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Owner: Sarah Jackson: CHRO
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References:

Compensation Committee Charter Policy

Document Type	Policy
Organizational/Functional Area	Administration
FCA Regulation(s)	620.31

Purpose and Objectives

The Compensation Committee (the "Committee") established by this charter is a committee of the Board of Directors ("Board") of ArborOne Farm Credit ("Association") which is accountable to and reports only to the Board of the Association. The primary purpose of the Committee is to assist the Board with respect to matters involving the compensation of the Board and the Chief Executive Officer, and to review and approve the overall compensation policies and programs for executive officers and employees.

The Committee may, in its sole discretion, retain or obtain the advice of any internal or external compensation consultant, legal counsel or other advisor (collectively, any "consultant") to assist the Committee with fulfilling its functions and responsibilities. The Committee has the sole authority to retain, terminate and determine the fees of any such consultant.

Membership

The Committee consists of three or more members of the Board appointed by the Chair of the Board on an annual basis. New Committee appointments will be effective January 1 of each year. The Vice Chair of the Board will serve as a member of the Committee. The Chair of the Committee will be the principal contact between the Committee and the Board. Each member must be free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a Committee member. Committee members shall abide by all Bylaws, policies, procedures, and FCA regulations regarding membership, attendance, and conduct. Committee members may be removed at any time, with or without cause, by the Board Chair.

Meetings

The Committee will meet as often as it determines, but no less frequently than three times annually. Meetings may be held in-person, telephonically or by video conference, and shall be at such times and places as the Committee shall determine. Association management will ensure the availability of staff and financial resources to support the function of the Committee. The Committee will also hold executive sessions without management to discuss any matters that they believe should be discussed privately or with its independent

consultants.

The Committee meetings are separate from meetings of the Board. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Such agendas are approved in advance of the meeting by the Chair of the Committee. Minutes of all meetings will be prepared, approved and made available to the Board. Minutes of the meetings, including attendance, are retained for at least three years. A majority of members of the Committee shall constitute a quorum. No action shall be taken without a quorum present at the meeting.

Authority and Responsibilities

The Committee has the following authority and responsibilities that have been specifically assigned by the Board and/or that are required by regulation. The Board may adjust existing authorities and responsibilities or assign additional authorities and responsibilities on either a continuing or one-time basis.

1. Review the adequacy of this charter on an annual basis, and recommend any proposed changes to the Board for approval.
2. Maintain an annual calendar which delineates actions required of the Committee during the calendar year.
3. Review and recommend compensation for the Board.
4. Review the compensation disclosures of the Association's financial reports to ensure compliance with laws and regulations and ensure that such disclosures are clear and understandable.
5. Review the compensation policies and plans for senior officers and employees and to approve the overall compensation program for senior officers. By so doing, the committee will determine that:
 - a. The Association's projected long-term compensation obligations are appropriate to the services performed, and not excessive;
 - b. Incentive-based compensation programs and payments are reasonable and proportionate to the services performed and structured so that the payout schedule considers the potential for future losses or undue risks to the Association;
 - c. Senior officer compensation, incentive, and benefit programs support the Association's long-term business strategy and mission, as well as promote safe and sound business practices; and
 - d. Compensation programs designed for specific groups of employees, other than senior officers, pose no imprudent risks to the institution.
6. In order to ensure an appropriate relationship of pay to performance, annually review the goals and objectives, evaluate performance, and establish the base salary, incentive and other compensation of the CEO. Recommend to the Board approval of all compensation actions for the CEO, including employment and severance agreements.
7. Notify FCA of any material changes to compensation programs and ensure timely disclosure of these changes to shareholders.
8. Review the Association's human capital plan and succession plans, specifically succession planning for the position of CEO.
9. Conduct an annual self-assessment of the Committee and its performance.
10. Be knowledgeable of, and attend training on compensation trends and updates to include the design and development of appropriate compensation practices and programs.

11. Rely on authoritative guidance from Farm Credit Administration in carrying out its duties.

Authorities Retained for Board Approval or Action

Amendments and modifications to this policy must be approved by the Board.

Attachments

No Attachments

Approval Signatures

Approver	Date
Sarah Jackson: CHRO	02/2020
Kathy Heustess: CEO	02/2020
Sarah Jackson: CHRO	02/2020