

PROVIDENCE  
SERVICE  
CORPORATION

**Charter of the Compensation Committee**  
(effective March 3, 2017)

**PURPOSE AND POLICY**

The primary purpose of the Compensation Committee (the “Committee”) shall be to act on behalf of the Board of Directors (the “Board”) of The Providence Service Corporation, a Delaware corporation (the “Company”), in formulating, evaluating and approving the compensation of the Company’s “Officers” (which for purposes of this Charter has the meaning given to such term in Section 16 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the “Exchange Act”), overseeing all employee compensation programs (including retirement benefits) and preparing an annual report on executive compensation for inclusion in the Company’s annual proxy statement in accordance with applicable rules and regulations. The operation of the Committee shall be subject to the Bylaws of the Company as in effect from time to time and Section 141 of the Delaware General Corporation Law.

**COMPOSITION**

The Committee shall consist of at least three members of the Board. Each member of the Committee shall (i) be “independent” as determined by the Board consistent with the listing standards of the NASDAQ and the Securities and Exchange Commission (“SEC”) rules (including Sarbanes Oxley Act of 2002 and Rule 10C-1(b) under the Exchange Act), (ii) qualify as an “outside director” for the purposes of Internal Revenue Code Section 162(m) and the regulations promulgated thereunder (“Section 162(m) Rules”), and (iii) qualify as a “non-employee director” within the meaning of Rule 16b-3 under the Exchange Act (“Rule 16b-3”).

If any member of the Committee shall not satisfy the requirements of a “non-employee director” for purposes of Rule 16b-3, the Committee shall delegate to the Board or to a subcommittee of the Committee consisting of at least two members, each of whom satisfies the requirements of a “non-employee director” for purposes of Rule 16b-3, all approvals, certifications and administrative and other determinations with respect to equity-based compensation intended to satisfy the exception provided under Rule 16b-3, and the Board or such subcommittee shall have the full authority of the Committee with respect to such matters. As to any compensation plan that is intended to be administered by the Committee in a manner consistent with the Section 162(m) Rules, if any member of the Committee shall not satisfy the requirements of an “outside director” for purpose of the 162(m) Rules, the Committee shall delegate to a subcommittee of the Committee consisting of at least two members, each of whom satisfies the requirements of an “outside director” for purposes of the Section 162(m) Rules, all approvals, certifications and administrative and other determinations with respect to compensation intended to satisfy the requirements for the “qualified performance-based compensation” exception under the Section 162(m) Rules and such subcommittee shall have the full authority of the Committee with respect to such matters.

The Committee members, including the Chairperson of the Committee, shall be appointed by and serve at the discretion of the Board on the recommendation of the Nominating and Corporate Governance Committee of the Board, shall serve for such term or terms on the Committee as the Board may

determine or until earlier resignation, removal or death, and may be removed from the Committee only by majority vote of the full Board. Vacancies occurring on the Committee shall be filled by the Board. If the Chairperson is not present at a meeting, the members of the Committee may designate an acting Chairperson. The Chairperson shall be responsible for leadership of the Committee, including overseeing the agenda, presiding over the meetings and reporting to the Board.

A member shall promptly notify the Committee and the Board if the member no longer meets any of the requirements set forth above in the first paragraph of this section, and such member shall be removed from the Committee unless the Board determines that an exception to such requirements is available under applicable rules with respect to such member's continued membership on the Committee and should be made.

#### **MEETINGS**

The Committee shall hold such regular or special meetings as its members shall deem necessary or appropriate but shall meet no less than once a year. A majority of the Committee members shall constitute a quorum. The affirmative vote of a majority of the members of the Committee participating in any meeting of the Committee is necessary for the adoption of any resolution.

The Chairperson of the Committee shall report to the Board from time to time, or whenever so requested by the Board.

#### **AUTHORITY**

The Committee shall have the authority to retain and determine the compensation for, at the expense of the Company, special legal, accounting or other advisors or consultants as it deems necessary or appropriate in the performance of its duties, subject to the independence assessment required by the listing standards of NASDAQ. The Committee shall also have the authority to pay, at the expense of the Company, ordinary administrative expenses that, as determined by the Committee, are necessary or appropriate in carrying out its duties. The Committee shall have full access to all books, records, facilities and personnel of the Company as deemed necessary or appropriate by any member of the Committee to discharge his or her responsibilities hereunder. The Committee shall have authority to require that any of the Company's personnel, counsel, accountants (including the Auditors) or investment bankers, or any other consultant or advisor to the Company attend any meeting of the Committee or meet with any member of the Committee or any of its special legal, accounting or other advisors and consultants. The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee. The approval of this Charter by the Board shall be construed as a delegation of authority to the Committee with respect to the responsibilities set forth herein.

#### **RESPONSIBILITIES**

To implement the Committee's purpose and policy, the Committee shall be charged with the following functions and processes and such other matters as may from time to time be delegated to the Committee by the Board:

1. Establish, in consultation with the Company's Chief Executive Officer ("CEO"), the Company's overall compensation philosophy, and oversee the development and implementation of compensation programs and policies.
2. Review and discuss incentive compensation policies and practices applicable to all employees generally, to confirm that incentive compensation programs do not encourage risk taking that could

be reasonably likely to have a material adverse effect on the Company.

3. Review and evaluate CEO and Officer performance and compensation levels, and approve changes in compensation levels.
4. Review non-employee director compensation for service on the Board and Board committees as the Committee shall deem necessary and to recommend any changes to the Board.

In consultation with Company management, oversee regulatory compliance with respect to compensation matters, including overseeing the Company's policies on structuring compensation programs to preserve tax deductibility.

5. Approve the form of employment contracts, severance arrangements, change in control provisions and other compensatory arrangements with Officers.
6. Approve cash incentives and deferred compensation plans for Officers (including any modification to such plans) and oversee the performance objectives and funding for executive incentive plans.
7. Approve compensation programs and grants involving the use of the Company's stock and other equity securities, including the administration of the Company's Stock Incentive Plans.
8. Review levels of executive officer and director stock ownership with respect to expectations set forth in the Company's stock ownership policy.
9. Review and discuss with management the Compensation Discussion and Analysis to be included in the Company's proxy statement in connection with its annual meeting of stockholders and, based on such review and discussion, recommend to the Board that the Compensation Discussion and Analysis be included in the proxy statement.
10. Review and approve the Compensation Committee Report required by Item 407(e)(5) of Regulation S-K to be included in the Company's proxy statement in connection with its annual meeting of stockholders.
11. Retain and terminate any compensation consultant to be used to assist the evaluation of the compensation of the directors, CEO or Officers of the Company, including the sole authority to select the consultant and to approve the firm's fees and other retention terms. Prior to selecting, or receiving advice from, a committee consultant, the Committee will take into consideration the independence factors specified in Rule 10C-1(b)(4) under the Exchange Act, and NASDAQ Listing Rule 5605(d)(3)(D). In addition, the Committee shall evaluate whether any Committee adviser retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K.
12. Obtain advice and assistance from internal or external legal, accounting or other advisors as required for the performance of its duties.
13. Conduct an annual evaluation of the performance of the Committee.
14. Review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
15. Investigate any matter brought to the attention of the Committee within the scope of its duties if, in

the judgment of the Committee, such investigation is necessary or appropriate.

16. To perform such other functions and to have such powers as may be assigned to the Committee by the Board, or as may be necessary or appropriate in the efficient and lawful discharge of the foregoing.

To the extent that any of the above responsibilities involve the compensation of the CEO, the CEO shall not be present during any voting or deliberations of the Committee in respect thereof.

With respect to these responsibilities, and to minimize administrative burdens, the Committee will work with management to define adequate thresholds below which approval for some of these activities and associated transactions can be delegated to management without direct Committee involvement; provided, however, that no member of management shall be delegated authority over his or her own compensation (other than with respect to benefit plans in which such member of management participates on the same basis as other employees generally).

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. Except as otherwise required by the rules of NASDAQ applicable to the Committee, or applicable law, the purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules, and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.