



Your vote

2018 Co-op AGM and
Director Elections

Introducing our Annual General Meeting

Being a Co-op Member gives you a say in how we're run.
One of the ways you can do this is by voting at our AGM.

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Here's what you can vote on

You can have your say on motions, Member Nominated Directors and your Members' Council Representatives.

Vote on motions

These are key decisions that affect the way we do business.

Vote in person at our AGM or by appointing a Voting Representative by post or online at ersvotes.com/coopagm2018

Before you vote see pages 8 to 16 of this booklet and the additional information at co-operative.coop/agm

Vote to elect your Member Nominated Directors

These directors are chosen directly by you. Our directors make sure your voice is heard at the highest level within our Co-op.

Vote by post using **Part 3** of your voting form or online at ersvotes.com/coopagm2018

Before you vote see pages 17 to 19 of this booklet.

Vote to elect your Members' Council Representatives

100 members representing 13 areas across the UK, and you get to choose who represents you and your community.

Vote by post using **Part 4** of your voting form or online at ersvotes.com/coopagm2018

Before you vote read your 2018 Members' Council Elections booklet.

Can I vote if I can't come to the AGM on the day?

Yes, you can get someone else to vote for you. This person is called a Voting Representative and can either be the Chair of the Meeting or another member you choose to attend the AGM in your place.

You can tell us who your Voting Representative will be and instruct them how to vote on **Parts 1 and 2** of your voting form. For more information visit co-operative.coop/agm

How Co-op Members have made a difference

In 2017, our members got involved with our Co-op in lots of ways.

From voting for us to support things like Fairtrade and raising awareness of modern slavery, to helping us create a unique travel insurance policy and a new wine from start to finish.



Our first-ever, member-designed product

For the first time ever, our members helped us create a new product and Pioneer Pinot Grigio is now available in your local Co-op store. Over 3,000 members got involved to choose the grape, taste the wine, decide on a name and design the label before the finished product hit the shelves in October.

Travel Insurance

#TheCoopWay

We also invited our members to help us shape Co-op Travel Insurance.

Together we created a fairer and more transparent type of insurance that's accessible to more people with health conditions that would otherwise struggle to get insured.



Our campaign against modern slavery

Since our members voted in favour of our campaign on modern slavery, we've offered victims paid work placements at our Co-op and an opportunity to rebuild their lives through our Bright Future

programme. We've also lobbied the government to increase the support provided to victims, and raised awareness of the issue among our members, communities and colleagues.



Shaped by
Co-op Members

Pay and benefits

In 2017, our members asked us to review colleague pay. In March, we published our gender pay gap report and reviewed pay rates for our colleagues working in food stores and funeral homes. We've also increased our planned investment in pay by an additional £4 million in 2018 and we've continued to develop how we support colleague wellbeing by introducing new health and financial initiatives.



Recycling

We're on track to reach our target of making all our packaging easy to recycle. So far, we've introduced some market-leading innovations like making our meat packaging from one plastic to make it easy to recycle, switching our pizza packaging bases to cardboard, minimising black plastic in our fresh product lines and trialling fully compostable tea bags for our 99 Tea brand. We want to make all our packaging recyclable. We're now at 71% (by line) and our short-term goal is 80% by 2020.



Shaped by
Co-op Members

Our continued commitment to Fairtrade

We continue to lead the way with our commitment to Fairtrade and remain the UK's largest convenience seller of Fairtrade products, and the largest seller of Fairtrade wine in the world. This year we've launched a leading Fairtrade ingredients policy working towards sourcing

all the cocoa, bananas, tea and coffee we use in Co-op branded products to benefit Fairtrade producers.

We're also the first retailer to stock 100% Fairtrade roses in all our bouquets when they're sourced from Africa, and that means almost 35 million Co-op Fairtrade

African roses will be sold each year.

By buying Co-op Fairtrade products like our African roses, bananas, tea, coffee and chocolate, our members support communities locally and around the world.



Shaped by
Co-op Members



Coming to our AGM?



Saturday 19 May 2018 Manchester Central

Petersfield, Manchester, M2 3GX

It's time for our AGM

We'd love for you to come along and have your say about how we work as a business. If you can't make it, you can still have your say by using the voting form enclosed or going online at ersvotes.com/coopagm2018

Let us know you're coming

Tick the box in **Part 1** on your voting form and send it back to us in the envelope provided.

New: AGM Event App



Download our new App to access everything you need to know about our AGM. You'll be able to see the agenda, find out what's happening on the day and explore the full speaker line-up. The App is available for both Apple and Android users, just search for 'Co-op Event App' and download it. It's also available on other devices, all you need to do is enter coop.co.uk/eventapp into your browser.

What to bring

You'll need your Co-op Membership card and another form of ID like a credit card or your driving licence to show you're eligible to attend.

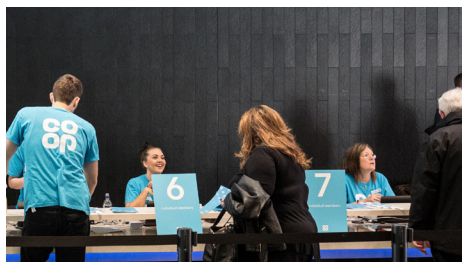
Security and bag searches

As part of enhanced security measures, we'll be carrying out bag searches on entry. Please bring as little as possible with you, take a look at the list of items you're not allowed to carry at co-operative.coop/agm

Watch our AGM online

If you can't join us in person, why not join us online. We will be broadcasting live on our YouTube channel. You'll find further details at co-operative.coop/agm

Plan for the day



🕒 **8.30am**
Doors open for registration and networking



🕒 **10.30am**
The main event - AGM

Hear our Chair, CEO and Council President review the year. Ask a question and have your say by voting on the motions.



🕒 **9.00am - 10.00am**
Workshops

2017 in numbers: An opportunity for you to find out more about how our business performed in 2017.

Members' Council: Come and meet the people that represent you and your community. It's a chance to listen to their thoughts and share your views about how our members can be more involved in our Co-op.

Places on these workshops are limited, so will be on a first come, first served basis. You don't need to register for these, just turn up.



🕒 **1.30pm**
Join us in our marketplace

Join us after our AGM and take the opportunity to find out more about what our businesses have been doing, meet other co-ops and taste our new Co-op Food summer range.

The formal bit: Notice of Annual General Meeting

Our AGM is being held on Saturday 19 May 2018 at Manchester Central, Petersfield, Manchester, M2 3GX, starting at 10.30am. We're going to ask you to have your say by voting on the motions on pages 8 to 11.

Your Board and Council are recommending you vote for motions 1 to 11. The Board is not making any voting recommendation on motion 12. The Council recommends you vote in favour of motion 12.

To help you decide you can find more information on each motion at **co-operative.coop/agm**

The technical bit

Voting on each of the motions will be by poll.

A poll means that:

- Each individual member has one vote on each motion, whether they vote in person or appoint a Voting Representative;
- Each Independent Society Member (ISM) has weighted votes on each motion. The weighting is decided under Part 2 of the Purchases Regulations which are available at **co-operative.coop/agm**

Your Voting Representative must be an Individual Member (who can be the Chair of the meeting) or a Council

member and you must instruct them how to vote on each motion. ISMs can appoint another ISM Corporate Representative as their Voting Representative.

Motions 1-3

These are Ordinary Resolutions and are advisory. They only need a simple majority to go through.

Updating you on our 2017 Performance

1

To receive the Annual Report and Accounts for the period ended 6 January 2018.

You'll find our Annual Report and Accounts at **co-operative.coop/annual-results**



Details on the pay of our Directors and Executive Team

2

To approve the Directors' Remuneration Report for the period ended 6 January 2018.

You'll find the Directors' Remuneration Report in our Annual Report and Accounts at **co-operative.coop/annual-results**

? What's a remuneration report?

It's a report that tells you what our Directors and Executives have been paid.

3

To approve a change in the Executive Remuneration Policy.

You'll find further details on this change and additional information in the Directors' Remuneration Report at **co-operative.coop/annual-results**

Motions 4–8

These are also Ordinary Resolutions but they are binding. They only need a simple majority to be passed.

Re-electing Executive Directors

4

To re-elect Ian Ellis as an Executive Director.

? Who are Executive Directors?

Full-time Directors who make decisions on running the business day-to-day.

Re-electing Independent Non-Executive Directors (INEDs)

5

To re-elect Lord Victor Adebawale as an Independent Non-Executive Director.

6

To re-elect Simon Burke as an Independent Non-Executive Director.

7

To re-elect Stevie Spring as an Independent Non-Executive Director.

? Who are INEDs?

They're Directors who are independent of the Executive team appointed by the Board and elected by members. They're not involved in the day-to-day running of the business, but have a key role in ensuring our Co-op is well run.

Appointing our Auditors

8

To re-appoint Ernst & Young LLP as our auditors and authorise the Risk and Audit Committee to fix their remuneration.

Motion 9

Motion 9 involves changes to our Rules and is binding. It needs at least a two thirds majority to be passed.

Rule Changes

9

To approve changes to our Rules.

You'll find the amendments to our Rules at **co-operative.coop/agm**

Motions 10-12

These are Ordinary Resolutions and are advisory. They only need a simple majority to go through.

Joint Board and Council Motion – Political Donations

10

To seek approval to incur political expenditure, including donations and/or subscriptions to political parties, not exceeding £750,000 in total for the year commencing 1 January 2019.

Joint Council and Board Motion – Plastic Recycling

11

This AGM is pleased with the leadership position being taken by our Co-op to minimise, in its supply chains and products, the use of plastics evidenced as harmful when diffused into our environment.



We welcome our Co-op's very early support for the plastic bottle deposit return scheme, the work progressing to develop fully biodegradable paper tea

bags and the plans to replace with paper straws the plastic straws that we sell, use and attach to soft drinks.

We call upon the Board to maintain our leadership position in identifying and reducing the sources of plastic pollution and maximising the recyclability of packaging, especially plastic packaging, used in the UK and report each year on the detailed progress made to that end.

Members' Motion – Responsible Advertising

12

This AGM notes the concern from the United Nations and hate crime experts that some media outlets in the UK are fuelling and legitimising prejudice and an increase in hate crime. The Co-operative Group has responded positively to member concerns on this issue and has introduced an advertising policy to "challenge those views expressed in print which we and many of our members believe are incompatible with our values" and "use our contacts with publishers at every level to make the case for change".

The Co-operative Group leads the way on meaningful social responsibility policies, including open and honest reporting on impact. We call upon the Board to review the impact of the current advertising policy and report to members: the specific issues publications have been engaged on; the impact of this engagement; and processes by which impact is monitored. If the Board's review finds

it unable to report impact, we ask it to prepare an ethical advertising policy that puts controls in place to ensure adverts do not appear in media that are incompatible with co-operative ethics, values and principles. We ask the Board to report on progress to the AGM in 2019.



On the day we'll also let you know who you voted to be our two Member Nominated Directors.

Helen Grantham

Group Secretary

9 April 2018

For more details on the motions and what is happening at our AGM, visit co-operative.coop/agm

Notes

The majority of motions proposed this year relate to the standard business we consider every year – on our annual report and accounts, remuneration report, director re-election, appointing auditors and political donations.

You are also being asked to consider one or two additional items. Motion 3 asks you to vote on a change to our Executive Remuneration Policy – our Remuneration Committee would like you to support a change which would increase the maximum bonus which could be paid to our Chief Executive. Motion 9 proposes changes to our Rules – these cover changes to allow our INEDs and MNDs to serve for up to 9 years (generally on a three year cycle) and to simplify our processes for removing dormant or gone away members from our register. We also ask you to have your say on motion 11 – Plastic Recycling and on motion 12 – Responsible Advertising, which has been proposed by our members.

To find out more about the motions you voted for in 2017, visit our website co-operative.coop/agm

2017 in Numbers

Revenue

Revenue was in line with last year – see the opposite page for details of the performance of our individual businesses.

£9.5_{bn}

2016: £9.5bn

Operating profit

Operating profit was down due to lower profits on disposal compared to last year. Our underlying performance was up 10% on last year.

£126_m

2016: £148m

Underlying profit before tax*

Underlying profit before tax was up, mainly as a result of cost savings in our support areas.

£65_m

2016: £52m

Profit before tax

Last year we made a loss as we wrote down the value of our Co-operative Bank shareholding and had higher finance costs.

£72_m

2016: £132m loss

*Underlying operating profit excludes one-off items, property and business disposals and change in value of investment properties. In addition to the items excluded from underlying operating profit, underlying profit before tax also excludes finance income and non-cash finance costs, and share of profits and losses from associates and joint ventures.



Food

Revenue

£7.1bn (2016: £7.1bn)

Underlying operating profit*

£182m (2016: £182m)

Operating profit

£202m (2016: £203m)

Our revenue was in line with last year, with a strong like-for-like sales performance offsetting the impact of selling 298 smaller stores to McColl's Retail Group and a number of our petrol filling stations. The disposals have helped us to focus our investment in new stores in more appropriate locations for the wider range we want to offer our members and customers.

Our like-for-like sales were 3.4% up on last year, and ahead of our competitors by 1.1%.

Profits were also in line with last year, which is a strong performance as this is after paying our Membership rewards.



Funeral and Life Planning

Revenue

£343m (2016: £329m)

Underlying operating profit*

£66m (2016: £71m)

Operating profit

£66m (2016: £101m)

Our revenue was up £14m on 2016. We provided nearly 100,000 funerals, up 2.4% on last year, and sold nearly 69,000 funeral plans, up 16.9% on last year. This business now includes Legal Services, where the number of legal cases was up 2%.

Underlying operating profit was slightly down on last year due to the impact of paying our new Membership rewards and the impact of our crematoria sale in 2016.

Operating profit was down on 2016 as last year included the profit on the sale of our crematoria after deciding it would be hard to become a major player in this business.



Insurance

Revenue

£331m (2016: £439m)

Underlying operating profit*

£11m (2016: £11m)

Operating loss

£12m (2016: £18m)

The fall in our revenue was expected as we have a new reinsurance contract in place, which supports our capital position, but reduces the amount of revenue we can recognise. On a like-for-like basis, our revenue grew by 8% compared to 2016 reflecting the investment we are making in improving our pricing capability.

Underlying operating profit is in line with last year. The operating loss includes the one-off costs associated with our transformation programme and is a smaller loss than last year as less costs were incurred in 2017 than in 2016.

To view a full copy of our 2017 Annual Report, visit co-operative.coop/annual-results

Electing your Executive and Independent Non-Executive Directors

Our Rules set out which Directors need to stand for election or re-election each year. This year we're asking you to re-elect Ian Ellis as an Executive Director and to re-elect Lord Victor Adebowale, Simon Burke and Stevie Spring as Independent Non-Executive Directors.

Each Director has to meet the eligibility criteria we set out in our Rules.



Ian Ellis

Executive Director

Appointed as an Executive Director on 6 April 2016.

Skills and Experience

Ian joined the Co-op as Chief Finance Officer in 2015. He has held a number of senior finance positions at Morrisons and Northern Foods plc, and he was CFO for Wilkos. Ian is also a member of the Board of Governors at Nottingham Trent University.

Why I love being a Director of our Co-op

I feel part of an organisation that is genuinely different – using its financial success to benefit the people that use our organisation and the communities where we trade. The purpose of any co-op is to create value for its member-owners and I am passionate about creating shared value by running a commercially successful business which meets the needs of our members in a distinctly Co-op way.



Lord Victor Adebowale

Independent Non-Executive Director

Appointed as an Independent Non-Executive Director on 6 April 2016.

Skills and Experience

Victor is the CEO of the charitable social enterprise Turning Point Health & Social Care. He has been involved in advising government on a number of independent commissions including the role of the voluntary sector, policing – stop and search, policing – mental health, housing policy, the future of public services and employment/skills and race and equalities.

He is currently Founding Chair of Collaborate CIC, Director of Leadership in Mind, Non-Executive Director of NHS England, Director of ICOM UK Ltd, Chair of charity Urban Development Music Foundation, Chair of Social Enterprise UK, a Visiting Professor and Chancellor of University of Lincoln and member of the Court of Governors of the London School of Economics.

Why I love being a Director of our Co-op

Our Co-op is driven by a set of values and principles, which drew me to our business. We reflect those values in the way we serve our members and our communities. Our Co-op is now shaping and leading what businesses can do with and in communities and I am immensely proud of that and to have played my part in it.



Simon Burke

Independent Non-Executive Director

Appointed as an Independent Non-Executive Director on 14 November 2014 and is Chair of the Risk and Audit Committee.

Skills and Experience

Simon was previously an Independent Non-Executive Director for the Group's subsidiary, Co-operative Food Holdings Ltd. Simon is a Chartered Accountant and is currently Senior Independent Director of the BBC, and Chairman of The Light Cinemas (Holdings) Limited, Blue Diamond Group and Bakkavor Group Limited. He was previously Chair of both BathStore and Hobbycraft, and CEO for Virgin Retail, Virgin Cinemas and Virgin Entertainment Group.

Why I love being a Director of our Co-op

Our Co-op has been through some very challenging times, but has come out stronger and with renewed energy. Now is the time for us to focus on delivering real trading and ownership value to members, whilst at the same time improving our financial performance. I am really keen to play a part in this next stage of our renewal.



Stevie Spring, CBE

Independent Non-Executive Director

Appointed as an Independent Non-Executive Director on 25 June 2015 and is Chair of the Remuneration Committee.

Skills and Experience

Stevie is a respected Board Director with broad executive and non-executive experience across the private, public and not for profit sector. She was previously CEO of Clear Channel, the world's largest out of home company; then of Future PLC, an international media company where she led its digital transformation.

Stevie's portfolio currently includes chairing the technology company, Kino-mo; chairing the Remuneration Committee of LCG plc and advisor of ITG, an international retail software company. Stevie was named in the Sunday Telegraph/Debretts 2017 list of Britain's 500 most influential people and in 2017 was awarded a CBE for services to charity.

Why I love being a Director of our Co-op

The values of our Co-op resonate with my beliefs and values. It is much more than a business – it is a way of doing things that benefits not just our members but wider society.

Electing your Member Nominated Directors

What is a Member Nominated Director (MND)?

MNDs make sure your voice is heard at the highest level. Just like the Executive Directors and the Independent Non-Executive Directors, they're part of the Board, but the difference is that they're chosen directly by you.

How many MNDs are we voting for?

This year you are voting for two MNDs and you can choose from four candidates.

The two MNDs whose terms of office are coming to an end in May 2018 are Hazel Blears and Margaret Casely-Hayford. They are both standing for re-election. You can also vote for Pernilla Bonde and Monica Burch.

The value of our MNDs

All our Directors need to demonstrate a strong commitment to the values and principles of co-operatives. They must also have a strong commercial background and have proven skills and capabilities.

The Board together determines the strategy of the Co-op and the MNDs play a key part in this, ensuring that the interests of members are at the heart of everything we do.

Terms of Office

Our Rules currently say that MNDs are appointed for 2 years, however at our AGM we are asking our members to approve a change to our Rules to appoint MNDs for 3 years instead.

If the Rule change is approved, to make sure we have an MND election every year the MND who comes first will serve for 3 years and the MND who comes second will serve for 2 years.

If the Rule change is not approved both MNDs will serve for 2 years.

You can see your candidates on pages 18-19.



Pernilla Bonde

Occupation

CEO of HSB, Sweden's largest housing co-operative

Co-operative businesses traded with in the last 12 months

Food

As CEO of an innovative, growing and successful co-op, my expertise offers the opportunity to bring an international dimension to the Board. I have led HBS's transformation to meet the needs of our 600,000 members, one in ten homes in Sweden. There are similarities in running a large scale co-operative.

I am passionate about how to engage members and apply co-operative values and principles to create a competitive advantage and would be honored to serve Co-op Members on the Board.



Hazel Blears

Occupation

Co-op Member Nominated Director

Co-operative businesses traded with in the last 12 months

Food and Bank

Our Co-op is growing, membership is rising, we give more back to our communities than our rivals. As your Board Director I have kept Co-op Values central to our turnaround.

We can be Britain's most successful and responsible business, leading on Fairtrade and respecting our colleagues.

On the Board I represent our 4,000 Apprentices, now being paid the full rate. I have supported local suppliers to help build the co-op economy.

We can do more together. Please vote for me.



Margaret Casely-Hayford

Occupation

Co-op Member Nominated Director

Co-operative businesses traded with in the last 12 months

Food, Electrical and Legal Services

As a current Co-op MND and former Legal Director of John Lewis Partnership, I know that ethics and commercial success are complementary; the Board should be accountable to members; and that's achievable through information and transparency, wherever practicable. Good boards listen and collaborate with members. I go out and talk with members and I'd continue to promote ethical growth, active democracy, a sound ethical waste policy, listening to young and old and transparency in pay.



Monica Burch

Occupation

Chair (Mentoring Foundation)
Non Executive Director Crown
Prosecution Service and Talbot
Underwriting Limited

Co-operative businesses traded with in the last 12 months

Food

It would be a privilege to serve you, the members.

14 years of Board Director experience includes a commercial law firm (part as Chair/Senior Partner), Channel 4, a charity, a not-for-profit foundation, the CPS, a regulated insurer. Boards across a range of industries relevant to The Co-op (monicaburch.com).

The Co-op is very special. Consolidation has succeeded, time to further grow ethically, sustainably and profitably with strong governance. I would relish listening to members and applying my experience to achieve this.

It's time to have your say

Your vote Your voice



Access for all

Manchester Central is equipped to welcome members with special access requirements. There will be an induction loop in the main hall, a sign language interpreter and assistance dogs are welcome. If you have any other requirements, please let us know in advance.

We can provide publications in large print, audio and Braille

If you require a copy of these documents in any other format or if you have trouble accessing the additional information online, please email us at agm@coop.co.uk, call us on **0800 023 4708** or write to us at **Co-op Membership, Department 10703, 1 Angel Square, Manchester M60 0AG**

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