

Wesleyan Assurance Society

Minutes of the Annual General Meeting

held at

Edgbaston Suite, De Vere Venue, Birmingham

on

Thursday 11 May 2017 at 2.00 pm

Ladies and Gentlemen, welcome to the Society's Annual General Meeting. My name is Bryan Jackson and I have been the Society's Chairman since May 2010.

Before we start the formal proceedings of the AGM I should like to make some brief comments. You should each be in possession of a copy of the full Report and Accounts and a copy of the shortened version known as the 2016 Performance Review, if you have brought it with you. I should like to draw your attention to a number of points relating to 2016 and briefly bring you up to date with current trading in 2017.

Much has been written about the surprising events of 2016 that were almost impossible to predict at the start of the year, when the potential for a slump in China was the main concern for investors. The markets were showing signs of an upturn by March but the two defining events of the year were yet to come.

In June, the UK voted to leave the European Union and this shock vote was closely followed by the election of Donald Trump as President of the United States of America in November. The long-term implications of these events remain unclear.

The fall in the value of the pound following the Brexit vote benefited those companies with overseas earnings, many of which sit in the FTSE 100, and this helped the UK equity market to rebound. The Bank of England's decision to pre-empt a decline in the UK economy by cutting the base rate to 0.25% and extending the quantitative easing programme also helped shore up the economy.

Overall 2016 was a good year for investors and Wesleyan used times of market turbulence to our advantage, buying equities temporarily out of favour in line with our long-term investment strategy.

With cash savings failing to outstrip inflation and yields on government bonds falling to an all time low, we remain committed to our belief that equities offer our customers the best opportunity for long-term returns. This strategy has served us well over the years, delivering competitive returns for customers investing in our with profits products. These customers also benefit from smoothing, a feature that protects investments against sharp market fluctuations, which may again be a feature of 2017.

2016 saw the Society making further progress towards the delivery of our growth objectives and details can be found on pages 8 to 13 of the full Annual Report and Accounts.

Group Operating Profit of £20.8m was broadly similar to 2015 and the Group Fund for Future Appropriations increased by £32.5m. The benefits of the Society's financial strength were seen during the first half of 2016 when we remained strong despite the volatile investment markets.

The Board was particularly pleased to see that our customer experience scores remain high, not just compared to other financial services companies but also compared to other major brands. One measure of customer experience is the Net Promoter Score which shows how likely customers are to recommend an organisation. Our score remains at +52 compared to a financial services average of around +11.

It was also encouraging to see an increase in staff engagement in our annual Employee Opinion Survey. Engagement increased by over 5% and results were up in every area of the survey. There is more that we want to do and in 2017 we will be introducing a number of new initiatives aimed at supporting and developing our people.

We made some changes to our organisational model in 2016 to make it more scalable and more supportive of our business structure. This has allowed us to further increase our focus on our customers and to be more efficient.

Wesleyan has a clear vision to be the Best in our Chosen Markets. We have a comprehensive strategy in place that clearly articulates what we must do to progress towards our vision and gives us a means of measuring progress. This strategy is reviewed each year by the Board.

I am pleased to report that in 2016 we took some great steps forward in delivering core elements of the strategy and completed key components of our significant transformation programme. This included ongoing development of our product range to extend our investment and protection portfolio. We also carried out significant work to our back office systems, migrating policies onto new IT platforms to maximise efficiencies for customers and staff.

Pleasing progress has also been made in each of our recently acquired subsidiary companies as they have embedded into the business. We are now seeking to maximise the capability we have through these subsidiaries to provide a comprehensive commercial service to meet the increasingly complex business finance needs of our professional customers.

We still have more to do and a major initiative in 2017 will be the launch of a new Point of Sale system and Customer Relationship Management system. These will deliver increased effectiveness and an improved customer experience.

We operate in a competitive marketplace and must work hard to maintain and develop our customer base and retain our skilled workforce. We believe our strategic plans put us in a strong position and we remain committed to ensuring the Society continues to grow in a planned and sustainable way.

We have a responsibility to ensure we deliver our strategic objectives within the Society's Risk Appetite framework. We regularly monitor and report against risks facing the business on a short to long-term basis. More information can be found on pages 18 to 20 of the full Annual Report and Accounts.

Cyber crime continues to be a cause of great concern across the world and it is a threat that we take very seriously as a Board. We are committed to keeping the Society safe and rigorously protecting our customer data. We are strengthening our Group Security team and have recently appointed a highly experienced Head of Group Security who reports directly to the Chief Operating Officer, giving the Board clear oversight of activities in this area.

The Board has long been convinced of the competitive strength of our mutual model and research carried out in 2016 confirmed that customers and staff believe that Wesleyan's

mutual status is important to them. They like the fact that we re-invest our profits back into the business as we do not pay dividends to shareholders.

Our core value of 'We Care' is derived from our mutuality and we plan to do more in 2017 to bring this to life and increase our contribution to the communities we serve.

This includes the official launch today of the new Wesleyan Foundation. This fund has been set up to provide support for great causes that are important to you, our members, our customers and our staff.

Up to £1 million a year will be distributed through the Wesleyan Foundation to good causes around the UK. These organisations will be able to apply to the Foundation directly or through recommendations by customers or Wesleyan staff.

In its first year, the Wesleyan Foundation will be working with community foundations across large parts of the country, with more areas to be added over time.

We want the Foundation to give us more opportunities to engage with you and our wider customer base, encouraging as many people as possible to have their say on how the fund is distributed.

The launch of the Wesleyan Foundation marks a new direction in our Corporate Responsibility activity. We have a long history of supporting charitable causes, both through our chosen staff charity and also with ad-hoc donations given through the Wesleyan Charity Advisory Committee. Our recent partnership with Birmingham Children's Hospital has been very successful and we are the charity's largest corporate donor.

In 2015 we set out to raise funds to help build Magnolia House, a calm and quiet building within the hospital grounds where families can retreat to at the most difficult of times. Magnolia House opened to the first families at the end of 2016 and it has been very rewarding to watch the construction of the building from the ground up and know that it will be a lasting legacy for the hospital.

In 2017, our partnership with Birmingham Children's Hospital draws to a close and staff will be involved in choosing a new charity. We will focus less on fund raising and more on offering sustainable support. This includes giving staff time away from work to make a difference in their local communities. In 2016, we were pleased to support Jessica Wilkes-Reading, our Corporate Responsibility Officer, as she joined one of our customers in Ethiopia taking second-hand equipment and text books to dental professionals working in rural areas and also sharing her own expertise in managing charitable activities.

To mark the launch of the Wesleyan Foundation, members were asked to vote on which one of three good causes they would like a share of funding to go to. All three causes will receive funding with the share determined by the number of votes cast.

From the votes cast, including those cast upon registration today, I can confirm that Pets as Therapy received the highest number of votes and will receive £5,000, Books Beyond Words received the next highest number of votes and will receive £3,000 and Warwickshire Reminiscence Action Project will receive £2,000.

I thank you all for supporting these very worthy causes.

You can read more about the Wesleyan Foundation and our Corporate Responsibility activity on pages 16 and 17 of the full Annual Report and Accounts. We are delighted to be partnering with the Heart of England Community Foundation to help us distribute Wesleyan

Foundation funds and I am pleased to welcome Tina Costello, Chief Executive of Heart of England Community Foundation, and Sir Dominic Cadbury, one of its patrons, to this meeting.

The Board exercises rigorous control through a number of sub-committees. This infrastructure was strengthened in 2016 when a new sub-committee was established to provide independent oversight of the Group's investment performance and ensure that investments are in line with our investment strategy. We believe this level of oversight is in the best interest of members and policyholders.

Following an independent review of Board effectiveness carried out by the Institute of Directors in late 2015, good progress was made in addressing the small number of issues that were identified. A further review will be undertaken later in 2017.

In line with new EU legislative requirements regarding the rotation of auditors, a tender process took place to appoint a new external auditor. Ernst and Young LLP were selected and we will seek member approval for their appointment at the Annual General Meeting. PwC LLP (or its predecessor firms) have served as the Society's external auditor since 1988 and I would like to take this opportunity to thank them for their help, professionalism, guidance and partnership over this period.

Tania Brisby stood down from the Board in October and we thank her for her contribution and wish her every future success.

As we celebrated our 175th anniversary in 2016, we took the opportunity to reflect on our past and look to the future. We have a proud history and a clear plan on which to build our future success.

The current strategy planning period extends until 2020 although we are now considering the period beyond that, to ensure we have a compelling long-term strategy that maximises value for current and future members.

As technology continues to evolve, we will be making a significant investment in our digital capability. Our digital strategy is designed to drive growth and efficiency by increasing our product distribution, automating processes and delivering an engaging experience for our customers and employees.

We recognise that the impact of Brexit and continuing political uncertainty will almost certainly impact the economy and may also affect customer behaviours, expectations and needs. Wesleyan has successfully weathered many periods of uncertainty in the past and our financial strength and experience leaves us well placed to deal with whatever the future brings.

As we're on the subject of change, it feels like the appropriate moment to let you know that, after three years as a Non-Executive Director and what will be eight years as Chairman, it will be time for me to stand down from my post before the next AGM. A thorough process to identify my successor has been led by Phil Green, the Society's Deputy Chairman and Senior Independent Director, and is at a very advanced stage.

My experience with Wesleyan has been nothing short of outstanding and whilst this is by no means a goodbye speech, I do want to use this moment to communicate how proud I am of our achievements to date, and reiterate my absolute faith in the 2020 strategic plan and those leading its delivery. You can be sure I'll be checking in to make sure we've landed exactly where we want to be by then.

On behalf of the Board, I would like to thank all of our staff who showed such dedication in 2016 and our members and customers for your ongoing trust and interest in Wesleyan.

I now turn to the formal part of the AGM.

1. Report and Accounts of the Society for the Year Ended 31 December 2016

It was agreed to take the Auditors' Report as read, with Gail Tucker, Partner, PricewaterhouseCoopers LLP (PwC) in attendance to answer questions.

In the absence of questions, the Chairman proposed that the Annual Report and Accounts for the year ended 31 December 2016 be received.

Moved by the Chairman, seconded by Andrew Neden (Chairman of the Society's Audit Committee) and carried unanimously:

"That the Annual Report and Accounts for the year ended 31 December 2016 be received".

2. Election of Directors

The Chairman reported that in 2013 the Directors had passed a Resolution under Rule 31(1) of the Society's Rules that meant at each Annual General Meeting all of the Directors shall retire. All Directors stood for re-election and no other nominations in accordance with Rule 35 of the Society's Rules had been received.

Moved by the Chairman, seconded by Phil Green and carried unanimously:

"That each of the Directors:

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|---------------------|---------------------|
| (a) Bryan Jackson | (e) Nigel Masters |
| (b) Philip Green | (f) Andrew Neden |
| (c) Chris Brinsmead | (g) Craig Errington |
| (d) Martin Bryant | (h) Liz McKenzie |

be re-elected as Directors of the Society".

3. Appointment of Auditor

It was moved by the Chairman, seconded by Nigel Masters and carried unanimously:

"To appoint Ernst and Young LLP as Auditors of the Society to hold office until the next General Meeting at which accounts were laid before the Society and that their remuneration be fixed by the Directors".

4. (a) Director's Remuneration Policy

(It was noted that members were asked to approve the Directors' Remuneration Policy and the Annual Report on Remuneration by way of an advisory vote, which was not a

legal requirement and the outcome was not binding on the Directors. However the Board considered it best practice to allow members to express a view on this issue).

It was moved by the Chairman, seconded by Chris Brinsmead (Chairman of the Society's Remuneration Committee) and carried unanimously:

"That the Directors' Remuneration Policy shown on pages 34 to 40 inclusive of the Annual Report and Accounts be approved".

4. (b) Annual Report on Remuneration

It was moved by the Chairman, seconded by Chris Brinsmead (Chairman of the Society's Remuneration Committee) and carried unanimously:

"That the Annual Report on Remuneration shown on pages 41 to 45 inclusive of the Annual Report and Accounts be approved".

5. Proxy Votes

The Chairman reported that the percentages in favour of all the resolutions were in the mid to high 90s in percentage terms for all of the resolutions other than the Directors' Remuneration Policy, for which the percentage in favour was over 93%. The Chairman added that the members' endorsement was very much appreciated by the Society's Board.

(Details of votes, including proxy votes, to be disclosed on the Society's website – also attached hereto).

This concluded the Annual General Meeting.

The Chairman closed the meeting at 2.21pm.

Wesleyan Assurance Society

**Annual General Meeting – 11 May 2017
Voting Results (including proxy votes)
(70,632 Members)**

Ordinary Business		FOR	AGAINST	% IN FAVOUR	WITHHELD
1.	To receive the 2016 Report and Accounts	4,270	29	99.3	21
2.	To re-elect as Directors:				
(a)	Bryan Jackson	4,174	92	97.8	58
(b)	Philip Green	4,183	81	98.1	60
(c)	Chris Brinsmead	4,178	89	97.9	57
(d)	Martin Bryant	4,177	93	97.8	56
(e)	Nigel Masters	4,177	89	97.9	59
(f)	Andrew Neden	4,180	86	98.0	56
(g)	Craig Errington	4,158	113	97.4	54
(h)	Liz McKenzie	4,188	91	97.9	48
3.	To appoint Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration	4,161	125	97.1	44

4.	To approve the:				
(a)	Directors' Remuneration Policy	3,967	295	93.1	70
(b)	Annual Report on Remuneration	4,071	189	95.6	68
TOTALS – 2017 (Average)		4,171	114	97.3	54

Doug Bright
Company Secretary
11 May 2017