews to assess their continuing roles on the Board.

(f) A member of the Company's management serving on the Board who ceases to serve as a member of the Company's management shall offer his or her resignation from the Board effective with the last date of employment. The Board need not accept such offer of resignation; however, generally, a member of the Company's management shall not continue to serve as a member of the Board following such cessation.

(g) A member of the Board may not stand for election after his or her seventy-five (75th) birthday but need not resign until the end of his or her current term; provided, however, the Board may, in its discretion, allow such a member of the Board to stand for election if the Board believes that it is in the best interests of the Company.

(h) A member of the Board may not stand for election after serving on the Board for fifteen (15) years measured from the initial date of service but need not resign until the end of his or her current term; provided, however, the Board may, in its discretion, allow such member of the Board to stand for election if the Board believes that it is in the best interests of the Company.

#### **Directors with Significant Job Changes.**

The Board should consider whether a significant change in the professional responsibilities of a member of the Board directly or indirectly impacts the ability of such member to fulfill his or her responsibilities as a member of the Board. Should any member of the Board experience a significant change in his or her professional responsibilities, such as ceasing to hold the business position that he or she held upon initial election to the Board, such member should submit to the Board written

notification of such change and, if the Board requests, a resignation from the Board and each of the committees on which such member serves. The Board need not accept such offer of resignation; however, the submission of such offer of resignation provides the opportunity for the Board to review the appropriateness of the continuation of such individual's membership on the Board. In some cases, it may be appropriate for such member to be replaced as a member of one or more of the committees on which he or she serves but be retained as a member of the Board.

**Removal of Directors.** The Board should consider whether certain events concerning violations of laws or regulations directly or indirectly impact the ability of a member of the Board to fulfill his or her responsibilities as a member of the Board. Such events include, but are not limited to, a member of the Board:

- Being indicted for, pleading guilty to or being found guilty of violating any state or federal securities law;
- Admitting liability, or being found to have liability, for the violation of any state or federal securities law; and
- Being identified as a "target" of any agency or instrumentality of any state or of the United States of America charged with the enforcement of state or federal securities laws.

Members of the Board should submit to the Board written notification of such event and an offer of resignation from the Board and each of the committees on which such member serves. The Board need not accept such offer of resignation; however, the submission of such offer of resignation provides the opportunity for the Board to review the appropriateness of the

continuation of such individual's membership on the Board. In some cases, it may be appropriate for such member to be replaced as a member of one or more of the committees on which he or she serves but be retained as a member of the Board.

**Conflicts of Interest.** Members of the Board must recuse themselves from any discussion or decision that affects their personal, business or professional interest. The non-interested members of the Board shall consider and resolve any issues involving conflicts of interest of members of the Board.

**Equity Ownership.** Members of the Board are strongly encouraged to have substantial equity ownership in the Company, through both the investment of their own funds and the accumulation of equity based compensation granted by the Company. In general, within five (5) years after initial election or appointment to the Board, each member of the Board should have and maintain a minimum investment in the common stock of the Company equal in value to the greater of \$500,000 or five (5) times the annual base cash retainer.

#### **CHAIRMAN OF THE BOARD OF DIRECTORS**

**Non-Executive Chairman.** The Board shall select the Chairman of the Board from among the members of the Board who are determined by the Board to be independent. The Chairman of the Board shall be responsible for:

- Setting the agenda for, and presiding over, meetings of the Board at which the Chairman of the Board is present;
- Coordinating the work of the committees of the Board;
- Overseeing the distribution of materials to the members of the Board; and

- Performing such other duties as the Board may from time to time delegate to assist the Board in the fulfillment of its duties.

In the event the Chairman of the Board ceases to be independent, the Board shall select another Chairman of the Board from among the members of the Board that are determined at that time by the Board to be independent. The Chairman of the Board may be removed as Chairman of the Board at any time by a majority of the members of the Board.

**Resources of the Chairman of the Board.** The Chairman of the Board will be provided adequate staff and resources, as determined by the Board, to discharge his or her duties.

**Compensation of the Chairman of the Board.** The Compensation and Human Capital Committee shall recommend, and the Board shall approve, the compensation for the Chairman of the Board, which compensation should reflect the commitment of time and energies necessary to properly discharge the duties of the Chairman of the Board while not compromising his or her independence.



## **BOARD OF DIRECTORS MEETINGS; INVOLVEMENT OF SENIOR MANAGEMENT**

**Board Meetings – Agenda.** The Chairman of the Board will set the agenda for each meeting of the Board and, to the extent practicable, will distribute an agenda for each meeting of the Board to each member of the Board in advance of such meeting. In the event the Chairman of the Board is not present at a meeting, the independent members of the Board may select a member of the Board to preside at such meeting. In such event, such presiding member of the Board shall set the agenda for such meeting.

For regularly scheduled meetings of the Board, an agenda and supporting documentation should ordinarily be distributed seven (7) days prior to the date of the meeting. Each member of the Board is encouraged to suggest for inclusion on the agenda any items which such member feels bears consideration by the Board.

**Number of Meetings.** It is the objective of the Board to have at least five (5) regularly scheduled meetings each year. Additional unscheduled meetings of the Board may be called by the Chairman of the Board or a majority of the other members of the Board upon the giving of the notice required under the Bylaws of the Company to address specific requirements or needs of the Company. The Board will attempt to schedule periodically meetings such that the members of the Board may conveniently visit facilities of the Company in conjunction with such meetings.

**Annual Planning Session.** The Board will review the Company's long-term strategic plan and the principal issues facing the Company at a minimum of at least one (1) meeting per year.

**Advance Distribution of Materials.** All materials, information and data that is relevant to the understanding by the members of the Board of matters to be discussed at its meetings, where feasible, should be distributed, either electronically or in writing, to all members of the Board in advance of the meeting. Such materials, information and data shall be distributed in a manner that, considering the complexity of the materials, information and data, will provide each member of the Board with a reasonable opportunity to review the materials, information and data. It is acknowledged that, in some situations, exigent circumstances or the need to protect confidential and proprietary information may make it impracticable to provide information in advance of a meeting, in which case adequate time shall be provided at such meeting for review and discussion of information not provided in advance.

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

(a) The Board, its committees and its members shall have access to any member of the management of the Company to discuss any subject that the Board, its committees or its members desires. Any meetings or contacts which the Board, its committees or its members desires to initiate with any member of the Company's management may be arranged through the Chief Executive Officer or the Secretary or directly by the Board, its committees or its members. Any such contact should not be disruptive to the operations of the Company. The Secretary will advise the Board on appropriate procedures for the conduct of meetings and on corporate governance matters, and all members of the Board shall have access to his or her advice and services. The members of the Board are encouraged to visit facilities of the Company in connection with meetings of the Board and otherwise.

(b) The Board and its committees may rely upon the advice of outside advisors and shall be protected in so relying to the extent provided by applicable law. The Board and each of its committees shall have the power and authority to engage outside advisors (including counsel) as they deem necessary or appropriate, without consulting, or obtaining the approval of, any members of the Company's management.

(c) The Board must assess the qualifications of, and the processes employed by, those upon whom it relies and should hold such advisors accountable for their decisions and recommendations.

### **Responsibilities of Board.**

(a) Directors are expected to attend all regularly scheduled meetings and other

meetings for which reasonable advance notice is given, unless prevented by exigent circumstances, and to have, prior to the meetings, reviewed all materials, information and data distributed to them in advance. Where it is impracticable to give reasonable advance notice of meetings, Directors are expected to use reasonable efforts to attend and participate in such meetings

(b) Directors are expected to understand, and comply with, all the duties of care, loyalty and confidentiality applicable to directors.

### **EXECUTIVE SESSIONS OF NON-MANAGEMENT DIRECTORS**

**Meetings of Non-Management and Independent Directors.** At each regularly scheduled meeting of the Board, the members of the Board that are not also members of the Company's management (the "Non-Management Directors") shall meet in scheduled executive sessions without the participation of the members of the Board who are also members of the Company's management (the "Management Directors"). The Non-Management Directors also may hold such executive sessions which are not scheduled in conjunction with regularly scheduled meetings of the full Board. At such meetings, the Non-Management Directors shall review matters concerning the relationship of the Board with the Company's management, including the Management Directors, and such other matters as Non-Management Directors may deem appropriate. The Board shall not take formal action at such settings, but the participating directors may make recommendations for consideration by the full Board. At least once each year, the

independent members of the Board shall meet in independent session.

## **PERFORMANCE EVALUATION; SUCCESSION PLANNING**

**Annual Evaluation of the Chief Executive Officer.** The Compensation and Human Capital Committee of the Board shall review and approve corporate goals and objectives relevant to compensation of the Chief Executive Officer, conduct an annual review and evaluation of the performance of the Chief Executive Officer in light of those goals and objectives, with input from the other members of the Board, and propose to the Board the compensation level of the Chief Executive Officer based on such evaluation. The Compensation and Human Capital Committee shall take into account any recommendations of the Board regarding such review and evaluation process and the specific criteria on which the performance of the Chief Executive Officer is evaluated.

**Succession Planning.** As part of the annual Chief Executive Officer evaluation process, the Board, or a committee of the Board, shall work with the Chairman of the Board and the Chief Executive Officer to plan for Chief Executive Officer succession, as well as to develop plans for interim succession for the Chief Executive Officer in the event of an unexpected occurrence.

**Evaluation of the Board.** The Board, in consultation with the Nominating / Corporate Governance Committee, shall conduct an annual evaluation of the Board to determine whether it and its committees are composed appropriately and functioning effectively. This evaluation shall include an assessment of such factors as experience, integrity, competence, diversity, skills,

dedication and equity ownership in the context of the Board as a whole.

## **COMPENSATION**

### **Compensation Review.**

(a) The Compensation and Human Capital Committee will annually review, and, when it deems appropriate, recommend to the Board changes in, compensation and benefits of the members of the Board. In making its recommendations, the Compensation and Human Capital Committee may seek the advice of outside counsel and advisors to assure that its director compensation is fair and equitable and enables the Company to attract qualified members to its Board.

(b) Compensation paid to Non-Management Directors for service to the Board shall be fixed annually by the Board and shall be competitive and recognize the significant commitment required for service as a member of the Board.

(c) The Board may establish additional compensation for Non-Management Directors who serve on specific committees of the Board, where the Board determines that such additional compensation is appropriate to reflect the additional responsibilities associated with service on such committees.

(d) As compensation for their services on the Board, members of the Board shall be paid an annual base retainer in a combination of cash and equity-based compensation, as determined by the Board, in consultation with the Compensation and Human Capital Committee. The balance of the compensation paid to members of the Board may be paid in cash or equity-based compensation.

(e) No Non-Management Director shall be entitled to any pension or similar benefit solely as a result of his or her service as a member of the Board.

## COMMITTEES

**Board Committees.** The Board currently has five (5) standing committees, each of which is to be chaired by a member of the Board that is independent. The standing committees are as follows:

- The Audit Committee, which is, among other things, responsible for reviewing all reports made by auditors and monitoring internal controls;
- The Compensation and Human Capital Committee, which is, among other things, responsible for reviewing compensation programs and administering stock option plans;
- The Corporate Compliance/Quality of Care Committee, which is responsible for establishing and reviewing the Company's Corporate Compliance Program and Standards of Business Ethics and Conduct and otherwise ensuring that the Company conducts its operations in compliance with federal, state and local laws and regulations;
- The Nominating/Corporate Governance Committee, which is, among other things, responsible for proposing and recommending to the Board potential candidates for membership on the Board, reviewing and developing the corporate governance policies of the Board, including these Corporate Governance Guidelines, and reviewing political contributions, lobbying expenses and charitable donations at least once per year; and

- The Finance Committee, which is responsible for assisting the Board in the oversight of the use and development of the Company's financial resources, including its financial structure, investment policies and objectives, long-term financial strategy and financial needs, and other matters of a financial and investment nature.

The Board may establish new committees or, except as otherwise required by law, regulation or listing standards of the Exchange, eliminate or combine existing committees or modify their duties and responsibilities as it deems advisable for purposes of fulfilling its duties and responsibilities. To the extent required by law or the Exchange listing standards, such committees will be entirely composed of members of the Board who are independent, and unless otherwise determined by the Board, all such committees will include a majority of members of the Board who are independent.

**Charters.** Each of the standing committees of the Board shall have its own charter setting forth the purposes, goals and responsibilities of the committee as well as qualifications for committee membership, procedures for committee member appointment and removal and committee structure and operation. Such charters shall be approved by the Board and shall comply with all applicable laws, rules and regulations.

**Composition of Committees; Committee Chairs.** The Board shall select the members of each committee and a chair for each committee, upon the recommendation of the Nominating / Corporate Governance Committee, taking into account specific committee duties and responsibilities and the experience and qualifications of the

proposed members and giving due consideration to recommendations by the Chairman of the Board with respect to such selections. The members of each of the committees must meet the qualifications for membership on such committees as set forth in the charter for such committees and as may be required under any laws, rules or regulations applicable to the Company. The committee chair, in consultation with the members of the committee, will determine the frequency and length of the committee meetings, consistent with any requirements set forth in the committee's charter. The chair, in consultation with the members of the committee, will develop the agenda for the committee meetings.

#### **STANDARDS OF BUSINESS ETHICS AND CONDUCT**

**Standards of Business Ethics and Conduct.** The Board has established and is responsible for maintaining the Company's Standards of Business Ethics and Conduct applicable to members of the Board, executive officers, and all other employees, which cover, among other things, the Company's policies concerning:

- Conflicts of interest;
- Corporate opportunities;
- Confidentiality;
- Fair dealing;
- Protection and proper use of Company assets;
- Compliance with laws, rules and regulations (including insider trading laws);
- Acting with integrity and according to high ethical standards; and
- Encouraging the reporting of any illegal or unethical behavior.

The Board, with advice and recommendations from the Corporate Compliance/Quality of Care Committee, will periodically review and evaluate the Standards of Business Ethics and Conduct and make such changes therein as it finds to be necessary or appropriate.

**Waivers of Standards of Business Ethics and Conduct.** Any waivers of any provisions of the Standards of Business Ethics and Conduct for members of the Board or executive officers may be made only by the Board or a committee to which the Board has delegated such authority, and any such waivers shall be timely reported or disclosed in such manner as may be required by the Securities and Exchange Commission or the Exchange. Any such waiver must be approved in advance by the Board, or a committee if applicable. Any request for waiver should be submitted to the Secretary and should allow not less than seven (7) calendar days for review and consideration. The person requesting the waiver is responsible for timely submission thereof in order that the Board may review and consider it in advance of the next scheduled meeting of the Board.

**Certain Particular Matters.** Without limiting the generality of the foregoing, the following are prohibited unless expressly approved in advance by the Board (with any interested member of the Board abstaining):

(a) Any commercial transaction between the Company and any entity in which a member of the Board or executive officer or any immediate family member of a member of the Board or executive officer has a material direct or indirect interest.

(b) Employment by the Company of any sibling, spouse or child of a member of the Board or executive officer, other than as

expressly permitted by the Company's then-current employment policies and procedures.

(c) Any direct or indirect investment or other economic participation by any member of the Board or executive officer or any immediate family member of a member of the Board or executive officer in any entity (other than a publicly traded entity) in which the Company has any direct or indirect investment or other economic interest.

Any situation which would not be permitted under this section but which is in existence on the effective date of these Corporate Governance Guidelines shall be reviewed by the Board (with any interested Director abstaining) and shall be discontinued within a reasonable time period if so determined by the Board.

#### **COMMUNICATIONS WITH THE MEDIA**

The Board believes that the Company's management and the Chairman of the Board speak for the Company. In order to ensure compliance with applicable securities laws and to avoid the potential detriment to the interests of the Company and its stockholders and other constituencies that could result from inconsistent communications, the members of the Board will not respond to media inquiries or make statements to the media regarding the Company and its business without consultation with, and approval by, the Chairman of the Board or the Board.

#### **DATE OF ADOPTION**

These Amended and Restated Corporate Governance Guidelines were adopted by the Board effective July 20, 2021.