

# MOLINA HEALTHCARE, INC.

## CORPORATE GOVERNANCE GUIDELINES

(As Amended January 28, 2020)

The following Corporate Governance Guidelines (the “Guidelines”) have been adopted by the Board of Directors (the “Board”) of Molina Healthcare, Inc. (the “Company”) to assist the Board in the exercise of its responsibilities. These Guidelines reflect the Board’s commitment to monitoring the effectiveness of policy and decision-making both at the Board and management level, and to enhancing stockholder value over the long term. These Guidelines are a statement of policy and are not intended to change or interpret any federal or state law or regulation, including the Delaware General Corporation Law, or the Certificate of Incorporation or Bylaws of the Company. The Guidelines are subject to periodic review by the Corporate Governance and Nominating Committee of the Board (the “Corporate Governance and Nominating Committee”) and to modification from time to time by the Board.

### BOARD COMPOSITION

#### 1. Selection of Chairman of the Board

The Board shall be free to choose its Chairman in any way that seems best for the Company at any given point in time, provided that the Chairman shall be an independent director.

#### 2. Size of the Board; Declassification of Classified Board

The Board believes that it should generally have no fewer than **seven** and no more than **eleven** directors, subject to the provisions of the Company’s Certificate of Incorporation and Bylaws. This range permits diversity of experience without hindering effective discussion or diminishing individual accountability.

The Board is divided into three classes (Class I, Class II, and Class III) until the election of directors at the Company’s 2022 annual meeting of stockholders, when the Board will no longer be divided into classes. Board declassification will be phased-in over a three-year period, beginning at the 2020 annual meeting of stockholders as follows:

- Each director elected at or prior to the Company’s 2019 annual meeting of stockholders shall be elected for a term expiring on the date of the third annual meeting of stockholders following the annual meeting at which the director was elected.
- Each Class III director elected at the Company’s 2020 annual meeting of stockholders shall be elected to a one-year term expiring at the Company’s 2021 annual meeting of stockholders.
- Each Class III and Class I director elected at the Company’s 2021 annual meeting of stockholders shall be elected to a one-year term expiring at the Company’s 2022 annual meeting of stockholders.

- From and after the Company's 2022 annual meeting of stockholders, the Board shall no longer be divided into classes, and all directors shall be elected for a one-year term expiring at the next annual meeting of stockholders.

### **3. Selection of New Directors**

The entire Board shall be responsible for nominating candidates for election to the Board at the Company's annual meeting of stockholders and for filling vacancies on the Board that may occur between annual meetings of stockholders. The Corporate Governance and Nominating Committee is responsible for identifying, screening, and recommending candidates to the Board for election. When formulating its Board membership recommendations, the Corporate Governance and Nominating Committee shall also consider any advice and recommendations offered by the Chief Executive Officer, the stockholders of the Company, or any independent advisors the Corporate Governance and Nominating Committee may retain.

An orientation process for all new directors shall be maintained. This process shall include comprehensive background briefings by the Company's executive officers. In addition, continuing education information, materials, and opportunities shall be made available to all directors. The orientation and continuing education programs shall be the responsibility of the Chief Legal Officer.

### **4. Board Membership Criteria**

Nominees for director shall be selected on the basis of broad experience, wisdom, integrity, ability to make independent analytical inquiries, understanding of the Company's business environment, and willingness to devote adequate time to Board duties.

Board members are expected to rigorously prepare for, attend, and participate in all Board and applicable committee meetings. Each Board member is expected to ensure that other existing and planned future commitments do not materially interfere with the members' service as a director.

The Corporate Governance and Nominating Committee shall be responsible for assessing the appropriate balance of skills and characteristics required of Board members.

The Board shall be committed to a diversified membership, in terms of the various experiences and areas of expertise of the individuals involved. Diversity may reflect age, gender, ethnicity, industry focus and tenure on the Board so as to enhance the Board's ability to manage and direct the affairs and business of the Company, including, when applicable, to enhance the ability of the committees of the Board to fulfill their duties and/or to satisfy any independence requirements imposed by law, regulation, New York Stock Exchange listing standards and the Company's Bylaws and other corporate governance documents.

Significant time and energy is required to be a fully participating and effective member of the Board. Therefore, a director may not hold more than two (2) directorships of public companies in addition to the Company. In its discretion and on a case-by-case basis, the Corporate Governance and Nominating Committee may determine that a director's service on the Board is not impaired by serving on more than two other public company boards and thus may waive this requirement.

**5. Percentage of Independent Directors on Board**

Independent directors shall constitute a majority of the Board.

**6. Board Definition of Director Independence**

In making its independence determinations, the Board will observe all applicable requirements, including the corporate governance listing standards established by the New York Stock Exchange. Under the New York Stock Exchange listing standards applicable to the Company, no director of the Company qualifies as “independent” unless the Board affirmatively determines that the director has no material relationship with the Company, including its consolidated subsidiaries, either as a director or as a partner, shareholder or officer of an organization that has a relationship with the Company. The Board shall review annually the relationships that each director has with the Company and shall carefully consider all relevant facts and circumstances in making an independence determination.

A director will be deemed to have a material relationship with the Company and will not be considered independent if:

- the director is, or has been within the last three years, an employee of the Company, or an immediate family member is, or has been within the last three years, an executive officer of the Company (employment as an interim chairman of the Board or chief executive officer or other executive officer of the Company does not disqualify a director from being considered independent following that employment);
- the director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service) (compensation received by a director for former service as an interim chairman of the Board or chief executive officer or other executive officer of the Company need not be considered, and compensation received by an immediate family member for service as an employee of the Company (other than as an executive officer of the Company) need not be considered);
- (i) the director is a current partner or an employee of a firm that is the Company’s internal or external auditor; (ii) the director has an immediate family member who is a current partner of such a firm; (iii) the director has an immediate family member who is a current employee of such a firm and personally works on the Company’s audit; or (iv) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the Company’s audit within that time;
- the director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company’s present executive officers at the same time serves or served on that company’s compensation committee; or
- the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments

from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1,000,000 or 2% of such other company's consolidated gross revenues (contributions to tax exempt organizations are not considered to be "payments").

In addition, a director will not be considered independent if Section 303A.02(b) of the New York Stock Exchange's Listed Company Manual (or any applicable successor listing standard) otherwise disqualifies such director from being considered independent. The independence of directors and the materiality of any business relationships delineated above shall be determined by the Board, and its determination shall be final.

#### **7. Chairman of the Board**

The Chairman of the Board is the primary spokesperson for the Board. The Chairman shall have the following duties and responsibilities:

- preside at all meetings of the Board (including executive sessions) and the stockholders;
- serve as the liaison between the Chief Executive Officer and the independent directors;
- approve meeting agendas, schedules, and materials for the Board;
- approve the quality, quantity, and timeliness of the information sent to the Board;
- have the authority to call meetings of the Board and independent directors;
- be available upon request, when appropriate for consultation and direct communication with major stockholders of the Company, in accordance with procedures developed by the Company and the Chairman; and
- perform such other duties, and exercises such powers, as prescribed in the Bylaws of the Company or by the Board from time to time.

#### **8. Vice-Chair of the Board**

The Board may appoint a Vice-Chair of the Board. If the Board appoints a Vice-Chair, such Vice-Chair shall be an independent director. The Vice-Chair shall assist the Chairman of the Board in performing his/her duties and responsibilities, and perform such other duties as may be prescribed by the Board from time to time. The Vice-Chair shall perform the responsibilities of the Chairman of the Board during his/her absence or disability.

#### **9. Directors Who Change Their Present Job Responsibility**

The Corporate Governance and Nominating Committee shall review the continued appropriateness of Board membership if a Board member has a material change in employment circumstances.

#### **10. Term Limits**

The Board does not mandate term limits for its directors.

**11. Board Compensation**

The Company's employees shall not receive additional compensation for their service as directors. Director compensation shall be reviewed annually as determined by the Compensation Committee.

The Company believes that compensation for non-employee directors should be competitive. Further, the Company believes is in the best interest of its stockholders that a portion of annual director compensation be paid in Company stock.

**12. Evaluation of Board**

Each year the Board shall conduct a self-evaluation. The Corporate Governance and Nominating Committee shall be responsible for establishing the criteria and implementing the process for that evaluation.

**13. Evaluation of Committees of the Board**

The Corporate Governance and Nominating Committee shall each year cause to be conducted a review of each Board committee's performance and contribution to the Company. The Corporate Governance and Nominating Committee shall be responsible for establishing the criteria and implementing the process for those evaluations.

**14. Evaluation of Board Members**

The Corporate Governance and Nominating Committee shall conduct a review of each Board member during the last year of the Board member's term. It shall be responsible for establishing the evaluation criteria and implementing the evaluation process.

**15. Board Contact with Management and Independent Advisors**

Board members shall have complete access to management. Board members shall use sound business judgment to ensure that such contact is not distracting, and, if in writing, shall be copied to the Chief Executive Officer and the Chairman of the Board.

Furthermore, the Board encourages management, from time to time, to bring employees into Board meetings who: (a) can provide additional insight concerning the items being discussed because of personal involvement in these areas; (b) represent significant aspects of the Company's business; (c) assure the Board of exposure to employees with future potential to assure adequate plans for management succession within the Company; and provide the Board with continuing education respecting the Company.

The Board shall designate a non-voting management liaison to each committee of the Board who shall attend committee meetings at the discretion of each committee.

The Board may retain independent advisors necessary for the performance of its duties to the Company.

**16. Board Interaction with Institutional Investors and Press**

The Board believes that management generally should speak for the Company, consistent with all regulations governing such communications and with common sense. Unless otherwise agreed to or requested by the Chairman of the Board, each director shall refer all inquiries from institutional investors and the press to designated members of senior management or to the Chairman of the Board.

**BOARD MEETINGS**

**17. Frequency of Meetings**

There shall be at least four regularly scheduled meetings of the Board each year. It is the responsibility of the Directors to attend and prepare for the meetings.

**18. Selection of Agenda Items for Board Meetings**

The Chairman of the Corporate Governance and Nominating Committee, in consultation with the Chairman of the Board and the Chief Executive Officer, shall annually prepare a “Board of Directors Master Agenda.” This Master Agenda shall set forth an agenda of items to be considered by the Board at each of its specified regular meetings during the year. Each regular meeting agenda shall include an opportunity for each committee Chairperson to raise issues and report to the Board. Thereafter, the Chairman of the Board may, at his discretion, adjust the agenda to include special items not contemplated during the initial preparation of the Master Agenda.

Upon completion, a copy of the Master Agenda shall be submitted to the Board for approval. Before the Board takes a vote to approve the Master Agenda, each Board member may suggest inclusion of items on the Master Agenda for any given meeting. After approval of the Master Agenda, any Board member may suggest additional subjects that are not specifically on the agenda for any particular meeting. In that case, the Board member should contact the Chairman of the Board at least ten days prior to the relevant meeting.

**19. Strategic Discussions and Approval of Annual Budget**

One Board meeting will be primarily devoted to long-range strategic plans. It is also probable that specific short and/or long-range strategic plans will be discussed at other Board meetings throughout the year. One Board meeting will also be primarily devoted to consideration and approval of an annual Budget.

**20. Executive Sessions**

The Board’s policy is to have a separate meeting time for the independent directors regularly scheduled at least twice a year during the regularly scheduled Board meetings.

**21. Board Materials Distributed in Advance**

Information and data is important to the Board’s understanding of the business and essential to prepare Board members for productive meetings. Presentation materials relevant

to each meeting will be distributed in writing to the Board and where possible at least 5 days in advance of the meeting unless doing so would compromise the confidentiality of competitive information. In the event of a pressing need for the Board to meet on short notice, it is recognized that written materials may not be available in advance of the meeting. Management will make every effort to provide presentation materials that are brief and to the point, yet communicate the essential information.

**COMMITTEE  
MATTERS**

**22. Number and Names of Board Committees**

The Company shall have six standing committees: Audit, Corporate Governance and Nominating, Compensation, Compliance and Quality, Cybersecurity, and Finance. The duties for each of these committees shall be outlined in each of the committee’s charter and by resolution of the Board. The Board may form a new committee or disband a current committee depending on circumstances.

**23. Independence of Audit, Corporate Governance and Nominating, and Compensation Committees**

The Audit, Corporate Governance and Nominating, and Compensation committees shall be composed entirely of independent directors.

The Audit Committee oversees internal and external audit coverage, reviews the annual audited financial statements and monitors the effectiveness of the audit effort, the Company’s internal financial and accounting organization and controls and financial reporting.

The Corporate Governance and Nominating Committee makes recommendations to the Board regarding the size and composition of the Board, establishes procedures for the nomination process, recommends candidates for nomination by the Board, and nominates officers for election by the Board. The Corporate Governance and Nominating Committee also reviews and reports to the Board on matters of corporate governance (that is, the relationships of the Board, the stockholders, and Management in determining the direction and performance of the Corporation) and reviews and addresses these Guidelines and recommends revisions as appropriate.

The Compensation Committee administers the Corporation’s equity incentive plans, including the review and grant of equity awards to all eligible employees under the Corporation’s existing equity incentive plans, reviews and approves salaries and other matters relating to compensation of the named executive officers of the Corporation, and conducts an annual evaluation of the Chief Executive Officer’s performance.

**24. Assignment of Committee Members**

The Corporate Governance and Nominating Committee shall be responsible, after consultation with the Chairman of the Board, for making recommendations to the Board with respect to the assignment of Board members to various committees. After reviewing the

Corporate Governance and Nominating Committee's recommendations, the Board shall be responsible for appointing the chairmen and members to the committees on an annual basis.

**25. Annual Review by Committee**

Each Board committee shall annually review its charter and recommend to the Board any changes it deems necessary. In addition, each Board committee shall annually review the Guidelines and recommend to the full Board any changes the committee believes necessary and such review shall be referred to in the Company's Proxy Statement as aforesaid.

## **LEADERSHIP DEVELOPMENT**

**26. Succession Planning**

The Company understands the importance of succession planning. Therefore, the Board, in consultation with the Chief Executive Officer, shall analyze the current senior management, identify possible successors to management, and develop a succession plan. The plan shall include policies and principles for Chief Executive Officer selection and succession in the event of an emergency or the retirement of the Chief Executive Officer.

## **CONFLICTS OF INTEREST**

**27. Interest Matters**

If a director, directly or indirectly, has a financial or personal interest in a contract or transaction to which the corporation is to be a party, or is contemplating entering into a transaction that involves use of corporate assets or competition against the corporation, the director is considered to be interested in the matter. The director should contact the Chief Executive Officer, the Corporate Secretary, or the Chairman of the Corporate Governance and Nominating Committee. The director's involvement or interest will be reviewed by the Company's Chief Legal Officer, and then referred for resolution to the Corporate Governance and Nominating Committee. Interested directors should be identified and/or disclosed, and they shall not participate in any discussion or any vote relating to the matter in which they have been deemed to be interested. The decision of the Corporate Governance and Nominating Committee on all matters of "interest" shall be final.

**28. Loans to Directors**

In accordance with Section 402 of the Sarbanes-Oxley Act of 2002, neither the Company nor any of its subsidiaries will make any personal loans or extensions, or arrangements for the extension, of credit to or for any member of the Board.

**29. Policy on Poison Pill Plans**

The Board must obtain stockholder approval prior to adopting a stockholder rights plan, or "poison pill," unless the Board, including a majority of the independent members of the Board, in the exercise of its fiduciary responsibilities, determines that, under the circumstances



then existing, it would be in the best interests of the Company and its stockholders to adopt a poison pill without prior stockholder approval. If a poison pill is adopted by the Board without prior stockholder approval, the poison pill must provide that it will expire within one year of adoption unless ratified by stockholders.