

**BLUE CROSS AND BLUE SHIELD OF ARIZONA  
COMPENSATION COMMITTEE CHARTER  
MAY 2019**

**PURPOSE**

The Compensation Committee, which shall assist the Board of Directors in its oversight regarding (1) the appointment, removal, evaluation and compensation of the CEO; (2) the promotion of individuals to an officer position or other executive position that reports directly to the CEO; (3) Board compensation; (4) executive and officer compensation and other plans, benefits and programs for executives and officers; (5) defined benefit, defined contribution and other retirement programs; and (6) succession planning.

For purposes of this Charter, the term “Executive” includes those employees who hold the title of director and vice president. “Officer” includes those who hold the title of senior vice president, executive vice president, or any Officer designated by the by-laws. The term “compensation” includes all base pay, short and long term incentives, employment contracts, if any, and other qualified and non-qualified benefits and perquisites, if any.

This Charter is not intended to change or augment the obligations of the Corporation, its Directors or management under any laws, or to create new standards for determining whether the Board, Directors or management have fulfilled their duties, including fiduciary duties, under applicable law.

**COMMITTEE DUTIES AND RESPONSIBILITIES**

**CEO Appointment, Removal, Evaluation and Compensation**

The Committee shall make recommendations to the Board regarding the appointment and removal of the CEO. Annually the Committee shall make recommendations to the Board regarding the goals and objectives for the CEO; the CEO’s performance in light of those goals and objectives; and the CEO’s compensation based on performance. Annually, the Committee shall review and make recommendations to the Board regarding the competitiveness of the CEO’s compensation and the extent to which the CEO’s compensation motivates and rewards performance.

**Appointment, Removal and Promotion of Officers and CEO Executive Direct Reports**

The CEO shall have authority to appoint and remove all Officers and other Executives and the Committee shall receive periodic reports from the CEO regarding such appointments and removals. The CEO shall recommend those persons to be promoted to the position of Officer or any executive who reports directly to the CEO. If approved, the Committee recommends such promotions to the Board of Directors for approval.

**Executive and Officer Compensation Oversight**

Annually the Committee shall make recommendations to the Board regarding (a) the philosophy and design of the Corporation’s compensation programs applicable to all Executives and Officers; and (b) review and recommend to the Board for its approval of Executive direct reports to the CEO and Officer compensation. Annually the Committee shall review and make recommendations to the Board regarding the competitiveness of Executive and Officer compensation and the extent to which it motivates and rewards performance.

**Vice President and Corporate Compliance Officer Compensation**

The Committee shall obtain approval from the Audit, Compliance and Risk Committee Chairman of any change to the annual base salary for the Vice President of Internal Audit and Corporate Compliance Officer.

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**Succession Planning**

The Committee annually shall review and recommend to the Board a succession plan that includes: long term plans for CEO succession; (b) contingencies in the event of the CEO's temporary incapacitation, removal or death; and (c) development and succession plans for other key employees, Executives and Officers.

**Director Compensation**

The Committee shall periodically review and recommend to the Board for approval compensation and expense reimbursement for all Directors.

**Other Duties**

The Committee shall perform such other duties that may be within the scope of its responsibilities or delegated to the Committee by the Board from time to time

**RISK ASSESSMENT**

The Committee periodically shall review and assess risks associated with matters within its scope of responsibilities and duties.

**ANNUAL PERFORMANCE EVALUATION AND CHARTER REVIEW**

The Committee annually shall produce and provide to the Nominating and Governance Committee of the Board a performance evaluation of the Committee including a review of the Committee's compliance with this Charter. In addition, the Committee shall review and reassess, periodically, the adequacy of this Charter and recommend to the Board for its approval any improvements deemed necessary or desirable by the Committee. The Committee shall conduct such evaluations and reviews in such manner as the Committee deems appropriate.

**EXTERNAL ADVISORS/CONSULTANTS**

The Committee shall have authority to retain, oversee and terminate any compensation consultant, legal or other advisors, who shall report directly to the Committee, to assist the Committee in the execution of its responsibilities. Prior to the retention of any external compensation consultant, the Committee shall assess such consultant's independence.