



# 2022 ANNUAL REPORT



South Country Co-op CEO  
Paul Haynes and Board Chair  
Marcel Vanden Dungen



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# 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 2022 AGM Meeting Minutes
8. Board of Directors' Report
9. CEO's Report
10. Auditors & Financial Report
11. Appointment of Auditors for 2023
12. Resolutions
  - o R1 through R12
13. Nomination Report / Director Elections
14. New Business
15. Question Period
16. Adjournment

*"A clearly defined vision complimented with a passion for focusing forward will help us build a more productive, results-driven culture where everyone is focused on making a positive difference to our Co-op."*

**CEO Paul Haynes**

# OUR VALUES

## EXCELLENCE

Strive for innovation, reliability and sustainability.

## PEOPLE

Teamwork, passion, safety, friendly, family.

## INTEGRITY

Honest, trustworthy, respectful and accountable.

## COMMUNITY

Care for and support our local communities.



# OUR VISION

Building sustainable communities together



# OUR MISSION

Building stronger communities with our team while providing our members the ability to share in our profits.

EXCELLENCE • PEOPLE • INTEGRITY • COMMUNITY

*You're at home here.*



# 2022 MINUTES

## MINUTES OF THE SOUTH COUNTRY CO-OP LIMITED ANNUAL GENERAL MEETING HELD VIRTUALLY – VIA ZOOM MONDAY, MARCH 28, 2022 @ 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 7:04 PM with 51 members, 4 guests, and 9 Board of Directors

### Agenda

Sue Edwards #90, moved the acceptance of the meeting agenda, seconded by Simon Neigum #24401. CD

### Minutes from 2021 AGM

Heather Smith-Schenkey #21742, moved the acceptance of the Meeting Minutes from the 2021 AGM, seconded by Marc Cayer #62400. CD

### Board of Directors Report

Chairman Marcel Vanden Dungen presented the Board of Directors report for the fiscal year ending November 30, 2021.

Moved for acceptance by Margo Dick #31051, 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 Margo Dick #31051, seconded by Marc Cayer #62400. 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 22, 2022 was reviewed by Delayne Sackman, with MNP, LLP.

Moved for acceptance by Simon Neigum #24401, seconded by Heather Smith-Schenkey #21742. CD

### Financial Report

Chairman of the Finance, Audit & Enterprise Risk Management Committee, Simon Neigum then introduced Brad Dewing, Chief Financial Officer to present the 2021 Financial Report.

Moved for acceptance by Simon Neigum # 24401, seconded by Heather Smith-Schenkey #21742. 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, 2022.

Moved by Simon Neigum #24401, seconded by Brad Dewing #48637, to appoint MNP LLP as auditors for South Country Co-op Limited for the fiscal year ending November 30, 2022. CD

### Nomination Report / Director Elections

Chairman of the Nominations Committee, Wayne Brost 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. Delayne Sackman dropped off the sealed envelope to South Country Co-op's Corporate Office on March 28, 2022.

Wayne Brost wished to thank all four of the nominees for their support and willingness. (Bill Ressler, Margo Dick, Robert Weisgerber and Simon Neigum)

Wayne declared the three (3) successful candidates: Bill Ressler, Robert Weisgerber, and Margo Dick, all for Three - Year terms. Congratulations!

### Disposal of Votes

Chairman of the Nominations Committee, Wayne Brost, raised a motion to destroy the voting results.

Wayne Brost #2981, moved the acceptance to destroy the voting results from Simply Voting, seconded by Heather Smith-Schenkey #21742. CD

### New Business

There was no new business brought forward.

### Question Period

Chairman Marcel Vanden Dungen and CEO Paul Haynes were prepared to address any questions brought forward by any of the participants.

There were no questions brought forward to be addressed.

### Adjournment

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

Moved by Sue Edwards #90, seconded by Marc Cayer #62400 to adjourn the meeting at 8:00 pm. CD

# BOARD OF DIRECTORS' REPORT

2022/23



*"We are Local.  
We are Community.  
We are Co-op."*



**MARCEL VANDEN DUNGEN,  
BOARD CHAIR**

## BOARD CHAIR REFLECTIONS

Over the past couple of years, I have been choosing a word of the year to encapsulate my thoughts for the year. In 2020, I chose "gratitude", in 2021 it was "proud". While I am just as grateful and proud this year as I was in those years, the word of the year I chose for this past year is simply "co-op". "Co-op" is a word with rich meaning. It is short for co-operative, and obviously engenders a spirit of co-operating together. Co-ops are owned by, and seek to serve, their members but are also focused on co-operating together to benefit their local communities. The co-operative spirit, unfortunately, seems to be lacking in much of the world today, but I can assure you it is alive and well in Southern Alberta.

South Country Co-op's vision is "building sustainable communities together", and I am proud to report that we are succeeding in achieving this vision. We continue to grow our business, investing in our communities, building local relationships, and sharing our profits with you, our members.

Our CEO, Paul Haynes, has been asking for a "normal" year since he became CEO. I don't know if there is such a thing, but maybe 2022 was as close as it gets. One of the reasons he has been asking for a normal

year (aside from all of the challenges that pandemics and droughts bring), is to demonstrate how successful South Country Co-op can be. Thanks to the hard work and loyalty of our co-op family, including Federated Co-operatives Limited (FCL), our team members and you, our co-op members, South Country Co-op has continually achieved strong results over the past few years. But in 2022, we achieved a whole new level, reaching a new record for sales and bottom line. So congratulations and thank you, Paul, and to all of our team members for these outstanding results! Our unique co-op business model can indeed compete with other business models, as our co-op is clearly demonstrating.

## BOARD OF DIRECTORS

Following our 2022 AGM, we welcomed one new Director to the Board (Margo Dick), and elected our new Board Executive (Marcel Vanden Dungen, Chair; Sue Edwards, Vice-Chair; Tony Steier, Secretary), and we operated this past year with a full slate of nine directors.

The Board operated with five permanent committees last year, consisting of Board Executive, Governance, Finance, Audit/Enterprise Risk Management, and Member Relations and Community Engagement. 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. As in the previous couple of years, we continued to use virtual meeting formats quite extensively for convenience and to reduce Board costs.

1. Executive Committee - works closely with the CEO and met prior to each Board meeting to prepare for the upcoming meeting and promote ongoing communication with the CEO.
2. Governance Committee - conducted a full review of our Bylaws, with a number of resolutions being forwarded to this year's AGM for member approval.
3. Finance Committee - met quarterly to fulfil its duties of monitoring and oversight with regard to the budget, year-end financials, allocation rates and member patronage.
4. Audit/Enterprise Risk Management Committee - met with both our internal and external auditors to ensure accuracy in management reporting and to identify and mitigate risks to our co-op.
5. Member Relations and Community Engagement Committee - was very active this year reviewing community donations, scholarships and support,

overseeing a total of over a million dollars to over 300 organizations across our trading area. Our largest endeavor, together with FCL, was the Co-op Wellness Commons at Medicine Hat College, which includes a permanent Indigenous Gathering Space.

Overall, the Board continues to focus on good governance and being a strategic board. The Board and Executive Leadership Team developed a Strategic Plan starting in February, 2021, and we are continuing to focus on five main strategic imperatives moving forward. These strategies are intended to help us achieve our vision of "building sustainable communities together". Our CEO, Paul, will provide a few more details on these initiatives in his report.

As mentioned above, 2022 proved to be a record year financially. Our loyalty and patronage returns from FCL totaled \$29 million in 2022, a slight increase from the previous year. We once again had a positive local net savings at South Country, totaling \$3.2 million, which is almost 70% higher than the previous year.

As mentioned above, the bottom-line result was very positive, with a net savings of almost \$33 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 \$22 million, of which \$16.7 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 team members, our customers and our members. Together, we are continuing to achieve great success, and I continue to look forward to a bright future ahead.

We are local.  
We are community.  
We are Co-op.

Marcel Vanden Dungen  
Board Chair

# BOARD OF DIRECTORS



**MARCEL  
VANDEN DUNGEN**  
CHAIR



**SUE EDWARDS**  
VICE CHAIR



**TONY STEIER**  
SECRETARY



**WAYNE BROST**  
DIRECTOR



**MARGO DICK**  
DIRECTOR



**LYNN FOWLIE**  
DIRECTOR



**BILL RESSLER**  
DIRECTOR



**TONY STEIDEL**  
DIRECTOR



**ROBERT  
WEISGERBER**  
DIRECTOR



# COMMUNITY GIVING HIGHLIGHTS



SOUTH COUNTRY

Our success depends on the strength of our community. We are committed to helping better the lives of our members, friends and neighbours.



## TOTAL INVESTED LOCALLY 2022



CASH  
\$238,000

**\$1,068,000**



IN-KIND  
\$600,000



## OVER 300 ORGANIZATIONS REACHED!



Health & Wellness



Youth Sports & Recreation



Arts & Culture



Youth Education



Community Non-Profit



**\$15,000**

FUEL  
GOOD  
DAY

**\$125,000**

DONATIONS &  
SPONSORSHIPS

**\$90,000**

GIFT CARD  
FUNDRAISING  
PROGRAM



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## CEO'S REPORT



**PAUL HAYNES, CEO**

In 2022, South Country Co-op once again faced many challenges related to the ongoing COVID pandemic, a large outbreak of the flu, and the effects of the war in Ukraine. We also continued to face supply chain challenges and inflationary pressures on the cost of goods in most commodities. Throughout the past year, we have experienced highs and lows both on a work and a personal basis. Despite these challenges, we have achieved many exciting accomplishments that I'd like to share with you. I am very proud of the strength and resilience our South Country Management team has shown as we continue to deliver essential services for our communities in Southern Alberta.

***South Country Co-op achieved record sales of \$645 Million, a 26% improvement over last year.***

Revenue growth was partially attributable to inflation in the bulk petroleum, gas bar, and Agro divisions, along with increased sales in the pharmacy division. The energy division posted record fuel sales and a 6.3% increase in total liters sold. These results were quite remarkable considering all of the challenges we faced, including the lack of fuel supply and delivery problems

from our distribution network at the Co-op Refinery Complex (CRC) in Regina.

Total margins for the year came in at \$ 4.5 million or 7.4% above budget. Expenses were slightly over budget by 1.67%. However, local savings improved by \$3.6 million over budget and \$1.9 million over last year. Despite the continued cost increases and challenges related to the pandemic, we're very proud of these results. South Country Co-ops earnings before interest, tax, and depreciation (EBITDA) came in at 6.2% on a budget of 5.4%.

Our diverse portfolio enabled us to withstand the external headwinds from 2022 and have a strong financial year. This solid performance is truly indicative of a Board and Management Team working closely together to deal with all the challenges we endured throughout 2022. I am proud to announce that over the past 5 years, we have returned more than \$86,192,394 to our members in equity and cash back. These results allow us to continue investing in the future to build sustainable communities for many generations to come.

South Country Co-op will pay back \$22 million in equity to our members of which \$16.7 million will be in cash. Not only does this repayment come at a time when our members can greatly benefit from this payback, it also illustrates an incredible accomplishment supporting our commitment to sharing our profits with our members in the communities we serve.

In 2022, the Consumer Division faced many challenges in both the Food and Liquor Divisions, with the reopening of several food and beverage establishments, which resulted in lower sales and supply chain shortages of fresh and dry grocery products. Considering these challenges, the food division backed up its commitment by supporting local companies in our community ensuring our dollars were spent wisely right here at home. The Food and Liquor Division now supports over 150 local vendors and has realized a sales increase of over \$1.4 million in the past year. Moving forward, we will continue to work closely with local suppliers to bring you items made right here in your community. Why does this matter? Well, by providing this continued local support, we are reinvesting in the communities that we all work, live, and play in, which provides jobs and futures for all of us. This is vital to South Country Co-op as we want to reassure our members that regardless of which competitors come to our cities and towns, we are here for you, your families, and the future of your grandchildren. Our profits are not only given back to our members; they are reinvested in the future by building long-term sustainable communities that give back to their members.

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## CEO'S REPORT CONT

In 2022, 13th Ave Food Center in Medicine Hat started a major upgrade, including new state-of-the-art refrigeration and equipment that will provide considerable energy and carbon footprint savings. The entire food center and mall installed new energy-efficient LED lighting. We are proud to share with our members that we have upgraded all 4 food center locations over the past several years. These enhancements were necessary and illustrate South Country's commitment to improving energy efficiency and standing firm to our long-term sustainable plan for improving the environment.

The Pharmacy Division had a successful year due to several factors, including record sales, margins, and bottom-line contributions. The continued support of vaccinations and professional pharmaceutical services fueled these results. A new marketing campaign was launched titled "Get to know your pharmacist," which features pictures and biographies of all of our pharmacists. We are very proud to promote that we have the best pharmacy team who provide outstanding customer service even in times that are challenging, to say the least.

Our Agro Division continued to make operational changes, leading to improved sales, reduced expenses, and improved bottom-line results. Although we recorded a loss, we noted considerable improvements in Agro Division contributions of \$1.43 million, a 41.9% increase over 2021.

Due to the removal of most provincial health restrictions, activities at Co-op Place returned to more normal levels, which included WHL hockey games, concerts, high school graduations, and several other events. We are very proud to provide food and liquor products to Co-op Place to support local initiatives and events that will take place at this world-class facility.

Throughout the past two years, we've kept our support consistent and reliable while reminding our communities that we're committed to being and staying LOCAL. Despite the pandemic, we donated over \$125,000 to more than 300 local groups and provided gift card support to dozens of youth clubs and teams. Combined with many other donations, in-kind gifts, and volunteer efforts, South Country Co-op gave more than a million dollars back locally.

A clearly defined vision complimented with a passion for focusing forward will help us build a more productive, results-driven culture where everyone is focused on making a positive difference to our Co-op. We will continue to be strategic in our thinking processes to ensure we are more future-oriented. This will ensure we remain curious about trends inside and outside the

organization and collect new ideas from various sources.

Working with our Board and Executive Leadership Team, we have maintained our commitment to the five strategic projects identified in 2022. We realize these projects are very important to your Co-op, and we remain committed to ensuring we focus on the longer-term success of these projects, which will build a long-term sustainable future for South Country Co-op.

These priorities include:

1. The continued training and development of our people. Our team is our greatest asset as we continue to grow and expand. A robust training and development program is now in place for 2023 and beyond.
2. The continued expansion and support of local for all suppliers that produce and offer goods in the markets we serve. As a result of this project, we have noted substantial growth in sales and local business support.
3. Community engagement focus on ensuring our team leaders and members provide greater support to initiatives that improve customer satisfaction. We will continue to support community events as these matter to us.
4. Sustainability and our continued support of all initiatives related to environmentally sound business improvements. We are very proud of our progress this past year and will continue to evolve and grow these opportunities in the future.
5. A 5-year growth strategy will ensure we continue expanding our offerings and services into new communities.

As we move forward, we have identified several new exciting opportunities to provide sustainable growth to your Co-op. As 2023 unfolds, we're ready for all of the challenges that lie ahead.

We will continue to make our customers feel "at home" by providing a safe shopping environment and 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 to ensure we offer long-term, sustainable returns to our members and owners across all 58 locations in our 19 communities and beyond.

# EXECUTIVE LEADERSHIP TEAM



**PAUL HAYNES**

CHIEF EXECUTIVE OFFICER



**KERRI UNGER**

EXECUTIVE ASSISTANT



**RICK BOLEN**

DIRECTOR OF DEVELOPMENT



**SHERILYNN BEBEAU**

VP OF  
HUMAN RESOURCES



**BRAD DEWING**

CHIEF FINANCIAL OFFICER



**CARMEN HUDSON**

DIRECTOR OF MARKETING  
& COMMUNITY RELATIONS



**DEAN SHROPSHIRE**

VP OPERATIONS  
CONSUMER



**KEVIN BRAUN**

VP OPERATIONS  
ENERGY



**MIKE MUELLER**

VP OPERATIONS  
AGRO

# SENIOR LEADERSHIP TEAM



**NICOLE CARRIER**  
FLEET MANAGER



**STEFANIE MCKINLEY**  
DIRECTOR OF FINANCE



**MARC CAYER**  
ASSET PROTECTION  
MANAGER



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



**GIZELLE  
CHEHAB**  
HR ADVISOR



**NORM  
SWAIN**  
HR ADVISOR



**DARREN ANDRES**  
FOOD DIVISION MANAGER



**CLAUDETTE HOFFART**  
PHARMACY DIVISION MANAGER



**CHRIS DANDERFER**  
AGRO SOLUTIONS MANAGER



**BRAD KLASSEN**  
GAS BAR DIVISION  
MANAGER



**MONICA MILLER**  
LIQUOR DIVISION MANAGER



**ANNA TORKELSON**  
PETROLEUM DIVISION  
MANAGER

# 2022 SUSTAINABILITY HIGHLIGHTS



Diverted over 211.02 Million tons of baled cardboard from landfills.



Year ending 2022 Reusable bags credit 181,257 for a total of \$5437.71 in donations



2022 - 2.1 million dollars in local sales sourcing approximately 45 local companies



Facilities have LED upgraded lighting and energy efficient refrigeration.



25 South Country Co-op sites are depots to collect rechargeable and single use batteries to divert them from the landfill.



Food waste rescued and repurposed to local farms through the Loop program was 167,398.55kgs.



Donated 1228 Good Buy to Hunger Bags valued at \$17,151 to local food banks in Medicine Hat



Upcoming new cardlock in Bassano will have a solar canopy installed.

- 69 KW solar system
- anticipated to produce 70,000kwh annually.
- Energy retailer will purchase excess power.



On April 4, 2022 South Country Co-op signed onto the Canada plastics pact, signalling our commitment to focus on the sustainability of our communities in our business practices and do our part as stewards of the environment.



Our retail Ag sites participate in the Clean Farms initiatives which include the collection of:

- Grain bags
- Bags & large tote bags
- Unwanted pesticides & live-stock medications
- Totes & drums
- Containers up to 23l

# SOUTH COUNTRY IN REVIEW

## TOTAL SALES

2020

**\$441,407,734**

2021

**\$511,479,551**

2022

**\$645,135,108**

## MEMBER PATRONAGE

2020

**\$12,182,021**

2021

**\$17,959,061**

2022

**\$22,022,970**

## ASSET GROWTH

2020

**\$233,060,176**

2021

**\$260,240,387**

2022

**\$292,287,089**

# Our Profits Are Your Profits

## 2022 COMMODITY ALLOCATIONS

Dyed Fuels	5.0% (approx. 6.7 cents / L)
Pumps & Clear Fuel	4.7% (approx. 7.0 cents / L)
Crop Services	3.5%
Fertilizer	1.5%
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 **\$16.7 MILLION** IN CASH  
FOR YOUR 2021 PURCHASES.**

*Since the 2015 amalgamation, South Country Co-op has paid back over \$84 million in cash to member-owners.*