

SOUTH COUNTRY CO-OP



2019 Director Election Handbook

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SOUTH COUNTRY CO-OP

Preface

South Country Co-op Ltd. is a locally operated co-operative owned by its members. The shares that you purchase when you join South Country Co-op make you a member-owner and provide you with all the value and benefits of membership in this highly successful co-operative.

As a member in good standing and as an owner you are eligible to participate in the democratic processes that are unique to co-operatives. This means that you have the ability to nominate candidates for the Board of Directors, vote in director elections, stand for election as a director and actively participate in the annual general meeting.

This Handbook provides important information about the director election process and the role of a director for members who may be considering standing for election to the Board of Directors. This booklet is a reference about the democratic structure, election process as well as procedures and qualifications for a position on the Board of Directors. The information provides an outline about the roles, responsibilities and duties of a director and the commitment that a member will need to make if they are successful in attaining a position on the Board.

Newly elected directors will also find the information in this Handbook a useful reference as they embark on a term on the South Country Co-op Board of Directors.



SOUTH COUNTRY CO-OP

Introduction

Since its roots going back to 1956 South Country Co-op Ltd. has grown from a single location small outlet to a diverse major commercial and consumer retailer, fuel supplier and agricultural service provider across southern Alberta.

South Country Co-op marked its 62nd year of operations in 2018 – over six decades of community investment, progress and community building!

Locally owned and operated, South Country Co-op employs over 600 employees. At the end fiscal 2018 South Country Co-op had sales exceeding **\$538** million and in excess of 60,000 members.

South Country Co-op’s head office is located in Medicine Hat. The Co-op offers services and facilities in the following communities:

- Acadia Valley
- Barons
- Bassano
- Bow Island
- Brooks
- Claresholm
- Duchess
- Dunmore
- Foremost
- Hays
- High River
- Lethbridge
- Lomond
- Medicine Hat
- Oyen
- Picture Butte
- Redcliff
- Taber
- Vauxhall

South Country Co-op’s trading areas encompasses approximately 150,000 km²; Alberta–Montana border to the south; Saskatchewan Highway 21 corridor to the east; Highway 12 to the north and Highway 2 corridor to the west, Calgary and south

The continued success and service to our members and customers is a priority for the Board of Directors, the management and staff as we move into our seventh decade of sales and service in southern Alberta.

Co-operative Principles

The co-operative principles are guidelines by which co-operatives put their values into practice. South Country Co-op embraces the fundamental co-operative principles:

➤ **Voluntary and Open Membership**

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

➤ **Democratic Member Control**

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives (such as South Country Co-op), members have equal voting.

➤ **Member Economic Participation**

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

➤ **Autonomy and Independence**

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

➤ **Education, Training and Information**

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operative. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

➤ **Co-operation among Cooperatives**

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

➤ **Concern for Community**

Co-operatives work for the sustainable development of their communities through policies approved by their members.

Vision

Setting the standard through co-operative excellence we will be the preferred retail destination in the communities we serve.

Mission

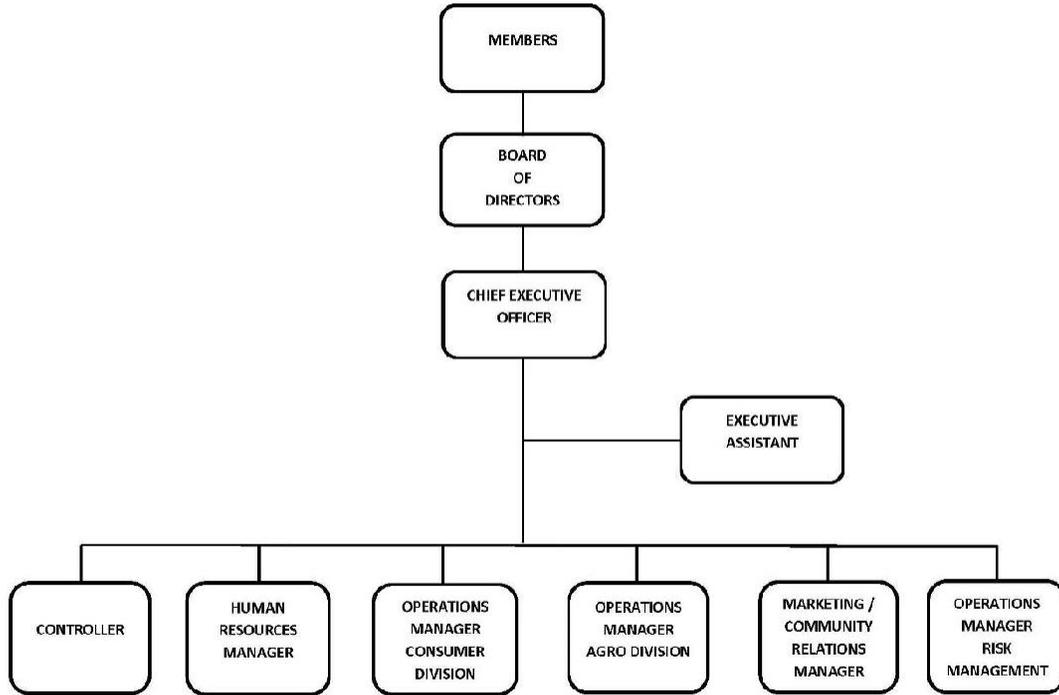
We will be the leader in providing value to our customers through exceptional service and quality products, while sharing our profits with our members.

Code of Ethical Standards

South Country Co-op has adopted the International Co-operative Association *Code of Ethical Standards for Co-operation* because it recognizes that, as a consumer-owned co-operative, it has a responsibility to respect, promote, and protect the rights of consumers, and that these rights include the right to safety, to be informed, to choose, and be heard. In support of its responsibility to appreciate the rights of consumers, South Country Co-op and its representatives shall aim to observe and apply in all of its activities the following code of ethical standards:

- All claims, statements, information, advice, and proposals shall be honest and factual.
- Sufficient disclosure of pertinent facts and information shall be made to enable others to adequately judge the offered product, service or proposal, and its suitability for the purpose to be served.
- Due regard shall be given to public decency and good taste.
- Unfair exploitation in any form shall be avoided.
- Comparison of co-operative merchandising, products, services, philosophy, principles, or practices to those of others shall be made honestly and fairly, and without intent to harmfully disparage.
- The interests of the membership as a whole shall be paramount to the interests of the Association.
- Members shall be treated equitably.
- Knowingly advising or persuading individuals to take action that may not be in their best interest shall be avoided.

SOUTH COUNTRY CO-OP LIMITED - ORGANIZATIONAL CHART



SOUTH COUNTRY CO-OP



Director Elections

Directors are elected to the South Country Co-op Board of Directors through a formal democratic voting process. There are nine members on the Board of Directors, including a President/Chair of the Board, Vice President and Board Secretary.

Directors oversee the management of the business and affairs of South Country Co-op, subject to the *Alberta Cooperatives Act, Regulations, Articles of Incorporation* and the co-op's by-laws. Directors may exercise all of the powers of the Co-op that are not required to be exercised by the Co-op in a general members meeting.

Each year, South Country Co-op members elect three directors to the Board of Directors, each for a three-year term. The term of office for each of the nine director positions expires on a staggered basis, that is, the term of office for three director positions expire in the current year, three positions in the next year, and three positions in the following year. This transition period provides the Board with continuity and stability, and ensures that a certain number of experienced directors remain on the Board to assist newly elected directors in learning their roles and responsibilities.

This year, there are two director positions that expire and two vacant positions. The top three candidates' term will expire in 2022, with the fourth highest expiring in 2021. The following process is outlined in the South Country Coop bylaws, section 7.05:

(e) If the candidates are to be elected for different terms of office, the candidate who receives the greatest number of votes in the election is elected for the longest term and the other candidates who receive the next greatest number of votes are elected for the longest remaining terms to be filled, in descending order, until the number of directors to be elected has been elected.

Voting

Individuals wanting to vote must have a membership in their own name on or before the fiftieth (50th) day before the annual general meeting, February 1, 2019, to be eligible to vote, in accordance with *Bylaw 4.05 – Record Date*.

Director Responsibilities

Within the framework of the South Country Co-op governance model and business structure, directors speak and act on behalf of the Co-op's members.

The Board of Directors has responsibility for the following matters:

- Establishing the overall mission, objectives and policies for the direction of the Co-op.
- Establishing policies, processes and procedures for the structure and operation of the Board itself.
- Selecting, appointing, monitoring, evaluating and setting remuneration of the Chief Executive Officer.
- Approving the organizational structure and salary schedules for the upper levels of the organizational structure.
- Developing and reviewing policies
- Setting direction and guidelines for planning, budgeting and monitoring and measuring organizational performance.
- Reviewing and approving business plans, capital and operating budgets.
- Reviewing Bylaws and recommending amendments.
- Reviewing and approving membership applications.
- Reviewing and approving patronage allocation to members.
- Reviewing and authorizing repayment of member equity.
- Ensuring that risks to the business are identified and effective systems are in place to manage these risks.
- Participating in succession planning for the Board and executive management.
- Reviewing the adequacy and integrity of internal control and management information systems.
- Availing oneself to director training and education opportunities.
- Supporting the Chief Executive Officer in professional development, community participation, developmental meetings and events.
- Demonstrating leadership by personally supporting and promoting South Country Co-op.

Meeting and Time Commitment

Board meetings typically occur every 4 weeks. The 2019 Board schedule has been included below. In addition, there are other commitment requirements; e.g.:

- committee meetings;
- Spring and Fall multi-day Board and Executive Leadership tour of the Co-op's facilities across the trading area;
- long range planning meetings;
- strategic planning meeting;
- Chief Executive Officer Performance Appraisal meeting;
- Annual Meeting;
- Federated Co-operatives Limited (FCL) Spring meeting, Fall conference and Annual Meeting.

Directors typically devote approximately 150 to 200 hours per year to South Country Co-op business. This does not include travel time to and from meetings. They are individually and collectively, as a Board, responsible for the legal and fiduciary (or acting in trust in the best interest of all of South Country Co-op's members) implications of the decisions they make.

Annual Meeting	7pm – 10pm	March 25, 2019
New Director Orientation	8:30am – 4:30pm	March 28, 2019
Board Meeting	2:30pm start	April 2, 2019
Spring Facility Tour	TBD	TBD (2-3 Days)
Board Meeting	Start TBD	May 2, 2019
Board Meeting	Start TBD	May 30, 2019
FCL Spring Meeting	TBD	TBD
Board Meeting	Start TBD	June 27, 2019
Board Meeting	Start TBD	July 25, 2019

Board Meeting	Start TBD	August 22, 2019
Board Meeting	Start TBD	September 19, 2019
Board Meeting	Start TBD	October 17, 2019
Board Meeting	Start TBD	November 14, 2019
FCL Fall Conference	TBD	November 15-17, 2019
Fall Facility Tour	TBD	TBD (2-3 Days)
Board Meeting	Start TBD	December 12, 2019
Board Meeting	Start TBD	January 9, 2020
Board Meeting	Start TBD	February 6, 2020

Commitment and Conflict of Interest

A director must be committed to the Board, South Country Co-op and the interests of its members.

A director must avoid conflicts of interest, observe high standards of integrity and ethics, and maintain the confidentiality and security of the boardroom. A director must be diligent in preparing for and attending board meetings, contribute positively to board discussions and work in harmony with other board members. A director must disclose to South Country Co-op the nature and extent of any real or perceived interest that the director has in a material contract or transaction, or a proposed material contract or transaction, with South Country Co-op, and any material change to any such interest, if the director:

(a) is a party to the contract or transaction;

(b) is a director or officer, or an individual acting in a similar capacity, of a party to the contract or transaction; or

(c) has a material interest in a party to the contract or transaction.

Oath of Confidentiality

Directors are required to sign an oath of confidentiality prior to assuming their term of office.

Director Responsibilities

Directors must be available and prepared to devote the time and attention necessary to attend and participate in board, committee and other meetings, and events. More specifically:

A director is expected to:

- attend all Board of Directors' meetings;
- serve on and actively participate at least one of the committees of the Board;
- attend and actively participate in the annual strategic planning session;
- attend and actively participate in the long-range strategic planning session each year;
- attend and actively participate in the annual operating and budget review meetings;
- complete Director Development Program courses on line and attend director development in person sessions;
- attend special events such as South Country Co-op facility openings, community events;
- be seen, known and visible to South Country Co-op members; and
- represent South Country Co-op at co-op gatherings, such as:
 - ❖ the Federated Co-operatives Limited (FCL) annual meeting in Saskatoon;
 - ❖ FCL District 6 Spring Meeting; and
 - ❖ FCL Calgary Region Fall Conference.

Board meetings are typically held on Thursdays, typically starting at 2:30 p.m.; however, committee meetings and other activities may be conducted during or outside of regular business hours and occasionally on weekends.

Director Eligibility

A member seeking nomination for the position of director of South Country Co-operative Limited should ensure their address and other information on file with South Country Co-op is current. To update your membership information, please contact the South Country Co-op Administration Office by calling 403-528-6600.

Members must also meet the following eligibility requirements in accordance with Bylaw 7.02, Director Qualifications. This Bylaw came into effect as of December 1, 2015, following approval by the Co-op's members;

7.2 Qualifications

(a) No person shall become or continue as a director if that person:

(i) is not an individual;

(ii) is under 18 years of age;

(iii) is an individual who:

A. is a dependent adult as defined in the Dependent Adults Act or is the subject of a certificate of incapacity under that act;

B. is a formal patient as defined in the Mental Health Act;

C. is the subject of an order under the Mentally Incapacitated Persons Act (RSA 1970 c232) appointing a committee of the individual's person or estate or both;

D. has been found to be a person of unsound mind by a court elsewhere than in Alberta; or

E. has been found guilty of an offence under the Criminal Code of Canada or similar legislation in other jurisdictions, for which a pardon has not been granted.

(iv) has the status of bankrupt;

(v) is an officer or employee of the Cooperative or a commission operator under contract with the Cooperative;

(vi) is an individual who is related to an employee of the Cooperative in any of the following ways:

A. spouse;

B. person living with the employee in an arrangement equivalent to spouse;

C. sibling;

D. parent;

E. grandparent; or

F. spouse of any of the people listed in (C.) to (F.) inclusive;

or

(vii) has an account with the Cooperative that is more than 60 days in arrears;

(viii) has not been a member in good standing with the Cooperative for the two years prior to the date of the last annual

meeting of members; or
(ix) permanently resides outside of the trading area of the Cooperative.

(b) No person shall be a director unless that person or an entity of which that person is an officer, director, or member:

(i) was a member of the Cooperative at the end of the last financial year of the Cooperative; and
(ii) purchased goods or services, or a combination of both, from the Cooperative during the last financial year of the Cooperative, worth the collective amount of at least three thousand, five hundred dollars (\$3,500.00).

(c) A person who is elected or appointed as a director is not a director unless:

(i) that person was present at the meeting when the election was held or appointment was made and did not refuse to act as a director; or
(ii) if that person was not present at the meeting when the election was held or appointment was made;
A. the person, before the election or appointment or within 10 days after it, consented in writing to act as a director; or
B. the person has acted as a director pursuant to the election or appointment.

In order to ensure eligibility under the Alberta Co-operatives Act and Bylaw 7.04, every candidate for the Board of Directors must complete and submit with their nomination papers fifty (50) days prior to the Annual Meeting, i.e. no later than the Monday, February 4, 2019 4:30 p.m. nomination deadline:

7.04 Nominating Procedure

A candidate for a director must be nominated in writing in a form determined by the board from time to time. Nominations must be signed by five members in good standing and be received by the Cooperative, in a manner designated by the board, no later than 4:30 p.m. fifty (50) days prior to the annual meeting.

All candidates are required to include a criminal record check, dated after January 1, 2019 with their nomination package. Contact your local police department or RCMP office for more information on how to obtain the report. It is the responsibility of each candidate to request and include their criminal record check with their nomination form.

It may take some time to receive the police criminal record check. Therefore, it is the responsibility of each nominee to ensure that you have the required report to submit with your completed nomination papers by the nomination submission deadline noted above.

The criminal record check report shall not be considered if it is submitted to the Co-op by a third party and the candidate shall be declared ineligible.

All information on the report must be provided in its original form: clear, legible and

unaltered, or the report will be deemed unacceptable and result in the disqualification of the potential candidate for director.

Incumbent Directors seeking re-election are not required to submit a criminal record report.

Director Compensation

Director compensation has been based on FCL Delegate rates. The 2018 director compensation per diem was \$256.00; partial days are prorated.

Reimbursement for out-of-pocket expenses for travel, accommodations and associated costs for out of town meetings, conferences, training and education and development sessions.

Nomination Forms and Materials

Director candidates are required to:

- Complete the nomination form.
- Include a current criminal record check report from the local police service. The current criminal record check report must be submitted by the candidate with their completed nomination package.
- Complete all of the information for the five individuals who are supporting your nomination and ensure that they include their signature, mailing address, and membership number. The information on the form must be legible; Candidates should ensure nominators have a valid South Country Co-op membership in his or her own name (not the name of a family member) as of November 30, 2018.

South Country Co-op representatives will verify and validate that the membership name and number the nominator match the information contained in South Country Co-op's files. Only nomination forms received prior to January 18, 2019 will be verified. In the event the nominator listed is not correct, South Country Co-op representatives will contact the candidate and request they submit a revised nomination form. Revised forms must be received no later than the submission deadline, as listed under the nomination submission deadline.

All documents become the property of South Country Co-op and shall not be returned to the nominee or candidate, unless the nominee or candidate specifically requests that they be returned in writing addressed to the Nominations Committee Chair.

An optional pre-nomination information meeting for individuals interesting in letting their name stand for Director Election will be held on Wednesday, January 16th, 2019 at 7:00 PM in the South Country Co-op Corporate Head Office located at 969 16 Street SW Medicine Hat, AB. The main entrance door will be open at 6:45 PM.

Questions on Nominations Process

- Questions from candidates on the Nomination Process for the Director Election must be submitted to the Nominations Committee Chair Craig Weich, in writing no later than Tuesday, January 22, 2019 at 4:30 PM.
- Questions are to be addressed to: Craig Weich cweich@telus.net
- **Only e-mail questions shall be accepted. Questions in other formats such as telephone call, text message or postal mail shall not be considered.**
- Responses to all questions shall be provided in writing to all candidates by the Chair of the Nominations Committee within 48 hours.
- Only information provided by Nominations Committee Chair in writing shall be considered as valid. Information from other sources, including other members of the Board or Directors, the Co-op's management and staff as well as any other sources shall not be considered valid or binding.

Nomination Submission Deadline

The Completed Director Candidate Nomination Form, declaration form, and other required reports, information and materials, marked **CONFIDENTIAL**, must be received **no later** than 4:30 p.m. MST on Friday, February 1, 2019 at:

South Country Co-op Ltd.

Attn: Craig Weich, Nominations Committee Chair

969 16 Street SW

Medicine Hat, AB, T1A 4X5

South Country Co-op shall not accept late applications, information, required reports or other election materials. All required material must be in one complete package, marked CONFIDENTIAL.

Candidate Nomination Information

After the close of nominations, the Nominations Committee will review each nomination application to ensure that all of the requested information has been provided with the nomination form to validate each nominee's eligibility. The Nominations Committee Chair, or designate, will inform each individual, who had submitted a nomination form, of his or her eligibility status.

Candidates will have an opportunity to present their platform to South Country Co-op members at the annual general meeting on Monday, March 25, 2019 at 7:30 PM.

Privacy of Information Waiver

The nominee, by signing and submitting personal and member information required on the director election nomination forms, agrees to allow South Country Co-op to publish any and all of the information including photograph and bio, for the purpose of communicating the director information to members and the public. This waiver will remain in effect for the duration of the director's term of office.

In addition, in compliance with privacy legislation, candidates who are elected to the Board of Directors agree to allow South Country Co-op Ltd. to retain the nomination information and criminal record check report on file during their term of office. This information will be provided to the Board Secretary for retention in the individual director's files with South Country Co-op.

In the event of a dispute of the election result, South Country Co-op will retain nomination application information on all other candidates for a period of three months from the date of the annual meeting, after which time the information will be destroyed, or returned to the individual upon request within the three-month time frame.



SOUTH COUNTRY CO-OP

- **LOCALLY INVESTED**
- **COMMUNITY MINDED**
- **LIFETIME MEMBERSHIP BENEFITS**

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