

# PRINCIPLES

PRINCIPLE	HOW LADY GROVER'S FUND HAS APPLIED THE PRINCIPLE
<p><b>Purpose and Leadership</b></p> <p>An effective board promotes the purpose of an organisation, and ensures that its values, strategy, and culture align with that purpose.</p>	<p><b>Purpose</b></p> <p>The objects of LGF are to provide, by voluntary subscription of the members, financial assistance towards defraying certain nursing or convalescence expenses incurred by a member due to illness of the eligible dependant.</p> <hr/> <p><b>Values</b></p> <p>LGF's values are:</p> <ul style="list-style-type: none"> <li>• Honesty and integrity,</li> <li>• Trust and respect,</li> <li>• Empathy and compassion, and</li> <li>• Expertise and professionalism</li> </ul> <hr/> <p><b>Culture</b></p> <p>The Board aims to embed a positive culture and the principles of Treating Customers Fairly into all aspects of LGF's Business.</p> <hr/> <p><b>Strategy</b></p> <p>LGF's current strategy can be found in LGF's annual report and financial statements.</p>

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<p><b>Board Composition</b></p> <p>Effective board composition requires an effective chair and a balance of skills, backgrounds, experience, and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the organisation.</p>	<p><b>Chairman</b></p> <p>The roles of the Chairman and Chief Executive remained separate during 2020 and are distinct in their purpose. The Chairman is responsible for leadership of the Board and ensuring that the Board acts effectively. The Chief Executive has overall responsibility for managing LGF. <b>Rear Admiral JHJ Gower CB OBE</b>, who was judged independent on appointment, is Chairman of LGF. <b>Stuart Bell</b> has been appointed as Chief Executive Officer.</p>
	<p><b>Balance and Diversity</b></p> <p>The Board is mindful of the need to ensure the right balance of skills, experience, and background in its recruitment of directors. It is recognised that diversity in gender and ethnic backgrounds would benefit LGF. However, competence relevant to LGF's needs remains the primary consideration.</p>
	<p><b>Size and Structure</b></p> <p>LGF's Board consists of seven members, three of whom are also trustees of LGF. One third of the Board is subject to re-election each year. During 2020, in June <b>Stuart Bell</b> was appointed as Chief Executive and Secretary (replacing Mike Vickery), and in July <b>Jocelyn Lynch</b> was appointed to the Board.</p> <p>The Board met four times during 2020. All Board members attended all meetings. The Board is satisfied that its range of expertise and experience is appropriate for the current needs of LGF.</p> <p>In the opinion of the Board, four non-executive directors are judged to be independent. <b>Jocelyn Lynch</b> has been appointed Senior Independent Director, and acts as the Member Relations Director.</p>
	<p><b>Effectiveness</b></p> <p>Board director roles are voluntary and not contractual, so individual appraisals are not undertaken. There were no operational issues or concerns with any director during 2020.</p> <p>All Board Members have access to both independent professional advice, as necessary, and the advice and services of the Secretary, who is responsible to the Board for ensuring its procedures are complied with.</p> <p>The Secretary, who is also LGF's Chief Executive, is responsible for ensuring good flows of information to the Board. It is the only remunerated post on the Board.</p> <p>The Board is satisfied that he performs these duties effectively. Both the appointment and removal of the Secretary is a matter for the Board as a whole.</p>

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<p><b>Director Responsibilities</b></p> <p>The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge.</p>	<p><b>Accountability</b></p> <p>The following decisions are reserved for the Board:</p> <ul style="list-style-type: none"> <li>• Approval of accounts</li> <li>• Approval of FSC Returns</li> <li>• Investment policy</li> <li>• Approval of appointment of outsourcing arrangements / contracts with third parties</li> <li>• Recommendation of changes to the Rules of LGF to be proposed at LGF's AGM.</li> </ul> <p><b>Committees</b></p> <p>In view of its size the Board has agreed that it is not appropriate to have any sub-committees or appoint an Internal Auditor</p> <p><b>Integrity of Information</b></p> <p>LGF's financial information is audited annually by its external auditors.</p>
<p><b>Opportunity and Risk</b></p> <p>A board should promote the long-term sustainable success of the organisation by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks.</p>	<p><b>Opportunity</b></p> <p>The Strategic Report in LGF's Report and Accounts the sets out the options available to LGF.</p> <p><b>Risk</b></p> <p>As in all businesses, LGF faces several risks which if not monitored or managed may impact LGF's financial position. Given its member-driven focus, LGF operates within a <b>CAUTIOUS</b> risk range overall.</p> <p>The Board has identified a key number of risks to LGF which are managed through its Risk Reporting System, made available to members at the AGM</p> <p><b>Responsibilities</b></p> <p>The Board is responsible for the management of risk. This duty is fulfilled through a risk policy and key risks are monitored closely. These include Conduct Risk ("Treating Customers Fairly").</p> <p>LGF prides itself on the high standard of service it provides to its members, but it reviews all its activities to identify any areas where we may be falling short so that the necessary remedial action can be taken.</p> <p><b>Financial Crime</b></p> <p>LGF continually reviews its exposure to financial crime and other cyber risks and takes appropriate measures including anti-fraud and anti-money laundering training to mitigate these risks. LGF's Money Laundering Reporting Officer is <b>Stuart Bell</b>.</p>

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<p><b>Remuneration</b></p> <p>A board should promote executive remuneration structures aligned to the long-term sustainable success of an organisation, taking into account pay and conditions elsewhere in the organisation.</p>	<p>No non-executive directors are paid for their time or support to the Society.</p> <p>Appropriate expenses for meetings are reimbursed.</p> <p>Administrative services are outsourced to the Officers' Association.</p> <p>The CEO receives a remuneration package appropriate to experience and expertise which is agreed annually by the Board and made available to members at the AGM.</p>

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<p><b>Stakeholder Relationships &amp; Engagement</b></p> <p>Directors should foster effective stakeholder relationships aligned to the organisation's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.</p>	<p>All members are entitled to attend and vote at the Society's Annual General Meeting. All proposals are decided by a simple majority unless the Rules of the Society specify otherwise. All members receive individual notification of the AGM via the Members' Newsletter, which is posted on the LGF website. Those unable to attend the AGM may appoint a proxy to vote on their behalf. In addition, during the current COVID crisis, the AGM was held virtually, which increased participation.</p> <p>The Board is committed to maintaining good communications with members and providing them with sufficient relevant information to understand the performance of their products.</p> <p>Details of the members of the Society's Board and further information about the Society's corporate governance arrangements are available on request.</p>