

**ROSWELL PARK CANCER INSTITUTE CORPORATION
COMPENSATION COMMITTEE
OF THE
BOARD OF DIRECTORS**

A meeting of the Compensation Committee of the Board of Directors of Roswell Park Cancer Institute Corporation was held on Wednesday, March 13, 2024 at 10:30 a.m. in the Scott Bieler Clinical Science Center, 9th Floor, Patrick P. Lee Board Room.

Present: R. Buford Sears, Committee Chair (*via Teams*)
Anne Gioia (*via Teams*)
Donna Gioia
Candace S. Johnson, Ph.D., President & CEO
Dennis Szefel (*via Teams*)
Lee Wortham

Excused: Gail Mitchell, Esq.

Present by

Invitation: Meghan L. Dobson, Esq., Associate General Counsel
Betsy Doty-Lampson, Board Administrator
Errol A. Douglas, Ph.D., Senior Vice President & Chief Human Resources Officer
John R. Dudkowski, Manager, Classification & Compensation
Susan Johnson, Esq., Director, Employee & Labor Relations (*via Teams*)
Susan Koller-Freer, Director, Employee Services
Michelle Moore, Vice President, Human Resources Management
Michael B. Sexton, Esq., Senior President & Chief Legal Officer
Melanie A. White, Senior Compensation Analyst, Classification & Compensation
Anthony M. Woods, Assistant Vice President, Classification & Compensation (*via Teams*)

I. Opening Remarks/Calendar/Minutes

Mr. Sears opened the meeting at 10:33 a.m., noting there was a full agenda. He then turned to a review of the draft Minutes of the Committee meeting held on December 6, 2023. With no commentary or questions offered, *a motion for approval of those Minutes was made by Mr. Wortham, seconded by Ms. Donna Gioia, and unanimously carried.*

II. Diversity, Equity & Inclusion ("DEI") Efforts

Mr. Woods then reviewed benchmark data on the DEI status of Roswell Park's executives against its employee population, catchment area and patient population with respect to gender, age, race/ethnicity. He noted that at the last Committee meeting, management was tasked with engaging Sullivan & Cotter ("S&C") to provide a comparison of Roswell Park's DEI data against that of comparable health care centers. Dr. Johnson added that Roswell Park's DEI metrics are a central

focus of its Cancer Center Support Grant. Mr. Sears commented that this DEI dataset was well presented and recommended an annual DEI review of executive leadership.

Mr. Woods then advised that the cost of the S&C report for a DEI comparison of Roswell Park's executive team against that of comparable health care centers would be approximately \$3,500. He noted that S&C was not yet retained to provide this report because S&C does not have the catchment area data for these comparable healthcare centers which was requested by Ms. Mitchell. Dr. Johnson commented that each cancer center's catchment area is different, and the focus should be on whether Roswell Park is serving its catchment area. Mr. Wortham advised that Roswell Park should focus on its DEI progress over time, rather than on a static data set. Mr. Sears noted that there is a consensus that the data that S&C can provide is of limited value, so the Committee decided not to proceed with it.

III. Executive Total Compensation Review Report

Mr. Sears then led a discussion on the S&C Executive Total Compensation Review Report, highlighting that total executive compensation is approximately at the mid-range of the market but acknowledged that there will always be executives whose compensation is above the 75th percentile or lower than the 25th percentile. He noted that S&C determined that on an overall compensation plan basis, Roswell Park is within the market norms.

A motion was then made by Mr. Wortham to move to Executive Session for a discussion of strategic business goal performance in the FY24 Variable Pay Plan for the executive staff; review of business judgement factors for compensation levels; Variable Pay Program update for FY24; proposed FY25 Organizational and Individual Goals; and review of President & CEO total compensation assessment and contract. The motion was seconded by Ms. Donna Gioia and unanimously carried.

IV. Executive Salary Adjustment

Dr. Johnson led a discussion on proposed executive salary adjustments for the coming 2025 fiscal year, citing to the benchmarking materials provided in the meeting book. Mr. Wortham commented that coming from commercial business perspective he is surprised Roswell would elect a straight 3% across the board salary increase. He suggested the better approach is to allocate compensation increases based upon individual merit.

Dr. Johnson agreed, but noted that finances are tighter this year, and generally lack of productivity is dealt with through dismissal rather than foregone pay increases. Dr. Douglas agreed with Mr. Wortham and noted that in the past his team has proposed a salary increase program based upon individual achievement. Mr. Wortham reiterated that basing compensation adjustments on merit and achievement is a best practice.

Ms. Morre noted that the union staff are all getting 3% and so with a smaller raise pool, it was felt an across the board increase was warranted. Mr. Wortham indicated he defers to management to make decisions as appropriate. Mr. Sears noted that Dr. Johnson needs to retain her people and use compensation as a retention lever, but somehow the current approach appears to

work. It is retaining people and keeping them motivated despite his philosophical distaste for this approach.

V. Business Judgement Factors for Executive Compensation Levels

Mr. Sears then led a review of the business judgement factors for executive's whose compensation either exceeds the 75th percentile or is below the 25th. He noted that Dr. Morrison, Mr. Neumeister and Ms. Rodriguez-Dabney were three (3) new "outliers" whose compensation is projected to exceed the 75th percentile. Dr. Johnson emphasized Ms. Rodriguez-Dabney's value to the organization. Mr. Sears then advised that he reviews "every word", noting that Ms. Mitchell adds tremendous value in reviewing these outliers. There were no other comments.

VI. Proposed FY25 Organizational and Individual Goals

Mr. Sears asked Dr. Johnson and the HR team to comment on changes to the goal setting process in the current year. Mr. Szeffel expressed discomfort that sometimes he feels goals in the plan do not reflect work beyond the scope of one's day to day job duties. Dr. Johnson agreed that this can be an issue. She feels that the Class & Comp team, John Dudkowski and Anthony Woods do good work assisting employees to develop stretch goals.

Dr. Johnson addressed the FY25 goals. She said the team is still tweaking the organizational goals, and asked if there were any questions on individual goals. Mr. Sears noted that where there are many participants in organizational goals and a great deal of goal sharing, this can lead to most people getting maximum scores without great individual contribution.

Ms. Gioia stated that thanks to Dr. Johnson and Ms. Eve, the Chairwoman of Board, quality is at forefront for FY25. She feels quality must be a major element of everyone's individual goals if Roswell Park is to seriously consider itself to be a "high reliability organization." She was concerned about this issue as she went through some of the individual goals. Dr. Johnson agreed and said the team would look at the goals again. There was a discussion about the importance having a quality element in most participants' goals. Mr. Szeffel inquired about a particular shared goal involving creation of a spin off company. Mr. Sexton advised that this was going to be a special purpose vehicle involved in the cGMP project.

Mr. Sears then asked for a review of Dr. Johnson's individual goal, noting that she has four (4) organizational goals, and three (3) individual goals. Management focused on weighing her individual goals appropriately. He also noted that the proposed organizational goals for FY25 are not static, and logic should be exercised in event of environmental changes and mid-year role adjustments.

There being no further discussion or commentary, a motion was made by Mr. Szeffel to approve the FY25 Organizational and Individual Goals for the FY25 Variable Pay program, as presented, which was seconded by Ms. Anne Gioia and unanimously carried.

VII. Variable Pay Program, Update for FY 24

Mr. Sears turned to the scoring of individual goals in the current year plan for the third quarter. He turned to the meeting materials. He also remind the meeting that meeting budget, a circuit breaker, has been put on a grading system for the current year. Given challenges in the industry, many peer organizations have modified their budget circuit breaker to account for financial challenges, in order to retain high performers.

Mr. Sears pointed out that S&C provided circuit breaker data in real time, suggesting that if organization makes 75% of budget, the plan could be funded at 50% of target, if 90% of budget, then 75% funding, and if makes 100% of budget, then 100% funding. This had been approved at the December meeting. At Finance Committee, there was discussion of excluding 3 items that were unbudgeted, but had a significant impact on operating results. There was a robust discussion, and the Committee agreed that it is appropriate to exclude these expense items from consideration. Mr. Sears said he is cautiously optimistic that Roswell will be at least at the 75% level of budget, triggering funding of 50% of plan.

Mr. Szeffel inquired as to what the excluded items were. Dr. Johnson and Dr. Douglas explained them: (1) PEF CBA bonus - \$5 million; (2) Paid Parental Leave - employer cost will have a significant negative effect on the bottom line; (3) retiree health - actuarial numbers were off by approximately \$2.8 million. Mr. Szeffel noted that it is not uncommon to implement adjustments along these lines in these types of programs. Mr. Sears felt it helped that Finance Committee was approving.

Mr. Sears then turned to a ten-page evaluation by S&C discussing modification of the budget circuit breaker going forward for FY25 and beyond. He noted he has no strong opinion on approach, and wants to hear the Committee's views. He reminded everyone of the higher fiduciary duty as board members of a public benefit corporation to safeguard resources while also properly compensating management in a benchmarked manner.

The Committee members voiced their opinions as to the options for addressing the budget and financial circuit breaker issue as laid out in the S&C report. Most of the Committee members voiced approval of Option 3 in the S&C report. Mr. Sears suggested that the compensation team formulate a proposal based on the S&C report and Option 3, and circulate it for a vote by email by the Committee. There was full support for proceeding in this fashion.

Dr. Johnson then provided updates on individuals leaving the executive benefits plan: (1) [REDACTED], who has an amicable separation. His variable compensation will be prorated for FY24. His position is not being replaced, and his job duties are being reassigned to other executives, with a portion going to the physician in chief when that position is filled; (2) [REDACTED], MD: negotiations still underway for him to stay on as a staff physician. He also will receive a prorated share of variable compensation for FY24; (3) [REDACTED]: removed to a distinguished member position due to productivity and other issues. His title is not being replaced. He will receive prorated variable compensation for FY 24.

At that point, a motion was made to move to executive session to discuss the performance of the Chief Executive Officer and review her compensation and variable compensation goal achievement. The motion was seconded and unanimously approved. It was then agreed that Mr. Woods would

stay to advise the Committee members during the discussion on Dr. Johnson's compensation. All other non-committee member attendees then left for this discussion, including with Dr. Johnson.

VIII. President and CEO Total Compensation Assessment

Mr. Sears then proceeded to review with the Committee the total compensation assessment report for the President & CEO that was prepared by SullivanCotter, along with the retention considerations related to Dr. Johnson's employment as President & CEO.

The Committee agreed to a 6% increase to Dr. Johnson's base salary in view of benchmarks provided by SullivanCotter and in consideration of the organization's current finances. Mr. Sears indicated that he believed that this adjustment was appropriate and necessary to maintain Dr. Johnson's base salary within the mid-range of the market.

The Committee also agreed to three (3) retention bonus payments as follows: ██████ for fiscal year 2024; ██████ for fiscal year 2025; and ██████ for fiscal year 2026. The payment date for these payments shall be the same payment date used for any approved payment of Variable Pay in a corresponding fiscal year (e.g., the ██████ retention bonus payment for fiscal year 2024 would be paid in the latter part of June 2024). If no Variable Pay is approved for a given fiscal year, the authorized retention bonus payment for that fiscal year will be issued on or immediately following the date of the first Compensation Committee Meeting that follows the close of such fiscal year.

The above proposed change to base salary and addition of the retention bonus program were considered by the Committee and a motion for approval was made by Mr. Sears and seconded by Ms. Donna Gioia and unanimously carried.

Mr. Sears expressed that he would convey these authorized compensation adjustments to the Board Chair and to Dr. Johnson.

Mr. Wortham then made a motion to return to Open Session which was seconded by Mr. Sears and unanimously carried.

Adjournment

There being no further business, *a motion to adjourn the meeting was made by Ms. Donna Gioia which was seconded by Mr. Szefel, and unanimously approved.*

Michael B. Sexton, Secretary