

## AGM Questions

Question	Answer
<p>Is the Co-op doing anything to address the amount of wasted food caused by supermarkets insistence on fruit and vegetables being of a certain size and shape I cannot believe that members care about size and shape or even a few blemishes I think most of us would prefer food which looks more natural and I do not see why things have to be pre-packed.</p> <p>The farmers would benefit from less waste The consumer may benefit from lower prices enabling them to buy more of the things which are 'good for us'</p>	<p>Pleasingly, the answer to this is 'yes'; and out of interest, the story is not quite as bad as it might first appear.</p> <p>In more detail: as a result of pressure from across the food industry (including ourselves), the EU relaxed rules stopping supermarkets selling misshapen fruit and vegetables in July 2009. Restrictions were removed on 26 out of the 36 different categories of fruit and veg. One of the prime examples being cucumbers which under the old rules could only be sold if they were straight.</p> <p>So now the vast majority of fruit and veg that is bent, crooked or lumpy can be sold without the impression that it is somehow imperfect.</p> <p>As a result of the changes, we were able to increase the 'tolerance limit' we applied to fruit and veg in our Simply Value range by two times, so allowing us to offer misshapen fruit and veg to our customers and at very good prices.</p> <p>Obviously, the product has to be clean, free from pests and diseases, correctly labelled, etc., but this does mark a good step forward for common sense.</p> <p>The food and farming minister commented at the time</p> <p>"the new regulations.....provide more choice for people who aren't bothered what shape their five a day comes in. It also means that producers and suppliers won't be stuck with as many leftovers, so there'll be less food waste".</p> <p>Just picking up on this last point. As it happens, there is actually very little food waste at the 'producer' end. As you might hope, fruit and veg that cannot be sold on the shelf gets used in canned products, juices, as ingredients, etc. The days of the butter mountain and wine lake are, thankfully, long gone.</p> <p>Turning to the pre-packaging of products. The reason we package products is to ensure they get to the store and then from the store to the customer's home, in a</p>

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	<p>state fit for consumption.</p> <p>Where we can, we are looking to (or already have) removed excess packaging. Cucumbers (again) are probably the most well known example here. We now no longer sell them shrink-wrapped.</p>
<p>With regard to the paperwork sent pre-AGM (cost to send £1.23 per person plus paper printing and labour)</p> <p>My husband and I have both received copies, I would suggest to the Board it would be sensible to ask people living at the same address if they have any objection to receiving one set of paperwork between them. I see this being achieved by asking said members to indicate their agreement by completion of a single form containing their membership numbers which can be easily cross-referenced at head office. Alternatively ask members if they would be happy to receive the paperwork via email.</p>	<p>There are some really good ideas suggested here which we will consider carefully.</p> <p>However, regarding this year's AGM we did have a conundrum.</p> <p>Members may recall that in 2009 we also proposed a completely new set of Rules at the AGM. We decided not to send paper copies out to all. Instead, we simply posted a set on the Society's website and advised members that they could receive a paper copy if they so wished.</p> <p>At the time, this seemed an appropriate compromise between ensuring information was available to members, but avoiding the need for unnecessary copying, postage, wasting of paper, etc..</p> <p>However, at the AGM itself, there were some concerns from members that they had not received copies of the Rules in advance of the meeting and had thus not had proper time to review them.</p> <p>So given this, and given that the rules form the cornerstone of the Society's governance (i.e. it is important that members have the opportunity to review the rules properly), we thought it best this year to send copies to all members attending the AGM, as well as putting them on the website for general review.</p> <p>But as noted above, we will consider the ideas in the question carefully, as we hope we will be able to take a number of them forward.</p>

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<p>The TESCO Cinderford question. Have we REALLY heard the last of this matter?</p>	<p>n.b. for those members not aware of the situation, Tesco have been trying to build a store on the Rugby Club ground in the centre of Cinderford for some time.</p> <p>Never say never!</p> <p>But pleasingly, after a great deal of work and a long, long campaign against Tesco's plans (which, incidentally, we believe would have decimated the town centre), the Society has reached a sponsorship deal with Cinderford Rugby Club. This effectively keeps the Rugby Club in the centre of the town and means the Club's ground is no longer available to Tesco.</p> <p>However, we have to be realistic and assume that Tesco will continue to want to open a store in Cinderford, so will be looking for another site. So at some point, however far that may be into the future, we assume they will be back with plans for a superstore.</p>
<p>How can large salaries and bonuses be justified when the Customer Service Assistants in Retail and Childcare are on minimum wage. We are meant to be a Co-operative.</p>	<p>Talking generally for the Society as whole, our aim is to pay all our colleagues at or around the median market rate for the job, dependent on the level of experience of the colleague. Broadly, this means that for a similar job, 40% of other employers will be paying more than us and 40% will be paying less. i.e. we aim to pay very much in the middle band. This approach works across all levels in the Society.</p> <p>It is also worth pointing out that most of our wage rates are negotiated collectively either through USDAW or NACO, as we believe it is fair for colleagues to have the backing of a Trade Union. So the above 'median' approach does carry their support.</p> <p>Turning now to senior levels of pay: at management levels within organisations, the payment of bonuses is a very common way to drive performance, and one the Society uses. Thus, when looking at pay for senior employees, both base pay and bonus levels are taken into account to allow comparison. On that basis, one actually finds that the Society pays its more senior colleagues below the median rate. As whilst base pay is set at the median, the potential bonus levels are very much at the lower end.</p> <p>The Board is conscious that it must attract good</p>

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	<p>management to take the Society forward, and has settled to this approach (median base pay, much lower bonus) which it feels is appropriate for our senior colleagues given the co-operative context.</p> <p>More specifically and in regard to last year, it is also worth noting that the Society had a record year in terms of performance. So bonus levels were near to their maximum for a number of individuals and we were also able to increase the colleague dividend quite considerably as well.</p> <p>Finally, and just on a point of information: Customer Service Assistants in Retail are paid above the minimum wage. There are a relatively small number of colleagues on the minimum wage, however, we do regularly review these against the market and adjust accordingly.</p>
<p>Will you stock 'Positive News' along with other publications? It is a non-sectarian and non-party political – but celebrates work worldwide for people and the environment.</p>	<p>For information, note this extract from Positive News' website:</p> <p>"Positive News is a quarterly international newspaper, founded in 1993. The publication focuses on issues rarely covered by the mainstream media and promotes the many individuals and enterprises that are working to create a more healthy, humane and environmentally sustainable world.</p> <p>Positive News also tries to give a voice to all those small, determined fishes swimming against the tides of big corporate seas and award them for their efforts through honest, impartial media publicity. A place where young and old feel safe to tell their stories without fear of indifference or misrepresentation."</p> <p>To answer the particular question. Unfortunately we simply can't stock this newspaper across our estate. The range of papers that we sell is based on (i) customer demand, (ii) the amount of shelf space dedicated to meet that demand, and (iii) a very real shortage of shelf space in some of our stores full stop.</p> <p>Taking each of these in turn. On point (i): there just isn't the demand to stock Positive News from our customers. We do need a certain level of demand</p>

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	<p>before we can contemplate stocking a publication, and that just isn't there for Positive News. As regards point (ii), we do have to consider the balance between space for newspapers and magazines against space for food and the other goods we sell in our stores. Put somewhat bluntly, our customers want more choice on food, so our instincts are to devote more shelf space to food rather than to news and magazines. It is also worth bearing in mind that Positive News is a free publication, so we would actually make no money at all from selling it in our stores. Whilst, of course, there is always a balance to be struck, we do need to be conscious of the above. And in relation to point (iii), it is the case that in some stores we have a very real shortage of shelf space full stop as they are pretty small spaces in which to operate.</p> <p>That all said, the Society has subscribed to the publication and we are sending excess copies to the member's local store. We have also put a link to the Positive News website from our own website. Interested members may wish to view the website and subscribe themselves.</p>
<p>Can Co-op food and drink labels show GDA (Guideline Daily Amount) energy values in kJs (kilojoules) and phase out the use of 'calories' on food and drink labels.</p>	<p>Our policy in this area is to use the colloquial term 'calories' on the front of co-op own label food packaging given that this is the term that customers recognise most readily.</p> <p>However, we do report the kilojoule equivalent on the nutritional table on the back of our own label products.</p> <p>On this basis, we believe we satisfy most customers' demands for appropriate information.</p> <p>Just out of interest, the difference between kilojoules and calories is analogous to the difference between fahrenheit and centigrade – they measure the same thing, but just use different units.</p>

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<p>Bearing in mind the relatively short time that Star News has been acquired, can the Board effectively determine that, in acquiring it, members' assets were wisely utilised</p>	<p>In a few words – yes, members' assets have been 'wisely utilised'.</p> <p>But to put some flesh on the bones. First, it is worth noting what we actually acquired when we purchased the Stars News business in 2007: 68 convenience stores, 86 newsagents, 59 Post Offices, and quite a number of flats and houses, all acquired with the recognition that certain of these would not fit our long term plans (as is the case in any large transaction) so would be sold on – a lengthy exercise, principally involving the sale of quite a number of the smaller newsagents, but one which we have completed just very recently as it happens.</p> <p>Also note that the Stars business has now been fully integrated into the Society's operations. So (i) the convenience stores fall within the convenience estate, (ii) the Post Offices come under our Post Office division, (iii) the properties are now integrated into our property portfolio, and (iv) we have created a new CTN (newsagents) division, branded as News Express with 61 outlets.</p> <p>Taking the performance of all these different elements of the Stars News business that we have retained within the Society, we can report that the budgeted return on capital employed for this financial year is over 15%. This is very much in line with the overall return on capital employed for the Food Group for the 2009/10 financial year.</p> <p>So 'yes', we are happy with this performance and believe the acquisition was money well spent.</p> <p>It is also just worth looking beyond the above financial performance: the acquisition has allowed us to grow our convenience estate, expand our Post Office operations very substantially, and bring a new division (News Express) into the Society – all factors that have helped to strengthen the Society for the longer term. Very much a positive outcome.</p>