

**1 Apologies for absence:**

L Power (LP)                      H Ashley-Taylor                      C Bowers                      A Hellyer  
J Markham  
M J Lynch; B Norman; A Pratt; A Rutherford; A Watts

**Those present were:**

S J Round (SJR)                      P C Ellis (PCE)                      A Gold (AG)                      T Morgan (TM)  
C Newman (CN)                      A Vipond (AV)                      P Waring (PW)

**Owner(s)**

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1.1 Approval for the following Minutes will be sought at AGM 2018.

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**2 36th Annual General Meeting of Ecology Building Society**

The meeting was held at The Old Fire Station, Silver Street, Bristol, BS1 2AG.

The Society Chairman, Mr Round (SJR) was in the Chair.

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**3 Chairman's opening remarks**

The Chairman introduced himself and welcomed members to the Society's 36th Annual General Meeting.

The Board of Ecology Directors very much value members' views and SJR invited members to approach Directors if they had any questions at all. SJR went on to explain that members would also have the opportunity to ask questions at the 'Ask the Directors' session following the business section of the meeting.

SJR outlined the programme for the remainder of the day which was to include a look at Ecology's future focus.

After lunch, members would hear from three speakers; Anna Kear from UK Cohousing, Chris Sunderland, Executive Director of Real Economy (Bristol) Limited and former Chair of the Bristol Pound CIC and finally Andy Simmonds was to give a presentation on 'Sustainable lending in practice'.

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**4 Introductions**

One member of the Board, Louise Power, was unable to be present due to illness; her apologies were noted. All other members of the Board were in attendance together with 55 Members, plus speakers, staff and guests.

The directors introduced themselves and gave a brief overview of their background and experience.

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**5 Apologies**

The Chair announced apologies for absence as noted above.

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**6 Minutes of the 35th Annual General Meeting of Ecology Building Society**

SJR informed Members that copies of the minutes of the 34th AGM held on 30 April 2016 at the Society's Head Office in Silsden were available for scrutiny and were published on the Society's website.

The Minutes of this, the 36th AGM, will be made available on the Society's website within the next 3 months.

Ecology Member, Mr David Barrass, proposed that the Minutes of the 35th AGM were adopted. The proposal was seconded by Ecology Member Mr Luke Streatfield and the Minutes were signed by SJR.

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**7 Resolution 1 - Accept the Auditor's Report**

Non-executive Director of the Society, Mr C Newman (CN) presented the Auditor's report from KPMG. He highlighted that the full audit report could be found on page 12 of the Society's Annual Review.

There were no questions regarding the report. Members were asked to vote on Resolution 1.

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**8 Resolution 2 - Receive the Society's Annual Report and Accounts**

Non-executive Director, and Chair of the Society's Risk, Audit, Compliance and Ethics (RACE) Committee, Tim Morgan ( TM ) and Finance Director, Pam Waring (PW) presented the Society's Annual Accounts with a Powerpoint presentation.

There has been a steady increase in profitability over the year and this is adding to the Society's Capital. The amount of Capital required, is mainly dictated by how much lending the Society does.

The presentation showed five year comparatives and included:

- Profit for the year
- Reserves
- Management expenses versus income
- Management expenses as a percentage of mean assets
- Pictorial view of the Balance sheet.

**8.1 Member 1 Question:**

I was just curious about the running costs which were so much higher than profits. How is this?

**8.1.1 TM responded as follows:**

In terms of the profit, what we are trying to do is make a sufficient profit to be sustainable and carry on growing the capital base. There is a regulatory requirement that means we have to add to that and if we don't, the regulator won't let us do the lending. We have to try and make a profit and there are only two ways we can add to that. One is what we like to do, which is making a little profit each year and building that up and the second is by issuing a Capital Instrument, a process which involves bringing in other external capital.

8.1.2 PW: Clarified that the line on the graph that Member 1 was referring to shows the profit after taking into account the costs.

Member 1: If that's the profit after taking into account the costs, then that is fine.

8.2 Member 2 Question:

On slide one, interest paid has remained fairly static across the years, yet the net interest has gone up. Can you explain that?

8.2.1 TM responded as follows:

These two figures are very interlinked. The gap is the key thing and is the amount of money we are making overall out of which we have to run the Society and make a profit. This is a balancing act and relates to the cost of the money and the difference between the price we are paying for it to savers and the rate we are charging to people to borrow.

The difference between the two is the net margin and this is currently circa 2%; out of that we have to run the Society and make sufficient profit to put away so that we can continue growing but not make a huge profit, because as a mutual organisation that is not what we are about; it's a balancing equation.

8.3 Members were asked to vote on Resolution 2.

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## **9 Resolution 3 - Appointment of Auditors**

TM explained that as part of this Resolution, the Society asks Members to authorise the reappointment (or selection of a new) auditor each year. The Society uses two audit firms; one for Internal Audit, (Deloitte) and one for External Audit (KPMG).

It is approximately 11 years since the Society last formally reviewed its External Audit provider. The Society had indicated at last year's AGM that it would look to carry out that review quite quickly. However, due to new regulation regarding appointment of audit firms, KPMG has to retire by law in 2020. Therefore, the Society has decided to appoint a new audit firm nearer that time.

Given the nature of the business, there is a fairly limited choice of Auditors who can carry out audits of building societies. The Society is exploring if there are any other firms available in the marketplace in the mid-tier. Working with a small local firm however is not an option because of the regulatory environment in which the Society operates in.

9.1 Member 3 Question:

Is there anything that we can do to encourage more sustainably motivated auditors?

9.1.2 TM responded as follows:

The answer is that for a Society the size of Ecology with just 28 staff, there is very little Ecology can do other than when it carries out a tender, try to make it as wide as possible and see if any other firms are interested in participating. Reaching to them is the best the Society can do.

CN: Added that External and Internal Auditors are regularly at the Society's office understanding the business and seeing how it operates. If Ecology can make sure that it is showing them exactly how it thinks an ethical organisation should be run, the firms can take that away and share the 'best practice' seen at Ecology elsewhere.

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#### **Resolution 4 - Approve the Remuneration Report**

Chair of the Remuneration Committee, Andrew Gold (AG) presented the report.

AG explained that the Society's aim is very much to recognise and reward performance and the contribution that staff bring to the Society, whilst being mindful of market conditions.

The Society also very much recognises the importance of engaging with members regarding its approach to remuneration.

In 2016 the Society was awarded the Living Wage Accreditation which is reflective of the Society's commitment to a Fair Pay policy.

AG informed members of the Remuneration Policy development and presented a timeline of the various stages.

Following the 2016 AGM, the Society engaged with a firm that has experience of the co-operative and financial services sectors, to undertake a review of its Remuneration Policy. They considered what was good practice around remuneration approach and they recommended and submitted what the Remuneration Policy of the future should look like. The Remuneration Committee considered that report. The key part of the report was the retention of the limit of highest to lowest paid, but with a recommendation to increase that limit from 5:1 to 8:1. The Society's Member Ethics Panel was consulted regarding the increase in the limit and were in support of the proposal. This proposal was subsequently put to the Board and was approved in October 2016. Those changes to the Remuneration Policy were implemented at the start of the new calendar year. AG stressed that the 8:1 is a limit, ie a guide; the actual ratio as at the end of 2016, as disclosed in the Annual Review was 4.99.

10.1 Moving on from the Remuneration Policy, AG presented the Remuneration Report. He highlighted that:

- All staff members receive the same pension contribution percentage rate of salary
- All staff members have participated in the performance-related pay scheme

- 10.2 There were no questions regarding the Remuneration Policy or Remuneration report. Members were asked to vote on Resolution 4.
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## **11 Director Elections**

PCE: Three members of the Board are seeking re-election today.

Prior to the voting taking place and to aid a better understanding, PCE explained how the Society's Director elections work.

It is important to ensure that the Society has a board of Directors with a set of appropriate skills to be able to oversee the running of the Society and to make sure that the Executive Directors are carrying out their roles as required.

A comprehensive exercise is undertaken to look at what skills are required for the future and individuals are assessed to ensure that their skills are appropriate for the future needs of the Society. At the point when director candidates are up for election / re-election, they have confirmed that they are fit and proper, the Board have held a discussion to determine if the director should be recommended for continued non-executive directorship of the Society and those individuals are then put to the members. In addition, all directors when coming to an election have also been through regulatory scrutiny. The AGM is a means by which the individuals are confirmed in their membership of the Board.

In practice, vacancies arise during the year and the board seek out individuals who are thought to be good candidates. The attributes required include a mix of specialist skills but the individual must also reflect the values and mission of the Society in the ideas of sustainability and triple bottom line finance.

Members can put forward candidates themselves and the process is set out in the Society's Rules which are published on the website.

- 11.1 PCE explained that the three candidates standing for election on this occasion are retiring by rotation and need their membership confirmed by the membership at large.

The Board recommend the three individuals standing for election and the Board can confirm that the three candidates have acted with diligence throughout the year, have contributed to the growth and success of the Society and fully recommend they continue their membership of the Board to take the Society forward in the future.

- 11.2 The Chair, Steve Round, introduced Tim Morgan (TM ) for re-election.

TM is seeking re-election having retired by rotation under Rule 26(2).

The Chair asked Members to vote.

- 11.3 The Chair introduced Chris Newman (CN) for re-election.  
CN is seeking re-election having retired by rotation under Rule 26(2).  
The Chair asked Members to vote.
- 11.4 The Chair introduced Alison Vipond (AV) for re-election.  
AV is seeking re-election having retired by rotation under Rule 26(2).  
The Chair asked Members to vote.
- 11.5 The Chair invited any Members who wished, to join the tellers in the vote count.  
The Chair asked the tellers to collect votes.

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**12 Ask the Directors**

The Chair invited Vice-Chair, Alison Vipond (AV) to facilitate the 'Ask the Directors' session.

All eligible members present were invited to raise any questions they had which were relevant to the business of the meeting.

A number of member questions were put to Directors and these will be published on the Society's website.

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**13 Announcement of the results of voting**

The Chair asked the Scrutineer to announce the results of the voting. The votes included postal votes, votes cast on-line and those received at the meeting.

- 13.1 Resolution 1 - To receive the Auditor's report:  
For: 1255; Against: 14; Abstentions 23; Spoilt 5
- 13.2 Resolution 2 - To receive the Directors' Report, Annual Accounts and Annual Business statement:  
For: 1258; Against: 17; Abstentions 17; Spoilt 5
- 13.3 Resolution 3 - To appoint KPMG LLP as Auditors:  
For: 1064; Against: 126; Abstentions: 101; Spoilt 6
- 13.4 Resolution 4 - To approve the Directors' Remuneration Report:  
For: 1130; Against 86; Abstentions: 76; Spoilt: 5
- 13.5 To re-elect Timothy David Morgan:  
For: 1219; Against 39; Abstentions: 34; Spoilt: 5
- 13.6 To re-elect Christopher Jon Newman:  
For: 1218; Against: 39; Abstentions: 35; Spoilt: 5
- 13.7 To re-elect Alison Vipond:  
For: 1229; Against: 42; Abstentions 21; Spoilt 5
- 13.8 The results will be made available on the Society's website.

**Signed as a true record of the meeting:**

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Dated

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