

Board Quality Metric

Assessing governance quality to inform investment, engagement and voting

What is the Board Quality Metric?

The Board Quality Metric is a data-led framework used by U Ethical to assess the quality and effectiveness of company boards as part of our broader ESG and stewardship process.

It evaluates governance at both:



Board level (structure, independence, diversity and oversight), and



Director level (patterns of behaviour and outcomes across current and prior roles).

The metric is designed to identify emerging governance risks and strengths in a structured, consistent way.

What does it assess?

The metric combines two complementary pillars:

Traditional board governance indicators

Board composition and independence

Diversity and role structure

Separation of key roles (e.g. Chair/CEO)

Other standard governance indicators

Director-level behavioural insights

Directors' involvement in ESG controversies across roles

Patterns of sustained underperformance at companies where directors have served

Repeated governance or accountability concerns over time

The focus is on patterns, not isolated incidents.

Why does board quality matter?

Board quality is one of the strongest predictors of long-term company performance.

Weak boards are often associated with:

- Strategic blind spots
- Poor capital allocation
- Weak accountability and oversight
- Repeated ESG controversies

Strong boards tend to demonstrate better risk management, decision-making and long-term resilience.

This metric helps us identify governance risks early, rather than reacting after problems crystallise.

How is it used?

The Board Quality Metric is embedded in U Ethical's investment and stewardship process and informs:



Investment decisions

Board quality is a formal input into company assessment and investment decisions.



Portfolio construction

Governance insights influence portfolio positioning alongside financial analysis.



Engagement priorities

Companies with weaker board quality signals are prioritised for targeted engagement.



Proxy voting

Director-level insights inform voting on director elections and remuneration outcomes.

The metric is reviewed and updated regularly as board composition and circumstances change.

Current positions

Name	Position	Number of ESG incidents				Number of underperformance	
		Very severe	Severe	Moderate	Minor	Single-day events	Structural periods
Allen Peter	Board	0	0	4	3	2	0
Chow Jacqueline	Board	0	2	7	3	5	0
Cleland Abigail	Board	0	2	8	3	4	0
Freudenstein Richard	Board	0	2	7	3	19	4
Penn Andrew	Board	0	2	6	3	0	0
Price Scott	Board	0	1	6	3	0	0
Stops Wendy	Board	0	2	6	3	0	0
Weckert Leah	Board	0	2	6	3	0	0
Weckert Leah	CEO	0	2	6	3	0	0
Elias Charlie	CFO	0	1	6	3	0	0

ESG Board Metrics

Board independence & leadership		Board structure & composition		ESG strategy & oversight	
Board majority independent of management	Yes	Board size: Oversized Board	No	Board Climate Risk oversight	No evidence
Separate CEO and Chairman	Yes	Board size: Undersized Board	No	ESG Risk Management oversight (score)	No data
Gender Board Diversity: % of Women	50.0	Entrenched Board	No	Environmental strategy oversight	Yes

Source: MSCI. Visit www.uethical.com/disclaimers for relevant disclaimers.

Board Quality Assessment

Overall score and rating	Strong
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Important note:

Data as of January 2026. This metric uses a combination of third-party data and proprietary analysis. Underlying data, methodologies and weightings are proprietary and are not disclosed externally. Illustrative examples may be provided for explanatory purposes only.

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