

**HORACE MANN EDUCATORS CORPORATION  
CHARTER OF THE COMPENSATION COMMITTEE  
OF THE BOARD OF DIRECTORS**

**I. AUTHORITY**

The primary responsibility for awarding compensation to the Corporation's top Executive Officers, excluding the Chief Executive Officer (CEO), is vested in the Board of Directors. The Board, relying on management recommendations, is also responsible for determining the compensation of the members of the Corporation's Board of Directors.

The Compensation Committee shall:

- A. Discharge the responsibilities of the Board of Directors to the shareholders, potential shareholders and investment community with respect to the Corporation's compensation programs and compensation of the Corporation's executives; and
- B. Produce an annual report on executive compensation for inclusion in the Corporation's annual proxy statement, in accordance with applicable rules and regulations of the New York Stock Exchange, Inc. (NYSE), Securities and Exchange Commission (SEC) and other regulatory bodies.

The Compensation Committee is a standing Committee of the Board established to approve, and, in certain instances, to recommend to the Board, the salaries, bonuses and benefit plans and awards applicable to the Corporation's Officers and applicable to compensation of members of the Corporation's Board of Directors. In addition, the Compensation Committee is established to approve, and in certain instances, to recommend to the Board, all awards under any stock incentive plans.

The Compensation Committee shall have unrestricted access to the Corporation's personnel documents and to reports or evaluations of any independent specialists or advisors who shall be retained by the Corporation or the Compensation Committee to analyze the compensation, pension and other benefits of all Officers and Directors of the Corporation. The Compensation Committee shall have access to any other resources which shall be necessary to discharge its responsibilities including selecting, retaining and/or replacing, as needed, compensation and benefits consultants and other outside consultants to provide independent advice to the Compensation Committee. In that connection, in the event the Compensation Committee retains such a consultant, the Compensation Committee shall have the sole authority to approve such consultant's fees and other retention terms.

**II. ORGANIZATION**

- A. The Compensation Committee shall consist of three or more directors appointed by the Board, each of whom is determined by the Board of Directors to be "independent" under the rules of the NYSE, as amended from time to time, and free from any relationship that, in the opinion of the Board, would interfere with exercise of independent judgment as a Compensation Committee member and all of whom shall be Disinterested Persons as that term is used by the SEC, as such is amended from time to time, with regard to all decisions to be made by the Compensation Committee

with regard to stock options and related matters. The Compensation Committee shall meet in executive session with no management present at least annually or more frequently as required. All Compensation Committee members shall be literate relative to compensation and benefits matters or shall become literate within a reasonable period of time after appointment to the Compensation Committee. The Board shall designate one of the Compensation Committee members to be Chairman.

B. The Compensation Committee shall meet at least annually or from time to time as required and shall report its activities to the full Board at each Board meeting. A majority of the members of the Compensation Committee shall constitute a quorum for the conduct of business. A decision of a majority of those present at any meeting where a quorum is present shall constitute a decision of the Compensation Committee.

The Compensation Committee shall have the right to meet privately with independent advisors, specialists and/or consultants as needed.

C. The Compensation Committee shall keep minutes reflecting all actions of the Compensation Committee and such minutes shall be circulated to all members of the Board of Directors.

### **III. RESPONSIBILITIES**

#### **A. Definitions of Key Terms**

- a. The term “cash compensation” shall mean the aggregate salary plus bonus paid to all non-field employees for services rendered to the Corporation or its subsidiaries.
- b. The term “four most highly compensated employees” shall mean the non-field employees whose salary plus bonuses is the highest cash compensation paid by the Corporation to an employee, exclusive of the Chairman of the Board and the President and Chief Executive Officer.
- c. The term “LTIP participants” shall mean those employees who are participants in the Long Term Incentive Plan.

B. The Compensation Committee shall review Management’s recommendation and recommend to the Board of Directors for its final approval:

- a. The fixed sum to be paid to the Chairman of the Board and any Director for his or her participation as a Board Member and for his or her participation as a Member of each Committee on which the Director serves; and
- b. The fixed sum to be paid to the Chairman of the Board and any Director for his or her attendance at each meeting of the Board and for each Committee meeting that he or she attends in the capacity of a Committee Member; and
- c. The amount and type of any other form of compensation to be paid to the Chairman of the Board and any Director for such service, including, without limitation, compensation in equity and equity-related incentives.

C. The Compensation Committee shall review and recommend to the Board of Directors for its final approval:

- a. The salaries and any changes in the salaries of the four most highly compensated employees; and
- b. The aggregate bonus amount for all employees; and
- c. The specific amount of all bonuses paid, and awards under the Corporation’s

incentive compensation plans and equity-based plans to the four most highly compensated employees; and

- d. Any amendment to a retirement plan and any adoption of a retirement plan; and
- e. Any amendment to any incentive-compensation or equity-based plan and any adoption of such plans.

D. The Compensation Committee shall review and approve:

- a. The corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and have sole authority to determine the CEO's compensation level, including cash compensation, incentive-compensation and equity-based plans, based on this evaluation; and
- b. The corporate goals and objectives relevant to other executive officers compensation; and
- c. All equity compensation plans of the Corporation that are not otherwise subject to the approval of the Corporation's shareholders; and
- d. The salaries and any changes in salaries and the bonuses which shall be paid to the direct reports of the CEO, Senior Vice Presidents and LTIP participants with an annual salary of \$175,000 or above (other than the four most highly compensated employees); and
- e. The individual bonuses to be paid to all Officers and non-field employees of the Corporation or its subsidiaries (other than the four most highly compensated employees) who are LTIP participants; and
- f. All awards under the Corporation's incentive compensation plans, including any stock options or other equity incentives awarded under such plans, other than awards to the four most highly compensated employees.

E. The Compensation Committee shall prepare an annual report on executive compensation for inclusion in the Corporation's proxy statement, in accordance with applicable rules and regulations of the NYSE, SEC and other applicable regulatory bodies, as each are amended from time to time.

F. The Compensation Committee shall perform a review and evaluation, at least annually, of the performance of the Compensation Committee including its members by reviewing the compliance of the Compensation Committee's activities with this Charter. In addition, the Compensation Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Compensation Committee considers necessary or valuable. The Compensation Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.