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# The Rechabite Friendly Society Limited, trading as Healthy Investment

Notice of Annual General Meeting  
Annual Review  
Summary Financial Statements

Wednesday 15 September 2021

**HealthyInvestment**  
ethical investments since 1835

# Our 2021 Annual General Meeting

I would like to begin by paying tribute to my colleagues throughout the Society and to acknowledge their supreme efforts during this period of professional and personal challenge.

Throughout the coronavirus pandemic the Society has focused on supporting its members and colleagues. The environment has been challenging but we are proud of the way the Healthy Investment team have responded, often in difficult circumstances.

## **The AGM is being held on Wednesday 15 September 2021**

At the time of writing we anticipate being able to allow members to attend the meeting in person. If this changes as a result of public health and safety concerns, we will advise members through our website and notify those who have registered to attend.

To ensure that we are able to accommodate members Covid securely we require members who wish to attend to register either via our AGM website [www.healthyinvestment.co.uk/AGM](http://www.healthyinvestment.co.uk/AGM) or by telephone on **0161 762 5790**.

We will be unable to allow members to attend the meeting if they have not registered in advance. However all of your comments and questions will be raised at the meeting and the answers will be published on our website shortly after the meeting. Further details of how to vote and submit any questions in advance of the meeting are included within the notice of meeting.

## **2020**

2020 was a year of significant volatility in investment markets with the FTSE 100 index of top shares losing 14% of their value, the biggest decline since 2008. Despite this we were delighted that we were able to declare very competitive bonuses on all our With-profits products.

We continued to focus on keeping our finances strong and building operational resilience and the Society's solvency ratio remained comfortably above regulatory requirements. We remain in a strong financial position despite the wider economic uncertainty and are making good progress towards our long-term strategic objectives.

## **Board changes**

The Board is responsible for the long-term sustainability of the Society, for protecting our culture and values, and for governance. We have a strong Board, with a mix of established and newer directors providing the right combination of continuity and challenge to the Society. During the year we welcomed two new Non-executive Directors to the Board, Sue Baldwin and Elizabeth Boardall, each of whom has extensive experience in financial services. Sue and Elizabeth are recommended for election at this meeting.

Finally, I would like to thank you, our members for your continued loyalty and support which is really appreciated.

**Steven Spilsbury**  
**Chairman**

# Chief Executive's review

As I write this review there is every expectation that many of the restrictions we have faced will be eased and some normality will return to our lives.

From a business perspective I am pleased to say that your Society experienced a significant increase in demand for its ethical savings and investment products in the latter half of 2020 and this has continued during 2021.

## Your Ethical Society

It is a source of enormous pride to us to have been at the forefront of ethical investment from its inception, long before it received mainstream attention. However, the sector now is very different from how it was ten, let alone 30 years ago, and it is important that we not only remain true to our founders' values but also to those of our current membership, and to meet the challenges of a globalised world gripped by a range of social and environmental crises.

Last year we surveyed our members and discovered that they wanted us to be stricter in terms of the range of sectors and activities we excluded from our portfolios and, in tandem, to take a more positive approach to seeking out investments that make a difference. They don't just want to invest with clear consciences but actually to put their money to work making the world a better place.

Our new investment strategy aims to achieve just that and is based on 3 principles;

**Ethical – we avoid investing your money in industries that are harmful to society and the environment**

**Sustainable – we invest your money in industries that improve the world we live in**

**Responsible – we aim to deliver good financial returns and make a difference to society**

## Principles of Responsible Investment

In support of our investment strategy Healthy Investment became a signatory to the Principles of Responsible Investment (PRI). These are a set of best practice investment guidelines drawn up at the instigation of the former United Nations Secretary General, Kofi Annan. We are one of only two friendly societies to have signed up to this worldwide initiative, which continues to be supported by the UN Environment Programme Finance Initiative.

By signing up to the Principles of Responsible Investment we are able to provide new and existing members with the confidence that their investments are managed in a way that is consistent with an internationally recognised set of standards. As a member, Healthy Investment has committed itself to incorporating Responsible, Ethical and Sustainable practices into its investment analysis and decision-making processes as a step towards creating a more sustainable global financial system.

## Climate Change

Climate change is an increasing area of focus for the Society, particularly its significance for our investment policy. It will also impact on our internal processes, product offerings and our relationships with companies we work with. In common with all financial services organisations we will be considering the risks of climate change to our business and preparing plans to support global initiatives and to mitigate any impact on our members' savings and investments.

## Mutual Diversity Alliance

We're also proud to be part of a new initiative which champions diversity within friendly societies and other financial mutuals. The newly formed Mutual Diversity Alliance consists of mutual organisations who are committed to demonstrating good practice in relation to diversity and inclusion within their businesses.

As a founding member of the alliance we see this as an excellent way for us to demonstrate a commitment to respecting and valuing people's differences and managing our business in a very inclusive manner.

The Mutual Diversity Alliance is a group of mutual organisations who are committed to learning about, and to demonstrating, how they support diversity and inclusivity within their organisation. A member-led initiative grounded in the concepts of mutuality and self-help, the purpose of the Alliance is to share and promote learning and innovation, by working together to create common understandings of good practice, as well as common resources for training.

## Annual Report and Accounts

In the following pages you will find a summary of our financial statements which includes important information on the performance of the Society in 2020. A full copy of the Annual Report and Accounts is available on our website or can be requested through the online voting system or via the enclosed voting card.

**Peter Green**  
Chief Executive

# Notice of Annual General Meeting

Notice is given that the Annual General Meeting of The Rechabite Friendly Society Limited will be held on Wednesday 15 September 2021 for the purpose of considering, and if thought fit, approving the resolutions set out in this notice.

The meeting is being held at the Village Hotel, Waterfold Business Park, Rochdale Road, Bury BL9 7BQ; however as a result of public health and safety concerns we require members intending to attend to register in advance of the meeting. Details of how to do this or appoint a proxy to vote on your behalf can be found on the enclosed voting card.

Members unable to attend can ask questions or raise any issues through the registration section of our website, please visit [www.healthyinvestment.co.uk/AGM](http://www.healthyinvestment.co.uk/AGM).

A minimum number of Directors and Society colleagues, who are also voting members, will attend the meeting to satisfy the quorum requirements for a valid meeting.

## **The meeting will commence at 4.00pm for the purpose of carrying out the following business.**

### **1. To receive the Directors' Report and Consolidated Accounts for the year ended 31 December 2020.**

A summary of the Directors' Report, the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Financial Position are included in this document.

You can get a copy of the full Annual Report and Accounts from the 'about us' section of the Society's website, via the online voting system or by requesting one through the voting form.

### **2. To receive the Independent Auditor's Report.**

The Auditor's Report can be found on page 36 of the full Annual Report and Accounts for the year ended 31 December 2020. The Independent Auditor's Report contained no expressions of concern.

### **3. To receive and vote upon the Remuneration Report of the Directors for the year ended 31 December 2020.**

The full Remuneration Report of the Directors can be found on pages 9 and 10 of this document.

### **4. To appoint Deloitte LLP as external auditors.**

Members are asked to approve the appointment of Deloitte LLP as the Society's auditors until the conclusion of the next Annual General Meeting and to allow the Board to agree their remuneration.

### **5. To elect and re-elect the following as Directors of the Society**

New Directors are required to stand for election at the first AGM after their appointment and in accordance with recognised best practice all Directors of the Society stand for re-election annually. All Directors are standing for election or re-election and the Board, having considered their knowledge, skills, experience and effectiveness and how they have demonstrated their commitment to their roles, recommends their election.

### To re-elect:

Keith Anthony Ashcroft	Director Finance & Risk
Timothy John Birse	Independent Non-executive Director
David Alan Fawell	Independent Non-executive Director
Peter Green	Chief Executive
Philip Charles Okell	Independent Non-executive Director
Steven Graham Spilsbury	Independent Non-executive Director

### To elect:

Susan Margaret Baldwin	Independent Non-executive Director
Helen Elizabeth Boardall	Independent Non-executive Director

Biographies of all Executive and Non-executive Directors are included on page 11.

### 6. To conduct any other business in accordance with the Society's rules.

## Notes on voting

### The online voting system is now live, or you can complete the voting card and return it to us.

As a result of public health and safety concerns members intending to attend have to register in advance of the meeting by confirming their intention to attend on our website at [www.healthyinvestment.co.uk/AGM](http://www.healthyinvestment.co.uk/AGM) or by telephoning the office. Once registered full details of the arrangements will be confirmed.

All adult members of the Society are entitled to vote at the AGM.

As we want as many members as possible to participate in the meeting and vote we have made it as easy as possible. You can vote by using the enclosed voting card or by visiting [www.healthyinvestment.co.uk/AGM](http://www.healthyinvestment.co.uk/AGM). To vote online you will need the unique security reference number on the voting card.

A member entitled to attend and vote may appoint one proxy. The proxy need not be a member of the Society and the member may direct the proxy how to vote at the meeting.

You can nominate the Chair or anyone as your proxy. If your proxy is intending to attend the meeting in person they will also have to register in advance. If you haven't instructed your proxy how to vote, either online or by returning the voting form, they will vote at their discretion.

To be valid, proxy voting forms must be signed, dated and received back at our offices at least 48 hours before the start of the AGM. Proxy voting forms completed online must also be submitted 48 hours before the start of the AGM.

If you hold a power of attorney for one of our members and wish to appoint a proxy to vote on their behalf you must send a copy of the power of attorney with your proxy voting card unless it has already been registered with us.

### **Please vote, either online or by returning the proxy voting card. Simply seal the voting card and post it back. You don't need a stamp.**

# Directors' Report

2020 was a challenging year for new business from both new and existing members due to the impact of the Covid-19 pandemic. This severely affected business during the first lockdown between April and June and resulted in a reduction in new business compared to the previous year.

In the second half of the year new business stabilised and has continued to grow with a significant uplift towards the end of the year and throughout the first six months of 2021.

## Financial Highlights 2020

**£10.6 million** of new investments

**£5.7 million** invested in our Ethical Investment Bonds and ISAs

**£4.4 million** invested in regular premium savings products

**£9.6 million** paid out to members

**£172.3 million** of assets at the year end

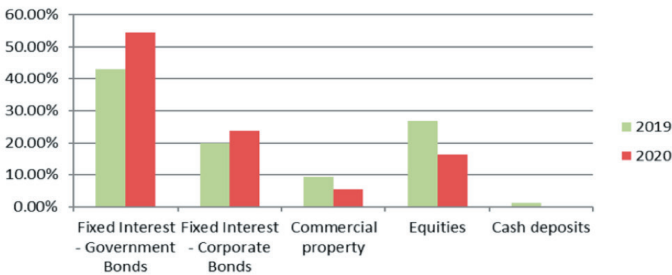
**111,682** savings and investing members at the year end

## Investment returns

As we look back at 2020, investment markets started the year reaching new highs only to be floored by the coronavirus. This caused a brief but sharp bear market, to a low point in March. As the year ended, investment markets had made a strong recovery with our Ethical With-profits Fund returning 2.32% in the year, a welcome result in the context of a volatile and uncertain year, and enabling us to add competitive bonuses to our ISAs, Investment Bonds and Regular Savings Plans.

The graph shows where our members' Ethical With-profits fund is invested.

## Asset Allocation



In contrast our second largest fund that contains our Stakeholder Child Trust Funds and tracks the performance of over 600 UK companies lost 9.74% of its value during the year.

## The year ahead

Looking forward there is still likely to be some disruption from Covid-19 and we have yet to see the full extent of its effect on people and the economy. We will continue to assess its impact to ensure that service to members is not disrupted.

As part of their assessment of the future of the Society and the risks that it manages, the Directors are confident that the Society has the financial strength to deliver its vision for the future.

All of the Directors and staff are committed to ensuring that we fulfil our mission of being a successful, growing, ethical provider of sustainable and responsible ethical investments.

# Consolidated Statement of Comprehensive Income

## For the year ended 31 December 2020

	Group 2020 £	Group 2019 £
Earned premiums	10,132,551	11,527,725
Investment income	4,545,686	5,775,342
Net (losses) / gains on investments	(8,370,097)	17,726,120
Other income	771,967	863,745
<b>Total income</b>	<b>7,080,107</b>	<b>35,892,932</b>

Net benefits and claims paid	10,027,958	9,758,291
Change in the provisions for net benefits and claims	(488,552)	451,610
<b>Total net benefits and claims expensed</b>	<b>9,539,406</b>	<b>10,209,901</b>
Change in contract liabilities	(303,541)	18,730,445
Change in provisions	16,603	1,178
<b>Change in contract liabilities</b>	<b>(286,938)</b>	<b>18,731,623</b>
Other operating and administrative expenses	1,854,311	1,791,404
<b>Total claims and expenses</b>	<b>11,106,779</b>	<b>30,732,928</b>

<b>Profit / (loss) before tax</b>	<b>(4,026,672)</b>	<b>5,160,004</b>
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Tax charge / (credit)	144,021	1,053,555
Transfer to (from) the Fund for Future Appropriations	(4,170,693)	4,106,449
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>

As a friendly society, all net earnings are for the benefit of policyholders and are carried forward within the Fund for Future Appropriations. Accordingly, there is no profit for the year shown in the Statement of Comprehensive Income.

The Group and the Society have not presented a Statement of Changes in Equity as there are no equity holders in either the Group or Society as the Society is a mutual organisation.

Financial services register no.109994.

# Consolidated Statement of Financial Position

## As at 31 December 2020

	Group 2020 £	Group 2019 £
<b>Assets</b>		
Intangible assets	202,048	231,946
Property, plant and equipment	332,728	356,482
Prepayments and accrued income	685,688	713,748
Financial assets – fair value through income	170,541,662	174,902,308
Insurance receivables	23,514	23,337
Cash and other cash equivalents	488,525	2,019,718
<b>Total assets</b>	<b>172,274,165</b>	<b>178,247,539</b>

<b>Liabilities</b>		
Fund for Future Appropriations	6,698,522	10,869,215
Investment contract liabilities	58,402,957	65,215,670
Insurance contract liabilities	105,259,997	99,197,142
Provisions	283,371	284,755
Corporation tax liability	365,476	345,814
Deferred tax liability	93,862	534,045
Insurance payables	963,187	1,579,326
Trade and other payables	206,793	221,572
<b>Total liabilities</b>	<b>172,274,165</b>	<b>178,247,539</b>

The financial statements were approved by the Board on 7 April 2021 and signed on its behalf by:

**Steven Spilsbury**  
Chairman

**Keith Ashcroft**  
Director Finance & Risk

**Peter Green**  
Chief Executive



# Remuneration Report

## Remuneration Committee

The Remuneration Committee is chaired by Philip Okell, Senior Independent Director. The committee makes recommendations to the Board on the remuneration of all Directors. The committee includes Executive and Non-executive Directors; however individual Directors are not allowed to participate in decisions relating to their own remuneration.

The remuneration strategy and policy for all employees is reviewed annually by the committee.

## Remuneration policy

The Society's remuneration policy is designed to support the recruitment, motivation, and retention of employees. Remuneration is considered within the context of the financial services and Friendly Society sectors. The objective is to pay at the relevant market level with a package that is fair, competitive, rewards performance, provides attractive benefits and motivates everyone to achieve the Society's objectives and inspires individuals to reach their full potential.

The detail of the remuneration paid to individual Directors is shown in note 32 on page 71 of the Financial Statements.

## Remuneration policy for Executive Directors

The remuneration of the Society's Executive Directors comprises salary with pension contributions and other benefits in common with many financial services organisations. No fees are paid to Executive Directors.

Remuneration reflects individuals' experience and responsibility. It is based on relevant individual market comparators related to job size, function, and sector, as well as individual and company performance and is benchmarked to other friendly societies and mutual insurers.

## Executive Directors

The Chief Executive is employed on a contract with the Society which requires six months' notice by either party and includes a discretionary performance related bonus element of up to 15% of basic salary for 2020.

The Chief Executive's contract precludes him from engaging in any other paid employment or business activities for profit. The Chief Executive has received no remuneration for any of his voluntary roles in the charity sector.

The Director Finance and Risk is employed on a contract with the Society with a three months' notice period and includes a discretionary performance related bonus element of up to 15% of basic salary for 2020. No Non-executive Directorships are held.

## Non-executive Directors

Fees for Non-executive Directors which take the form of a daily allowance of £400 for attendance at Board or committee meetings and an annual retainer, paid monthly, are determined by the Board. There is no other remuneration except where the Society meets the authorised expenses of Non-executive Directors incurred on Society business.

Annual retainers are £7,500 for the Chairman, £5,000 for Senior Managers Certification Regime (SMCR) Function Holders and £4,000 for other Non-executive Directors.

Non-executive Directors come within the pension auto-enrolment legislation. The Society's Stakeholder Pension Scheme is with Royal London.

Whilst the remuneration of Non-executive Directors is reviewed annually a more detailed review and benchmarking exercise is undertaken every 3 years. This was last undertaken at the end of 2018.

The Executive Directors' service contracts and the letters of appointment of Non-executive Directors are available for inspection during normal working hours at the registered office of the Society.

### **Salaries**

Salaries are reviewed annually, or at other times if there is a significant change in an individual's responsibilities. The Society aims to pay salaries at the relevant level for the role based on the individual's performance.

### **Variable remuneration**

As Executive Directors the Chief Executive and Director Finance and Risk participate in a discretionary bonus scheme which provides a maximum payment of up to 15% of salary for 2020. Any payment under the scheme is not pensionable.

Payment is based on the achievement of Society wide key performance indicators and personal objectives set by the Board.

Payment of 60% of the bonus is paid annually in arrears with 20% of the bonus deferred for a further 12 months and the final 20% deferred for 24 months. The bonus for the year is not payable if any of the following events occur.

- A nil reversionary bonus is declared for members
- The Society has breached its minimum solvency requirements
- The Society is subject to PRA / FCA enforcement action
- The employee is dismissed for misconduct

Payment of deferred bonuses remain payable unless actions taken by the Executive in those years have impacted on the current position. There has been no clawback of bonuses awarded in the year or the previous year.

The Society's sales department participates in a bonus scheme based upon new business performance which is determined by the Board and paid monthly in arrears.

There are no elements of variable remuneration for any Non-executive Directors.

### **Pension arrangements**

The Society operates a defined contribution personal pension scheme which was reviewed at the beginning of the year and is open to all employees. New employees are eligible after they have completed their probationary period, with the option of contribution levels of 3% or 5% of basic salary, with respective employer contributions of 6% and 10%. The Society's auto enrolment scheme starts from the date of employment.

Eligible employees and Directors are auto enrolled into the scheme, although there is the ability to opt out. Contribution levels for the auto-enrolment scheme for the tax year ended 5 April 2021 were 5% for employees and 3% for the Society.

### **Approval**

The Directors' Report on Remuneration was approved by the Directors on 7 April 2021.

## The Board



### **Steven Spilsbury** - *Chairman*

Steven joined the Board in August 2014 following his retirement as Chairman and Non-executive Director of Vernon Building Society. Steven has enjoyed a long and successful financial services career, holding a variety of senior positions, working mainly for mutual organisations.



### **Philip Okell** - *Senior Independent Non-executive Director*

Philip is an experienced investment specialist and Principal of Mosaic Money Management. He brings experience of developing and implementing investment strategies and during his career has advised some of the UK's largest mutuals. Philip was appointed to the Board in September 2015.



### **Tim Birse** - *Non-executive Director*

Tim was appointed to the Board in June 2016. He is an experienced Non-executive Director, a qualified actuary with experience of managing large With-profits Funds and an interest in actuarial education. In his spare time, he is an active Explorer Scout Leader and Treasurer of his local parish church.



### **David Fawell** - *Non-executive Director*

David was appointed to the Board in December 2018. David has enjoyed a long career in banking, most recently with the Co-operative Bank and is an expert in payment services. David is also a Director and Chairman of the Co-operative Credit Union.



### **Sue Baldwin** - *Non-executive Director*

Sue was appointed to the Board on 1 October 2020. She is a Chartered Insurer and has extensive executive experience in the insurance industry with Direct Line and Esure and more recently as a Non-executive Director with legal expenses insurers. Her in-depth knowledge of risk management, corporate governance and culture development will bring additional expertise to the Society's Board of Directors.



### **Elizabeth Boardall** - *Non-executive Director*

Elizabeth joined our Board in October 2020 and has a close affinity with mutuality having spent several years with Royal London as Pensions Manager and Head of Customer Engagement and more recently as a member of their independent governance committee. Elizabeth brings significant strategy development, digital and marketing experience to the Society.



### **Peter Green** - *Chief Executive*

Peter was appointed as Chief Executive of the Society in October 2006. Following an early banking career, he served as Chief Executive of a mutual health care cash plan insurer. He has an MBA, focused on small business management.



### **Keith Ashcroft** - *Director Finance and Risk*

Keith was appointed as Director of Finance and Risk in January 2018. He is a qualified Chartered Accountant and experienced Finance Director. He has a wide range of professional sector expertise but particularly in financial services.

# Ethical savings & investments from an ethical provider

Since 1835 Healthy Investment has been providing members with savings and investment products designed to meet their needs.

As a mutual society we have no shareholders, which means that the member is all that matters to us. Healthy Investment has an exceptional record of growth, a commitment to mutuality and a passion for customer service.

Being an ethical provider is much more than just avoiding direct investments in companies and industries that harm others. It's also about actively investing in industries that improve the world we live in.

Making a difference to society and delivering good financial returns is at the very heart of everything we do. You can request further details of all our products through the voting card or by telephone or email.

You can email us at [enquiries@healthyinvestment.co.uk](mailto:enquiries@healthyinvestment.co.uk) or telephone us on the freephone membership helpline on **0800 731 2422**, which is open Monday to Friday from 9am to 5pm.

If you are in any doubt about the suitability of our products for your personal circumstances you should speak to your financial adviser and ask them about Healthy Investment's ethical savings and investments.

# HealthyInvestment

ethical investments since 1835

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Healthy Investment is the trading name of The Rechabite Friendly Society Limited, an incorporated friendly society under the Friendly Societies Act 1992. Register No. 218F. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Financial Services Register No. 109994.