

This Q&A is meant to supplement information provided in the election primer and the election website on the proposed Special Resolution 1 regarding candidate nominations.

What is the intent behind the proposed change to Section 11 of MEC's Rules of Co-operation?

MEC needs strong and balanced leadership at a board level if it is to continue to grow and succeed. For the membership to elect qualified directors, members must first be aware of gaps in skill and experience at the board level needing to be filled. In turn, members must be presented with a slate of candidates who possess the skills and experience that can fill those same gaps. In that light, the Rule change is meant to achieve two broad outcomes:

- To empower the Board to better communicate MEC's leadership needs to the membership in terms of the skill and experience that candidates running for election to the Board of Directors should ideally possess.
- To empower the Board to provide the membership with an annual election ballot that is at once qualified and balanced.

Why is the rule change being proposed now?

Just as MEC's business continues to evolve, so too do its governance requirements. Over the last year, the Board determined that MEC's nominations process was out of step with the organization's growing leadership needs in terms of ensuring that qualified candidates were standing for election. The more laissez-faire nominations approach of the past was believed to be ill suited to a \$265 million outdoor retail co-operative with approximately 1,500 employees and complex business requirements. Accordingly, the Rule change is being proposed this year to enable the Board to begin the process of renewing itself over time through the election of qualified directors, beginning with the 2013 election.

It also bears noting that other democratically controlled organizations have also enacted changes in recent years to help align board candidates – and the experience they bring – with the needs of their organizations. This trend is particularly evident among prominent Western Canadian credit unions.

How will the Board's role in nominations change if the proposed rule is approved?

Every year, the Board appoints an Elections & Member Communications Committee (EMCC) to oversee the election, including the nomination process. Under the existing Section 11, the EMCC is empowered to "nominate candidates". The new Section 11 would broaden that authority to allow the EMCC to "identify, recruit, and nominate members having the qualifications, experience, and other attributes necessary to stand for election."

What benefits will the proposed rule change bring if the resolution is approved?

Members will have confidence in knowing that the candidates running for election to the Board possess the kind and level of skill and experience that MEC needs in its directors. With a balanced ballot before them, members will decide which candidates are the *most* qualified to lead MEC. MEC will benefit from strong Board leadership that is responsive to members' diverse interests and in keeping with the size and scope of the business at hand.

Why is it in MEC's best interests for the Board to take a proactive role in recruiting, nominating, and screening candidates?

The Board is well placed to assess its leadership strengths and weaknesses. Directors participate in an annual exercise to identify areas where the Board would benefit from more skill and experience in particular areas. For example, for this election, directors agreed that the "Board would benefit from directors who possess executive or board level experience." The proposed Rule change, however, would empower the Board to go further – to recruit potential candidates, assess them against the Board's predetermined leadership needs, and ultimately nominate those candidates who the Board believes are qualified to lead MEC. In turn, as happens today, members will decide which candidates are the most qualified to serve as MEC directors. In effect, the Board will be better able to uphold its fiduciary responsibility of stewarding the Co-op on members' behalf.

If the resolution is approved, when will the rule change take effect? When would the Board begin to take a more direct role in nominations?

The rule change would affect the 2013 Board of Directors election. The Elections & Member Communications Committee (EMCC) would pursue its revised mandate following the 2012 Annual General Meeting when board committees are formed anew. While the EMCC's nominations activities would be ongoing, they would be oriented to the candidate screening process and the nominations deadline in the fall of 2012.