

Hanover Consumer Cooperative Society

GLOBAL ENDS



2020-2025

“The Hanover Consumer Cooperative Society exists so that there are accessible, trustworthy, high quality, cost-effective goods and services that meet the needs of our diverse and inclusive community.”



Hanover Consumer Cooperative Society

A NOTE FROM THE GENERAL MANAGER

Preparing an Ends report is a pinnacle moment in the year of a General Manager. It's a time to reflect on all the things that really define our identity as a cooperative. The Ends are the set of outcomes, informed by the membership, that the Board expects of the organization. It's the General Manager's job to keep the organization working toward these outcomes.

Envisioning the Ends as a pinnacle moment is especially fitting this year, as I reflect on my first year as the Hanover Consumer Cooperative Society's General Manager. In my role as GM, I spend much of my time focused on the pinnacle—on helping navigate our teams to the top of the mountain. And just like climbing a mountain, we can all become so focused on traveling the path, planning and preparing for the journey ahead, and navigating the obstacles and challenges on the trail, that we don't always reflect on how far we've come.

The Ends gives us an important opportunity to look behind us and see just how far we've actually traveled and to take a moment to be proud of the effort we put in and the challenges we navigated.

While I have the honor of reporting out on this work, it is not my work. It is the work accomplished by the remarkable community of employees at the Co-op. This work is a reflection of cooperation in action. No single individual has built any of this—it has taken a team working together toward our shared vision: a well-nourished community cultivated through cooperation. I couldn't be more excited and honored to celebrate the accomplishments of the incredible team of employees in 2022.

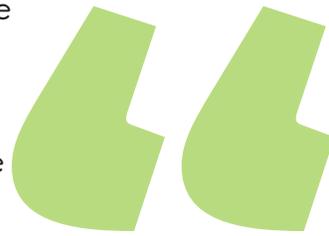
Our business has been a powerful force for good in our community for decades. There are few businesses like us that have had such a profound impact on the development of their communities and have built such an incredible legacy.

I hope that in reflecting on 2022—one of the most challenging times this business has navigated in recent memory—our community of employees, members, vendors, and business partners will take a minute to appreciate how incredible our Co-op is.

We can want this business to be better and continue to work toward accomplishing the great things we know are possible in our future, but at the same time, we can also be extraordinarily proud of the business we already have and how much good exists because of it.

The following is the 2022 Ends Report for the Hanover Consumer Cooperative Society.

With Appreciation,
Amanda Charland, GM



***Our business has
been a powerful
force for good in
our community
for decades.***

E1 SHOPPERS HAVE ACCESS TO A RANGE OF GOODS AND SERVICES INCLUDING, BUT NOT LIMITED TO:

1.1. FAIR TRADE GOODS

1.2. LOCALLY PRODUCED GOODS

1.3. ORGANIC GOODS

1.4. CONVENTIONAL FOODS

1.5. AFFORDABLE GOODS AND SERVICES

INTERPRETATION:

I interpret this to mean that our Co-op exists to provide a balanced selection of products and services in our various business divisions. These products will at a minimum include foods that are:

- **Fair Trade.** These products strive to create more equitable trade relationships that benefits farmers. We measure fair trade by recognizing products that have received third-party certification.
- **Locally Produced.** Local is one of the most important values of our cooperative. Due to the erosion of this term by large box stores trying to dilute the meaning and intention of the term “local” to gain market share, the Co-op has chosen to define local on our own. Our definition not only meets the definition of both the states of VT and NH, but it is also more rigorous. The goal of the Co-op is to continue to use the term local in a way that helps Co-op shoppers have a trustworthy way to identify products that they can invest their dollars in and know that the money truly stays with our local farms and businesses.
- **Organic Goods.** Organic products are recognized as products that attain the USDA’s Organic Certification. The USDA defines their standards as, “USDA certified organic foods are grown and processed according to federal guidelines addressing, among many factors, soil quality, animal raising practices, pest and weed control, and use of additives. Organic producers rely on natural substances and physical, mechanical, or biologically based farming methods to the fullest extent possible.”
- **Conventional Foods.** Conventional foods are defined by the Co-op as general products that do not carry any of the distinctions mentioned above. Based on industry standards, conventional foods are known to have lower retail prices, making them an important part of the Co-op’s strategy to ensuring customers have access to a wide range of food at various price points.
- **Affordable Goods and Services.** In addition to maintaining a variety of price points in our product selection through a mixture of natural and conventional groceries, the Co-op offers programs centered around providing better pricing for consumers. The key program we use to provide the most affordable product line is our Co-op Basics program, an everyday-low-price (EDLP) program that we strive to keep low margins on and offer the most competitive price possible for the consumer.

E1 INTERPENETRATION CONTINUED

Additionally, I interpret access to food to mean that the Co-op has a variety of programs helping to provide food for our community. We do this through programs that discount the price of food in our food stores or through partnerships with local organizations where food is donated to the community.

We offered several other programs to make our food more accessible. In 2022, the Co-op continued to:

- offer a member discount program giving members 10% off one monthly shopping trip;
- maintain our ability to accept EBT and WIC;
- run our Food for All program, providing a 10% discount to qualifying participants; and
- participate in the Double-Up-Bucks program, offering up to 50% off produce for qualifying participants.

Our Co-op also maintained the following food donation programs in 2022:

- Willing Hands Donations
- Pennies for Change Food Access Partners Program
- Food Drive Events

In our auto service centers, our Co-op offers a program called Car Connects, where we provide no-cost or greatly subsidized auto services to people in need in our community.

DATA

Range of products compliance will be demonstrated when the Co-op continues to offer a variety of products based on consumer demand in the categories above.

RANGE OF PRODUCTS

| | Sales | # of Brands | % of Total Sales | #of SKUs | Sales | # of Brands | % of Total Sales | #of SKUs |
|--------------------|--------------|-------------|------------------|----------|--------------|-------------|------------------|----------|
| Organic | \$14,408,719 | N/A | 17.94% | 4,443 | \$14,402,490 | N/A | 17.93% | 4,343 |
| Fair Trade | \$1,862,116 | 75 | 2.32% | 850 | \$1,847,090 | 401 | 2.30% | 750 |
| Local | \$16,265,979 | 403 | 20.25% | 4,204 | \$16,499,138 | 77 | 20.54% | 4,238 |
| Cooperative Brands | \$3,646,165 | 25 | 4.54% | 1,041 | \$3,613,827 | 25 | 4.50% | 1,002 |
| Conventional | \$19,195,170 | N/A | 23.90% | 6,458 | \$19,315,860 | N/A | 24.05% | 6,204 |
| Co-op Basics | \$1,897,552 | N/A | 2.36% | 561 | \$2,034,421 | N/A | 2.53% | 579 |
| Total Brands | N/A | 4,696 | N/A | N/A | N/A | 4,661 | N/A | N/A |

Affordability compliance will be demonstrated when margins are at or below industry standards. This indicates that the Co-op is diligently working to maintain margins to operate a fiscally sound business in a responsible way that doesn't pass exorbitant costs to our consumers. Additionally, data shows that the Co-op has offered a variety of programs to make goods and services more affordable in 2022 and that those programs were utilized by customers.

MARGINS

Food Stores & Community Market

| | <u>Hanover</u> | <u>Lebanon</u> | <u>WRJ</u> | <u>CCM</u> | <u>Average Across Locations</u> | <u>Industry Average*</u> | <u>Variance</u> |
|----------|----------------|----------------|------------|------------|---------------------------------|--------------------------|-----------------|
| Grocery | 29.0% | 28.5% | 28.2% | 31.3% | 29.2% | 36.5% | -7.3% |
| Beverage | 30.2% | 30.6% | 28.5% | 32.8% | 30.5% | | |
| HABA | 39.7% | 40.3% | 35.7% | 30.8% | 36.6% | 44.8% | -8.2% |
| Bulk | 37.6% | 37.5% | 33.8% | 38.5% | 36.8% | 39.5% | -2.7% |
| Beer | 23.9% | 24.3% | 23.6% | 25.0% | 24.2% | 28.0% | -3.8% |
| Wine | 26.3% | 28.0% | 32.5% | 35.5% | 30.6% | 28.0% | 2.6% |
| Cheese | 33.5% | 34.9% | 36.7% | 35.9% | 35.2% | 37.2% | -2.0% |
| Deli | 33.9% | 33.7% | 35.4% | 31.1% | 33.5% | 48.1% | -14.6% |
| Bakery | 24.2% | 25.6% | 25.0% | 26.0% | 25.2% | 56.8% | -31.6% |
| PFD | 24.4% | 27.9% | 28.5% | 29.1% | 27.5% | 24.8% | 2.7% |
| Sushi | 23.0% | 22.4% | 25.0% | 24.5% | 23.7% | | |
| Frozen | 29.1% | 29.3% | 29.6% | 34.8% | 30.7% | 35.6% | -4.9% |
| Dairy | 26.8% | 27.1% | 27.6% | 30.5% | 28.0% | 29.2% | -1.2% |
| Meat | 21.8% | 23.7% | 26.5% | 23.7% | 23.9% | 28.6% | -4.7% |
| Seafood | 31.7% | 29.0% | 29.2% | 30.2% | 30.0% | 29.3% | 0.7% |
| Produce | 34.0% | 36.2% | 36.8% | 32.5% | 34.9% | 32.8% | 2.1% |
| Floral | 37.1% | 40.1% | 36.1% | 32.9% | 36.5% | | |
| Blended | 29.8% | 30.5% | 30.5% | 30.9% | 30.4% | 35.7% | -5.2% |

***NOTE: Based on all co-ops from Co-metrics reporting**

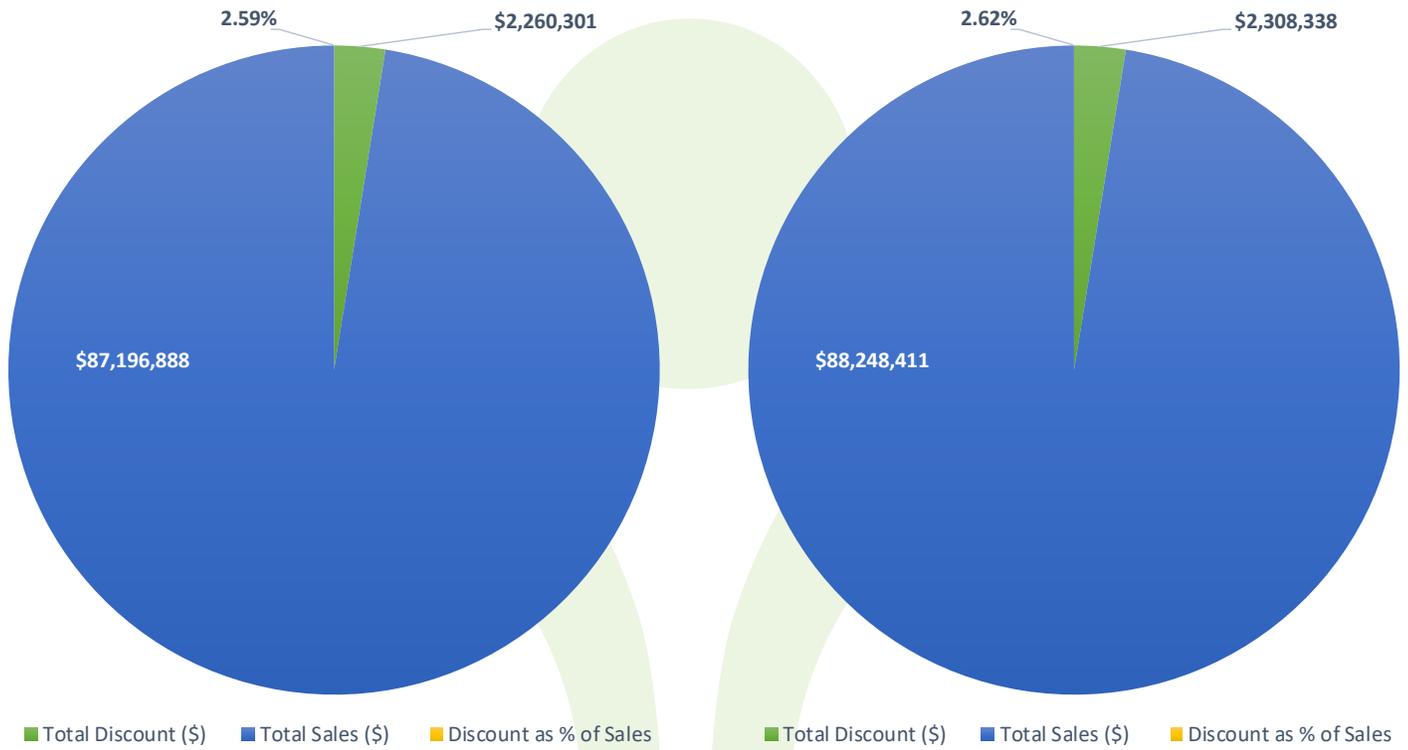
Service Centers

| | <u>Park St</u> | <u>Norwich</u> | <u>Average</u> | <u>Industry Average</u> | <u>Variance</u> |
|-------|----------------|----------------|----------------|-------------------------|-----------------|
| Parts | 39.0% | 44.9% | 42.0% | 45.0% | -3.1% |
| Tires | -8.7% | 13.6% | 2.4% | 9.2% | -6.8% |
| Gas | 9.2% | | 9.2% | 10% | -1.1% |

MEMBER DISCOUNT

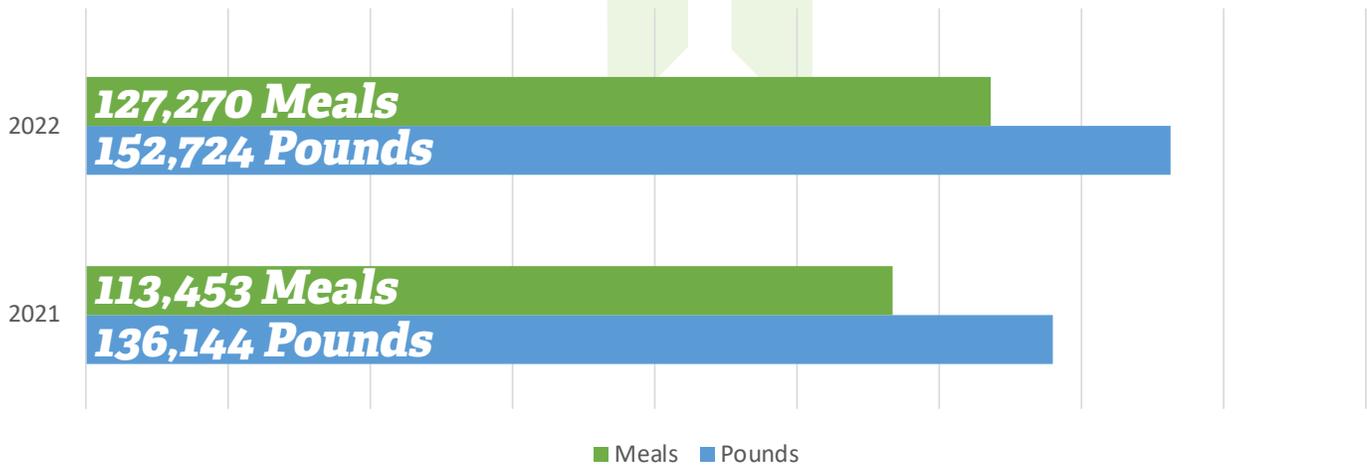
2021

2022



ACCESS PROGRAMS

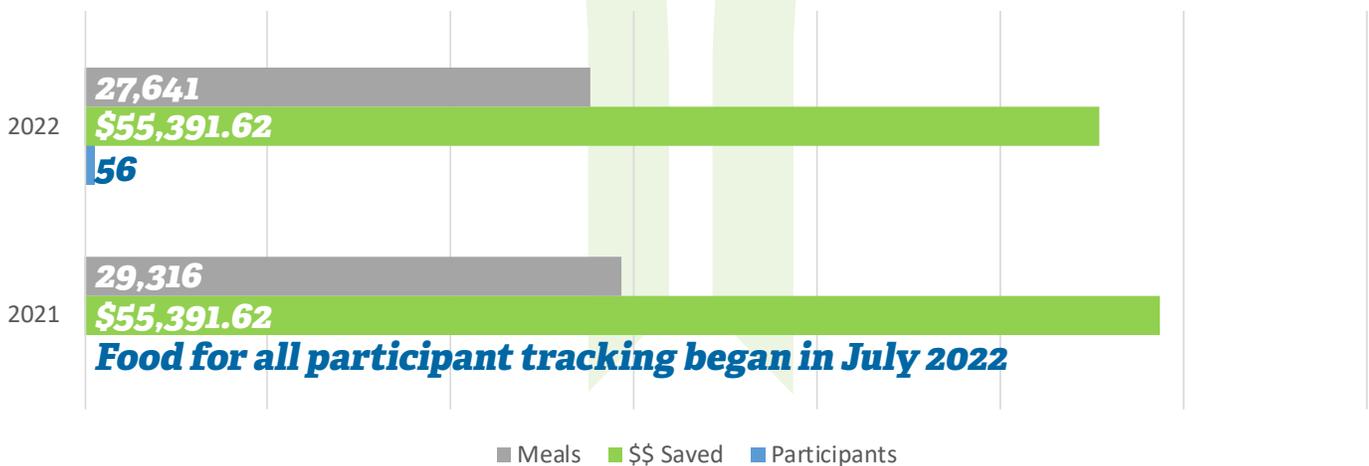
WILLING HANDS



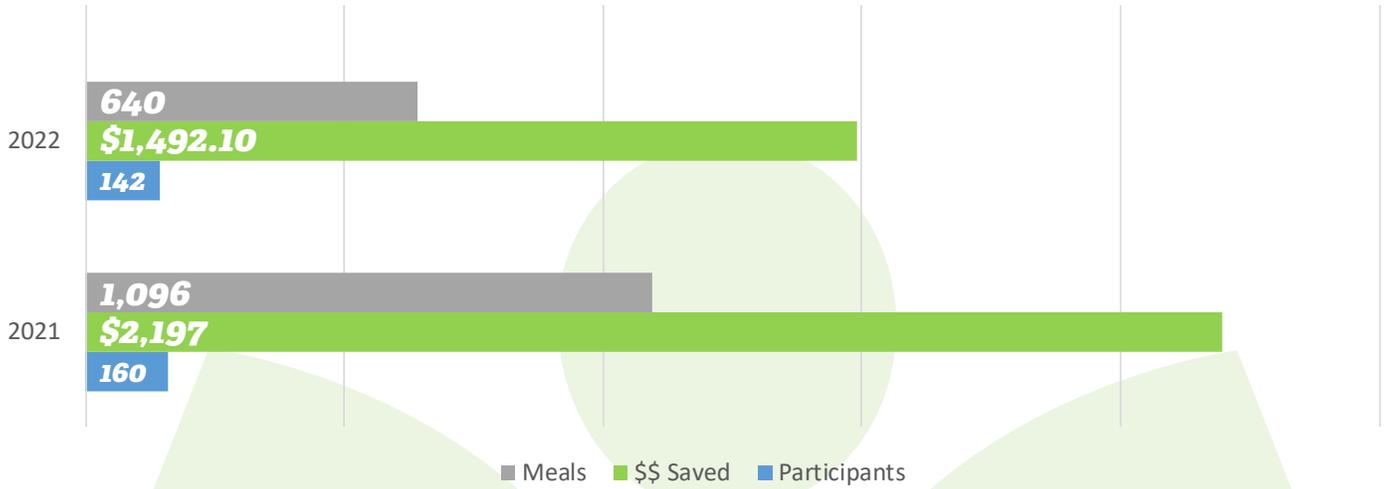
EBT / WIC

| | SALES (\$) | TRANSACTIONS # |
|--------------------------------|------------------|----------------|
| EBT Cash | \$124,356 | 3,028 |
| EBT SNAP | \$723,636 | 17,069 |
| EBT TOAL | \$847,991 | 20,097 |
| WIC | \$38,007 | 1,021 |
| COMBINED PROGRAMS TOTAL | \$885,998 | 21,118 |

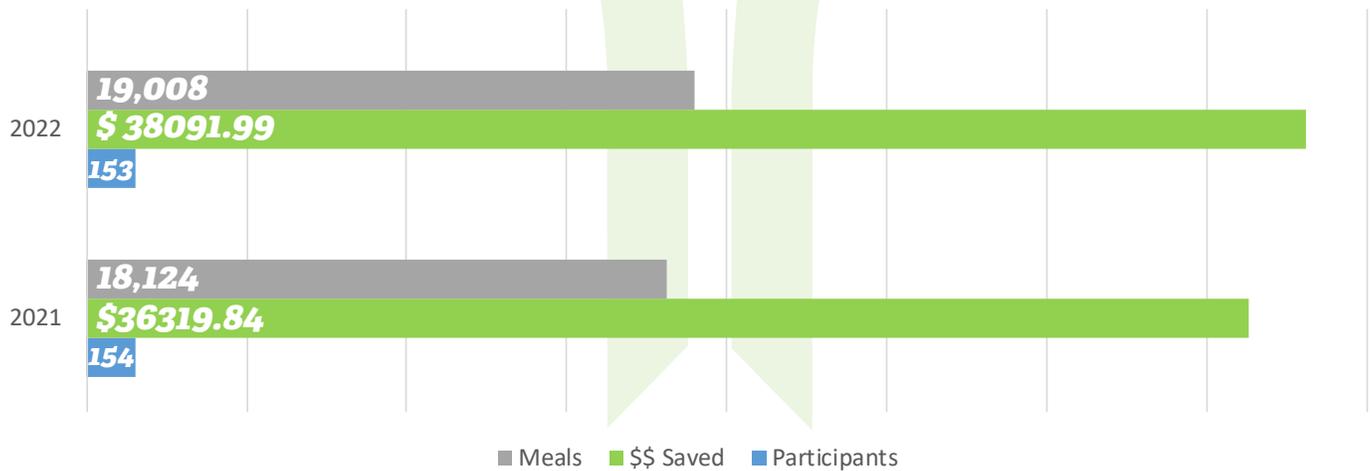
FOOD FOR ALL



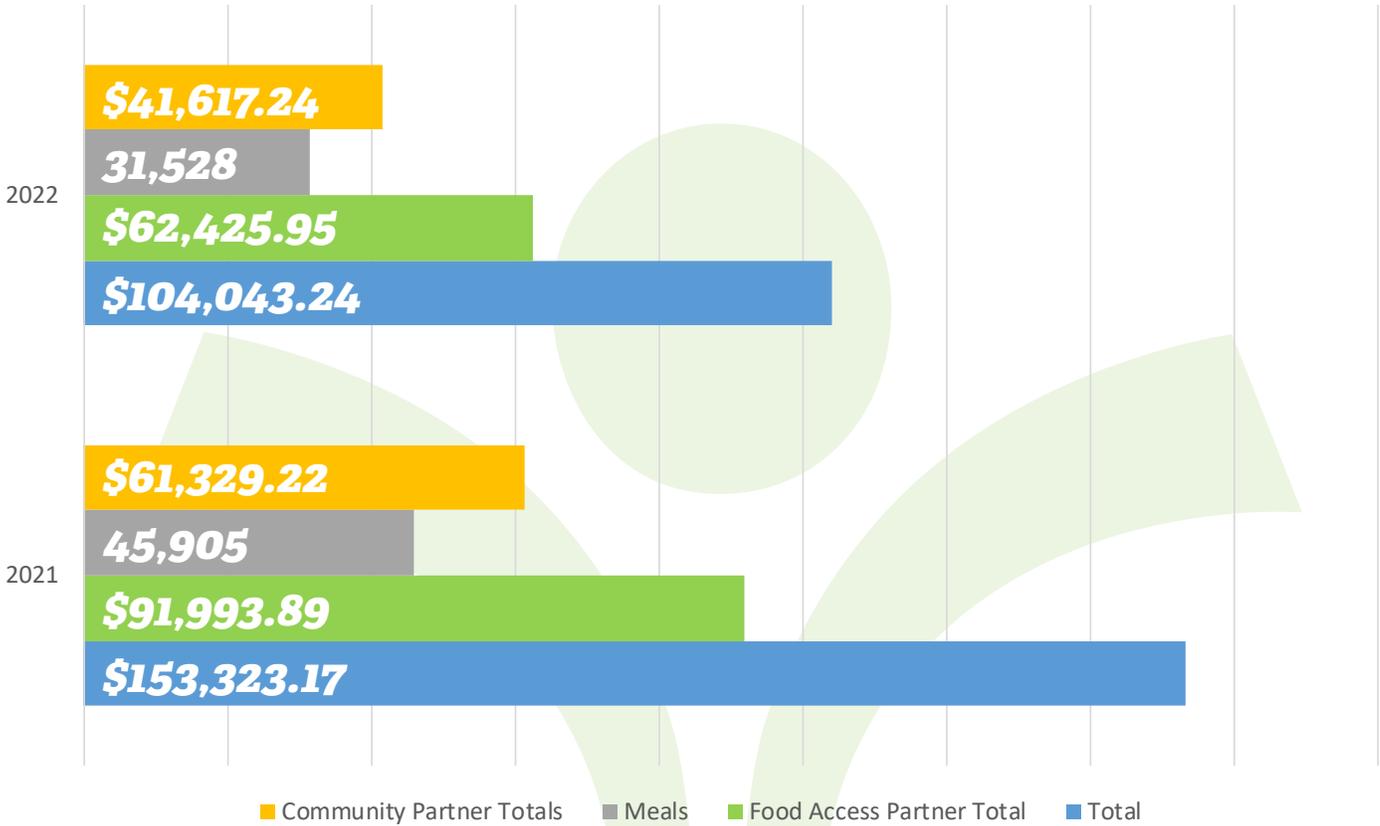
SHRED EVENT



DOUBLE UP BUCKS

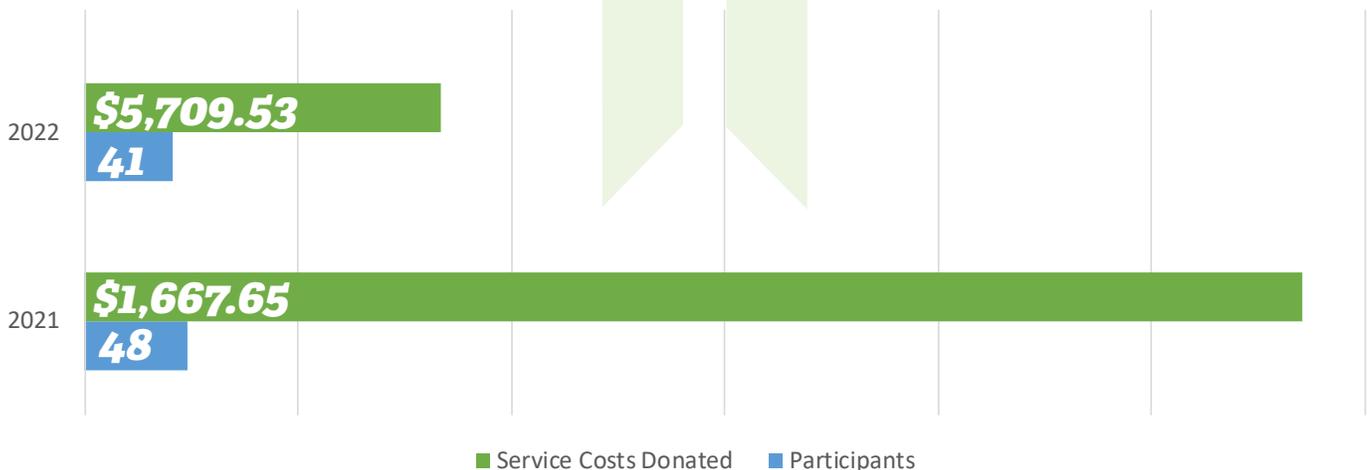


PENNIES FOR CHANGE



***Meals calculated using Feeding America Equation for Dollars Donation/\$1.67 per pound of food, lbs of food/1.2 lbs. equals one meal.**

CAR CONNECTS



***NOTE: The tracking, eligibility, and disbursement practices were modified from 2021 to 2022**

COMPLIANCE DETERMINATION: In Compliance.

E2 SHOPPERS EXPERIENCE A POSITIVE, PERSONALIZED EXPERIENCE.

2.1. SHOPPERS HAVE ACCESS TO GOODS AND SERVICES AT TIMES, PLACES, AND MODES THAT MEET THEIR NEEDS.

INTERPRETATION:

I interpret this to mean that the businesses our cooperative operates, both food stores and automotive service centers, offer a variety of options for goods and services that meet customer needs to the greatest extent possible. Additionally, our locations should be open to the community during business hours that meet community needs and should be easy to access.

Our locations are situated in a variety of towns in the community that are accessible both by public transit and personal vehicles during standard business operating hours. Our goods and services are comparable to other businesses in the area while also offering unique products that can't be found elsewhere. Consistently, in our previous customer surveys, customers continue to tell us the number one reason they shop our food stores is that they can find products and services they can't find elsewhere. Similarly, customers continue to support our business model at the automotive service centers, where we differ from much of the service industry and employees are not incentivized to sell products or services that customers do not need.

The most important key to maintaining stores that are open to the community and provide the kind of service and selection our members are looking for, are our employees.

During 2022, we had an unemployment landscape unlike anything our business has experienced in recent history. Unemployment rates hovered between two and three percent. In order to remain open at all locations, teams had to pivot and adapt to these new conditions quickly. In 2022, in order to remain open, our services were modified, we invested in various technology solutions to support staff, new product lines were brought in to minimize the workload in full service departments, and store hours were modified to help ease the burden on employees. Toward the third quarter, new recruiting strategies were implemented that helped dramatically reduce the number of open positions we carried through much of the year. All of this helped us maintain service to our community at a time when other businesses were closing their doors for days at a time or, in some cases, closing entirely. Our ability to maintain the level of service we did during 2022 is a remarkable testament to the dedication of employees to our community. In 2022, our employees went above and beyond for our community, adapting to conditions that we have never experienced before. It was through their determination, creative thinking, and collaboration that we were able to continue offering goods and services to the community.

E2 DATA

Range of products compliance will be demonstrated when the Co-op continues to offer a variety of products based on consumer demand in the categories above.

MEMBERSHIP

| Year | New Membership | Cancelled |
|------|----------------|-----------|
| 2022 | 1,166 | 191 |
| 2021 | 1,230 | 152 |

TRANSACTION COUNT FOOD STORES

| Year | Transactions |
|------|--------------|
| 2021 | 1,488,228 |
| 2022 | 1,470,668 |

Compliance will be demonstrated when the Co-op makes significant investment in employees and maintains competitive benefits, which indicates that the Co-op continues to invest in being a better workplace.

COMBINED WAGES & BENEFITS IN 2022:

\$17,261,893

COMBINED WAGES & BENEFITS AS A % OF SALES IN 2022:

20.1%

Employee Benefits for 2022:

- Health Plans with a range of coverage and deductibles
- Dental Plan
- Vision
- Paid Sick/Personal Time Off
- Paid Vacation
- Paid Holidays
- Extended Illness Bank
- Paid volunteer time
- Employee Discount – 20% off groceries and auto services
- 401K – no matching required
- Life Insurance
- Supplemental Life Insurance
- AD&D Coverage
- Short Term Disability
- Employee Assistance Program
- Work United Support Program
- Educational Scholarships
- Tuition Reimbursement
- Discounts at other local business

COMPLIANCE DETERMINATION: In Compliance.

E3 ***OUR COMMUNITY HAS CHOICES WITH POSITIVE ENVIRONMENTAL, HEALTH, AND SOCIAL IMPACTS.***

3.1. SHOPPERS UNDERSTAND THE ENVIRONMENTAL, HEALTH, AND SOCIAL IMPACTS OF THEIR CHOICES.

INTERPRETATION:

I interpret this to mean that the Co-op operates our business in such a way that provides a resource for our community to find choices that fit their values. Making healthy, environmentally, or socially conscious choices are very personal to the consumer and can be subjective. With the availability of information that exists today, consumers are well equipped to select products that meet those choices. Therefore, I interpret this to mean that the Co-op will operate our business in such a way that when a consumer shops our stores or service centers, they are choosing to invest their dollars in a business that has positive social and environmental operations.

DATA

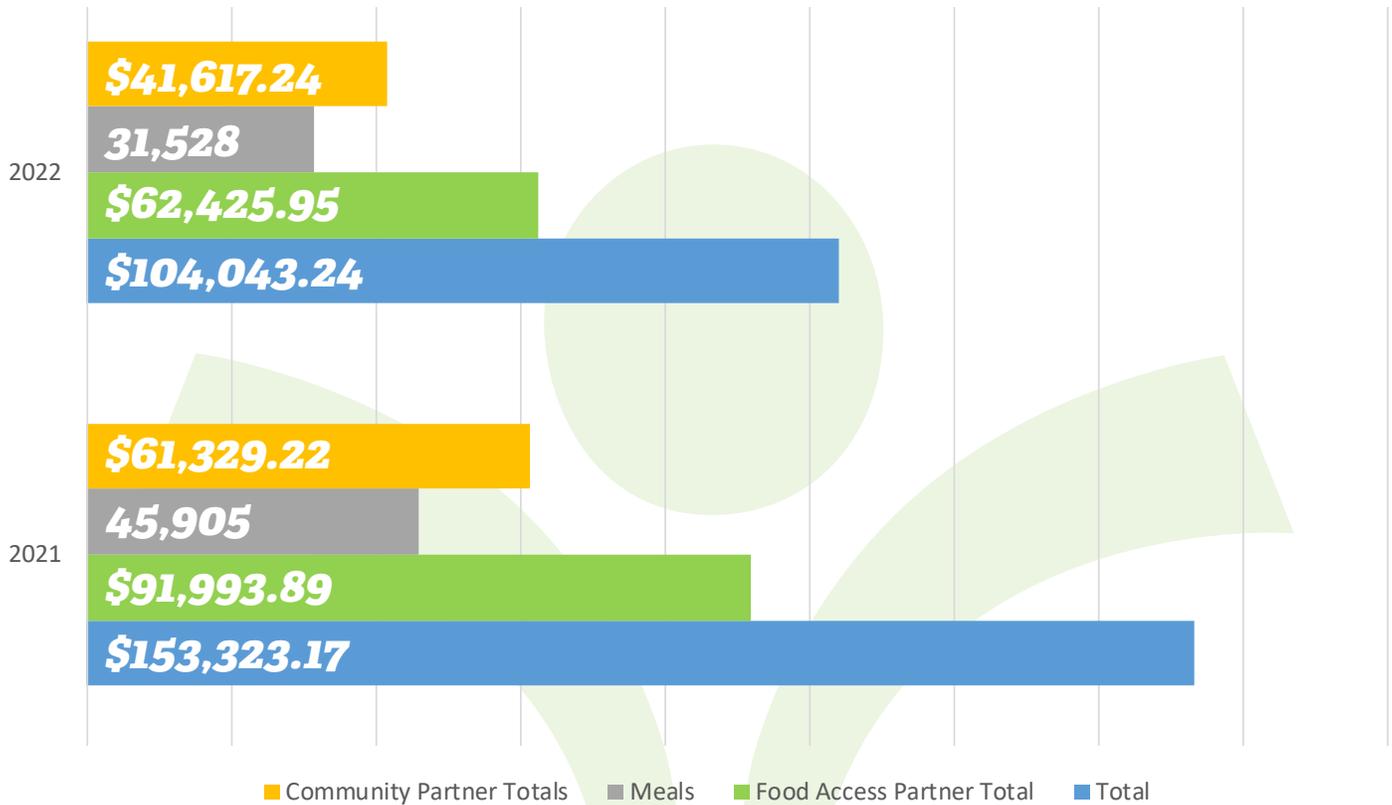
Compliance will be demonstrated when the Co-op has invested in social programs that support the community.

Compliance will be demonstrated when the Co-op has actively put a plan into place to become a more sustainable business through waste management goals and net-zero greenhouse gas goals.

Compliance will be demonstrated when customers become members, indicating that they have chosen to become owners due to an alignment in social and environmental values.

E3 DATA CONTINUED

PENNIES FOR CHANGE



Willing Hands:

1 new truck + 1,000 miles traveled weekly providing food for those in need.

Mascoma Cooperative Preschool:

Provided STEM activities for children.

Hanover Conservancy:

Helped with care for Mink Brook Nature Preserve and other local trails.

Hartford Community Coalition:

Provided 370 meals to Hartford homes.

Listen Community Services:

100+ Meals for community dinners, stocked food pantry, help with heating bills.

Good Neighbor Health Clinic:

Provided tele-health capabilities.

Grafton County Mental Health Court:

Provided funds for unexpected car repairs and rental assistance.

Hanover Street Friday Food Program:

30+ food bags each Friday for families.

Windsor County Mentors:

Provided one-on-one mentoring for youth.

Maynard House:

27,000 guests received affordable healthcare accommodations.

Friends of Mascoma:

Stocked Friends Feeding Friends food pantries.

Walk to End Alzheimer's:

Funds for Alzheimer's care, support, and research.

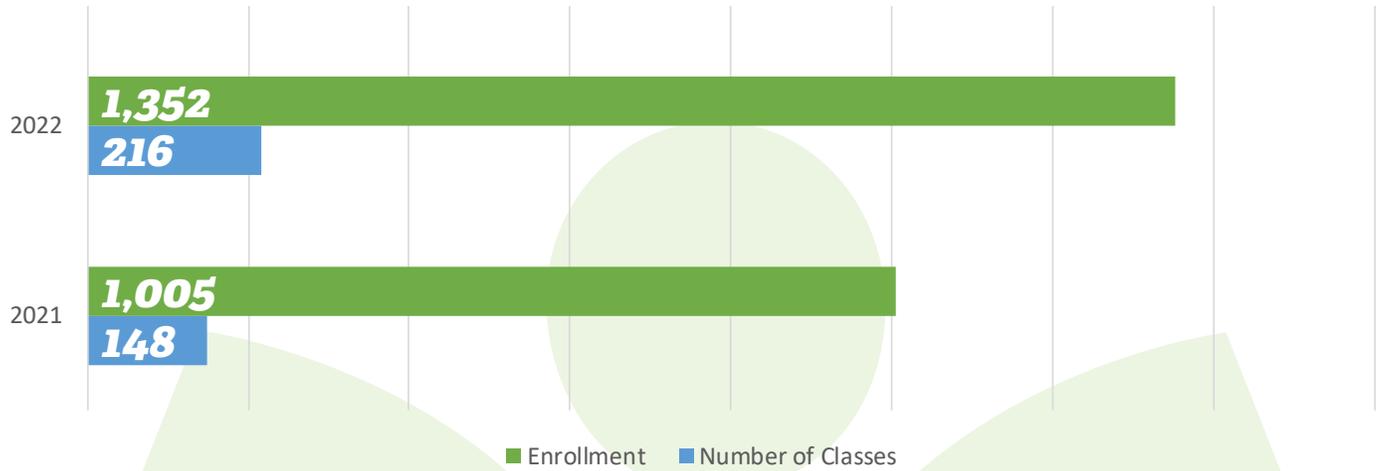
West Central Behavioral Health:

Served 2,000 children, families, and individuals.

Headrest:

430,000 hours of service on 24/7 help support hotline.

CO-OP LEARNING CENTER CLASSES



HANOVER CO-OP COMMUNITY FUND:

This year, we had 9 applicants (all local non-profits) and \$15,200 to allocate—with a cap of \$2,500 for each project. The selection committee reviewed each application carefully.

THE 2022 HCCF AWARDS ARE:

Kearsarge Food Hub – Plastic Reduction Program - \$2,500

Friends of Canaan Village, Inc. – Flower Planters - \$1,200

White River Land Collaboration – Community Gathering Space - \$2,500

COVER Home Repair – Home Weatherization Programs - \$2,500

Growing Peace Project – Teaching Gardens - \$2,500

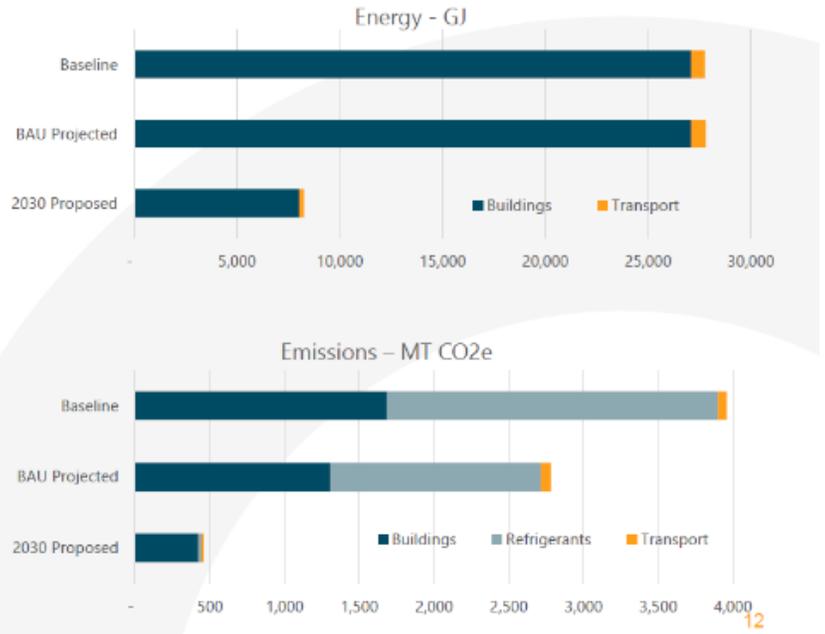
Friends of Northern Rail Trail – Cycling with Age Program - \$2,500

Vital Communities – Gerstenberger Scholarship for Leadership Upper Valley - \$1,500

SUSTAINABILITY OBJECTIVES

Net Zero: Energy (GJ) and Emissions (MT CO2e)

- Action Plan can reduce:
 - Building energy - 70%
 - Transport energy - 68%
 - Building emissions - 75%
 - Refrigerant emissions - 99%
 - Transport emissions - 78%



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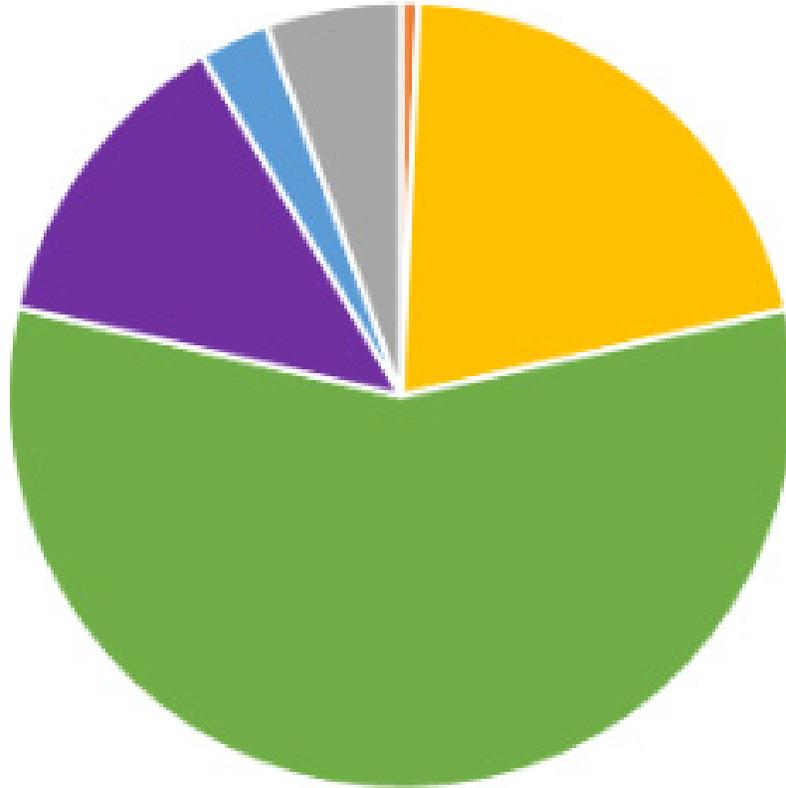
1. All Co-op provided packaging will be reusable, compostable, or recyclable by 2024.*
2. All Co-op locations will be zero-waste by 2025.**
3. The Co-op will implement an extended producer responsibility program by 2024.
4. The Co-op will implement a zero-waste product policy, including category growth goals, by 2024.

*For certain hard-to-replace-or-recycle items, including produce bags and meat trays, etc., the Co-op could opt to provide services by [Terracycle](#) or another zero-waste solutions company to enable customers to return and recycle these items.

**Following the Zero Waste International Alliance (ZWIA)'s definition of zero-waste as 90%+ diversion rate.

***NOTE: Currently, the Co-op is at 70% diversion from landfill.**

Reasons Members Joined 2022



■ Classes ■ Discounts ■ Local Foods ■ Ownership ■ Sustainability ■ Other

