

COVENTRY BUILDING SOCIETY
MINUTES OF THE ONE HUNDRED AND THIRTY-NINTH
ANNUAL GENERAL MEETING

HELD AT
COVENTRY BUILDING SOCIETY ARENA
JUDDS LANE
LONGFORD
COVENTRY
CV6 6AQ

ON THURSDAY 27 APRIL 2023 AT 3PM

In attendance	David Thorburn	(Chair)
	Steve Hughes	(Chief Executive)
	Joanne Kenrick	(Deputy Chair, Senior Independent Director and Chair of the Remuneration Committee)
	Iraj Amiri	(Chair of the Board Audit Committee)
	Martin Stewart	(Chair of the Board Risk Committee)
	Brendan O'Connor	(Non-Executive Director)
	Catherine Doran	(Non-Executive Director)
	Shamira Mohammed	(Non-Executive Director)
	Lee Raybould	(Chief Financial Officer and Executive Director)
	Vanessa Murden	(Non-Executive Director)
	Gurdeep Boparai	(Society Secretary)
	Carl Sizer	(PricewaterhouseCoopers UK)
Members	60 eligible members of the Society attended in person 1493 eligible members of the Society attended online	
Attendees	Executives and staff representatives of the Society	

1 CHAIR'S INTRODUCTION

- 1.1. Mr Thorburn welcomed everyone to the meeting and noted that this was his first as Chair. He outlined that this was a hybrid annual general meeting, which meant that there was a combination of members attending in person and those watching on livestream. Mr Thorburn explained that the meeting was being recorded and that highlights would be made available on the website.
- 1.2. Mr Thorburn introduced the Board of Directors. He noted that Catherine Doran would be retiring from the Board following the meeting and took the opportunity to thank her, for all she had done and noted her contribution to the technological transformation of the Society. Mr Thorburn welcomed Vanessa Murden as the Chair of the Board Technology Oversight Committee and confirmed that she would go forward for election to the Board at the 2024 Annual General Meeting.

Mr Thorburn ended the introductions by recognising the contribution of Peter Frost who retired from the Board in March 2023 after ten years' service and noted he was an advocate for members and colleagues alike and thanked him for his service.

- 1.3. Mr Thorburn explained that both online and in person attendees would be able to vote during the meeting and that the voting procedure would be explained prior to the vote.
- 1.4. There was produced to the meeting a Notice convening the meeting and, with the consent of all members present, the Notice was taken as read.
- 1.5. Mr Thorburn outlined the agenda for the meeting.
- 1.6. Mr Thorburn provided an explanation to those online on how to navigate the online system, submit questions and access the meeting documentation.
- 1.7. Mr Thorburn took the opportunity to say a few words on societal challenges and how those impacted the Society, during which he:
 - (i) described the impact of the Covid-19 pandemic and of high inflation; observed that we had heard the clearest warning yet of the impact of climate change and outlined the ongoing impact of Russia's war against Ukraine;
 - (ii) noted that the economic impact of all of this would be felt for years and that we were seeing fundamental changes to how we live and work;
 - (iii) outlined how it was important for the Society to continue do the right things and do them well, that being a mutual helps with this by taking the long-term view and that mutual ownership brings stability and security;
 - (iv) explained that during 2022 the Society continued to protect members by acting quickly in a rapidly moving interest rate environment, prioritised service, provided support to the colleagues of the Society and communities during the cost of living crisis and delivered on investment in services and on operational resilience;
 - (v) outlined the belief that the Society had grown in the right way, whilst acknowledging that the Society is far from perfect and that there are aspects of how the Society operates, that are being rightly challenged by Members;
 - (vi) confirmed his belief that the Society's performance demonstrated the benefits of mutuality and is the reason for his confidence in the long-term future of the Society, even in troubled times.

2 CHIEF EXECUTIVE'S PRESENTATION

- 2.1 Mr Hughes welcomed members to the meeting, explaining that it was his third meeting and as always was delighted to meet members and to share how the Society is doing. He outlined that 2022 was dominated by events in the Ukraine, significant political uncertainty, cost of living challenges and eight Bank of England Base Rate increases. He observed that the recent collapse of institutions such as Credit Suisse, highlighted the importance of strong liquidity, strong capital and a

prudent business model. He outlined that the job of the Society, was to provide a resilient home for savings, a competitive return on investment and to lend responsibly. He outlined how the Society listens to members through panels and research, which showed Members want great value products, brilliant service, and security, which combined with the positive impact on communities, are the proof points of a member owned business.

2.2 The meeting viewed a video of Members of the Society giving their views. Mr Hughes reflected on the video and stated that the two things that stood out, were the need for value and for great human service.

2.3 Mr Hughes talked about value in the context of the economic climate and highlighted key aspects of the Society's 2022 performance during which he outlined:

- (i) The various base rate changes that had been made across 2022;
- (ii) that inflation had caused significant cost-of-living challenges with increased food prices and government intervention in relation to increased fuel prices and that he understood the need for the Society to offer the best value possible by offering consistently higher rates than the market average;
- (iii) the reasons why the Society was unable to increase saving rates by the same amount as the base rate. He outlined that judgments must be made based upon affordability and keeping the Society safe;
- (iv) the reasons why he believed that savers are better off with the Society, he explained that in 2022 the average rate increase across "The Big Six" providers was 1.27% and across the rest of the market, the average was 2.16%. He drew attention to the fact that the Society had increased rates by an average of 2.43% and in 2022 had passed on 40% more than the big banks in terms of base rate increase;
- (v) how during the last five years (2018-2022) that the Society had consistently offered value compared to the rest of the market and this amounted to one billion pounds of extra interest during that time;
- (vi) that the strength of the performance was not just the savings growth, but also the independent recognition from organisations including Savings Champion, Moneynet, The Times, Fairer Finance and Which;
- (vii) that there had also been accolades on the mortgage side and that Which and Fairer Finance continue to recommend the Society and was recognised as the best building society by Your Mortgage;
- (viii) that during 2022 there were new mortgage products launched, including a new build proposition and that records volumes of business, enabled members to change their mortgage or move home;
- (ix) that the Society had taken a balanced approach to mortgage rates and had proactively supported vulnerable customers;
- (x) that mortgage arrears remained very low, and that the Society had grown in a disciplined and responsible way, resulting in a high-quality mortgage business;
- (xi) that providing greater value had never mattered more to members or the Society.

2.4 Mr Hughes stated that the other message that came across loud and clear in the

video was the importance of service. He acknowledged that this had never been more challenging and outlined the following:

- (i) that a key performance measure is the Net Promoter Score, which measures how likely customers are to recommend the Society and explained that in financial services a score of plus thirty is good. In 2022 the overall score of the Society was plus seventy-five, despite members having to wait to talk to the Society at times;
- (ii) that during 2022 rising interest rates meant longer conversations with members and that combined with fantastic products, had resulted in longer queues, particularly on the telephone, but when people got through, they received a fantastic service, which is the reason why the Net Promoter Score remained strong;
- (iii) that colleagues do a brilliant job and that more staff had been recruited to tackle wait times, but there were demand spikes, such as when the Loyalty Bond was launched. He apologised for the delays and accepted that the peaks in demand needed to be managed better, but felt providing these products and accepting slightly longer wait times, still felt the right thing to do for Members;
- (iv) that the issues can be addressed through investment in people, services and digital capability without losing the friendliness and warmth which makes the Society special, "Digital yes, but human always".
- (v) that during the 2022 annual general meeting a commitment was made to provide a mobile app and that this is on course for delivery;
- (vi) that Members and mortgage brokers are now able to switch mortgage products themselves;
- (vii) that the telephony system had been updated which had enabled branch colleagues to support call centre and digital teams in answering more calls;
- (viii) that the four-year branch investment programme was finished, representing a considerable commitment by the Society to maintaining a high street presence;
- (ix) that there was also a lot of unseen investment in systems to improve efficiency, increase resilience and to transform the core banking systems.
- (x) that safety and security comes from capital and as a mutual organisation the capital comes from the profits that are generated. He confirmed in 2022 that the profit increased to three hundred and seventy million pounds, this was achieved through balanced decisions and adding to the capital;
- (xi) that the Society is well above the regulatory requirements for the capital held and the Society holds strong liquidity.

2.5 Mr Hughes spoke about the Climate Action Plan agreed by members during the 2022 Annual General Meeting. He explained that progress against this could be found in the 2022 Sustainability Report, located on the website. With regards to the environment, he outlined that in 2022 the Society developed a transition plan, which set out the ambition to be net zero by 2040 and forms part of the climate pledge. He explained that the biggest challenge related to emissions was the houses that the Society lent against. He considered that this required a concerted effort by the government, lenders, the utility sector and for consumers to see the importance too.

- 2.6 Mr Hughes outlined the work in the community and how the cost of living crisis brought home the challenges faced by many people. Mr Hughes spoke about the brilliant work, completed by the charity partners of the Society and how important it was for him personally, that the Society could make positive change in communities. In 2022 the Society donated an additional one million pounds to support charity partners, making a total of over three point four million pounds, which was nearly one percent of the total profit of the Society. Donations supported schools, families, the Citizens Advice Bureau, the Belgrade Theatre and the Positive Youth Foundation, along with many other local charities. Money also went to food banks right across the branch network. Mr Hughes spoke about the Better Futures Programme to support young people, Better Connections to tackle loneliness and Better Foundations which focused on homelessness.
- 2.7 Mr Hughes outlined that one of the biggest community decisions in 2022 was to change the headline charity partner. For fifteen years the Society supported the Royal British Legion and donated twenty million pounds. It was confirmed that the new charity partner was Centrepoin, which had the simple ambition to end youth homelessness in a generation. Mr Hughes invited Seyi Obakin OBE, the Chief Executive of Centrepoin, to talk about the difference that the partnership will make.
- 2.8 Mr Obakin OBE talked through the history of Centrepoin and its work to help support young people to find jobs, homes and deliver a national programme of support. He talked about being proud and excited about the partnership with the Society. He explained how it will change the lives of young people and support the ambition to end youth homelessness within a generation.
- 2.9 Mr Hughes shared that the first fundraising milestone had been met and that two hundred and fifty thousand pounds had already been raised and that the partnership would make a real difference.
- 2.10 Mr Hughes finished by recapping on the importance of great value, great service, security and making a positive difference to communities. He observed that it was possible to focus on these things as the Society was strong, financially secure and well capitalised. He took the opportunity to reassure attendees that providing value, service and security mattered to the Society as much as it did to them. Finally, Mr Hughes thanked the Society's employees for their hard work and the Society's members for their loyalty, support and trust.

3 QUESTIONS FROM MEMBERS

- 3.1 The Chair explained that several questions had been received in advance. He outlined that a mixture of these questions, along with questions from members attending online and from those in the room would be taken. He noted that some of the topics had already been touched upon by Mr Hughes. The Chair noted that several questions related to the Society's approach to pay. He invited Ms Kenrick, as Chair of the Remuneration Committee, to address these questions.
- 3.2 Ms Kenrick explained the role of the Remuneration Committee which included responsibility for setting the policy for pay and benefits. The policy determined the

pay of senior leaders and provided an overview of the remuneration approach, across the Society as a whole. Ms Kenrick recognised that pay was a very emotive topic and that this was shown by the questions and comments that had been received. She noted that current challenges due to the cost of living crisis had also heightened the issue. She acknowledged that it was difficult to find a solution that everybody would be happy with and therefore, she was unable to make a commitment that the matters addressed by members in their questions would happen, however, confirmed that when the Committee makes a decision, that they consider all the relevant information and that the views of members are a very vital input. Ms Kenrick outlined:

- (i) that 2023 was a policy review year, and that every three years, it is considered in detail whether the approach to remuneration was still right. The review had been completed and it was concluded that there was one change to be made, and that was to ensure that the factor which affects bonus payments, which are retained and paid out over time looks at long term security and not short-term profits. Ms Kenrick acknowledged that this was complicated and was outlined in full in the Annual Report;
- (ii) that for the rest of the policy the approach remained the same, which was to recruit and retain great people. Ms Kenrick noted that it had already been mentioned that the Society, has fifty-nine billion pounds in assets so the Society needs to make sure that there is a strong team, so that the Society is run successfully and is safe and secure;
- (iii) that a big element of the approach is having a balanced scorecard and believed it is vital to judge success on a range of elements and not just financial ones. Ms Kenrick noted the elements of the balanced scorecard which included looking at value to members, how successfully the Society was serving the market and members, how it feels to deal with the Society and noted the strong performance across all areas of the scorecard in 2022;
- (iv) that underpinned by the scorecard, that the overall approach was based upon the values and culture of the Society. Ms Kenrick observed that the Society was not trying to pay the best or the worst and that everyone within the Society, was treated according to the same set of rules and guidelines. She explained that the Society benchmarked every role against similar jobs elsewhere and where there were colleagues that were too far to the bottom of the range, that priority was given to make their salaries more competitive. Ms Kenrick explained that it was considered whether or not to apply this approach to the executive directors. She noted that it felt consistent with the values of the Society to treat everyone the same and as a result the salary of the Chief Executive was increased. In fact, nearly forty percent of colleagues were in the same situation;
- (v) that the Society paid above the Living Wage and does everything it can to ensure that suppliers do the same;
- (vi) that during 2022 additional payments were made to help more junior colleagues with the cost of living crisis;
- (vii) that no one in the Society is incentivised or receives commission.

3.3 Ms Kenrick hoped that this helped to address the questions submitted in advance and handed back to the Chair.

- 3.4 The Chair confirmed that a lot of questions had been submitted in advance and had been grouped into themes and the main themes were the three highlighted by Mr Hughes during his presentation: (i) customer service, (ii) value or rates and (iii) is my money safe.
- 3.5 The Chair outlined that a number of questions on customer service related to the telephone service, particularly wait times. Mr Hughes noted that service was very important to the Society and had long been a differentiator. Mr Hughes outlined that there had been a perfect storm as a result of a very active ISA season, big maturities and that the Society launched the best product on the market. He shared that Ms Kenrick had challenged the Executive Team as to whether this could have been anticipated. Mr Hughes outlined that fifty more staff had been recruited in Quarter One of 2023, that more calls were being answered in branch and improvements made to digital services. Despite this, wait times of around 20 minutes had been seen. Mr Hughes invited Samantha Richards who was recently promoted to Director of Customer Services to share some thoughts. Ms Richards outlined that there had been a shift in the needs of members from a service perspective and explained that members wanted to review all the products held with the Society. This had resulted in 40% more calls in the last quarter and calls taking longer as members value the personal service provided. Ms Richards explained that colleagues do not know how many members are in the queue and give their focus to the member they are talking to. Ms Richards confirmed that in addition to the 50 new staff, more staff would be recruited as it was anticipated that demand would continue to be great and that more loyalty products would be launched. Ms Richards apologised for current waiting times but felt that attendees would agree, that when members did get through that they received a fantastic service. Mr Hughes added that four loyalty bonds were being opened each minute and confirmed to the Chair that a conscious decision had been made to keep the product open, so as many members as possible could benefit.
- 3.6 The Chair moved onto the topic of interest rates and values, and referred to a question asked by several members, which was why it takes so long to adjust saving rates after a base rate rise? Mr Hughes responded that he thought the Society was good at this and explained that the Society had over two thousand products with variants to be worked through. He noted that savings tended to be priced well in advance of mortgages. He observed that the Society did not operate in isolation of the market and must consider the competitive positioning of products. He outlined that the Society had to strike the balance between value to members, market competitiveness and safety and security.
- 3.7 The Chair moved onto the next question, which was whether the Society would compensate savers locked into fixed interest rates or allow them to transfer without penalty. Mr Hughes acknowledged that it was an understandable question and outlined he did not think the rate at which interest rates rose, could have been predicted. He noted that when products were launched around 18 months ago that they were industry leading. He explained that how these locked in rates primarily funded fixed rate mortgages, as base rate increases did not result in more money being earned on fixed rate mortgages. He explained that the Society must take out

financial instruments to pay for the fixed rate products, so any cancellation is a cost. He understood the question but felt confident that the literature and communication with members explained what a fixed rate product was whether it was right for the member and they understood that rates can move. He stated that in the event of significant distress or hardship that members should talk to the branch or contact centre. He closed by saying that cancelling products may be in the interests of individual members but not the membership as a whole.

- 3.8 The Chair explained there had been a few questions on the green agenda and the progress being made. The Chair invited Lucy Becque the Chief People Officer, and executive sponsor on the Environmental, Social and Governance (ESG) strategy to provide an update. Ms Becque noted that this was a broad question which she would break down into three areas. Firstly, what was being done operationally, she explained that as part of the branch refurbishment solar panels had been installed on the second of three office buildings. The second element related to work with suppliers so that they decarbonise and how the Society considered supplier sustainability when making purchasing decisions. The third and most important element was also mentioned by Mr Hughes and was the carbon footprint of properties that are lent on. Ms Becque noted that these account for over 90% of the Society emissions and that whilst there were already green products in place, that more are due to be launched. Ms Becque outlined the importance of educating customers on their carbon footprint and that this is done in conjunction with government driven initiatives. Ms Becque highlighted that the Sustainability report looked at ESG issues and encouraged members to read it and hold the Society to account.
- 3.9 The Chair reminded members in the room that they could also ask questions. The Chair reverted to a question received online as to whether the Society was aware of any changes to the Financial Services Compensation Scheme limit of £85,000. The Chair said other than press speculation in light of the Silicon Valley event that such matters were for the Bank of England and the government. He addressed a question from one member as to why the Society did not put their own guarantee in place. The Chair noted that whilst this was a fair question that the Society cannot do this and noted that the scheme, reflects the financial risk of the government and so was a matter for them along with the regulatory authorities.
- 3.10 The Chair moved onto a question about the composition of the board and the experience of the non-executive directors and an explanation of the non-mutual experience of the board and whether this benefited the conduct of the Society. The Chair noted that Mr Stewart formerly worked for the Bank of England as the Head Regulator and invited Mr Stewart to answer this question. Mr Stewart noted that in 1990 there were 101 building societies and that there were now 43. In his role as the Head Regulator, it struck him that the organisations that thrived, had diverse boards that understood their customers and the range of challenges they were facing. He spoke about being proud to be part of such a diverse board at the Society, with a range of expertise and the key to success for the society, was for it to use their Boards' experience to hold the executive to account.
- 3.11 A question was received from a member attending the meeting in person, they wanted to press a little further on the matter of value and saving rates, he noted that the profits were about two thirds higher this year and last and that the margin had gone up by 26 bps, which may not seem very much, but is about a third

increase. He asked whether the society was at risk of pursuing growth rather than value. Mr Hughes noted that this was a live topic of debate on a weekly basis as to whether it was right to grow or not. He observed that the Society had grown close to double digits in the last decade and that during the last two years that action had been taken to slow growth. Mr Hughes invited Mr Raybould as Chief Financial Officer to give a sense of how decisions were managed. Mr Raybould noted that it was a good question and it was one of balance. He reflected that the member had pulled out the right metrics in relation to performance and strong earnings, he explained that there had been a strong focus on returning value back to members and that this was up by just over 10%. He spoke about the importance of focussing on security as the profit is members profit and the resilience of the Society is regularly tested. He stated that the Society was very safe and that there was a need for profitable sustained growth, which did not result in the Society growing beyond its means. He outlined that costs were growing in a high inflation environment and that if the Society could not grow income that overall profitability would fall and overtime would make the Society less healthy.

- 3.12 The Chair outlined that several members had asked whether the spend in relation to the naming rights of the arena had been worth it and was a good idea. Mr Hughes invited the Chief Commercial Officer Darin Landon to say a few words and explained that Darin led on brand investment. Mr Landon stated that he was passionate about the promotion of the Society within the city, but also increasingly across the UK. He outlined that when the naming rights opportunity arose that there were three objectives. Firstly, that the brand was known across the UK and that the sponsorship was one of the most cost-effective ways of achieving this. The second objective related to the creation of a sense of organisational pride, he noted that the arena was used for staff inductions and that arguably the venue was second to the Cathedral in being the most iconic building in the city and finally the importance of using the arena for community activities, such as befriending events and that this makes a difference to the city.

4 RESOLUTIONS

- 4.1 The Chair confirmed that voting was open and that members who had already voted could change their votes if they wished to do so. The Chair explained to those online how to vote and that if they were having difficulties how to find information to help them. The Chair then provided an explanation to those in the room how they could use the voting handsets.
- 4.2 The Chair proposed and the meeting received the Auditors' Report which was on pages 128 to 137 of the Annual Report & Accounts 2022.
- 4.3 The Chair outlined that all eligible members unable to join the meeting were asked to make use of the proxy voting forms. The Chair called for a poll on each of the resolutions so that proxy votes could be included in the votes when they were counted.
- 4.4 The Chair ran through each of the resolutions in order, as detailed below:

Item number	For	Against	Withheld	% in favour
Ordinary Resolutions				
1. To receive the Directors' Report, Annual Accounts and Annual Business Statement for the year ended 31 December 2022.	81,573	641	635	99.2%
2. To approve the Directors' Remuneration Report for the year ended 31 December 2022. The vote is advisory and Director's remuneration is not conditional on it.	75,141	5,949	1,759	92.7%
3. To approve the Remuneration Policy. The vote is advisory and Director's remuneration is not conditional on it.	74,672	6,207	1,971	92.3%
4. To reappoint Pricewaterhouse Coopers UK (PwC) as Auditors of the Society to hold office until the end of the next Annual General Meeting.	78,838	2,926	1,084	96.4%
Election and re-election of directors				
5. To elect David Thorburn as a director.	79,269	2,231	1,348	97.3%
6. To re-elect Stephen James Hughes as a director.	79,065	2,480	1,300	97.0%
7. To re-elect Iraj Amiri as a director	78,581	2,865	1,394	96.5%
8. To re-elect Joanne Louise Kenrick as a director.	79,245	2,425	1,174	97.0%
9. To re-elect Shamira Mohammed as a director.	78,832	2,691	1,320	96.7%
10. To re-elect Brendan O'Connor as a director.	78,946	2,503	1,396	96.9%
11. To re-elect Lee Raybould as a director.	79,254	2,311	1,275	97.2%
12. To re-elect Martin Alistair Stewart as a director.	79,142	2,354	1,347	97.1%
82,857 members voted (7.08% of eligible members). Whilst provisional results were shared during the meeting, the vote was independently scrutinised by Civica Election services.				

The Chair confirmed that all resolutions had been passed subject to final verification and that all directors listed had been elected or re-elected.

5 CLOSE OF MEETING

The Chair highlighted to members that feedback will be sought on the voting procedure. The Chair thanked Members for attending and their ongoing support and declared the meeting closed.