

WILTSHIRE FRIENDLY SOCIETY LIMITED

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

HELD ON 27 JUNE 2023

The Meeting was hosted by Mrs Caroline Whitehead, the Society Chair, from the Society's office at Holloway House, Epsom Square, Trowbridge, BA14 0XG.

1. INTRODUCTION

The Annual General Meeting commenced at 10.00am. The Chair, Mrs Caroline Whitehead, welcomed those attending the meeting.

The Chair also introduced the Board and explained that they 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 also introduced the Chief Executive, Jon Gratland.

She also confirmed that:

- 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 she saw fit at today's meeting.
- after each motion she would declare the total votes for the motion and added that the proxies the Chair held on behalf of members would be cast in favour of each of the motions.
- there were no null and void votes.

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

Finally, the Chair asked the room if anybody had already voted. One member confirmed that he had already done so. The Chair noted that member would not be able to vote in the meeting as he had already done so with his votes recorded.

2. APOLOGIES

The Chief Executive confirmed that there were no apologies.

3. MOTION 1 - TO APPROVE THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 28 JUNE 2022

The Chair asked the meeting if they had had chance to read the Minutes of the previous Annual General Meeting, held on 28 June 2022.

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

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The Chair declared a summary of the votes cast in respect of the approval of Minutes of the Annual General Meeting held on 28 June 2022 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	5	88	5	98
- Against	0	1	0	1
- Withheld	0	2	0	2
- Null and Void	0			

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 she would now sign the minutes as such.

4. MOTION 2 – TO RECEIVE THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

She added that Mr Bones, Mrs Astley Marsh and Mr Gratland would be presenting on specific elements of the Financial Statements.

Chair’s Report - Introduction:

Key Messages

- This is the Society’s Chair’s first full year in that role.
- 2022 had been another tough year for the Society, and most other businesses operating in the financial sector, due to the impacts of the uncertainties and pressures on the economy.
- The Society remained strong and resilient and the Strategy was unchanged as the Chief Executive would explain later in the meeting.
- The Society remained fully operational, servicing its existing members and looked to support new ones.

So, looking back to 2022, the year of the Financial Statements.

Sales & Performance

- 2022 had been a stable performance overall and the Chair was pleased to say that the new business target for the year had been exceeded.
- The intermediary market was increasingly more important in where our new business came from and the Chief Executive would explain how that had impacted our future distribution strategy.
- Investments suffered in 2022. The portfolio saw a sizeable reduction in value which did reflect the broader market performance which had been very unsettled. Mr Bones would be talking more about that later in the meeting.
- The Society continued to work hard in managing costs. It was dealing with the cost of living crisis as a business, like everyone else, and ensured that costs were appropriate and spent where they were really needed.

The Chair noted that ‘We listen to our members, we think of our members, we act for our members’ and that heading was important as it was the Society’s purpose.

The Chair added that we made that happen through our Values, which was a core focus for our staff and the Board. Referring to a slide which highlighted the Values, the Chair explained that this was how we would deal with the outside world.

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The Chair explained that Holloway member bonuses remained an important part of those members benefits and she was pleased to say that the 2022 Apportionment and Terminal Bonus had been held at 2021 rates and Bonus had been increased by 0.25%.

The Chair noted that the reason members primarily took out a plan was to insure themselves against the illness or injury that would hurt them financially. The Society provided that important financial support, and in 2022 it paid 95.04% of all claims received, which again demonstrated the importance we placed on supporting members.

Our Board & Governance

- It had been another year of anticipated and planned change in the Board.
- In 2022 the Society welcomed Imogen as a new Board member and Senior Independent Director and said goodbye to Henrietta Brown.
- 2023 has seen the final planned changes to the Board as Martin Gurney left after 17 year's service and Chris Gough and Andy Dyer joined.
- Refreshing the Board supported the importance placed on strong governance of the Society.
- The FCA, one of our regulators, had introduced Consumer Duty regulation in 2023 with the specific objective of ensuring a firm must act to deliver good outcomes for retail customers. The Society had been working hard on the implementation of that regulation for the deadline of 31 July 2023. This would enhance how it dealt with and supported members at the various touch points from when a member joined the Society to when they left the Society.

Mrs Whitehead asked if there any questions. There were none.

Mrs Whitehead introduced Mr Bones.

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

Key Performance Indicators (KPIs) – Page 12

- The KPIs were used by the Board to aid decision making.
- Total premium income was broadly stable, though slightly down. The Society exceeded its new business target, though still not yet enough to offset the decline in our Holloway membership that had traditionally made up the Society and remained our backbone.
- Society strategy focussed on retaining existing membership and growing new membership and premium income from the newer products it had developed for sports and employers.
- Expenses were again tightly controlled, and increased this year by 6% which was impacted by the cost of living on the business. The Society is working hard to ensure it spent where it needed to, maintained a functioning and well governed Society that operated for the benefit of existing members and to attract new ones.
- The Free Asset Ratio, the financial strength measure, reduced considerably to 11.9% from 24.1% in 2021. However, this remained within the target range and was expected, due to the increase in our expense reserve which was impacted by the drop in value of our investment portfolio.

Investments – Pages 7 and 27

- It had been another tough year for the economy as a whole. The investment portfolio was directly impacted by the financial markets.
- The investment value at the end of 2022 was £13.07m, the value at the end of 2021 was £15.84, a loss of £2.77m.
- As a guide, the investment performance for the previous 3 years had increased.
- The Society invests over the long term, and expected that the financial markets would recover in the future, and had therefore maintained an investment strategy which balanced risk with potential return. The portfolio investments were held in fixed interest, shares and cash. This property, and that in Market Street, also formed a part of the overall investments and that valuation had been stable.
- The Society included an Economic, Social Governance (ESG) assessment into its portfolio management. The ESG assessment was not at the expense of the main portfolio objective, which remained to achieve a balance of maximising income whilst pursuing prudent investment strategies and ensuring protection of the Society's capital.

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Auditors Report – Pages 23 to 25

- The opinion was that the Statements represented a true and fair view of the Society's affairs and surplus for year end 2021. The Statements had been properly prepared in respect to accounting practice and in accordance with the Friendly Society's Act 1992.

Mr Bones asked for questions.

A member asked which firm currently managed the Society's investment portfolio. Mr Bones confirmed that it was LGT Wealth Management. The Chief Executive confirmed that a tender to manage the Society's investment portfolio was due to be undertaken this year. Mr Bones highlighted that it was important to undertake this periodic review.

Mr Bones introduced Mrs Astley Marsh who gave a short presentation about the Society Board as explained within the Financial Statements.

Mrs Astley Marsh introduced herself before she explained about the Society Board, referencing pages 13 to 16 in the Financial Statements.

The Society's Board structure

- As the Chair had mentioned, more planned changes to the Board had taken place in 2022 and 2023.
- Mrs Astley Marsh referred to a slide which showed the current Board and their experience.
- The Society had maintained the number of Board members, with three new joiners (herself, Chris Gough and Andy Dyer) since the start of 2022. This provided a suitable mix of new Board members and more experienced ones.

Board independence

- Board independence was defined by the AFM's Corporate Governance Code.
- At the end of 2022, 60% of the Board were independent.
- With recent changes, Board independence now sat at 83%, which was important from a governance perspective as the Board sought to maintain strong and appropriate governance, with fresh challenges and ideas.
- Whilst not expecting any changes this year, the Board maintained a clear succession plan in place to monitor and anticipate required changes in the future.

Board skills and experience

- The Board had sought to develop the diversity and skills and experience through its recent recruitment. Each Board member brought different skills, experience and perspective to the Board operation and reviewed the skills required for the Board on an annual basis.
- The Board were actively engaged in driving the Strategy forward through the Chief Executive and Management Team.

Board Committee development

- The Board delegated functions to its Committees.
- The Committee Terms of Reference continued to be reviewed and updated as required, with the Committee memberships being restructured to take account of the experiences of the existing and new Board members.
- A new temporary Committee, the Consumer Duty Committee, had been put in place for 2023 to ensure the successful implementation of the related regulatory requirements.

Mrs Astley Marsh asked for questions, there were none.

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

Mr Gratland, the Chief Executive, introduced himself before explaining the Society Strategy. It was referred to in pages 10 to 11 in the Financial Statements.

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Strategic Focus

- The Society's focus had not changed – it is focussed on remaining independent, protecting the core Holloway membership base and acknowledging and adapting to changes within its market place to grow the number of members and premium income.
- The rolling Strategic Plan, reviewed annually, was the way the Boardy assessed and implemented that strategy.
- The Society provided one product type only - and would continue to focus on that one product type.
- It continued to develop a reputation as a specialist provider in niche markets. This enabled diversification through product variations of that one product type. The Society therefore promoted itself to the outside world as a 'Specialist Income Protection Provider.'

'Growth' is from our Strategic Focus

- Growth would come from two areas – product and distribution – both of which were the focus of the website.
- **Product** - The true opportunity for membership growth is in the 'Group' product market i.e. income protection for employers to insure their employees, was the growth opportunity the Society was pursuing. The Society has product terms that differentiated it to the other providers and made it the option for employers, or intermediaries, who wanted short deferred periods and limited benefit payment periods.
- **Distribution** - The intermediary market was increasingly important in delivering the Society sales growth – that's Independent Financial Adviser and Financial Adviser firms. Business written through non direct distribution channels amounted to 92% of the total in 2021 (2020:- 89%). That had been an important development in informing a change in the distribution approach in 2023.
- The core Holloway product has been adapted to meet new markets, the Farrier Plan was very successfully sold through an intermediary.
- There has however been a steep decline in the last 3 years of prospective individual members approaching the Society directly for their cover. That had also informed the distribution approach for this year, 2023.
- A Board Strategy review meeting at the start of 2023, evaluated the 2022 sales results, and a decision was made to cease direct sales distribution of all products as soon as was practicable.
- Rest assured, prospective members could still take out a new Holloway plan through an independent financial adviser or our Farrier partner intermediary, the latter of which had a wealth of experience in advising on Society plans.
- Looking forward, the Society was also considering how a prospective member could buy a plan through the website, without advice, so the intention remained to create options in how individuals could deal with the Society.
- The Society successfully implemented an 'Information Only' option for members, which gives members a simple and effective way to discuss any required membership variations. Members were presented with options and clear information, so that they could then make an informed decision on whether to vary their membership.

We regularly review and assess

- The Board focussed on close control and monitored the success of the Strategic Plan initiatives and costs, together with associated impact on Society capital.
- This would identify any requirement or opportunity to develop, amend or implement alternative plans to protect our members interests.
- The Board was very aware that the Society needed to be viable in the long term, as well as the short term, and therefore had mechanisms in place through its forecasting and reporting to ensure that was monitored and acted on as required.

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 asked for questions.

A member asked if there were any planned changes to plan retirement ages. Mrs Barrell noted that in 2012 there was a rule change. This changed the plan retirement ages from a fixed age 65 to that of the State Pension Age (SPA). If the Government amended the SPA in the future, the Society could look at extending the cover.

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A member added if the Chief Executive thought there was a market for those who returned to the employment market later in life. The Chief Executive noted that any such plan would need to consider any cover restrictions and terms based on that increased age, which would impact the cost and the profitability and viability - it would then be questionable whether that package would be in the consumers best interests.

Mr Gratland handed back to the Chair, Mrs Whitehead.

Mrs Whitehead gave a short Chair's Summary.

Looking to the Future

- The Society had a strong and resilient strategy for growth.
- It had built a capable team in its staff and Board.
- It had a strong financial base, in a good position to weather the challenges of the future.
- It maintained a strong focus on preserving its governance controls to ensure regulatory compliance and safe stewardship of the Society on behalf of members.
- In short, the Board knows what it needed to do and was focussing its efforts on taking the Society forward.

The Chair confirmed that the Financial Statements had been available on the website since 1 June 2023. She 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.

5. MOTION 3 – TO APPROVE THE BOARD REMUNERATION REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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.

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	5	86	5	96
- Against	0	2	0	2
- Withheld	0	3	0	3
- Null and Void	0			

The Chair declared the resolution was duly carried.

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

The Chair declared the following votes in relation to this motion. She announced that Mr D C Bones were offered for re-election and Mr C J Gough and Mr A J Dyer were offered for 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 and Void
D C Bones	5	87	5	97	1	3	0
C J Gough	5	87	5	97	1	3	
A J Dyer	5	88	5	98	0	3	

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

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

The Chair declared the following votes in relation to this motion:-

	Proxy to Chair discretion - Online & Postal	Proxy to Chair instruction – Online & Postal	Cast at the Meeting	Total
- For	5	86	5	96
- Against	0	3	0	3
- Withheld	0	2	0	2
- Null and Void	0			

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:-

	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 and Void
Mike Stillwell	5	89	5	99	0	2	0
John Pepler	5	89	5	99	0	2	
Colin Cheshire	5	89	5	99	0	2	

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.

She informed the meeting that the resolutions of the 2023 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 keeping the Society running smoothly.

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

Lastly, on behalf of the Board, the Chair thanked the members for their continued support and that she looked forward to supporting members again in the coming year.

The meeting was declared closed at 10.45am.

Jon Gratland
Chief Executive
27 June 2023



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Chair Signature	Date