

**1.0 GENERAL**

- 1.1 The Ancient Order of Foresters Friendly Society Ltd (the "Society") is a registered Friendly Society and the Board of Directors of the Society (the "Board") is the Society's governing body.
- 1.2 The Board is responsible for the direction and management of the business of the Society (and any subsidiaries) in the fulfilment of its mission and strategic objectives and in compliance with the Society's Memorandum and Rules (the "Rules"), any applicable legislation or regulation and the Society's policies, principles and values.
- 1.3 The Board may exercise all those powers of the Society that are not, by legislation, regulation or by the Rules, required to be exercised by the Society at an Annual General Meeting or Special General Meeting.

**2.0 MEMBERSHIP**

- 2.1 The Board will consist of not more than 9 individuals ("Directors"), of whom not more than three may be Executive Directors.
- 2.2 The Board may, from time to time, determine the maximum number of Non-Executive Directors but this number will not be greater than nine.
- 2.3 From time to time the Board will appoint, from the Non-Executive Directors, a Chairman, a Deputy Chairman and a Senior Independent Director (SID). Without prejudice to the power contained in this clause, it is envisaged that the Chairman will serve not less than 3 or more than 6 years as Chairman.
- 2.4 The Board may request the presence, at any of its meetings, of any Employees of the Society as it may decide.

**3.0 MEETINGS**

- 3.1 The Board may make, vary or revoke regulations for the conduct of business at its meetings.
- 3.2 The Chairman of the Society (or in their absence, the Deputy Chairman) will chair each meeting. In the case, of the absence of the Chairman and the Deputy Chairman, the members present will elect one of their number to chair the meeting.
- 3.3 The Board will normally meet up to eight times (or as many as it may otherwise determine) on fixed dates each year ("Regular Meetings"). Wherever possible the dates of Regular Meetings for each year will be fixed in advance.
- 3.4 If it is necessary to call a meeting of the Board in addition to the Regular Meetings (an "Additional Meeting") any [two] Directors may do so by giving notice (or instructing the Company Secretary to give notice) to all the other Directors. Notice of Additional Meetings need not be in writing but must indicate

- a) the proposed date and time of the Additional Meeting;
- b) where it is to take place;
- c) if it is anticipated that Directors participating in the Additional Meeting will not be in the same place, how it is proposed that they should communicate with each other during the Additional Meeting.

Notice of an Additional Meeting need not be given to a Director who waives his or her entitlement to notice of that meeting, by giving notice to that effect to the Society not more than 7 days after the date on which the Additional Meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

- 3.5 At least one Regular Meeting, or part thereof, each year will be held without the Executive Directors being present.
- 3.6 The date of any Regular Meeting will not be changed without all Directors being given at least one week's notice of the revised date. Unless otherwise determined by the Chairman, Regular Meetings will normally commence at 9.00 am.
- 3.7 A quorum will consist of five Directors, of which a majority will be Non Executive Directors. Directors may be present in person or through any other means of communication but to count towards a quorum, Directors must be able, fully, to hear and participate in the Board's proceedings.
- 3.8 The content of the Agenda for each Regular Meeting shall be drafted by the Company Secretary, in a form agreed from time to time with the Chairman, and as discussed by the Senior Management Team prior to approval by the Chairman.
- 3.9 The Agenda and papers for each Regular Meeting will be submitted under the authority of the Chairman, Deputy Chairman, Chief Executive or other members of the Senior Management Team only and will be circulated to Directors at least one week prior to the Regular Meeting. Papers not complying with these requirements will not be tabled at a Regular Meeting except with the prior approval of the Chairman.
- 3.10 The chairman of the meeting may vote on any question, and if there are an equal number of votes, he shall have a casting vote.
- 3.11 The Company Secretary or his or her nominee will act as Secretary to the Board. The Company Secretary is responsible for producing minutes of the Board meetings. The minutes will be passed to the Chairman of the Board and circulated to all Board members and appropriate attendees within two weeks.

#### **4.0 BOARD POWERS RESPONSIBILITIES AND DUTIES**

Without prejudice to its power to exercise all those powers of the Society that are not, by legislation, regulation or by the Rules, required to be exercised by the Society at a High Court Meeting or Special High Court Meeting, the Board has the responsibility for the discharge of all of the matters reserved to it in the Matters Reserved attached to these Terms of Reference, as amended by the Board from time to time.

## **5.0 AUTHORITY**

- 5.1 The Board is authorised to seek any information it requires from any employee of the company in order to perform its duties.
- 5.2 A Non Executive Director is authorised to obtain, at the Society's reasonable expense, outside legal or other professional advice on any matters within its terms of reference in accordance with any procedures agreed by the Board

## **6.0 DELEGATION**

The conduct of the day-to-day business of the Society will be delegated to the Chief Executive, subject at all times to the Rules, applicable legislation and regulation, Matters Reserved by the Board, delegation by the Board to its Sub-Committees, the Principles and Practices of Financial Management ("PPFM") and Policies and Procedures.

## **7.0 COMMITTEES AND WORKING GROUPS**

- 7.1 The Board may establish Sub-Committees of Directors to which it can delegate any part of its responsibilities. It shall approve the appointments to Sub-Committees (including the appointment of the Sub-Committee Chairman) taking into account the recommendation of the Nominations Committee. Such Sub-Committees shall have clear Terms of Reference and these must be agreed by the Board. Any revisions to such Terms of Reference must be approved by the Board.
- 7.2 The Chairman has the right to attend every Committee meeting, except the Audit Committee, on an ex-officio basis.
- 7.3 The Board may establish Working Groups for any purpose to investigate and report back on any particular matter. These Working Groups will be Advisory in nature only and such groups will normally include both staff and Directors. Although formal Terms of Reference are not required, it is important to have a clear Statement of Purpose and to have agreement with the Working Group on the roles of the Chairman and secretary, where appropriate.

## **8.0 CHANGES IN CIRCUMSTANCES AND OTHER INTERESTS**

- 8.1 The Board will adhere to the Society's Conflict of Interest Policy, the Society Rules and relevant legislation. When there is an agenda item which poses a conflict of interest for any Board member that member should withdraw from the meeting.
- 8.2 All declarations of conflicts of interest shall be recorded in the minutes of the meeting. They shall also be recorded in the register of interests of Directors and senior staff.
- 8.3 All Directors are required to notify the Company Secretary of all other bodies in which they have a significant interest or of which they are an employee, director, partner, trustee or for which they perform a similar role.
- 8.4 All Directors are required to notify the Company Secretary of any changes in circumstances which may affect their Approved Person status under the Appropriate Regulator's regulatory regime or their ability to perform their role as a Director of the Society.

**9. MONITORING**

The Board will:

- a) Periodically review these Terms of Reference and make any necessary amendments.
- c) Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.

Approved by the Board 25 September 2013

A handwritten signature in blue ink, appearing to read 'Glossel', is written in a cursive style.

Company Secretary

## **Matters reserved for the Board**

### **Strategic**

Agree and approve changes to Mission and values

Review and approve strategic plan

Review and approve annual business plan, operating and capital expenditure budgets

Approve the Investment Strategy

Agree overall Risk Appetite for the Society

### **Structural**

Approve all matters to be put to delegates at High Court Meetings

Recommend changes to rules to delegates at High Court Meetings

Determine size structure and composition of Board in accordance with the Rules

Monitor the effectiveness of governance structures

### **Appointments and remuneration**

Appoint and remove and review the performance Exec Directors including Chief Executive Officer

Appoint and remove and review the performance of Actuarial Function Holder and With Profit Actuary

Elect the Chairman, the Deputy Chairman, the Senior Independent Director (SID) Committee Chairman and Committee members

Appoint and remove and review the performance of Company Secretary

Appoint and remove and review Directors of subsidiary companies

Determine the Board succession plan

Determine the remuneration of executive directors and company secretary and agree annual awards

Approve and pay the expenses of the Directors

Recommend remuneration of Non-Executive Directors to members at High Court Meetings

Approve the salary structure of the Society

### **Financial matters**

The management of the Society's capital and reserves

Agree significant changes to accounting and actuarial policies

Approve the Principles and Practices of Financial Management

Determine bonus rates

Agree valuation basis and assumptions

Approve the Annual Report and Accounts

Pillar II capital and the Individual Capital Assessment

Approve Investment transactions over £10m  
Approve and pay the expenses of the Society as it may deem necessary or expedient  
Determine the payment of ex-gratia payments or imposition of any forfeit  
Approve contracts which are material strategically or by reason of size or which are outside the normal course of business above a value of £50,000

### **Delegation, Monitoring and Control**

Agree all policies and ensure compliance with them  
Undertake a formal and rigorous review annually of the Board's own performance, that of its Committees and individual Directors  
Monitor the performance of the Society against its objectives and the strategic and annual plans  
Agree the Key Performance Indicators used to monitor performance and ensure that they remain appropriate  
Agree appointment of External Auditors and their fees  
Approve the annual Compliance Monitoring Plan  
Approve the annual Risk Monitoring Plan  
Approve the annual Internal Audit Plan  
Establish and approve Terms of Reference for Sub Committees  
Receive reports from the Sub Committees  
Appoint External Auditors for non audit work  
Select Internal Auditors, where outsourced, review performance and approve fees  
Review Risk framework  
Review and approve the Health and Safety policy  
Review and approve the Whistle-Blowing policy  
Oversee the Society's systems of internal control and risk management

### **Regulatory and Compliance**

Ensure the Society complies with all Legislation and Regulation  
Approve changes affecting the performance of Controlled Functions  
Approve Appropriate Regulator returns including ICA  
Approve all responses to significant or material Appropriate Regulator communications  
Sit as the Society's With-Profits Committee

**Other**

Publish and distribute the Miscellany

All matters for the Society's determination concerning the Society's Pension Scheme

Approve the levels of Insurance cover including D&O

Authorise the execution on behalf of the Society of all forms and other necessary documents