

**Wesleyan Assurance Society**  
**Minutes of the Annual General Meeting**

**held at**

**Wesleyan Assurance Society, Colmore Circus, Birmingham**

**on**

**Thursday 24 May 2018 at 2.00 pm**

Ladies and Gentlemen, welcome to the Society's Annual General Meeting. My name is Nathan Moss and I have been the Society's Chair since 1 January this year.

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 summary document known as the 2017 Performance Review, if you have brought it with you. I should like to draw your attention to a number of points relating to 2017 and briefly bring you up to date with current trading in 2018.

I was privileged to take up the role of Wesleyan Chair on 1 January having served on the Board of Directors since July 2017. My initial observations have been very positive and the more I learn about Wesleyan, the more I understand how much we have to offer our members and customers.

I am grateful to my predecessor Bryan Jackson CBE. He left a powerful legacy as he successfully led Wesleyan through some of the most challenging years the industry has faced. We were delighted to name this Head Office Conference Centre in his honour, a fitting tribute to the invaluable contribution he made to our proud history. Liz McKenzie, former Chief Operating Officer, stood down from the Board with effect from 31 October 2017 and we also thank her for her invaluable contribution. I would also like to mention that Tim Pindar, the Society's Chief Actuary, is retiring next week and the Board would like to express its appreciation to Tim for his great commitment and contribution to the Society over 28 years of service and to wish him every success and happiness in retirement.

When we look back at 2017, we expected it to be a year of uncertainty, fuelled by the continuing lack of clarity around Brexit and the inauguration of the new President of the USA. In fact, the underlying global economic news was surprisingly good and nearly all major economies grew.

The picture at home was less optimistic with Britain's annual growth the lowest in five years. That said, the UK economy still fared better than expected, supported by strong global performance and a weak pound helping to boost UK exports and manufacturing.

It was a good year for investors as several stock markets reached record highs. With cash savings failing to outstrip inflation and yields on government bonds near all-time lows, we remain committed to our belief that equities offer the best opportunity for long-term returns. This strategy has served us well over the years, delivering competitive returns for customers, particularly those investing in our with profits products. These customers also benefit from smoothing, a feature that helps protect investments against sharp market fluctuations.

Against this background and other external challenges detailed later in this Report, we are proud to have delivered another strong performance for members and customers in 2017. While Group Operating Profit (post-project costs) was lower at £14.6m, mainly reflecting lower expected investment returns, the Group Fund for Future Appropriations (FFA) grew to £656m from £635m, an increase of 3%. Society premium income grew strongly, from £323m to £388m, an increase of 20% and assets under management increased by 5.6% to £7.6bn. We saw strong returns on our investment funds with over half ranking in the top quartile compared to similar funds. Our flagship With Profits Fund delivered a 10.4% return, ahead of our internal benchmark, which will enable us to again deliver competitive payouts for members.

Since joining Wesleyan, I have been particularly impressed by the focus this business places on its customers and their long-term needs. Our customer satisfaction scores are higher than many leading UK brands as evidenced by our Net Promoter Score which measures how likely customers are to recommend an organisation. In 2017, our score stood at +54, compared to a score of +52 in 2016, which compared favourably to the financial services industry average of +15.

We were also pleased to see employee engagement increasing by 9% to 77% in 2017. This reflects our investment in developing and supporting our people, as well as improvements to our working environment. We have more we want to do, particularly towards building a truly representative and inclusive workforce as we recognise that our decision making and customer outcomes will be improved by enhancing our diversity. We made good progress in this area in 2017 and you can read more on page 13 of the full report.

We are always interested to hear members' views. This year we have received some feedback regarding the diversity of the Society's Board. I would like to reassure members that we are fully committed to inclusion and diversity across the Society. We recognise that we have work to do but we made some positive steps forward in 2017 including:

- Launching internal networking groups to promote understanding, acceptance and respect of people from all backgrounds including black, Asian and minority ethnic (BAME), Lesbian, gay, bisexual and transgender (LGBT) as well as a specific gender network
- Using anonymous CVs in our recruitment processes
- All members of staff have undertaken training to improve their awareness and knowledge of unconscious bias, which may make them favour those that look like them or who hold the same values.

In line with regulatory requirements, we have published our Gender Pay Gap figures. This is something we have monitored internally for some time as we are committed to progressing more women into senior roles. We have signed up to the Government's Women in Finance Charter and have set a clear target for 33% of our top roles – that's Board, Executives and Senior Managers – to be filled by women by 2023. You can read more about how we plan to achieve this on our website.

We have a clear and defined strategy in place that keeps us on the right path to achieve our vision of being the Best in our Chosen Markets. We are currently in the process of delivering a strategic plan that runs until 2020. This is a living document that we review each year at Board level to ensure we remain on track and assess whether any external factors, or other developments, require us to move our focus.

In 2017 we continued to make good progress against our strategic objectives and significant transformation programme. The delivery of our new Customer Relationship Management and Point of Sale systems has been a major project in recent years, requiring significant work across the business. When fully operational, they will transform how we deliver our products and services and provide a more modern and streamlined experience for customers.

Delivering these new systems has been a hugely complex project and we anticipated at launch that there would be some technical problems. We had a series of manual processes in place to avoid any disruption but it's true to say that once the systems went live we experienced some unexpected glitches that our team of IT experts have worked tirelessly to resolve.

We have been careful to ensure that there has been no detriment to our customers and our advice processes have remained robust throughout this period.

Earlier this month, we implemented a major update which, subject to ongoing testing, has moved the project to a much improved position.

Inevitably, the issues encountered have meant that our trading performance in the first four months of this year has been held back. We remain focused on resolving these issues as quickly and effectively as we can and remain confident that these systems, when fully operational, will transform the service that we can offer to our customers and drive the growth and efficiency that we need to remain strong.

The Board extends its thanks to the huge number of people who have worked tirelessly to get these systems in place.

The new systems will provide a strong basis for us to develop our wider digital strategy. This will give customers more choice in how they interact with us and greater support in managing their finances, as well as drive growth and efficiency.

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.

In 2017 we appointed our first of Head of Group Security, reflecting our commitment to keep the Society safe from cybercrime and rigorously protect our customer data. Detailed activity to ensure compliance with the new General Data Protection Regulation (GDPR) coming into force tomorrow has been undertaken, with the Board given full oversight of activities with regular briefings.

We remain firmly committed to maintaining our mutual status which has been an integral part of who we are since we were founded over 177 years ago. With no shareholders to consider, we can truly put the focus on members and customers and work to benefit them. We were pleased to once again offer over 72,000 policyholders discounts on selected insurance products as part of our ongoing Mutual Benefits programme. In 2018, we will also make an additional bonus payment to qualifying With Profits policyholders.

Our mutuality is the bedrock upon which our culture of care is built and it is embodied in the Wesleyan Foundation, which was launched in May 2017. It aims to provide financial support of up to £1m per year to community groups, charities and good causes close to the hearts of our members, customers and employees. We were pleased to distribute over £415,000 to almost 100 good causes in just over six months, in many cases providing local solutions for local needs. In 2017 we also began working with our new chosen charity, Partnership for Children. Selected by our employees, Partnership for Children are a fantastic organisation

who promote the mental health and emotional wellbeing of children in schools across the UK. You can read about our progress on page 16 of the full report.

The Board has continued to operate rigorous control, supported by the activities of its sub-committees. We reviewed progress against the independent review of Board effectiveness carried out by the Institute of Directors in late 2015 and were satisfied with progress made against the small number of issues identified. The next independent review will be undertaken in the second half of 2018.

In line with EU legislative requirements regarding the rotation of auditors, we undertook a tender process to appoint a new external auditor in 2016. Ernst & Young LLP were selected and their appointment was approved by members at the 2017 Annual General Meeting with over 97% of votes cast in favour. I am pleased to welcome Andy Blackmore, our external audit partner from Ernst & Young, to his first Wesleyan AGM.

Working with global consultancy firm McKinsey, we have carried out detailed analysis to understand what the longer-term future will look like for our customers, our industry and the world around us. We have used this analysis to refresh and extend our strategy for the business beyond 2020. As part of this work we have also been reviewing our brand, purpose and culture and this will begin to be brought to life in the second half of 2018.

We are committed to building on the successes of our 177-year history and unleashing the huge amount of potential we have as a business to benefit members and customers.

We are not complacent and recognise that there will be challenges in the year ahead. We operate in a highly competitive talent market and must ensure we continue to attract and retain talented people. Brexit will continue to impact and there are a number of factors that could change customer behaviour. We will continue to monitor all of these developments over 2018 and ensure we are able to respond swiftly to change when necessary.

On behalf of the Board, I would like to thank all of our employees for their work and commitment in 2017 and I look forward to working with them in the year ahead. Thank you also to our members and customers for their ongoing trust in us.

I now turn to the formal part of the AGM.

## **1. Report and Accounts of the Society for the Year Ended 31 December 2017**

It was agreed to take the Auditors' Report as read, with Andy Blackmore, Partner, Ernst & Young LLP in attendance to answer questions.

In the absence of questions, the Chair proposed that the Annual Report and Accounts for the year ended 31 December 2017 be received.

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

"That the Annual Report and Accounts for the year ended 31 December 2017 be received".

## **2. To confirm the appointment of Nathan Moss as a Director**

The Deputy Chair and Senior Independent Director, Phil Green reported that since the last Annual General Meeting Nathan Moss had been appointed a Director of the Society and confirmation of his election by members of the Society was required.

Moved by the Deputy Chair, seconded by Craig Errington and carried unanimously:

“That Nathan Moss be confirmed as a Director of the Society”.

## **3. Election of Directors**

The Chair 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 Chair, seconded by Phil Green and carried unanimously:

“That each of the Directors:

- |                     |                     |
|---------------------|---------------------|
| (a) Philip Green    | (d) Nigel Masters   |
| (b) Chris Brinsmead | (e) Andrew Neden    |
| (c) Martin Bryant   | (f) Craig Errington |

be re-elected as Directors of the Society”.

## **4. Appointment of Auditor**

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

“To reappoint 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”.

## **5. Annual Report on Remuneration for the year ended 31 December 2017**

(It was noted that members were asked to approve the Directors’ 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 Chair, seconded by Chris Brinsmead (Chair of the Society’s Remuneration Committee) and carried unanimously:

“That the Directors’ Remuneration Report shown on pages 43 to 47 inclusive of the Annual Report and Accounts be approved”.

## **6. Proxy Votes**

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

The Chair confirmed that the Society would donate £1 to its chosen charity, Partnership for Children, for each member vote, including those cast at the meeting, giving a total donation of just over £5,700.

This concluded the Annual General Meeting.

The Chair closed the meeting at 2.24pm.

**Wesleyan Assurance Society**

**Annual General Meeting – 24 May 2018  
Voting Results (including proxy votes)**

<b>Ordinary Business</b>		<b>FOR</b>	<b>AGAINST</b>	<b>% IN FAVOUR</b>	<b>WITHHELD</b>
1.	To receive the 2017 Report and Accounts	5,637	28	99.5	30
2.	To confirm the appointment of Nathan Moss as Chairman	5,521	112	98.0	55
3.	To re-elect as Directors:				
(a)	Philip Green	5,512	120	97.9	63
(b)	Chris Brinsmead	5,499	130	97.7	61
(c)	Martin Bryant	5,515	115	98.0	62
(d)	Nigel Masters	5,514	120	97.9	58
(e)	Andrew Neden	5,503	125	97.8	63
(f)	Craig Errington	5,484	144	97.4	60
4.	To appoint Ernst & Young LLP as Auditors	5,473	178	96.9	45
5.	To receive the Directors' Remuneration Report – advisory vote only (Note i)	5,378	250	95.6	70
<b>TOTALS – 2018 (Average)</b>		<b>5,504</b>	<b>132</b>	<b>97.7</b>	<b>57</b>
<b>2017 (Average)</b>		<b>4,157</b>	<b>114</b>	<b>97.3</b>	<b>54</b>
<b>2016 (Average)</b>		<b>6,947</b>	<b>146</b>	<b>97.9</b>	<b>58</b>

<b>Ordinary Business</b>	<b>FOR</b>	<b>AGAINST</b>	<b>% IN FAVOUR</b>	<b>WITHHELD</b>
<b>2015 (Average)</b>	<b>7,061</b>	<b>136</b>	<b>98.1</b>	<b>58</b>
<b>2014 (Average)</b>	<b>4,433</b>	<b>110</b>	<b>97.6</b>	<b>36</b>
<b>2013 (Average)</b>	<b>4,939</b>	<b>119</b>	<b>97.6</b>	<b>Not available</b>
<b>2012 (Average)</b>	<b>4,546</b>	<b>113</b>	<b>97.6</b>	
<b>2011 (Average)</b>	<b>4,540</b>	<b>119</b>	<b>97.4</b>	
<b>2010 (Average)</b>	<b>3,574</b>	<b>101</b>	<b>97.3</b>	

**Doug Bright**  
Company Secretary  
24 May 2018