



# 2021 ANNUAL REPORT



*When we look back at all of the challenges that resulted from dealing with year two of the Global Pandemic, and everything that faced our team members, I am sincerely grateful for the daily commitment and results our team members were able to achieve. We learned how to quickly adapt, pivot and change our daily focus no matter what challenge was placed upon our teams. The South Country Co-op team worked collaboratively together in dealing with all of the government guidelines and restrictions, while keeping the health and safety of our team members and customers a top priority. Moving forward, we have learned that regardless of the challenge, our team members will continue to work together and continue to provide the outstanding customer service we are known for today. We are a different kind of business, and it shows in the continued support we have received from our members over the past two years.*

*CEO Paul Haynes*

**CO-OP**



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# **SOUTH COUNTRY CO-OP LIMITED**

## **OUR VALUES**

### **EXCELLENCE**

Strive for innovation, reliability and sustainability.

### **COMMUNITY**

Care for and support our local communities.

### **INTEGRITY**

Honest, trustworthy and accountable.

### **PEOPLE**

Teamwork, passion, safety, friendly, family.



# AGENDA

1. Virtual Meeting Etiquette
2. Call Meeting to Order & Welcome Members
3. Oh Canada
4. Adoption of Agenda
5. Introduction of the Board & Invited Guests
6. Greetings from FCL
7. Approval of the 2021 AGM Meeting Minutes
8. Board of Directors' Report
9. CEO's Report
10. Auditors & Financial Report
11. Appointment of Auditors for 2022
12. Resolutions  
No Resolutions to report
13. Nomination Report / Director Elections
14. New Business
15. Question Period
16. Adjournment

*"We look forward to working collaboratively with our Board of Directors on all the issues that matter so we continue to offer long-term, sustainable returns to our members and owners across all 58 locations in our 19 communities, and beyond."*

*CEO Paul Haynes*

# 2021 MINUTES

## MINUTES OF THE SOUTH COUNTRY CO-OP LIMITED ANNUAL GENERAL MEETING HELD VIRTUALLY – VIA ZOOM MONDAY, MARCH 22, 2021 @ 7:00PM

Chairman Marcel Vanden Dungen, Chair of the Board of Directors for South Country Co-op Limited welcomed all those present virtually and called the meeting to order at 7:06pm with 67 members and 6 guests.

### Agenda

Dillion Dyck # 35023, moved the acceptance of the meeting agenda, seconded by Bill Ressler # 53371. CD

### Resolution R1. Electronic Voting

Chairman of the Member Relations and Community Engagement Committee, Bill Ressler introduced the rules for debate and the first Resolution, R1 – Electronic Voting.

Sue Edwards #90, moved the acceptance of the Resolution R1. Electronic Voting, seconded by Wayne Brost, # 2981. CD

### Minutes from 2020 AGM

Sue Edwards #90, moved the acceptance of the Meeting Minutes from the 2020 AGM, seconded by Tim Van der Hoek #204783. CD

### Board of Directors Report

Chairman Marcel Vanden Dungen presented the Board of Directors report for the fiscal year ending November 30, 2020.

Moved for acceptance by Tim Van der Hoek # 204783, seconded by Sue Edwards #90. CD

### CEO's Report

Chairman Marcel Vanden Dungen introduced Chief Executive Officer, Paul Haynes, to present the CEO Report.

Moved for acceptance by Marc Cayer #62400, seconded by Simon Neigum #24401. CD

### Auditor's Report

Chairman of the Finance, Audit & Enterprise Risk Management Committee, Simon Neigum introduced Delayne Sackman with MNP, LLP to present the Independent Auditor's Report.

The Independent Auditor's Report dated March 11, 2021 was reviewed by Delayne Sackman, with MNP, LLP.

Moved for acceptance by Simon Neigum #24401, seconded by Marc Cayer #62400. CD

### Financial Report

Chairman of the Finance, Audit & Enterprise Risk Management Committee, Simon Neigum then introduced Brad Dewing, Chief Financial Officer to present the 2020 Financial Report.

Moved for acceptance by Simon Neigum #24401, seconded by Dillion Dyck #35023. CD

### Appointment of Auditors

Chairman of the Finance, Audit & Enterprise Risk Management Committee, Simon Neigum made the recommendation to appoint MNP, LLP as External Auditors for South Country Co-op Limited for the year ending November 30, 2021.

Moved by Simon Neigum #24401, seconded by Sue Edwards #90, to appoint MNP LLP as auditors for South Country Co-op Limited for the fiscal year ending November 30, 2021. CD

### Resolution R.2 – Board Executive Title Changes

Chairman of the Member Relations and Community Engagement Committee, Bill Ressler introduced Resolution R.2 – Board Executive Title Changes.

Sue Edwards # 90, moved the acceptance Resolution R2. Board Executive Title Changes, seconded by Robert Weisgerber #15359. CD

### Resolution R.3 – Board Remuneration

Chairman of the Member Relations and Community Engagement Committee, Bill Ressler introduced Resolution R.3 – Board Remuneration.

Simon Neigum #24401, moved the acceptance of Resolution R3. Board Remuneration seconded by Tony Steidel # 220625. CD

### Nomination Report / Director Elections

Chairman of the Nominations Committee, Bill Ressler, continued into this portion of the meeting to read the results from Simply Voting and announce the successful candidates of the Director Election.

The results were sent to MNP, LLP (Delayne Sackman) directly from Simply Voting. Brad Dewing picked the sealed envelope up from MNP at 3:40 PM on March 22, 2021, on his way to the corporate office for the annual meeting and handed it to Bill Ressler.

Bill Ressler wished to thank all six of the nominees for their support and willingness. Bill declared the three (3) successful candidates: Sue Edwards, Marcel Vanden Dungen, and Tony Steier, all for Three - Year terms. Congratulations!

### Disposal of Votes

Chairman of the Nominations Committee, Bill Ressler, requested a motion from the participants to destroy the voting results.

Bill Ressler #53371, moved the acceptance to destroy the voting results from Simply Voting, seconded by Tim Van der Hoek #204783. CD

### New Business

There was no New Business brought forward.

### Question Period

Chairman Marcel Vanden Dungen and CEO Paul Haynes addressed any questions from the participants that were brought forward.

### Adjournment

Chairman Marcel Vanden Dungen requested a motion to adjourn the meeting.

Moved by Tim Van der Hoek #204783, seconded by Torrie Hinzman #42002 to adjourn the meeting at 8:37pm. CD



# WE ARE

LOCALLY  
INVESTED

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COMMUNITY  
MINDED

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LIFETIME  
MEMBERSHIP  
BENEFITS



# BOARD OF DIRECTORS



**MARCEL  
VANDEN DUNGEN**  
CHAIR



**SUE EDWARDS**  
VICE CHAIR



**SIMON NEIGUM**  
SECRETARY



**WAYNE BROST**  
DIRECTOR



**LYNN FOWLIE**  
DIRECTOR



**BILL RESSLER**  
DIRECTOR



**TONY STEIDEL**  
DIRECTOR



**TONY STEIER**  
DIRECTOR



**ROBERT  
WEISGERBER**  
DIRECTOR



# EXECUTIVE LEADERSHIP TEAM



**PAUL HAYNES**

CHIEF EXECUTIVE OFFICER



**KERRI UNGER**

EXECUTIVE ASSISTANT



**CARMEN HUDSON**

DIRECTOR OF MARKETING  
& COMMUNITY RELATIONS



**SHERILYNN BEBEAU**

VP OF  
HUMAN RESOURCES



**DEAN SHROPSHIRE**

VP OPERATIONS  
CONSUMER



**BRUCE BUCKINGHAM**

VP OPERATIONS  
ENERGY



**MIKE MUELLER**

VP OPERATIONS - AGRO



**BRAD DEWING**

CHIEF FINANCIAL OFFICER



**RICK BOLEN**

DIRECTOR OF DEVELOPMENT



# SENIOR LEADERSHIP TEAM



**CLAUDETTE HOFFART**  
PHARMACY DIVISION MANAGER



**STEFANIE MCKINLEY**  
ASSISTANT CONTROLLER



**MARC CAYER**  
ASSET PROTECTION  
MANAGER



**HEATHER  
SMITH-SCHENKEY**  
HEALTH, SAFETY &  
ENVIRONMENT MANAGER



**DARREN ANDRES**  
FOOD DIVISION MANAGER



**NICOLE CARRIER**  
FLEET MANAGER



**CHRIS DANDERFER**  
AGRO SOLUTIONS MANAGER



**BRAD KLASSEN**  
GAS BAR DIVISION  
MANAGER



**MONICA MILLER**  
LIQUOR DIVISION MANAGER



**ANNA TORKELSON**  
PETROLEUM DIVISION  
MANAGER



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## BOARD PRESIDENT REPORT



**MARCEL VANDEN DUNGEN,  
BOARD CHAIR**

At last year's annual meeting, my word of the year was "gratitude". In spite of the many difficulties 2020 presented, I was very grateful for our employees, members, and Directors who successfully helped see us through the many challenges and difficulties we faced. While I am still extremely grateful for our South Country Co-op community, my word of the year for 2021 is "proud"!

2021 proved to be another extremely challenging year. The pandemic continued its assault with wave after wave of variants. In addition to the health concern for those affected, this resulted in labor shortages at various points of the year at many of our locations. I, and the entire Board, cannot thank our team members and management enough for going "above and beyond" to navigate through these shortages and keep providing service to our members with minimal disruptions.

Adding insult to injury, we suffered one of the driest years on record in Southern Alberta, negatively affecting our agriculture division and most, if not all, of our farmer members.

Last year I expressed our gratitude to our CEO, Paul Haynes, and his leadership team for "tirelessly, and very successfully, guid(ing) our organization through one of the most difficult years we, hopefully, (would) ever experience". Unfortunately, we repeated (and maybe exceeded?) that level of difficulty in 2021.

And yet, in spite of these formidable challenges, Paul, and our entire South Country Co-op team, together with the support of you our members, stepped up to the plate and hit a homerun for us. Strong local results, together with our loyalty and patronage returns from Federated Cooperatives Ltd (FCL), resulted in the second highest sales and profit results

in our history... and I could not be more proud!

Following our 2021 AGM, we welcomed one new Director to the Board (Tony Steier), elected the same Board Executive as the previous year (Marcel Vanden Dungen, Chair; Sue Edwards, Vice-Chair; Simon Neigum, Secretary), and we operated this past year with a full slate of nine directors.

The Board again operated with three permanent committees last year, consisting of Governance, Member Relations and Community Engagement, and the FARM Committee (Finance, Audit, and Enterprise Risk Management). We also established one temporary committee for elections, the Nominations Committee, and a Resolutions Committee for AGM resolutions. All Board committees are intended to support Board functions and increase overall Board efficiency. We continue to use virtual meeting formats quite extensively, both due to COVID restrictions, but also for convenience and to reduce Board costs.

As mentioned last year, the Board and Executive Leadership Team conducted a virtual Strategic Planning session in February, 2021, and we finally were able to meet together in person last week to continue our strategic planning process. Our CEO, Paul, will provide a few more details of the outcome of the original planning session in his report.

2021 proved to be a rebound year financially, following a challenging year in 2020 for both South Country Co-op and FCL, which we own along with approximately 160 other retail co-ops in western Canada. Both FCL and South Country Co-op experienced a rebound in sales from the previous year, which had a corresponding positive impact on the bottom line. Our loyalty and patronage returns from FCL totaled \$27.7 million in 2021, almost double the previous year. We once again had a positive local net savings at South Country, totaling almost \$1.9 million, again doubling the previous year.

As mentioned above, the end result was a very positive outcome for South Country, with a net bottom line of over \$29 million before taxes. In addition, our balance sheet remains strong and our cash position remains healthy. As a result, the Board approved an increased patronage allocation for this year of \$17.9 million, of which \$13.4 million will be paid in cash. This amount is paid directly to you, the member, and remains in our communities, which again highlights the benefit of the co-op business model and of membership in South Country Co-op.

In closing, I am proud of, and want to thank, our co-op community: our Board, our employees, our customers and our members. Together, in spite of many on-going challenges, we have achieved great success this past year, and I continue to look forward to a brighter future ahead.

We are strong.

We are resilient.

We are Co-op.

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## CEO'S REPORT



**PAUL HAYNES, CEO**

In 2021 South Country Co-op faced many challenges related to the ongoing COVID-19 pandemic, despite that we have achieved many exciting accomplishments that I'd like to share with you. Within this report I will give you a brief overview of our direction in 2022.

South Country Co-op achieved sales of \$511 Million, a 15.9% improvement over last year. The increases in revenues are attributable to inflation in the bulk petroleum and gas bar divisions along with increased sales in Fertilizer, Pharmacy and Liquor.

Total margins for the year were \$1.1 million, 1.9% below budget. We also reduced expenses by \$2.6 million, or 4.7%, which improved local savings by \$3.69 million over budget and \$955,000 over last year. We're proud of these results despite the continued costs and challenges we are facing due to the pandemic.

***South Country Co-op will pay back \$17.9 million in equity to our members; \$13.4 million of that will be in cash!***

Operational changes within the Agro Division helped improve sales, reduced expenses, and improved our bottom-line results. Although we recorded a loss, we noted considerable improvements in Agro Division contributions of \$1.1 million, a 31.2% increase over

2020. We accomplished these results despite facing the driest conditions farmers have experienced in over 30 years.

As a result of the large food center modernization that took place in Taber this past year, there was an overall decrease to our bottom-line results in the food division, despite that, your Co-op still achieved a net positive savings of 5.8%. These results are also directly related to the significant increase in Federated Co-operatives Limited (FCL) patronage due to the recovery in the energy industry and higher profits from the CRC refinery in Regina. South Country Co-ops earnings before interest, tax and depreciation (EBITDA) came in at 7.1% on a budget of 4.4%.

There is no doubt, 2021 was the most challenging year in the retail sector to date. Throughout the year we had been dealing with the ongoing COVID-19 pandemic. This included providing a safe and healthy shopping environment which sets us apart from many other retails. We were also faced with providing critical support to all of our Team Leaders and Team Members who showed up each and every day. Wow, can I just say we are so very proud of the level of guest service they have provided over the past two years.

Turning to some good news and the future. South Country Co-op will pay back \$17.9 million in equity to our members; \$13.4 million of that will be in cash. This is an incredible accomplishment and reinforces our commitment to the communities we serve!

COVID-19 continues to change the way we do business. As we have over the past two years, we will continue hosting our AGMs virtually. South Country Co-op was a leading innovator as the first Co-op to host a virtual AGM in 2020. Our successful implementation of this had other co-ops subsequently following suit.

During the pandemic South Country Co-op has managed to keep our retails clean, safe and open. I am so proud and thankful to be a part of this entire Team during such stressful times. Our proactive practices have provided our guests with the confidence to continue shopping with us, as well build a larger customer-base who sees the value in our practices. Throughout these uncertain times, our Team continues to work together to ensure the best decisions are made for the long-term sustainability of the co-op.

We continue to be an industry leader in the area of health, safety & environmental stewardship throughout our trading area. Our management program in this area is accessible, updated, and audited electronically on a daily basis. This process ensures we remain compliant with all provincial and



federal guidelines. Further to this, it reduces the risk of severe incidents occurring which could have long lasting effects on our operations.

In October 2021, we celebrated a grand re-opening at our Taber Food Center. With this newly renovated facility you will see a new floor plan which includes bringing all of our fresh departments together, as well as right sizing the food center for our current sales volume. Some of the new features include state-of-the-art energy-efficient refrigeration equipment, LED lighting, and interior décor that feature several images from our local Taber community. The renovation also provided open space for other businesses such as Anytime Fitness Center and a Medical Office. The addition of these two businesses delivers value to our current Taber Food Center allowing for one-stop convenience for our members.

Due to pandemic restrictions, activities at Co-op Place were limited. Although WHL Hockey resumed in January 2021, several new restrictions were placed on all event centers with capacity limits of over 100 attendees in our province. In 2022, we hope these restrictions will be removed so we can support local initiatives and events that will take place at this world-class facility.

Throughout the past two years, we've kept our messaging consistent and reliable while reminding our communities that we're committed to being and staying LOCAL. Despite the pandemic, we donated over \$100,000 to local teams, clubs, businesses and community initiatives to keep one of our Core Values, Community, strong. A new Co-op campaign, We Are Co-op, focuses on LOCAL, CANADIAN-MADE, and PEOPLE.

Working together with our Board and Executive Leadership Team, we have identified five strategic

imperatives that will focus on the longer-term sustainability of our Co-op.

These imperatives include:

**01)** the continued training and development of our people. We feel our Team is our greatest asset as we continue to grow and expand in the future.

**02)** the continued expansion and support of local for all suppliers that produce and offer goods in the markets we serve.

**03)** community engagement focus to ensure our team leaders and members provide greater support to initiatives that improve customer satisfaction.

**04)** sustainability and our continued support on all initiatives that relate to environmentally sound business improvements.

**05)** a 5-year growth strategy that will ensure we continue to expand our offerings and services into new communities.

These new objectives provide clear direction and ensure the long-term growth of your Co-op.

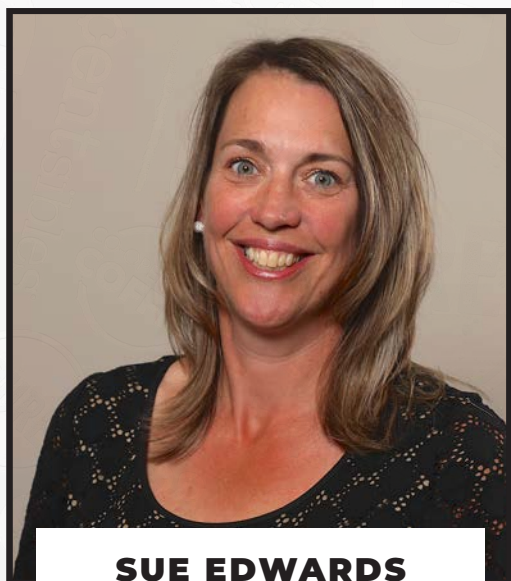
As 2022 unfolds we're ready for all of the challenges it may bring. We will continue to make our customers feel "at home" by providing a safe shopping environment and ultimately the best guest experiences we can offer. We will also continue to offer agility and responsiveness to the ever-changing markets.

We look forward to working collaboratively with our Board of Directors on all the issues that matter so we continue to offer long-term, sustainable returns to our members and owners across all 58 locations in our 19 communities, and beyond.





## GOVERNANCE COMMITTEE REPORT



**SUE EDWARDS**

CHAIR, GOVERNANCE COMMITTEE

The Governance Committee assists the Board in:

- Building and enhancing the board's effectiveness and continuous improvement;
- Developing self-governance policies;
- Overseeing operational and staff policies with management and;
- Reviewing the terms of reference for all of South Country Co-op's (SCC) committees.

Governance committee had a busy year with the continual changes in regulations due to Covid-19. Sherilynn BeBeau and her HR team members did an amazing job at developing and revising policies. Our committee met regularly to keep up with these ongoing

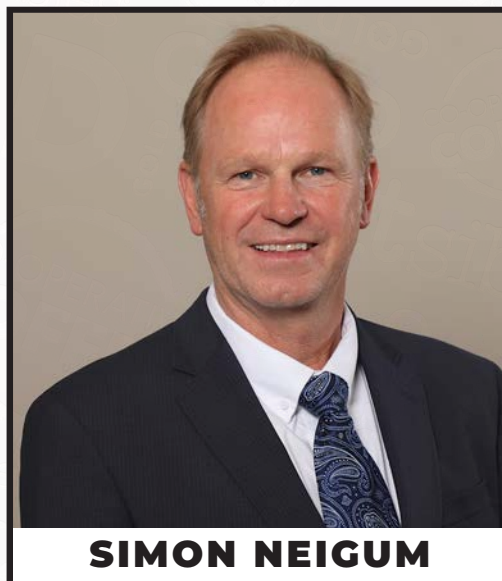
***Sherilynn BeBeau and her HR team members did an amazing job at developing and revising policies.***

changes.

The governance committee started a complete review of the Bylaws, which will be ready to present to the memberships at the 2023 AGM.

Finally, the committee reviewed the Board committees' Terms of Reference in November. I would like to thank board members Simon, Bill, Tony, Marcel and ELT staff Sherilynn, Paul, and Kerri for their hours of work with this committee.

## FARM COMMITTEE REPORT



**SIMON NEIGUM**

CHAIR, FINANCE, AUDIT, ENTERPRISE  
RISK MANAGEMENT COMMITTEE

Our FARM committee consists of the review of Finance, Audit and Enterprise Risk Management for South Country Co-op (SCC). The committee assists the Board in reviewing and monitoring functions of management of the affairs of the Co-op.

The committee consists of four Board members, Wayne Brost, Robert Weisgerber and Lynn Fowle plus our Board Chair, Marcel Vanden Dungen as ex-officio, and the Chair of the committee, Simon Neigum. The committee met bi-monthly or quarterly as the demand required to fulfill our monitoring and oversight function and then reporting back to the Board for any motions and acceptance. For Finance, the committee made recommendations back to the full Board in areas such as the annual operating budget, expenditure authority limits on corporate assets, year-end financial results, member patronage allocation rates, changes to policies plus several other related topics.

The other terms of reference and reporting for the committee included Audit and ERM functions, which include: assessing the independence of SCC's internal and external auditor and their respective functions, ensuring the enterprise risk remains within acceptable tolerance levels and recommending and appointing of the external auditor for the coming year plus recommendation of the consolidated financial statements to the Board as a whole.

The CEO and / or CFO as well as other resource staff provide timely and accurate information as required to perform the functions the committee is assigned through the Terms of Reference and Board Chair. These results of the committees work are embedded in the results you see in the AGM report in its various components.

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## MEMBER RELATIONS COMMITTEE REPORT



**BILL RESSLER**  
CHAIR, MEMBER RELATIONS  
COMMITTEE

The committee includes 4 members from the Board of Directors and 2 members at large. The directors are Bill Ressler (chair), Sue Edwards, Lynn Fowlie, and Anthony Steier. Brian Hancock from Lethbridge and Danna Fergusson from Vauxhall are the members at large.

One of the responsibilities of the committee is review the donations and grants policy. Our policy sets a budget of 1% of our Net Savings from the previous fiscal year-end. Our criteria and an online application form can be found on our website.

We also support minor sports and youth groups through the sale of Co-op gift cards. In the past year groups have earned approximately \$30,000. Details and eligibility can be found under the donations tab on our website. South Country Co-op is increasingly using technology to engage our members. You can follow us on Twitter and Facebook or download one of our apps (Co-op App for food, home, fuel and agro, Pharmacy App, and our new Car Wash app).

***This past year our donations  
around Southern Alberta  
totalled over \$100,000***

Our donations are spread around Southern Alberta to reflect our membership. The past year donations by area are :

- Medicine Hat, Dunmore, Cypress County, Redcliff – \$12,646
- Taber - \$11,310
- Bow Island/Foremost - \$5876
- Vauxhall - \$7180
- Lethbridge/Broxburn/Picture Butte - \$8881
- Brooks/Bassano- \$8501
- Oyen/Acadia Valley - \$6515
- Claresholm/Lomond/High River/Barons - \$12,323

This past year our donations totalled \$73,185. Some of these are highlighted below.

In a 9-day campaign, South Country members donated over \$4,000 for flood relief in British Columbia. This matched by SCC and by FCL which resulted in \$13,400 being donated to the Red Cross.

On Fuel Good Day SCC donated 5¢ from every litre of gas and \$1 from every Co-operative Coffee or Big Cool to the southeast branch of Canadian Mental Health Association. This year \$12,000 was raised.

SCC donates 3¢ for every reusable bag our customers use. This year we raised \$7,194.81 for local charities and organizations. The recipients this year were the Vauxhall Public Library, the Taber & District Health Foundation, and Ronald McDonald House in Medicine Hat.

Upon request, we donate \$250 to each 4H club in our trading area.

We also help the Canadian Food Grains Banks in our area. We support them with free agronomy services, help with their seed and chemical products and fuel for the harvest.

We awarded 10 \$1,000 scholarships to area high school graduates and 5 more scholarships to employees or children of employees.

Most recently, we have donated 300 comfort bags to the Pediatric unit at the Medicine Hat hospital.

For larger donations, we encourage groups to look into the Community Spaces Program, which is sponsored by Federated Co-operatives Limited. This year we were very pleased that the Medicine Hat Food Bank received a \$125,000 grant. It will go towards creating the Co-op Community Cafe, a space that's accessible to everyone based on a pay-what-you-can model.



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## AGRO REPORT



**MIKE MUELLER**  
**VP AGRO**

On behalf of South Country Co-op, we would like to thank all of our members for your unwavering patronage, support and trust. Through resiliency, hard work, and perseverance our respected and coveted Southern Alberta members once again showed their impeccable character in navigating such a challenging 2021 crop year.

When looking at average yield estimates from 2021, farmer's experienced values that were well below half of the five-and ten-year averages with dryland acres representing the majority of these declines year over year. Dryland crop averages in the Southern Alberta region showed spring wheat averages at 17.8 bushels, Barley 20.5 bushels, Oats 27.4 bushels, Canola 16.1 bushels and Peas 18.9 bushels. As well, 50% of farmers in the South region were short on feed and 53% were on forage reserves. With extreme heat and dry conditions not only were yields affected but soil moisture reserves were also a cause for concern as 33.9% of the region rated as poor, 46.3% rated as fair which has farmers nervous for the 2022 crop year despite record high future commodity prices.

The Alberta government paid out in excess of \$1 billion dollars in crop insurance as well as \$136 million to livestock producers province wide. In Southern Alberta, three municipalities within South Country Co-op's trading area declared a state of agricultural disaster due to the extreme heat and dry conditions experienced in 2021. Couple this with record high crop input, fuel, and steel prices as well as supply chain challenges, the

adversity that our valued customers faced and how they have come through such a tough year should provide us all with a high level of admiration and respect given these factors. We at South Country Co-op commend all of you for being innovators in trying to feed the world.

Through these challenges the Agro Division team were committed to working with our members with a solutions-based focus and strived to be with you side by side to navigate the challenges of 2021. Overall sales increased by \$7,792,39 or 6.54% year over year highlighted with an 11% increase in dry fertilizer sales which can be equated partially to a fully functional Grassy Lake Terminal funded by FCL which gave us the ability to expand our footprint into non-traditional areas where we don't have fertilizer asset sites such as Foremost, Brooks, and Vauxhall. Expenses were \$1,362,958 or 9.92% under last year which shows great stewardship and business focus by our team in such a challenging year. We were diligent in this area but maintained a high level of service to our customers.

Margins were \$310,846 or 3% under last year and given the instability of markets which represents live commodities such as fertilizer, glyphosates, and equipment, South Country Co-op and our team were committed to providing cost effective solutions. All the while, monitoring volatile live markets, with the understanding of how important our relationship-based partnerships in profitability between our members and South Country Co-op truly are. With these factors in mind South Country Co-op improved our profitability and contribution by \$1,052,112 or 31.1% year over year and just over a \$4 million dollar improvement since November of 2019. Once again, we saw our contribution increase across our division with nine locations improving year over year. Increased profitability will ultimately reward our valued customer base with increased returns in dividends.

***South Country Co-op improved our profitability and contribution by \$1,052,112 or 31.1% year over year and just over a \$4 million dollar improvement since November 2019***

We will continue to center our business around our customers and share profits with our members. Our commitment to having a solutions-based focus to our members and building genuine relationships with those members is paramount to our success.

We also understand the importance of being local and truly supporting local across our geographic footprint of 10 Agro locations and investing in each of those communities that we are located in. We need to support these communities so that all can see the benefit of South Country Co-op's brand, vision, mission, and values now and in the foreseeable future.

South Country Co-op is committed to investing in our people through training and development and continuously working towards our stewardship in the agriculture business. Our goal is to be trusted advisors and form valuable partnerships with our members where both can live and flourish in such a turbulent space. We are continually looking for ways to expand and adapt to an ever-changing business model and are open to new technology and business practices that can complement our valued members. We are determined to adapt and be innovators in an industry where our valued customers continue to lead the way and are great role models for us all.

We are committed to move forward from 2021, celebrate some of the victories that we experienced in the Agro Division but are very aware of the hard work and commitment it will take from all of us to improve going forward. With promising future commodity pricing, and a little help with weather 2022 does look promising. We are committed to navigating, planning, and communicating some of the potential supply chain challenges due to global events and are committed to providing solutions and plausible alternatives to complement our valued members. With the support from our members, Board of Directors, and our staff that service our customer needs on a daily basis, I look forward to a bright 2022.



**WE ARE : PARTNERS**  
**WE ARE : BUILDING A LEGACY**  
**WE ARE : CO-OP**



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## HR REPORT



**SHERILYNN BEBEAU**  
**VP HUMAN RESOURCES**

2021 was another year that we were challenged with continuing to navigate through a turbulent and ever-changing global pandemic. The continuous uncertainties of the pandemic had a significant impact on all our 700 plus Team Members employed with South Country Co-op Limited.

As we learned in the previous year, we needed to adjust and remain vigilant with how we reacted to the continuous changes to ensure that the health, safety and welfare of all Team Members, member-owners, and our communities remained intact. The Human Resources department was focused on ensuring that the proper processes and training remained relevant to assist our Team Members with the safeguards to provide safe and effective services to our members, as well as ensuring that their own health and safety was top of mind.

Throughout the year, we were faced with additional unknowns as the pandemic was always changing, and expectations of employers and employees to continue to work and provide services within our communities were also rapidly evolving.

Despite a trying year, our Team Members embraced that their "new normal" would continue to change with time. Our Team Members showed diligence and perseverance in all aspects of their daily work, but most importantly everyone maintained a high standard of guest service and safe environments for each other and our members.

Despite a year of challenges and unknowns, fatigue and frustration, our Team Members maintained our standards and continued taking pride in our brand. They truly represent the feeling that "You're at home here", and helped us exclaim from the rooftops that "We are Co-op", a different kind of business, and here to support our communities however we can.

***The Human Resources department was focused on ensuring that the proper processes and training remained relevant to assist our Team Members with the safeguards to provide safe and effective services to our members, as well as ensuring that their own health and safety was top of mind.***

Our Team Members showed that we truly are a strong family that comes together through tough times to assist each other within the employee group and deliver exceptional guest service within all of the communities that we serve. Thank you for your vigilance and perseverance in all aspects of their daily work throughout the year.

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## ENERGY REPORT



The Energy Division of South Country Co-op comprises of two divisions: the Petroleum Division and the Gas Bar Division. These two Divisions include five bulk petroleum locations, 16 cardlock locations, 13 gas bar locations and 12 Tempo gas bar locations. These facilities are spread throughout South Country Co-op's trading area in 19 communities in Southern Alberta. Along with fuel offerings, our division provides convenience store service, car washes, bulk oil, bulk diesel exhaust fluid, fuel tanks and accessories, fuel tank monitoring and direct-to-farm delivery. Our fuel team provides dedicated, caring and trustworthy services to our members. We can never thank our team enough for what they do every day for our members and our customers.

***Our people are our greatest assets and we need to continue to develop them to ensure our continued success***

2021 has once again been one of the most challenging years the Energy Department has faced. South Country Co-op has endured all of the challenges faced from the world pandemic. Covid-19 continued bringing on several new variants which posed significant challenges on our day-to-day operations. The continued mandated lockdowns that had reduced our fuel volume and the risk of time lost by team members affected our ability to conduct business.

Once again, our Petroleum Team continued to show up each and every day and take Covid-19 head on. They

pushed through to overcome these challenges. Although we did see a rebound in bulk petroleum sales in 2021, our Gas Bar Division's growth did not recover at the same pace due to continued lockdowns in the first half of 2021. We are however, even with the continued challenges, able to pivot and find new ways of improving our energy division sales.

2021 turned out to be one of the driest years in the past 30 years which affected Ag and bulk petroleum sales. Even with these challenges, the petroleum department had one of the most successful years on record. These were the results of stronger energy margins, and improved expense control at various locations. In addition, FCL paid back strong patronage results in the energy commodity which strengthened our year-end results.

Our new cardlock in Claresholm got off to a slower start in 2021, however in the past several months, continues to surpass budgeted numbers. Our Energy Division has been fortunate to promote internal candidates to management or roles with expanded responsibilities.

Among the 21 managers in the Energy Division, 17 of them have been promoted internally. Moving forward, we realize that our people are our greatest assets and we need to continue to develop them to ensure our continued success. This speaks to the commitment South Country Co-op has made to succession planning, training and development.

Despite the turmoil 2021 has handed us, the Energy Division will continue to support out 2022 Strategic Imperative around growth. Plans are currently in the works to open a new cardlock in Bassano which will serve a very large trading area around Bassano but also high traffic on the #1 highway. We also continue to look at expanding our gas bar offering in the Lethbridge area and have a number of opportunities we are currently reviewing.

Late in 2021, our Vice President of Energy, Bruce Buckingham, decided that family was of most importance to him and took on a new role as Operations Manager at Mid Island Co-op. Although this decision was a difficult one for Bruce, we applaud him for realizing the importance of being closer to family including his three grandchildren. We thank Bruce for his many years of service to both Vauxhall and South Country Co-op.

In conclusion, we want to recognize our team members on the front line. They continue to provide our members with top-notch customer service while dealing with the global pandemic's challenges. A big thank you to all the members and customers for your patronage and support. We sincerely look forward to providing you with the service you are accustomed to in 2022.



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## CONSUMER REPORT



**DEAN SHROPSHIRE**  
**VP CONSUMER**

The consumer division faced another challenging year in 2021, as we worked around worldwide supply chain shortages in Food and additional waves of COVID-19. While these obstacles caused frustration for Team Members and guests, we continued giving excellent guest service and professionalism while providing essential services within our communities.

Overall, the Consumer Division improved in 2021, coming in \$1,537,273 (1.34%) over budget, which is an outstanding achievement considering the reopening of bars and restaurants, and a sluggish economy from the pandemic. As a Team, we remained focused on our Strategic Initiatives, building our internal Best Practices, upgrading the Taber Food store, and ensuring our Team and guests are protected with our continued stringent safety protocols.

***We proudly ended 2021 as the top retailer for several local breweries!***

Supply chain issues persisted throughout the year, especially for meat and fresh produce, but encouraged our management team to research new resource avenues to keep our members and guests happy with our selection. We proactively expanded our local

product selection in every area of food possible. We're proud of this accomplishment and are eager to continue offering a high level of support for local businesses in the coming year.

Our Taber food centre's renovation was completed at the end of the year and has received positive feedback from members and guests. The store has been modernized and now looks and feels like a Co-op. New graphics feature our brands, the fresh departments are better located for our guests' shopping convenience, and the deli has new offerings. An adjusted floor plan brought the opportunity for additional tenants in the building space, including a 24-hour Anytime Fitness so members can exercise on their own schedule.

2021 was an interesting and demanding year for our Pharmacies. We were part of the COVID-19 vaccine rollout which was gratifying, but also a struggle due to communication issues with Alberta Health Services, and the vaccine supply chain. COVID-19 continued to introduce changes to pharmacy practices, but our Pharmacy Team has stepped up to the challenge.

Our Taber food centre pharmacy was included in the renovation and is now better equipped to help our guests thanks to two drop-off stations, two pick-up stations, and two new professional service rooms. These updates will help our Taber pharmacy grow in the coming years.

Changing health restrictions significantly impacted fuel sales, and in-store sales in our Gas Bar Division. The supply of fuel additives temporarily impacted our "Top Tier" certification, but all fuel standards were met during that time. Worldwide supplier and logistics issues caused some c-store product shortages. Team Leaders worked diligently through these challenges and Team Member availability to ensure sites were merchandised well and were clean and safe for guests.

Supply and severe weather were issues for our Liquor Division, with international shipping struggles, British Columbia storms, and a lack of aluminum for product packaging. We mitigated shortages by keeping additional stock on hand when it was available. This proved to be a good strategy as we saw strong sales throughout the year and into the holiday season. Our marketing plans for Liquor include regular flyers, increased social media, and presence on Skip the Dishes / Let's Order In delivery apps for seven locations.

Our focus on local products and suppliers extends to Liquor, and data from company representatives have shown positive growth within the division despite an overall decrease in the industry. We proudly ended 2021

as the top retailer for several local breweries!

Our Liquor division has been working with FCL to introduce a new Point of Sale (POS) system to our locations, and it should be ready for testing within the second quarter of 2022, followed by a rollout to other locations, and potentially other commodities.

Although 2021 was a very challenging year, as a TEAM we worked together for the safety and security of our fellow co-workers, members, and guests. We will continue to face what 2022 brings us as a united front.

# Look for these Private Label product lines at our Food Centres!



cent**sibles**



LUCKY  
DRAGON



GOLD





## 2021 SUCCESSES

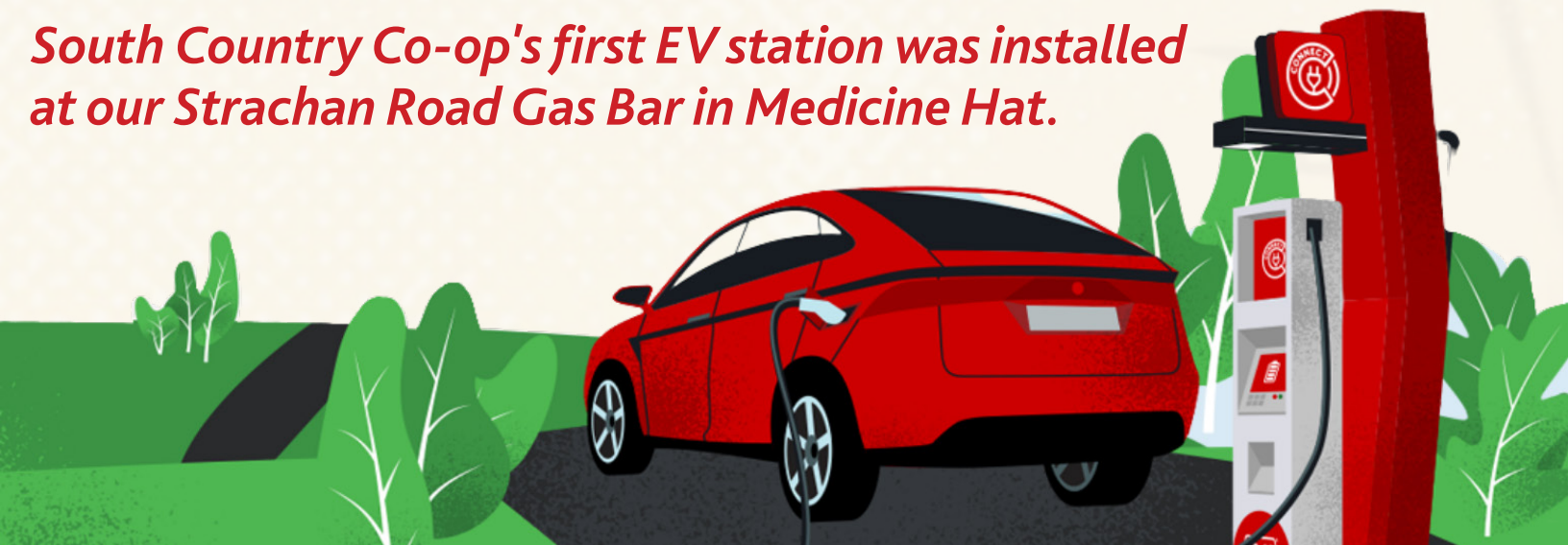


*Over \$7,100 was raised for local charities thanks to our reusable bag program for the Ronald McDonald House in Medicine Hat, Taber & District Health Foundation, and the Vauxhall Public Library.*

*Almost 240,000 plastic bags were saved from the landfill!*



*South Country Co-op's first EV station was installed at our Strachan Road Gas Bar in Medicine Hat.*





# 2021

## At A Glance

**\$511.4m**

IN SALES

**\$260.2m**

IN ASSETS

**\$29.5m**

IN NET SAVINGS

**\$17.96m**

IN PATRONAGE



# Our Profits Are Your Profits

## 2021 COMMODITY ALLOCATIONS

Dyed Fuels	6% (approx. 5.5 cents / L)
Pumps & Clear Fuel	5% (approx. 6.0 cents / L)
Crop Services	3.0%
Fertilizer	1.0%
Oil & Grease	8.0%
Hardware & Ag Equipment	3.0%
Tires	3.0%
Propane	8.0%
Food & Confectionery	4.0%
Pharmacy	7.0%
Wine & Spirits	1.5%

**SOUTH COUNTRY CO-OP PAID  
BACK **\$13.4 MILLION** IN CASH  
FOR YOUR 2021 PURCHASES.**

*Since the 2015 amalgamation, South Country Co-op has paid back over \$68 million in cash to member-owners.*