

2019 ENDS REPORT

HANOVER CONSUMER COOPERATIVE SOCIETY, INC.



THE CO-OP ENDS

by Ed Fox, General Manager

For many years, we have summarized the Co-op Ends as **the end results we aim to achieve in the world**. In a 2019 blog post, Co-op Board President Rosemary Fifield elaborated on that idea, describing the Ends more comprehensively:

“The Ends are the board of directors’ overarching statement to the Co-op’s General Manager (GM) of what benefit or outcome the Co-op shall provide and for whom. Our GM is expected to report to the board on how well he is meeting the expected outcomes, backing up his statements with benchmarks and data to show compliance with the written policy.”

As Rosemary pointed out, the GM submits monthly reports to the board throughout the year. The GM also submits a comprehensive Ends Report each spring.

For this report, it is important to note that in June, 2019, the Ends changed from eight to three:

1) Shoppers have access to a range of goods and services including, but not limited to:

- Fair trade goods
- Locally produced goods
- Organic goods
- Conventional foods
- Affordable goods and services

2) Shoppers experience a positive, personalized experience.

- Shoppers have access to goods and services at times, places, and modes that meet their needs.

3) Our community has choices with positive environmental, health, and social impacts.

- Shoppers understand the environmental, health, and social impacts of their choices.

In January, 2020, the board was polled on how the General Manager should report on the Ends in 2019, given they were changed in the middle of the monitoring year. The board recommended that the 2019 Ends Report should acknowledge the new Ends that were adopted in June of 2019, while noting that the current report is based on the eight Ends in place when the business plan for 2019 was submitted. Those Ends and their interpretations are listed in the following section.

In summary, please note that as you read this report, the reporting will focus on the previous version of the Ends, with an eye toward the new version. More specifically:

- Previous End 1 and 5 applies to new End 1.
- Previous End 2, 3, and 8 applies to new End 2.
- Previous End 1,2,3, and 7 applies to new End 3.

Ends 4 and 6 are reported on throughout the year in Executive Limitations.

ENDS & INTERPRETATIONS

by Ed Fox, General Manager

End One: *The Upper Valley will have a retail source of food that is affordable, healthy, grown and/or processed locally to the fullest extent possible.*

I interpret this to mean that our co-op sells high-quality food and other goods, and as much as possible, these products are reasonably priced and sourced locally (i.e., grown or produced in Vermont and New Hampshire). Given what is healthy for one shopper may not be for another, we do not tell people what they should eat. Instead, we provide a wide variety of choices and information, then trust consumers to make the decisions that are right for them.

End Two: *There will be economic value returned to the community via charitable contributions, outreach projects, patronage refunds to members and other avenues.*

I interpret this to mean that our co-op is a conduit for community good, operating with a spirit of altruism, charity, benevolence, and public service. We look for ways to provide food, donations, and educational programming to our communities while seeking nothing in return.

End Three: *Customers will be better educated about food issues and, as a result, make healthier choices than those who shop elsewhere.*

I interpret this to mean that our co-op uses clear and transparent information to educate shoppers and help them make smart, healthy, and well-informed decisions. We believe that knowledge is power and isn't proprietary, e.g., the property of food corporations.

End Four: *There will be vibrant cooperative sector in the economy, both nationally and regionally, and a local community educated in the value of cooperative principles and enterprises.*

I interpret this to mean that our co-op leverages its resources and works with other co-ops to build networks of cooperative partnerships. We use our communication channels to educate consumers on the value of these partnerships and the benefits of cooperation.

End Five: *The cooperative's bioregion will have a vibrant local agricultural community and that community will, in turn, have a reliable retail market for its products.*

I interpret this to mean that we serve our local and regional growers and producers with a thriving local cooperative retail business, which purchases and sells local foods and educates consumers on the benefits of local agriculture.

End Six: *There will be a major source of employment in the community that provides personal satisfaction to employees, livable wages and financial security for employees and their families.*

I interpret this to mean that our co-op consistently works at being a fair and just employer, with a commitment to industry-leading benefits, competitive salaries, and supportive working environments. Employees have access to diverse education and training opportunities, which in turn adds value to their personal and professional lives.

End Seven: *There will be a thriving business organization that protects and restores the environment.*

I interpret this to mean that our co-op recognizes that a thriving business cannot exist without a healthy planet. To that end, we support a wide variety of sustainability initiatives and pursue progressive, restorative environmental policies and programs.

End Eight: *Everyone engaging with our business shall be included, welcomed, and appreciated, contributing toward more diversity, inclusivity, and equity in our Upper Valley community.*

I interpret this to mean we are blessed with a multicultural and inclusive workplace. Internally, we recognize that all employees have different needs and life experiences. We welcome and celebrate these unique perspectives in a variety of ways, in particular through the establishment of the Lighthouse and Employee Experience committees. Externally, we recognize the vital importance of socioeconomic diversity, and have established pricing, programs, and services designed in such a way that all people feel welcome in our stores by respecting the dignity of each individual.

2019 ENDS REPORT: PREAMBLE

by Ed Fox, General Manager

We recently closed the books on 2019, and I'm pleased to report that we had another strong year, which puts us in a great position for the year ahead. Below are the pertinent details from the business notice we released to the local media:

The Hanover Consumer Cooperative Society, Inc. released results of its 2019 audit that shows an after-tax loss of \$73,622 on sales of \$76,977,354. The audit report was accepted by the Hanover Co-op board on February 26. In that report, the cooperative posted Savings before Taxes of -\$37,253. The results reflect a one-time charge of \$71,472 for asset disposal, in the absence of which, Savings before Taxes would have been \$34,219.

What are the takeaways here? First, sales were terrific—nearly \$77 million, up more than \$2 million from 2018. We showed positive earnings from continuing operations, more than \$34,000. We showed a one-time, non-cash loss associated with the move from Buck Road in Hanover to the new Resource Center in White River Junction, though the reduced rent and larger space will give us a great facility for years to come that will save us in the long run. As a result, without the move to White River Junction, we would have posted a Savings Before Taxes of \$34,219.

2019 Earnings at a Glance

Savings before taxes: \$-37,253

Remaining profits after taxes: \$-73,622

The loss from the move to White River Junction means there is no patronage refund this year; however, this brings to mind something important. I believe that throughout the cooperative industry, it's time to change the conversation about how we look at patronage.

Keep in mind that a patronage refund is simply a form of profit sharing. At the end of the year, a food co-op can return profits to members in the form of a refund, which is tax-free both to members and to the co-op. The co-op can then distribute the refund as cash or reinvest it in the business.

It's a nice perk, but a patronage refund is not the only way to provide value, and in my view, it's not the best way. Co-ops by nature are guided by a triple bottom line of financial, environmental, and fiscal responsibility. Viewing patronage only in terms of profits is both limited and myopic.

A few years ago, our co-op began thinking seriously about this idea of looking at patronage in a much more comprehensive and multifaceted way, i.e., seeing patronage as the fulfillment of the Co-op Ends. Broadening our view of patronage and seeing it in terms of the Ends has led to one of the most productive periods in our history over the past three years.

That progress continued throughout 2019. Over the course of the year, we phased out single-use plastic bags at the registers, expanded our Service Center to a second location, launched Double Up Bucks and Co-op Car Connections, and raised more than \$193,000 for local nonprofits through Pennies for Change. Look for more metrics about our community impact in the reporting that follows. As you do, keep in mind that many of our accomplishments wouldn't have been possible if we had only looked at patronage in a narrow way—focused solely on a single bottom line of profits rather than on a triple bottom line and the fulfillment of the Co-op Ends.

If you have questions or comments, please don't hesitate to reach out to me. My door is always open. And as always, my thanks to our team for contributing to the reporting that follows.

2019 ENDS REPORT: DATA
by the Co-op Leadership Team

In this report, metrics from 2019 have been listed under the corresponding Ends.

End One: *The Upper Valley will have a retail source of food that is affordable, healthy, grown and/or processed locally to the fullest extent possible.*

Co+op Basics

The Co+op Basics program is a selection of staple foods and household goods, including natural and organic products, priced below the suggested retail. The Co-op is able to offer this program not by paying less to employees or farmers, but instead, by working with a network of other cooperatively owned food stores across the country to negotiate lower prices on healthy, organic, and natural products.

2018	2019
662,619 units sold	631,733 units sold
\$1,934,511 in sales	\$1,947,324 in sales

Flash Sales

Our Flash Sales are very popular. The goals are to offer very low and very competitive prices on products already popular with our shoppers, to give shoppers the opportunity to stock up, and to boost our social media engagement.

Five Flash Sales were offered in 2019. The most popular sales were:

Cabot Shredded Cheese	1,739 units sold
Lake Champlain Chocolates	933 units sold
Al Fresco Dinner Sausages	687 units sold

Healthy

Healthy is difficult to define, given that what is healthy for one shopper may not be for another. We consider our fair trade, local, and organic products to fall under the broad category of healthy. (For detailed information on local, see End 5.) Beyond that, our approach to healthy is not to tell people what they should and shouldn't eat. Our approach is to provide shoppers with choices and information, then stay out of their way and trust consumers to make the decisions that are right for them and their families.

Because our members and customers have many and varying needs, we are also unique in the variance and sheer number of individual products we offer. Consider the following:

- We carry products from more than 300 local growers and producers.
- We offer more than 4,000 organic items.
- We offer more than 500 fair trade items.
- We offer more than 25,000 individual food and beverage products.
- We offer natural, specialty, conventional, and local products throughout all of our departments.
- We sell more than 3,500 different brands.

Additionally, we are buyers for members—this means we sell the products that our customers and members want. We don't choose our products because our suppliers give us a deal or because it fits the latest trends. In short, our members vote with their dollars; if we sell an appropriate volume of a product to keep it fresh, we keep it on our shelves.

Case Lot

Case Lot is one of our most popular sales of the year. Honoring our co-op's origins, when a handful of Upper Valley families ordered staple foods by the case, our yearly Case Lot sale offers tremendous discounts on a wide variety of popular products.

2018	2019
\$310,747.42 worth of Case Lot products sold	\$354,150.28 worth of Case Lot products sold
\$184,172.28 in savings to customers	\$206,171.77 in savings to customers
Sale up more than 20 percent from year before	Sale up more than 26 percent from year before

Big Deals

Through the Co-op Big Deals program, we offer one sale price to shoppers, and a better sale price to members. In 2019, the Co-op sold 124,568 Big Deals products to our members.

Double Up Bucks Program

Our Double Up Bucks program allows EBT users to get fresh produce at our stores for half price. In 2018, we worked with the Fair Food Network and local partners to bring this program to our co-op, and its popularity skyrocketed in 2019. We were the first large retailer on the east coast to implement this program.

	2018	2019
Participants	260	457
Incentive \$ Given	\$11,208	\$19,479
Percentage Increase of Incentives	N/A	73.7%

Emergency Food Access

	2018	2019
Vouchers Provided	180	30 to UVGear, 20 to GNHC (see details below)
Partnerships	1	2

In 2019, the Co-op donated 30 vouchers between \$10 and \$25 to local non-profit, UVGear (Giving Emergency Aid & Resources; formerly Silent Warriors). UVGear fills the gaps between government programs to assist Upper Valley residents experiencing homelessness. The Co-op also facilitated a gear drive, advertising and creating collection bins (that the organization still uses at other area businesses to this day) at all locations. See the inspiring letter from Co-Director Michael Chamness below:

“Overall, it was a huge success – We gathered about 15 sleeping bags, 12 tents, 4 backpacks, dozens of winter coats/fleece/gloves/sweaters, a half dozen cook kits, dozens of pairs of socks, various toiletries, and some great lanterns. We reorganized our storage to make room for everything and it’s set us up well for the spring, even though there are about a dozen campers

over the winter we will assist with supplies as needed. The conversations at the drop sites were really encouraging as well - Lots of questions about the scale of the problem and how folks can help beyond donations. Really appreciate the opportunity to partner with you on this – It’s been very inspiring and set us up for a few months. All I would suggest for a future campaign would be maybe slightly bigger boxes! They filled up quick. Thank you and the BOD again for the campaign and all your work making it happen!”

The Co-op also provided 20 veggie vouchers to the Good Neighbor Health Clinic (GNHC) to be used toward any fresh fruits and vegetables in any of our store locations in support of their mission to provide free medical and dental to uninsured and underinsured adult residents of the Upper Valley, advocating for improved access to healthy foods.

Food for All

Food for All is a Co-op discount program intended to make healthy food more accessible to everyone in our communities, regardless of income.

	2019
Participants	244
Discounts Given	\$44,492
% of Increase in Discounts Given	57.6%

Refill Not Landfill

	2019
Pledge Participants	271
Community Conversation Participants (2019 event series)	59

Education Projects

The Co-op Outreach and Member Services Department is committed to promoting education projects throughout the year to help our members and shoppers make healthy and affordable choices. Topics for 2019:

- Sustainable Shopping Classes
- Plastic Bag Phase Out

- Employee Green Team Formation
- Circular Blu Reusable Bags
- Refill NOT Landfill Campaign
- Reuse Community Conversations

End Two: *There will be economic value returned to the community via charitable contributions, outreach projects, patronage refunds to members, and other avenues.*

Food Drives

Food drives have been an important part of our co-op culture for decades, supporting area food banks throughout the Upper Valley that include LISTEN Community Services, Upper Valley Haven, and the Claremont Soup Kitchen.

In 2019, the Co-op, in partnership with the BIN Radio group conducted the annual Stuff a Truck food drive at the Lebanon store in December benefiting the Haven and the Claremont Soup Kitchen just in time for the holidays. Members and shoppers donated over 25 grocery carts filled with pre-stuffed \$5, \$10 and \$20 dollar bags filled with food items that the organizations requested as high-need items.

In 2019, the Co-op also collected food for our food-bank partners through our popular Shred Events. In these events, shoppers have the opportunity to bring documents they wish to be shredded in exchange for a donation of non-perishable foods.

Shred Event	2018	2019
Food Donated (in lbs.)	873	450
Funds Donated to Environmental Non-profits (new in 2019)	N/A	\$1,096
Paper Shredded (in lbs.)	4800	8500

Pennies for Change

Pennies for Change is a charitable-giving program founded on an innovative approach to collecting money at the registers. When shoppers check out at the registers, they have the option to round up their grocery bill to the next dollar. The Co-op then donate the difference to community nonprofits. **In 2019, more than \$193,000 was collected through Pennies for Change.** Of the funds collected, 60 percent was donated to our food access partners, LISTEN Community Services, Upper Valley Haven, and Willing Hands. The remaining 40 percent was split between two other community partners, which changed on a monthly basis.

Community partners were assigned as a 30-percent or 10-percent partner based upon: the impact on the community, the area of operation (number of people impacted, depth of impact, areas served), efficiency of the organization (annual revenue, number of programs/employees, and long-term viability), and an understanding of how the funds will be used to help support the mission of the applicant:

Month	Donation Total	30% Partner	10% Partner
January	\$16,533.80	Friends of Mascoma Foundation	United Valley Interfaith Project
February	\$15,365.30	Youth-in-Action	Women's Health Resouce Center
March	\$19,311.81	Upper Valley Trails Alliance	Friends of Verterans
April	\$15,190.93	Good Beginnings of Upper Valley	StoneLedge Stables
May	\$16,409.43	Vision for Creative Housing Solutions	Carter Community Building Assoc.
June	\$19,061.02	SPARK! Community Center	Upper Valley Habitat for Humanity
July	\$13,316.09	Good Neighbor/Red Logan Health Clinic	Grafton County Senior Citizen Council
August	\$13,474.09	Northeast Organic Farming Association	Alice Peck Day Hospital
September	\$16,538.15	Rachel's Kitchen, Windsor, VT	Mascoma Community Healthcare
October	\$14,358.82	Randolph Area Food Shelf	Vital Communities
November	\$14,293.17	Lebanon Middle School Backpack Program	VerShare Community Service
December	\$19,155.44	Upper Valley Land Trust	The Family Place

Community Impact

Below is an unedited, unabridged selection of thank-you notes from some of our Community Partners:

April Harkness

From: Eula Kozma <elkozma@friendsofmascoma.org>
Sent: Wednesday, March 11, 2020 4:03 PM
To: April Harkness
Cc: billing@friendsofmascoma.org
Subject: Thank You For Your Donation to Friends of Mascoma Foundation on 2/5/2020

THE DONOR CAMPAIGN



2/5/2020

Dear April J Harkness,

On behalf of the Friends of Mascoma Foundation, we would like to thank you for your contribution of \$1,361.87. Your donation will help ensure the success of FOM's ongoing mission to raise and appropriate funds to foster educational advancements within the Mascoma Valley Regional School District.

As a donor you:

- Support students by supplementing educational opportunities and scholarships.
- Provide teachers with "mini-grants" enabling them to offer creative additional educational programs to their students.
- Enhance and improve the reputation of the district by highlighting our community's commitment to education.
- Support successful existing programs.
- Support our Friends Feeding Friends food pantries and meal initiatives.

Board of Directors

Holly West
President

Kate Stewart
Vice President

Carolyn Cusick
Treasurer

Liz Murray
Secretary

Matt Dow
Projects Facilitator

Beth Felix
Community Outreach

Andrew Cushing
Alumni Coordinator

Theresa Sabol
Board Member

The generous support of individuals like you makes it possible for our organization to exist and continue to strengthen our school district.

Thank you again for your support!

Sincerely,

Holly, Kate, Carol, Liz, Matt, Beth, Andrew, and Theresa

The Friends of Mascoma Board of Directors

Your donations are tax deductible to the fullest extent allowable by law. No goods or services were provided by the organization in return for the contribution. FOM is a 501(c)(3) organization with tax ID 47-2098479. If you have any questions, please email at info@friendsofmascoma.org or call 603-632-4542.



60 Hanover Street
Lebanon, NH 03766
(603)448-4553
www.listen.org

January 10, 2020

Hanover Consumer Co-op Society
PO Box 633
Hanover, NH 03755

Dear friends,

Thank you for your continued generosity and support of LISTEN's mission through the Pennies for Change program. In 2019, your gift total was \$43,054.66. Because of your investment in LISTEN, we are here to help—more than ever before. Our counselors meet every day with individuals and families who are struggling. Despite having two and even three jobs, many are unable to make ends meet.

Your gift will ensure that, when our neighbors are in need, LISTEN has the resources to respond. Every dollar you give is used to directly assist many neighbors across the region.

In fact, this past year, LISTEN provided a record number of services to community members right here in the Upper Valley. This includes a 52% increase in direct assistance to ensure our neighbors had electricity and heating fuel for the winter, and a 40% increase in visitors to our food pantry. We expect 2020 will bring even greater demand for these critical services.

These service numbers are an incredible testament to our shared commitment to LISTEN's critical community work. Simply put, without your help, we would not have been able to meet this unprecedented level of need. Thank you.

If you would like to know more about our programs, please do not hesitate to contact me at kyle@listen.org or (603) 448-4553.

Thank you,
Kyle Fisher
Kyle Fisher
Executive Director

Coop Shoppers! We are so grateful for your continued rounding up! Thousands of meals have been provided from our dinner hall and food pantry because of your support!!! Neighbor helping neighbor!

IMPORTANT TAX INFORMATION

Current income tax laws require that nonprofit charities provide benefactors with a written substantiation for gifts. If applicable, retain this letter as your receipt for the gift described above. LISTEN's tax-exempt number is #23-7225952. LISTEN did not provide any goods or services to the contributor in consideration for the contribution. We do not rent, loan or sell our donor list.

*Wandy,
Kye*

LISTEN provides services and support to meet the critical needs of the Upper Valley.

Hanover Cooperative Community Fund

In December, 2000, our co-op's board of directors established the Hanover Cooperative Community Fund (HCCF), investing an initial \$5,000 with Twin Pines Cooperative Foundation in California. Twin Pines matched the \$5,000, and the HCCF's endowment was born.

Since then, Co-op members have donated their patronage refund checks, given money at the registers, and supported fundraisers established by the board and management. Enthusiastic Co-op employees have raised money via walk-a-thons, dedicated product sales, and through a wide variety of other events and programs.

In 2019 we raised \$6,706.89 for the Twin Pines Cooperative Foundation through patronage refund donation and a special HCCF member event held July 27, 2019. The HCCF Committee partnered with local non-profit Upper Valley Nighthawks, a collegiate summer baseball team based in Hartford, VT. We held the event during a regularly scheduled baseball game with the theme "80's Night." We created a kids corner with games from the 1980s, dressed from the period, and featured a live band playing 80's music. The HCCF Committee had a raffle station with family-themed prizes such as tickets to the Montshire Children's Museum and Vermont Institute of Natural Science. As we move ahead we'd like to raise funds through member engagement activities similar to this fun event!

In 2019, the HCCF awarded five local non-profits **Community Project Grants**:

West Central Behavioral Health's inShape Program (\$2,500), providing mentored food and exercise services to the mentally ill improving their quality of life and long-term health.

Vital Communities Building a Climate Resilience Farmer Coalition (\$2,500), convening regular climate-focused farmer meetings/workshops to bring climate adaptation resources and experts to the region.

Grafton County Senior Citizens Council (\$2,500), supporting the growing need of the *Meals on Wheels* program in the Upper Valley

Friends of Mascoma (\$2,500), in support of the Canaan Community Garden, supplying food to residents in need and educating residents on how to be more food secure through community, school and home gardens.

Good Neighbor Health Clinic (\$1,400), in support of their Veggie Voucher program, encouraging patients with chronic illness to improve their diet.

Gerstenberger Scholarships

The Gerstenberger Scholarship for Cooperative Education offers scholarships to members and employees of cooperatives in the Upper Valley who seek to further the cooperative movement through education, training, and/or business development. The scholarship is named in honor of the Co-op's long-serving General Managers, Harry and Arthur Gerstenberger, and first Education Director, Sally Gerstenberger. The ability to provide these awards is possible only because of the dedication of our co-op's members, shoppers, and employees in supporting the HCCF.

The 2018 scholarship was awarded to Melissa K. Scanlan of Norwich, Vermont, for her study of the environmental impact of well-established worker cooperatives in Spain and Italy and how to best harness the power of cooperatives to meet sustainability goals, particularly those involving climate. There were no applicants for the scholarship in 2019. Professor Scanlan co-founded the New Economy Law Center with Gus Speth in 2015 and is now directing the Center. An active scholar, she is also directing the Colloquium on Environmental Scholarship. She has offered to present her finding to the Co-op in the very near future.

Employee Education

In 2019, the Co-op selected an employee applicant to participate in the Certificate in Co-operative Management Program at the Sobey School of Business at Saint Mary's University in Halifax, Nova Scotia. The Certificate in Co-operative Management is comprised of a set of online and part-time courses designed to be completed in 10 months. The courses enhance practical knowledge of the relevance and impact of the cooperative business model. In addition to providing access to an international network, it provides an expanded toolbox of cooperative and credit union specific management tools and best practices related to cooperative strategy, financial sustainability and innovation. The same employee was selected to continue into the Graduate Program in Co-operative Management.

Willing Hands

Food that no longer meets quality standards for sale but remains perfectly edible is donated to our friends at Willing Hands, an Upper Valley nonprofit that provides food for our neighbors in need. 2019 Willing Hands donations: 145,162 lbs.

End Three: *Customers will be better educated about food issues and, as a result, make healthier choices than those who shop elsewhere.*

Employee Learning and Development/Training

One of the primary ways our Co-op educates shoppers is through day-to-day interactions with highly skilled, highly trained Co-op employees. As a result, our Co-op's Learning and Development Team, part of our Human Resource Department, facilitates and in many cases provides extensive training to employees in a variety of areas, including, but not limited to, cooperative education, product knowledge, food safety, legally mandated compliance topics i.e., harassment, and ECRS/Catapult.

Our comprehensive Pathways Program grew in 2019 to include over 1,200 courses that provide learning experiences for employees at every level. This includes training that is directly related to each employee's role offers employees opportunities to develop broader career skills.

Please see the charts below for more information.

Food-Safety

Food Safety Training	2018	2019
Total number of employees trained in food safety:	59	118
Food safety session onboarding:	69	75
Food safety for the Co-op, 4 hour:	51	63
ServSafe certification:	0*	9

*Due to transition to new internal trainers and other Food Safety initiatives, we did not offer ServSafe training in 2018. In 2019, 2 ServSafe sessions plus a new recertification process were put into place as well as an initiative to require almost all Co-op employees to complete our 4-hour food safety training.

ServSafe Certification	End of 2018	End of 2019
Current number of ServSafe certified employees with current certification	59	34

Sustainability

FishWise Certification	2018	2019
Number of Co-op Meat and Seafood Department employees who completed FishWise Certification during the year:	21	4
Total Number of Co-op Meat and Seafood Department employees currently FishWise certified	24	31

FishWise Certification helps companies improve the sustainability of their seafood offerings and allows consumers to make environmentally informed choices when purchasing seafood. The Fishwise program ended in 2019. There will be no future reports on this certification training.

Overall Training*Number of training hours and participants:*

Training	2018	2019
Training hours:	1,518	835
Participants:	381	386
Participants who attended more than one event	267	267
Number of learning events:	139	700

TOTALS	2018	2019
Total Training Hours:	1,518	835

Training provided internally by Co-op trainers

	2018	2019
Training hours:	1,458	883
Participants:	381	386
Number of learning events:	138	99

Training provided by external trainers

CPR Training	2018	2019

Training hours:	60	48
Participants:	10	8
Number of learning events:	2	1

Percent of Employees Trained

	2018	2019
Percentage of employees who participated in at least one training during the year:	100%	100%

ECRS/Catapult Training

In 2017 a major focus of learning was the introduction of ECRS technology to many of our employees. This intensive training effort was provided by external ECRS trainers and by over 50 internal Co-op Power Users. Since the introduction of Catapult to our operations, ECRS training is ongoing and has, in large part, shifted in 2018 to become part of an employee's on-the-job training, which is not part of this report.

In addition, three specific specialist groups plus the Steering Committee have been meeting monthly to share resources including training.

Comments

An extensive comment system is in place at our co-op, one that we have refined over the years. Rather than simply another way of contacting our co-op, the comment system is a true education tool, providing a robust, two-way information channel between the Co-op and our members and shoppers. We listen and respond to all feedback in a timely manner, and use each comment as an opportunity to educate our members and shoppers about the food industry, cooperatives, and Co-op operations.

2018	2019
Co-op employees responded to 1,047 comments.	Co-op employees responded to 1,001 comments.
General feedback: 574 comments	General feedback: 572 comments
Product requests: 473 comments	Product requests: 429 comments

Co-op Learning Center

The Co-op launched the Co-op Learning Center several years ago, building a beautiful kitchen and learning space behind the Co-op Cafe in our Lebanon Store. Our CLC is a place to educate the public on food, cooperatives, and social and environmental justice issues. Over the years we have featured film screenings, demonstrations, a wide variety of classes, and presentations from cooperative industry leaders and activists. Continuing recent trends, the CLC had a remarkable year in 2019.

Learning Center

	2018	2019
Enrollment	2683	3105
Classes Held	285	397
Private Classes	53	49
Private Rental	48	71
Percentage Increase in Enrollment (over previous year)	49.8%	15.7%

Merchandising

Members of our Merchandising team meet regularly with Operations employees in our stores. As part of these meetings, Operations employees learn about new products that are available and trends in the food industry. Primarily, potential new products are introduced to our Merchandising team, who then presents the products and information to store employees. In some cases, however, employees meet directly with vendors and brokers, who show them new products available in the marketplace and discuss industry trends.

End Four: *There will be vibrant cooperative sector in the economy, both nationally and regionally, and a local community educated in the value of cooperative principles and enterprises.*

Co-op teams regularly support and partner with other cooperatives. A partial list of these cooperatives appears below.

Public and Governmental Affairs

National Cooperative Business Association (NCBA)

UNH Cooperative Extension

Cooperative Development Institute (CDI)

Neighboring Food Co-op Association (NFCA)

Cooperative Communicators Association (CCA)

Vermont State Employees Credit Union (VSECU)

Resident Owned Communities of New Hampshire (ROC-NH)

New England Farmers Union

National Farmers Union

Shirley Sullivan Fund (cooperative education scholarship fund)

Cooperative Business Council (co-founded by the Hanover Co-op, CCA Global, Cooperative Development Institute, SNHU, and ROC-NH/USA)

Cooperative Development Fund and its Co-op Hall of Fame*

* In May 2019, former Hanover Co-op General Manager Terry Appleby was inducted into the Co-op Hall of Fame. In addition to honoring his more than 30-years of service in support of food cooperatives and farmers, Appleby's induction ceremony was a fundraiser for cooperative education through the Cooperative Development Fund of NCBA. The Hanover Co-op nominated Terry to that august hall. During the selection process many other cooperative leaders voted for his induction. Once that was secured, a number of cooperatives made significant contributions of money and time to our fundraising tasks. Recognizing that every dollar raised counts, it is important to give special thanks to the following people and organizations:

- Mike Violette, CEO of Association Grocers of New England (AGNE), as well as members of AG's board of directors for their collective leadership;
- Erbin Crowell of Neighboring Food Co-op Association for his steadfast assistance and contributions;

- Mark Goehring of CDS Consulting (now Columinate) for helping to champion this effort; and
- the team at National Co-op Grocers for Terry's induction and long-standing support of CDF.

Member Services and Outreach

Co-op to Co-op support

Upper Valley Food Coop

Wheatsville Hunger Mountain

Littleton

Bushwick

Urban Greens

Caledonia

Buffalo Mountain

PCC

VSECU

Menomonie Market

Equal Exchange

Cabot

Abundance Co-op

Lexington Cooperative

Real Foods Market

Friendly City Food Co-op

Middlebury Co-op

Green Star Co-op

Other examples of support

Collaboration on Co-op Month visuals, used by many cooperatives

Participation on the Cooperative Grocer Network Board

Interaction with all NCG co-ops on marketing Facebook group

CCMA two presentations

NFCA annual meeting presentation

NFCA-Quarterly Healthy Food Access Calls

Learning with cohorts from various cooperative sectors (finance, housing, worker-owned, start-

ups, electric, radio) from around the world with Saint Mary's University Certificate in Cooperative Management Program
Participation in 2019 CCMA (2 board members and 4 employees)
Reestablishing a Board Administrators HUB with other organizations using Policy Governance, including other Co-ops from around the world.

Human Resources

Co-op to Co-op support

Concord

Brattleboro

Littleton

Monadnock

Other examples of support

HR teams participate in an HR email group that touches co-ops all over the country and regularly assists other co-ops with HR questions.

Operations and Merchandising

City Market

Concord

Sacramento

Natural Foods Co-op

Monadnock

Weavers Way

Healthy Living

Hunger Mountain

Willy Street Co-op

PCC Yankee Farm Credit

Berkshire Co-op

La Montanita

As Promotions Liaison and CMAC member, Ed Howes interacts with NCG and other co-ops on a regular basis.

Merchandising, Operations, and Cooperative Connections

To be successful, our retail operations are dependent upon a broader, worldwide connection of cooperative and fair-trade networks. Examples of our cooperative partners include retailer-owned co-ops (Associated Grocers, Frontier), national cooperative organizations (National Co+op Grocers, National Cooperative Bank), worker-owned co-ops (Equal Exchange, Artisan Beverage), and grower/producer-owned co-ops (La Riojana, Florida's Natural).

2019 Cooperative Partnership Purchases	
AGNE	\$12,630,816.35
UNFI	\$9,529,506.99
Equal Exchange	\$699,953.17
Frontier	\$20,577.44
Artisan Beverage	\$24,778.00
2019 Cooperative Partnership Sales	
AGNE	\$17 million
La Riojana	\$49,000
Equal Exchange	\$862,000
Organic Valley	\$618,000
Alaffia	\$17,500
Artisan Beverage Cooperative	\$37,000
Frontier Natural Products Co-op	\$277,000

Other Cooperative Partnerships

In addition to working with the cooperatives listed above, our co-op also enjoys a wide variety of other cooperative partnerships, impacting everything from customer service to employee education to building national and international cooperative networks.

We have a close relationship with National Co+op Grocers (NCG), a co-op owned by cooperative retailers across the country. NCG offers our Co-op sales promotions, display programs, access to new items, category management programs, natural products, and other industry resources.

Finally, our co-op has produced a variety of materials used by other cooperatives, often via social media. For example, our posts and GM reports are regularly shared by other co-ops on Facebook and Twitter, our graphics are often used by our sister cooperatives for promotional materials, and our artwork is freely used and shared by cooperatives worldwide.

General Manager

Each year, General Manager Ed Fox works with a wide variety of other co-ops and cooperative organizations. In 2019, his cooperative partnerships included the following (not all-inclusive):

NCG

Annual GM Conferences

Quarterly regional GM Conferences

Co-op Consulting

St Johnsbury Vt: Start up

Granite City: Start up

City Market

Hunger Mountain

Upper Valley Co-op

NFCA

Isle Vista

Berkshire Co-op

Harvest Co-op

Wild Oats Market

Morrisville Co-op

PCC

Newark Natural Foods

AGNE

Speaking

Echo Center: Co-op Economy

Vermont Law School: Co-op Economy

NH Cooperative Leaders: Co-op Economy

Montpelier Center for Cooperative Development: Co-op Economy

VSECU

Co-op Economy Messaging and Education

Education Outreach

Using a wide variety of channels, including e-news blasts, social-media posts, and in-store displays, the Outreach Department promoted a wide variety of education topics in 2019. Subjects included: Reducing Impacts, Sustainable Palm Oil, Cooperative Voting, Pollinators, Hunger Action Month, Co-op Basics, Co-op Month/Fair Trade Month, Local Holiday Gifts.

End Five: *The cooperative's bioregion will have a vibrant local agricultural community and that community will, in turn, have a reliable retail market for its products.*

Local

In an industry that waters down the term local sometimes beyond the point of recognition, in recent years our Co-op has narrowed our focus. Where once we consider the local and regional foodshed as being within 100 miles from our stores, we now only label Vermont and New Hampshire products as local, identifying these products with colorful green leaf graphics throughout our stores. As we source, market, and label the thousands of products we receive from the local foodshed, our employees also strive to follow state statutes that dictate how the term “local” is to be used. The labeling laws and farm-to-plate policies of New Hampshire and Vermont are important guidelines for all retailers, including our cooperative. We follow these guidelines in order to maintain transparency and to respect food producers in the twin states.

2018	2019
More than 300 local growers, producers, and distributors	More than 300 local growers, producers, and distributors
\$4,055,232.45 in agricultural products* purchased from 102 local and regional producers.	\$5,221,557.13 in agricultural products* purchased from 121 local and regional producers.

\$15,435,191 in sales of locally grown or produced products—21.95 percent of total food store sales.	\$13,787,708 in sales of locally grown or produced products—19 percent of total food store sales.
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** Products include maple syrup, meat, eggs, produce, floral, milk, yogurt, and cheese.*

Partnership with Jasper Hill Farm

Located in the beautiful rolling hill country of Greensboro, VT, Jasper Hill is a working dairy farm with an on-site creamery. An underground aging facility maximizes the potential of cheeses made by the creamery, as well as those made by other local producers. Leftover whey from the cheesemaking process is fed to heritage breed pigs, roaming the woodlands beyond the cows' pasture.

The farm has hosted multiple visits from Co-op employees. Representatives from Merchandising and the Hanover and Lebanon stores toured the farm in 2019, viewing the aging cellars, packaging facility, and cheese-washing facility. In 2019 the Co-op began selling new Jasper Hill cheese and cured meat products, supporting through various sales and promotions. Co-op merchandisers also initiated the idea of a beer-washed cheese, using local beer, that would be sold as a co-op exclusive in New England.

New Growers

Dunks Mushrooms is a new local and regional grower added to our local lineup in 2019. In addition, in 2019 two existing Produce Department growers added \$8,600 of sales to the Floral Department.

Public and Governmental Affairs

Our region requires a food system able to withstand hard times. Common challenges facing farms are caused by extreme weather events and climate change. The remarkable work of New England's food producers to adapt to uncertainty and help feed our region deserves our recognition and appreciation. It also requires our support to enhance food-system resilience. As we prepare this 2019 Ends Report in March of 2020 – a time when farmers' fields are just thawing out and when only their greenhouses show signs of the next harvest – we must remember how a virus like Covid-19 requires a robust local food shed. We all know how

farmers and food producers delight us at summer farmers markets, at their farm stands, and with deliveries to our food cooperative. Yet we must remember that their harvest and products are an irreplaceable part of our food supply. Food of this region feeds us daily and bolsters supplies when disruptions occur as with romaine lettuce.

Lest we forget, we live in *agriculture supported communities*.

Understanding this reality provides the first answer to the question of *why* we support agriculture with our efforts of robust advocacy. Food security starts in our own “backyard.” That’s the view we share at the local, state, and federal level.. A secure food system is NOT a one-size-feeds-all industry. That is a notion that is true here and around the nation, yet, it is not a new concept for the Hanover Consumer Cooperative Society. Ours is a business that historically views its role as a community partner. We speak up on matters of conservation, farm-fair policies, paying fair prices, and food policies like SNAP benefits.

Food security is everyone’s business, and raising our voice is one of our cooperative’s many commitments.

To that end, here are a few highlights of Allan Reetz’s public and government affairs work in 2019:

- Participated in D.C. “fly-in” with National Organic Coalition
- Participated in D.C. Farm Bill “fly-in” with National Farmers Union (on the New England Farmers Union team). Rebecca White, manager of our Hanover Co-op produce department also played a central role in that effort.
- Created a 10-part workshop series for farmers and food producers held at Hanover Co-op’s Learning Center and teaching kitchen (inside our Lebanon store). Experts from our staff along with outside specialists were on the list of instructors.
- Testified in support of SNAP funding at the state level and federal level
- Maintain regular and direct communication with leadership at the New Hampshire and Vermont Departments of Agriculture
- Served in leadership and committee positions for organizations including:
 - New Hampshire Food Alliance
 - New England Farmers Union
 - Vital Communities Farm and Food Advocacy Team
 - National Cooperative Grocers
- Collaboration with leadership and administrators at:
 - Real Organic Project
 - Center for Agriculture and Food Systems (Vermont Law School)

- USDA
- Fair Food Network
- Farm to Institution New England

End Six: *There will be a major source of employment in the community that provides personal satisfaction to employees, livable wages and financial security for employees and their families.*

Human Resources

We work hard to provide our employees with diverse development opportunities. At the Co-op, employees, and prospective employees, can turn their passion for what they do into a rewarding and satisfying career. Just ask one of our many long-term employees. In 2019, we focused our efforts on providing in-house training, and we experienced a transition in leadership in this area, which is reflected in the lower cost of training and total training hours as noted below.

Total Benefits	\$3,486,951	\$4,124,063
Employee Discount	\$302,000	\$1,749,000
Total Wages	\$11,754,426	\$12,312,779
Employee Training Hours	1,518	835
% of employees	100%	100%
Total spent on training	\$28,471	\$37,106.93

Benefits

The benefit package for our full time employees includes health insurance in which employees have a choice of 4 plans (one 100% employer paid), 100% employer paid dental, 100% employer paid vision, 100% employer paid life insurance, and 100% employer paid short term disability. All employees participate in our 401k plan and regular full and part time employees

enjoy 6 paid holidays per year. Regular employees who work 18 hours per week or more receive paid vacation, sick and personal time.

In addition, we provide a free Employee Assistance Program to all employees and their immediate families, as well as the Work United program, also available to all employees and their families, to help remove barriers to their success at work. We also provide all employees with a 20% discount on most items we sell and a 20% discount at our service centers for some services and parts.

Another benefit we offer which supports the development of our employees is tuition reimbursement of up to 2 courses per year and the opportunity for our employees and their family members to apply for one of our \$500 annual scholarships.

Wages

We are continually looking at compensation as it relates to fairness, equity, and market pressures. As the employment market becomes tighter, we find ourselves responding by bringing on new employees at a higher starting wage. Our compensation system allows for this as well as pay increases for existing employees based on their performance, and when appropriate, equity.

The livable wage as defined by the State of Vermont is \$13.55 per hour. 100 percent of our employees earn a minimum of \$12.00 per hour. At the start of 2020, 38 employees were earning \$12.00 an hour, 35 were earning between \$12.01 and \$12.95, and 39 employees were earning between \$13.00 and \$13.95.

The average wage in pay grades 1-8 at 1/1/2020 was \$17.02 (upper management is included in pay grades 9-12 and therefore those wages have been excluded here). The average wage for pay grades 1-4 which include the majority of our employees, came in at \$14.20 per hour at 1/1/2020.

For many of our employees, working at our Co-op is their first job and they have a wonderful opportunity to learn the skills necessary to be successful in the world of work. In addition to providing a training ground for our employees, we provide some financial security in that our employees don't have to worry if their benefits will be there when they are needed or if their wages will be paid on time and in full.

Our Co-op employs about 375 people, and 82% of our employees work full time and receive full benefits.

When asked in our 2019 employee satisfaction survey, our employees stated clearly that one of the major reasons that they choose to work here is due to the support we provide to our local communities and the people who live here. Our employees continue to show their personal support for our communities and community partners by giving of their time as a volunteer. In 2019, 18 of our employees donated 114 hours of time as volunteers in our communities. The activities ranged from the preparation and serving of our monthly Listen Dinners to stocking the *food shelf at the Haven as well as performing volunteer work in their local churches and other non-profit organizations.*

End Seven: *There will be a thriving business organization that protects and restores the environment.*

The Co-op would never be able to reach its sustainability goals without a thriving business organization in place to support it. Through a combination of teamwork, impressive sales, and keeping an eye on expenses, our business made great strides in 2019.

With this firm financial foundation in place, we support sustainability initiatives in a wide variety of ways.

Waste Reduction

In 2019, the Co-op diverted tons of organic material from the landfill through our food waste reduction programs.

Much of this was donated to our friends at Willing Hands, a nonprofit that distributes high-quality food to the needy in our communities.

- Food waste collected for agriculture: 133,246 lbs.
- Compost: 423,792 lbs.
- Willing Hands donations: 145,162 lbs.
- Total food donations: 702,200 lbs.

GreenChill

In addition to food waste reduction, the Co-op also strives to meet Ends Seven through our continued partnership with the Environmental Protection Agency's GreenChill program.

In 2018, for the third straight year, the Co-op earned the EPA's award for Most Improved Emissions Rate. The Co-op competed with more than 10,800 large commercial retail grocery stores across the country for this award.

To put this into perspective, the emissions rate in 2011, our first year in the EPA partnership, was 55.6 percent. The Co-op had a steady decrease to 42 percent through 2015. In 2016 we reduced our rate to 9.5 percent through careful planning and new systems.

In 2018, our emission rate was 7.7 percent, down from 9 percent the previous year. It is important to note that the average supermarket commercial emission rate is 25 percent.

Shred Events

As detailed in End Two, our popular Shred Events are an integral part of our food drive programs and give community members the opportunity to bring in their old documents for safe and secure shredding and recycling. Paper shredded in 2019: 8,500 lbs.

End Eight: *Everyone engaging with our business shall be included, welcomed, and appreciated, contributing toward more diversity, inclusivity, and equity in our Upper Valley community.*

Removing Barriers

Our cooperative works hard to identify and remove any barriers to an open organization committed to inclusion, diversity, and a welcoming environment. We strive to not only limit barriers, but we also put mechanisms in place so that we can identify barriers and take them down. These mechanisms include an extensive comment system, multi-stakeholder committees, blind applications, and the nondiscrimination policies as listed in the Employee Handbook.

We've been practicing this for years. To some degree, it's in our cooperative DNA. End Eight ensures this will stay in our DNA for years to come, preserving an open and welcoming co-op for future generations.

Diversity and Inclusion Committee

We have created a committee for the purpose of developing an awareness of diversity and a cultural shift towards inclusion at the Co-op. To that end the committee has developed the following mission statement:

“Our Co-op is comprised of diverse employees, members, shoppers, and community partners with a variety of cultural, personal and economic perspectives. The mission of the Lighthouse is to provide a path to awareness and respect through open dialogue centered around the many experiences that shape people’s lives.”

Public and Governmental Affairs

The words “Concern for Community” summarize the last of the seven Cooperative Principles. Like the six principles that come before it, concern for community is not a suggestion, but rather a commitment. Though it may be uncommon for even large independent grocery retailers to have a department of public and government affairs, elevating this work to the senior leadership team level is a commitment that makes sense for our business. Matters of diversity, inclusivity, and equity won't solve themselves. That is why department director, Allan Reetz, collaborates with leading organizations to advocate on the following urgent concerns:

- Affordable workforce housing
- Housing to address needs of chronically homeless
- Resisting cuts to SNAP funding
- Double Up Food Bucks funding at the state level
- Transportation that remains affordable and flexible
- Wage fairness
- Family and Medical Leave insurance

FINAL THOUGHTS

It's important to remember that this Ends Report is only a portion of the programs, initiatives, and metrics we have in place to support the Co-op Ends. Just as the Ends are aspirational, so are the many programs in place for attaining them.

None of this would be possible without the work of our members, board members, and employees. Our thanks to all of you for making 2019 another successful year.

NOURISH. CULTIVATE. COOPERATE.