CO-OPERATIVE GROUP LIMITED

MEMBERSHIP REGULATIONS

(Approved by the Council on 7 Nov 2016 and the Board on 26 Oct 2016)

1. INTRODUCTION

1.1 These Membership Regulations are the regulations approved by the Council and the Board of Co-operative Group Limited (the **Society**) in accordance with Rule 12.4(d) of the Society's Rules (the **Rules**).

1.2 The Membership Regulations set out requirements relating to Membership and Membership Criteria for the purposes of the Rules. They set out the criteria necessary for a person to become and remain a Director (pursuant to Rule 49.1) or a Council Member (pursuant to Rule 86).

1.3 The Membership Regulations should be read in conjunction with the following:

(a) the Rules;

(b) the Board Composition Charter;

(c) the Board Election Regulations;

(d) the Member Nominated Director Election Regulations;

(e) the Council Election Regulations; and

(f) the terms and conditions of the Society's Membership scheme available on the Society's website from time to time (the **Membership Scheme**).

2. INTEPRETATION

2.1 In addition to terms outlined elsewhere in these Membership Regulations, the words and expressions used throughout the document shall have the meaning given to them in the Rules or Council Election Regulations.

2.2 Where there is any conflict or inconsistency between the Membership Regulations, the Council Election Regulations and the Rules, the Rules shall take precedence.

3. CHANGES

3.1 In accordance with Rule 12.5, the Council Secretary shall evaluate the adequacy of the Membership Regulations from time to time and shall be responsible for updating them.

3.2 No changes should be made to the Membership Regulations that would make them inconsistent with the Rules, the Statutes or any guidance published by the Registration Authority.

3.3 Subject to paragraph 3.2 above, any changes to the Membership Regulations must be agreed by the Board and the Council.

4. INDEPENDENT NON-EXECUTIVE DIRECTORS AND EXECUTIVE DIRECTORS – MEMBERSHIP CRITERIA

4.1 In accordance with Rule 49.3, a person who is appointed as an Independent Non-Executive Director or an Executive Director (including where the appointment is to fill a vacancy under Rule 50.2) may act as such before becoming a Member but it shall be deemed a condition of his / her appointment that he / she becomes a Member within two months of his / her appointment. If he / she does not comply with this requirement then he / she shall no longer be a Director and shall not be eligible for re-appointment as a Director until he / she has become a Member.

4.2 Subject to paragraph 4.1 above, once appointed to the Board and at each election or re-election of an Independent Non-Executive Director or Executive Director, he / she must meet the trading requirements set out in the Appendix as at the date that he or she is recommended by the Nominations Committee to stand for election or re-election. The Nominations Committee may modify the application of this paragraph in circumstances where a Director has been recently appointed to the Board, provided that the Director commits to meet the trading requirements within the first year of their appointment.

4.3 Failure to satisfy the requirements specified in paragraph 4.2 above shall result in the Director ceasing to hold office under Rule 56(g) if, in the opinion of the Nominations Committee , the Director has ceased to fulfil such Membership Criteria. The Nominations Committee will assess each Director's compliance with the Membership Criteria on an annual basis under Rule 49.2.

5. MEMBER NOMINATED DIRECTORS – MEMBERSHIP CRITERIA

5.1 Member Nominated Directors are elected to the Board by Members who are eligible to vote under the Rules. Rule 51.1 provides that Member Nominated Director elections shall be held annually in time to fill vacancies arising on retirement unless the Council and the Board agree otherwise.

5.2 In order to stand for election or re-election as a Member Nominated Director a candidate must ordinarily satisfy the following Membership Criteria:

(a) he / she must have been an Individual Member for at least three years immediately prior to the end of the preceding Financial Year; and

(b) he / she must meet the trading requirements set out in the Appendix as at the end of the preceding Financial Year,

provided that, a candidate who does not satisfy the requirements in (a) or (b) above may (in exceptional circumstances) be considered if he or she demonstrates (to the satisfaction of the President of the Council and the Group Chair):

(1) that he or she has good reason not to satisfy the requirements in (a) or (b) above; and

(2) a strong commitment to Values and Principles.

5.3 Once elected to the Board, Member Nominated Directors must continue to satisfy the trading requirements set out in the Appendix as at the end of each Financial Year.

5.4 Failure to satisfy the requirement specified in paragraph 5.3 above shall result in the Director ceasing to hold office under Rule 56(g) if in the opinion of the Nominations Committee the Director has ceased to fulfil such Membership Criteria. The Nominations Committee will assess each Director's compliance with the Membership Criteria on an annual basis under Rule 49.2.

6. COUNCIL MEMBERS – MEMBERSHIP CRITERIA

6.1 Council Members are appointed or elected to the Council in accordance with the Rules and the Council Election Regulations. Rule 87.1 provides that Council elections will take place on an annual basis unless the Council agrees otherwise.

Geographic Representatives and Manx Representatives

6.2 In order to stand for election to the Council as a Geographic Representative or a Manx Representative a candidate must satisfy the following Membership Criteria:

(a) he / she must have been an Individual Member for at least three years immediately prior to the end of the preceding Financial Year; and

(b) he / she must meet the trading requirements set out in the Appendix as at the end of the preceding Financial Year.

6.3 Once elected to the Council, Geographic Representatives and Manx Representatives must continue to satisfy the trading requirements set out in the Appendix as at the end of each Financial Year.

6.4 Failure to satisfy the commitment specified in paragraph 6.3 above shall result in a Geographic Representative or the Manx Representative ceasing to hold office under Rule 89(f) if, in the opinion of the Council, the Geographic Representative or the Manx Representative has ceased to fulfil such Membership Criteria. The Council Secretary will assess the compliance of Geographic Representatives and the Manx Representative with the Membership Criteria on an annual basis.

ISM Representatives

6.5 Independent Society Member representatives on the Council (**ISM Representatives**) are deemed to meet the Membership Criteria if they satisfy the relevant Council eligibility requirements in the Council Election Regulations.

CYMB Representatives

6.6 In order to be appointed to the Council as a CYMB Representative a candidate must meet the trading requirements set out in the Appendix as at the end of the preceding Financial Year.

6.7 Once appointed to the Council, CYMB Representatives must continue to satisfy the trading requirements set out in the Appendix as at the end of each Financial Year.

6.8 Failure to satisfy the commitment specified in paragraph 6.7 above shall result in a CYMB Representative ceasing to hold office under Rule 89(f) if, in the opinion of the Council, the CYMB Representative has ceased to fulfil such Membership Criteria. The Council Secretary will assess the compliance of the CYMB Representative with the Membership Criteria on an annual basis.

Youth Representatives and Council Appointed Representatives

6.9 In order to be appointed to the Council as a Youth Representative or a Council Appointed Representative a candidate must satisfy the following Membership Criteria:

(a) he / she must have been an Individual Member for at least three years immediately prior to the end of the preceding Financial Year; and

(b) he / she must meet the trading requirements set out in the Appendix as at the end of the preceding Financial Year.

6.10 Once appointed to the Council, Youth Representatives and Council Appointed Representatives must continue to satisfy the trading requirements set out in the Appendix as at the end of each Financial Year.

6.11 In accordance with the Council Election Regulations, the Council (or a relevant committee of the Council) may waive any of the Membership Criteria for Youth Representatives in exceptional circumstances.

6.12 Failure to satisfy the commitment specified in paragraph 6.10 above shall result in a Youth Representative or a Council Appointed Representative ceasing to hold office under Rule 89(f) if, in the opinion of the Council, the Youth Representatives or the Council Appointed Representative has ceased to fulfil such Membership Criteria. The Council Secretary will assess the compliance of Youth Representatives and Council Appointed Representatives with the Membership Criteria on an annual basis.

APPENDIX

TRADING REQUIREMENTS FOR DIRECTORS AND RELEVANT COUNCIL MEMBERS

For the purposes of this Appendix, "relevant Council Members" are all Council Members other than ISM Representatives.

1. Trading requirements for Directors and relevant Council Members are based on membership points earned through the Membership Scheme, as amended from time to time. The latest version of the terms and conditions of the Membership Scheme is available online at www.co-operative.coop/membership.

2. In 2015 a Director or relevant Council Member will be deemed to meet the trading requirements for the purposes of these Membership Regulations if he or she is shown in the records of the Group to have recorded spend equivalent to at least 500 membership points over the immediately preceding Financial Year in one or more of the following businesses:

   (a) The Co-operative Food;

   (b) The Co-operative Pharmacy[1];

   (c) The Co-operative Travel;

   (d) Electrical Buying Group (**E-store**);

   (e) The Co-operative Insurance;

   (f) The Co-operative Funeralcare;

   (g) The Co-operative Legal Services; or

   (h) The Co-operative Bank p.l.c.

3. From 2016 onwards a Director or relevant Council Member will be deemed to meet the trading requirements for the purposes of these Membership Regulations if he or she is shown in the records of the Group to have recorded spend equivalent to at least 1,000 membership points over the immediately preceding 12 months or Financial Year (as appropriate) in one or more of the following businesses:

   (a) The Co-operative Food;

   (b) The Co-operative Travel;

   (c) E-store;

   (d) The Co-operative Insurance;

   (e) The Co-operative Funeralcare;

   (f) The Co-operative Legal Services; or

[1] Spend in The Co-operative Pharmacy stores will be treated as relevant expenditure up to 6 October 2014 (the date that Individual Members were no longer able to present their Membership Cards to record purchases in Co-operative Group Pharmacy stores following the sale to Bestway Group).

(g) The Co-operative Bank p.l.c.,

provided that at least 500 membership points have been earned through spend in a wholly-owned business of the Group (i.e. one or more of The Co-operative Food, E-store, The Co-operative Group Insurance, The Co-operative Group Funeralcare or The Co-operative Group Legal Services).

4. In order to ensure expenditure is registered against his or her membership number in the records of the Society, a Director or relevant Council Member must swipe his or her Membership Card or provide his or her membership details when making purchases from the relevant businesses. Where a Director or relevant Council Member obtains a temporary card and subsequently becomes an Individual Member in accordance with the terms and conditions of that card (as amended from time to time) to ensure expenditure during the period, from the issue of the temporary card until registration as an Individual Member, is registered against his or her membership number in the records of the Society, the temporary card must be swiped or scanned, or the temporary card holder must provide their details, when making purchases from the relevant Group businesses. To register trade with the Bank and Insurance businesses Directors' / relevant Council Members' personal details held by those businesses will be matched, through an independent third party, with the personal details the Group holds on the Register of Members.