

**Minutes of the 127<sup>th</sup> Annual General Meeting held at  
the Corinium Museum, Park Street, Cirencester, GL7 2BX,  
on Thursday 18 May 2017 commencing at 6.30 pm**

Present: Mr J F Quinn (Chairman), Ms J W Banks, Mrs M L Evans, Mr I M Maude,  
Mr W J M Schouten, Mr M C Sedgley, Mr P C Whitefield, Mr P R Hudson (Chief Executive),  
Mr P L Brown (Deputy Chief Executive), Mr A J Horsley (Company Secretary)

Ms K S McIntyre (Guest)

In total, there were 58 Members in attendance (including Members serving on the Board of Management). The quorum was noted as 10 in accordance with the provisions of Rule 21(1)(b).

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| <b>1.</b> | <p><b>WELCOME</b></p> <p>The Chairman opened the meeting and extended a warm welcome to those present. He advised the meeting that all members of the Board of Management were present and were available to answer questions on the Annual Report and Accounts.</p> <p>The Secretary informed the meeting that Society General Rule 18(6) prescribed what business should be transacted at the Annual General Meeting, namely:</p> <ol style="list-style-type: none"> <li>1. The Report and Accounts.</li> <li>2. The Auditors' Report.</li> <li>3. The election and re-election of Board Members.</li> <li>4. The re-appointment of the Auditors.</li> <li>5. Business brought before the meeting by the Board of Directors.</li> <li>6. Notice of resolutions under Rule 21, of which there were none.</li> </ol> <p>The Secretary encouraged questions on these topics.</p> |
| <b>2.</b> | <p><b>APOLOGIES FOR ABSENCE</b></p> <p>No apologies for absence had been received.</p>  |
| <b>3.</b> | <p><b>NOTICE OF ANNUAL GENERAL MEETING</b></p> <p>The notice of the Annual General Meeting was taken as read. The Chairman referred to the proxy voting form, which had been distributed with the Annual Report.</p> <p>The Chairman reported that after each resolution had been put and voted upon by a show of hands in the room, the results of the postal votes/electronic votes would be announced. It was noted that votes withheld did not count in law and would not be counted in the calculation of the proportion of votes for and against the resolutions.</p>   |
| <b>4.</b> | <p><b>MINUTES</b></p> <p>The minutes of the Annual General Meeting held on 26 May 2016 were presented for approval. The Chairman signed the Minutes as a true and accurate record, which were proposed by Mr</p>  |

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|           | P R Hudson and seconded by Mr G W Burge and <b>AGREED</b> by all present. There were no matters arising.   |
| <b>5.</b> | <p><b>ANNUAL REPORT AND ACCOUNTS</b></p> <p><b>Chairman's Statement</b><br/>Mr J F Quinn presented his statement, the key points being:</p> <ul style="list-style-type: none"> <li>• 2016 was another year of encouraging growth in Membership and a healthy financial surplus was achieved. Premium income increased, the Society had strong investment income and continued to control costs, all of which meant that the Society remained in a very good position. As a result, participating bonuses had again been maintained or improved.</li> <li>• The Society had successfully launched My Extra Benefits, an expansion of the product range, which had been well received by both the industry and by financial advisers. This package of Rider benefits was delivering good sales results.</li> <li>• The service standards of the Society had been recognised by the industry through the achievement of prestigious awards. In 2016 the Society was 'Highly Commended' in the Best Income Protection Provider category of the Moneyfacts Investment, Life &amp; Pensions Awards and was shortlisted in the Service Beyond the Call of Duty and Best Insurance categories.</li> <li>• The Society had again paid in excess of 94% of claims. It also sought to support Members through discretionary grants from the 125 Foundation.</li> <li>• 360 degree reviews of each member of the Board had again been undertaken in 2016, demonstrating the Society's commitment to corporate governance.</li> <li>• Mr P C Whitefield had taken the decision to step down as a Board Director after the Annual General Meeting, following 6 years' service on the Board, during which time there has been significant change and growth in the Society. The Chairman thanked Mr Whitefield for his years of service and his contribution.</li> <li>• The Society continued to benefit from expert external professional advice in areas such as External Audit, Internal Audit, Actuarial Services and Investment advice. The performance and service quality offered by all our external advisors was regularly monitored to ensure they continued both to offer best value to the Society and to meet our service expectations.<br/>In the last two years, the External and Internal Audit functions had been benchmarked against the existing providers in the marketplace. In both cases, after a careful review process, the Board had concluded that it was appropriate to reappoint the present providers, Moore Stephens LLP as External Auditors and Case Accounting Limited as Internal Auditor. Towards the end of 2016, the Board carried out a similar exercise in respect of our Investment Advisors and as a result made a new appointment of LGT Vestra LLP as the Society's Investment Advisors.</li> <li>• The Chairman thanked the staff and Executive team for their hard work and commitment and the financial advisers who continued to support the Society.</li> <li>• The Chairman advised that in February 2017, Paul Hudson, had completed 20 years of service as CEO of the Society. During the period of Paul's leadership, annual premium income had risen from £2.2m to £16.3m. Membership had expanded from just under 15,000 to 36,600. In addition, the Society now had an expanded range of products, which were much better suited to meet the needs of our Members today. The Chairman conveyed the Board's thanks to Paul for his leadership of the Society.</li> </ul> <p><b>Report of the Board of Management</b><br/>Mr P R Hudson, Chief Executive, presented key items from the Strategic Report, the Report of the Board of Management and the Financial Statements for the year ended 31 December 2016, which could be found on pages 7 to 14 and 20 to 35 of the full version of the Annual Report and Accounts, and pages 4 to 11 of the short version.</p> <p>The points highlighted were as follows:-</p> <ul style="list-style-type: none"> <li>• Mr Hudson advised this was the 20<sup>th</sup> Annual General Meeting that he had attended.</li> <li>• 2016 has been a positive year in the history of the Society and it had continued to make solid and steady progress.</li> <li>• A combination of new contracts and an ability to retain Members had produced a modest increase in Membership over the year.</li> </ul> |

- The Society continued to pay a very high percentage of claims to Members, and when claims were declined, the Society would seek to educate Members and advisers so that future claims could be met.
- The Society had set a target of increasing distributions to Members and it would seek to continue this trend, thereby underpinning its mutuality.
- The Society had introduced new products and services to make its offer more relevant more of the time for its Members. In 2016 extra benefits that can be added to new contracts and existing contracts were introduced. The Society would continue to look to expand its product range and services over the coming years.
- The hangover of the 2008 financial crisis continued to be felt. Cirencester Friendly was able to continue to operate without having to rely on others. That is because the Society is prudent, and looks to long term growth in a steady and consistent manner.
- The Society is well capitalised and sufficiently solvent to be able to support its business ambitions.
- The Society continued to receive awards for good service which it believed was an intrinsic part of its mutuality.
- Mr Hudson expressed his sincere thanks to the staff for their support over 2016.

#### **Auditor's Report**

The Auditor, Mr M P Burnett of Moore Stephens (Bath) presented the Audit Report for 2016.

- A thorough review of the financial statements of the Society, which comprised of the Income and Expenditure Account, Statement of Financial Position and related notes had been carried out, together with the Report of the Board of Management for the year ended 31 December 2016.
- The primary purpose of the Audit was to report to the Members of the Society on whether the financial statements gave a true and fair view of the Society's position in accordance with Section 73 of the Friendly Societies Act 1992. Moore Stephens had given an unqualified/unmodified Audit Report to the Society and it was their opinion that the accounting policies used were appropriate to meeting the challenges facing the Society.
- Mr Burnett stated that the Reports from the Board of Management had been fair and consistent and thus the Financial Statements were considered to be a true and fair report.

#### **Adoption of the Annual Report and Accounts**

The adoption of the Report of the Board of Management and Financial Statements for 2016 was proposed by Mr G W Burge, seconded by Mr P Quinn and unanimously **AGREED** by all present.

The result of the proxy vote was announced:

1,058 votes for, 8 against and 7 withheld.

The Chairman thanked Mr Burnett for his report and invited questions. None arose.

#### **6. THE BOARD OF MANAGEMENT'S REMUNERATION REPORT (ADVISORY VOTE)**

Mr I M Maude, the Senior Independent Director and Chairman of the Remuneration Committee presented the Board of Management's Remuneration Report for the year ended 31 December 2016. The key points being:

- The Society had continued to use external data to evaluate appropriate and fair salary levels for the Society. During 2016, an independent review had been undertaken to confirm that remuneration levels were fair and that the correct level of remuneration was being paid to staff and Executives.
- The policy was designed to both attract and retain high quality Executives.
- The Executive, Non-Executive Directors and staff members had no say in the setting of their own remuneration.
- Remuneration levels were transparent in the Annual Report & Accounts.

The Chairman invited questions on the Remuneration Report. None arose

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|            | <p>The Remuneration Report (Advisory Vote) was proposed by Miss C A Fox, seconded by Ms K Purnell and unanimously <b>AGREED</b> by all present.</p> <p>The result of the proxy vote was announced:</p> <p style="text-align: center;">1,027 votes for, 28 against, 18 withheld</p>  |
| <b>7.</b>  | <p><b>APPROVAL AND ADOPTION OF SCHEDULE 4 TO THE MEMORANDUM AND RULES OF THE SOCIETY</b></p> <p>The Chairman put the resolution for the approval and adoption of Schedule 4 to the Memorandum and Rules of the Society, tabled at the meeting. The Chairman invited any questions. None arose. The Chairman asked for a proposer and seconder. The resolution was proposed by Mr P R Hudson, seconded by Mr M T King and unanimously <b>AGREED</b>.</p> <p>The result of the proxy vote was announced:</p> <p style="text-align: center;">1,031 votes for, 15 against, 27 withheld.</p>   |
| <b>8.</b>  | <p><b>TO RE-APPOINT MOORE STEPHENS AS AUDITORS</b></p> <p>Mr P C Whitefield, Chairman of the Audit and Risk Committee, proposed that Moore Stephens be re-appointed as External Auditor; the motion was seconded by Dr J E Miller and unanimously <b>AGREED</b>.</p> <p>The result of the proxy vote was announced:</p> <p style="text-align: center;">1,049 votes for, 9 against, 15 withheld.</p>   |
| <b>9.</b>  | <p><b>ANY OTHER BUSINESS</b></p> <p>The Chairman invited questions deemed relevant to the business of the Society. Mr B Thorne requested reassurance that the Society's IT systems were properly protected. Mr Hudson confirmed that the Society had upgraded its systems over recent years and had good staff knowhow to help guard it against cyber-attack. Mr Hudson referred to the recent ransomware attack and commented that this was an example of institutions failing to invest in software updates. Mr Hudson advised that in the current environment, it was not a matter of if, but when an attack was received. However, the Society's protection systems, including the disaster recover site, were as robust as they could possibly be.</p> <p>The Chairman announced the Prize Draw, which would take place on the day after the Annual General Meeting.</p> |
| <b>10.</b> | <p><b>CLOSE</b></p> <p>The Chairman thanked everyone for attending and there being no further business, the meeting closed at 7.05pm.</p>   |