RELIABILITY FIRST

Agenda
Board of Directors • Talent and Compensation Committee
August 26, 2026 • 8:30 am – 12:00 pm (ET)

Inn Walden
1119 Aurora Hudson Rd
Aurora, OH 44202

Room: Executive Boardroom
Attire: Business Casual

Closed Agenda

1. Call to Order 8:30 AM
Presenter: Lesley Evancho, Chair

2. Appoint Secretary to Record Minutes 8:30 AM

3. Antitrust Statement 8:30 AM
Presenter: Niki Schaefer, VP and General Counsel

4. Consent Items 8:35 AM
Presenter: Lesley Evancho, Chair
Reference: *Minutes:*
a) Draft Minutes for the April 29, 2026 Talent and Compensation Committee Meeting

Reference Materials:
b) Staffing Demographics & Strategy Update

Action: Approve Minutes

5. Employee Engagement Survey Results 8:40 AM
Presenter: Jeff Craigo, SVP Operations and Risk
Description: Mr. Craigo will provide an overview of the 2026 employee engagement survey results.
Reference: Presentation
Action: Information and Discussion

6. 2026 Start/Stop/Continue Update 9:00 AM
Presenter: Matt Thomas, Director, Compliance Monitoring
Description: Mr. Thomas will provide an update on the progress of the annual start/stop/continue exercise conducted with the management staff.
Reference: Presentation
Action: Information and Discussion

7. Corporate Goals Restructuring 9:15 AM

Presenter: Tom Scanlon, Associate General Counsel and Director of Enforcement

Description: Mr. Scanlon will discuss and propose a new goal structure for 2027.

Reference:

a) Presentation
b) Summary of Concepts and Definitions
c) Mockup of Organizational Health Report
d) Sample Priority Goals

Action: Endorse Approach

8. 2026 Corporate Goals Update 10:00AM

Presenter: Jeff Craigo, SVP Operations and Risk

Description: Mr. Craigo will provide an update on the current 2026 goals.

Reference: Presentation

Action: Information and Discussion

CLOSED EXECUTIVE SESSION – COMMITTEE MEMBERS ONLY

9. Updated Compensation Philosophy 10:15AM

Presenter: Janine Valvoda, HR Manager

Description Ms. Valvoda will lead a discussion regarding key aspects of an updated RF Compensation Philosophy.

Reference:

a) Presentation
b) DRAFT RF Compensation Philosophy *(confidential)*

Action: Information and Discussion

10. CEO Compensation Study 11:00 AM

Presenter: Marc Mullis, Payformance Partners

Description: Mr. Mullis will present the results of the CEO compensation study.

Reference: Presentation

Action: Endorse Approach

11. Mid-year Review of President and CEO 11:30 AM

Presenter: Lesley Evancho, Chair

Description: Chair Evancho and Mr. Gallagher will provide an update on progress towards 2026 goals and initiatives.

Reference: None

Action: Information and Discussion

12. 2026 Future Meetings:

- December 2, 2026 – Washington DC, NERC Offices

13. Adjourn 12:00 PM

Roster • Talent and Compensation Committee

Lesley Evancho, Chair • Independent (2028)
Steve Ambrose, Vice Chair • Medium LSE (2028)
Joanna Burkey • Lead Independent (2028)
Melika Carroll • Independent (2027)
Craig Creamean • Large LSE (2027)
Ken Seiler • Independent (2026)
Robert Taylor • Invenergy (At-Large 2026)

RELIABILITY FIRST

DRAFT Minutes
Board of Directors • Talent and Compensation Committee

April 29, 2026
ReliabilityFirst Corporation • Cleveland, OH

Closed Session

Call to Order – Chair Lesley Evancho called to order a duly noticed closed meeting of the Talent and Compensation Committee (Committee) on April 29, 2026, at 9:30 a.m. (ET). A quorum was present, consisting of the following Committee members: Lesley Evancho, Chair; Steve Ambrose, Vice Chair; Joanna Burkey; Melika Carroll; Craig Creamean; Ken Seiler; and Robert Taylor. A list of others present during the Committee meeting is set forth in Attachment A.

Appoint Secretary to Record Minutes – Chair Evancho designated Niki Schaefer, ReliabilityFirst's (RF) Vice President and General Counsel, as the secretary to record the meeting minutes.

Antitrust Statement – Ms. Schaefer advised all present that this meeting is subject to, and all attendees must adhere to, RF's Antitrust Compliance Guidelines.

Approve Compensation Committee Meeting Minutes – Chair Evancho presented draft minutes from the December 2025 Committee meeting, which were included in the agenda package. Upon a motion duly made and seconded, the Committee approved the minutes as presented.

Benefits Renewal Update – Jeff Craigo, RF's SVP Operations & Risk, opened by explaining that RF has a medical benefits renewal approaching in July 2026 and therefore invited Taylor Oswald to discuss the medical benefit renewal landscape with the Committee. He explained the intent is to have another Committee meeting to discuss benefit renewals once the renewal numbers come in.

Tara Zick, Vice President, Benefits Practice Leader at Taylor Oswald, began by stating that 2026 is one of the most challenging benefit renewal years she has seen for RF in a long time. She explained her history with RF, and how because the population of RF previously had less than 100 people on the plan, RF historically had limited access to data about its plan usage. Now that it has crossed the 100-person threshold, RF has access to additional data.

She first recapped the results of the 2024 benefits renewal season that resulted in RF selecting an 18-month contract with the Anthem ERC program at an over 10% decrease, as opposed to an 11% increase with United Healthcare. Ms. Zick also talked through other ancillary benefit plans such as vision, dental, life insurance, and disability. She then discussed the July 1, 2025 renewal that resulted in an increase of 27% with Anthem ERC (negotiated down from 29%). Ms. Zick explained that the high renewal rate was due to RF's relatively high utilization rate, meaning that the insurance company was paying out much more in claims for RF and was no longer making money. Only one other insurer would bid in 2025, which was Aetna at a 45% increase. Ms. Zick explained that the average loss ratio that insurance companies like to see is 80% (which would still see an increase), and that RF was at a negative loss ratio in 2025 (worse than 80%) which also does not look favorable in 2026. She shared that the renewal has gone to market and potential bidders are waiting on Anthem's renewal quote which should come tomorrow.

Ms. Zick then shared that the current renewal landscape is about 9-10% for companies with an 80% loss ratio. She shared additional data about the 2026 renewal landscape, noting that more than 50% of the companies had experienced a 7% increase, with 21.5% at 4-6.9% and 26.9% at 0-3.9%. She discussed the primary cost drivers of these increases (including catastrophic claims and higher utilization of benefits).

Ms. Zick shared how employers have been surprised at the size of rate increases versus that of prior years, the impact of a small number of high-cost claims, and limited carrier flexibility. She noted that the highest renewal of her clients this year was 42% for a 500-person company and the lowest was a 3% for a company just over 100 people. The 42% renewal increase was due to a small number of individuals with very high claims.

Ms. Burkey inquired about whether Ms. Zick sees differences between publicly traded versus private companies. Ms. Zick gave an anecdotal answer about certain practices she has seen, and the flexibility and personalization that private companies can provide. She pointed out that occasionally it helps to go to market and have insurers bid against each other.

Ms. Zick then discussed how employers have responded to large increases, such as increasing employee contributions, changing plan designs or changing their carrier or third-party administrator. There is also a legal obligation to provide a low-cost insurance option based on the lowest paid employee. She also discussed that larger changes are not taking place due to employee affordability concerns, employee disruption, and satisfaction concerns. Benefits have remained relatively stable, as 61.2% of employers did not add new benefits; 66.7% employers did not remove or reduce benefits.

She then discussed what companies want to do going forward, noting that about 25% will focus on cost reduction and increased cost-sharing, 18.6% intend to leverage data and analytics, 16.3% intend to innovate and personalize offerings, 5.4% intend to prioritize compliance and fiduciary responsibilities, and 34.1% expect no significant strategic changes. Ms. Zick explained that having no strategy would be a mistake because it would be costly.

Ms. Zick closed her presentation with the top trends being monitored: (1) cost containment (educating employees about being better healthcare consumers), (2) pharmacy and GLP-1 drugs, and (3) health insurance market shifts. She noted the potential savings if employees understand how to shop for treatments; however, she explained the potential downside in doing that.

Mr. Craigo pointed out that RF spends approximately $3 million a year on healthcare, and discussed the difficulty in changing carriers and the known catastrophic claims for certain employees. He then talked about the competitive advantage of the benefits package that RF offers and how it is a distinguishing factor in attracting top talent.

Ms. Evancho asked if employee premium amounts were changed when costs decreased for 2024 and Mr. Craigo answered that the percentage did not change but because the premium itself decreased the employee contribution also decreased.

Mr. Gallagher asked Taylor Oswald about offering both an HSA plan and a PPO plan and Ms. Zick explained the importance of encouraging contributions to the HSA and noted that RF is approximately 2/3 HSA and 1/3 PPO. Ms. Klein added that new hires tend to lean more towards the HSA plan.

There was then discussion on the general lack of knowledge about consumer choice in healthcare and savings opportunities. Ms. Zick talked about new technology called Smart Shopper that has partnered with healthcare providers and shares information and cash incentives.

Q1 Staffing Demographics & Diversity Strategy Update – Mr. Craigo opened with the hiring metrics. He shared that two new hires in Q1 were hired within 40 days, which is optimal timing. He then noted the vacancy rate is 3%. He moved on to a recruiting snapshot and the efforts to create a diverse pipeline for open roles. Mr. Craigo discussed a technical writer hired with a wealth of relevant experience who could hit the ground running. Mr. Craigo also discussed the Principal Engineer recent hire who brought relevant experience as well and was a recommendation from another RF employee who had been with the organization for two years.

He also mentioned the total rewards statements that Ms. Klein has been providing to new hires that highlight the monetary value of the benefits offered by RF. Ms. Burkey noted the incredible value of Ms. Klein bringing her financial mindset to the HR department. Ms. Klein shared that total rewards statements are also being prepared for existing employees.

Mr. Craigo moved on to a discussion of the intern program and the tremendous value it has brought to RF, including resulting in multiple hires for RF.

Mr. Craigo then discussed demographics regarding sex, race, age, and tenure. He shared that 54% of the staff have less than 5 years at the company. Mr. Craigo then moved on to retention metrics.

Ms. Schaefer discussed the RISE committee, which stands for Respect, Inclusion, Support, and Empowerment. She explained that because RF is currently short-staffed in HR, the RISE committee volunteered to take over responsibility for company-wide inclusion and team-building activities such as RF's Day of Giving scheduled for May 27 where Cleveland-based staff is invited to participate in a charitable activity as a group for a day. This year, the RISE committee leveraged its partnership with the Girl Scouts of Northeast Ohio to volunteer for summer camp set up.

Ms. Schaefer discussed new membership on the committee and the success of various initiatives like the mix and match program, a voluntary program where individuals are matched with other individuals at the company who they do not normally interact with and meet periodically in hopes of developing a sustainable connection and informal mentor relationship. Other successful programming includes the Girl Scout Cybersecurity Badge event, the Aspire partnership (a stem focused camp for underprivileged high potential youth), RF's Day of Kindness, and movie club where all staff views a diversity and inclusion focused movie and discusses it as a group. Ms. Schaefer shared that the RISE Committee has been incredibly well received by staff since its formation approximately two years ago and how fulfilling it has been acting as the executive sponsor since its inception.

Mr. Craigo then discussed the open HR manager role and the elimination of the senior director position that oversaw finance, IT, HR, and innovation. He discussed the process for selecting HR manager candidates and that the current stage is bringing 3 finalists back for an additional interview. Mr. Gallagher pointed out that the plan for the HR department is to hire a manager and 2 HR generalists to support the manager. Mr. Craigo said that the hope is to make an offer in May.

2026 Corporate Goals Update – Mr. Craigo opened by acknowledging that the corporate goals are currently not where he wants them to be, but he hopes to get them there. Mr. Gallagher noted that corporate goals have always been a struggle for RF and underscored RF's commitment to produce measurable goals. Ms. Evancho noted the lack of bridge between activities and outcomes. The group agreed that at some point in the future there would be discussion about the structure of RF's goals.

Ms. Burkey suggested that RF should be learning from companies outside of the RF vertical: people in the NGO space who exercise soft power (influence and oversight). A good example of this is in state outreach work with in-reach and outreach measures.

Ms. Evancho talked about how EQT measures goals in government affairs and scoring of the individual's importance, how difficult it was to secure the meeting, etc. There was discussion about engaging RF board member Nate Hill to discuss how he quantifies his team's goals at Amazon.

Mr. Craigo then explained the Tier 1 strategic objectives, the Tier 2 goals (areas of focus where RF will direct resources), and Tier 3 activities (day-to-day work to achieve goals). There was discussion on reframing activities as more metrics/goals.

Mr. Craigo then walked through the Tier 2 objectives and progress towards achieving them. The only two with potential delays fell into cultivating a talented and engaged workforce given being short-staffed in HR and waiting on the hire of the new HR manager to take an inventory of what RF is doing and produce their own plan.

Mr. Craigo highlighted Tier 3 activities such as investigating the use of AI/copilot to analyze past mitigation plans, identifying and registering IBRs, operationalizing the AI Principles, expanding the use of AI, risk identification improvements, hosting a CIP workshop in May 2006, the upcoming

Michigan tabletop exercise, data center outreach, and using AI to drill down into weather and plant data.

Ms. Burkey suggested using AI to summarize reports issued by RF and ask what the takeaways are to make sure it is conveying what you want it to convey. Mr. Noel pointed out that AI cannot read certain graphics. There was discussion about making a final AI readable version of reports issued by RF.

Mr. Craigo then spoke to some of the goal illustrations in the appendix to explain individual activity progress to the Committee.

There was then discussion about click rates on phishing tests, and structuring the tests, as well as focusing on repeat offenders. There was also discussion about progress on AI use cases and staff's usage of AI. Mr. Noel suggested offering kazoo points like the RISE committee does for participation in its programs to incentivize AI usage.

Next Meeting – Chair Evancho noted that the next Committee meeting will occur on August 26, 2026, in Cleveland, OH at the RF offices. Chair Evancho then moved the Committee into closed session.

Closed Executive Session – Committee Members Only

Executive Session – Chair Evancho held a confidential executive session with the Committee.

Adjourn – Upon a motion duly made and seconded, Chair Evancho adjourned the Committee meeting at 12:15 p.m. (ET).

As approved on this 26th day of August, 2026 by the Talent and Compensation Committee,

Niki Schaefer
Vice President, General Counsel and Corporate Secretary

Attachment A

Others Present During the Compensation Committee Meeting

Jeff Craigo • ReliabilityFirst
Tim Gallagher • ReliabilityFirst
Diane Holder • ReliabilityFirst
Christi Klein • ReliabilityFirst
Marcus Noel • ReliabilityFirst
Niki Schaefer • ReliabilityFirst