



BOARD DIVERSITY

Policy

March 2018

Issue 2

1. Background

Diversity plays an important role in promoting good governance.

The 2010 version of the UK Corporate Governance Code¹ ('The Code') recognised for the first time that *"essential to the effective functioning of any board is dialogue which is both constructive and challenging"* and that *"one of the ways in which constructive debate can be encouraged is through having sufficient diversity on the board. This includes, but is not limited to, gender and race"*.

The Code's Supporting Principle B.2 states that *"The search for board candidates should be conducted, and appointments made, on merit, against objective criteria and with due regard for the benefits of diversity on the board, including gender"*.

In 2011, the Davies Report² recommended that UK listed companies in the FTSE 100 should be aiming for a minimum of 25% female board member representation by 2015.

2. Scope of this Policy

The scope of this Policy applies to the Board of the Ecology Building Society ('the Society').

Diversity is valued at all levels within the Society and in all that we do. The Equal Opportunities Policy applies to the diversity of employees of the Society.

3. Board Commitment

The Society is committed to engaging a broad set of qualities and competences when recruiting members to the Board.

The Board recognises that a diverse Board can help to improve decision making regarding strategies and risks by facilitating a broader range of views, opinions, experience, perception, values and backgrounds.

No candidate for Board membership shall be discriminated against on grounds of gender, race, ethnic origin, marital status, colour, disability, nationality, religion, age, sexual orientation, social circumstances or any other irrelevant factor.

4. Measurable Objectives

All Board appointments are made on merit, in the context of the skills, independence and experience that the Board requires as a unit to remain effective, and taking into account succession planning.

Realising the benefits of gender diversity the Board will endeavour, subject to the considerations above, to maintain a female representation of at least 33% of its composition. At the time of publication of this Policy (March 2018), the Board comprises 9 Directors, of which 3 (33%) are female. The Society has, in its history, achieved a figure of 50% at various times, and has had two female Chairs.

Measureable objectives have also been set to reflect the required skills and industry experience of Board members, including ecological and ethical backgrounds.

5. Measurement and Reporting

The Nominations Committee will report annually, in the Corporate Governance section of the Annual Report and Accounts, on the process it has used in relation to Board appointments. This report will include a summary of the Board Diversity Policy and the progress made in achieving the measureable objectives for implementing the Policy.

¹<https://www.frc.org.uk/Our-Work/Publications/Corporate-Governance/UK-Corporate-Governance-Code-April-2016.pdf>

²<https://www.gov.uk/government/news/women-on-boards>

6. **Review and Responsibilities**

In respect of this Diversity Policy, the Nominations Committee shall:

- Continue to monitor regulatory developments in respect of diversity
- Continue to monitor the level of diversity on the Board
- Review this Policy on at least an annual basis to assess its effectiveness. This will include whether the desired Board diversity representation levels remain appropriate
- Adhere to this Policy when reviewing existing Board composition and whilst recruiting to the Board.