

Metropolitan Police Friendly Society Limited

Annual General Meeting

5th July 2023

The 75th Annual General Meeting of the Society was held on Wednesday 5th July 2023 at Metfriendly's Office. The meeting started at 11.00am and the following are the minutes:

1. Welcome

The Chair, Graeme McAusland, welcomed the Members attending The 2023 Metropolitan Police Friendly Society AGM.

2. Chair's Introduction

Graeme said he became the Chair of Metfriendly at the start of 2023 after seven years on the Board and he is delighted to have the honour of welcoming both those present in person and those watching online. Graeme explained that - as a Mutual - it is a key focus for us to continue to develop our interaction with our Members and the AGM is one element of that.

Graeme explained that when he was appointed as Chair, he was very conscious that he was the first Chair of the organisation that did not come from a Police background. He said that he made it very clear in his interview for the role that it was a core belief of his that what made Metfriendly different from other organisations was the relationship with the Police Family and he would ensure that the Board and the organisation remains completely committed to that.

Graeme added that it is a great privilege to be part of the Board of this organisation and that he has been part of the change in the Society over the last seven years. He takes very seriously his role in leading the Board through further changes that will inevitably be required over the coming years. He added that as a regulated financial services provider we continue to have to respond to the demands of our regulators and we do so with commitment to do the right thing and to do it with a focus on our Members.

Graeme advised the meeting that Annette Petchey, Chief Executive Officer, would summarise the Society's performance in 2022, but he wanted to pick up on a few specific items first. He said that during this year we have seen one of our regulators, the FCA develop their Consumer Duty requirements. This involved a great deal of work internally, ensuring that we not only comply with these rules, but more importantly that we can engage with the underlying philosophy behind them. Graeme explained that someone described this recently to him as moving from a world where the regulator wants us to demonstrate that we treat our customers fairly, to a world where we can demonstrate that we treat our customers well. Much of the work supporting such changes goes unnoticed by the Members however it does encourage us to ask ourselves questions across a range of issues, such as how we deal with you as Members, how we price our products and it also encourages us to make sure that we have the infrastructure in place to ensure that our interactions with Members work.

Graeme said that if you are calling us, you want to speak to a person who can assist you and do so promptly and a key part of that is ensuring the Member Services team are appropriately trained and have the right system supporting them. We have been investing heavily in our core systems and that is bearing fruit both in terms of our efficiency but also in terms of assisting the team in answering queries. Graeme added that we have a fantastic team in Member Services who are absolutely committed to doing the right thing and making us as easy as possible to interact with. The key to all of that is making sure that we engage with you as Members. The AGM is one way of doing this but it is only a small part of what we are doing: we continue to be visible at a number of events including those celebrating long

service, recognising Police bravery across the UK and also at social events such as the Party on the Pitch at The Warren later this month.

Graeme said that we are also running regular surveys and in particular a survey of financial issues facing Officers. The latest Family Finance Index included views from more than 3000 Officers and Staff and it gives us a real picture of some of the challenges facing our Members. He said another way for us to try and build our understanding is to go on ride-alongs; while we know that these can never give us a complete picture of what life is like for Officers, it does help build a picture for us. Graeme said that some of you may be aware of Annette's blog where she describes some of her ride-along experiences, that he went on a ride along recently in the area and it was an absolute eye-opener seeing some of the situations that the two Officers he was with had to face. Graeme said he has encouraged all of his colleagues to go on ride-alongs if they can and many of our staff have already done so. Graeme added that he is under no illusions that a few ride-alongs will make us Policing experts but they do give us a little piece of what is clearly a very complex jigsaw puzzle.

Graeme thanked his Board colleagues, all of whom are committed to making the Society as successful as possible, so that we can provide Members with the best possible outcomes. He said that during the year we said farewell to a number of Board colleagues and he thanked Ben Grainger and Gerhardt Ekermans for all they did. Graeme particularly wanted to thank Joanna Young, his predecessor as Chair who led the Society through a period of significant change and was absolutely committed to making the organisation more successful for Members and for the people who worked for us. He added that he knows how important Metfriendly is to Joanna and she should feel very proud of the role she played over many years both as a Director and then more latterly as Chair. Graeme also said a special thank you to the team lead by Annette, adding that we have a group of people who are absolutely focused on making the Society a success. On behalf of the Board, Graeme thanked them all for what they do day-in and day-out to move the organisation forward and without ever losing sight of who our Members are and what we should be doing to help them.

Graeme explained that this meeting is an important and formal part of the governance of the organisation and it is important we have Members voting. He thanked those who have voted already and those who will be voting today. He said there are lots of ways to interact with us and he does understand that time is very precious but he would ask Members that if they can interact with us in other ways to please do so as it really does help us to be better. Graeme handed over to the Chief Executive, Annette Petchey, to summarise the performance of the Society in 2022.

3. Chief Executive Officer's Report

Annette thanked Graeme and added her welcome to everyone at the 2023 AGM both to those in the room and those watching online. She said that one of her favourite parts of her job is being able to talk to Members' and she is really delighted to be able to do so today.

Annette explained that 2022 was another good year for Metfriendly despite significant impact on our Members with the cost of living crisis and more economic conditions. Annette said we had our second biggest ever year for premium income, beaten only by 2021, which of course was when we were unable to spend any money because of the Covid restrictions. We are beginning to see more of a squeeze on Members' finances this year, linked to the fact that we are all feeling the squeeze more the longer it goes on and we are very conscious of the impact of the investment market on our Members' plan. Annette said that as well as the cost of living crisis, last year saw the Police facilitating the funeral of Her Majesty the late Queen Elizabeth II, yet more violent protests and planning for the coronation of His Majesty, King Charles III which was executed brilliantly, and congratulated everyone involved. Annette added that there is constant pressure of providing social and medical care for which Officers are not trained and of the ever-critical eye of some commentators.

Annette said that in some of her recent ride alongs they happened to coincide with occasions where these two latter points came up, one where several Officers were engaged for many hours with an ill child and another on the day that the Casey Review was published. Annette

said that if you do want to read about the ride alongs you can access them on our website or by following us on social media.

Annette explained that the global drop in markets impacted our Assets Under Management significantly in 2022, meaning we had to implement Market Value Reductions (MVRs) on a small number of plans. This means we reduce the amount we would pay out for some policies if they are surrendered, to make sure we only pay out the profits that have actually been earned, rather than eat into other Members' assets. Annette provided a simplified explanation of MVRs and gave an example of this. Annette said that as much as we understand why the value of our investments have decreased, we know MVRs are unpopular with the Members for whom they apply. However, they are a fundamental tool in ensuring fairness across different groups of plan holders, so leaving Members are not subsidised by those who are maintaining their plans with us. Annette added that MVRs are significantly more popular with the Members who are staying with us and whose assets are protected by them. The need for the MVRs arose primarily because 2022 was an unusual year, we saw falls in most asset classes but most specifically in the classes that are usually considered much less risky i.e. government bonds. Annette said that there have only been four years in nearly the last 100 where returns on equities and government bonds in the US both recorded negative returns and the US market has a huge impact on the rest of the global market.

Annette stated that a Member had submitted a question about when MVRs will be removed: she explained that we will remove them as soon as it is fair to do so, but we are still in very challenging investment times with persistent inflation and the associated movements in interest rates. Annette said that if anyone would like to find out more on MVRs then they can do so on our website or speak to any of the team at Metfriendly.

Annette said that last year at the AGM she talked about the investment in our infrastructure Project Darwin. Annette was delighted to be able to share that the project has continued to progress really well - on time, on budget - and is being run by her team with very close control. She said that the benefits of the project are already being realised: Members are receiving confirmation of their plans within minutes of applying rather than days and we have needed to print tens of thousands fewer pieces of paper because of the project. The same close control has meant that, with inflation running at in excess of 10% during the last year, she is very proud that Metfriendly has kept its day-to-day operating expenses broadly level year-on-year, delivering on her commitment that we will drive greater efficiency without reducing the support that we give to the wider Police family or compromising on our service to our Members. She said this is because of the hard work and dedication of all the staff here at Metfriendly and she is really grateful to them for that.

Annette explained that we have increased our Education and Enrichment programmes with about 4000 people registering for our webinars to help them understand their finances, their pensions and their retirement options in 2022. The continued need to support the Police in these areas illustrate how much confusion still exists and prompted us to launch the Metfriendly Police Family Finance Index. This is subsequently being used by a number of forces in their PRRB submissions and was widely reported in the press highlighting the greater impact on the Police family of the financial challenges. Annette said that this survey has already been repeated in 2023 and the results have been reported in the last week - it will be a feature of how we continue to support the Police family in the future. Annette added that one of the messages we were clearly given was that Officers and staff wanted to continue saving despite feeling the pinch of the cost of living crisis. As a consequence we are going to be looking at what changes we can make to our products to make this easier and more rewarding for our Members. This is in addition to delivering a new critical illness product for the first year of a new recruit's career with the Police. This plan is uniquely tailored to the Police, with an increased payout if a claim arises through the Officer's duty.

Annette said that whilst the main purpose of the AGM is to look back at 2022, she would like to explain what we are focusing on in 2023 and these are things that she will report against at next year's AGM. Annette explained that we have 6 main priorities for the year, which she

expanded on in the meeting; 1) to continue to grow the Society, 2) finish delivering project Darwin, 3) deliver the Consumer Duty, 4) update our investment strategy to ensure we continue to deliver good returns for our Members, 5) start to develop the next stage of Metfriendly's plan, 6) publicly position ourselves as the relentless ally of the Police, Police Staff and their families in the financial arena.

Annette explained that we have continued our support for many of the Federations' awards and for many social elements of Policing: choirs, sports clubs, tournaments and competitions. She said our link to the Police started 130 years ago and is still incredibly close. We were delighted that Sir Mark Rowley consented to be our Honorary President and we are proud of the fact that we are the leading financial services provider that focuses entirely on the financial needs of the Police family.

Annette finished by reminding us that she is keen to hear from Members and she can be contacted by email on annette@mpfs.org.uk

4. Notice of Annual General Meeting & Attendance

Graeme McAusland declared the 2023 AGM of the Metropolitan Police Friendly Society Limited open.

The Notice of the Annual General Meeting was sent to all eligible Members on 16th May 2023. Graeme proposed that the notice of the 2023 Annual General Meeting of the Metropolitan Police Friendly Society Limited was taken as read.

Apologies were received from Rebecca Hall and Marcus Barnett.

5. Questions & Answers

Graeme said before we begin the formal agenda items, he would address questions that have been sent in by Members'. Graeme moved onto the question submitted:

Question 1: "Could Metfriendly let Members' know when the MVRs have been removed?"

Graeme explained that the approach we have taken to that is that we have a page on our website that is updated as soon as there is any change in MVRs so that is the easiest and quickest way to keep in touch with what is happening there. This is on the With Profits page on the Metfriendly website.

Question 2: "Is there any thought to recruiting potential Directors from forces outside the Met area?"

Graeme explained that the approach we have taken to recruitment has varied at different times, we have used recruitment consultants, LinkedIn, advertised across the Country and so there are ways for people across the UK to seek to join the Board if they wanted to put themselves forward. We then follow a process which tests if the individuals have the right skills and experience and fit what we need for that particular Board vacancy. Graeme added that if you are interested in a Board position then make yourself known to Annette on the email address she provided and we will keep you on the list for when any vacancies arise.

Question 3: "Is there a degree of importance to the 5 year savings plan?"

Graeme explained that this plan has been very popular over the years in terms of enforced plans and new business. By number of plans it is approximately 20% of our plans and by volume of sales it is a lot less than that because the size of the plans are generally smaller than quite a lot of our other plans. Graeme said that like all our plans, it is subject to ongoing review and he and Annette have both mentioned Consumer Duty. A key part of that is looking at all products and whether they continue to remain right for the market and that plan along with everything else will be considered as part of that process.

Graeme asked if there were any other questions. The following questions were raised:

Question 4: “The Society went into a potential merger with Police Mutual many years ago, with the strategic review that is coming up, is there anything in relation to Royal London and their approach to the Society and is that something that has been muted or is there anything that could be happening in the not so distant future?”

Graeme explained that the Police Mutual situation was a radically different situation from where we are. Royal London are the biggest Mutual Insurer in the Country and Police Mutual urgently needed a home and Royal London were the obvious home. Graeme added that we are very committed to Metfriendly being an independent organisation and a lot of the work that we have been doing is about making sure that it can be an independent organisation so that we run things efficiently, we do things properly and we abide by the rules. That is where the Board focus is and it is about making this organisation work. We have the benefit of having that special relationship with our affinity group and it is up to the Board and the people in the organisation to make that work as effectively as possible. Annette Petchey further clarified by saying that there are no conversations going on for potential mergers whatsoever.

Question 5: “Why are there no Federated ranks from within the Met in the Board of Directors, historically the majority of the Board was made up of Federated ranks and then subsequently Superintendent ranks?”

Graeme said that when we are looking for Board Members we advertise and people can put themselves forward, we will then select a person that we believe is the best person. He said that is not done on rank, it is done on the individual and the skills that we are looking for at that particular time. In all our Board recruitment there is a very robust process, there are first interviews, they are shortlisted, then there are second interviews and we do test people. Graeme reiterated that if people are interested to let us know.

Question 6: “How many Members of staff have a police background and can answer questions in relation to Police Pension Schemes to which there are now many?”

Annette said that she does not know specifically how many have a police background but she does know that we have two members of staff who are specifically experts on the many Police Pensions and indeed the changes that have recently come into effect to reverse and consolidate some of the changes that were made a couple of years ago. She said they are the people who tend to run the options seminars and are most called upon for that. Annette said if you have a specific question either about the pensions or how they might apply to you or other people that you know, then to talk to us at the end of the AGM. Martin Bellingham, Member Services Director, added said that we work very closely with the Federations on delivering pension education and answering specific questions from Members.

Question 7: “As a result of applying the MVRs, in the first half year are you seeing an increase in the number of surrenders of policy, long term policies and encashment devices etc as a result of the downturn in the market and obviously the increasing cost of living?”

Graeme said that we have to be careful with assuming cause and effect - he is not sure MVRs have made any difference to that. He said what we have seen is an increase in surrenders which reflects the market and this is something we track very carefully. We make it as easy as possible for Members to access the money they hold in plans with Metfriendly. Graeme added that we are in very interesting financial times and that has heightened the need for us to keep on top of some of the monitoring we already do.

Question 8: “The investments are with 3 different companies, are you looking to change that and are you confident that everything is in the right place for now?”

Graeme said that we are confident that the managers we are using today are good and we have got the money split in a way that makes a lot of sense for the organisation. As Annette

said we are looking at investments to see if there is a better way to split it and we will then review who manages that money for us. We will ensure that we are comfortable with the managers that we have and they are suitable and this is something that should be reviewed on a regular basis.

Question 9: “The investments are with 3 different companies, is it equally split?”

Graeme said that the property element is a much smaller element, there is a quite a large fixed interest for example bonds and other debts to companies, and then there are the equities. He added that we are long term investors and we will not move things around just because something has happened in the market. Nicola Hayes introduced herself as Chair of the Investment Committee and explained that over the last few months we have been reviewing our investments and making sure as a Board we are comfortable with how we invest Members’ money. Nicola said that we have been looking to see if there is anything else out there that we could be investing in that is not too risky for what we should be doing for Metfriendly. We are in the process of finishing that exercise and we are then going to review the managers we have to ensure they are doing the best possible job or if there is anybody else out there that could possibly be doing a better job and we will be concentrating on this for the rest of this year.

Graeme thanked everyone for asking questions and said if there are any questions that we have missed they will be addressed in the post AGM email which will be sent out next week.

Graeme moved onto the voting and asked eligible Members who have not already voted prior to the AGM to raise their voting card. Graeme explained for each resolution, these votes will then be counted and added to those votes we received in advance. We will then confirm provisional voting totals and outcomes after all voting has been concluded. Graeme explained that Metfriendly Member and Head of Membership Support, Alan Gray, has agreed in advance, to second all resolutions today.

6. Agenda Item 1 – To confirm the Minutes of the 2022 Annual General Meeting

Graeme said that the minutes of last year’s AGM were prepared and reviewed shortly after the meeting took place and these have been available via our website. Graeme asked if there were any questions on the minutes. There were no questions, so Graeme proposed that eligible Members consider that the Minutes of the 2022 Annual General Meeting as laid before the meeting are confirmed.

Graeme moved on to other matters and explained the first of these is the Annual Report and Accounts, connected to this we need to acknowledge receipt of the Auditor’s Report, followed by the re-appointment of the Society’s Auditor and then an advisory vote on the Society’s Remuneration Report and Policies. He explained we conclude the resolutions with eleven items concerning the election or re-election of Directors.

In accordance with Rule 34, which covers the procedure at meetings, the voting in respect of agenda items 2, 4, 5 and items 6.1-6.11 is to be taken on a poll. Once the voting has been completed, the votes cast at this meeting will be added to the votes that have already been received to determine the outcome of each item. The results of all voting in respect of each item voted upon will be announced along with the outcomes after all the voting has been completed.

Graeme said he was delighted to report that in excess of 11.9% of the Society’s eligible Membership have engaged with us by voting in advance of today’s AGM, both online and via the paper-based voting forms which we send out. Graeme said that we will now move to each of the resolutions we are required to consider, as set out on the Agenda and on the Notice of Meeting. He added that none of the resolutions today are Special Resolutions, so each item requires only 50% or more of the total votes cast, to be in favour, to be passed. Graeme asked if there were any questions anyone would like to ask and there were no questions raised.

7. Agenda Item 2 – To receive and adopt the Annual Report and Accounts for the Year ended 31st December 2022

Graeme advised that copies of the Society's Annual Report and Accounts for the year ended 31st December 2022 have been available on the Society's website and a link was provided within the letter incorporating the AGM notice which was sent to eligible Members on 16th May 2023. Graeme asked if there were any questions anyone would like to raise on the Annual Report and Accounts. There were no questions raised.

Graeme proposed that eligible Members consider that the Annual Report and Accounts for the year ended 31st December 2022, as laid before the meeting, have been received and adopted.

8. Agenda Item 3 – To receive the Auditor's Report for the Year ended 31st December 2022

Graeme pointed out that the Annual Report and Accounts incorporated a statement by the Society's independent auditor, Mazars LLP, whose report appeared on pages 50-56 inclusive. He said the Auditor's Report was unqualified which means there are no caveats to the Auditor's Report and it included a summary of the audit approach, commentary on key audit matters and commentary relating to other matters relevant to the Audit of the Society's financial statements. Graeme asked if there were any questions anyone would like to raise on the Auditor's Report. There were no questions raised. He explained there is no requirement for a vote in respect of this item therefore he declared that the Auditors' Report for the year ended 31st December 2022, as laid before the meeting, has been received.

9. Agenda Item 4 – Re-Appointment of Auditor

Graeme reported that Mazars LLP have acted as the Society's Auditor for a number of years and are considered suitably qualified and highly experienced within the sector in which the Society operates. The Board has no hesitation in recommending that Mazars LLP be re-appointed as the Society's auditor going forward. Graeme asked if there were any questions. There were no questions raised.

Graeme proposed that eligible Members re-appoint Mazars LLP as Auditor of the Society, to hold office until the conclusion of the 2024 Annual General Meeting and to authorise the Board to fix the Auditor's remuneration.

10. Agenda Item 5 – Remuneration Report and Policies for the Year ended 31st December 2022

Graeme informed the meeting that this item was included in accordance with best practice guidance on Corporate Governance. He pointed out the vote on the report is advisory and drew attention to the report and policies within the 2022 Annual Report and Accounts on pages 45-46. The report shows the remuneration paid to the Directors in 2022, including bonuses in respect of the 2021 year that were paid in 2022. Graeme asked if there were any questions. There were no questions raised.

Graeme proposed that eligible Members consider and approve the resolution that the Remuneration Report and Policies for the year ended 31st December 2022, as laid before the meeting, are approved.

11. Agenda Item 6 – Election/Re-election of Directors

Graeme explained that the Society's Rules do not require for Directors to retire from office each year and offer themselves for re-election. However, in accordance with Corporate Governance best practice, he stated the Society does so. Accordingly, this year, there is one Director standing for election to the Board and ten existing Directors seeking re-election. Graeme pointed out that information relating to each of the Directors seeking election or re-election to the Board on this occasion had appeared within the letter incorporating the Notice

of AGM. He said that details were also included within the Annual Report and Accounts on pages 22-25. Graeme asked if there were any questions. No questions were raised.

Graeme proposed that eligible Members consider and if thought fit, pass item number 6.1 on the Notice of Annual General Meeting that Robert Dagg be elected as a Director of the Society.

Graeme proposed that eligible Members consider and if thought fit, pass item number 6.2 on the Notice of Annual General Meeting that Marcus Barnett be re-elected as a Non-Executive Director of the Society.

Graeme proposed that eligible Members consider and if thought fit, pass item number 6.3 on the Notice of Annual General Meeting that Martin Bellingham be re-elected as a Director of the Society.

Graeme proposed that eligible Members consider and if thought fit, pass item number 6.4 on the Notice of Annual General Meeting that Paul Grimshare be re-elected as a Director of the Society.

Graeme proposed that eligible Members consider and if thought fit, pass item number 6.5 on the Notice of Annual General Meeting that Rebecca Hall be re-elected as a Non-Executive Director of the Society.

Graeme proposed that eligible Members consider and if thought fit, pass item number 6.6 on the Notice of Annual General Meeting that Craig Haslam be re-elected as a Non-Executive Director of the Society.

Graeme proposed that eligible Members consider and if thought fit, pass item number 6.7 on the Notice of Annual General Meeting that Nicola Hayes be re-elected as a Non-Executive Director of the Society.

Annette proposed that eligible Members consider and if thought fit, pass item number 6.8 on the Notice of Annual General Meeting that Graeme McAusland be re-elected as a Non-Executive Director of the Society.

Graeme proposed that eligible Members consider and if thought fit, pass item number 6.9 on the Notice of Annual General Meeting that Annette Petchey be re-elected as a Director of the Society.

Graeme proposed that eligible Members consider and if thought fit, pass item number 6.10 on the Notice of Annual General Meeting that Emma Richards be re-elected as a Non-Executive Director of the Society.

Graeme proposed that eligible Members consider and if thought fit, pass item number 6.11 on the Notice of Annual General Meeting that Lee Schöpp be re-elected as a Non-Executive Director of the Society.

Graeme thanked everyone who voted in respect of this AGM and concluded matters upon which we are required to vote and said the outcome of each resolution will be announced a little later once today's votes are added to those received in advance of this meeting and the results confirmed. Graeme checked with the independent scrutineer to ensure he had everything he needed and he confirmed he did.

Graeme said that he was very pleased to confirm that all resolutions have been passed and verified and detailed results will be available via the Society's website next week. If anyone has any questions regarding these, please contact us. Graeme thanked all the Members present for their support of the Society and for their participation at the Society's 2023 AGM which he declared closed.

Other Matters

National Police Memorial Day Charity Donation

Graeme informed the AGM that to encourage online voting the Society had agreed to make a £1 donation for each online vote received to the National Police Memorial Day. Graeme said he was delighted to report that the Society received 1564 votes using the online facility in respect of the 2023 AGM. As a result, it would be making a donation of £1,564 to the National Police Memorial Day which takes place at St. David's Hall in Cardiff in September and a number of us from Metfriendly will be in attendance.

Prize Draw

Graeme said that all Members who voted in respect of the resolutions at the Society's 2023 AGM, whether using the online voting system, by submission of the paper-based voting form or by attendance today at the AGM, were automatically entered into the Society's 2023 Prize Draw. The prizes this year are two £250 John Lewis vouchers. The winners will be drawn this afternoon and will be notified and details will be confirmed on our website next week.

Graeme announced that refreshments will be available and a number of Metfriendly Staff and Board Members are present and will be around, he encouraged Members to talk to them and if they have any further questions to have a chat with them. He thanked everyone for their continued support of the Society and for taking the time to attend the AGM, for listening and voting and especially for being a Member of Metfriendly.

Chair	Date:
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