

1 GENERAL

- 1.1 The Remuneration Committee is a sub-committee of the Board of the Ancient Order of Foresters Friendly Society Limited.
- 1.2 The Remuneration Committee considers matters in relation to remuneration and expenses.
- 1.3 No director shall be involved in deciding his or her own remuneration.
- 1.4 The Remuneration Committee reports to the Board of the Society and conducts its business in accordance with the Society's Rules, these Terms of Reference, any applicable legislation or regulation and the Society's policies, principles and values.

2 MEMBERSHIP

- 2.1 Membership and Chairmanship of the Committee will be determined by the Board of the Society taking into account the recommendations of the Nominations Committee.
- 2.2 The Committee will consist of not fewer than three members. All members of the Committee must be Independent Non-Executive Directors save for the Chairman of the Board, who whilst not being recognised as being independent by the UK Corporate Governance Code; An Annotated Version for Mutual Insurers can be an ex-officio member of the Committee.
- 2.3 The composition of the Remuneration Committee must enable it to exercise a competent and independent judgment on the Remuneration Policy and its oversight.
- 2.4 Only members of the Committee have the right to attend Committee meetings, but other individuals may be invited to attend whole or part of the meeting if appropriate.
- 2.5 The Committee may request the presence, at any of its meetings, of any Employees of the Society as it may decide.

3 MEETINGS

- 3.1 The Chairman of the Committee will chair each meeting. In the case of the Chairman's absence, the members present will elect one of their number to chair the meeting.
- 3.2 The Committee will meet not less than two times a year or as it may otherwise decide. and at such other times as the Chairman of the Committee shall determine, or a member of the Committee shall request.
- 3.3 The date of any meeting will not be changed without all members being given at least one week's notice of the revised date.
- 3.4 The quorum will be two members. Committee members may be present in person or through any other means of communication but to count towards a quorum, members must be able, fully, to hear and participate in the Committee's proceedings.

- 3.5 The content of the Agenda for each 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.
- 3.6 The Agenda and papers for each meeting of the Committee will be submitted under the authority of the Committee Chairman and will be circulated to members at least one week prior to the meeting. Papers not complying with these requirements will not be tabled at the meeting except with the prior approval of the Chairman.
- 3.7 The Company Secretary or his or her nominee will act as Secretary to the Committee. The Secretary is responsible for producing minutes of the Committee meetings. The minutes will be passed to the Chairman and circulated to all Committee members and appropriate attendees within two weeks.

4 MAIN FUNCTIONS

4.1 Remuneration Policy

The Committee will:

- 4.1.1 Support the Board in the design and content of the Society's overall Remuneration Policy.
- 4.1.2 Review the Policy regularly to ensure it remains appropriate during changes to the Society's operations or business environment.

4.2 Remuneration and Expenses

The Committee will:

- 4.2.1 Determine and advise the Board the policy for remuneration of the Executive Directors and Company Secretary. Recommend to the Board, for submission of propositions to the AGM, the framework for remuneration of the Chairman, Non-Executive Directors the High Chief Ranger and the High Sub-Chief Ranger. No Director shall be involved in any decisions as to their own personal remuneration.
- 4.2.2 Recommend remuneration for the Chairman, the Deputy Chairman, the High Chief Ranger, the High Sub-Chief Ranger and, where appropriate, fees for membership and Chairmanship of Sub-Committees of the Board, to the Board for submission, as necessary, to the Annual General Meeting.
- 4.2.3 Recommend expense levels for the Board to the Board.
- 4.2.4 Recommend remuneration for the Chief Executive, Executive Director(s) and Company Secretary to the Board.
- 4.2.5 Recommend to the Board proposals for the remuneration and benefits budget for employees for the forthcoming year including any bonus arrangements.
- 4.2.6 Ensure that all remuneration is in line with market conditions, equal opportunities and applicable legislation and succession planning needs. Where necessary the Committee may engage 3rd party consultants/advisors to assist in determining remuneration/benefit packages. Where remuneration consultants are appointed, they should be identified in the Remuneration Report in the Society's Annual Report and Accounts and a statement should be made available of whether they have any other connection with the Society.

4.2.7 Determine the policy for, and scope of, pension arrangements for each Executive Director and other senior executives.

4.2.8 Ensure the contractual terms on termination, and any payments made, are fair to the individual and the Society that failure is not rewarded and that the duty to mitigate loss is fully recognised.

4.2.9 Identify potential conflicts of interest and the steps taken to address them.

4.3 Staff employment policies and practices

The Committee should ensure that staff employment policies and practices meet current legislative requirements and good employment practice to ensure that all members of staff are treated properly.

5 STANDARDS

5.1 It is the responsibility of the Committee to monitor that, in regard to Remuneration, performance, reporting and governance that the Committee follows appropriate good practice as laid down in the Society's policies, principles and values and relevant codes of practice.

5.2 The Committee should take due regard of market conditions, regulatory requirements and guidelines, applicable legislation and the Society's business needs in its deliberations.

5.3 The Committee needs to have access to all the data and information necessary to advise on the design and maintenance of an effective Remuneration Policy. To secure proper governance, the Committee must ensure proper involvement of the persons responsible for the key functions.

5.4 The Committee should take into account the recommendations of the Chief Executive Officer.

6 REPORTING

6.1 The Chairman shall report formally to the Board on the proceedings of the Committee after each meeting and on how the Committee has discharged its responsibilities. The Committee will provide adequate information to the Board regarding the performance of the Remuneration Policy.

6.2 The Committee will make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

6.3 The Committee shall produce a report, in accordance with any applicable governance code and any other relevant regulations or guidance, to be included in the Society's Annual Report, and ensure that all appropriate disclosure obligations are fulfilled.

6.4 The Chairman will attend the Annual General Meeting to respond to any questions on Committee activities.

7 AUTHORITY

7.1 The Committee is authorised to seek any information it requires from any employee of the company in order to perform its duties.

7.2 The Committee 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.

8 CHANGES IN CIRCUMSTANCES AND OTHER INTERESTS

- 8.1 The Committee 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 Committee 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 Committee members are required to notify the Secretary of the Society 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 Committee members are required to notify the Secretary of the Society of any changes in circumstances which may affect their status under the Appropriate Regulator's regulatory regime or their ability to perform their role as a member of the Committee.

9 MONITORING

The Committee will:

- 7.1 Periodically review these Terms of Reference and make any necessary proposals to the Board as to their amendment.
- 7.2 Periodically review and report to the Board on the effectiveness of the Committee.
- 7.3 Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

Approved by the Board on 14 November 2019



Company Secretary