

MINUTES OF THE 157TH ANNUAL GENERAL MEETING OF THE FURNESS BUILDING SOCIETY

EMLYN HUGHES HOUSE, ABBEY ROAD, BARROW-IN-FURNESS
TUESDAY 25 APRIL 2023 4.00 PM

The Chair, Graham Berville (GMB), presided over 36 attendees, including 8 members of the Society's Board of Directors, 12 staff members, 2 members and 14 Society employees who were non-members. The total number of Society members attending met the requirements of the Society's rules for the meeting.

The Chair gave the opening remarks, welcomed everyone to the meeting and introduced his colleagues on the Board of Directors.

He added that although the meeting was formal, the Society's Board were keen to engage with the members and invited the attendees to ask questions during the meeting. He added that Directors would be available after the meeting was closed for more informal conversation.

The Group Secretary confirmed no formal apologies were received from Board Directors however, the Chief Risk Officer, Elaine O'Dwyer had provided her apologies. There were sufficient members present to meet the required quorum.

The Notice convening the meeting was taken as read and GMB reminded members the agenda could be found on page 4 of the Summary Financial Statement (SFS).

The Minutes of the 156th Annual General Meeting held on 19 April 2022, copies having been made available to attendees, were taken as read, agreed and signed as a true record by the Chair.

Auditors' Report

The Chair referred the meeting to the Independent Auditor's Statement on pages 10-11 of the SFS.

Questions were welcomed from members. No questions were raised.

Procedure for Resolutions

The Chair explained the procedure for the Resolutions which required a member poll on agenda items 3 to 6h.

Annual Report and Accounts (AR&A)

The Chair asked members to receive the Society's Annual Report and Accounts for the year ended 31 December 2022.

To enable members to consider the resolution to approve the Annual Report and Accounts, the Society's Finance Director, Mrs Laura Hamp (LSH) gave a presentation on the key points from the Furness Building Society Group 2022 financial results.

Questions were invited questions from members in respect of the Directors' Report, Annual Accounts and Annual Business Statement.

No questions were raised and the Chair thanked the Finance Director for her report.

The Board recorded its thanks to Conrad O'Donnell, former Finance Director, who left the Society during the financial year.

The Chair asked members to consider the resolution to approve the Annual Accounts and Annual Business Statement.

Directors' Remuneration Report

The Chair asked members to consider the resolution to approve the Directors' Remuneration Report, Agenda item 4.

Questions were welcomed from members and the Chair of the Remuneration Committee was available to answer any questions.

No questions were raised.

Re-Appointment of the Auditors

The Chair asked members to consider the resolution to re-appoint Mazars LLP as the Society's Auditors and welcomed questions.

No questions were raised.

Election of Directors

The remaining resolutions that related to the election and re-election of individual Directors to the Board. The Chair advised that all Directors stand for annual re-election.

No questions were raised by members.

The Chair declared an adjournment to the meeting to enable votes from the meeting to be counted and added to those already recorded from proxy forms submitted by post or online prior to the meeting.

During the vote count, Mr Christopher Harrison (CMH), the Society's Chief Executive, delivered a presentation regarding the Society's performance in 2022 and introduced the new branding and plans for the future. members were invited to ask questions.

A short video was played.

After the presentation, the Chair re-convened the meeting and announced the results of the poll as follows:

Agenda Item 3: To receive the Directors' Report, Annual Accounts and Annual Business Statement for the year ended 31 December 2022

Votes for	3907
Votes against	44
Withheld	34

The Chair declared the Resolution carried.

Agenda Item 4: To approve the Directors' Remuneration Report for the year ended 31 December 2022

Votes for	3517
Votes against	379
Withheld	82

The Chair declared the Resolution carried.

Agenda Item 5: To consider and if thought fit pass an Ordinary Resolution to re-appoint Mazars LLP as Auditors

Votes for	3804
Votes against	120
Withheld	55

The Chair declared the Resolution carried.

Agenda Item 6a-h: To re-elect and elect Directors

To re-elect Graham Berville

Votes for	3756
Votes against	164
Withheld	67

The Chair declared the resolution carried.

To re-elect Chris Harrison

Votes for	3753
Votes against	166
Withheld	65

The Chair declared the resolution carried.

To re-elect Kim Rebecchi

Votes for	3749
Votes against	191
Withheld	56

The Chair declared the resolution carried.

To re-elect Nic Gower

Votes for	3751
Votes against	165
Withheld	65

The Chair declared the resolution carried.

To re-elect Phillip McLelland

Votes for	3739
Votes against	181
Withheld	64

The Chair declared the resolution carried.

To re-elect Andy Haywood

Votes for	3720
Votes against	194
Withheld	67

The Chair declared the resolution carried.

To re-elect Peter Rogerson

Votes for	3722
Votes against	195
Withheld	66

The Chair declared the resolution carried.

To elect Laura Hamp

Votes for	3812
Votes against	121
Withheld	54

The Chair declared the resolution carried.

Any Other Business

Question and Answer Session

The Chair advised a number of questions had been received from members who could not attend the AGM event in person which would be put to the Directors.

Question from member, Mr Thomas Rundle

"I read about your digital transformation in your 2022 Members' Review. As part of this, are you working on the development of a mobile application please? And do you have any potential release timeframe? Thank you"

CMH provided the following response:

"Thank you for mentioning our digital transformation, part of this exciting work is looking at a mobile application so that members can review and manage their savings at the touch of a button. This functionality will utilise some of the inherent features such as strong customer authentication. As financial fraud and scams become increasingly sophisticated, helping our members protect their savings is paramount to us as a business and a mobile application can help significantly in this regard.

We have signed a significant strategic partnership with a market leading provider of digital savings platforms and work will take place throughout 2023 to develop this capability and weave it into our overall customer experience.

We do not underestimate the complexity of delivering our digital transformation but we remain confident we will have a first iteration of our system out in the market by the start of 2024."

Questions from member, Dr Graham Blick

1. "Furness continues to use passbooks in a Digital age. Why? Do customers have access to online technology which allows them to deposit, withdraw and transfer funds Locally, Nationally and Internationally?"

CMH provided the following response:

"We have signed a significant strategic partnership with a market leading provider of digital savings platforms and work will take place throughout 2023 to develop the capability in this space which will include a mobile application so that members can review and manage their savings at the touch of a button.

In addition to the development of our digital capabilities, passbooks will continue to play a significant role in of member proposition as long as there is demand for their use. We regularly receive feedback from our members that the passbook, as a physical token of membership, is an important part of their relationship with us."

2. How does Furness consider itself to be a nimble, flexible, adaptable and effective 22nd century business when it seems that it was the COVID pandemic that forced them to consider entering the Digital age? Or is it because it is a very conservative, introspective organisation which is rural in its outlook?

CMH provided the following response:

"Whilst we have maintained an online savings portal for a number of years pre-pandemic you are right that, much like other businesses, the COVID-19 pandemic did prompt us to establish new processes to ensure our members had the support and access to their funds they required. It has always been the Board's long-term vision to transform our online capabilities and we have been building our knowledge and expertise in this area since 2018. Over the next 12 months, we will make significant advances in this area to ensure we remain relevant to our members."

3. I note that you are recommending that all the Directors be re-elected. What is the rationale for this? Why aren't you encouraging and seeking some new blood to nominate for the Board of Directors?

CMH provided the following response:

“We internally review the effectiveness of our Board annually and conduct external Board effectiveness reviews every three years, as is best practice guidance set out in the UK Corporate Governance Code, which the PRA requires mutual FI’s to have regard to. From these findings, we have the opportunity to highlight any potential areas of weakness in our existing Board’s makeup and either develop training plans to identify these, or consider additional recruiting. We also discuss succession planning regularly and presently believe we have the appropriate mix of skills and diversity to deliver our short, medium and long-term goals. The Society puts all serving Directors forward for re-election by the members on an annual basis in line with best governance practice and this is reflected in our memorandum and rules. Nevertheless, over the coming three years, the current Board members are all due to retire meaning we are currently in the early stages of looking for new recruits.”

4. Has the Company considered the appointment of Directors from a nominee(s) from the customer base of Furness? In my view it would provide a more balanced, transparent flavour and approach to the governance of the business. Reading your reports I get the impression that you are a very cosy and comfortable Board in danger of becoming complacent. It might be in the Board's interests to have a couple of outsiders on the Board. History is proving that Boards that are in place too long lose their cutting edge.

CMH provided the following response:

“We are currently in the early stages of the recruitment process for replacing two of our Non-Executive Directors who are due to retire at the next AGM in 2024. We have engaged with an exciting recruitment agency who should provide us with the widest pool of candidates to ensure we continue to have the appropriate mix of skills and expertise on our Board to challenge the management of the business on behalf of our members. We encourage applications from all backgrounds and these are considered and appointed on a ‘best person for the job’ basis.”

5. You have forecast long-term viability with moderate growth and continued capital surplus. Why such a conservative outlook when there is the possibility of generating some new business such as when the North Eden project commences construction in late 2022 and opening in 2024? The call by the project for 2,000 construction workers at the end of 2022 for the construction of Eden and the local employment of 400 personnel in 2024 is surely a new business opportunity?

CMH provided the following response:

“We agree that the Society should do more lending in our locality as there is significant business investment planned in the area in the near future. We are reviewing our products, criteria and services to improve our mortgage proposition for local customers to lend more in the region.”

6. Could greater individual documented transparency of the Directors performance and governance be more visible for members? I consider that a general group report is obfuscating and does not provide clarity in relation to this item.

CMH provided the following response:

“We continue to produce our Annual Report and Accounts by paying regard to the UK Corporate Governance Code, Our Accounts are prepared by our Directors and audited by our external Auditors, Mazars who benchmark against our peers to ensure our members receive accurate, fair and understandable information of the Society’s past year performance. Each Director has an individual ‘biography’ in the AR&A to help members understand the experience and background of individual Directors before considering their vote. We continuously review options in relation to reporting and hope to deliver a fresh format for our members next year to celebrate the unveiling of our new branding.”

7. Do your ‘agile IT platforms’ provide the flexible, nimble and effective service to customers in the 22nd century, facilitating transactions required by customers.? Or has Furness just acquired an IT software and imposed it on their customers without consulting them and other end users as to their requirements. Most organisations who implement new technologies impose them on the organisation without end user input and wonder why the software fails at great cost to the Business.

CMH provided the following response:

“The significant investment we are making in our online savings is underpinned by our member’s needs, as are all the decisions we make as a business. We have carefully selected a delivery partner for this work that shares our commitment to understanding end user needs and delivering against them.

To ensure we are gaining as much feedback as possible in 2022 we initiated Satisfaction Surveys across our member-base and regularly use the feedback received in our business decision-making. We also engaged with an external agency in 2022 to facilitate member forums to gain feedback and we intend to further develop our member engagement opportunities through our transformation programme work streams.”

The Chair invited any further questions from the audience.

Question from member, John Thomson:

“Why do retired or Directors who have left the business still receive remuneration?”

GMB and LSH provided the following response:

“Remuneration is often driven by contractual obligations. However, an element of the Society’s Directors’ bonuses are deferred to encourage long-term thinking and viability and discourage from any potential focus by an individual on short-term financial gain.”

There were no more questions raised by the audience and no other business was raised.

The Chair thanked everyone for their attendance and the Society’s staff and members for their continued support and declared the formal meeting closed.

The meeting closed at 16:43pm.



Approved and Signed 23 April 2024