

WILTSHIRE FRIENDLY SOCIETY LIMITED

**MINUTES OF THE ONE HUNDRED AND THIRTY FOURTH
ANNUAL GENERAL MEETING OF THE SOCIETY**

HELD ON 15 JUNE 2021

The Meeting was hosted by Mr Roger Harrison, the Society Chair, from the Society's office at Holloway House, Epsom Square, Trowbridge, BA14 0XG.

1. INTRODUCTION

The Annual General Meeting commenced at 10.01am. The Chair, Mr Roger Harrison, welcomed those attending the meeting.

The Chair also introduced the Board and explained that the Chairs of the Staffing, Salaries & Nominations and Audit, Risk & Compliance Committees were present to answer any questions from those attending.

The Chair noted that the following documents were available if attendees wished to view them:

- Board of Management Terms of Reference.
- Staffing, Salaries & Nominations Committee Terms of Reference.
- Audit, Risk & Compliance Committee Terms of Reference.
- Senior Independent Director Terms of Reference.

The Chair confirmed that this year, whilst the meeting was being held at Holloway House, in accordance with current Government guidelines relating to COVID-19 we strongly recommended and requested that if eligible members wished to attend, speak or vote in person they did so on a virtual basis. He confirmed that:

- whilst the AGM was being run virtually only, he gladly welcomed two members who were in attendance in person; Mr Len Paul and Mrs Merrett;
- votes had been already cast ahead of the meeting by members, both online and by post;
- members, as an alternative to voting themselves, could choose to appoint the Chair as Proxy to vote as he saw fit at today's meeting;
- after each motion he would declare the total votes for the motion and confirm that the proxies he held on behalf of members would be cast in favour of the motion;
- 11 null and void votes had been received and were due to postal proxy instructions not being fully completed by the member. Whilst every effort had been made to make this as clear as possible, the Society would revisit the format for next year.

The Chief Executive introduced the Senior Management team of Mrs Sarah Barrell, Mr Lee Davis and Mr Edward Smith.

2. APOLOGIES

There were no apologies.

3. MOTION 1 – TO APPROVE THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 10 SEPTEMBER 2020

The Chair asked the meeting if they had had chance to read the Minutes of the previous Annual General Meeting, held on 10 September 2020.

The Chair asked for questions, there were none. No questions were posed prior to the meeting.

Annual General Meeting Approval	
Chair Signature	Date

The Chair declared a summary of the votes cast in respect of the approval of Minutes of the Annual General Meeting held on 10 September 2020 as follows, and confirmed the Chair discretionary proxy votes would be cast in favour of the motion:

	Proxy to Chair discretion - Online & Postal	Proxy to Chair instruction – Online & Postal	Cast at the Meeting	Total
- For	22	59	2	83
- Against	0	0	0	0
- Withheld	0	1	0	1
- Null and Void		11		

The Chair declared the resolution was duly carried.

The Chair asked if there were any matters arising. There were none.

The Chair declared the minutes were confirmed as a true copy and that he would now sign the minutes as such.

4. MOTION 2 – TO RECEIVE THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Chair introduced the Financial Statements and explained that they were for information only, no vote was required.

He added that Mr Gurney, Mrs Whitehead and Mr Gratland would be presenting on specific elements of the Financial Statements.

Chairs Report – Introduction:

- The Chair was very pleased to be presenting his eight, and last, statement as the Society’s Chair.
- He reiterated some of the key messages he gave in his Chairs Statement.
- He was delighted to say that the Society had come through the pandemic challenges very well. The staff were at the heart of the business and by pulling together, working remotely through the last year, we had been able to fully maintain our member services.
- We continued to pay a very high percentage of the benefit claims we received and had also maintained the bonus rates for Holloway members.
- The Society had a strong financial position at the end of 2020, showing that we had been able to deal with the financial challenges caused by COVID-19.
- We were now implementing a plan to return gradually to the office, in line with the Government guidelines.

Strategic Focus

- What was apparent was that the pandemic further illustrated the fact that incapacity could strike at any time and hence the value of income protection insurance had again been brought to the fore.
- Our purpose remained the same - to build on the solid foundations already established by our Holloway membership and to grow an independent business, providing income protection benefits to an increasing and wider range of existing and new members through both our direct and intermediary channels.
- The Board remained extremely aware of the need to continually review the ongoing sustainability of the Society and to ensure that its strategy was aligned to that need and ultimately those of its members.
- The Society’s Chief Executive would talk more about the Strategy implementation later.

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Society Performance headlines:

- The Society's performance remained stable throughout 2020 and we continued to remain positive about our future as an independent provider.
- Mr Gurney will talk more next on the specific Key Performance Indicators that financial performance.
- Close cost management control, a balanced investment strategy and focus on increasing membership had enabled the Society to achieve that stable performance in a tough year with numerous external challenges.

Membership

- As a mutual Society our purpose remained to provide our members with a high standard of service and to pay their eligible claims should they become unable to work due to illness.
- In 2020 the Society paid 97.58% of all claims received, and 96.32% of all claims received within the last three years. This once again demonstrated the value of the plan's protection benefit at the time when a member needed it the most.
- The Chair was also pleased to report that the Holloway Bonus and Terminal Bonus rates in 2020 had been maintained at the same rates as they were in 2019.
- Our membership was changing shape, through the implementation of the Strategic Plan, as our existing Holloway membership was naturally declining.

Mr Harrison introduced Mr Gurney.

Mr Gurney gave a short presentation about the Financials within the Financial Statements, noting:

Key Performance Indicators (KPIs) – Page 12

- The KPIs are used by the Board to aid decision making.
- Total premium income was broadly stable again, though slightly down, a key focus remained to bring in new premium income and retained our existing income.
- Expenses remained tightly controlled, down again on the previous year, which meant our ratio of Operating Expenses to Premium Income had again improved – 44.40% in 2020 vs 45.18% in 2019.
- Our Free Asset Ratio increased to 26.6%, which was at the top of the KPI range, due mainly to a reduction in the claims reserve and the increase in the unrealised investment gains at the year end. The Board continued to monitor this measure and consider when establishing the annual bonus declarations.

Investments – Pages 8 and 26

- The investment market in 2020 had numerous challenges, namely the world pandemic, US elections and Brexit. Despite those, the year end saw a market recovery, as there was optimism over pandemic vaccination and the US elections and Brexit both reached a conclusion, the markets preferred certainty to uncertainty.
- Financial Assets increased slightly to just over £14.5 million.
- The Society had unrealised investment gains amounting to £638,000 in the year, compared to overall unrealised gains in 2019 of £799,000.
- The Society continued to balance risk of the portfolio with potential return, investing over the longer term, and its portfolio was strategically positioned and managed to minimise the effects of market fluctuation and to take advantage of opportunities as they arose.

Members Apportionment & Bonus – Page 8

- Bonus rates have been maintained at 2019 rates and providing and maintaining bonus rates is a key performance indicator for the Board.

Auditors Report – Pages 21 to 24

- The opinion was that the Statements represented a true and fair view of the Society's affairs and surplus for year end 2020. The Statements had been properly prepared in respect to accounting practice and in accordance with the Friendly Society's Act 1992.

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Mr Gurney introduced Mrs Whitehead who gave a short presentation about the Society Board as explained within the Financial Statements.

Mrs Whitehead explained about the Society Board, referencing pages 13 to 15 in the Financial Statements.

The Society's Board structure

- This remained unchanged in the last year, the Board number of 6 Non-Executive Board Members was appropriate to the Society's size and enabled costs to be controlled.
- As part of the Board Succession Plan, as explained later, the Board was due to undergo a refresh in the next 12 months in order to bring in new skills and experiences.

Board Committee development

- The Board delegated functions to its Committees. The Committees had not changed in 2020. The Terms of Reference were, and continued to be, reviewed annually.

Board independence

- Board independence was defined by the AFM's Corporate Governance Code and Board Members ceased to be independent when they had served on the Board for more than 9 years. In 2020 there were 2 independent Board Members (33%) for part of the year, which was within the AFM's Corporate Governance Code prescribed limits, though this reduced to 1 Board Member being independent at the year end when Mr Paul passed the 9 years during 2020. Mr Paul did not stand for re-election for the coming year and would leave the Board after this meeting.
- The Board had a clear succession plan in place and was in the process of recruiting one new independent Non-executive Board member, expected to join in July, and had plans to recruit another two new independent Non-executive Board members before the next AGM. This would take the Society's Board independence to 50%.

Board skills and experience

- The Board maintained the diverse skills and experience required to drive the Society forward. Each Board member brought different skills, experience and perspective to the Board operation and we reviewed the skills required for the Board on an annual basis. A skills assessment had been a key feature of the recent Board member recruitment, with the Board seeking to maintain a diversity of skills that supported its Strategy. The Board were actively engaged in driving the Strategy forward through the Chief Executive and Management Team.

Mrs Whitehead introduced the Chief Executive, Mr Gratland, who gave a short presentation about the Society's Strategy contained within the Financial Statements.

Mr Gratland referred to pages 10 to 11 in the Financial Statements.

Strategic Focus

- The Society Strategy is focused on remaining independent, protecting its core Holloway membership base and acknowledging and adapting to changes within its marketplace. The Society was evolving.

Society Strategy remained clear:

- Focus on what it knows.
- Play to its specialism.
- Spread the word through targeted marketing.
- The Society provided one product type only and would continue to focus on that one product type.
- The Society had built, and continued to develop, a reputation as a specialist provider, diversifying into product variations of that one product type. The Society therefore promoted itself to the outside world as a 'Specialist Income Protection Provider.'

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‘Growth’ is from our Strategic Focus

- Future growth and sustainability would come through driving increased revenue from new income protection initiatives, both in terms of the Society’s products and distribution markets.
- Firstly, in terms of product, diversification of the Holloway plan enabled the Society to meet the need of insuring sports enquiries, being received through the intermediary market. The 2020 Rules change enabled the Society to consider launching new individual protection only type plans, for specific target markets and distribution initiatives.
- Secondly, in terms of distribution the intermediary market remained important in delivering the Society sales growth – which was the Independent Financial Adviser and Financial Adviser firms. Business written through non direct distribution channels amounted to 85% of the total in 2020 (2019:- 87%).
- So whilst the Holloway products remained and continued as the core individual plan, being adapted with specific terms for new markets such as sports and Farriers, with Group and Protection Only plans widened the products the Society offered in order to seek business growth defined under the Strategic Plan.

We regularly review and assess

- The Society had a rolling Strategic Plan that articulated the business model. It is reviewed at least annually by the Board, and quarterly by himself and the Senior Management Team, to ensure it remained focused on required priorities and developments.
- Close control and monitoring of the success of the Strategic Plan initiatives and costs, together with associated impact on Society capital, continued to identify any requirement or opportunity to develop, amend or implement alternative plans to protect our members interests.
- This year we plan to widen our member services by adding an ‘Information Only’ option, for members who want to make the buying decision themselves based on the information we provide.

In summary the Society aimed to maintain financial strength and develop and to grow through planned sales initiatives, to establish a long-term independent existence and to add additional value that would benefit Society members.

Mr Gratland handed back to the Chair, Mr Harrison.

Mr Harrison gave a short Chair’s Summary.

Looking Ahead

- The Society had coped well with the recent challenges of the pandemic and financial market fluctuation.
- The Society remained in a strong capital position.
- The Society believed that income protection would be more in people’s minds this year.
- Talking to our existing and prospective members was a key objective and we had now restarted our social media communications and were also issuing regular news articles to keep our members advised on both topical and Society developments. We also aimed to recommence our members’ forums later this year as and when the pandemic restrictions allow.
- We also place importance on maintaining our governance controls to ensure regulatory compliance and safe stewardship of the Society on behalf of our members.
- In 2021, the Society looked forward to a successful year, and would ensure it remained both relevant and viable for our members.

The Chair confirmed that the Financial Statements had been available on the website since 24 May 2021. He then declared the meeting open for discussion of the Financial Statements.

The Chair asked for questions, there were none.

The Chair confirmed that this motion carried no vote and that the Financial Statements had been received and adopted and the resolution duly carried.

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Chair Signature	Date

5. **MOTION 3 – TO APPROVE THE BOARD REMUNERATION REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

The Chair referred to the Board Remuneration Report and informed the meeting that the Board of Management Remuneration Report was an advisory vote only.

Whilst this was not a legal requirement, the Board considered it to be best practice for members to be able to express a view on this matter.

Mrs Merrett asked how the Society arrived at the rates paid to its Non-executive Directors. The Chair explained that the Society benchmarked pay rates against other Societies in our peer group to ensure that we paid a fair amount for our Non-executive Directors; not too much and not too little for the time and services provided. Mrs Merrett was happy with this explanation.

Mr Paul abstained from voting as he was himself a member of the Board.

The Chair declared the following votes in relation to this motion and confirmed the Chair discretionary proxy votes would be cast in favour of the motion:-

	Proxy to Chair discretion - Online & Postal	Proxy to Chair instruction – Online & Postal	Cast at the Meeting	Total
- For	22	56	1	79
- Against	0	3	0	3
- Withheld	0	1	0	2
- Null and Void			11	

The Chair declared the resolution was duly carried.

6. **MOTION 4 – TO RE-ELECT MEMBERS OF THE BOARD OF MANAGEMENT LISTED BELOW**

The Chair declared the following votes in relation to this motion and confirmed the Chair discretionary proxy votes would be cast in favour of the motion. He announced that Mr M S Gurney, Mrs M A Pedder, Mr D C Bones, Mrs C J Whitehead and himself were offered for re-election. A summary of the votes cast was as follows:

	For Proxy to Chair discretion - Online & Postal	For Proxy to Chair instruction – Online & Postal	For Cast at the meeting	Total For	Against	With held	Null
R T Harrison	22	59	2	83	0	1	11
M S Gurney	22	59	2	83	0	1	
Mrs M A Pedder	22	59	2	83	0	1	
D C Bones	22	58	2	82	1	1	
Mrs C J Whitehead	22	58	2	82	1	1	

The Chair declared that all members were re-elected and the resolution duly carried.

The Chair added that Mr Paul resigned from the Society’s Board and would formally leave after this meeting.

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Chair Signature	Date

7. MOTION 5 – TO RE-APPOINT MOORE AS AUDITOR

The Chair declared the following votes in relation to this motion and confirmed the Chair discretionary proxy votes would be cast in favour of the motion:-

	Proxy to Chair discretion - Online & Postal	Proxy to Chair instruction – Online & Postal	Cast at the Meeting	Total
- For	22	58	2	82
- Against	0	2	0	2
- Withheld	0	0	0	0
- Null and Void	11			

The Chair declared the resolution was duly carried.

8. MOTION 6 – TO RE-ELECT THE ARBITRATORS TO SERVE FOR THE COMING YEAR

The Chair declared the following votes in relation to this motion and confirmed the Chair discretionary proxy votes would be cast in favour of the motion:-

	For Proxy to Chair discretion - Online & Postal	For Proxy to Chair instruction – Online & Postal	For Cast at the meeting	Total For	Against	With held	Null
Mike Stillwell	22	59	2	83	0	1	11
John Pepler	22	58	2	82	1	1	
Colin Cheshire	22	59	2	83	0	1	

The Chair declared that all arbitrators were duly re-elected and the resolution duly carried.

9. ANY OTHER BUSINESS & CLOSURE OF MEETING

The Chair explained that under Rule 21.4 of the Society’s existing Rules there were no other items to discuss which had been raised by the Board of Management or by the members.

He informed the meeting that the resolutions of the 2021 AGM had now been concluded.

The Chair stressed that the Society continued to maintain a very loyal team of hard-working employees and thanked each one for their commitment and enthusiasm over the last year and also this year, for getting the Society through the pandemic crisis and for keeping the Society running smoothly and effectively.

The Chair also thanked the Chief Executive and his fellow Board members for their expertise and commitment to the onward development of the Society.

The Chair thanked Mr Paul for his commitment to the Society following his resignation at today’s meeting.

Lastly, on behalf of the Board, the Chair thanked the members for their loyalty to the Society and that we looked forward to continuing with the high level of service that our members depended on.

The Chair confirmed he would be resigning from the Society in the coming months and that he had enjoyed the challenge of the role and wished the Society well for the next step in its development.

Annual General Meeting Approval	
Chair Signature	Date

The meeting was declared closed at 10.50am.

Jon Gratland
Chief Executive
15 June 2021

Annual General Meeting Approval	
Chair Signature	Date