

For People Leaders

February 2022

Schedule the conversation to occur between February 28 and March 9

- Total Rewards Statements will start to be released on February 28.
- Plan to hold the Compensation Conversation on or before March 9.
- After this date, compensation changes are visible to employees within UKG Pro, and bonuses for those eligible will be processed.
- Conversations may be held as soon as you receive the Total Rewards Statements.
- Plan for a 5–10-minute conversation with each employee.

Key Dates

Key Dates	U.S.	CAN	UK	Nepal	India	Australia
Merit Effective Date	3/6/2022	3/6/2022	3/1/2022	3/1/2022	3/1/2022	3/1/2022
Merit Payroll Date	3/25/2022	3/25/2022	3/25/2022	3/15/2022	3/31/2022	3/25/2022
Bonus Payroll Date	3/11/2022	3/11/2022	3/25/2022	3/15/2022	3/31/2022	3/25/2022

Why managers should talk about pay

Managers play a key role in compensation communications, and a well prepared for compensation discussion can improve employee outcomes and sentiment regarding their pay.

- ✓ They improve employees' perceptions of their pay and our organization.
- ✓ They reinforce our commitment to meaningfully reward top contributors.
- ✓ They improve employee commitment to you and the organization, leading them to work harder and stay longer with the organization.

Prepare for and conduct the conversation

The direct manager should deliver this message. In cases where the employee has recently transferred to a new manager, consider having the former manager deliver the message. Be sure to align with the former manager prior to the meeting.

Open (1 minute): Explain the purpose and goal of the meeting.

- Example: Our goal for this conversation is for you to have a complete picture of the 2021 total rewards you received and help illustrate the connection to your individual performance.

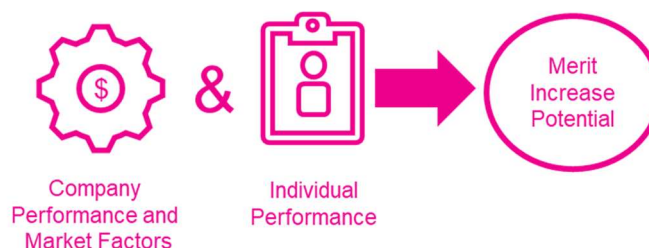
Explain How Merit and Bonus is Funded (1 minute): Use the provided talking points to explain funding.

Pay for performance is at the heart of our pay philosophy. Our goal is to align pay with each employee's level of contribution to the business, and to reward employees who have created the most value for the business in a given year.

Annual Merit Review

Merit increase decisions are made by the leadership team and may be based on a number of factors -- for example: internal equity, relative contribution to the team, market influences, and individual performance. Individual performance is the key driver in determining the merit award. Said another way, higher performance typically results in a higher merit increase, all else being equal.

It is important to note, that the amounts available for merit increases is determined by the company's overall merit budget, which takes into account labor market and economic trends, as well as company financial performance.



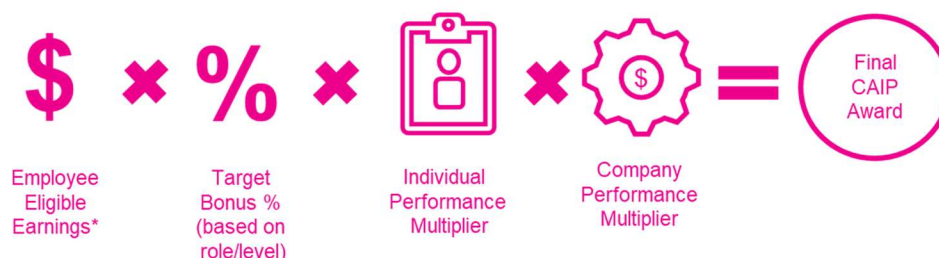
*(*Merit consideration is also subject to certain eligibility guidelines, including hire date or timing of other recent increases prior to the merit review process.)*

Cotiviti Annual Incentive Plan (CAIP)

Employees in certain roles may be eligible to receive an annual bonus under the *Cotiviti Annual Incentive Program (CAIP; formerly referred to as STI or MIP or HMS Annual). Eligibility for CAIP is determined by the company based on competitive labor market practices, level, scope, span of control of a specific role, as well as internal business factors. CAIP rewards performance relative to Company and Individual goals, linking individual and team efforts to the achievement of organizational success, while increasing retention of business-critical skill sets.

**Employees under RAICP, YMICP, or OONCP incentive plans with an annual component, also follow the same guidelines. See plan document for additional details.*

How the Cotiviti Annual Incentive Plan is calculated:



The Company Performance Multiplier may be greater or less than 100%, as determined by the Executive Leadership Team, the Board of Directors and Veritas, and is based on the Company's

overall performance against key measures including, but not necessarily limited to, Revenue, EBITDA, other financial metrics, and/or execution on key strategic initiatives.

- **EXAMPLE:** An employee with \$50,000 eligible earnings, in a role with 10% Target bonus; Company Performance multiplier = 90%; 'Successful' Individual Performance Multiplier = 90%:

$$(\$50,000) * (10\%) * (90\%) * (90\%) = \$4,050 \text{ CAIP Award}$$

*(*Eligible Earnings are defined as: A Participant's Regular Pay, Paid Time Off, Holiday Pay, and other appropriate Paid Leave actually received while in a CAIP-eligible role during the Plan Year. Specific to recent conveyed HMS employees, due to limited availability of earnings history previously paid by HMS, annual salary is used as the basis for bonus calculation.)*

Discuss Total Rewards Statement (5 minutes): Use the 1-page Total Rewards Statement to explain the employee's personalized total rewards. Use the talking points included below. We suggest you plan for what you will say to the employee about the rationale for their specific merit and bonus reward.

The personalized Total Rewards Statement provides you with a consolidated review of your 2021 performance rating and resulting compensation, as well as applicable employer paid benefits, otherwise referred to as Total Rewards.

Total Rewards are Cotiviti's offerings related to compensation, well-being, benefits, recognition, and development opportunities. We believe it is this full complement of offerings that create a motivated and engaged workforce.

Key Talking Points Around the Idea of Total Rewards

- Our health & welfare benefits experienced small or no premium increases.
- We partnered with new vendors to support employees' overall wellbeing.
- We continued to fund employee HSAs according to our policy.
- We continued to match 401(k) saving according to policy.
- We continue to offer a Floating Holiday, to further strengthen our commitment to paid time off and work/life balance.
- We enhanced our PTO program starting in 2022.
- We continue to show our commitment to learning and development and career-advancement opportunities, through access to leadership programs, a learning platform, trainings, lunch and learns, tuition reimbursements, etc.

Your performance last year – as reflected in your 2021 Performance Rating – was a key driver of your merit increase, if any, this year. Compensation adjustments through the merit process are intended to reflect our pay-for-performance culture, and actual merit award percentages and bonus amounts (if applicable) were highly correlated to performance ratings again this year. Walk through the entire statement with the employee.

Close (3 minutes): Ask the employee what questions you can answer. Thank the employee for their contributions to Cotiviti in 2021 and their continued contributions in 2022.

Do	Don't
<ul style="list-style-type: none"> ✓ Focus on the person. This conversation is about compensation and that is a very personal subject for most people ✓ Anticipate employee questions. Think through the specific employee's history and other relevant data to be as prepared as possible ✓ Remember to emphasize the total rewards package including the employer paid benefits 	<ul style="list-style-type: none"> X Forget to communicate the value that the employee brings to Cotiviti X Fail to make the connection between individual performance and compensation decisions. It's important that employees understand Cotiviti's pay for performance philosophy X Talk about other employees. Ground your conversation in facts about the employee's performance and any other factors that impacted the compensation decision (ex: recent salary increase, etc.)

Common scenarios with talking points

Although each situation is different, below are some common issues managers may come across in preparing for the 2021 Performance and Reward Conversation. If you have a specific situation not found below or you would like additional support, please contact your manager, Human Resources or Compensation.

Common Themes	Situation	Impact	Consider saying...
Company or business unit results impact an employee's bonus	Company or business unit had a successful year.	Employee's bonus may not quite be at target despite a successful year for the organization.	"While we were pleased with the recovery the business experienced from 2020 after Covid and we did have a successful year, we did not meet all financial performance metrics. Bonus amounts awarded to eligible employees are based on individual performance and organizational success by taking into account key financial metrics and the execution of key strategic company initiatives. The distribution of performance ratings across the entire company also affects the bonus allocation available to eligible employees."
Merit decisions	Merit-based changes to compensation were primarily based on performance ratings.	Employee may not understand the rationale for the merit compensation awarded.	"In order to promote consistency across the entire enterprise, merit-based recommendations to compensation were based on your performance rating. This means that all employees with the same rating received similar merit increase recommendations. However, final merit increase decisions are also based on a number of other factors in addition to individual performance, including internal

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			equity, relative contribution to the team, and market influences.”
Many high rated employees, but merit increases are lower than expected	Managers were allocated a flat percentage for merit (e.g., 3%) instead of a specific amount based on performance ratings.	People leaders who rated the majority of their employees as high performers received the same percentage allocation.	<p>“This year, the merit increase amounts were awarded based on a number of factors, with the performance review rating being the key driver.</p> <p>Leaders were asked to also consider internal equity, alignment to the market, relative contributions, among others, in determining the final merit increase.</p> <p>Each manager received the same budget percentage relative to their overall payroll (regardless of the performance ratings) and so it is possible that funding an employee above the budgeted % was limited given the merit pool allocated. Any funding consideration for higher rated employees came from the manager’s merit budget.”</p>
Cost of Living	Inflation rates are highest in decades.	Employees are experiencing higher costs of living.	<p>“The cost of living is not a reliable consideration when establishing compensation practices as it can fluctuate. Like most companies, Cotiviti uses the cost of labor as the basis to determine wages to attract and retain our talent.”</p>
Your direct report, a people manager, is familiar with compensation increase recommendations.	A people manager who reports to you wants to understand the rationale behind their merit increase amount.	You have to explain the reason for the awarded increase amount.	<p>“This year, the merit increase amounts were awarded based on a number of factors, including the performance review rating being the key driver, and the budget available which is directly affected by the company’s financial performance and the goals set for us by Veritas.”</p>