

LINCOLNSHIRE CO-OPERATIVE LIMITED

HALF YEAR MEMBERS' MEETING



**Minutes of the Half Year Members' Meeting held at
Centre Parcs, Sherwood Forest on Saturday 8 June 2024
and electronically via Lumi**

Present:

Chair
Mr D Cowell

President
Ms N Berry

Directors:
Ms C Nel, Ms J Moate, Mr J Scott, Mrs J Romney, Mr I Haldenby, Mr R Wills, Ms J Munn, Mr S Hughes

Chief Executive:
Mrs A Hands

Group Secretary & General Counsel:
Mr R Allen

Apologies: Mr M Fields, Ms C-J Green

Members present in person: 501

Members present online: 363

Item 1: To receive the minutes of the Annual Members' Meeting held on 12 December 2023 The minutes of the annual members' meeting held on 12 December 2023 were approved by the members.
430 votes for (98.85%), 5 votes against (1.15%), 45 votes withheld.

Item 2: To receive the Directors' Half Yearly Report The Chair introduced Alison Hands, the Society's Chief Executive Officer, to deliver the first update in the Directors' Half Yearly Report to 2 March 2024.

The Chief Executive Officer presented the key aspects of the Society's trading activities, the steps that had been taken to give effect to the Society's purpose, and summarised the financial performance for the half year.

The Chair proposed the resolution to receive the Director's Half Yearly Report for the year ending 2 March 2024.

423 votes for (93.79%), 28 votes against (6.21%), votes withheld.

Item 3: To receive an update on the Society's membership proposition

The Chief Executive Officer introduced Laura Dunne, the Society's Chief Purpose & Proposition Officer to the meeting to provide an update on the Society's plans for membership.

The Chief Purpose & Proposition Officer outlined that robust member research had been conducted in March 2024 and involved 5,700 of the Society's members through a mix of on street, in store and online surveys. All members that participated in this research were thanked for their contributions.

One of the key things the Society wanted to understand from members was what benefits they most value currently, and would like to see in the future.

The Society was aware that many loyalty schemes now offer member discount on selected lines, and the Society wanted to understand whether members would prefer this, instead of receiving dividend on all products.

The results showed that 57% of members prefer dividend on all products, with 43% preferring member discount on selected products. Listening to this feedback, the Society intended to continue with offering dividend on all products.

But to make this affordable for the Society, the Board had agreed to standardise the dividend rate to 1% across all categories and services the Society's offer. This would replace the current system which offers different dividend rates across the Society's different business areas.

The Society would continue to offer double dividend (2%) on Love Local products, which supports the local economy through the Society's local suppliers. Fuel would continue at 1p dividend for every 5 litres. This would start from September in line with the new financial year.

The next area from the research looked at how the Society could attract more customers to sign up as members. Key highlights were:

- 59% of customers who shop with us 'strongly agree' or 'agree' that the Society offers a good membership scheme. This presented a clear opportunity to clarify the offer of membership, and encourage more customers to become members, particularly those shopping with us regularly.

- 33% of members who only occasionally collect their dividend, say the reason for this is not having their dividend card with them when they shop.

So, in response to this feedback the Society was going to trial '1% cashback' messaging, to see if this helps customers better understand the financial benefit of being a member. It would still be 1% dividend, but it was thought that the term cashback may be a more widely used and may help to attract more member sign ups.

The other key takeaway from the research is that the Society needed to promote the membership app more, so that members don't miss out on dividend when shopping in store. 29,000 members are using the app already, but it would be great to see this number increase.

It was advised that this was a non-voting item.

**Item 4:
To declare the results
of the election for
three members of the
Board of Directors**

The Chair invited Robert Allen, the Society's Group Secretary & General Counsel, to declare the results for the election. The Group Secretary & General Counsel expressed gratitude to all candidates and members eligible to vote for their participation in this year's election process. Claudia Nel, Lesley Robinson, Mike Wistow and Ash Wilks were noted as receiving the highest number of votes (7,584, 6,448, 5,747 and 5,544 votes respectively) and duly elected to the Board of Directors. The Group Secretary & General Counsel concluded the item by confirming that a total of eleven thousand, eight hundred and twenty-one pounds (£11,821) would be donated to the Society's current Community Champions schemes, equating to one pound (£1) for every valid vote submitted during the election.

**Item 5: To approve
changes to the
Society's published
Rule Book (Special
Resolution)**

The Group Secretary & General Counsel introduced the special resolution to approve the changes to the Society Rule Book.

Members were advised that in the run up to today a selection of materials were made available on the Society's external website explaining what the Rule Book is, why the Society was proposing changes, and how to submit any questions.

The Group Secretary & General Counsel reiterated that the changes proposed today in no way adversely affect the basic co-operative principles and values that underpin Lincolnshire Co-op, or the rights of members. These changes are designed to introduce improvements in general governance, and ensure the Society remains sustainable in the long-term.

The Rule changes proposed have been reviewed by the Society's Search & Governance Committee and approved by the Board of Directors. They have also been reviewed by the governance team at Co-operatives UK, the national body for the UK's independent co-operative sector, and also external lawyers.

The Group Secretary & General Counsel proposed the special resolution to approve the changes to the Society's published Rule Book.

412 votes for (92.79%), 32 votes against (7.21%), 35 votes withheld.

Item 6: To approve the Directors' Remuneration

Ms J Moate, Chair of the Society's Remuneration Committee introduced the resolution to approve the Directors' Remuneration. It was outlined that the Board must ensure that the Society's approach to remuneration is fair, transparent, and aligned with Co-operative values and principles. The Co-operative Corporate Governance Code recommends that Director remuneration should be regularly reviewed and at least every three years. The last time that members considered Director fees in totality was at the Society's Half-Yearly Members Meeting held on 3rd June 2021.

Remuneration policies and practices should recognise the commitment expected of directors, and be aligned to the purpose and values of the Society and successful delivery of its strategy. Appropriate remuneration is also important in not only driving selection and appointment, but also retaining skills and experience in key positions.

To ensure that this year's review was undertaken objectively and in full compliance with the relevant corporate governance requirements, the Society's Remuneration Committee retained Ernst & Young or 'EY', a specialist external advisory firm with significant experience in reviewing non-Executive pay. EY produced a series of recommendations that were ultimately approved by the Remuneration Committee and the main Society Board.

EY determined that Co-operatives represented the best sector comparator and there was no objective reason to move outside the associated range of remuneration into different sectors or use other external benchmarks.

Ms J Moate summarised the specific changes sought for approval at this meeting:

- The Board Chair fee was proposed to increase from £15,560.80 to £25,000 per annum to recognise the responsibilities expected of the Chair in running the Board, and the new requirement of this role to additionally Chair the Society's Search & Governance Committee.
- It was proposed that the Committee Chair Fees for both the Audit & Risk and Remuneration Committees should be increased to recognise the additional skills and experience required in order to run these Committees effectively, and also align them to the median paid by other Societies. These are currently set at £120.51 per annum for each Committee

and, if approved, will increase to £2,500 per annum for the Chair of the Audit & Risk Committee and £1,500 per annum for the Chair of the Remuneration Committee.

- The fee for being a Board Committee member more generally would be increased to a figure more in line with the median paid by other Societies. This also reflects the additional activity and time commitment that the Society's Committees would be expected to absorb under the revised governance structure and remit recommended by the Board Effectiveness Review completed at the end of last year. The proposed increase creates a consistent fee of £750 per annum for membership and participation in each of the Society's Board Committees.
- The base Director and President fees were proposed to be rounded by a small amount to produce a 'clean' schedule of new fees.

The Remuneration Committee was satisfied that this outcome meets the strict corporate governance requirements outlined at the start of this item, and ensures that the Society can maintain a strong and effective Board in the long-term.

Ms J Moate asked members to approve proposed changes as outlined for Directors' Remuneration.

259 votes for (61.96%), 159 votes against (38.04%), 67 votes withheld.

Q&A Session

A Q&A session was held with members at this meeting, key topics raised were:

- Food product range offering.
- The use of plastic bags.
- Further development of the membership app to allow wallet integration and biometric security.
- Branch closures in the Grimsby area.
- Increase in personnel costs.

Members were thanks for their questions and detailed responses to all questions received would be published onto the Society's website over the coming days after this meeting.