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HCCS Board of Directors Meeting  
January 24, 2024

5:30 p.m., Lebanon Conference Room, 12 Centerra Pkwy, Lebanon, NH

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## AGENDA

### HCCS Board of Directors Meeting

January 24, 2024

5:30 p.m.

Lebanon Conference Room, 12 Centerra Parkway, Lebanon, NH

Time	Agenda Topic	Page	Board Action
5:30	Board Check-in		
5:35	Consent Agenda ( <i>reflect on written officer/committee reports</i> )	3	Approve
	November 15, 2023 Meeting Minutes	6	
	Monthly Share Redemption		
5:40	Member Input		
5:50	Visioning Series: <i>Lebanon in the next 5-10 years</i> Lebanon City Manager (Shaun Mulholland)		Discussion
6:25	Monitoring		
	EL 5 – Community Engagement	7	Decision
	EL 6 – Environmental Impact	15	Decision
6:45	Bylaws Revision FAQ & Overview of Potential Additional Revisions (Eric DeLuca)	22	Decision
7:00	FYI		
7:05	Final Thoughts & Adjournment		

DRAFT MEETING MINUTES

November 15, 2023

5:30 p.m. Hanover Board Room, Hanover, NH

Present: Mary Lou Aleskie, Nick Clark, Eric DeLuca, Conicia (CJ) Jackson, Eileen O'Toole, Orin Pacht, Lynn Ellen Schimoler, Cate Tierney, Jennifer Tietz

Absent: Tracey Cutter, Jessica Giordani, Peggy O'Neil

Employees: Amanda Charland (General Manager), April Harkness (ESG Program Manager), Mary Saritelli (Director of Human Resources)

Guests: Adam Prescott (Bernstein Shur)

Members: Kevin Birdsey, Alice Kennedy (potential board candidate)

Board President Nick Clark called the meeting to order at 5:35 p.m.

Consent Agenda: October 25, 2023 Meeting Minutes, Monthly Share Redemptions.

MOTION: CJ Jackson moved to accept the Consent Agenda with the addition of an Executive Session at the end of the meeting to discuss a real estate matter. Eric DeLuca seconded the motion.

VOTED: 8 in favor. 0 opposed. The motion passed.

Member Input

None.

*Eileen O'Toole entered the meeting online at 5:46 p.m.*

Bylaw Amendment

Eric DeLuca, Bylaws Committee Chair, presented draft revision language to the board. Adam Prescott, attorney from Bernstein Shur, provided background research into other food cooperative bylaws language and the desire to allow for board flexibility while maintaining member-owner control. The board plans to vote on final bylaw revisions at the January board meeting and have rationale language ready for an owner linkage event in late January.

2024 Board Budget

*(Lynn Ellen jumped off the call at 6 p.m.)*

The board agreed to change the CCMA *program registration* line item to CCMA *conference*. The board also agreed to integrate the DEI Training line item to Board Training. The board encouraged committees to be thinking about their 2024 budgets, if any.

MOTION: Mary Lou Aleskie moved to accept the board budget as drafted with the changes to the CCMA and DEI training line items. CJ Jackson seconded the motion.

VOTED: 8 in favor. 1 abstained (Eileen O'Toole – *in her car*). The motion passed.

*(Eileen O'Toole arrived in person at 6:30 p.m.)*

#### Monitoring

##### EL 4 – Employee Well-Being

Amanda Charland presented EL 4 – Employee Well-Being as in compliance. The board asked a few clarifying questions including one related to the study of wage equity and compensation. It was agreed there's more work to do in this area.

MOTION: Orin Pacht moved to assess EL 4 – Employee Well-Being as providing a reasonable interpretation and sufficient evidence of compliance. Cate Tierney seconded the motion.

VOTED: 9 in favor. 0 opposed. The motion passed.

##### GP 9 and 10

The board self-monitoring team presented the findings as submitted with a comment related to the challenge for newly seated board members to select which committees to serve on at their first board meeting. Feedback from this self-monitoring will go to Governance Committee for review.

*(Lynn Ellen left the meeting at 6:48 p.m.)*

#### FYI

- Taste of Seasons is Dec 7, 8 and 9 and board participation is welcome
- The Bylaws Committee is hosting a panel on Dec 6 on the *Value of Employee*
- Nick has met with two people interested in board candidacy
- Marketing won an award for the recent NCG/Co-op sales event
- The Co-op was runner up for New Hampshire Businesses for Social Responsibility Sustainability Slam for our at-cost ordering program with food access partners

#### Executive Session

MOTION: Nick Clark moved to enter into Executive Session at 6:53 p.m. to discuss a real estate matter and to include employee board members and the General Manager. CJ Jackson seconded the motion.

VOTED: 9 in favor. 0 opposed. The motion passed.

The board came out of Executive Session at 7:37 p.m.

The meeting adjourned at 7:37 p.m.

Respectfully submitted,  
April Harkness  
ESG Program Manager

Orin Pacht  
Board Secretary

**SHARE REDEMPTION REQUESTS****January 2024**

For the period from December 11, 2023 through January 15, 2024, 9 members have requested redemption of shares. This includes 367 A shares held directly by the members. The total cost of redemption is \$1,859.73. The reasons for member redemptions are reflected on the attached list.

Redemption of these shares (\$1,859.73 in total) will not adversely affect the cash position or cash flow of the Co-op at this time.

Respectfully,

Jamie Shechtman  
Director of Finance  
Hanover Consumer Cooperative Society, Inc.

Vendor ID	Date	State	Joined	A Shares Tendered	A Share Amount	A Share Extra	B2 Shares Tendered	B2 Share Amount	B2 Share Extra	Held Patronage	Check Total	Full /Partial	Reason Why
1	12/11/2023	VT	12/28/1979	34	\$ 170.00	\$ 4.48	-	\$ -	\$ -	\$ 2.67	\$ 177.13	Full	Deceased
2	12/12/2023	NY	10/10/2021	10	\$ 50.00	\$ -	-	\$ -	\$ -	\$ -	\$ 50.00	Full	Moved
3	12/12/2023	NH	6/14/1977	25	\$ 125.00	\$ -	-	\$ -	\$ -	\$ 0.89	\$ 125.89	Full	Moved
4	12/13/2023	NH	3/1/1973	100	\$ 500.00	\$ 0.97	-	\$ -	\$ -	\$ 2.97	\$ 503.94	Full	Deceased
5	12/13/2023	NH	12/30/1998	10	\$ 50.00	\$ -	-	\$ -	\$ -	\$ 0.08	\$ 50.08	Full	Don't use
6	12/20/2023	VT	1/8/1988	68	\$ 340.00	\$ 3.59	-	\$ -	\$ -	\$ 0.65	\$ 344.24	Full	Deceased
7	12/27/2023	ME	9/7/2007	16	\$ 80.00	\$ 4.57	-	\$ -	\$ -	\$ -	\$ 84.57	Full	Moved
8	1/8/2024	NH	3/27/2023	10	\$ 50.00	\$ -	-	\$ -	\$ -	\$ -	\$ 50.00	Full	Moved
9	1/8/2024	NH	8/16/1985	94	\$ 470.00	\$ 3.88	-	\$ -	\$ -	\$ -	\$ 473.88	Full	Moved

## Monitoring

### EL 5 – Community Engagement

**The General Manager shall not cause or allow a culture of community engagement to be jeopardized. Further, without limiting the scope of the foregoing by this enumeration, the General Manager shall not allow:**

*Interpretation:*

I interpret this to mean that our cooperative's stakeholders (customers, employees, vendors, business partners and community partners) will have both transactional and participatory opportunities with our cooperative that are actively fostered by the cooperative. The General Manager shall not allow for activities that would endanger the ability of stakeholders to take part in the values, principles, and business practices of the cooperative.

Compliance with EL5 will be demonstrated when the majority of sub points are in compliance.

*Data:*

See below for data supporting 5.1- 5.3.

Compliance determination: **In Compliance**

#### **EL 5.1: Inadequate or infrequent employee, owner, or customer engagement on:**

*Interpretation:*

I interpret this to mean that our co-op will ensure that opportunities exist for members, shoppers and employees to learn about the aspects of our business covered in points A through C (each interpreted with data below). These opportunities will be provided in a variety of modes to ensure that they are broadly accessible to a variety of learning styles and engagement preferences from our diverse stakeholders. This information will be available in places and through mechanisms that help each stakeholder understand their relationship to the vision and values.

#### **A. our Vision and Values,**

I interpret this to mean that stakeholders will be exposed to information about our:

*Vision: A well-nourished community cultivated through cooperation*

*Values:*

*Employees: We value the well-being of our employees and their families.*

*Community: We value a diverse, equitable, and inclusive community.*

*Local: We value a resilient local food system and economy.*

*Environment: We value being a regenerative business with a positive environmental impact.*

**B. cooperative principles and values, or**

I interpret this to mean that our co-op will ensure stakeholders have the chance to understand the essence of the Cooperative identity, values, and principles as defined by the International Cooperative Alliance (<https://www.ica.coop/en/cooperatives/cooperative-identity>)

**C. our history and organizational structure**

I interpret this to mean that the stakeholders will receive information about our cooperative's founding, its unique character over the decades, and the differences between our cooperative and its competitors.

1.

*Data:*

During the 2023 reporting period, there was a conscious effort to inject more education, awareness building and dialogue with members and employees on the vision, values, principles and history of our organization in a variety of ways. There are a number of ways in which this information shows up for stakeholders. It was added to a number of marketing campaigns, guided decision making in critical areas (such as charitable giving, zero waste and packaging guidelines and product designation initiatives), and it was the foundational building block of our business plan for 2024. Since the values were newly adopted during this reporting period, we don't have much data to demonstrate member and employee understanding of them yet. Here are some examples of ways our vision and values have been incorporated into our marketing and employee orientation materials in 2023.

- Updated membership materials to reflect the Co-op Vision and Values and Cooperative Principles
- Development of a new member drip email campaign to launch in early 2024. Weekly emails focus around topics of member benefits, vision and values, how a co-op works, social impact, and sustainability efforts.
- Values added to candidate materials.
- 2024 Business plan was developed based on the vision, values, and ends.
- Employee Handbook was re-written to incorporate values.
- 2023 Ad campaigns point to values with QR codes and strategically call out values in materials.
- 2023 Annual survey was conducted to ensure member values are still aligned.
- Onboarding and orientation trainings were updated to incorporate a section on our values.
- Used by social impact team to create priority areas for charitable giving
- Used by merchandising, marketing, and ESG team to establish foundational goals for packaging, product designations, and zero waste policies.

2.

Compliance determination: **In Compliance**

**EL 5.2: An employee, owner, or customer culture or atmosphere that is unwelcoming or inaccessible.**

*Interpretation:*



I interpret this to mean that the co-op will provide a workplace and shopping environment that is fair and equitable, open and friendly, and one where stakeholders feel safe and valued.

*Data:*

The co-op is continuously working to improve the atmosphere and culture in all of our spaces. We do this through seeking to understand what welcoming means to stakeholders, what we do well to create a comfortable space for people, and what barriers exist. The co-op uses this information to set expectations and standards for our atmosphere through standard operating procedures and behavior expectations (job descriptions, handbooks, codes of conduct, interaction policies, etc.). We also implement mechanisms to modify behavior or remove individuals who violate these expectations (trainings, no trespass, system changes, etc.). Additionally, the co-op seeks to create opportunities to invite people into spaces and feel more welcome.

Compliance will be demonstrated when there are active efforts to continuously understand stakeholders, active mechanisms in place to continue setting co-op expectations, efforts to invite people to engage, and feedback showing that people feel welcomed.

During the 2023 reporting period, the following occurred:

- Customer interaction policy developed in 2023
- New employee code of conduct launched in 2023
- Updated no trespass policy in 2023
- Worked with every location to launch monthly employee appreciation events
- Hosted first annual all-staff appreciation event
- Hosted quarterly Town Hall sessions to listen and engage in dialogue with employees
- Created new systems for recognizing years of tenure
- Created new systems for recognizing retirements
- Issued pronoun pins company wide and added ability to print on nametags
- Expanded systems to include ability to recognize all pronouns
- Launched employee appreciation coupons
- Hosted contests and events throughout the year for all employees
- Launched new newsletters to provide more transparency

In 2023, as part of our employee survey capabilities in our new training software, the co-op began to track how employees feel about our culture. The data below is creating our benchmark for future reporting:

- 298 out of 335 of our employees expressed that there is a fair distribution of opportunities and resources within work-related systems or processes, meaning they feel they have access and information to differing work opportunities throughout the co-op.
- 293 out of 335 employees expressed that there is an atmosphere of confidence where people can rely on each other to meet shared goals and responsibilities. 293 out of 335 employees are confident they will not experience retaliation because they have reported a concern or an incident.

*Source: Emtrain Co-op Food Store summary report*

Compliance determination: **In Compliance**

### **EL 5.2.1: Uninviting stores, including factors such as layout, lighting, and customer service.**

#### *Interpretation:*

I interpret this to mean that the co-op will create experiences for customers that are appealing and welcoming. Our stores will be easy and comfortable for customers to access and patron.

#### *Data:*

The co-op is continuously thinking of ways to improve our customer experience and develop better store layouts based on changing needs of customers. This year, we've had changes to the layouts of the stores in several key areas to improve the experience for customers, largely based on customer feedback. Compliance will be demonstrated when the co-op teams are actively demonstrating that there are changes to improve the store experience. During the 2023 reporting period, the following changes occurred:

- The café area in the Lebanon store was remodeled and expanded. Expanded LED lighting throughout locations
- Added seating at the community market
- Piloted made-to-order program for online ordering and pick up of prepared foods to make for a faster grab and go experience in prepared foods
- Added more self-checkouts to the co-op stores in our Hanover location
- Changes to promotional strategies and endcap management to create better access to advertised sale items in key spaces in stores
- Demo space added to Lebanon for sampling events
- Mandatory unconscious bias trainings for all customer facing teams
- Customer relations team reintroduced \$10 customer experience coupons
- Customer Service desk staffed 7 days a week open from 8-7 p.m. daily
- Customer service coupons available for all staff to provide immediate assistance to customers

Additionally, compliance will be demonstrated when transaction counts in the stores demonstrate that customers continue to utilize our services and we don't see dramatic declines in counts year to year. Though many factors can impact transaction counts (program/product availability, major weather events or community demographic changes, customer good will and brand perception, etc), there were no major disruptions in any of these key transaction factors during the 2023 reporting period. Therefore, transactions can be a good indicator of if customers are able to comfortably patron our locations.

Transactions 2023	Transactions 2022	Change
1,532,430	1,470,668	4.2% ↑

Compliance determination: **In Compliance**

### **EL 5.2.2: Inadequate diversity, equity, and inclusion.**

*Interpretation:*

I interpret this to mean that our cooperative will be actively working on DEI initiatives. This means that we will be continuously seeking to define what DEI means for our cooperative and stakeholders, developing our intentions and strategies on how to improve in this space, and understanding how all stakeholders (with particular emphasis on employees and customers) feel about our cooperative and our efforts. While normally I wouldn't use the language of the EL in the interpretation, I believe this language is clear and that DEI work is an ongoing process to continue learning, improving and changing systems, practices and culture. Because of this, I think the work of the General Manager is to ensure that the organization is continuously seeking to understand what DEI means, where we are doing well and where barriers exist to our work.

*Data:*

The co-op has been very actively investing in and working on DEI efforts the last two years. During 2023, we continued our work with a reputable DEI consultant on a number of projects to understand our culture better, change practices and launch trainings. Compliance will be demonstrated when the co-op has active and robust efforts around DEI work.

During the 2023 reporting period the following occurred:

- The co-op engaged with DEI consulting group and contracted for additional work for 2023
- Staff dialogue sessions were conducted at every location
- A culture report was developed for our cooperative indicating benchmarks and project areas to begin mapping out a work plan
- Directors attended an all-day DEI training session on strategy development
- Location managers and directors participated in a work plan development training session to begin mapping out work for 2024
- Bias trainings launched for all customer facing staff in 2023 with development of targets for all staff in 2024
- Development of an in-person unconscious bias training in 2023, launching first quarter 2024
- Updated harassment training launched 2023, mandatory for all employees
- Updates to systems to allow for choice of name used and expanded pronouns
- addition of pronoun pins,
- Tracking metrics expanded by Human Resources to understand all diversity measures in hiring and promotions
- Refined standards for removing products from shelves
- Merchandising added goals around product purchasing to include expansion of under-represented ownership to product categories the co-op is actively seeking to expand.

In 2023, as part of our employee survey capabilities in our new training software, the co-op began to track how employees feel about our culture. The data below is creating our benchmark for future reporting:

- 225 out of 335 employees either agree or strongly agree that contractors, part time employees and other non-traditional workers are treated with the same respect as full time employees.
- 221 out of 335 employees either agree or strongly agree that co-workers are respectful to others regardless of their race, age, gender identity, sexual orientation, or job title.

- 210 out of 335 employees either agree or strongly agree that the Co-op has a genuine commitment to inclusion.  
*Source: Emtrain Co-op Food Store summary report*
- The majority of survey respondents felt in agreement that they could discuss issues around their identity at work
- 87% of respondents feel respected overall.
- Department managers and coworkers had the highest instance of trusted resources.

*Source: 2023 Co-op Food Stores Employee Survey Report, DMC*

Compliance determination: **In Compliance**

### **EL 5.2.3: Facilities or communications that fail to meet or exceed Title II standards of the Americans With Disabilities Act.**

#### *Interpretation:*

I interpret this to mean that the co-op will not only meet federal and state ADA regulations but will also prioritize going above and beyond the standards.

#### *Data:*

Many of the ADA standards have to do with physical layouts of locations. The co-op ensures that all of our buildings are built to meet ADA standards by working with third parties and including our Facilities Team on all development projects. Compliance will be demonstrated when there have been no violations of ADA regulations and any active projects demonstrate they will be ADA compliant or better.

During the reporting additional self-checkout registers were made available to help alleviate wait times and help to provide low-contact customer service. In addition, wider checkout area and registers are ADA height compliant. No other major physical renovations occurred. In 2023, our marketing team has been actively redesigning the website which will now exceed ADA standards. The new site will launch in 2024.

Additionally, the co-op ensures that employees who may need work accommodations for different abilities are given accommodations. These are handled on a case by case basis in close collaboration of the Human Resources team and the location managers. Compliance will be demonstrated when the co-op has provided accommodations for employees who need them.

A review of records indicates that during the 2023 reporting period, HR helped facilitate four employee accommodations for both physical and mental needs.

Compliance determination: **In Compliance**

### **EL 5.3: Operational conduct or results that may jeopardize any of the organization's giving programs.**

#### *Interpretation:*

I interpret this to mean that the co-op will continue to create and maintain systems that support community

needs through donations and will conduct business in a way that can sustain those programs.

*Data:*

During the 2023 reporting period, the co-op maintained and promoted a number of charitable giving programs.

Compliance will be demonstrated when the co-op continues to provide programs, gets support in those programs, and is actively seeking ways to get more participation in programs.

*LISTEN Holiday Baskets* is an annual partnership with LISTEN Community Services where customers are given an opportunity to purchase gift cards for food for families and seniors in need during the holiday season.

- LISTEN Holiday Baskets Program donation of: \$8,825.00, equals 5284 lbs. of food, equals 4941 meals.

*Car Connects* is a partnership with LISTEN Community Services to offset auto repairs and other auto related expenses for people in need. It also provides a way for customers to participate in the program by purchasing gift cards to help offset the costs of the program.

- Car Connects 2023 member donations of \$1,543.83, vouchers provided 33, value of vouchers \$3,220.00, Total repair costs \$8,485.25, customer paid in \$3,987.94

*Small Donations* is an ongoing co-op program that provides gift cards, raffle prizes, food, and other donations to local community groups and non-profits.

- \$15,536.93 in small donations to 95 community organizations.

Other partnerships include ongoing support for local food shelves through at-cost ordering programs (significantly reducing food costs for the Haven, LISTEN, and others), active participation in Point to Point providing much needed support for the Vermont Foodbank, and the Prouty (supporting the Norris Cotton Cancer Center). The co-op is seen as a valued and essential partner in these local programs. In addition we support the Hanover Area Food Shelf and the Norwich Hartford Holiday Basket program.

*The Hanover Cooperative Community Fund (HCCF)* continues to be fully supported through fundraising in a vendor/employee relationship building golf tournament and donations from the sale of products in partnership with Black River Produce. This year, the co-op contributed close to \$20,000 to the Twin Pines Cooperative Foundation endowment supporting cooperatives from many sectors across the country. The interest was returned to us for local distribution in the form of community project grants and the Gerstenberger Scholarship fund. The newly established board values helped create the criteria for making award decisions.

The 2023 HCCF Awards Are:

- Sustainable Lebanon – Mesh Bag Mamas Reusable Mesh Produce Bags - \$1,000
- Hanover Conservancy – Protecting the Adams Farm - \$1,500
- Hartford Norwich Holiday Basket Helpers – Food Gift Cards for Local Families & Seniors - \$1,500
- Hanover Community Food Pantry – Local Access to Healthy Food - \$1,000
- Claremont Soup Kitchen – Soup Kitchen & Food Pantry - \$1,000
- NH Queer Farmer Network – Queer Farmer Winter Retreat - \$1,000
- COVER Home Repair – Weatherization Projects - \$1,000
- Kearsarge Food Hub – Market Gardener Masterclass at Sweet Beet Farm - \$1,000

*Pennies for Change:* The co-op has worked hard to build back momentum for our Pennies for Change program. There may be several reasons for the decline in total dollars contributed since 2022 including customer waning excitement for the program, employee apathy or fear of negative responses, effects of COVID on communication and ease of transactions, and lack of adequate training and follow up for front end staff. The following represents a list of activities undertaken in 2023 to increase Pennies for Change donation awareness efforts:

- Update to logo to make it more easily recognizable
- Continued pressure on ECRS (point of sale system) to put round up option back on the pin pads
- Membership & Program Development Administrator speaking at front end meetings to reinforce the importance of asking to round up and asking for suggestions to make it easier
- Monthly metrics reporting to the Operations Team on decline and importance of the program
- Meeting with Retail Systems about other awareness options such as utilizing the blank half of the customer facing monitors in the checkout with Pennies for Change information
- Director of Marketing & Consumer Relations consistently talking about the decline and importance during Town Halls
- Strategic addition of 4th primary Food Access Partner, Friends of Mascoma Foundation because of their large service area and their robust self-promotion and internal organizational structure that will support awareness for the cause through their own messaging
- Director of Marketing & Consumer Relations utilizing positive reinforcement strategies with team members who are observed/overheard asking to round up.

*Member programs to increase healthy food access:*

- Food for All 2024 YTD participants: 251, Discount \$: 49,489, equals 29,634 lbs. of food, equals 24,695 meals.
- Double Up 2024 YTD participants: 168, Discount \$: 38,183.05, equals 22,837 lbs. food, equals 19,031 meals.

*Member Donation Programs*

- Pennies for Change YTD donation of \$74,213.12, Donations since 2016: \$1,290,756.81
  - Food Access Partner Donations of: \$14,842.63, since 2016: \$252,058.17
- LISTEN Holiday Baskets Program donation of: \$8,825.00, equals 5284 lbs. of food, equals 4941 meals.

Compliance determination: **In Compliance**

## EL 6 – Environmental Impact

**The General Manager shall not cause or allow the positive environmental impact record of the organization to be jeopardized. Further, without limiting the scope of the foregoing by this enumeration, the General Manager shall not allow:**

*Interpretation:*

I interpret this to mean that our co-op will continuously prioritize initiatives and decisions that lead to greater sustainability and ecological resilience as a result of our business operations and programs. Furthermore, the co-op will continue to prioritize elimination of actions which cause ecological damage and will not allow for new practices and programs to be adopted that intentionally cause environmental harm as a direct and primary result.

Compliance will be demonstrated when a majority of the sub bullets for EL 6 are shown to be in compliance.

*Compliance Determination: In Compliance*

**EL 6.1: Products that are unreasonably dangerous to human health, including tobacco products, and the use of said products on property owned or leased by the organization except in designated areas where appropriate.**

*Interpretation:*

I interpret this to mean that our Co-op has safeguards in place to ensure a reasonable level of safety for our products. The co-op shall not allow for the sale of products that are definitively known to be unsafe to human health. In addition to tobacco (which has been defined in the EL), I interpret this to mean products that have been recalled by a manufacturer due to potential health concerns. The co-op will maintain safeguards against this including a responsive recall system and extensive food-safety measures.

Note that since there are many classes of products that may pose a risk to human health, but that are still allowed for sale by regulatory agencies. Some products can be shown to be dangerous to human health when heavily consumed. Arguably these products can be shown to be dangerous to health when consumed heavily but I do not interpret them to rise to the category of “unreasonably dangerous to human health”.

Compliance will be demonstrated when the co-op shows there are no tobacco products, policies exist to limit smoking on premise, and food safety recall systems have been utilized appropriately.

*Data:*

*Tobacco:* A review of the inventory system on January X 2024 indicates that the co-op did not sell tobacco products at any of our locations. In addition, a review of the employee handbook on January 15<sup>th</sup>, 2024 confirms that a policy is in place requiring employees who smoke to use designated areas to smoke and offers assistance for employees looking for cessation programs.

*Food Safety:* The Co-op maintains a system to monitor products recalled by manufacturers or governmental agencies. Such a risk could be presented by bacterial or viral contamination, physical or chemical contaminants, or the presence of unlabeled allergens. When a recall occurs we call members, use online channels, and in-store

signage to alert shoppers. Protocols are in place and actively used to handle and dispose of recalled products. A review of our files on January 14, 2024, shows that from January 2023 to December 2023, we facilitated 24 recalls requiring 953 member and customer notifications.

The co-op also maintains a system to monitor any health concerns that may not yet be known to manufacturers or may come from our own co-op produced products. A review of our files on January 16, 2024, shows from January 2023 to December 2023, 22 Food Borne Illness/Foreign Object instances were reported. All instances were single occurrences and were followed up and documented according to our policy.

Reports and Standard Operations Procedures (SOP) are stored on a shared drive accessible to all employees. Co-op Food Safety SOPs and core functions of the Food Safety Advisory Team are outlined in the Food Safety Manual, accessible to all employees. The team includes representatives from all food store locations and the Resource Center.

*Compliance Determination:* I report **in compliance**.

## **EL 6.2: Long-term environmental damage resulting from operations.**

### *Interpretation*

I interpret this to mean that the Co-op will ensure its operating facilities, practices and future upgrades and renovations will consider their impact on the environment and use the most cost-effective, energy efficient methods and equipment available, and is further interpreted in EL 6.2.1 through 6.2.3 below.

Compliance will be demonstrated when the majority of 6.2.1 through 6.2.3 are found to be in compliance.

*Compliance Determination:* I report **in compliance**.

### **EL 6.2.1: Inadequate promotion of environmentally sustainable choices among employees, owners, customers, vendors, and suppliers.**

#### *Interpretation:*

I interpret this to mean that the co-op will encourage stakeholders to take advantage of product lines, programs, and operating practices that have more ecological sustainable impacts.

#### *Data:*

The co-op encourages stakeholder participation in environmentally sustainable choices in two primary ways. First through permanent changes to business practice that make options available more sustainable (for example, upgrading packaging for prepared food products so the only choices available to customers are more sustainable). Second, through promotion of programs directly to customers or employees that encourage behavior changes (for example, highlighting local products and making them easier to find on the shelf next to their conventional counterparts so customers can choose local).

The following programs were in place in 2023 to encourage more sustainable behaviors.



*Employees:*

- Standard Operating Procedures exist to outline expectations for purchasing, equipment maintenance, place to encourage environmentally sound behaviors
- Paperless reporting was implemented for sales reports, financials and HR reports
- Recycling and Composting is available co-op wide for both employees and customers
- Continue to build in environmental expectations into certain job descriptions (managers and others responsible for outcomes)
- Employee re-education program around co-op's zero waste initiatives including soliciting their input on future planning
- Employee participation in Product Designation Initiative (PDI) working groups to help establish program goals

*Vendors and Suppliers:*

- A vendor code of conduct is in development for 2024 outlining expectations and preferred status for products that consider social and environmental impact from sourcing to final distribution
- The co-op is implementing a product designation initiative which will seek out, promote, and identify products and vendors that align with the newly stated values such as those products that are zero waste, B-Corp certified, Fair Trade certified, organic, local, cooperatively owned, and/or owned by an underrepresented community. Many of these products have stricter social and environmental standards.
- Co-op merchandisers will provide vendors, suppliers, and distributors with a product priority information sheet to solicit products that participate in environmental certifications such as B-Corps and zero waste.

*Customers:*

- The co-op implementing a comprehensive sustainable packaging initiative for all co-op provided packaging which will include customer engagement and education
- The co-op is also implementing a product designation program which will identify products at shelf level and promote and reward members for purchases of products with exemplary social and environmental practices as determined through recently developed PDI policies and procedures. As part of this plan, sales, number of producers, number of new producers, totals SKUS (stock keeping unit) and new SKUS will be see modest increases over time.

	2023 (full year)				
	\$ Sales	Total Producers	NEW Producers	Total SKUS	NEW SKUS
Local	\$17,297,073	411	46	4559	470
Underrepresented	\$1,221,610	78	1	625	48
B-Corp Certified	\$5,740,516	98	0	1877	80
Co-op Owned	\$3,954,092	29	0	1017	42
USDA Organic	\$15,184,741	559	52	4293	267
Zero Waste	\$8,824,359	71	1	1438	62
Fair Trade	\$1,280,426	27	0	527	26

Updated 12/31/23

In addition to these initiatives, a review of sales to customers during the 2023 calendar year showed that customers chose to purchase the following more environmentally sound products:

- Locally grown, raised, or produced Cheese, Meat, and Produce: \$4,627,339 sales, 739 SKUS
- Certified Organic products: \$15,185,455 sales, 4290 SKUS
- Customers participated in our milk reuse program with 88,581 glass bottle returns in 2023.

#### **EL 6.2.2: Waste diversion that accounts for less than 90% of the Co-op's total waste streams.**

##### *Interpretation:*

I interpret this to mean that the co-op will continue to work toward achieving a Zero-Waste status by diverting waste from the landfill to edible food recovery programs, agricultural use, composting and recycling.

Compliance will be demonstrated when the co-op makes progress toward 90% diversion rate.

##### *Data:*

A review of data for the 2023 calendar year indicates that the co-op is at a 72% diversion rate currently. In 2023:

	<u>2023</u>	<u>2022</u>	<u>Difference</u>	<u>% Diff</u>
Landfill (Casella MSW Landfill)	267.7	255.2	12.6	5%
Nonlandfill				
Zero-sort Recycling	120.7	108.8	11.9	11%
Cardboard	262.7	309.4	(46.7)	-15%
Plastic	6.6	6.0	0.6	100%
Compost	164.0	188.5	(24.5)	-13%
Food Waste (Pig Farmers)	32.5	32.5	(0.0)	0%
Food Waste (Willing Hands)	68.3	76.6	(8.3)	-11%
Lifecycle (Fryer Oil)	3.9	2.2	1.7	76%
Scrap Metal	3.1	1.6	1.6	102%
Secureshred - Paper	10.5	11.0	(0.5)	-5%
Secureshred - E-Cycle	0.5	-	0.5	100%

Flourescent Bulbs	0.2	0.1	0.1	133%
Tires	8.0	6.2	1.8	29%
Waste Oil (Serv Centers)	<u>1.2</u>	<u>1.3</u>	<u>(0.0)</u>	<u>-4%</u>
	682.2	744.1	(61.9)	
<b>Total Waste</b>	<b>949.9</b>	<b>999.3</b>		
<b>Landfill Diversion</b>	<b>72%</b>	<b>74%</b>		

**Compliance Determination:** Not in compliance.

*Note: While 72% of the waste generated by our business is diverted from the landfill, the rates decreased slightly from year to year and we did not achieve progress toward the goal of 90% in the EL. To achieve compliance the plan is to continue to work with Facilities Department and all locations to identify current waste practices and get a better understanding of what is going into the landfill and why. This will include a re-education campaign with employees as well as an opportunity for employee input on solutions. The co-op will likely need to invest in new, innovative, alternative ways to divert items from the landfill. This may include a new composting vendor, transportation options for plastic wrap and other small plastic materials, and focused employee participation in full use of recycling, reusing, and composting initiatives currently made available.*

**EL 6.2.3: Net positive greenhouse gas emissions beyond 2030.**

*Interpretation:* I interpret this to mean that the Co-op's operating facilities, practices and future upgrades will use the most cost-effective, energy efficient methods and equipment available to attain the Board's net zero GHG emissions by 2030.

Compliance will be demonstrated when the co-op makes positive progress toward zero emissions.

*Data:*

During the 2023 calendar year, the co-op continued to work with energy consultants Vermont Energy Investment Corporation (VEIC) on developing plans and projects to continue working toward achieving net zero emissions by 2030. The co-op achieved an additional 2.6% reduction in GHG in 2023 and has been planning for significant changes during 2023 to begin with the development of a new Kitchen Facility in 2024.

The co-op's ESG and Facilities Team continue to review and implement the VEIC climate action plan tasks such as switching out all lighting to LED lighting, adding night curtains to coolers, inspecting equipment for efficiencies and ensuring all equipment is at factory settings, checking temperature controls and setbacks for energy efficiency, monitoring vending machine efficiencies, receiving and freezer door alarms, updating internal Standard Operating Procedures and implementing an employee training program to ensure policies and procedures are understood and complied with. The Facilities Team will also work with HVAC and other contractors to review refrigeration and heating systems for potential upgrades and efficiencies. The ESG in

partnership with the Facilities team is taking steps to develop a comprehensive work plan with sub goals and timelines for effective project management and to gain a better understanding of what incremental changes will help the achieve this goal.

	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>Difference</u></b>	<b><u>% Diff</u></b>
Total Electric KWH	3,174,089	3,125,087		
ghg factor	<u>0.857</u>	<u>0.857</u>		
Total lbs CO2	2,720,195	2,678,200	41,995	1.6%
	<b><u>2023</u></b>	<b><u>2022</u></b>		
Total Propane Usage (GAL)	121,315	108,430		
ghg factor	<u>13</u>	<u>13</u>		
Total lbs CO2	1,577,099	1,409,590	167,509	11.9%
	<b><u>2023</u></b>	<b><u>2022</u></b>		
Total Oil Usage (GAL)	2,641	16,897.8		
ghg factor	<u>22.45</u>	<u>22.45</u>		
Total lbs CO2	59,281	379,356	(320,074)	-84.4%
	<b><u>2023</u></b>	<b><u>2022</u></b>		
<b><u>Fleet vehicle calculations</u></b>				
Ford Gallons of Gas	1,012	1,068		
White Van Gallons of Gas	2,080	2,477		
Dodge Gallons of Gas	<u>177</u>	<u>66</u>		
Total Gallons of Gas Used	3,269	3,611		
ghg factor	<u>19.59</u>	<u>19.59</u>		
Total lbs CO2	64,032	70,742	(6,710)	-9.5%
<b>Total lbs CO2 Produced</b>	<b>4,420,607</b>	<b>4,537,887</b>	<b>(117,281)</b>	<b>-2.6%</b>

*Compliance Determination:* I report **in compliance**.

**EL 6.2.3.1: The prioritization of the purchase of carbon offsets versus direct investment in reducing Co-op emissions or soil sequestration / regenerative agriculture.**

*Interpretation:* I interpret this to mean that the co-op will not prioritize the purchase of carbon offsets, especially low quality offsets, to achieve its net zero goals. While this can be a simple way for companies to market that they have achieved zero emissions it is an indirect mechanism and can hinder authentic, more meaningful environmental impacts from happening. The co-op will continue to find ways to invest in direct reductions and meaningful ways to reduce greenhouse gas emission.

Compliance will be demonstrated when the co-op shows that carbon offset purchases were not prioritized over other efforts.

*Data:* The co-op did not purchase any carbon offsets in 2023.

*Compliance Determination:* I report **in compliance**.

## Bylaws Revision FAQ

Members, we want your vote! This year the Co-op is asking you to vote to revise a section of the Co-op Bylaws that pertains to borrowing money. Read on to see the Bylaws language in all of its legalese glory first. Then we'll put it in plain English!

### Current language

**Rights, Responsibilities and Limitations of Membership.** Every Member shall have an equal right to participate in Membership meetings, to have one (1) vote in all elections, to attend meetings of the Board of Directors as provided herein, and to share in the distribution of net savings as provided in these Bylaws. Membership approval shall be required of any decision of the Board involving commitments of sums in excess of four percent (4%) (in the aggregate) of the previous fiscal year's gross annual sales, an enactment or amendment of the Bylaws or the Certificate of Organization. —Co-op Bylaws Article IV, Section 5

### Proposed language

**Rights, Responsibilities and Limitations of Membership.** Every Member shall have an equal right to participate in Membership meetings, to have one (1) vote in all elections, to attend meetings of the Board of Directors as provided herein, and to share in the distribution of net savings as provided in these Bylaws. Membership approval shall be required for an enactment or amendment of the Bylaws or the Certificate of Organization, as well as any decision of the Board authorizing a borrowing transaction (or related series of borrowing transactions) from a non-Member lender of a sum in excess of four percent (4%) of the average of the prior three (3) years' annual net sales revenue—net of discounts and allowances—for the Cooperative, provided that Membership approval shall not be required if (i) such borrowing transaction constitutes the refinancing or restructuring of all or a substantial portion of an existing debt obligation of the Cooperative or (ii) the Board reasonably determines that such borrowing transaction is necessary to avoid significant and immediate business interruption to the Cooperative or that the delay in seeking Membership approval would jeopardize the financial viability of the Cooperative. —Co-op Bylaws Article IV, Section 5

### What does this mean in plain speak?

Right now the board needs your permission to change the bylaws or to borrow money that's more than 4% of last year's total sales. If revised, the board would still need your permission to change the bylaws or to borrow money. But the terms would change to more than 4% of the average yearly sales over the past three years after discounts and allowances are taken out. Also, you wouldn't need to vote on a loan if it's simply to refinance an existing loan we already have, or if the board believes it's absolutely necessary to avoid a major problem.

### Why are we doing this?

First and foremost, know that this is not legally required. We just think it's the right thing to do. In an emergency, waiting for a vote could put the cooperative's finances at risk, so this fixes that. Also, this lets the Co-op save on existing loans, gives us a chance to find better deals on how much we pay to borrow money, and would make sure our business keeps running smoothly and doesn't run out of money. (An important thing!) Finally, it puts safeguards in place to avoid financial trouble. Our elected leadership would have more freedom to make decisions in the best interests of the business.

### Questions?

We want to hear from you! Reach out to April Harkness, ESG Manager, at [AprilHarkness@coopfoodstore.com](mailto:AprilHarkness@coopfoodstore.com). Voting is April 1-30, 2024. Look for more information on how to vote as the voting period gets closer.

## Bylaws Revision FAQ

### Overview of Potential Additional Bylaws Revisions

Eric DeLuca, Chair—Bylaws Committee

1/17/24

There are a few additional potential Bylaws revisions that the President is recommending the Board consider in conjunction with the 2024 Annual Meeting and ballot. They have received a preliminary review by the attorney to quickly assess how simple or complex each suggested change would be. The Bylaws Committee discussed these suggested revisions, as well as the attorney's input, briefly during its 1/10/24 meeting.

These additional potential Bylaws revisions relate to other areas of the Bylaws than Article IV, Section 5. For each, we asked the attorney whether legal vetting would be notably straightforward and efficient, or if more substantial time and expense are implied. The items below include summaries of initial responses from the attorney.

- **Article III, Section 1:** Several Board members and operational leaders expressed interest in exploring the possibility of making a membership share in the Co-op a component of the benefits package all employees receive. We currently have a pool of donated/abandoned shares on the Co-op balance sheet that exceeds the total cost of a share for each employee in the current pool.
  - *The President sees this potential revision as a priority to consider.*
  - One approach would be to gift these shares to employees (provide an ownership equity share to each employee, with no payment made by the employee). Employees that have already purchased shares could potentially be offered the opportunity to sell those purchased-shares back to the Co-op in favor of the shares gifted to them by virtue of being an employee.
  - Another approach, commonly used in worker-owned cooperatives, would enable Employees earn into a membership share via series of small payroll deductions.
  - An assumption is that each of these options could be provided on an “opt out” basis to employees. Are there legal considerations regarding using, or necessarily using, this approach?
  - **Questions posed to the attorney:**
    - If legal, could the Co-op do this with Bylaw language as is, or would language in the Bylaws need to change?
    - For any of these scenarios, if Bylaw language needs to change, is it a simple change that could be initiated promptly, or more complex and thus requiring a longer time horizon and potentially more extensive legal review?
      - If the notion is complex as presented, is there a simpler path (i.e. the Co-op “buying” the shares for employees)?
    - What are the legal considerations in NH and VT co-op statutes and/or Sub-chapter T of the U.S. Internal Revenue Code?
  - **Attorney Response:** The attorney indicated this is a potentially complicated revision. He committed to confirming within his firm whether that's the case. It could also potentially be pursued in conjunction with the 2025 Annual Meeting and ballot.
- **Article V, Section 5:** Currently reads: "a maximum of two (2) employees of the Cooperative may serve on the Board of Directors." Does the Board want to consider changing this to three (3)?
  - The attorney indicated this would be a straightforward revision with no legal issues.
- **Article VII**
  - **Section 5:** The Board currently votes on share redemptions monthly, although it only meets 8 times a year. A policy that permitted the GM to authorize redemptions when the total monthly value was under [e.g. \$10,000], but requires a Board vote above that threshold would allow the Board to operate more efficiently.

- The attorney indicated he would review the possibility that no Bylaw change is needed to pursue this idea, and how straightforward it would be to assess.
  - **Section 6A:** Since members already voted on this Bylaw revision, which includes language about removing this section after the 5 years, the Committee asked the attorney whether the Board can legally simply remove it, or if there something additional the Board would need to do? *(The 5-year anniversary of this has passed.)*
    - The attorney indicated this would be a simple legal question to answer.
- **Various Locations within the Bylaws:** A previous Board/Bylaws Committee sought to change language throughout from “Members” to “Member-Owners” to help facilitate a culture of ownership.
  - A previous attorney serving the Co-op on such matters suggested some legal exposure in doing so within the Bylaws, given potential inconsistencies with other official documents.
    - The current attorney’s initial response was that he did not share those concerns, and instead saw this revision as straightforward. However, he indicated he would check to confirm.



## 2024 Board Calendar

January 24	HCCS Board of Directors, 5:30 PM
January 27	Candidate Info Session #1 on Zoom, 9:00 AM <a href="https://us06web.zoom.us/j/84017756031?pwd=AQ8f87dajubpfPoYNgZp6FvCFHnYrZ.1">https://us06web.zoom.us/j/84017756031?pwd=AQ8f87dajubpfPoYNgZp6FvCFHnYrZ.1</a>
January 31	Candidate Info Session #2 on Zoom, 5:30 PM <a href="https://us06web.zoom.us/j/89230739030?pwd=uVkOw9z8Dx2QpjbUUnKqfTigGfXj0n.1">https://us06web.zoom.us/j/89230739030?pwd=uVkOw9z8Dx2QpjbUUnKqfTigGfXj0n.1</a>
<b>February 7</b>	<b>Deadline to Board Candidacy</b> <a href="https://coopfoodstore.coop/board-declaration">https://coopfoodstore.coop/board-declaration</a>
February 28	HCCS Board of Directors, 5:30 PM
<b>April 4</b> <i>(Tentative)</i>	<b>HCCS Annual Meeting, TBD</b>
April 24	HCCS Board of Directors, 5:30 PM
May 22	HCCS Board of Directors, 5:30 PM