



Minutes of the 45th Annual General Meeting of Mountain Equipment Co-op held April 14, 2016 at MEC Head Office, Vancouver BC

The 45th Annual General Meeting of Mountain Equipment Co-operative (MEC) was held on Thursday, April 14, 2016 at MEC Head Office, 1077 Great Northern Way, Vancouver, BC.

The meeting began at 6:05pm PDT and adjourned at 8pm PDT.

2015 highlights

Margie Parikh, Chair of the Board of Directors, introduced the presentation.

Joël Mertens, MEC Materials Technologies Integrity Engineer, presented on the sustainability, sourcing and materials technology considerations that went into the design and manufacture of the MEC Spark and Volt tents. Meriko Kubota, Director, Strategic Partnerships and Community Investment presented on MEC's engagement with its communities through the medium of product donations.

Call to Order

Quorum, Welcome, Introductions

Margie Parikh (Chair, MEC Board of Directors) called the meeting to order at 6:35pm with a quorum present. Members in attendance were welcomed.

CEO David Labistour and the Directors in attendance were introduced:

Daniel Blanche, Board Vice-Chair (Montreal, QC); Rob Campbell, Finance and Audit Committee Chair (Richmond, BC); Shawn Mitchell, Governance Committee Chair (Vancouver, BC); Ellen Pekeles, Human Resources & Compensation Committee Chair (North Vancouver, BC); Tamara Paton, Nominations Committee Chair (St. Catharines, ON); Jonathan Gallo (Edmonton, AB); Judi Richardson (North Vancouver, BC); and Phil Arrata (Vancouver, BC).

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 meeting scrutineers in attendance, including MEC's Auditor, Brandi Wingrove from MEC's external audit firm, KPMG LLP.

Adoption of the Agenda

The Agenda was adopted as circulated.

Adoption of the Rules of Order

The Rules of Order were adopted as circulated.

Acceptance of the 2015 AGM Minutes

The 2015 AGM minutes were accepted as circulated.

Reports

Chair's Report

Margie Parikh presented the Chair's Report.

Highlights from the report can be found at mec.ca/annualreport.

CEO's Report

Chief Executive Officer David Labistour presented the CEO's Report.

Highlights from the report can be found at mec.ca/annualreport.

The CEO acknowledged the MEC Senior Management Team:

Alex Buhler (Information Technology); Jeff Crook (Product); Anne Donohoe (Marketing); Gary Faryon (Retail Operations); Shona McGlashan (Governance); Cathy Smith (Human Resources); Sandy Treagus (Chief Financial Officer); and Nancy Blair (Strategic Integration Officer).

Audited Financial Statements and the Finance and Audit Committee Report

Rob Campbell, Finance and Audit Committee Chair, presented the Audited Financial Statements for the fiscal year ended December 27, 2015.

The 2015 Audited Financial Statements, and highlights from the report, can be found at mec.ca/annualreport.

Questions and Discussions on Reports

A member asked about the decline in retained earnings before income tax shown in the financial statements and the variance between 2014 and 2015. Sandy Treagus, CFO, explained that MEC was at a stage of significant systems and staff investment, with significant growth to come.

The member also asked about the launch of the new website. Alex Buhler, CIO, responded that the unofficial launch was anticipated to be mid-June. David Labistour, CEO, added that web sales growth was expected to be significant and that the new website would be more stable and reliable for members.

Steve Jones (#30682355) asked about visibility on executive compensation. Margie Parikh, Board Chair, responded that MEC's Board was guided by its compensation policy which looked at the compensation levels required to attract and retain the talent needed to guide the co-op. Information on the ratio of CEO compensation to frontline staff compensation was disclosed and had been 11:1 in 2015.

Steve Jones further asked about the 2015 operating surplus and the projected length of MEC's period of investment. Rob Campbell, Finance and Audit Committee Chair, responded that it would be more than the next financial year; multiple years were required to complete complex projects.

Appointment of the Auditor

The Finance and Audit Committee Chair put forward the motion to appoint the auditor for 2016:

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 2016 fiscal year, and that the Board be authorized to fix the remuneration for the auditors. Members voted on the motion. **The motion was carried.**

In response to a question from Steve Jones, Rob Campbell clarified that the membership at the AGM was required to appoint the financial auditors only, not the auditors for MEC's Board of Directors election.

2016 Board of Directors Election

The Chair invited Brandi Wingrove of KPMG LLP to present the results of the 2016 election.

2016 Election Results

Brandi Wingrove reported that KPMG LLP, in its capacity as election auditor, monitored the 2016 election process, and the results of the election were as follows:

Member participation:

- Total votes: 53,626
- 52,598 votes registered online, 989 via telephone, and 39 delivered via mail.

The election results by candidate were as follows:

- Kathy Uher received 32,688 votes and was elected for a three year term
- Rob Campbell received 28,152 votes and was re-elected for a three year term
- Shawn Mitchell received 22,797 votes and was re-elected for a three year term

The remaining candidates received the following votes:

- Rebecca Finlay: 19,498 votes
- Doug Brownridge: 13,397 votes
- Myra D'Souza: 8,447 votes
- Mark Gerlitz: 6,689 votes
- Daniel Johnson: 6,320 votes
- Bob Brent: 6,072 votes

Farewell to Outgoing Directors and Introduction of New Directors

The Chair congratulated newly elected Directors, Kathy Uher, Rob Campbell, and Shawn Mitchell.

The CEO acknowledged Margie Parikh, whose second term on the Board would end at the close of the AGM, and thanked her for her contribution to MEC.

Outgoing Nominations Committee member-at-large Dan Rollins was also thanked for his work on MEC's elections and nominations over the past three years.

New Business

Director compensation

The Chair explained that the CRA had approved a change in MEC's fiscal year end to better reflect retail realities - instead of late December, MEC's financial years would now end in late February. Thus the 2016-17 board year, ending with the 2017 AGM, would run from April 2016 to June 2017 instead of the usual April to April.

The Board proposed a resolution to pro-rate director compensation to take into account the exceptional length of the 2016-17 board year. Margie Parikh noted that current Board directors would not vote on the resolution.

Steve Jones (#30682355) stated his opposition to the motion and his concerns that incumbents being re-elected had extra knowledge of the additional pay for the longer board year. He suggested that directors should not be present in the room for discussions and voting on director compensation. The Chair noted that directors did not vote on director compensation and that the increase was a pro-rating of compensation not a raise.

Dan Rollins (#235911) stated that it was misleading to describe the change as an increase in director compensation; rather it was an arithmetical exercise to recognize an increase in the length of the board year. Steve Jones responded that a change had been made from meeting-based compensation to a retainer-based compensation in 2015 and he felt that the retainer should not be altered.

Gerald Joe (#26387530) commented that directors who had been elected for a three year period would remain in post for an additional three months; the additional compensation was in recognition of the extra length of service.

It was moved and seconded that:

Members of the Board of Directors receive the following additional compensation as presented for the board year 2016/17, to reflect the exceptional length of that year:

Position	2016/17 additional
Annual Board Chair retainer	\$8,879
Annual Director retainer	\$5,013
Additional retainer for chairing FAC	\$955
Additional retainer for chairing a committee (other than FAC) or acting as Vice-chair	\$637
Additional retainer for sitting on a committee (but not chairing)	\$155

Members voted and **the motion was carried.**

Questions

The Chair advised the membership that the next segment of the Annual General Meeting was for general questions from the floor. She 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 feedback form available in the room or online.

A member asked questions about the costs MEC's new ecommerce platform and relationship with REI. The CEO responded that MEC had an amicable relationship with REI and the two co-ops collaborated on sustainability issues. The CIO stated that confidentiality agreements meant that he could not disclose the costs of the ecommerce platform but that it was obviously a significant expense.

Anders Ourom (#224) reported that his father, Donald Ourom, had died shortly before the previous AGM and he had been gratified to receive a card of sympathy from MEC.

Steve Jones (#30682355) asked how the Board would discharge its responsibilities to ensure it reflected the diversity of MEC's membership. Tamara Paton, Chair of the Board's Nominations Committee, responded that diversity in skills and experience as well as gender, ethnic origin and geography were all important. The Board was considering the eligibility criteria for the ballot. Steve Jones pointed to examples of co-operatives which provided training for potential board members to enhance their skills and experience.

Brian Kootte (#23661218) asked about the sustainability initiatives included in new store planning. The Chair explained that MEC considered impacts on the environment as well as on co-op members. The CEO added that MEC looked for communities where it could serve people who wish to be active outdoors, and offered to discuss more details following the meeting.

Adjournment

Margie Parikh thanked members in attendance and it was moved and seconded that the 2016 AGM be adjourned. The motion was carried.

The meeting ended at 8pm PDT.