



BOARD DIVERSITY POLICY

Last Approved: September 2024
Next Scheduled Review in 2025

Introduction

Our mission at Better Society Capital is 1) to improve the lives of people in the UK through investment with a sustainable return, and 2) to promote and develop the social investment marketplace.

The strategy through which we seek to achieve our mission focuses on systems change: changing the way investment flows to support organisations that improve lives. One risk with trying to change systems is that we could easily build new models that replicate the bias, unfairness, and inequality of the old.

We, as the Board of Directors hold responsibility for Better Society Capital and provide leadership to it, acting as a conscientious sounding board and a 'critical friend'. We believe that consideration of equity, diversity and inclusion (EDI) should be embedded throughout we do and is fundamental if we are to succeed. We use the word 'equity' as opposed to 'equality' when we think about EDI, because we want to work towards an environment which is accessible to all, recognising that different people may have different needs which need to be met to ensure this.

Differing views, experiences and perspectives play a crucial role in ensuring effective and insightful Board discussion. We understand the importance of ensuring that we, as a body, are reflective of our stakeholders, to better represent their interests.

Our Board recognises that there are areas in respect of Board diversity in which there is still ground to be covered and we are committed to taking every possible step to improve in these aspects.

Objectives

The objectives below are a high-level summary of the key principles which our Board commits to, which underpin our more detailed commitments to action as part of our Board Equity, Diversity and Inclusion Action Plan.

- We commit to taking all possible actions to make sure that the composition of the Board, its openness and attitude, and its monitoring of the culture and composition of the business, is reflective of Better Society Capital's diverse stakeholders.
- We annually review the composition of the Board and its Committees through our Nomination and Remuneration Committee. Whilst ensuring a balance of appropriate skills, qualifications and experience, we will consider diversity, inclusion and equity aspects of Board composition as a key part of this review and take appropriate actions.
- The Board has set a number of key targets as follows, to enable it to maintain a balance:
 - Our ultimate goal is to have an equal proportion of female/male Board members, and as a minimum, no less than 40% female Board members; and
 - We aim to ensure that at least 18% of our Board is made up of individuals from minoritised ethnic or racialised backgrounds, to at least match the current proportion of UK population, (to be reviewed in line with the UK population on an ongoing basis).

There will, inevitably, be periods of transition, (for example where a director resigns and whilst we seek to replace them) when changes in the Board's composition may result in temporary periods when these targets are not met. The Board is currently in such a transitional period, due to recent changes of Directors and active recruitment processes and commits to comply fully with these targets by end 2025 or earlier. However, since agreeing this policy, progress has been made against this target, moving the gender balance from 25%

to 33.3% in the year. There are further recruitments to be made by early 2025 as some existing Board members retire, and we hope to improve this balance further. At present 25% of our Board members are from minoritised ethnic or racialised backgrounds and we hope to maintain this consistently as far as possible so that our Board is representative of all our stakeholders across the UK.

- We will not forget that there are many other aspects of diversity, including, (but in no way limited to), age, physical and cognitive ability, education and socio-economic background, and we will ensure that all such aspects are given true consideration when reviewing and assessing the mix of skills and experience in our Board's composition.
- All appointments to our Board will be made on merit and not on any discriminatory basis.
- When recruiting for new Board members, we will consider these objectives, alongside our requirements in respect of skills and experience and will seek to attract high calibre candidates from under-represented groups. Roles will be openly advertised alongside any external engagement with search agencies.
- Search agencies will be selected according to their ability to deliver in line with these objectives.
- We will continuously review and enhance our diversity, whether of thought, characteristics or of background, and embed a culture of inclusivity within the Board room.
- Each individual Board member commits to ensure independence and diversity of thought across the Board, avoiding homogeneity of outlook, balancing this by undertaking to inform themselves appropriately on all aspects of the business, to allow for credible challenge.

Reporting and Responsibility

It is the responsibility of the Nominations and Remuneration Committee of the Board, to oversee the Board's adherence to the principles contained in this document. The content of this document will be reviewed and, where appropriate, refreshed by the Nominations and Remuneration Committee on an annual basis, to ensure they remain appropriate to the Company and to the world in which it operates.

The Board Nominations and Remuneration Committee will also monitor progress against the Board Equity, Diversity and Inclusion Action Plan, which underpins this document, on an annual basis and report its conclusions and recommendations to the Board. It will refresh the contents of this plan as appropriate, and at least on a two-yearly basis.

The Nomination and Remuneration Committee will report annually to shareholders within the Annual Report and Accounts on the implementation of this policy.