

## COMPENSATION COMMITTEE CHARTER

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### OPERATING POLICIES AND PROCEDURES

#### 1. PURPOSE.

The purpose of the Compensation Committee (“Committee”) of the Board of Directors (“Board”) of Inovalon Holdings, Inc. (“Company”) is to assist the Board in all matters related to executive compensation and employee incentive compensation plans for the Company and its subsidiaries (together, “Inovalon”). These matters include:

1. Responsibility for reviewing and approving all compensation plans, policies and programs of Inovalon that affect the CEO and other officers, and, where required or appropriate, referring any such matter to the independent members of the Board for approval or ratification.
2. Administering Inovalon’s employee incentive-compensation plans and equity-based plans as in effect and as adopted from time to time by the Board.
3. Producing, reviewing, approving or recommending to the Board for its approval, as appropriate, reports on compensation matters required to be included in the Company’s annual proxy statement or annual report on Form 10-K, in accordance with applicable rules and regulations of the Securities and Exchange Commission (“Commission”).

This Charter sets forth the authority and responsibility of the Committee for fulfilling its purpose.

#### 2. MEMBERSHIP.

The Committee will consist of two or more members of the Board, with the exact number determined from time to time by the Board. Each member of the Committee will:

1. Be an “independent director” as defined under the applicable rules, regulations and listing requirements of NASDAQ Global Select Market, as amended from time to time (“Exchange Standards”).
2. Be a “non-employee director,” as defined in Rule 16b-3 under Section 16 of the Securities Exchange Act of 1934, as amended (“Exchange Act”).
3. Be an “outside director” for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (“Code”).

All members of the Committee will be appointed by, and will serve at the discretion of, the Board. The Board may appoint a member of the Committee to serve as the chairperson of the Committee (“Chair”); if the Board does not appoint a Chair, the Committee members may

designate a Chair by their majority vote. The Chair will set the agenda for Committee meetings and conduct the proceedings of those meetings. The Committee may delegate any of its responsibilities to a subcommittee of its members when appropriate in its determination.

### **3. RESPONSIBILITIES AND DUTIES.**

The principal responsibilities and duties of the Committee in serving the purposes outlined in Section 1 of this Charter are set forth below. These duties are set forth as a guide, with the understanding that the Committee will carry them out in a manner that is appropriate given the Company's needs and circumstances. The Committee may engage in other activities, and establish policies and procedures, from time to time as it deems necessary or advisable in implementing this Charter.

The Committee will, after reviewing and considering the recommendations of the CEO, in its own accord:

- 3.1. In connection with officer compensation programs:
  - (a) Determine the objectives of Inovalon's officer compensation programs and what the programs are designed to reward;
  - (b) Review and approve, or recommend to the Board for approval when appropriate, officer compensation programs consistent with such objectives and intended rewards; and
  - (c) Review on a periodic basis the operations of Inovalon's officer compensation programs to determine whether they are properly coordinated and achieving their intended purposes.
- 3.2. Determine corporate goals and objectives, including annual performance objectives, relevant to the officers' compensation, and evaluate the performance of the officers in light of these goals and objectives, including as required under Section 162(m) of the Code.
- 3.3. Based on the evaluation of the performance of the Chief Executive Officer ("CEO") and other officers, approve and recommend to the Board for review and approval by a majority of the independent directors, the annual compensation of the CEO and other officers, including salary, bonus, equity compensation awards and other benefits, direct and indirect. The CEO may provide input and recommendations with respect to his compensation and the compensation of Inovalon's officers, but may not be present during deliberations or voting on his compensation.
- 3.4. Review and recommend to the Board the form and amount of director compensation, taking into consideration, among other matters, (a) the desire to attract, retain and motivate highly qualified directors, and (b) the potential effects of any compensation on director independence.

- 3.5. Review and approve, or recommend to the Board for approval when appropriate, Inovalon's employee incentive and equity-based compensation plans, and oversee the administration of and compliance with those plans. When required or considered appropriate, recommend new compensation plans, or material changes to existing plans, to the Company's stockholders for approval.
- 3.6. Review and approve, or recommend to the Board for approval when appropriate, all awards made under the Company's equity-based plans.
- 3.7. Oversee the administration of the Inovalon's employee compensation and benefit plans.
- 3.8. Produce a Compensation Committee Report on executive compensation for inclusion in the Company's annual proxy statement or annual report on Form 10-K, in accordance with applicable Commission rules and regulations.
- 3.9. Review and discuss with the Company's management the Compensation Discussion and Analysis ("CD&A") to be included in the Company's annual proxy statement or annual report on Form 10-K, and determine whether to recommend to the Board that the CD&A be included in the proxy statement or Form 10-K.
- 3.10. Review an annual compensation-risk assessment and consider whether Inovalon's compensation policies and practices contain incentives for officers and employees to take risks in performing their duties that are reasonably likely to have a material adverse effect on the Company. Review and discuss with management any additional disclosures that may be required in the Company's annual proxy statement or annual report on Form 10-K regarding those risks.
- 3.11. Annually review the Committee's performance.
- 3.12. Review and assess the adequacy of this Charter annually and recommend to the Board any proposed changes.

#### **4. ADVISERS.**

The Committee will have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain and terminate independent legal counsel and other experts or consultants, as it deems appropriate, without seeking approval of the Board or management, including the authority to approve the fees payable to the counsel, experts or consultants and any other terms of retention. The Committee also will have the sole authority to retain, and replace as needed, compensation consultants to provide independent advice to the Committee, and the sole authority to approve the consultants' fees and other terms and conditions of retention. The Company will provide for appropriate funding for the payment of administrative expenses of the Committee that are necessary or appropriate in carrying out its duties. The Committee may select a compensation consultant, legal counsel or other adviser to the Committee only after taking into consideration all factors relevant to that person's independence from management, including the following:

- (a) The provision of other services to Inovalon by the person that employs the compensation consultant, legal counsel or other adviser;
- (b) The amount of fees received from Inovalon by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;
- (c) The policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
- (d) Any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;
- (e) Any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
- (f) Any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an officer of Inovalon.

The Committee will conduct the independence assessment with respect to any compensation consultant, legal counsel or other adviser that provides advice to the Committee, other than: (a) in-house legal counsel; and (b) any compensation consultant, legal counsel or other adviser whose role is limited to the following activities for which no disclosure would be required under Item 407(e)(3)(iii) of Regulation S-K: consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of officers or directors of Inovalon, and that is available generally to all salaried employees; or providing information that either is not customized for Inovalon or that is customized based on parameters that are not developed by the compensation adviser, and about which the compensation adviser does not provide advice.

Nothing in this Charter requires a compensation consultant, legal counsel or other compensation adviser to be independent, only that the Committee consider the enumerated independence factors before selecting or receiving advice from a compensation consultant, legal counsel or other compensation adviser. The Committee may select or receive advice from any compensation consultant, legal counsel or other compensation adviser it prefers, including ones that are not independent, after considering the six independence factors outlined above.

Nothing in this Charter will be construed: (a) to require the Committee to implement or act consistently with the advice or recommendations of the compensation consultant, legal counsel or other adviser to the Committee; or (b) to affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties.

## **5. MEETINGS.**

The Committee will meet at least twice per year or more frequently, as determined appropriate by the Committee. The Chairman of the Board or any member of the Committee may call meetings of the Committee. The Chair, in consultation with the other member(s) of the Committee will set the dates, times and places of meetings. A quorum of the Committee for the

transaction of business will be a majority of its members. The Committee may also act by unanimous written consent in lieu of a meeting in accordance with the Company's Bylaws. Subject to the requirements of this Charter, applicable law, the Exchange Standards and the rules and regulations of the Commission, the Committee and the Chair may invite any director, executive or employee of the Company, or other person, as it deems appropriate in order to carry out its responsibilities, to attend and participate (in a non-voting capacity) in all or a portion of any Committee meeting. The Committee may exclude from all or a portion of its meetings any person it deems appropriate in order to carry out its responsibilities.

## **6. MINUTES AND REPORTS.**

The Committee will maintain written minutes of its meetings and copies of its actions by written consent. The minutes and copies of written consents will be filed with the minutes of the meetings of the Board. The Chair will report to the Board from time to time with respect to the activities of the Committee, including on significant matters related to the Committee's responsibilities and the Committee's deliberations and actions.