

1 Apologies for absence:

Helen Ashley-Taylor, Stuart Field, Hazel Woodcock and Tony Taylor.

Those present were:

S J Round (SJR)

A Vipond (AV)

P C Ellis (PCE)

A Gold (AG)

T Morgan (TM)

C Newman (CN)

V Smith (VS)

P Waring (PW)

K Knowles (KK) - Minute taker.

Owner(s)

2 37th Annual General Meeting of Ecology Building Society

The meeting was held at The Priory Rooms, Quaker Meeting House, 40 Bull Street, Birmingham, B4 6AF.

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

3 Chairman's opening remarks

SJR introduced himself and welcomed members and guests to the Society's 37th Annual General Meeting.

The board of Ecology directors 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 during the 'Ask the Directors' session following the formal business section of the meeting.

SJR outlined the programme for the remainder of the day which included feedback on the Member Survey recently carried out.

After lunch, members would hear from speakers about tackling climate change with modern, traditional and natural building methods.

4 Introductions

All members of the board were in attendance together with 38 members, plus speakers, staff and guests.

Each director introduced themselves and gave a brief overview of their background and experience.

5 Apologies

SJR announced apologies for absence as noted above.

6 Minutes of the 36th Annual General Meeting of Ecology Building Society

SJR informed members that copies of the minutes of the 36th Annual General meeting held at The Old Fire Station, Silver Street, Bristol were available for scrutiny and were also published on the Society's website.

The Minutes of this, the 37th AGM, will be made available on the Society's website within the next 3 months.

7 Resolution 1 - To 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 and Finance Director and Deputy Chief Executive, Pam Waring, presented the Society's 2017 Annual Report and Accounts with a Powerpoint presentation.

The presentation showed five year comparatives and included:

- Interest Earned and Paid
- Admin Costs and Management Expense
- Mortgage Assets and Savings
- Reserves and Profit

7.2 Resolution 2 – To re-appoint KPMG LLP as Auditors.

TM explained that his responsibility and the responsibility of the Society's Audit Committee of which he is Chair, is to lead on appointing the Society's auditor. Each year at the AGM, members are asked to authorise the reappointment (or selection of a new) auditor.

In order to make members aware when casting their vote, it is important for members to know that given the nature of what the Society does as a regulated entity, it has very limited choice of audit firms that it can use. There are only four firms that the Society can work with and it already uses two of these; one as Internal Auditor and one as External Auditor. The rules on compulsory retirement do however mean that the Society's current External Auditor (KPMG) will have to stand down in the near future. Therefore, in the next two years, the Society will carry out an audit tender.

7.3 Members were asked to vote on Resolution 1 - To receive the Annual Report and Accounts.

7.4 Members were asked to vote on Resolution 2 - To re-appoint KPMG LLP as auditors

7.5 SJR invited questions on the Resolutions being voted on.

7.6 Two Members questioned the re-appointment of the auditors and asked what the alternative options are.

7.6.1 TM responded as follows:

There are four firms who are able to carry out the Society's audit. The two the Society doesn't work with are Ernst Young and PWC - both names are quite well-known. TM was happy to talk in more detail at lunchtime about the process and how it works and what the Society's options are but essentially, it is one of those four that the Society has to choose from.

TM went on to explain that the role of the non-executive directors is to bring in external scrutiny to the audit process. He reassured members that from the Society's current audit team there had been an extremely thorough audit. It was comprehensive and more challenging than had been experienced before.

It is also worthy of note that there have been three different audit partners leading the audit over the last five years who bring a different view and approach to scrutinising the Society.

SJR added that the Society's Internal Audit is carried out by Deloitte which means that there is challenge from the inside as well. Deloitte check the Society's controls, systems and compliance.

8 Resolution 3 - To approve the Directors' Remuneration Report

Chair of the Remuneration Committee, Andrew Gold (AG) presented the report for the year ended 31 December 2017.

- 8.1 AG explained that as a mutual organisation that is member owned, the Society is fair and transparent in its remuneration approach and disclosures to the membership. As such, within the Annual Review provided to all members there are details of the Society's approach to remuneration which very much reflects a desire for fairness and transparency.
- 8.2 Regarding the composition of individual director remuneration, for the executive directors, they receive a salary which is commensurate with their experience and the growing demands on their role. All colleagues in the Society, including the executive directors, but excluding non-executive directors receive a pension contribution. All colleagues have the opportunity to participate in a performance related pay scheme which also includes executive directors but excludes non-executive directors.
- 8.3 In 2016 the Society achieved the Living Wage accreditation which reinforces the Society's commitment to fair pay to all colleagues.
- 8.4 AG highlighted the Society's limit of highest to lowest paid which means that there is a maximum limit that the Chief Executive can earn compared to the lowest paid member of staff. The ratio is currently just above 5.
- 8.5 With regard to gender pay gap reporting, the Society has not had to make a mandatory disclosure due to the number of employees (currently 30). However, the Society is measuring gender pay gap and supports the approach of having a greater drive for transparency. The Society is confident that its remuneration approach is robust in this area.

- 8.6 AG went on to highlight that the Society has 'family friendly' policies for colleagues together with policies that encourage a good work life balance. The recently appointed HR Manager has been asked to lead and develop the Society's 'people strategy' - diversity, inclusion and equality will form a big part of that.
- 8.7 There were no questions arising. Members were asked to vote on Resolution 3.

9 Director Elections

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

- 9.1 The directors have a duty to ensure that they have a board that is constituted in such a way that it can control all the aspects of the Society and ensure that the Society is run prudentially, and for the good of the members in order to achieve its mission. To some extent that is driven by the regulators.

During the year, the board considers if it has directors with the right skills to lead the Society's strategy. This is carried out by completion of an internal matrix which tests individuals skills to ensure that they are adequate and remain sufficient. The results identify where there may be skill gaps and this drives future recruitment of board members. In addition to financial, accountancy and legal skills, Ecology looks at general ecological understanding which includes rural and housing issues.

The board also monitors diversity and gender balance.

- 9.2 PCE informed members that two members of the board were seeking re-election today and one director is being elected for the first time.

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

- 9.3 SJR added that non-executive directors appointed to the Board have to be 'vetted' by the regulatory authority and this process is very rigorous.

- 9.4 Resolution 4.1 - To re-elect Andrew John Gold.

SJR introduced Andrew Gold (AG) for re-election.

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

The Chair asked members to vote.

9.5 Resolution 4.2 - To re-elect Steven John Round.

AV introduced Steve Round (SJR) for re-election.

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

AV asked members to vote.

9.6 Resolution 4.3 - To elect Vincent Damian Smith

SJR introduced Vince Smith (VS). VS is seeking election having been appointed a director under Rule 25.

SJR asked members to vote.

10 Announcement of the results of voting

The Chair asked the Society's Risk and Ethics Manager, Chris Rickerby (CR) to announce the results of the voting.

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11.1 Resolution 1 - To receive the Annual Report and Accounts for the year ended 31 December 2017.

For 537; Against 12; Abstentions 16; Spoilt 20

11.2 Resolution 2 - To re-appoint KPMG LLP as auditors.

For 344; Against 155; Abstentions 67; Spoilt 19.

11.3 Resolution 3 - To approve the Directors' Remuneration Report for the year ended 31 December 2017.

For 442; Against 71; Abstentions 50; Spoilt 22.

11.4 Resolution 4.1 - To re-elect Andrew John Gold.

For 494; Against 43; Abstentions 35; Spoilt 16

11.5 Resolution 4.2 - To re-elect Steven John Round.

For 498; Against 38; Abstentions 38; Spoilt 14

11.6 Resolution 4.3 - To elect Vincent Damian Smith

For 502; Against 36; Abstentions 36; Spoilt 14

11.7 Members were informed that the results will be made available on the Society's website.

12 Ask the Directors

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

All eligible members present were invited to raise any questions.

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

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Any other business

No other business was raised.

SJR thanked members for their attendance and looked forward to meeting members over the lunch break.

Signed as a true record of the meeting:

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Dated

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