

105th ANNUAL GENERAL MEETING

Notice is hereby given that the 105th Annual General Meeting of the Hastings Co-operative Limited will be held at 9.30am on Tuesday 23rd November, 2021 at Wauchope Country Club, 24 King Street, Wauchope.

Business of the 2021 Annual General Meeting

1. **Welcome and apologies**
2. **Acknowledgement of country**
3. **Co-operative prayer**
4. **Receipt and noting of minutes**
 - a. To receive and note the minutes of the 104th Annual General Meeting held on the 17th November, 2020 as adopted by the Board. Copies will be available at the meeting of shareholder members. A member can request a copy prior to the meeting from the Co-operative Secretary.
5. **Business arising from the minutes**
6. **Report from Chair**
7. **Report from the Chief Executive Officer**
8. **Report from the Independent Auditor**
9. **To receive and adopt the following for the year ending the 30th June, 2021**
 - a. Directors' report and Directors' declaration
 - b. Annual financial statements
 - c. Independent auditors' report
10. **Questions from members– with notice**
11. **Director's remuneration**

It is recommended that the total remuneration, for a Board of seven, be \$186,148 (2020 \$106,413.78). **Please see accompanying Explanatory Note.**
12. **Appointment of External Auditors**

To confirm the appointment of Northcorp Accountants as the independent Auditor for the 2021/22 financial year.
13. **To declare the result of any director election**
14. **Close.**

Copies of the 2020-21 Annual Financial Reports (Including the Independent Auditor's Report) will be available from Monday 1st November, 2021 at www.hastingscoop.com.au or at the registered office, Level 1, 9-13 High Street Wauchope. You can also request a copy by phoning 02 6588 8999.

Questions

Please submit all questions in writing at least three business days prior to the meeting. Those asking questions are requested to attend the meeting otherwise the question and response will be answered in writing.

Proxy voting

Hastings Co-operative holds an Annual General Meeting to provide shareholder members with a report and an update on the affairs of the Co-operative. The Notice of Annual General Meeting provides an itemised list of the business to be discussed.

Typically, the business of the AGM will include reports from the Board and CEO, the adoption of the annual financial reports, the Auditor's report as well as determining the remuneration of the Directors for the coming 12-month period.

The rules of the Co-operative provide for the ability of Shareholder members, who may not be able to attend the AGM to cast their vote on the business of the AGM, by proxy.

The importance of proxy voting

Proxy voting is an important way for Shareholder members to exercise their right to vote and to communicate their views to the Board and senior management. Proxy voting is open to active Shareholder members of the Co-operative.

To be an active Shareholder member you must have spent \$1,000 or more on products and services with the Co-operative during the financial year 1st July, 2020 to 30th June, 2021 or have been an active Shareholder member for 40 years or more and have spent \$10 in the financial year. Shareholder members who attend the AGM can cast their vote in person, but in today's busy world most Shareholder members cannot attend and find that casting their vote by proxy is a convenient way for their opinion to be heard.

Appointing a proxy

The most common proxy appointed is the Chairman of the meeting. If you wish to appoint a person other than the Chairman of the meeting, that person must be an active Shareholder member of the Co-operative. Except for the Chairman of the meeting, no active member can act as a proxy for more than 10 other active Shareholder members.

You may direct your proxy to vote by placing a mark in one of the two boxes for each key item of business. If you do not mark any of the boxes on a given item, your proxy will vote as he or she chooses. If you mark more than one box for any item of business your vote on that item will be invalid.

Closing date for proxies

Proxies are required to be received by the Hastings Co-operative Secretary at the Registered Office at Level 1, 9- 13 High Street, Wauchope by 12.30pm on Friday the 19th November, 2021.

Proxy form is enclosed with this notice of meeting.



Allan Gordon
Hastings Co-operative Secretary
19th October, 2021

Financial Results

Year Ended 30 June 2021

Net profit / (loss) after tax

(\$153,000)

▼ Decrease of \$207,000 on 2020

Whilst the Co-operative experienced a record year for sales to customers, employee benefits increased \$662,000 and other operating expenses increased \$760,000

The net loss includes non-cash items such as depreciation and amortisation on its depreciable assets to the amount of \$2.728m

Cash flows from operating activities

\$2.728m

▲ Increase of \$193,000 on 2020

The Co-operative generated positive cash flows from its operating activities, with an increase in cash receipts from customers of \$7.097m on the prior year

Suppliers and employees were paid \$106.777m during the year and \$3.730m was received through other sources of income

The cash generated from operating activities was used to meet its financing and investing needs throughout the year, including the repayment of borrowings of \$1.441m and members' shares of \$290,000

The net cash position of the Co-operative improved by \$92,000 for the year

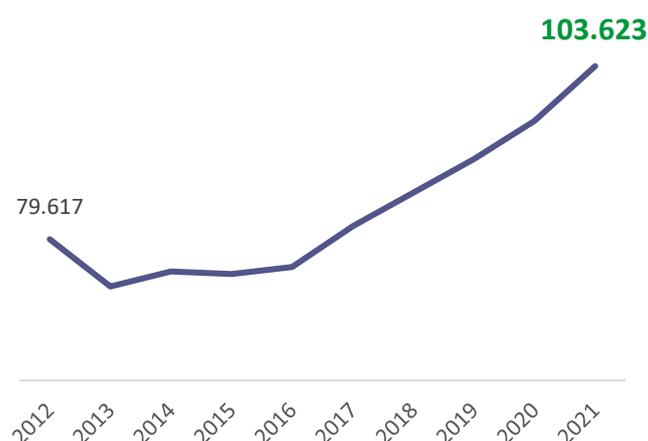
Total Revenue (\$ millions)

\$103.623m

▲ Increase of \$7.590m on 2020

The Co-operative experienced growth in sales across most of its major product lines except for the Energy and Rural division

This was a record year in total revenue when looking over the last 10 years



Net assets

\$10.179m

▼ Decrease of \$153,000 on 2020

The movement in net assets for the year represents the loss of \$153,000

There were no revaluations of land and buildings this financial year

Explanatory note – Directors’ Remuneration

Background

The Hastings Co-op (Co-op) is now a large and diverse local business with over \$100M in revenue, six separate business streams, and more than 370 employees. The Co-op is the 60th largest customer and member-owned organisation in Australia, and if it was listed on the Australia Stock Exchange (ASX) would be in the top 500 companies by revenue.

The Co-op has experienced solid revenue growth over the past nine years, from \$73M in 2013 to \$104M in 2021.

While the Co-op has become a large business in the Hastings region, it remains absolutely focussed on delivering value to its members, the wider community, local suppliers and most importantly the large number of families that rely on employment (direct or indirect) through its operations.

Effectively operating a business of this scale and complexity and ensuring it remains sustainable well into the future, requires it to attract and retain suitably skilled Directors and employees. Specifically in relation to Directors, consideration needs to be given to the knowledge, skills and experience that each director brings to the Board. Remuneration should be at a level appropriate to market conditions to ensure ongoing success.

Role of Directors

The directors have a key role in providing strategic guidance for the Co-op and effective oversight of the management team. To remain sustainable in an ever-increasing competitive marketplace and a constantly changing regulatory/legislative environment, the Co-op needs to attract and retain Directors of the highest possible calibre to guide the organisation to ensure it creates long term benefits for members, the community and employees.

The Directors’ key functions include:

- Pursue and continuously improve excellence in governance standards;
- Maintain adequate levels of cash to ensure ongoing solvency;
- Set the strategic direction, and monitor implementation;
- Approve the annual budget, targets, financial statements and monitor overall performance;
- Establish and maintain effective risk management frameworks;
- Ensure all relevant regulations, legislation and laws are complied with;
- Establish and oversee the culture; and
- Establish policies and monitor compliance;

The nature of a Director’s role is growing and becoming more time consuming and complex. Increasing regulation and legislation in areas such as Work Health and Safety, Environment, Industrial Relations, Accounting Standards, Insurance, and Risk Management are increasing the level of personal accountability imposed on directors.

Ultimately the directors of the Co-op assume full responsibility for all decisions and actions taken by the organisation. It is therefore essential that the Co-op attracts and retains the best possible Directors with the capability to support its ongoing operations, growth and sustainability.

When determining an appropriate level of remuneration for Directors, the amount of time spent on Co-op matters and the personal risk being taken by individual directors are also important considerations.

The remuneration pool is currently set at \$106,414 for seven Directors, (\$14,033 for directors and \$22,214 for the Chair including superannuation). The Co-op has used the *2021 Australian Board Remuneration Survey Report** (McGuirk, 884 Boards covered) to benchmark remuneration for similar sized businesses in terms of revenue, assets, Industry and employees across Australia. The table below summarises these results based on the following number of Boards in each category: *Revenue 54, Assets 59, Employee 56, and Industry 14*.

Position	25% quartile	Median	75% quartile	90%	Average
Chair	\$43,744	\$77,681	\$114,347	\$166,699	\$106,549
Director	\$22,234	\$40,939	\$ 65,304	\$ 84,974	\$ 48,235

As can be seen in the table, the current remuneration is well below the companies that are at the lowest end of the scale (25% quartile). This resolution seeks to increase the Director remuneration pool to the 25% quartile of similar sized companies included in the survey. This results in the Director remuneration pool increasing to \$186,148 (\$22,234 for Directors, \$43,744 for Chair and a \$9,000 pool for Board Committee Chairs to recognise the additional responsibility and workload).

If this resolution is supported, the Directors remuneration pool will then be capped at CPI until 2024. The analysis has been reviewed by the external auditors with their factual finding being;

The proposed remuneration levels of \$43,744 for the Chairperson and \$22,234 for Directors are reasonable in the circumstances and have been appropriately determined by reference to the McGuirk Survey Report.

The Co-op is in a sound financial position and this increase is prudent and affordable.

It is the unanimous view of the Board and CEO that if the remuneration pool is not increased, the Co-op will not attract and retain directors with the appropriate skills, knowledge and experience required to effectively address the challenges, risks and opportunities that lie ahead.