

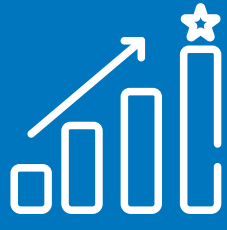
## 2025 Priorities for Executive Compensation Committees

As executive compensation committees navigate an increasingly complex governance and regulatory environment, a focused agenda is critical to ensuring organizational performance, mission alignment, and compliance. Leaders from SullivanCotter and McDermott Will & Emery identified the following top 10 priorities for executive compensation committees in 2025:



### Establishing appropriate incentive goals in an evolving health system

Committees must adapt incentive measures and goals to reflect financial, operational, and strategic shifts, while accounting for continuing uncertainty and the health system's charitable mission.



### Prioritizing executive succession planning and leadership development

With highly competitive talent markets and a focus on building talent from within, health systems should regularly assess talent needs and pipelines and align compensation with talent strategies.



### Keeping apprised of regulatory and market trends

Ongoing monitoring of federal enforcement and policy shifts, market volatility, and developments in executive compensation and talent needs is essential for effective decision-making.



### Ensuring flexibility and defensibility in committee approval processes

When approving time-sensitive matters between meetings or adapting programs mid-year to address market volatility, decisions should be well-documented, legally sound, and supported by market practices.



### Aligning key governance documents to fulfill committee fiduciary duties

Clear charters, compensation philosophies, and annual calendars that are adapted to today's priorities help ensure effective oversight, decision-making and recordkeeping.



### Evaluating committee reporting and coordination with other board committees

Regular updates to the board and planned coordination with other board committees (e.g., Quality, Audit) strengthens goal setting and governance.



### Considering appropriate compensation models for for-profit and not-for-profit ventures and subsidiaries

As health systems expand into new ventures, innovate and look for commercialization opportunities, committees should assess the use of tailored compensation models to recruit and reward leaders of those businesses.



### Considering board compensation trends in not-for-profit health systems

As board responsibilities and demands on members are increasing, more health systems are using compensation to attract and retain qualified members.



### Evolving the composition of the executive compensation committee

Committees should regularly assess required member skills and overall membership to meet the growing demands of their oversight role.



### Addressing executive compensation scrutiny

Regulatory compliance and transparent processes, through documentation, governance best practices, and proactive preparation are key to addressing any potential regulatory and public scrutiny.

#### About McDermott Will & Emery

McDermott Will & Emery partners with leaders around the world to fuel missions, knock down barriers and shape markets. Our team works seamlessly across practices and industries to deliver highly effective-and often unexpected-solutions that propel success. More than 1,400 lawyers strong, we bring our personal passion and legal prowess to bear in every matter for our clients and the people they serve.

#### About SullivanCotter

SullivanCotter partners with health care and other not-for-profit organizations to understand what drives performance and improve outcomes through the development and implementation of integrated workforce strategies. Using our time-tested methodologies and industry-leading research and information, we provide data-driven insights, expertise, and solutions to help organizations align business strategy and performance objectives – enabling our clients to deliver on their mission, vision, and values.