

**The Midcounties Co-operative Limited
Minutes of the Annual General Meeting of Members
held online**

13 May 2021 at 6.00p.m.

Present at Co-operative House, Warwick:

**Helen Wiseman – President
Matt Lane – Chair, Remuneration Committee
Phil Ponsonby, Group Chief Executive
Edward Parker, Secretary & Head of Governance
Peter Dubois, Group Chief Financial Officer
James Eales, Young Co-operators Network**

513 members attending (including the above)

For noting

The Society's AGM was held online given the restrictions on public gatherings put in place by the government on account of the Covid-19 pandemic.

21/01 Welcome and preliminaries

Helen Wiseman welcomed members to the meeting. She remarked on the continuing extraordinary circumstances due to the Covid-19 pandemic. She reflected on the impact of the last year and the personal losses many had suffered. A moment of reflection was held.

She thanked members for their participation in the "your co-op conversations" held in the lead up to the AGM and confirmed that the views and comments shared by members would be taken into account when planning for the future.

She ran through the agenda of the meeting.

A short video highlighting the Society's year in review for 2020/21 year was shown.

21/02 The year in review

Phil Ponsonby presented an overview of the Society's results and performance for the year. He gave an overview of the economic background through 2020/21 and commented on the unique challenges that the Society had faced as a result of the pandemic and Brexit. He recognised the commendable way in which colleagues had adapted to change throughout the year and highlighted a number of initiatives undertaken to support the wellbeing of colleagues.

He presented the financial results for the Society for the 2020/21 year. The impact of the Covid-19 pandemic had varied across the Society's different businesses. While Food had performed particularly well as more people shopped locally, Travel had had a very difficult time with a £445m year on year decrease in sales due to lockdowns and international travel restrictions; Childcare had also had a challenging year with sales 22% lower year on year. In addition, the Society had incurred considerable costs, particularly topping up furlough pay and investing in PPE. The overall impact was a reduction in gross sales from £1.23bn to £828m for the year and a decrease in profit before significant items and distributions from £18.6m to £14.0m. The balance sheet stood at £99.7m and net debt was £64.9m, level to last year. The Society's cashflow headroom remained healthy and relationships with banking partners remained positive. While the Society had utilised the government backed job retention scheme and business rates relief programmes, the government's covid-related loan schemes had not been used.

In addition, Phil Ponsonby highlighted the key developments for each of the Society's trading groups during 2021, in particular, the planned investment in new sites and the measures being undertaken to keep membership at the heart of the Society including the new members app.

21/03 Questions

Comments and questions on the above presentation and the Society's Annual Report & Accounts were invited and responded to:

- Furlough scheme – the Society had not returned furlough grants as they had been used to protect jobs, as the scheme intended; unlike most food retailers, the Society had been impacted significantly by the effects of the pandemic, in particular, with the shut-down of the Travel business for much of the year
- share of profits – options had been provided to members without internet access to claim their share of profits; more would be done in the future to

- make those options clearer and easier to access
- Flexible Benefits – had become part of the wider Utilities group as the Society looked to drive new revenue streams; the current focus was on childcare vouchers
- online pharmacy – work was underway to develop the online business; the future strategy was under review
- member trade – only 10% of members had traded with more than one of the Society’s businesses in the last year; this had been identified as an area of focus to improve cross trade
- Octopus Energy – the recent losses Octopus Energy had posted did not impact the joint venture arrangement with the Society; Octopus had significant external investors and remained stable; the Society had recently seen growth in the community energy tariffs it offered
- Travel forecast – the Society had forecast to return to break even in Travel later in the year; large volumes of overseas holidays were not anticipated but significant increases in UK holidays had already been seen
- pandemic learnings – the Society’s home deliveries in Food had greatly assisted shielding members; this had highlighted that more could be done to support local communities; also that the business had the ability to adapt at pace
- discounts not accepted in other co-operatives – the Society had reciprocal arrangements with a number of co-operatives; however, not all co-operatives were part of the scheme; management would continue to work with members of the central buying group for co-operatives, Federal Retail Trading Services, to improve this situation
- energy initiatives – innovation was a key part of the Energy proposition; the business had recently worked with Ripple and put in place new power purchase agreements; the team would continue to develop new and creative ideas.

21/04 Young Co-operators Network

James Eales presented an update from the Young Co-operators Network. The following was highlighted:

- the network started in 2018 with the strategic aim of increasing the numbers of young members engaged with the Society both economically and democratically
- at the 2021 elections a ‘young member’ constituency with three positions was to be introduced within the Member Engagement Committee; this allowed young members to have a voice and bring fresh ideas and insights

to the committee, and to help shape the future of the Society.

21/05 Minutes & matters arising

The minutes of the AGM held on 16 May 2020 were noted. There were no matters arising.

The minutes of the Half Year Meetings held in October 2020 were noted. Formal approval for these would be sought at the next Half Year Meetings.

21/06 Appointment of Auditors

The Society's rules had required the Society to tender the audit last year. KPMG had been the Society's auditor for over 20 years and had resigned in line with best practice provisions. BDO had been appointed following a thorough tender process. The Board believed they had the necessary depth of experience to cover the Society's various businesses. Members would be asked to vote to ratify the appointment of BDO at the end of the meeting.

It was noted that the Society's auditor from BDO, Laurie Hannant, was not attending the meeting in person due to the Covid restrictions, but was available online to answer any audit related questions.

21/07 Distributions

Peter Dubois presented the proposed distributions to be made to the Society's stakeholders. He noted that the Board was not proposing a share of profits payment to members as it was felt prudent to delay consideration of such a distribution until the Half Year Meetings to be held in October 2021 when the impact of the Covid-19 pandemic on the Society would be clearer. This was the same approach the Society had taken last year.

The following distributions were to be proposed. Voting was to take place at the end of the meeting.

	£'000
Membership development	786
Community support	266

Developing young people	92
Co-operative development	200
Campaigns fund	60
Colleague dividend	450
Total	1,826

21/08 Remuneration Report

Matt Lane presented the Society's Remuneration Report for the year ended 23 January 2021. The following was highlighted:

- the Report followed best practice disclosure requirements; this was felt to be the right approach to openness and transparency on what was acknowledged to be a sensitive subject
- a key role of the Remuneration Committee was to ensure the Society's remuneration policy for the Executive was fair and equitable and took account of co-operative values and principles. In practice, this meant that while salaries for members of the Executive were set at around the median, incentive pay was set c. 40-60% lower than for executives in comparable PLCs. As a result, total pay for members of the Executive was significantly below that found in PLCs
- the Committee also had a broader high-level oversight role of the Total Reward Strategy being introduced by management across the Society
- a number of actions had been taken in response to the Covid-19 pandemic:
 - Board members had accepted a temporary 10% reduction in fees; the amount saved had been donated to Foodbanks
 - the Group CEO and Executive members had accepted a temporary 20% and 10% pay cut respectively
 - Executive members' LTIP payments had been deferred and bonus entitlement waived
 - furlough pay had been topped up beyond 80%; frontline colleagues had received a 10% uplift in pay; discretionary bonus payments had been made to frontline managers.

21/09 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.

21/10 Questions

Comments and questions were invited and responded to:

- Colleague dividend – rather than increase the colleague dividend, the Society had taken other steps to reward colleagues financially for their hard work during the pandemic, including a 10% uplift for frontline colleagues for much of spring/summer 2020, discretionary bonus payments, and the topping up furlough payments
- Financial Services Compensation Scheme – the Society was not a party to the scheme; the scheme was aimed at financial service organisations and carried very significant regulatory requirements
- MEC candidates – to tackle lower than hoped for participation in MEC elections, the Society had engaged with members to encourage candidates to come forward, including at the recent co-op conversations “meet the Board” session; as noted earlier, the Board had also introduced a young member constituency onto the MEC to encourage young members to stand for election
- training for Board members – a well-established induction programme was in place for newly elected Board members; members interested in standing for election were also required to attend a candidates’ forum
- AGM timing – the Society would look to take into account the timing of parliamentary elections in future years to avoid unnecessary clashes; however, the Society’s AGM had to be held within 17 weeks of the financial year end and a number of steps had to be taken before the AGM could take place, meaning that the window during which the AGM could be held was tight
- member app – the pilot had been successful, and the feedback and learnings were being considered to ensure it would be useful for all members
- colleague abuse from public – colleagues in Food had been most affected by incidents of abuse; work had been undertaken to identify training, equipment and technical solutions to help protect colleagues; the Society along with other retailers continued to campaign for change and had recently written to the Prime Minister to seek greater protection for shopworkers
- Herefordshire – although the Society had no immediate plans to expand into Herefordshire, as a neighbouring county where great food was produced, it would be a natural fit in the future
- training on co-operative principles – colleague inductions included the DOES values; the Executive had been developing a training and communications plan to colleagues to help better embed the Society’s values

- online AGMs – while online AGMs had been a success, the Board was well aware that many members missed the opportunity to engage in person; subject to restrictions on gatherings, future AGMs would take a blended approach and be held in person, while also offering online access
- merger – the Society had no plans to merge; it enjoyed positive relations with other regional societies and the Co-op Group; however, these societies did not operate Travel, Childcare or Utilities businesses; it was felt these businesses could best thrive as part of the Society
- return to offices – working from home was not an option for the majority of colleagues who were in front line operations; however, the Society had agile working practices in place pre-pandemic for office based colleagues and following the lifting of restrictions a hybrid approach to working was expected where appropriate
- sharing member app – subject to the view of the Competition and Markets Authority, the Society would be open to sharing the members app with other co-operatives
- new business groups – the Society remained open-minded regarding innovative opportunities to complement existing businesses; management and the Board considered ‘blue sky’ thinking from time to time.

21/11 Voting

A test vote was taken.

.1 Minutes

The minutes of the AGM held on 16 May 2020 were approved:

For	Against	Abstain
269	2	26

.2 Appointment of Auditors – ratification of appointment

The appointment of BDO as the Society’s auditor was ratified.

For	Against	Abstain
274	9	17

.3 Appointment of Auditors - appointment for 2021/22

The appointment of BDO as the Society's auditor for the year ahead was approved

For	Against	Abstain
283	8	12

.4 Adoption of the Annual Report & Accounts

The Annual Report & Accounts for the year ended 23 January 2021 were adopted.

For	Against	Abstain
282	6	13

.5 Distributions

The following distributions were approved:

- Membership development - £786,000
- Community Support - £266,000
- Developing Young People - £92,000
- Co-operative Development - £200,000

For	Against	Abstain
286	7	10

- Campaigns Fund - £60,000

For	Against	Abstain
265	18	14

- Colleague Dividend - £450,000

For	Against	Abstain
300	8	3

.6 Remuneration Report

An advisory vote on the Remuneration Report was taken. The report was endorsed by members:

For
254

Against
20

Abstain
24

21/12 Any Other Business

No items were raised.

21/13 Meeting close

Helen Wiseman thanked members for attending.

The meeting closed at 8.45pm.

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President

Date:

Dates of next meetings

- **Half Year Meetings:** 13 and 14 October 2021
- **Annual General Meeting:** 14 May 2022