



Ecology
Building Society

ECOLOGY BUILDING SOCIETY

(Incorporated in England and Wales under the UK Building Societies Act 1986, as amended, with registration number 733B and regulated by the Prudential Regulation Authority and the Financial Conduct Authority with reference number 162090)

DISTRIBUTION POLICY

Core Capital Deferred Shares (“CCDS”) of £1 each

Issue date: 15 September 2020

DISTRIBUTION POLICY

This document sets out the Board's distribution policy relating to the payment of periodic investment returns (“**Distributions**”) from time to time in respect of the Society's Core Capital Deferred Shares (“**CCDS**”), which are deferred share investments for the purposes of the Rules of the Society.

When determining the Distributions (if any) to be declared in respect of the CCDS in respect of any given financial year, the Board will have regard to all relevant factors which it considers to be appropriate, including:

- the profitability of the Society and its resources available for distribution
- the outlook for the Society’s business, its short-term and long-term viability and the impact on the Society of the macro-economic environment in the UK, including inflation
- the capital and liquidity position of the Society at the time of declaring the Distribution
- the desire to reward investment in the capital of the Society in a commercially responsible manner reflecting the value to the Society of the capital provided by CCDS holders
- recognition of the risks inherent in such investments
- the Society’s need to maintain access to capital in the future, both for prudential reasons and to underpin the expansion of the Society’s lending programme in pursuit of sustainability
- the benefits received by other members of the Society through the operation of the Society’s business in ensuring fairness of approach and in accordance with the principles of mutuality
- the cap on Distributions under the Society’s Rules; and
- long term investment rates and the Bank of England Base Rate

subject always to applicable law and regulation and the following overriding fiduciary duties and principles:

- the duty of the directors to act in the best interests of the Society
- the duty of the directors to have due regard to the interests of all categories of member, both current and future, of the Society; and
- the principles of mutuality that apply by virtue of being a building society.

If Core Capital Deferred Shares had been in issue for the financial year ended 31 December 2019, and taking into account the factors set out above, the Board is likely to have declared an interim Distribution of £0.048125 per CCDS for payment on 1 November 2019 and a final Distribution of £0.048125 per CCDS for payment on 1 May 2020 in respect of such financial year. Given the expected timing of the issue of CCDS within the Society’s financial cycle, the Board currently expects to make a final Distribution payment in May 2021 which, based on the indication above, would be £0.060123 per CCDS.

The Board currently expects, under normal circumstances, to adopt a stable distribution policy and therefore expects that the distribution level indicated above would be appropriate for future years, subject to Ecology’s financial position at the time each Distribution is declared being viewed as satisfactory.

The indications stated above are not binding on the Society and the Board will have absolute discretion (subject to applicable law and regulation) whether or not to declare any Distribution in respect of any financial year and, if any such Distribution is declared, the amount of such Distribution. Accordingly, in respect of any given financial year, the Board may elect not to declare any Distributions, or may declare an interim and/or a final Distribution which may be higher (subject to the cap on Distributions under the Society's Rules) or lower than the indications stated above.