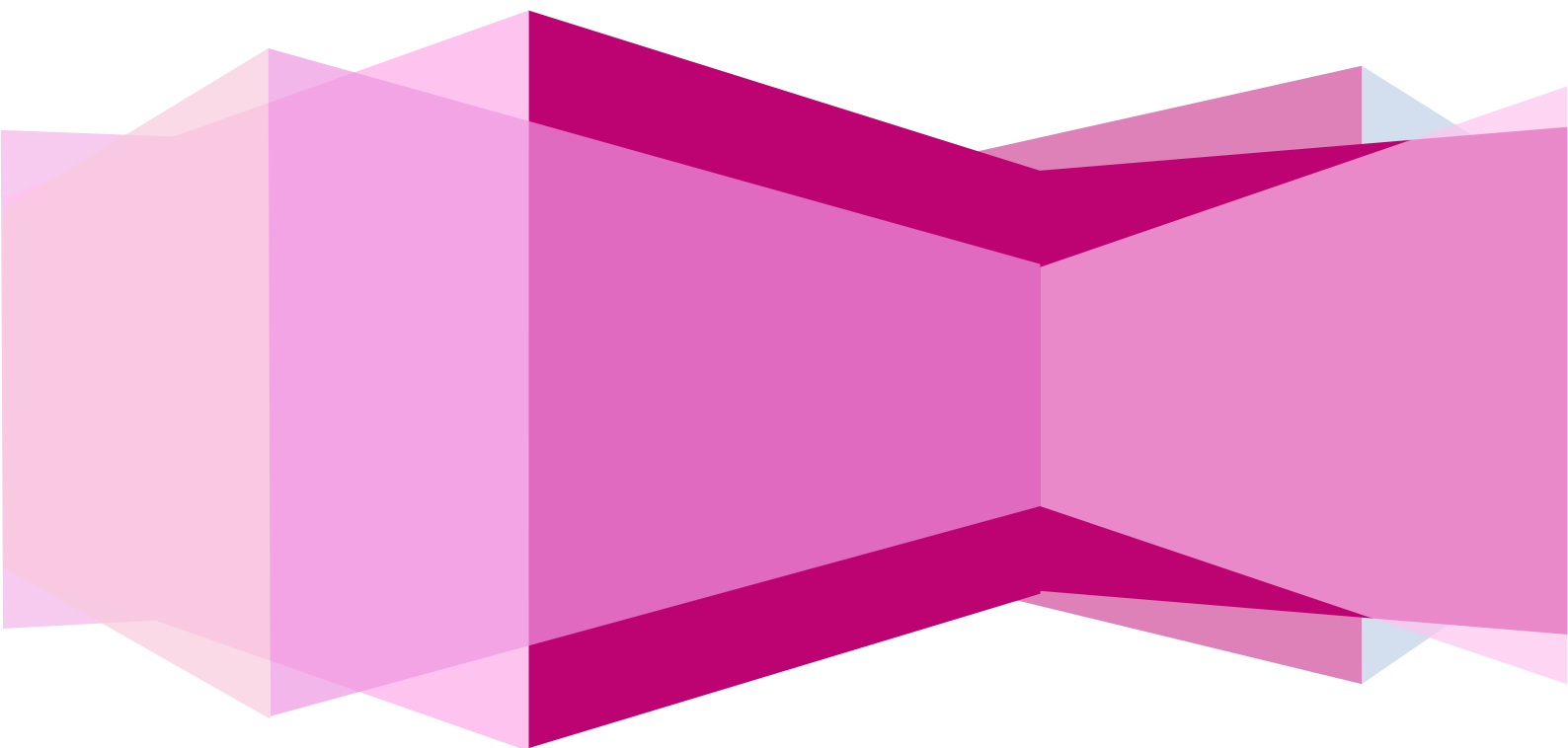


# **BOARD DIVERSITY POLICY**



# BOARD DIVERSITY POLICY

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# BOARD DIVERSITY POLICY

## 1. Policy Objective

The Board Diversity Policy ('the Policy') sets out the approach to diversity on the Board of Directors of Furness Building Society Group ('the Board').

## 2. Policy Owner

The Policy is owned by the Nominations Committee  
The Group Secretary is the Executive Owner  
The HR Manager is the Business Owner  
The Policy Author is the Group Secretary

## 3. Target Audience

The Policy is to be read and understood by Board members, staff, Society members, stakeholders and interested members of the general public.

The document may be published on the internet.

## 4. Scope

The Policy applies to the Board. It does not apply to diversity in relation to employees of the Society and Group, which is covered by the Society's HR policies, including the Equal Opportunities Policy

## 5. Background

The Policy has been developed directly in response to regulatory developments.

In June 2010 a revised UK Corporate Governance Code ("The Code") came into effect, which included for the first time a principle recognising the value of diversity in the boardroom (Supporting Principle B.2), which 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"*.

This was followed by the publication of the Davies Report in 2011 which made the following recommendation:

*"All Chairmen of FTSE 350 companies should set out the percentage of women they aim to have on their boards in 2013 and 2015. FTSE 100 boards should aim for a minimum of 25% female representation by 2015 and we expect that many will achieve a higher figure."*

However, The Financial Reporting Council did not specify a minimum target in The Code for female Board composition, considering that boards should report on what steps they are taking to achieve the diversity necessary to maximise the effectiveness of the board, and as part of that what consideration they have given to gender balance.

## 6. Policy Statement

Furness Building Society recognises and embraces the benefits of having a diverse Board, and sees diversity at Board level as an aid to achieving a competitive advantage.

A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other qualities of Directors. These differences will be considered in determining the optimum composition of the Board and when possible will be balanced appropriately.

Furness Building Society also recognises the benefits of diversity in the behavioural characteristics (such as temperament and approach) of individual Directors and seeks to build the right mix of individuals by character.

All Board appointments are made on merit, in the context of the skills and experience the Board requires as a unit to remain effective, taking account of succession planning. Candidates are assessed against pre-defined personal and professional profile criteria.

## **BOARD DIVERSITY POLICY**

The Board Nominations Committee ('the Committee') reviews and assesses Board composition on behalf of the Board and recommends the appointment of new Directors. The Committee also oversees the conduct of the annual review of Board effectiveness.

- In reviewing Board composition, the Committee will consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to maintain an appropriate range and balance of skills, experience and background on the Board.
- In identifying suitable candidates for appointment to the Board, the Committee will consider candidates on merit against objective criteria and with due regard to the benefits of diversity on the Board.
- The Committee will seek to assure itself that that the Board does not operate any barriers that prevent minority groups being considered / appointed, where the skills / experience requirements are met.
- As part of the annual performance evaluation of the effectiveness of the Board, Board Committees and individual Directors, the Committee will consider the balance of skills, experience, independence and diversity representation on the Board. The Committee will also consider the level of understanding and knowledge on the Board of the Society itself, the business it undertakes, the markets in which it operates and the local communities in which it is based.

### **7. Measurement and Reporting**

As set out in section 5, The Davies Report recommended that FTSE 350 Company Boards set targets for the number of women they aim to have on their boards in 2015, with a minimum 25% target to be aimed for.

The Committee has determined that it will not set measurable objectives for achieving gender diversity on the Board at this time; however the actual level of gender diversity will be monitored.

At the date of adoption of this Policy (November 2014), the Board comprised 9 Directors, of which 2 (22%) of the Board were women.

The Committee will report annually, in the corporate governance section of the Annual Report, on the process it has used in relation to Board appointments. The report will include a summary of this Policy and the decision not to set measurable objectives.

### **8. Responsibilities**

The Nominations Committee shall:

- Continue to monitor regulatory developments in respect of diversity
- Continue to monitor the level of diversity on the Board
- Undertake an annual review of this Policy Statement including the decision not to set measurable objectives
- Adhere to the Policy both when considering existing Board composition and recruitment to the Board