

CO-OPERATIVE GROUP BOARD DIVERSITY POLICY

INTRODUCTION

Our Co-op is different. We are part of a movement that does business in a better way. In that our focus is on our members and the communities where we do business.

At the heart of our Society is democracy and valuing the diversity which being a member-owned organisation brings.

POLICY

This policy applies to the Board of the Co-operative Group. It should be read in conjunction with our Board Composition Charter (Charter) which outlines the skills and knowledge our Board needs to ensure our business continues to thrive. The policy in relation to Co-op colleagues is covered by the Co-op's Diversity and Inclusion Policy.

The Board recognises the importance of a diverse board that is representative of its Membership now and in the future and which promotes diversity of thought as well as bringing an appropriate mix of skills and experience.

Diversity is key in ensuring we have the right talent, contribution and commitment to achieve our aims, make high quality deliberations and decisions, as well as effective engagement with Members and other key stakeholders. We believe embracing diversity will give us a commercial advantage as well as being the right thing to do. The Board recognises that by embracing diversity, it will:

- i. help the Board represent the views of our changing and growing Membership;
- ii. bring a broad range of skills, knowledge, thoughts and experience to the Board;
- iii. support good governance through challenge and discussion from a diverse range of viewpoints;
- iv. uphold the Co-operative Values and Principles of honesty, openness, equality and equity; and
- v. uphold the highest standards of good governance and board composition.

GOALS

Group Board

While we believe diversity goes beyond gender and ethnicity, we know this has rightly been a key area of focus over recent years.

As at May 2017 the Group Board comprises:

- Men: (8) 66.66%
- Women: (4) 33.33%
- Black, Asian and Minority Ethnic (BAME) (2) 16.6%

Our aim is to at least maintain the current level of diversity on the Board, having regard to the relevant characteristics as defined in the Charter, including gender, and ethnic diversity so that it is representative of its changing membership and reflects society at large. We will strive to ensure an appropriate balance and diversity, as well as skills requirements, in line with our Rules.

These Goals will be achieved by:

- In the process for identifying candidates for appointment to the Board, the Nominations Committee and the Member Nominated Director Joint Selection and Approvals Committee (MNDJC) will select from a diverse pool of candidates in the broadest sense.
- Taking into account the threshold requirements contained within the Rules and the Charter.
- Monitoring the composition of the Board and those of its key subsidiaries and the diversity of all candidates standing for elections in the MND process.
- Regularly reviewing Board policies and practices to ensure they are supportive of all members and do not create barriers to participation.
- Considering diversity when making all Independent Non-Executive Director appointments including gender, ethnicity and age (Board appointments will continue to be based on merit and candidates will be considered against objective criteria).
- Challenging management to ensure the management population can support the unique and diverse needs of our customers and communities.
- Setting a culture that is values driven and inclusive.
- Through Board effectiveness evaluation programmes, the Board will ensure that there is the balance of skills and knowledge needed to run a co-operative business of the scale and complexity of the Group.
- Only engaging executive search firms who have signed up to the voluntary Code of Conduct on gender diversity and best practice (the Board supports the 9 principles of the Executive Search Firms Voluntary Code of Conduct).
- Undertaking appropriate training to support the delivery of this policy.
- Making reference to the Diversity Policy and any targets set in the annual report

- A separate section of the annual report to describe the work of the Nomination Committee, including the process it has used in relation to board appointments. This section will include a description of the Board's policy on diversity, including gender and ethnicity, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives. Including an explanation given if neither an external search consultancy nor open advertising has been used in the appointment of a Chair or a non-executive director.

Approved by the Co-op Group Board on 19 May 2017