GOVERNANCE, ACCOUNTABILITY AND NOMINATING COMMITTEE CHARTER

A. Composition and Qualifications of Committee Members.

The Governance, Accountability and Nominating Committee (the “Committee”) shall consist of three (3) or more Directors, who shall be elected by the Board of Directors (the “Board”), and who shall continue as members of the Committee at the pleasure of the Board. Except for the Chair of the Committee who shall serve also on the Executive Committee, the members of the Committee shall not serve on the Executive Committee. The Committee shall be comprised solely of Directors who are independent. An independent Director for the Committee is one who:

1. Has no personal services contract or material relationship with Kaiser Foundation Health Plan, Inc., Kaiser Foundation Hospitals or any of their subsidiaries (a “Kaiser entity”) except for Board service;

2. Is not a partner, executive officer, principal shareholder or director of any entity that (a) has a contract to provide goods or services to a Kaiser entity, and (b) receives more than 1% of its gross revenues from one or more Kaiser entities;

3. Is not currently and has not been for the past three years employed by a Kaiser entity;

4. Has not during the last three years been part of an interlocking directorate in which an executive of a Kaiser entity served on the compensation committee of another company that concurrently employs the director;

5. Has not during the last one year been affiliated with or employed as a corporate officer, partner, or an audit related employee by a present or former auditor of any Kaiser entity;

6. Is not a “family member”, as defined in Section 4958(f)(4) of the Internal Revenue Code, of any person described above.1

7. Is free of any other relationship which would interfere with the exercise of independent judgment; and

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1 Section 4958(f)(4) of the Internal Revenue Code defines “family member” as a person’s spouse; brothers or sisters (by whole or half blood); spouses of brothers or sisters (by whole or half blood); ancestors; children (including a legally-adopted child); grandchildren; great grandchildren; and spouses of children, grandchildren, and great grandchildren.
8. Is receiving director’s fees and related expense reimbursement as the only form of compensation from any Kaiser entity.

Notwithstanding the above, the Directors who are independent, after consideration of all of the relevant circumstances, may determine whether a relationship is material or immaterial and whether a Director would therefore be considered independent. The Board of Directors shall document the basis for such a determination.

The Board shall determine the qualification and independence of Directors for service on the Committee.

B. Authority and Duties.

The Committee will assist the Board in fulfilling its oversight responsibility relating to (1) Board and committee composition, performance and function, including nominating and recruiting Board members, (2) conflicts of interest, (3) directors and officers liability insurance arrangements, (4) corporate document review, and (5) performance against specific strategic plans. The Committee shall report its actions and recommendations to the Board regularly.

1. Board and Committee Composition, Performance and Function.

The Committee shall have the following responsibilities regarding Board and committee composition, performance and function:

a. Make recommendations to the Board regarding Board composition, taking into account various state and federal laws and regulations affecting the composition of the Board, and other criteria as developed and periodically modified by the Board;

b. In collaboration with senior management, recruit potential Board members;

c. Make recommendations to the Board regarding criteria for Board membership consistent with an organized assessment and recruitment plan and based on current Board needs that are consistent with the organization’s strategy;

d. Review candidates suggested by management and by other Board members and recommend appropriate candidates for consideration by the Board;
e. Have the sole authority to retain and terminate any search firm to be used to identify director candidates, including sole authority to approve the search firm’s fees and other terms of engagement and retention;

f. Oversee development, orientation, training and continuing education of Directors, including the approval of conferences for Directors.

g. Make recommendations to the Board in collaboration with the Board chair concerning establishment of Board committees and composition of such committees taking into account various state and federal laws and regulations regarding qualifications to serve on board committees;

h. Conduct an annual evaluation of the Board’s performance, including the performance and contribution of each Board member whose term is expiring, the performance of each Board committee, and other issues of corporate governance; and

i. Develop and recommend to the Board corporate governance principles and amendments, and monitor compliance with such principles.

j. Oversee and review the process for providing information to the Board.

2. Conflict of Interest Matters.

The Committee shall have the following responsibilities regarding conflict of interest matters:

a. Approve the form of conflict of interest questionnaires completed annually by Directors, officers and certain employees;

b. Review Directors’ responses and recommend appropriate action to the Board with regard to any conflict of interest disclosed by a Director’s response and consider waivers or other action related thereto;

c. Review management reports and actions taken with regard to responses to conflicts of interest questionnaires from officers and employees;

d. Review and approve material transactions between the company and any Director or senior executive officer for fairness to the company;

e. Advise and make recommendations to the Board with respect to the company’s code of conduct/ethics (“Principles of Responsibility”).
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f. Review processes for implementing and/or enforcing the company’s code of conduct/ethics (“Principles of Responsibility”), conflict of interest disclosures, and anonymous reporting mechanism.

3. Directors and Officers Liability Insurance Arrangements.

The Committee shall review directors and officer’s liability insurance arrangements at least annually to assure adequacy and appropriateness of self-insured retentions and credit quality of insurers.


The Committee shall have the following responsibilities regarding corporate matters:

a. Periodically review the company’s Articles of Incorporation and Bylaws and recommend amendments to the Board.

b. Periodically review Board Committee Charters and recommend amendments to the Board.

c. Review the proposed formation or dissolution of a Kaiser entity and recommend approval to the Board.

5. Strategic Plan Performance Updates.

The Committee shall have the following responsibilities regarding strategic plan performance:

a. Oversight of critical priorities as identified in the Kaiser Permanente Partnership Group ("KPPG") Performance Agreement, or any comparable set of strategic agreements and commitments that may be created and entered into from time to time.

b. Receive reports from senior management on a quarterly basis regarding performance against strategic plans.