

CENTENE CORP
Form DEF 14A
March 10, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

CENTENE CORPORATION

(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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- (1) Title of each class of securities to which transaction applies:

- (2) Aggregate number of securities to which transaction applies:

- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

- (4) Proposed maximum aggregate value of transaction:

- (5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:

- (2) Form, Schedule or Registration Statement No.:

- (3) Filing Party:

(4) Date Filed:

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Notice of 2017 Annual
Meeting of Stockholders
and Proxy Statement

March 10, 2017

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CENTENE CORPORATION

Centene Plaza

7700 Forsyth Boulevard

St. Louis, Missouri 63105

March 10, 2017

Dear Fellow Stockholders:

Our 2017 Annual Meeting of Stockholders will be held at Centene Plaza, 7700 Forsyth Boulevard, St. Louis, Missouri, at 9:00 A.M., central daylight savings time, on Tuesday, April 25, 2017. Annual meetings play an important role in maintaining communications and understanding among our management, Board of Directors and stockholders, and I hope that you will be able to join us.

On or about March 13, 2017, we will begin mailing to our stockholders a proxy notice containing instructions on how to access our Proxy Statement, Annual Review and Annual Report on Form 10-K, and vote online. Information concerning the matters to be considered and voted upon at the Annual Meeting is set forth in the Notice of 2017 Annual Meeting of Stockholders and Proxy Statement. The Proxy Statement contains instructions on how you can receive a paper copy of the Proxy Statement, Annual Review and Annual Report on Form 10-K, if you only received a proxy notice by mail.

If you are a stockholder of record you may vote:

via internet;

by telephone;

by mail; or,

in person at the meeting.

To vote by internet or telephone, please follow the instructions on the proxy notice. To vote by mail, request a set of proxy materials as instructed on the proxy notice. You may attend the meeting and vote in person even if you have previously voted.

If your shares are held in the name of a bank, broker or other holder of record, you will receive instructions from the holder of record that you must follow in order for your shares to be voted.

Sincerely,

Michael F. Neidorff

Chairman, President and

Chief Executive Officer

**THE ABILITY TO HAVE YOUR VOTE COUNTED AT THE MEETING IS AN IMPORTANT
STOCKHOLDER RIGHT, AND I HOPE YOU WILL CAST YOUR VOTE IN PERSON
OR BY PROXY REGARDLESS OF THE NUMBER OF SHARES YOU HOLD.**

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CENTENE CORPORATION

CENTENE PLAZA

7700 FORSYTH BOULEVARD

ST. LOUIS, MISSOURI 63105

NOTICE OF 2017 ANNUAL MEETING OF STOCKHOLDERS

Time and Date	9:00 A.M., central daylight savings time, on Tuesday, April 25, 2017
Place	Centene Plaza 7700 Forsyth Boulevard St. Louis, Missouri 63105 Centene Auditorium
Items of Business	At the meeting, we will ask you and our other stockholders to consider and act upon the following matters: (1) to elect three Class I Directors to three-year terms; (2) advisory resolution to approve executive compensation; (3) to approve an amendment to the 2012 Stock Incentive Plan to increase the number of shares of common stock reserved for issuance under the plan; (4) to hold an advisory vote to determine the frequency of future advisory votes on executive compensation; (5) to ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017; and (6) to transact any other business properly presented at the meeting.
Record Date	You may vote if you were a stockholder of record at the close of business on February 24, 2017.
Proxy Voting	It is important that your shares be represented and voted at the meeting. Whether or not you plan to attend the meeting, please vote by internet, telephone or mail. You may revoke your proxy at any time before its exercise at the meeting. Please reference the proxy notice for additional information.
Stockholder List	A list of stockholders entitled to vote will be available at the meeting. In addition, you may contact our Secretary, Keith H. Williamson, at our address as set forth above, to make arrangements to review a copy of the stockholder list at our offices located at 7700 Forsyth Boulevard, St. Louis, Missouri, before the meeting, between the hours of 8:00 A.M. and 5:00 P.M., central daylight savings time, on any business day from April 15, 2017, up to one hour prior to the time of the

meeting.

Attending the Annual Meeting

If you would like to attend the meeting, please bring evidence to the meeting that you own common stock, such as a stock certificate, or, if your shares are held by a broker, bank or other nominee, please bring a recent brokerage statement or a letter from the nominee confirming your beneficial ownership of such shares. You must also bring a form of personal identification.

By order of the Board of Directors,

Keith H. Williamson
Secretary

St. Louis, Missouri

March 10, 2017

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2017 NOTICE OF MEETING AND PROXY STATEMENT

Information About the Meeting

We have sent you a notice of this proxy statement because our Board of Directors is soliciting your proxy to vote at our 2017 Annual Meeting of Stockholders or any adjournment or postponement of the meeting.

When and where is the annual meeting?

When: Tuesday, April 25, 2017 at 9:00 a.m., central daylight savings time

Where: Centene Plaza, 7700 Forsyth Boulevard, St. Louis, Missouri.

THIS PROXY STATEMENT summarizes information about the proposals to be considered at the meeting and other information you may find useful in determining how to vote.

THE PROXY CARD is the means by which you actually authorize another person to vote your shares in accordance with the instructions.

Our directors, officers and employees may solicit proxies in person or by telephone, mail, electronic mail or facsimile. We will pay the expenses of soliciting proxies, although we will not pay additional compensation to these individuals for soliciting proxies. We will request banks, brokers and other nominees holding shares for a beneficial owner to forward copies of the proxy materials to those beneficial owners and to request instructions for voting those shares. We will reimburse these banks, brokers and other nominees for their related reasonable expenses. The Company has retained Morrow Sodali, LLC and Saratoga Proxy Consulting, LLC to assist in the solicitation of proxies at an estimated cost of \$12,500 each, plus expenses.

We are making this proxy statement, our 2016 Annual Review to Stockholders and our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 available to stockholders for the first time on or about March 13, 2017.

Who is entitled to vote at the meeting?

Holders of record of our common stock at the close of business on February 24, 2017 are entitled to one vote per share on each matter properly brought before the meeting. The proxy notice states the number of shares you are entitled to vote.

You may vote your shares at the meeting in person or by proxy:

TO VOTE IN PERSON, you must attend the meeting, and then complete and submit the ballot provided at the meeting. If your shares are held in the name of a bank, broker or other nominee holder, you will receive instructions from the holder of record explaining how your shares may be voted. Please note that, in such an event, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote at the meeting.

TO VOTE BY PROXY, you must follow the instructions on the proxy notice and then vote by means of the internet, telephone or, if you received your proxy materials by mail, mailing the proxy card in the enclosed postage-paid envelope. Your proxy will be valid only if you vote before the meeting. By voting, you will direct the designated persons to vote your shares at the meeting in the manner you specify. If, after requesting paper materials, you complete the proxy card with the exception of the voting instructions, then the designated persons will vote your shares in accordance with the instructions contained therein, and if no choice is specified, such proxies will be voted in favor of the matters set forth in the accompanying Notice of 2017 Annual Meeting of

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2017 NOTICE OF MEETING AND PROXY STATEMENT

INFORMATION ABOUT THE MEETING

Stockholders. If any other business properly comes before the meeting, the designated persons will have the discretion to vote your shares as they deem appropriate.

Even if you vote by means of the internet, telephone, or complete and return a proxy card, you may revoke it at any time before it is exercised by taking one of the following actions:

send written notice to Keith H. Williamson, our Secretary, at our address as set forth in the accompanying Notice of 2017 Annual Meeting of Stockholders;

submit a new vote by means of the mail, internet or telephone; or

attend the meeting, notify our Secretary that you are present, and then vote by ballot.

What do I need to do if I plan to attend the meeting in person?

If you would like to attend the meeting, please bring evidence to the meeting that you own common stock, such as a stock certificate, or, if your shares are held by a broker, bank or other nominee, please bring a recent brokerage statement or a letter from the nominee confirming your beneficial ownership of such shares. You must also bring a form of personal identification.

At the close of business on February 24, 2017, there were 172,197,847 shares of our common stock outstanding, net of treasury shares. Our By-Laws require that a majority of the shares of our common stock issued and outstanding on that date be represented, in person or by proxy, at the meeting in order to constitute the quorum we need to transact business. We will count abstentions and broker non-votes in determining whether a quorum exists. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner.

Our By-Laws include a majority voting standard for the election of directors in uncontested elections, which are generally defined as elections in which the number of nominees does not exceed the number of directors to be elected at the meeting. Under the majority voting standard, in uncontested elections of directors, such as this election, each director must be elected by the affirmative vote of a majority of the votes cast with respect to such director by the shares represented and entitled to vote therefor at the meeting. A majority of the votes cast means that the number of votes cast FOR a director nominee exceeds the number of votes cast AGAINST that director nominee. In accordance with our Corporate Governance Guidelines, in this election, any director nominee who receives a greater number of votes AGAINST his or her election than FOR votes must tender his or her resignation to the Board of Directors promptly following certification of the stockholder vote. The Nominating and Governance Committee is required to make a recommendation to the Board of Directors with respect to any such tendered resignation. The Board of Directors will act on the tendered resignation within 90 days from the certification of the vote and will publicly

disclose its decision, including an explanation of its decision. Abstentions and broker non-votes will not count as a vote FOR or AGAINST a director nominee's election and thus will have no effect in determining whether a director nominee has received a majority of the votes cast.

The affirmative vote of the holders of a majority of the votes cast at the meeting is necessary to ratify the selection of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017, to approve an amendment to our 2012 Stock Incentive Plan and to approve on an advisory non-binding basis, the Company's executive compensation. Abstentions and broker non-votes with respect to each of these proposals will not be considered as votes cast with respect to the matter and thus will have no effect on the vote.

The approval of the amendment to the 2012 Stock Incentive Plan is subject to an additional approval requirement set by the New York Stock Exchange (NYSE). The minimum vote which will constitute

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2017 NOTICE OF MEETING AND PROXY STATEMENT

INFORMATION ABOUT THE MEETING

stockholder approval for NYSE purposes is defined as a majority of votes cast on a proposal. Under applicable NYSE rules, broker non-votes will not be treated as votes cast and will not have any effect on the result of the vote. Abstentions will be treated as votes cast and will have the effect of a vote against the proposal.

The frequency of the advisory vote on executive compensation receiving the greatest number of votes (every one, two or three years) will be considered the frequency recommended by stockholders. Abstentions and broker non-votes will have no effect on such vote.

Our Board of Directors is not aware of any matters that are expected to come before the meeting other than those referred to in this proxy statement. If any other matter should properly come before the meeting, the persons appointed as proxies by the Board of Directors intend to vote the proxies in accordance with their best judgment.

The chairperson of the meeting may refuse to allow the transaction of any business not presented beforehand, or to acknowledge the nomination of any person not made, in compliance with the below procedures.

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2017 NOTICE OF MEETING AND PROXY STATEMENT

PROPOSAL ONE: ELECTION OF DIRECTORS

Proposal One: Election Of Directors

Nominees and Continuing Directors

Our Certificate of Incorporation provides that the Board is to be divided into three classes serving for staggered three-year terms. Under our By-Laws, our Board of Directors has the authority to fix the number of Directors, provided that the Board must have between five and eleven members. The first proposal on the agenda for the meeting is the election of three nominees to serve as Class I Directors for three-year terms beginning at the meeting and ending at our 2020 Annual Meeting of Stockholders.

In March 2017, Ms. Escarra informed the Company that continued service on the Board of Directors would unduly interfere with a business opportunity, and as a result decided not to stand for re-election. As a practice of good corporate governance, the Board of Directors is rebalancing the three classes of directors by nominating Robert K. Ditmore, a current Class II Director, for election as a Class I Director at the 2017 Annual Meeting of Stockholders.

No director, including any director standing for election, or any associate of a director, is a party adverse to us or any of our subsidiaries in any material proceeding or has any material interest adverse to us or any of our subsidiaries. No director, including any director standing for election, is related by blood, marriage or adoption to any other director or any executive officer.

The Board has nominated Michael F. Neidorff, Robert K. Ditmore and Richard A. Gephardt for re-election to the Board. We expect that Mr. Neidorff, Mr. Ditmore and Mr. Gephardt will be able to serve if elected. If any of them are not able to serve, proxies may be voted for a substitute nominee or nominees. **The Board believes the election of these three nominees is in our best interests and the best interests of our stockholders and recommends a vote FOR the election of the three nominees.**

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2017 NOTICE OF MEETING AND PROXY STATEMENT

PROPOSAL ONE: ELECTION OF DIRECTORS

Class I Directors Standing for Election for a Term Expiring in 2020

Michael F. Neidorff

Principal Occupation: Chairman, President and Chief Executive Officer of Centene Corporation

First Became Director: May 1996

Age: 74

Mr. Neidorff has served as our Chairman, President and Chief Executive Officer since May 2004. From May 1996 to May 2004, Mr. Neidorff served as President, Chief Executive Officer and as a member of our Board of Directors. Mr. Neidorff previously served as a director of Caleres, Inc.

Qualifications: Mr. Neidorff's range of experience includes, in particular, experience as a Chief Executive Officer, as well as healthcare, investment banking and organizational development expertise.

Robert K. Ditmore

Principal Occupation: Retired Director, President and Chief Operating Officer of United Healthcare Corporation

First Became Director: 1996

Age: 82

Mr. Ditmore is a retired Director, President and Chief Operating Officer of United Healthcare Corporation (managed care industry), now known as UnitedHealth Group, Inc.

Qualifications: Mr. Ditmore's range of experience includes, in particular, Chief Executive Officer roles and extensive healthcare and service industry expertise.

Richard A. Gephardt

Principal Occupation: Chief Executive Officer and President of Gephardt Group, LLC; Former Majority Leader

of the U.S. House of Representatives

First Became Director: December 2006

Age: 76

Mr. Gephardt has served as Chief Executive Officer and President of Gephardt Group, LLC (consulting business) since 2005. Mr. Gephardt served as a Member of the U.S. House of Representatives from 1977 to 2005; he was House Majority Leader from 1989 to 1995 and Minority Leader from 1995 to 2003. He also serves as a director for Spirit Aerosystems Holdings, Inc. Mr. Gephardt previously served as a director for Ford Motor Company, CenturyLink and US Steel Corporation.

Qualifications: Mr. Gephardt's range of experience includes, in particular, political and regulatory relationships as well as investment banking and healthcare expertise.

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PROPOSAL ONE: ELECTION OF DIRECTORS

Class I Director Not Continuing in Office Term Expiring in 2017

Vicki B. Escarra

Principal Occupation: Chief Executive Officer of Opportunity International

First Became Director: March 2016

Age: 62

Ms. Escarra has served as Chief Executive Officer of Opportunity International, a non-profit organization owning and operating fifteen banks/financial institutions in the developing world, since September 2012. Prior thereto, from March 2006 through August 2012, Ms. Escarra served as President and Chief Executive Officer of Feeding America, the third largest non-profit organization in the United States with close to two billion dollars in contributions in 2014. Ms. Escarra previously served as a director of Health Net, Inc.

Qualifications: Ms. Escarra's range of experience includes, in particular, experience as a Chief Executive Officer, political and regulatory relationships and healthcare expertise.

Class II Directors Term Expiring in 2018

Frederick H. Eppinger

Principal Occupation: Retired Director, President and Chief Executive Officer of The Hanover Insurance Group, Inc.

First Became Director: April 2006

Age: 58

Mr. Eppinger is a retired Director, President and Chief Executive Officer of The Hanover Insurance Group, Inc. (insurance and financial services industries). Mr. Eppinger serves as a director for Stewart Information Services Corporation.

Qualifications: Mr. Eppinger's range of experience includes, in particular, Chief Executive Officer roles, as well as organizational development and insurance industry expertise.

David L. Steward

Principal Occupation: Founder and Chairman of World Wide Technology, Inc.

First Became Director: May 2003

Age: 65

Mr. Steward is the founder of World Wide Technology, Inc. (systems integration industry) and has served as its Chairman since its founding in 1990. In addition, Mr. Steward has served as Chairman of Telcobuy.com (an affiliate of World Wide Technology, Inc.), since 1997. He also served as director of First Banks, Inc., a registered bank holding company, from 2000 to 2013.

Qualifications: Mr. Steward's range of experience includes, in particular, Chief Executive Officer roles, political and regulatory relationships, as well as technology expertise.

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2017 NOTICE OF MEETING AND PROXY STATEMENT

PROPOSAL ONE: ELECTION OF DIRECTORS

Class III Directors Term Expiring in 2019

Orlando Ayala

Principal Occupation: Retired Chairman and Corporate Vice President of Emerging Businesses for Microsoft

Corporation

First Became Director: September 2011

Age: 60

Mr. Ayala served as Chairman and Corporate Vice President of Emerging Businesses for Microsoft Corporation until August of 2016. He joined Microsoft in 1991 as Senior Director of the Latin America region. For more than 30 years, Mr. Ayala held increasingly senior leadership roles in the technology sector.

Qualifications: Mr. Ayala's range of experience includes, in particular, technology, organizational development and international expertise.

John R. Roberts

Principal Occupation: Retired Regional Managing Partner, Arthur Andersen LLP

First Became Director: March 2004

Age: 75

Mr. Roberts is a retired Managing Partner, Mid-South Region, Arthur Andersen LLP. He previously served as Director and Chairman of the Audit Committee of Energizer Holdings, Inc. for 14 years and as Director and Chairman of the Audit Committee for Regions Financial Corporation for 13 years.

Qualifications: Mr. Roberts' range of experience includes, in particular, public accounting expertise as well as experience in financial service industries, public company governance and experience with companies with revenues greater than \$1 billion.

Tommy G. Thompson

Principal Occupation: Chairman and Chief Executive Officer of Thompson Holdings; Retired Partner

in the law firm of Akin Gump Strauss Hauer & Feld LLP; Former Governor of the State of

Wisconsin; Former Health and Human Services Secretary

First Became Director: April 2005

Age: 75

Mr. Thompson has served as Chairman and Chief Executive Officer of Thompson Holdings since 2012. Mr. Thompson served as Partner in the law firm of Akin Gump Strauss Hauer & Feld LLP in Washington, D.C. from 2005 to 2012 and as President of Logistics Health, Inc. from 2005 to 2011. From 2001 to 2005, Mr. Thompson served as secretary of U.S. Department of Health & Human Services. From 1987 to 2001, Mr. Thompson served as Governor of the State of Wisconsin. He also serves as a director for C.R. Bard, Inc., TherapeuticsMD Inc., Physicians Realty Trust and United Therapeutics Corp.

In February 2016, Mr. Thompson notified Cytori Therapeutics, Inc. that he would be unable to stand for re-election to director in April 2016. His directorship with Cytori Therapeutics, Inc. ended effective May 2016, bringing Mr. Thompson's board membership within our Corporate Governance Guidelines.

Mr. Thompson also previously served as a director for AGA Medical Corp., Cancer Genetics, CareView Communications and CNS Response.

Qualifications: Mr. Thompson's range of experience includes, in particular, experience as a Chief Executive Officer, political and regulatory relationships and healthcare expertise.

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PROPOSAL ONE: ELECTION OF DIRECTORS

Corporate Governance and Risk Management

We believe that good corporate governance is important to ensure that we are managed for the long term benefit of our stockholders. We also recognize the connection between good corporate governance and our ability to create and sustain value for our stockholders. Our Ethics and Compliance Program provides methods by which we further enhance operations, safeguard against fraud and abuse and help assure that our values are reflected in everything we do. We have also reviewed and believe we are in compliance with the provisions of the Sarbanes-Oxley Act of 2002, the rules of the SEC, and the listing standards of the NYSE. Our Board of Directors has adopted Corporate Governance Guidelines addressing, among other things, director qualifications and responsibilities, duties of key Board committees, director compensation and management succession. A current copy of the Corporate Governance Guidelines is posted on our website, www.centene.com.

Our Board of Directors has adopted a Business Ethics and Conduct Policy (the Policy) which is applicable to all directors, officers and employees of the Company, including the Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer. While no policy can replace the thoughtful behavior of an ethical director, officer or employee, we believe the Policy will, among other things, focus our Board and management on areas of ethical risk, provide guidance in recognizing and dealing with ethical issues, provide mechanisms to report unethical conduct and generally help foster a culture of honesty and accountability. Any amendment or waiver of the Policy may only be made by the Board or a committee of the Board. A current copy of the Policy is posted on our website, www.centene.com. Any future amendments or waivers of the Policy will be promptly disclosed on our website.

Our policy concerning pre-approval of related party transactions is incorporated into the provisions of the Policy regarding conflicts of interest. As part of the Policy, our directors, officers and employees are responsible for disclosing any transaction or relationship that reasonably could be expected to give rise to a conflict of interest to the Chief Compliance Officer of the Company or the Board of Directors, in the case of an executive officer or director, who shall be responsible for determining whether such transaction or relationship constitutes a conflict of interest.

The Board of Directors oversees the Company's enterprise-wide risk management processes, with assistance provided by Board committees. Management executes risk management activities, which includes identifying, assessing, and aligning actions necessary to manage risk consistent with the Company's strategy.

The oversight responsibility of the Board of Directors and its committees is enabled by quarterly risk reporting to the Board from executive management, designed to provide visibility about the identification, assessment and management of critical risks, including strategic, operational, financial, compensation, public policy, compliance, regulatory, investment, information security and other risks. Furthermore, the Board of Directors and its committees

are informed of emerging risks that could affect the Company's risk profile. The Board also evaluates Company performance in relation to tolerance levels established in our risk appetite framework.

As noted above, the Board uses its committees to assist in its risk oversight function:

Our Audit Committee assists in the oversight of our financial and reporting risks, disclosure risk and procedures, business ethics and conduct risks, investment, and risk assessment and management policies. The Company's Executive Vice President of Internal Audit & Risk Management, who reports to the Audit Committee and Chief Executive Officer, assists the Company in identifying and evaluating risk management controls and methodologies to address risks and provides reports to the Audit Committee quarterly. The Audit Committee meets privately

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PROPOSAL ONE: ELECTION OF DIRECTORS

with representatives from the Company's independent registered public accounting firm and the Company's Executive Vice President of Internal Audit & Risk Management.

Our Compensation Committee assists in the oversight of risks associated with our compensation plans and policies. Please see the discussion in the Compensation Discussion & Analysis, or CD&A, under the heading Risk Disclosure for a discussion of elements intended to mitigate excessive risk taking by our employees.

Our Nominating and Governance Committee assists in the oversight of Board processes and corporate governance-related risk.

Continued Commitment to Diversity and Inclusion

Our corporate purpose is to transform the health of our communities, one person at a time. Consistent with this purpose, diversity and inclusion are among our highest priorities. Our Board of Directors believes that investing in training, diversity, education, and community-improvement initiatives is important to attracting and retaining a talented workforce. We encourage our Board members, senior executives, and rank-and-file employees to become actively involved with organizations making a positive impact on communities. Our efforts include the intentional placement of service centers and other facilities in economically challenged locations such as Ferguson, Missouri as well as spending with, and mentorship of, diverse suppliers.

We revised our Corporate Governance Guidelines to make clear that we are committed to a policy of inclusiveness which includes actively identifying and recruiting diverse candidates, including women and minorities, as part of the process for selecting new Board members.

Consistent with our local approach model, we often recruit individuals from local communities to serve as directors on the governing boards of our regulated health plan subsidiaries. Of such 93 individuals serving at the start of 2017, there was a high level of diversity with roughly one-third of the directors being women and over 40% being African American, Hispanic, Asian or Native American.

The Board's Role in Succession Planning

As reflected in our Corporate Governance Guidelines, the Board's primary responsibilities include planning for Chief Executive Officer (CEO) succession and monitoring and advising on succession planning for other executive officers. The Board's goal is to have a long term and continuing program for effective senior leadership development and succession. The Board also has contingency plans in place for emergencies such as departure, death, or disability of the CEO or other executive officers.

Compensation Committee Interlocks and Insider Participation

Robert K. Ditmore (Chair), Orlando Ayala, David L. Steward and Tommy G. Thompson were members of the Compensation Committee during 2016. During 2016, none of our executive officers served as a director or member of the Compensation Committee, or other committee serving an equivalent function, of any other entity that has one or more of its executive officers serving as a member of our Board of Directors or Compensation Committee. During 2016, no member of the Compensation Committee had a relationship that must be described under the SEC rules relating to disclosure of related person transactions. None of the current members of our Compensation Committee has ever been an officer or employee of Centene or any of our subsidiaries.

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PROPOSAL ONE: ELECTION OF DIRECTORS

Related Party Transactions

None.

Director Independence

Our Board of Directors has affirmatively determined that all directors except Michael F. Neidorff, our Chairman, President and Chief Executive Officer, as well as all of the members of each of the Board's committees, are independent as defined under the rules of the NYSE, including, in the case of all members of the Audit Committee, the independence requirements contemplated by Rule 10A-3 under the Exchange Act and in the case of all members of the Compensation Committee, the enhanced independence requirements under the rules of the NYSE. In the course of the Board's determination regarding the independence of each non-employee director, it considered any transactions, relationships and arrangements as required by the rules of the NYSE. In particular, with respect to each of the most recent three completed fiscal years, the Board evaluated Mr. Roberts' position on the Board of the Missouri History Museum. The Board determined that contributions made by the Company from 2014-2016 to the Missouri History Museum are less than 2% of the Museum's consolidated gross revenues during the respective years.

All directors, excluding Michael F. Neidorff, have no direct or indirect material relationship with us except for their role as a director or stockholder. The Board also broadly considers what it deems to be all relevant facts and circumstances in determining the independence of its members.

Board of Directors Committees

Our Board of Directors has established three primary committees: Audit, Compensation, and Nominating and Governance, each of which operates under a charter that has been approved by our Board. Current copies of each committee's charter are posted on our website, www.centene.com/investors. The composition of these committees is provided in the following table.

Board Member	Board of Directors	Audit Committee	Compensation Committee	Nominating and Governance Committee
Michael F. Neidorff	Chairman			
Orlando Ayala				
Robert K. Ditmore	Presiding Director		Chairman	
Frederick H. Eppinger				
Vicki B. Escarra				
Richard A. Gephardt				
John R. Roberts		Chairman		
David L. Steward				