

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

HELD AT
OAKFIELD HOUSE,
BINLEY BUSINESS PARK,
COVENTRY CV3 2TQ

ON THURSDAY 22 APRIL 2021 AT 3PM

At Oakfield House Gary Hoffman (Chair)
Steve Hughes (Chief Executive)
Joanne Kenrick (Chair of the Remuneration Committee &
Senior Independent Director)

By Video-link Peter Ayliffe (Deputy Chair)
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)
Peter Frost (Chief Customer Officer)
Darin Landon (Chief Commercial Officer)
Thomas Crane (General Counsel & Secretary)
Carl Sizer (Pricewaterhouse Coopers LLP)

Members 22 eligible members of the Society

Attendees Executives and staff representatives of the Society

1. CHAIR'S INTRODUCTION

- 1.1 Mr Hoffman welcomed everyone to the meeting and noted that a quorum of eligible Members was present.
- 1.2 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.
- 1.3 Mr Hoffman introduced the Board of Directors. He welcomed Mr O'Connor to the Society as a new Non-Executive Director and noted that he and Mr Hughes would be standing for election for the first time. He noted that Mr Ayliffe would be retiring from the Board following the meeting following nine years of service and that the

position of Deputy Chair would be taken up by Ms Kenrick. Finally, he thanked Mr Ayliffe for his service to the Society.

- 1.5 Mr Hoffman then gave a presentation on the Society's performance and the challenges faced by the Board of Directors, during which he:
- (i) described the impact of the Covid-19 pandemic upon the Society and provided an overview of the response to keep people safe and maintain services within a rapidly changing environment;
 - (ii) expressed special thanks to the Society's branch staff, who had ensured that the Society's branches had remained open during the pandemic;
 - (iii) noted that the Society had attracted new members and grown savings and mortgages while remaining profitable and financially secure; and
 - (iv) set-out the Society's commitment towards delivering business in a sustainable way, which was demonstrated by its role as signatory of the UN Global Compact, the UN Sustainable Development Goals and the UN Principles of Responsible Banking.

2. CHIEF EXECUTIVE'S PRESENTATION

- 2.1 Mr Hughes addressed the meeting with a presentation on the following key areas: the impact of the Covid-19 pandemic on the Society; the continuing safety of members' money and focus on "Putting Members First"; the value of the Society's products; the quality of service provided to members; and the Society's growth and investment in the future.
- 2.2 Mr Hughes described the Society's 2020 performance and drew the meeting's attention to the following points of detail:
- (i) the Society's Common Equity Tier 1 capital ratio remained among the strongest of all UK banks and building societies at 33.0% as at 31 December 2020, which was above regulatory requirements;
 - (ii) the Society paid an average savings rate of 1.18% (compared to the average paid by all banks and building societies which was 0.63%), which equated to £197 million being paid to members in additional interest, rather than retained as profit;
 - (iii) the Society's cost to asset ratio was 0.49% in 2020, however there remained continued investment in digital services, the branch network and technology;
 - (iv) the overall Net Promoter Score was +73, with average call waiting time recorded at 74 seconds;
 - (v) the Society was recommended by Savings Champion, Which? magazine and was awarded a Gold Ribbon by Fairer Finance for savings and mortgages for the fourth year running;
 - (vi) last year savings grew by just over 5.3% and mortgages grew by 3%, with 39,000 mortgage payment holidays made during the first lockdown;
 - (vii) employee engagement remained high with the Society ranking second in the Sunday Times 'Top 100 Companies to Work For' in the UK; and

(viii) while the pandemic had impacted employee involvement in community and charity programmes, the Society's aim was to make a tangible difference in three areas going forward (Education and Aspiration, Access to housing, and Isolation and Vulnerability) within the Coventry and Warwickshire area.

2.3 In summing up, Mr Hughes thanked the Society's employees for their hard work and dedication and the Society's members for their continued trust and support.

3. QUESTIONS FROM MEMBERS

3.1 The Chair invited questions from members on his or the Chief Executive Officer's presentations, or the resolutions proposed in the Notice. He noted that the Society had sought questions from members in advance of the meeting as well as enabling members attending the meeting virtually to be able to ask questions.

3.2 Ms Lloyd queried the work undertaken by the Society's Diversity & Inclusion Committee and its plans for the future. Mr Hoffman invited Mr Frost to respond initially, given his role as chair of this Committee. Mr Frost responded that this had been and continued to be a critical area of focus for the Society over a number of years and that increased progress had been made over recent months. He set-out the Committee's work and future plans, which included the meeting of publicly stated targets for ensuring women and those from the BAME community achieved management and senior management positions, being signatories to the Women in Finance Charter and the Race at Work Charter and constantly providing challenge and advice to the Society's Executives within this sphere. Mr Hoffman then asked Mr Amiri to provide his perspective, as the Non-Executive Director which attended this Committee. Mr Amiri added that a significant amount of work had been undertaken to ensure that colleagues at all levels were encouraged to ensure that their behaviours continuously promoted diversity and inclusion.

3.3 Mr Bailey inquired whether trends regarding impairment and delinquencies had sufficiently improved in order for the Society to consider an increase in the interest rates paid to savers. Mr Hughes responded by describing the deep uncertainty created by the Covid-19 pandemic and the impact of 39,000 mortgage payment holidays. He added however that the Society had continued to perform at a level above what had been anticipated and that savings rates would be closely considered as the Society monitored its overall performance during the second half of 2021.

3.4 Dr Nohr, Ms Stoate and Mr Hargreaves raised questions in relation to the accountability of the Board in relation to environmental issues, the aim of Society to achieve net zero carbon emissions and how its investment strategy impacted the environment. Mr Hughes explained that creating an ESG strategy was one of the Society's key areas of focus for 2021 and that the Board of Directors were very committed to deliver in this area. He drew the attention of the meeting to the commitments made in relation to the UN Sustainable Development Goals set out in the Annual Report and Accounts and highlighted the Society's stated aim of achieving net zero carbon emissions by the end of 2021 without off-setting, and that members could be assured that their money was not invested within

organisations that were causing a detrimental impact upon the environment.

- 3.5 Mr Sirkett raised a query in regards to the dropdown menu for the Limited Access Accounts on the Society's website. Mr Hughes explained that he did not currently know the answer to Mr Sirkett's specific question, but that the Society would investigate this and contact him after the meeting.
- 3.6 Ms Becher queried how the Society gained assurance in relation to Board Member's adherence to The Nolan Principles. The Chair stated that whilst the Nolan Principles related to corporate governance in the public sector, the Society maintained a key focus upon the UK Corporate Governance Code and that this was very consistent with the practices set out within The Nolan Principles.
- 3.7 Mr Gazzi queried the Society's progress towards gaining accreditation as a Living Wage employer. Ms Kenrick confirmed that the Society continued to meet the Government's guidelines in relation to the National Living Wage. In regards to the accreditation for the Real Living Wage, Ms Kenrick explained that the Society employed a small number of entry-level staff members in order to provide opportunity for them to begin their careers and receive the relevant training required in order to progress. She confirmed that these staff members did not receive the Real Living Wage during their initial 12 months with the Society, and therefore the Society would not be eligible for accreditation at this time.
- 3.8 Ms Aldridge inquired why the Society did not allow additional borrowing for mortgages secured on flats that were four stories high. Mr Frost highlighted that guidance to surveyors had substantially changed following the Grenfell Tower tragedy, but hoped that the issue would be resolved by recently released guidance in relation to blocks of flats below 18m in height.
- 3.9 Mr Brown queried why the Society's savings rates were not higher and Mr Stewart (a member) asked why the Society did not provide an account with a fixed rate for a defined period of time. Mr Hughes detailed that the Society's savings interest rates were determined by a number of factors and that a premium would continue to be paid throughout 2021 as planned. He added that the launch of products rewarding the loyalty of existing members would also be considered during 2021.
- 3.10 Mr Keith queried the rationale behind the Society's decision to not provide the full range of banking services offered by other financial institutions. The Chair commented that the level of regulation and expenses related to current accounts meant that the decision was made to withdraw these accounts and for the Society to focus on its role as a provider for mortgages and savings products only.
- 3.11 Mr White queried how the Society would be assisting first time buyers and those wishing to borrow into retirement. Mr Hughes stated that it was recognised that the Society could offer more support for first time buyers when they were saving for a deposit and when they come to purchase their home. He added that this would be under close review during 2021, along with propositions which supported inter-generational lending.

4. **AUDITORS REPORT**

The Chair proposed and the Meeting received the Auditors' Report, which was on pages 118 to 127 of the Annual Report & Accounts 2020.

5. **RESOLUTIONS**

The resolutions set out in the Notice were duly proposed.

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.

6. **RESOLUTION TO RECEIVE THE ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 DECEMBER 2020**

The resolution to receive the Directors' Report, Annual Accounts and Annual Business Statement for the year ended 31 December 2020 was put to a poll as required by the Chair. The result of the poll was declared as follows:

Votes For:	104,836 (99.0%)
Votes Against:	1,052
Votes Withheld:	862

7. **RESOLUTION TO APPROVE THE DIRECTORS' REMUNERATION REPORT**

The resolution to approve the Directors' Remuneration Report for the year ended 31 December 2020 by way of an advisory vote was put to a poll as required by the Chair. The result of the poll was declared as follows:

Votes For:	96,172 (92.0%)
Votes Against:	8,326
Votes Withheld:	2,253

8. **RESOLUTION TO APPOINT PRICEWATERHOUSE COOPERS LLP AS THE AUDITOR**

The resolution to approve the appointment of Pricewaterhouse Coopers LLP as Auditor of the Society to hold office until the conclusion of the next Annual General Meeting was put to a poll as required by the Chair. The result of the poll was declared as follows:

Votes For:	100,919 (95.8%)
Votes Against:	4,387
Votes Withheld:	1,448

10. **ELECTION AND RE-ELECTION OF DIRECTORS**

The proposal that each of the Directors offering themselves for election or re-election be elected/re-elected as a Director of the Society was put to a poll as

required by the Chair. The result of the poll was declared as follows:

	For	Against	Withheld	% in favour
Iraj Amiri	100,901	4,090	1,759	96.1
Catherine Martina Mary Doran	101,878	3,374	1,492	96.8
Peter Nicholas Frost	101,903	3,194	1,653	97.0
Gary Andrew Hoffman	101,350	3,663	1,734	96.5
Joanne Louise Kenrick	101,815	3,433	1,491	96.7
Shamira Mohammed	101,489	3,610	1,646	96.6
Martin Alastair Stewart	101,859	3,203	1,683	97.0
Stephen James Hughes	101,626	3,363	1,759	96.8
Brendan John O'Connor	101,459	3,375	1,913	96.8

All resolutions were approved by the members.

11. CLOSE OF MEETING

There being no other business, the Chair of the Board thanked the members for attending and declared the meeting closed.

Chair..... Date