

**The Midcounties Co-operative Limited
Minutes of the Half Year Meetings of Members
held online**

13 and 14 October 2021 at 6.30pm

Present at Co-operative House, Warwick:

Heather Richardson – Vice-President & Chair (13 October 2021)

Vivian Woodell – Vice-President & Chair (14 October 2021)

Phil Ponsonby, Group Chief Executive

Edward Parker, Secretary & Head of Governance

Peter Dubois, Group Chief Financial Officer

Apologies:

Helen Wiseman, President

190 and 143 members attending online for the 13 and 14 October meetings respectively.

For noting

The Society held two Half Year meetings, both online given the continued uncertainty on account of the Covid-19 pandemic. The meetings were scheduled on 13 and 14 October. Members were invited to attend either of the meetings.

21/14 Welcome and preliminaries

The Chair welcomed members to the meeting.

The Chair explained that both half year meetings were being held online due to the continued uncertainty on account of the Covid-19 pandemic. They thanked the Society's colleagues for all their efforts in supporting their communities and serving members and customers during such a difficult time.

The Chair ran through the agenda for the meeting. It was explained that if technical issues caused the meeting to be halted, the meeting would be adjourned.

It was noted that questions could be submitted during the meeting. These would be answered either at the meeting itself, or later through correspondence.

21/15 The first half of the year

A short video highlighting key elements of the Society's performance in the first six months of the year was shown.

Phil Ponsonby presented an overview of the Society's results and performance for the first six months of the year. He thanked colleagues for their continued hard work during the difficult trading conditions caused by the pandemic. He highlighted a number of ways in which the Society had invested in colleagues, including the successful apprenticeship, LEAP, and Leadership Development programmes. The Society had voluntarily published its first ethnicity pay gap report with the gap being 3.1% and to further strengthen the Society's equality and diversity programme, 650 managers across trading groups had been enrolled in "Let's talk about race" training.

He presented the financial results for the Society for the first half of the 2021/22 year. The Society's overall sales performance was down 20% on last year, with gross sales at £434m versus £468m last year. However, profit after significant items was at £4.6m this year, compared to £3.6m last year. Food sales were down by £23m on the previous year, Travel remained impacted by the pandemic with branches closed for the first 12 weeks of the year, Childcare had returned to profitability, Healthcare and Post Offices had made positive contributions, and Utilities and Funeral had seen a slight downturn on last year.

He explained the Board's strategic decision to exit funeralcare. 50 funeral homes and two vehicle logistics centres would transfer to Central England Co-operative; six other funeral homes were planned to be transferred to other co-operatives; buyers were being sought for the eleven remaining funeral homes; the stone masonry business would be closed. This ensured that the vast majority of the Society's funeralcare business remained in the co-operative movement – a key outcome. The proceeds of sale would be re-invested by the Society to enable growth in its other businesses. In this regard, he highlighted continued investment in the business pipeline with six new food stores being opened and a total of 61 food sites in progress; Childcare had eight confirmed sites and 26 in progress.

Phil Ponsonby also highlighted the Society's non-financial performance. He discussed a number of new services, including a click and collect pilot for locally sourced food, a home delivery trial in food, healthcare partnerships and travel pop

ups in food stores. Other Society activity included the community restart, a focus on membership, and the launch of the new Members App on 19 October 2021.

Looking ahead, while the Society had had a positive first half of the year in difficult trading conditions, there were further challenges expected including labour shortages and cost price inflation, but he believed the Society was well placed to face those challenges.

21/16 Questions

Comments and questions on the above presentations were invited and responded to:

.1 13 October

- Freehold sites – the Society had a mixed estate of leasehold and freehold sites; the six new food sites opened this year were acquired on a leasehold basis; site opportunities in the pipeline for food and childcare included a number of freehold sites which would enable the Society to grow its asset base
- Member offers – offers were open to all members whether or not they had the Member App
- Octopus – the Society’s partnership with Octopus remained strong; the Society received loyalty payments in respect of energy customers that had transferred to Octopus; the arrangement meant that the Society was not exposed to the risks of a volatile energy market; the joint venture in community energy continued to grow with over 100 partners in community energy; the Society had also worked with Octopus to provide electric vehicles to colleagues through a salary sacrifice scheme
- Childcare nurseries – approximately one quarter of the Society’s nurseries were under the Little Pioneers brand; all new nurseries would be similarly branded; over time the Society planned to convert those suitable remaining nurseries to the Little Pioneers brand; this would require appropriate investment
- Buckinghamshire – the Society remained committed to Buckinghamshire for its food business, the Hazlemere store had had significant investment with upgraded refrigeration and it would be refurbished in due course; the Society was also looking at acquisition opportunities in the area
- Impact on Travel – the pandemic and associated travel restrictions had greatly impacted the Society’s Travel business in 2020 with sales down 90%

on the previous year; while a significant level of refunds had been made, many customers had rebooked their holidays with the Society and colleagues had done a fantastic job in difficult circumstances; the first half of this year had seen improvements due to changing restrictions but it would likely be 2023 before a return to normal trading conditions

- Economic challenges – a number of challenges were expected in the coming year, including record job vacancies, high food inflation, and National Living Wage increases; the Society was prepared for those challenges and by way of mitigation had identified efficiency savings across its businesses.

.2 14 October

- Travel insurance – the Society’s Travel business sold travel insurance; members were encouraged to consider this service
- Solar panels – solar panels had been installed on the roof of the Bourton-on-the-Water food store; members could acquire a part share of these; other sites were being added to this initiative and more would be explained at the AGM
- Ethnicity pay gap – the Society had voluntarily published its ethnicity pay gap report for the first time this year; the report identified a number of measures to help address the pay gap; the Society aimed to have a colleague base reflective of the areas which the Society traded in
- Food retail – the joint buying group, FRTS, had a multi-billion pound buying power, which allowed the Society and other co-operative food retailers to be competitive with medium tier supermarkets
- Energy market – the strategic decision to partner with Octopus meant the Society had avoided the risks associated with volatility in wholesale energy prices; those risks remained with Octopus which had been effectively managing them to date
- Executive pay – during the pandemic, the executive team had voluntarily taken a temporary pay reduction; executive remuneration reflected the Society’s financial performance as it included bonus and long term incentive elements which varied based on the performance of the Society
- Bourton-on-the-Water – the capital investment had been justified as the financial performance of the Bourton-on-the-Water food store had exceeded expectations and positive community activities had been established
- Energy prices – the Society’s commercial energy supply had been secured on a fixed fee basis until the start of next year; the Society would continue to build on existing environmental efforts to mitigate the impact of rising energy prices this included investment in LED lights across the Society’s estate
- Telecoms – The Phone Co-op had retained its domestic customers but growth

had been limited due to the pandemic; a range of new services had been introduced, including green broadband and fibre, and a partnership with Fairphone; more initiatives were planned for next year

- Member trade – the Society had approximately 700,000 members; however, less than ten percent of members traded with more than one of the Society's businesses; the Society would continue to improve its digital online proposition to give members better access to its full range of products and service.

21/17 Minutes & matters arising

The minutes of the Half Year Meetings held in October 2020 were approved.

The minutes of the AGM held on 13 May 2021 were noted; formal approval of these minutes would be sought at the 2022 AGM.

There were no matters arising.

21/18 Share of profits distribution

Peter Dubois presented the proposed share of profits distribution to members. It was noted that the share of profits distribution was normally considered at the Society's AGM each year, but as with last year, such consideration had been delayed due to the uncertainty created by the Covid-19 pandemic. The Board now felt the Society was in a position to recommend a share of profits payment to members for approval.

The proposed share of profits had been calculated based on a rate of 0.5 pence per point. This amounted to a distribution of £1.1m in total. Payment would be affected through a digital first approach. Member data would be used to ensure the distribution was accessible for members without the Members App. Payments would be made prior to Christmas 2021.

Members would be asked to vote on the proposed share of profits later in the meeting.

21/19 Special General Meeting - Rule changes

The meeting adjourned while a Special Meeting was held to approve changes to the Society's Rules. Separate minutes of this Special Meeting have been prepared.

21/20 Election Results

The results of the recent election to the Board of Directors and Member Engagement Committee were announced. It was noted that votes had been cast by 35,302 members, representing a turnout of 8.36%.

Board of Directors – 5 positions available, 13 candidates

Candidate	Number of Votes	Result
Helen Wiseman	22,523	Elected
Ellie Boyle	20,707	Elected
Evelyne Godfrey	12,961	Elected
Matt Lane	12,789	Elected
Nick Milton	12,317	Elected
Stephen Hawksworth	10,755	Unsuccessful
David Clarke	9,956	Unsuccessful
James Thurrell	9,590	Unsuccessful
Patrick Gray	8,808	Unsuccessful
Bryan Thomas	7,953	Unsuccessful
John Cierieszko	7,952	Unsuccessful
Kevin Rodgers	7,900	Unsuccessful
Donald Morrison	7,186	Unsuccessful

The Chair thanked Steve Allsopp and Kathy Petersen for their service on the Board. They had stood down from the Board this year.

Member Engagement Committee – 7 positions available, 14 candidates

The results were as follows:

Candidate	Number of Votes	Result
Imogen Head – Colleague, YM	18,054	Elected
Emily Stafford – Colleague, YM	17,887	Elected
Julia Farrell – Colleague	17,310	Elected

Ben Johnson – Colleague, YM	17,237	Elected
Toby Moy – Colleague, YM	15,749	Unsuccessful
Alicia Brown – Colleague, YM	14,854	Unsuccessful
Harvey Griffiths	14,379	Elected
Shani Knight-Cross – Colleague, YM	14,033	Unsuccessful
Patrick Gray	13,307	Elected
Jo Broad	12,399	Unsuccessful
James McLelland – YM	12,116	Elected
Iram Woolley	10,987	Unsuccessful
Mica Srbljanin – YM	9,904	Unsuccessful
Tarek Moaqat	5,481	Unsuccessful

YM = Young Member constituency

21/21 Questions

Comments and questions were invited and responded to:

.1 13 October

- Deliveroo – the Society was not a party to The Co-op Group’s agreement with Deliveroo, but the Society had worked with Deliveroo previously on a trial basis at the Leamington-Spa food store; the Society continued to explore options for delivery partners
- COP26 – leading up to COP26, the Society would raise awareness amongst members and colleagues around how to live socially responsible and low carbon lifestyles; the Regional Community network would mobilise local tidy up activities, and the Society would engage with various networks to support calls to action to the Government
- Young members – the launch of the Young Co-operator Member Engagement Committee election campaign had seen eight young members stand for election for the three new available places on the Committee, this would help the Society develop more inclusive member engagement plans for a younger member demographic
- The Co-op Group and Amazon – the Society was not a party to The Co-op Group’s current trial with Amazon in Glasgow; the Society had been careful in selecting partners; where appropriate the Society would seek to take members views into account before establishing a partnership
- Budgens stores – the integration of the four Cotswold Budgens stores had been a great success, the business was aligned to the Society in terms of local suppliers and engagement with communities; trading performance was

ahead of expectations

- EV charging points – a number of charging points were in place at car parks in food stores; new opportunities for further charging points were being developed
- Big Breakfast Plus – the executive team had accepted an invitation to attend and support the work of Big Breakfast Plus in providing meals to the homeless, this had been delayed due to the pandemic but would go ahead now that restrictions had lifted
- Food availability – the driver shortages in the UK had impacted many industries; the Society worked closely with FRTS to ensure mitigation was in place; a new distribution center would be opened and recruitment of more drivers was underway
- Labour shortage – like many businesses, Best of Our Counties suppliers had been impacted by labour shortages; this had increased the cost of production
- Price differences – the price of goods in the Society's supermarkets were cheaper than in convenience stores reflecting the Society's operating model and greater economies of scale
- Turkey orders – the Society had placed its orders with suppliers for Christmas some time ago; the buying power that FRTS gave the Society meant it was in a good position to secure the volumes ordered.

.2 14 October

- Swindon Old Town – Revolver Coffee had opened a coffee shop in the Society's Swindon food store; members were encouraged to visit
- Availability issues – Christmas stock orders had been placed by the Society some time ago; despite logistics and supply chain issues the Society hoped those commitments would be met by suppliers
- Sustainability goals – the Society measured progress against its sustainability goals and worked with Co-operatives UK to report along with other co-operatives against the UN sustainability goals
- Members outside heartlands – the Society recognised that many members, including energy and childcare customers, lived outside its traditional heartland areas; the Member App was one way of better engaging with those members; the Society continued to talk to other co-operatives to see what more could be done to co-ordinate community activities
- Sustainable buildings – the Society had clear specifications on new buildings to ensure they met both legislative requirements and the Society's green standards, including solar panels, rainwater collection and recycled materials
- Capital investment – the Society had positive relationships with its banks;

arrangements with its current lenders were due to be renegotiated in 2023; funding through member capital such as Share Bonds was another important way to ensure the Society had capital to invest in its growth plans

- Member rewards – the Members App showcased offers for members of all ages; as it developed offers might be tailored by age
- AGM 2022 – next year’s AGM was planned to be held at the National Motorcycle Museum; members would have the opportunity to attend face to face or online
- Packaging – the Society worked with its local suppliers and through FRTS to reduce packaging; biodegradable and reusable packaging had being used where possible; reducing packaging on products shipped from around the world had been more challenging where it was required to protect the integrity of the product, but this continued to be explored
- Share capital – the Society’s share capital was not eligible for the Financial Services Compensations Scheme
- Funeral care – it had been a strategic decision to exit the funeral business, the Board had given the matter careful thought; factors in the decision included the changing landscape in the funeral market and potential action by the CMA in relation to pricing and competition
- Co-op branding – it was acknowledged that different branding by co-operatives along with different membership cards caused confusion with members; this had been a matter discussed nationally; the Society had adopted its new “Your Co-op” brand.

21/22 Voting

A test vote was taken.

.1 Half Year Report

The Half Year Report for the period ended 24 July 2021 was adopted.

	For	Against	Abstain
13 October	129	1	5
14 October	72	1	5
TOTAL	201	2	10

.2 Minutes

The minutes of the Half Year Meetings held in October 2020 were approved:

	For	Against	Abstain
13 October	123	1	16
14 October	69	0	6
TOTAL	192	1	22

.3 Share of Profits

The share of profits distribution of £1.1m at a rate of 0.5 pence per point was approved:

	For	Against	Abstain
13 October	126	10	5
14 October	77	4	1
TOTAL	203	14	6

21/23 Any Other Business

No items were raised.

21/24 Meeting close

The Chair thanked members for attending.

The meeting closed at 8.00pm.

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Date:

President

Dates of next meetings

- **Annual General Meeting:** 14 May 2022
- **Half Year Meetings:** TBC