

## **Minutes of the 43<sup>rd</sup> Annual General Meeting of Mountain Equipment Co-op held April 24, 2014 at the Segal Building, Vancouver BC**

The 43<sup>rd</sup> Annual General Meeting of Mountain Equipment Co-operative (MEC) was held on Thursday, April 24, 2014 at the Segal Building in Vancouver, BC.

The meeting began at 6:00pm PDT and adjourned at 8:00pm PDT.

### **MEC Programs Presentation**

Shauna Sylvester, Sustainability Committee Chair, introduced the presentation, noting that it would take the place of the Sustainability Report.

Andrew Stegemann, MEC Community Program Manager; Sean Mahar, MEC Activity Coordinator; and Stephen Matthews, MEC Envoy Coordinator presented on how MEC gets Canadians outdoors. They included examples from their respective programs and the key highlights from 2013.

### **Call to Order**

#### **Quorum, Welcome, Introductions**

Bill Gibson (Chair, MEC Board of Directors) called the meeting to order at 6:30pm with a quorum present. Members in attendance were welcomed.

The Chair introduced Doug Copland of BLG as the meeting's parliamentarian, noted that Shona McGlashan, MEC's Chief Governance Officer, would serve as secretary, and that there were five meeting scrutineers in attendance, including MEC's Auditor, Erik Berg from MEC's external audit firm, KPMG LLP.

The CEO and Directors in attendance were introduced:

David Labistour, MEC Chief Executive Officer; Margie Parikh, Board Vice-Chair (Victoria, BC); Jonathan Gallo, Finance and Audit Committee Chair (Edmonton, AB); Shauna Sylvester, Sustainability Committee Chair (Vancouver, BC); Drew Anderson, Human Resources & Compensation Committee Chair (Ottawa, ON); Shawn Mitchell, Governance Committee Chair (Vancouver, BC); Rob Campbell (North Vancouver, BC); Carole Lulham (Calgary, AB), and Ellen Pekeles (North Vancouver, BC).

#### **Adoption of the Agenda**

The Agenda was adopted as circulated.

#### **Adoption of the Rules of Order**

The Rules of Order were adopted as circulated.

#### **Adoption of the 2013 AGM Minutes**

The 2013 AGM minutes were approved as circulated.

## Reports

### **Chair's Report**

Bill Gibson presented the Chair's Report.

Highlights from the report can be found at [mec.ca/annualreport](http://mec.ca/annualreport).

### **CEO's Report**

David Labistour presented the CEO's Report.

Highlights from the report can be found at [mec.ca/annualreport](http://mec.ca/annualreport).

The CEO acknowledged the MEC Senior Management Team:

Alex Buhler (Information Technology), Jeff Crook (Product), Anne Donohoe (Communications and Marketing), Gary Faryon (Retail Operations), Shona McGlashan (Governance), Naomi Ozaki (Production), Cathy Smith (Human Resources), and Sandy Treagus (Chief Financial Officer).

### **Audited Financial Statements and the Finance and Audit Committee Report**

Jonathan Gallo, Finance and Audit Committee Chair, presented the Audited Financial Statements for the fiscal year ended December 29, 2013.

The 2013 Audited Financial Statements, and highlights from the report, can be found at [mec.ca/annualreport](http://mec.ca/annualreport).

## Questions and Discussions on Reports

Mark Latham (#16311) asked the Chair whether there was an increased or decreased level of board accountability with the new nominations and resolutions processes. The Chair noted that the changes did not prevent members from running for the Board or from submitting resolutions but provided more stringent requirements, increasing the accountability of the Board.

Anders Ourum (#224) asked whether a resolution was required to approve financial statements. It was noted by the parliamentarian that this was not required.

He also inquired as to whether the Board was considering a store in Saskatoon and the Chair noted that although plans could not be revealed, announcements about a new store location could be forthcoming.

Mr. Ourum, on behalf of the committee who originally hired Mr. Gibson as CEO, thanked the departing Chair for his many years of service to MEC.

Steve Jones (#30682355) inquired about the financial risk to MEC in association with the joint venture referred to in item 15a in the financial statements: a limited partnership formed with a development company in order to construct a new store and residential buildings in Toronto. The Chief Financial Officer provided further details, noting the difficulty in finding a site in North

York and the city requirements for density. He noted that the residential units had sold within three hours and, as such, the remaining risk was related to execution.

Patricia Ballard (#41006446) inquired as to how one became a recommended candidate in the Board of Directors elections. The Chair described the process, noting that the Board took an inventory of the skills it already had and identified what was lacking. The missing skills were highlighted in the Call for Nominations and were taken into consideration during candidate screening and interviews. A consultants' assessment informed the recommendations by the Board and promoted a balance of skills that ensured the Board had the expertise it required.

Walter Peachey (#23) noted that he did not approve of the new nominations process as he felt it encouraged board entrenchment, and requested that the Board re-examine it.

## **Appointment of the Auditor**

The Finance and Audit Committee Chair put forward the motion to appoint the auditor for 2014:

### *Motion Regarding the Appointment of the Auditor*

It was moved and seconded, that KPMG be appointed as the auditors for Mountain Equipment Co-op for the 2014 fiscal year, and that the Board be authorized to fix the remuneration for the auditors. Members voted on the motion. **The motion was carried.**

## **2014 Board of Directors Election**

The Chair invited Erik Berg of KPMG LLP to present the results of the 2014 election and special resolution.

### **2014 Election Results**

Erik Berg reported that KPMG LLP, in its capacity as election auditor, monitored the 2014 election process, and the results of the election were as follows:

Member participation:

- Total votes: 47,523
- 46,297 votes registered online, 1181 via telephone, and 45 delivered via mail.

The election results by candidate were as follows:

- Ellen Pেকেles received 25,997 votes and was re-elected for a three year term
- Jonathan Gallo received 19,453 votes and was re-elected for a three year term
- Tamara Paton received 17,877 votes and was elected for a three year term
- Daniel Blanche received 16,968 votes and was elected for a one year term.

The remaining candidates received the following votes:

- Bill Gibson: 12,437 votes
- Dale Mills: 10,809 votes
- Pat Maher: 10,527 votes
- Gord Howie: 9801 votes
- Stephanie Bird: 9608 votes
- Tom Webb: 8398 votes
- Doug Brownridge: 6671 votes
- Alex Beraskow: 6159 votes
- Jake Burlet: 5050 votes
- Bob Brent: 4134 votes

### **2014 Special Resolution Results**

Erik Berg presented the results of the special resolution, noting that MEC Rules specified that 75% of the vote was required for a resolution to pass.

A resolution had been proposed by the Board of Directors, and aimed to save MEC money and reduce paper use by changing the way credit notes were issued to members (credit notes could not be redeemed for cash nor used for purchases; they were only provided for information). The resolution passed with 45,649 votes in favour and 1,272 against.

### **Farewell to Outgoing Directors and Introduction of New Directors**

The Chair congratulated newly elected Directors, Ellen Pেকেles, Jonathan Gallo, Tamara Paton and Daniel Blanche.

Departing Director Shauna Sylvester was acknowledged by Bill Gibson and thanked for her contribution to MEC. Vice-Chair, Margie Parikh, acknowledged departing director Bill Gibson's contributions to MEC as CEO, Treasurer, and Chair and thanked him for his dedication to the Co-op.

## **New Business**

The Chair advised the membership that this segment of the Annual General Meeting was for general questions from the floor and reminded the membership that the purpose of the meeting was to transact the business of the general membership of the Co-op and that issues of a personal or political nature were requested to be addressed through the question card provided in each attendee's package.

Walter Peachey (#23) noted that he had emailed prospective candidates and one of those recommended had not responded.

Penelope Hetherington (#17802364) requested further information about the external consultancy company which assessed the potential candidates and whether they were best situated to consider cooperative values. The Chair spoke to their integrity and expertise, noting that the company worked with numerous cooperatives and credit unions.

Mark Latham (#16311) suggested an online member forum that was accessible throughout the year to encourage democratic discussion regarding MEC's governance.

Rishi Maharaj (#29232766) discussed the new product areas being introduced and their impact on the traditional product areas, expressing concern that MEC was shifting focus to areas already served by other major national retailers. The CEO discussed how product assortments were determined by researching members' needs, spending time in the field and requesting feedback from envoys and other experts, and attending tradeshow and looking at industry standards. MEC continued to endeavour to place the best possible product on the shelf.

Anders Ourum (#224) suggested that somehow, in conjunction with the AGM, interested members be enabled to raise issues and act as a sounding board for ideas.

Linda Kirste (#16202491) inquired as to why MEC's 2013 employee engagement score did not meet target and what plans there were for addressing this. The CEO noted that the engagement score remained stable year-on-year and was higher than the retail average. One of the metrics was related to employees intending to stay with their employer and, as many staff members in stores were students, this tended to be a low scoring area. A new measurement of engagement was being looked at that would take into consideration three motivators: whether employees felt they were contributing and adding value, whether they were learning and growing, and their relationships with their colleagues and work environment.

Steve Jones (#30682355) noted that as MEC moved into new product areas and expanded product lines such as lifestyle, the stores remained the same size. He inquired as to which product areas would be given less prominence with this new configuration. The CEO discussed the shift to in-store assortments that were tailored to their communities and store size. He also noted that the growth of ecommerce could allow for MEC to provide an "endless aisle" of assortments to its members.

Emmanuel Prinnet (#6368567) asked for an overview of new sustainability initiatives and the CEO highlighted the following:

- MEC's recent accreditation by the Fair Labor Association;
- taking carbon into consideration in internal reporting and the move towards integrated reporting;
- embedding sustainability in operational roles;
- MEC's founding role in the Sustainable Apparel Coalition which created the Higg Index, a tool for the apparel industry which aimed to provide transparency within the supply chain;
- the work being done with the Outdoor Industry Association's Chemicals Working Group which looked at the toxicity of chemicals within the supply chain; and
- MEC's continued commitment to building the greenest buildings in Canada, including the new head office which was being built with the aim to meet LEED Platinum standards.

Mark Latham (#16311) inquired after the reasons for the increased voter turnout in the 2014 Board of Directors Election. The Chair suggested that it was due to the ease of the voting process combined with strong candidates as well as a number of other tactical initiatives.

## **Adjournment**

Bill Gibson thanked members in attendance and it was moved and seconded that the 2014 AGM be adjourned. The motion was carried.

The meeting ended at 7:50pm PDT