

Wesleyan Assurance Society

Verbatim Minutes of the Annual General Meeting

Held as a remote meeting on

Thursday 26 May 2022

Nathan Moss: Hello and welcome to the 2022 Wesleyan Annual General Meeting. While Covid-19 restrictions are thankfully no longer in place, we are hosting the meeting online again this year to make it easier and more convenient for members who wish to be involved. Thank you for joining us today.

Before we proceed with the formal AGM agenda, we'll share with you a number of updates on Wesleyan's performance in 2021, and we'll hear about some of the issues that have been impacting our customers. To begin with, I'd like to give you an overview of some of the key developments that took place last year. 2021 was a year of continued uncertainty as the Covid-19 pandemic kept its grip on the world. However, the plans we made in 2020 to protect our business against the ongoing impact of the pandemic were very effective. You'll hear more about our financial performance shortly. But to summarise, we were pleased with the performance we delivered on behalf of our members, as we ended the year firmly ahead of our expectation with a £6.1 million operating profit. This positive outcome pays testament to the hard work of everyone at Wesleyan. Income increased as we grew further in our core customer markets and we were particularly proud to see Practice Plan Group hit one million dental patients on plan in the summer. We remain committed to our specialist business model and this is a clear indicator that there is further room for growth serving our target professions.

Despite the ongoing difficult trading conditions, we retained our capital strength, closing the year with the Fund for Future Appropriation, a measure of our financial strength, standing at £589 million, an increase of £24 million. We were therefore again this year in a position to distribute surplus capital in the form of a Mutual Bonus. In April, we paid out around £36 million to Wesleyan policyholders in our With Profits Open Fund. This was our highest ever Mutual Bonus and represents a 1% uplift on investments. Investors have also benefited from a strong performance in 2021, as the With Profits fund delivered a return of 12.7%, reflecting both the recovery in investment markets and the good performance of our fund managers.

We are committed to building a stronger, more sustainable business to benefit members, and we are making a significant investment in our infrastructure with new technology and digital capability. You'll hear shortly from our Group Chief Executive who will give an update on the strategic developments over the last year. This included increasing access to the With Profits Fund by offering it more widely online and through a third-party investment platform.

We also agreed to the sale of Wesleyan Bank to the Hampshire Trust Bank plc, which completed earlier this year. I would like to thank the Wesleyan Bank Board for their excellent stewardship of the Bank over many years. Thanks also go to Andrew D'Arcy and his team for their hard work and contribution over the years.

I was particularly pleased with how we moved the dial on sustainability. As a mutual it is natural that we should act in a sustainable and responsible way in all our business operations, as we aim to do the right thing for our customers, and our communities. We moved further towards our commitment of becoming carbon neutral in our operations by the end of 2023 and we plan to be fully carbon neutral, including our investment funds under management by 2050. To help support this, we launched a bold new approach to investing, encouraged by research that showed many of our customers care about what their investments are doing in the world as much as how they are performing.

In 2021, we put in place clear principles so that Wesleyan only invests in companies that are reducing the negative impact that they have on the planet, are committed to doing good in the world and are working to drive positive change. This meant selling some £40million of less sustainable assets and bolstering our investments in companies aligning with our new criteria. We are confident sustainable businesses will be more profitable over the long term which impacts how funds perform and the level of investment returns we can generate for everyone who invests with us.

As well as being a sustainable business we are truly committed to being a more diverse and inclusive business. As a Board we recognise we need to accelerate our efforts in this space and we are taking action to achieve this. We recognise genuine diversity of thought will make us a stronger business and give us a deeper understanding of our customers. We're making strong progress against our target to increase female representation in our senior leadership team. At the end of 2021 33% of the team were women bring us in line with our targets a year ahead of schedule. We must however, work harder to increase representation from ethnic communities amongst our senior leaders. Our target is 15% representation by the end of 2022, increasing to 20% by the end of 2025. This compares to 8.6% representation at the end of last year.

We remain completely committed to our mutual status. It's a model that's served us well over 180 years, and has more resonance today than ever. With no shareholders, we share our success and how we run our business with you, our members. In addition to the Mutual Bonus mentioned earlier, we also set aside £2.5million in 2021 to help members save on their personal and commercial insurance products.

We are always looking for ways to drive more value for our members and later this year will be rolling out a new rewards scheme. The scheme, which has completed a successful pilot phase, offers members a selection of exclusive rewards to choose from. Look out for more details later this year.

As a mutual, care sits at the heart of who we are. Care for our customers, our colleagues and the communities in which we live and work. In 2021, the Wesleyan Foundation donated just under £1million to more than 150 good causes, many of which were related to healthcare and education reflecting our customers' professional interests.

We've seen some changes to the Board since our last AGM. We were very sorry to say goodbye to Martin Bryant, who stepped down from the Board earlier this year, after ten years with us. In his role as senior independent director he played an integral role in helping us reshape the future of Wesleyan, and we thank him for all his contribution to the Society. Anne Torry now steps into the role of senior independent director. I was pleased to announce the appointment of Harpreet Sood to the Board at the AGM last year.

Today I'm delighted to say we have further strengthened the Board with the appointment of Rita Bajaj, who joined us earlier this month. Rita is an experienced non-executive director with over 30 years' experience working in investment markets. She's held senior investment positions at a number of leading companies and is also a former FCA regulator. We're also keen to learn from Rita's experience of working towards greater inclusion in the industry as we aim to accelerate our progress in becoming a more inclusive employer.

As we look forward, we're in the midst of another very uncertain political and economic time impacting everyone's lives and their finances. Our Director of Investments will address his views on the outlook for investments. From a Society perspective, what we can say is that our purpose of creating brighter financial futures for the professions we trust will continue to motivate us to support our customers through this difficult time and make the most of their hard earned income and savings.

Finally, I would like to thank all of our wonderful members and customers for their ongoing support, and also my Wesleyan colleagues who work so hard and care so much about looking after you. Thank you and I'll now hand over to Mario Mazzocchi, our Group Chief Executive.

Mario Mazzocchi: Thank you, Nathan and hello everyone. As Nathan was saying, 2021 was really about getting back on track and I think its pleasing to say that not only did we got back on track, but also, we did slightly better than our expectations which is very pleasing. This is not just from a BAU perspective, it's also the fact that we managed to continue the plans on our transformation journey and deliver all the things we were supposed to deliver in 2021.

Our strategy continues to work and as we shared last year the strategy is about making the business more sustainable and relevant for our customers. So, there is sustainability in terms of financial sustainability as well as environmental sustainability, but it's also about the importance of continuing to be relevant to our customers as their needs change.

So, if we think about the strategy then I will talk again as I did last year about the three strategic pillars underpinning the strategy. First is what we call 'Mutuality with Edge' which is our commitment to mutuality, but at the same time being very clear that that commitment should not be at the expense of commerciality. A couple of examples of what we achieved in 2021 under with banner of Mutuality with Edge.

First, we took the difficult decision of selling the bank and the reason why selling the bank sits with Mutuality with Edge is because it was all about optimising our resources. The bank was becoming too successful and too capital hungry for a mutual which doesn't have access to open funds to keep the Bank within Wesleyan. It would have become even more capital hungry which in turn would have put too much strain on our capital. So, it was the right decision at the right time to sell the bank. It was of course, very difficult to say goodbye to our Bank colleagues, but it was the right strategic decision and the right strategic decision in the context of mutuality with edge.

- Secondly, we took another decision of optimising, enlarging and maximising our distribution reach by a partnership with Novia, whereby we now distribute our market leading With Profits Fund to the intermediary market. This is something that we have never done before and its already been extremely successful in de-risking our concentration around distribution.

A second strategic driver which we shared last year, is 'Lifelong Partner'. This is about the commitment we have to our specialist markets, the need to continue to remain relevant to our customer base and really be a true lifelong partner. In some cases, we achieve it. In some cases, there is more work we need to do to really own the space of lifelong partner for our customers in the education, medical and dental segments. So, a really important strategic pillar. A couple of examples:-

- While face-to-face is really at the heart of the way we interact with customers. We broadened out our distribution through a digital offering which saw a record number of new policies coming to Wesleyan, about 4,400 in 2021, which I think is really telling about different needs in the way customers want to interact with us and the different distribution models we need to have.
- We launched a new customer portal late last year which was really critical in terms of giving customers more choice in terms of interaction. We will continue to invest in propositions and products so that we can continue to stay relevant to our customers. To really offer the through-the-cycle support customers need from university to retirement, that is really what we are committed to.
- It's good news that we continued to see the customer index on target. It was 58 in 2021. It was an ambitious target and it's great to see that that continues to be case. We invested heavily in a Customer Committee which meets on a monthly basis with a lot of the Executives attending, including myself. We have an open conversation about how we can really interrogate and challenge the organisation around customer centricity. Are we doing enough? Should we do things in a different way? Should we change the process because it's not customer centric enough? We're not going to get everything right but certainly we are having a lot of good conversations and a lot of good actions as a result, so that we can continue to improve the customer experience and really own the lifelong partner territory.

Thirdly, and it's a third strategic driver, is about 'Brilliant to Do Business With.' That means that in 2021 we invested about £35million on infrastructure, customer experience, processes, more in due course. We want to continue to improve our customer service because that is very much at the heart of the sustainability and relevance of this business going forward. It's a lot of money, but it's money well spent to improve the customer experience of the business. I remain convinced that there is much more that we need to do but I think we are certainly on the right track to becoming really brilliant to do business with and we certainly have some more exciting plans coming our way.

I think that people and culture really fits with 'Brilliant to do Business With' as well, because we need to have colleagues absolutely aligned with that mantra of being 'Brilliant to do Business With'. We've invested heavily in colleagues. Clearly smart working has been critical in 2020 and 2021, we are expecting that to continue and I think it's absolutely right in terms of giving flexibility to colleagues, but

also giving the best customer experience to our customers. Also, the importance of diversity and inclusion which the organisation, the Board and I are very passionate about. We have agreed fixed targets in terms of diversity and inclusion, and I was a big supporter of that. Balanced scorecard performance management will be based, certainly for the Executive, on hitting some specific targets on diversity and inclusion, because a more diverse and a more inclusive organisation is the right thing to do. It represents our customer base better, and it's the best way to make that business sustainable and relevant. So, there's a lot in that space as well.

So, three strategic drivers, as I said. Mutuality with Edge, Lifelong Partner, Brilliant to Do Business With. We are making progress, not always perfect but certainly making progress and investment, moving the transformation of the business exactly where it needs to be.

Looking ahead, I think we had another difficult start to the year. No one was expecting the pandemic, certainly no one was expecting the war in Ukraine either. The market conditions are certainly not particularly conducive. Financial strength of Wesleyan is really critical because we can withstand crises better than others and also, of course, volatility in investment markets, cost of living, all of it is putting pressure on our customers and we are very well equipped, because of our financial strength, to continue to operate and support them.

We have some very exciting plans. In 2021, we did well in terms of BAU and we did well in terms of the first phase of our transformation journey. But there is more from a transformation perspective that we are planning to do, and it's going to be even more transformative than ever and it's going to be even more exciting for customers as well as colleagues.

All that remains to be said is that we think the future is very bright, so please continue to trust us and we will deliver a lot of exciting opportunities ahead. With that, over to Gillian. Thank you very much.

Gillian Cass: Thank you, Mario. Hello, I'm Gillian Cass, Chief Financial Officer. I'm pleased to share with you today a brief overview of our financial performance in 2021. If you cast your minds back, we were still tightly in the grip of the Covid-19 pandemic in 2021 moving through various periods of lockdown over the year. Despite this uncertain operating environment, Wesleyan delivered a pleasing set of results. We ended the year in profit, retained our capital strength, and continue to make significant progress with our long-term strategic plans that will strengthen our business for the future. Our aim for 2021 was to get back on track after the extremely tough trading conditions of 2020 which resulted in an operating loss of £18.6 million for the Society. We set a target to achieve a breakeven financial performance. So, to end the year with an operating profit of £6.1m is very pleasing. It is also a strong indication that our strategy is working, as we aim to build a stronger, more sustainable business to benefit members and customers.

The increase in operating profit in 2021 was due to growth in new business volumes as well as a managed reduction in expenses over the year. Overall, new business income increased by 25% to £23 million, while Society NB premiums at £50.8 million were 44% higher than the previous year. As you'll hear shortly from our Director of Investments 2021 was a good year for equity markets. Both UK and global equities rose sharply from their low positions from the previous year. This, combined with our new business income led to an 8% growth in Assets Under Management to £8.5 billion. As a mutual, we can take a long-term view and even in times of market volatility such as we saw in 2020 we strongly believe that equities and property give the best potential for competitive returns for policyholders over the longer term.

This paid dividends, if you'll excuse the pun, in 2021. Our main With Profits Fund returned a competitive 12.7% over the year and as With Profits investments are designed for the long term its worth noting that over the past ten years, the fund has seen a return of 114%. One of the main reason we are able to support a higher than average exposure to equities and property is because we are financially strong and this remains core to our strategy. It means we can remain resilient and in a strong position to deliver the best outcome for our members and customers.

One marker of our financial strength is the Fund for Future Appropriations, which essentially represents the excess assets held over liabilities. In 2021 this rose from £565 million to £589 million. We were therefore in a position again this year to award a Mutual Bonus as, Nathan mentioned earlier, distributing surplus capital and a share of the business profits back to our members.

To round up 2021, I'd like to give you a quick overview of the performance of our subsidiary companies. As Mario mentioned earlier, Wesleyan Bank is no longer part of the Wesleyan Group. However, for completeness I can tell you that over 2021 it grew the loans and advances to customers by 27% to £486 million.

Practice Plan and DPAS, the dental membership arms of our business, are together the largest providers of practice branded membership plans in the UK. In 2021, Practice Plan celebrated its 21st birthday and marked the occasion by achieving over one million patients on dental plan, with numbers continuing to grow. This contributed to £6.1m operating profit over the year.

2022 is obviously shaping up to be another difficult year. The cost of living crisis at home is being compounded by events across the globe. And while Covid may have dropped down the news agenda many of our customers are still dealing with its ongoing impact. As inflation continues to rise there will be a greater squeeze on finances and a need to manage money more effectively.

Already this year, we've seen increased demand for our investment products. This has contributed to a positive start to 2022 with income exceeding budget in the first three months. We remain committed to serving the needs of our customers and creating brighter financial futures for them in every way that we can. In the months ahead, we will maintain a relentless focus on cost management and continue to optimise our resources as we navigate through the continued economic uncertainty that lies ahead. We will always seek to deliver the best outcomes for members and customers.

Thank you for your time. I'll now hand over to Non-Executive Director Linda Wilding, who is in conversation with Martin Lawrence, Director of Investments.

Linda Wilding: Hello I am Linda Wilding, a Non-Executive Director at Wesleyan. I am also Chair of the Remuneration Committee and Chair of the Investment Committee. In that capacity I am delighted to talk to Martin Lawrence today who has been Wesleyan's Director of Investments since 2019 and part of our award-winning investment team for 30 years. Gillian has just mentioned that investment markets showed sign of recovery last year, following very sharp falls in 2020 as a result of the pandemic. Can you share a bit more detail please, explaining any other factors impacting the markets over the year?

Martin Lawrence: One thing we've said many times in the past is investment markets really dislike uncertainty, and over the last three years or so, we've had plenty of uncertainty washing through markets. If we go back to the pandemic in 2020, when we saw those sharp falls in markets in March and April it wasn't until the vaccines arrived later on in that year, that the markets got more comfort. So, in 2021, stock markets produced some really quite strong returns which then led into the returns that we produced for our investment funds.

Linda Wilding: What impact did that have on all of Wesleyan's investments?

Martin Lawrence: It depends on which fund we're talking about because of course, we at Wesleyan run a range of funds and they have different risk ratings. Generally speaking, if you look at the equity content of the fund, the amount you've got invested in stock markets, the higher the risk rating of the fund, the greater the equity content. As we've said, stock markets had a very strong year in 2021, those funds that were more exposed to stock markets had very good returns and produced good outcomes for customers.

Linda Wilding: We've heard a lot more about sustainable investing in recent years and Nathan Moss talked at the start of the meeting about Wesleyan's sustainable investment approach. When people think about sustainable investing what comes to mind is often the types of funds and sectors where the money is invested. But it's more than that for Wesleyan isn't it?

Martin Lawrence: It is and the whole landscape of sustainable investing has been rapidly evolving over the last few years and as a mutual, we decided to do what we ought, which was to go back to the members and customers and get their feedback on our progress so far on the whole issue of sustainable investing. The feedback we received from them was we were doing ok but they felt we could be bolder in our approach. That led us to the formation of our new Sustainable Investment Policy which we went live with last October. But, I think the piece you are alluding to here is we took the bolder step of

applying this policy to all of the funds that we directly manage, rather than just launching new funds specifically aimed at sustainability. So, to help us deliver against that, we completed the recruitment last year of our Socially Responsible Investment team, and they are now in place within the department to help us to deliver against that policy.

Linda Wilding: Moving on to 2022, it feels like it's been a difficult start to the year with the cost of living crisis at home, compounded with the war in the Ukraine and while Covid may have dropped down the news agenda, some countries, notably China are still very much impacted. How is the market responding to world events like these?

Martin Lawrence: Yes, there's certainly a lot going on at the moment. But if we just step back for a second it's worth making the observation that stock markets in general view geopolitical events through this really dispassionate lens. So, it doesn't really matter whether we are dealing with the Covid pandemic or the conflict in Ukraine. They have this very familiar playbook whereby the initial news comes out and stock markets have these sharp falls.

Then there is this period of absorption of the information, and then as more details emerge you tend to find that markets have this kind of steady recovery even before the event has concluded. So, if we look at all the events that are going on, as a team what we've really concluded, there is a kind of a common denominator here, which is the inflation story. But if you bear in mind that we are already showing inflation numbers that are the highest we've seen for 30 years, then the impact really is 'What does that mean for Markets?' and the inflation story has a read across into interest rates and it's the outlook for interest rates that pretty much driving everything across the investment world at the moment.

Linda Wilding: As you say, inflation at a 30-year high and the cost of living continues to rise. Can you offer any words of comfort to our members about what the future holds?

Martin Lawrence: Yes, I think we can, because while everybody is currently focussed on this very topical story of inflation and these numbers are getting higher and higher every month, we as long term investors look beyond that, and we don't believe that these levels of inflation will stay this high forever. So, there will be this short-term peak. But then the debate we're having within the team is more about what's the speed that inflation will ultimately decline afterwards. So, I think the comfort I can offer is as long-term investors, our aim, as professional investors is to generate those returns that are in excess of whatever level of inflation it settles to be. If we can deliver those long term returns then I think we'll be able to produce the strong customer outcomes that our investors have become accustomed to.

Linda Wilding: Thank you, Martin. That's it for our round up on investments. I'd like to hand over to Harpreet Sood who is hosting a short panel on the specialist customers we serve.

Harpreet Sood: Thank you, Linda. My name is Harpreet Sood and as well as being a non-executive director on the Wesleyan Board, I'm also a practising GP. I'm pleased to have this opportunity to talk to Linda Wallace and Nigel Jones about some of the key issues impacting customers at the moment. Linda is a director of Wesleyan Financial Services heading up our team of specialist financial advisors. And Nigel is Sales and Marketing Director at Practice Plan Group. Welcome to both of you.

Linda Wallace: Thank you.

Nigel Jones: Thank you.

Harpreet Sood: We've just heard from Linda and Martin about the impact inflation is having on the investment markets. How are you seeing this impacting our customers? Let me start with Linda first.

Linda Wallace: It's having a massive impact Harpreet. Most of our customers were quite conscientious savers through the pandemic, but we are hearing more customers expressing concerns about the current situation, with interest rates increasing and the cost of living impacting customers. Unfortunately, many customers still have a significant amount of money sitting in cash in bank accounts, attracting very low levels of interest. So, the issue there, is that the value of their savings is being eroded. So its really important therefore that customers make sure that their money is working really hard for them and we can help. But it's not only the personal customer that this is impacting. It's also impacting business, too, isn't it, Nigel?

Nigel Jones: Yes, absolutely. We're seeing a lot of our dental practices experiencing a significant rise in their running costs. But that's further compounded by the recruitment and retention crisis in dentistry at the moment. There's a shortage of dentists and dental nurses at the moment and that's driving up the costs of recruiting and retaining those.

Harpreet Sood: Obviously, on top of this, Covid is still an issue and I know from personal experience that this is having an impact on morale as well. Is this consistent with what you're seeing?

Linda Wallace: We're hearing that directly from clients and there's been a lot of press commentary, too. The reality is there's an increase in mental health issues. We're seeing increased workloads, increased working hours, increased patient demand and paperwork and I would say across all of our professions, as you know, we've got first hand experience of customers who are actually looking at getting out of the profession and indeed a significant number of people looking at things like retirement as well. So, unfortunately, the reality is, it is having and will continue to have a significant impact.

Harpreet Sood: What about private practice, Nigel?

Nigel Jones: Well, that's an escape route for an awful lot of dentists at the moment, for sure. They're not immune to a lot of the pressures we've just been talking about. But I think some of those pressures are compounded when you're working within the constraints of the NHS. Particularly in England where you've got a capped NHS contract. So, when you've got all these rising costs there's a whole load of stress involved in how do you meet the requirements of your NHS contract while making an adequate living? I think that pressure is creating a significant morale issue. Mental health was a big issue for the dental profession before Covid, but coming out of Covid I think it's a very significant issue.

Harpreet Sood: Then talking about the NHS pension scheme, obviously it's a good one and we're seeing increasing numbers of doctors almost getting penalised for the long hours of working as they start to fall foul of the pension tax, like the annual allowance for example. I know Wesleyan is being proactive in this space, we're working with our customers who are likely to be impacted in this area. Are there any other issues coming down the line that could impact pension planning, Linda?

Linda Wallace: Well, it's such an important topic Harpreet, and you're absolutely right. That's something we help customers with every day. You'll also be aware of the age discrimination or the McCloud ruling, which is also something that, our customers need to be paying consideration towards. We are doing a number of things at the moment. We're just about to launch a new service, a full report, we can sit down and have a detailed conversation with customers on all of these issues to make sure that they can make informed decisions. As well as that, we'll be doing a series of webinars and also increasing information on our digital space as well. Because this is complicated, and customers need to be very, very careful on any decisions they make in this area. But again, it's something we can really help them with.

Harpreet Sood: Thank you, Linda. So, to sum up, what do you think are the big challenges our customers will face in the coming year?

Nigel Jones: Well, I think for the dental profession, the recruitment and retention crisis is a big issue because it's driving up the cost of employing dental nurses and dental associates. So, I think one of the big decisions is going to be whether to remain loyal to the NHS or whether to make that move to private.

Harpreet Sood: Absolutely, And Linda?

Linda Wallace: The mental health issue is absolutely critical too and good financial wellbeing can really help to support good mental health and wellbeing. So, I think these are all challenges that we're going to see across all of the professions we serve.

Harpreet Sood: Well, thank you to both of you for all the work you're doing, and I look forward to the coming year.

Nathan Moss: Thank you for all of those updates. It's great to see the progress we've made in such a challenging year as 2021. Voting for this year's resolutions is open, please select the voting tab on the left hand side of your screen to cast your votes. You can do so now or shortly when I take you through each of the resolutions. But before I do so I would like to offer members the opportunity to ask any questions that they may have both of the Board and the Executive. To help facilitate this I would like to invite Wesleyan's Chief of Staff, Nathan Wallis to join me as well as a panel of Executive and Non-Executive Directors.

Nathan Wallis: Thank you Nathan. Hello members. At the bottom right hand side of your screen you will see a round button with a speech bubble inside. If you click on this a chat screen will open where you can type your questions and they'll filter through to me here. While they come through, I should confirm that any questions that we are unable to field today from a timing perspective we will publish full responses after the event on our AGM website. So, without further ado I will move over to our questions panel.

Nathan, first question that's come in. As a result of your strategy, has the customer base in your core markets of doctors, dentists and teachers significantly increased during the year and with the move to serving the IFA markets does this mean you are now aiming to be a mass market player?

Nathan Moss: Well thanks for the question, in short we remain absolutely committed to our professions as well expanding our business but I think you should hear from our CEO, Mario Mazzocchi on this one.

Mario Mazzocchi: Thank you Nathan. The answer is absolutely no we don't want to be a mass market player because we would lose the fantastic differentiation elements we have. The other side of the question is are we actually growing in our organic markets, in our segment markets? The answer is yes, we grew about 2% last year in 2021 and pleasingly we are seeing that growth in 2022 as well. Then of course we have the additional customers coming from the IFA market, from out of segment, which of course are on top of that. So, overall, we are growing numbers and we are growing organically as well as inorganically and we have no intention of becoming a mass market player.

Nathan Moss: OK thank you Mario, back to you Nathan.

Nathan Wallis: Yes, thanks Nathan. Given the significant use of the estate to fund technology developments what tangible benefits have customers seen?

Nathan Moss: Well that's certainly one for Gillian our CFO, Gillian how can you reassure members on the use of their funds?

Gillian Cass: Thank you Nathan. As we shared with members in recent years we've been investing heavily in technology since about 2020. Having a resilient and sustainable infrastructure is core to everything Wesleyan does and our future. These projects however haven't been funded through the Estate, the £34.5m that we invested during 2021 was actually funded through operating performance of the Society. This investment has made sure that we remain resilient, we can improve efficiency and we've also been able to grow some new income streams which ultimately impacts the profitability of the Society. Members can be assured though that we put a lot of controls around these projects with a rigorous control environment where we focus on the costs, the execution and ensure that the benefits are realised. Mario is there anything that you'd like to add?

Mario Mazzocchi: Just a couple of points about some the projects you were mentioning. We invested heavily in terms of our cyber resilience which is very important. We migrated legacy systems, because it's a better customer experience. We moved our data centre because it's a more sustainable model from a risk perspective. We are providing new IT equipment for our colleagues so they can continue to support our customers in the best possible way. We launched the new website and I mentioned in my section earlier on that we launched the new customer portal. We are increasing the amount of automation in our systems. So, a lot happening and more to come but certainly 2021 was a very busy period.

Nathan Moss: Thanks Gillian and Mario, back to you Nathan.

Nathan Wallis: Nathan, next question. Why has the ratio of Head Office staff and managers increased given the size of the salesforce?

Nathan Moss: I think what's happened, right across the Board over the last two years while we've had lockdowns, is a dramatic shift in the way people consume services. Whether its financial services or other products and services. We certainly witnessed that at the Wesleyan. I'm pleased to say we've responded by expanding our capabilities in terms of our financial advice being offered via video conference but also through expansion of our digital capabilities as Mario mentioned earlier so a big investment in those. Of course, what that means is that we have more staff in offices and working at home serving our customers so that ratio of what's called Head Office to pure financial consultants may seem to rise but actually a lot is driven by the expansion of our other channels of communication around serving customers. But let me also reassure members that there is a relentless focus on the effectiveness and efficiency of our business and that's why we are putting in a lot of investment for the future.

Nathan Wallis: Excellent, thank you Nathan. Next question comes in with regards to investments. With the chancellor stating he is in favour of block chain and wants the UK to become a leader in this innovative space, will Wesleyan be taking a stake in Bitcoin.

Nathan Moss: I will hand over to Martin Lawrence who is our Director of Investments for that one.

Martin Lawrence: Currently we don't invest in crypto currencies directly and this is because we still consider them to be high risk investments and not necessarily suitable for our funds. But we can get some limited exposure in other ways such as through our investments in the banking sector who utilise block chain technologies and also through companies like PayPal who allow customers to use Bitcoins. Our concerns though are the regulation of crypto currencies, the interaction of them with central banks, which includes all the money supply concerns and also there are some environmental question marks over their high energy consumption. So those are our concerns, but the concept of block chain does interest us so it's certainly an area we are going to be keeping a close eye on.

Nathan Moss: Thank you Martin and that's a measured answer to a very interesting trend and something we are following very closely at the Board but with our regulatory focus as Martin said, we're not convinced by investment directly in anything like Bitcoin or any of the crypto currencies.

Nathan Wallis: Excellent, thank you Martin and Nathan. This is the last question submitted so unless anything else comes in this will be the last one. What action are you taking towards become carbon net zero in your operations by the end of next year and do you think remote working will help you to achieve this and is something therefore you encourage?

Nathan Moss: it's great to see encouraging trends that I think Mario has already referred to, but Mario do you want to just address that carbon neutrality question.

Mario Mazzocchi: Certainly, remote working is here to stay and we want to give flexibility to our colleagues because it's the right trend and is also driving some efficiency. For example, we are now only occupying about 50% of our Head Office space which in turn creates value for our members. I think it's also a way to become more sustainable as a business not only financially sustainable but also environmentally sustainable. This is just one of the elements, just to bring to life the spirit of the question - what else are we doing in terms of sustainability. For example, we changed the boilers in Head Office, so they are more sustainable. We just launched an electric car scheme which has been incredibly well received by all of our colleagues. We changed the electricity supplier to 100% renewable energy which is very pleasing to see. We are targeting a reduction in emissions which is part of the Executive balanced scorecard for carbon reduction. So we are very committed, with a lot done, but certainly much, much more to do.

Nathan Moss: I think you can tell hopefully, from that answer that there's a lot of focus in this area which is absolutely core to our purpose and our future so thank you for the question.

OK, well I think Nathan if there are no further questions we will thank all of our panellists for being available and answering those questions and thank members for asking them. Of, course you do have

the opportunity to ask further questions which can follow on after this meeting should they occur to you. So, let me thank the panellists once again as they drop off the screen.

We are now going to move to voting on the resolutions as listed in the notice of the meeting that you have received in advance. Once we have completed voting in today's meeting, we will publish the results on your screens. Full details of the votes received for each resolution, will be posted also on the Society's website after the AGM.

Our first resolution proposes that the Annual Report and Accounts for the year ended 31 December 2021 be received. Please vote now.

Since the last Annual General Meeting Harpreet Sood has been appointed a Director of the Society and confirmation of his election by members of the Society is required. Harpreet officially joined the Board in September 2021. Please vote now to confirm Harpreet as a Director of the Society.

We now move to Resolution 3 as listed in the Notice of the Meeting. Under the Society's Rules at each Annual General Meeting all of the Directors retire and seek re-election. Following a performance evaluation, the Board is satisfied that each of the Directors is performing effectively and with commitment to their role. You can now vote to re-elect each of the Directors in turn.

For the re-election of Gillian Cass, please vote now.

For the re-election of Nathan Moss, please vote now.

For the re-election of Mario Mazzocchi, please vote now.

For the re-election of Ian McCaig, please vote now.

For the re-election of Philip Moore, please vote now.

For the re-election of Andrew Neden, please vote now.

For the re-election of Anne Torry, please vote now.

For the re-election of Linda Wilding, please vote now.

Resolution 4 proposes that Ernst & Young LLP be re-appointed Auditors of the Society to hold office until the next General Meeting, at which accounts are laid before the Society, and that the remuneration of the Auditors be fixed by the Directors. Please vote now.

Resolution 5 is an advisory vote seeking approval for the Annual Report on Remuneration as shown on pages 76 to 80 of the Annual Report. Please vote now.

The Society plans to modernise its pensions and investments products to give our customers greater choice and convenience in how they invest with us. To operate this new product range will involve setting up a new subsidiary company. Membership is an important part of what we offer to our pensions and investments customers today, and so we propose the Society's Rules are changed so that we can allow customers who buy one of these new products to also become full Members of the Society.

We also propose to make some general changes to the Rules:

- to make it clearer which customers are and are not Members.
- to clarify how we deal with situations where policies are held by more than one customer;
- to clarify also, where policies are held in trust, that the trustees are not Members; and
- to update the provisions of the Annual General Meeting to be quorate when we are operating virtually and to reduce the minimum number of Members required at each meeting from 25 to 10 Members.

Our final resolution therefore is for approval to amend the Rules of the Society to confer Membership on new pensions and investments customers, and to make other clarifying changes and amendments. Please vote now.

I'm going to pause for a few moments now to allow any final votes to come through before publishing the results.

Thank you, voting is now closed. Results of the vote including votes cast in advance of the meeting will appear under the 'Results' tab on the left-hand side of your screen in a few moments. I can confirm that all resolutions have been passed. Full details will be published on the website after today's meeting. That concludes the formal voting today.

Thank you to all our members for taking the time to vote in this years' annual general meeting. I am pleased to confirm that the Society will donate £5 to the charity 'Magic Breakfast', for each member who voted, including those votes cast today, so we anticipate a total donation of over £18,000. Thank you once again.

In addition, we estimate that we have saved around more than 500 trees this year by providing an electronic version of the AGM papers to members. Those that have chosen this method of communication, we would like to thank them. If you are able to support this drive for carbon neutrality and are happy to move to electronic papers for next year, please do let us know by emailing us at agm@wesleyan.co.uk.

Please remember that if you want to ask any further questions after today, you are able to do so by emailing us at agm@wesleyan.co.uk and answers will be published on our website and in the formal minutes of the meeting.

Ladies and Gentlemen, that concludes the Annual General Meeting. Thank you for your attendance and ongoing support for the Wesleyan.

Wesleyan Assurance Society
Annual General Meeting – 26 May 2022
Voting Results (including proxy votes)

Ordinary Business		For	Against	% In Favour	Withheld
1	To receive the 2021 Report and Accounts	3,524	22	99.4	93
2(a)	To appoint Harpreet Sood as a Director	3,433	73	97.9	133
3	To re-elect as Directors:				
(a)	Nathan Moss	3,436	85	97.6	118
(b)	Gillian Cass	3,462	62	98.2	115
(c)	Mario Mazzocchi	3,426	89	97.5	124
(d)	Ian McCaig	3,431	85	97.6	123
(e)	Philip Moore	3,431	82	97.7	125
(f)	Andrew Neden	3,432	84	97.6	123
(g)	Anne Torry	3,455	69	98.0	115
(h)	Linda Wilding	3,450	73	97.9	116
4	To-reappoint Ernst & Young LLP as Auditors	3,421	104	97.0	114
5	To approve the Annual Report on Remuneration for the year ended 31 December 2020 (advisory vote only)	3,369	153	95.7	117
6	Special Resolution to amend the Rules to confer Membership on new pensions and investments customers, and to make other clarifying changes and amendments.	3,396	89	97.4	154
	TOTALS – 2022 (Average)	3,436	82	97.7	121
	TOTALS – 2021 (Average)	3,675	85	97.7	87
	TOTALS – 2020 (Average)	3,095	80	97	44
	TOTALS – 2019 (Average)	3,781	104	95.8	60
	TOTALS – 2018 (Average)	5,504	132	97.7	57
	2017 (Average)	4,157	114	97.3	54