

Together as one

For members and employees
of Anglia Co-operative Society



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Together
as one:
key facts

Midlands Co-operative

Anglia Co-operative

Trading outlets across
12 counties



Trading outlets across
4 counties

200 retail stores
(15 to open)



27 retail stores
(2 to open)

90 funeral homes



23 funeral homes

15 fuel filling stations



8 fuel filling stations

Over **140,000**
regular trading members
and **7,000** employees



Over **189,000**
regular trading members
and **1,600** employees



2 distribution
centres

21 travel
branches



22
post offices

3 opticians



9 florists

1 hair salon



5 masonry
outlets



1 crematorium



2 motor dealerships
1 specialist vehicle
building business



1 coffin
factory

Our vision is to be the **UK's best** consumer co-operative society by making a **real difference** to our members and our communities.

“Merging our two societies is great news for us all”

Harry Whitelock

Chair

Anglia Co-operative



John Chillcott

Chief Executive

Anglia Co-operative



Together we will achieve more

The Directors of Anglia Regional Co-operative Society are delighted to recommend and support the merging of Anglia with Midlands Co-operative Society as we believe we will be stronger together and it will bring significant benefits to our members, our staff and the communities in which we trade. We have considered the wider impact on our members, employees, pensioners and communities and feel it is an exciting opportunity to develop a much stronger co-operative offer in Anglia’s trading area by pooling our resources and expanding our core businesses for the benefit of members and customers.

The new Society represents a larger democratically controlled business, providing pooled resources and expertise, better reward for employees, improved prospects and job security, greater financial backing for our pension schemes and generous terms for any employees whose roles may be lost from any resultant organisational change.

Please join with me in looking forward to an exciting future, based on co-operative trading, values and principles – and a new and better co-operative for all.

“We believe we will be stronger together.”

– Harry Whitelock

Together we can grow

There is a compelling commercial case for a merger with Midlands Co-operative, creating an enlarged Society that has the combined resources and expertise to fulfil our ambitions for growth of the co-operative presence in our region. We share a focus on the core businesses of Food and Funerals, whilst each having a number of smaller businesses that would increase diversification and the breadth of services we could provide to our members.

The competition in our core businesses is fierce and we have to robustly respond with investment in new locations, improved systems, and competitive value and service to our customers. The merger will create the scale and resources necessary to compete and provide greater opportunity to members and staff. It will also provide greater financial strength and security, thereby reducing the cost of funding legacy issues of debt and pension liability and releasing more headroom for growth.

I urge Anglia Co-operative members and staff to support the merger proposal and embrace the opportunities that it creates for the future.

“The merger will create the scale and resources necessary to compete and provide greater opportunity to members and staff.” – John Chillcott

John Maltby

President

Midlands Co-operative



Martyn Cheatle

Chief Executive

Midlands Co-operative



Together we can create opportunity

Co-operatives have a long tradition of working together for the greater benefit. It’s one of the key principles of the sector and in this proposed partnership I see everything that is good about that principle. By joining forces all stakeholders benefit and it is a route that has been followed very successfully by many co-operatives in the past. In fact Midlands Co-operative has been created over time through the merger of over 80 Societies and this demonstrates how unity has enhanced our strengths as a business whilst allowing us to continue to operate locally and play a role in the health and prosperity of our communities and members. By coming together we have greater potential to create new opportunities for our colleagues, businesses, members and communities.

“Unity has enhanced our strengths as a business”

– John Maltby

Together we will be stronger

Opportunities like this don’t come along very often and I believe the time has never been better for joining together to create a strong new independent Society. Our two Societies already have a long history of working together in co-operation to our mutual benefit. Now we have the chance to build on this by pooling the many strengths of our people and organisations to create a partnership which will ensure our place as leaders in both business and the co-operative sector. Both of our Societies have a strategy for growth and by coming together we can not only secure our long term future but also grow and invest so that our businesses thrive making us even better placed to deliver on our commitment to our local communities and members.

“The time has never been better for joining together to create a strong new independent Society”

– Martyn Cheatle

What does it mean and why is it **a good idea?**



Additional benefits to **you...**



Stronger together

“The merger would mean more members in our enlarged region, giving East Anglia more influence in the funding and activities for our communities” – John Chillcott.

The regions

Trading outlets across 16 counties:

West Midlands, Warwickshire, Worcestershire, Staffordshire, Derbyshire, Leicestershire, Rutland, Nottinghamshire, Northamptonshire, Lincolnshire, West Yorkshire, South Yorkshire, Cambridgeshire, Bedfordshire, Norfolk and Suffolk.

- Midlands Co-operative
- Anglia Co-operative



With the **highest** trading profit of any independent UK co-operative society last year, Midlands Co-operative Society's latest annual results show **strong financial success** and **growth**. Anglia Co-operative Society has good operating profit and strong member participation, making the two an ideal fit.

Here are a few figures showing how we would look as one Society:

Gross Sales

£1 bn

Total number of Employees

8,600

Total number of Trading Sites over

420

The merger: your questions answered...

Q. Is the merger proposition driven by financial problems?

No, the Society has adequate facilities to fund ongoing operations and has produced healthy operating profit of £6m per annum since the fundamental re-organisation in 2011. However, the Society's growth and ambitions for community and colleagues are constrained by the costs of servicing debt and funding the pension deficit and contractual obligations to the former non food businesses.

Q. If the society is trading well, why is it seeking a merger?

The Society's Board of Directors believes the best interests of the Society's stakeholders, in other words its members and employees and the local community, would be best served by merging with Midlands Co-operative. Our combined resources and scale would enable everyone to benefit in the form of a member dividend, greater investment in stores and funeral homes, improved job security and career prospects and substantially more investment in local community activities and organisations.

Q. Will there be any store / branch closures as a result of the merger?

This is unlikely. As one Society we would be keen to expand our sales and market share, not close stores. There will always be reviews of stores based on their profitability and anticipated future prospects, but this has always been the case. The Society formed under the proposed merger would have a strong strategic plan of development and acquisition of new sites.

Q. Does the Anglia Board support the merger?

Yes, the Society's Board of Directors welcomes the proposed merger. It has been agreed that the Chair, Vice Chair and Directors would be compensated for their loss of office. Anglia members will be fully represented in a new democratic structure.

Q. What will be the effect of the merger on jobs?

The merger would strengthen the long-term job security for site and operations employees, who constitute the majority of our workforce. As it is proposed that the head office of the new merged Society is Lichfield, it is likely that the Society's head office in Peterborough will eventually close. It is too early to say how this proposal will affect specific groups of employees. Nonetheless, redeployment opportunities will be offered wherever possible and there will be relocation assistance.

There would be very generous redundancy packages for affected employees. They will be known as 'Grange Terms'. No employees would be made redundant in the first six months after the proposed transfer. Support, communication and the welfare of employees will be of the utmost importance during the transition period.

Q. Will the Society's pension schemes be more secure under the merger?

The simple answer to this is yes. The Anglia Co-operative pension scheme has a funding deficit of £81.9 million. Midlands Co-operative would represent a stronger employer covenant, giving greater security to trustees and pension scheme members.

Q. What would happen to my share account?

Your share account, including the value of your current shares in the Society, would be transferred to the merged Society on an exact £1 for £1 basis. You would continue to be able to withdraw from your account by contacting the members' office.

Q. Would we keep the Co-operative membership card?

Yes. Both society's operate the card and the benefits of membership would remain in place for all members.

Q. What will happen to employment status and terms and conditions following the merger?

All employees would transfer to the newly merged Co-operative with all of their existing terms and conditions, contractual entitlement and service related entitlements remaining intact. For the majority of the Society's employees, the main terms and conditions, including pay, are already derived from the same national agreements.

Q. What would happen to my dividend points?

Your points would be transferred to the merged Society on a point for point basis.

Q. Will my staff discount be affected?

No, both Societies operate very similar staff discount schemes.

Q. What member benefits could we expect from the merger?

As well as a share of the profits (dividend) paid twice a year, there's a range of exclusive member deals and discounts offered across all the Co-operative family of businesses, as well as other organisations. Midlands Co-operative also produces an award-winning *Members' Magazine* twice per year, available by post or online, where members are kept up to date with other offers.

Q. What other kinds of local member and community activities could we expect?

Support for members and communities will be wide-ranging to appeal to the Society's diverse membership base. The Member and Community Relations Team will work with our members to further develop their engagement within the society. From Tai Chi to healthy eating classes, there will be plenty to keep you occupied. You'll be able to access the latest news and details of events at our dedicated members' website.

Usdaw
Union of Shop, Distribution
and Allied Workers

NA the
CO co-operative
trade union

USDAW and NACO welcome and support the proposed merger between Anglia Co-operative Society and Midlands Co-operative Society

Both Societies are modern and progressive employers and their relationships with USDAW and NACO enable change to be managed professionally and sympathetically.

The merger between the two Societies will further add to the growing competitive strength and commercial performance of each operation. USDAW and NACO are therefore confident that the proposed merger, from a position of strength is in the long term interests and benefits of their members and employees.

John Gorle, USDAW
Neil Buist, NACO

What's next?

After the date of the announcement of the proposed merger, meetings for the Society's members will be held. Members of both Anglia and Midlands Co-operative management teams will attend these. This will be an opportunity for members to ask any questions that they might have about the proposed merger.

Special meetings of members will be held, at which members will be asked to approve the proposed merger. These will be held at the Kings Gate Conference Centre, 2 Staplee Way, Peterborough PE1 4YT at 6pm on the 4th and 18th November 2013.

In addition, briefings and question and answer sessions will also be held for employees.

If approved by members the date for legal completion of the merger is early December 2013.

Midlands Co-operative UK Co-operative of the Year

Under the proposed merger, Anglia Co-operative would be joining forces with a strong Society. Here are some words from Midlands Co-operative.



Our performance

Midlands Co-operative Society has consistently delivered one of the strongest business performances of any UK Co-operative society over recent years.

Our latest annual results show that we have the highest trading profit of all independent Co-operatives: £24.3m - up 3.4% on the previous year. As a result we were delighted to reward our stakeholders with a £4.3m payout - our highest ever.

Capital investment programme

Our capital investment programme is backed by strong cash flow and a good asset base, so we've been able to grow but with low risk.

As well as expanding our food stores, acquisitions of funeral homes and petrol stations have given us greater visibility in our communities. The development of the Co-operative Florist has been an industry first, extending our recognisable brand into a new business area while adding value.

Our business growth is driven by our dedication to excellence in customer service. In our food business, we've maintained customer satisfaction levels of 96%. Ongoing refurbishment in all of our business areas allows for a high quality experience across the board.

Our employees

Our employees are everything - they drive our success. We're proud to hold the Investors in People accreditation, showing our commitment to engaging with our employees. In 2012 we won Gold in the Good Employer Category at the Food & Drink Federation Community Partnership Awards. We've received a host of other employer awards too.

Learning

We have been praised for our approach to developing our employees and giving them opportunities to continue to learn. We invest over £500,000 each year to help employees achieve their full potential through a range of learning schemes - including nationally recognised qualifications.

Recognition

The Society's colleague recognition scheme allows daily recognition of exceptional internal and external customer service. Our Annual Awards Ceremony formally recognises the efforts of our colleagues and gives them the opportunity to shine.

Communication

Our award-winning internal communication systems help our employees to feel part of our success story. We aim to nurture a sense of pride, understanding and unity across the Society.

Continuous improvement

Initiatives like these help Midlands Co-operative Society consistently improve our employees' engagement and satisfaction levels. These are recorded in an independently run Colleague Attitude Survey. Participation in this survey is extremely high at 95%. The Society's Colleague Engagement Score is at an all time high of 77 and its scores rank highly against other organisations. If we look at the Attitude Survey Operator published by the independent company GfK, our Society outperforms the benchmark set, seven times out of nine.

Benefits to you

Members are at the heart of the Society. Our payments to stakeholders were a record £4.3m last year, up 7.9%, and there is even more to being a member than that...

Making a difference community dividend fund

Anyone who has been a Society member for at least six months can apply for a grant from our Making a Difference Community Dividend Fund. The fund distributes 1% of the Society's trading profit to local communities, and has so far paid out over £1.5m to help local groups - for example by improving school playgrounds and providing equipment for special needs groups.

Keeping in touch

There are many ways our members can keep in touch with us, including through our website www.midlands.coop and our award-winning Members' Magazine. Our communications add value to membership and include exclusive offers, competitions and details of events such as discounted shopping days.

Member meetings

Attendance at Midlands Co-operative' bi-annual meetings has more than doubled to nearly 1,200 since we introduced improvements to transform them into enjoyable and informative social occasions.

A new Society Promotion Vehicle, launched at Co-operatives United, is now used at roadshows and other events to promote services to members.



Our communities

Midlands Co-operative Society is part of local life. Our strategy in supporting and encouraging colleagues to engage with local communities has resulted in widespread volunteering.

In addition to delivering a wide range of initiatives to help vulnerable groups through our Member and Community Relations Team, we support local communities by:

- Raising money (over £215,000 to date) through our charity partnership with Newlife Foundation for Disabled Children, to help families across the Midlands
- Providing funding to organisations to support the development of Co-operative and social enterprises
- Investing in the Energy Saving Co-operative and helping vulnerable families cut their energy costs
- Supporting over 60 local producers and small businesses through our Locally Sourced range.

On an international level, we:

- Have pledged US\$250,000 to the Global Development Co-operative
- Support the Lendwithcare.org micro loan scheme, which benefits entrepreneurs in developing countries.

Our Corporate Responsibility

Our approach to Corporate Responsibility addresses both our social and environmental impacts while adhering to the Co-operative values and principles and supporting our vision.

Waste Resources Action Programme (WRAP)

We are a signatory of the third phase of WRAP's Courtauld Commitment, which aims to reduce food and drink waste by 1.1m tonnes by 2015.

Zero waste to landfill

Our award-winning Zero Waste to Landfill project has been rolled out across our entire retail business and Head Office. This means none of our food stores sends any packaging or food waste to landfill. Our method of processing food waste helps to reduce greenhouse gases, produces fertiliser, and even contributes to the supply of 'green electricity'.

Environmental policy

We aim to reduce our carbon footprint by 35% by 2020 vs 2005 (like for like).

Preventing waste in the supply chain

We have worked in partnership with one of our fresh food suppliers, Fyffes, to identify ways to preserve natural resources, reduce CO₂ and reduce costs.

Reducing energy consumption

We're using energy efficient technologies within our new builds and the refurbishment of existing stores. Many of these new technologies were initially installed at our Oakham Food Store, which is now heralded as one of the greenest in the UK.

A combined heating and cooling plant installed at our Rugeley Food Store received recognition at two national awards for its energy saving features.

Energy efficiency replacement programmes and store refurbishments completed in 2011 alone provided an annual energy reduction of £230,000. This is an average annual reduction of 24% per store, equivalent to 1,380 tonnes of CO₂.



Membership and Community

Midlands Co-operative and Anglia Co-operative are already **united** in their **commitment** to membership and community activity. Take a look at how members have been getting involved...



Investing for the future...

Our business portfolios are **diverse** and **growing** - and they would continue to grow under the proposed merger.



Together as one...



Over **329,000**
regular trading members

Over **8,600** employees

500,000 customers
served every week

Over **£250,000** given
to **local communities**

Over **£250,000** raised
for **local charities**