



**THE AMERICAN NATIONAL RED CROSS  
BOARD OF GOVERNORS**

**COMPENSATION AND MANAGEMENT DEVELOPMENT  
COMMITTEE CHARTER**

**I. PURPOSE**

The Compensation and Management Development Committee (the "Committee") is appointed by the Board of Governors (the "Board") of The American National Red Cross (the "Corporation"). The purpose of the Committee is to assist the Board in: (1) overseeing the Corporation's compensation philosophy and its employee compensation and benefits programs consistent with such philosophy; (2) evaluating the performance of the Chief Executive Officer ("CEO") and making recommendations to the Board regarding the CEO's compensation, benefits and incentive programs; (3) reviewing and making determinations regarding compensation, benefits and incentive programs for other senior officers and executives that it determines to be "disqualified persons" (as defined in Section 4958 of the Internal Revenue Code of 1986, as amended); (4) overseeing and reviewing the management development and succession plans for the Corporation; and (5) having certain settlor responsibilities related to the administration and investment of all nationally-sponsored funded and unfunded employee benefit plans and programs of the Corporation, including all plans and programs that are subject to the Employee Retirement Income Security Act of 1974, as amended (the "Benefit Plans"), and having such limited ERISA fiduciary responsibilities as are set out in Section III, 9.(a)-(c) of this Charter.

**II. COMPOSITION**

The Committee shall be composed of at least three but not more than eight members of the Board. All members of the Committee shall be appointed and subject to removal by the Board in accordance with the Corporation's Bylaws and shall meet the independence standards adopted by the Board.

**III. AUTHORITY AND RESPONSIBILITIES**

In furtherance of the Committee's purpose, the Committee shall have the following authority and responsibilities:

1. Review the Corporation's compensation philosophies and policies; obtain and review market data with respect to the compensation and benefits provided by comparable organizations for comparable services to those provided to the Corporation's CEO and other Disqualified Persons.
2. Annually, review the CEO's performance and the reasonableness and appropriateness of his or her compensation and benefits in relation to the marketplace.

3. Review and approve annual performance objectives for the CEO, evaluate the CEO's performance against these objectives and make recommendations to the Board for the CEO's annual salary and benefits based on the evaluation and comparable market data.
4. Annually, establish the CEO's annual objective and measurable incentive plan goals, determine the measures and levels of performance for each goal and, if appropriate, the payout under the incentive plan and make recommendations to the Board for any annual incentive payments to the CEO.
5. Annually review and approve a list of Disqualified Persons, pursuant to Internal Revenue Code Section 4958, as amended.
  - (a) Review and approve the terms of employment and total compensation for Disqualified Persons, including annual salary, incentives and benefits, based on comparable market data. Specifically, the Committee shall review and approve base salary ranges and participation and benefit levels associated with all forms of compensation for Disqualified Persons. This includes, for example, approving:
    - (i) Eligibility for incentive compensation plan participation and potential incentive compensation levels;
    - (ii) Annual objective and measurable performance goals for Disqualified Persons, established under any incentive compensation plans;
    - (iii) Employment, severance, and retention compensation arrangements; and
    - (iv) Participation and benefit levels associated with supplemental retirement plans.
  - (b) The CEO shall provide the Committee with an annual evaluation of the performance of Disqualified Persons and may make recommendations to the Committee regarding their base salary increases, payouts under any incentive compensation plans or arrangements, and benefits. The Committee shall ensure that when compensation for a Disqualified Person is being discussed, the Disqualified Person shall not be present or otherwise participate in any deliberation or vote.
6. Determine whether the Corporation's compensation structure is appropriate compared to market and otherwise for the skills employed and make appropriate recommendations to the Board regarding the need for changes in the Corporation's overall compensation structure.
7. Review management's long-range planning for executive development and succession, including emergency procedures for management succession in the event of the unexpected death, disability or departure of the CEO.

8. In its role as settlor and sponsor of the Benefit Plans subject to ERISA, and not as a fiduciary under ERISA, determine whether the Corporation's benefit programs are appropriate compared to market and otherwise; review significant modifications or amendments to the Benefit Plans (such as those that significantly alter design offerings of the Benefit Plans or the Corporation's compensation philosophies; have significant financial implications not already approved as part of the annual budget process of the Corporation; or potentially subject the Corporation to significant legal, financial, or reputational risk) and, if approved by the Committee, make recommendations to the Board for approval and make appropriate recommendations to the Board regarding the need for changes in the Corporation's benefits programs.
9. Have responsibilities for the Benefit Plans as follows:
  - (a) appoint a Benefit Plan Administration Committee (the "BPAC") to serve as the named fiduciary of administration for the Corporation's Benefit Plans subject to ERISA, with such powers and authority for the Benefit Plans as shall be set forth in a charter approved by the Committee;
  - (b) appoint a Benefit Plan Investment Committee (the "BPIC") to serve as the named fiduciary of investments for the Corporation's funded Benefit Plans subject to ERISA, with such powers and authority as shall be set forth in a charter approved by the Committee;
  - (c) appoint and remove members of, and fill vacancies on, the BPAC and BPIC;
10. In its role as settlor and sponsor of the Benefit Plans subject to ERISA, receive regular reports on Benefit Plan administration and investment matters;
11. Delegate any of its responsibilities to subcommittees or delegate authority to implement or execute actions approved by the Committee to the Chair, as the Committee may deem appropriate in its sole discretion. Retain, oversee, and direct such compensation consultants, outside counsel and other advisors as the Committee may deem appropriate in its discretion, and shall have sole authority to approve related fees and retention terms.
12. Have such other authority and responsibilities as may be provided in the Corporation's Bylaws or may otherwise be delegated to the Committee by the Board.
13. Perform any other activities consistent with this Charter, the Corporation's Bylaws and applicable law, as the Committee or the Board deems necessary or advisable.

The Committee shall keep minutes of all its proceedings and will report its actions to the Board at the next meeting of the Board.

#### **IV. MEETINGS**

The Committee shall meet as often as it determines is appropriate to carry out its responsibilities. The Chair of the Committee, in consultation with the other Committee members, shall determine the frequency and length of the meetings and shall set agendas consistent with this charter.

#### **V. QUORUM**

A majority of members of the Committee shall constitute a quorum. The act of a majority of the Committee members present at meeting at which a quorum is present shall be the act of the Committee.

#### **VI. EVALUATION OF COMMITTEE**

The Committee shall conduct an annual evaluation of its performance and report the results of such review to the Board. In connection with the annual review, the Committee shall also recommend to the Board any modifications of this Charter that the Committee deems necessary or appropriate.