



Your Invitation

**Annual General
Meeting 2017**

2016: Back to Being Co-op

At last year's AGM we proudly announced we were going to start to call ourselves the Co-op again and go back to using the iconic clover leaf logo. Our members also voted on motions that included Fairtrade, Member Voice, colleague pay and co-operating with other co-operatives.

Here are some of the things we've gone on to do as a result of our members' votes in 2016. There's much more work going on, to find out more go to co-operative.coop/agm.



2016

Our members voted for us to continue to make sure our members have a voice

In September 2016 we launched 'Join in' and so far our members have joined in over 14,000 times helping us improve our pet food range, telling us which of their favourite local ales we should put on our shelves and even helping us find out that mushrooms are the 'marmite' of pizza toppings.



2016 Our members voted for us to show an ongoing commitment to Fairtrade

We are committed to focusing our Fairtrade strategy on the areas where we can make the biggest difference. In the last year we have launched the UK's first own brand Fairtrade Halloween chocolates; sold 1 million extra Fairtrade Christmas products and moved all our chocolate confectionery to Fairtrade - every button to bar. The big news was our commitment to only use cocoa sourced on Fairtrade terms as an ingredient in all Co-op products, a retailer first. We supported this move with our Cocoa for Change report and widespread media coverage.

2017 Have your say in 2017

This is your Co-op and as a member you get a chance to have a say on the things that matter most to you. One of the ways you can do this is by taking part in our Annual General Meeting (AGM) and elections where you can vote on:

Motions

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

Member Nominated Directors

They make sure your voice is heard at the highest level, they're directors chosen by you, not appointed by the Board.

Members' Council Representatives

There are 100 members representing 13 areas across the UK, they ensure members' views are heard by working closely with the Board.

2017: Back to championing a better way

For generations our Co-op has rewarded our members, strengthened their communities and championed the causes most important to them.

That tradition goes back to 1844 when the Rochdale Pioneers created a better way of doing business that brought ethical responsibility to the high streets of industrialised towns and cities across Victorian Britain. We've continued to act responsibly and address the needs and concerns of our members and their communities ever since. **We call it The Co-op Way.**



1844

Wholesome food that was weighed and measured fairly



1901

Introduced the 8 hour working day



1985

Stopped selling South African goods in support of the Anti-Apartheid Movement

1992

Supported fairly traded products before there was even a fair trade mark

As we look to the future we know we must be ambitious to match our ethical leadership of the past.

Working for us, buying from us and dealing with us should feel different and better compared to other businesses.

Campaigned for the introduction of a strong Climate Change Bill with Friends of the Earth



2006

Campaigned for 30% of UK waters to be designated as protected marine reserves with Marine Conservation Society



2009

Campaigned to help reverse the decline of bees and other at risk pollinators




**Plan
BEE**

2013

2017

Vote on our ethical motions

At this year's AGM we're going to ask our members to vote on motions that relate to our ethics - two of the motions are proposed by us and one is proposed by our independent society members, which we also support.

Motion 10

Fairtrade

To reconfirm our commitment to Fairtrade

Motion 11

Modern Slavery

To raise awareness and campaign for greater support for survivors

Motion 12

Recycling

To support our long term approach to improve the recyclability of packaging

[See pages 10 and 11 for more information](#)

2017 Annual General Meeting

It's time for our Annual General Meeting (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/coopagm2017

The main event starts at 10.00am but get there early as there will be two exciting fringe events at 9.00am where you can learn how our businesses are putting The Co-op Way into practice.

 **Where:**

Plan for the day

**Manchester Central Petersfield
Manchester M2 3GX**

 **When:**

8.30am

**Doors open for registration
and networking**

**9.00am -
9.45am**

Fringe events

Fairtrade: Cocoa for Change - come and hear all about our recent report and new commitment. With members of the Fairtrade Foundation, you will be able to hear about the issues facing the industry, how these are being addressed through Fairtrade and why our sourcing commitments are so important.

Water Poverty: come and hear about how our Co-op is tackling water poverty with The One Foundation and the impact of our current clean water projects in Africa, funded by sales of Co-op water.

10.00am

The main event - AGM

Hear our Chair, new CEO and Council President review the year and talk about how we're going back to championing a better way. Ask a question and have your say by voting on the motions.

2.00pm -
3.00pm

Fringe events

You can come and help us shape our way forward on the key areas below:

Modern Slavery: help us kick start the development of our campaign to support survivors of Modern Slavery.

Recycling: help us find ways to encourage more members and communities to recycle waste.

Our approach to advertising: hear about our review of advertising and have your say on our developing policy which supports business growth, protects member choice and promotes our values.

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

Notice of Annual General Meeting

Our AGM is being held on Saturday 20 May 2017 at Manchester Central, Petersfield, Manchester, M2 3GX, starting at 10am. We're going to ask you to have your say on lots of things. The points (or motions) on pages 8 to 11 are what you'll have the opportunity to vote on.

Your Board and Council are recommending you vote for all motions. To help you decide you can find more information on each motion on pages 12 to 15 and on our website co-operative.coop/agm.

Motions 1-3

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

Updating you on our 2016 Performance

- 1. To receive the Annual Report and Accounts for the year ended 31 December 2016.**

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

What's a remuneration report?

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

Details on the pay of our Directors and Executive Team

- 2. To approve the Directors' Remuneration Report for the year ended 31 December 2016.**

Details are in our Annual Report and Accounts at co-operative.coop/annualresults

Agreeing changes to Executive Pay

- 3. To authorise the Remuneration Committee to simplify the incentive arrangements for the Executive by adjusting the balance and design of the annual and long-term incentives provided the total quantum that can be received for annual and long-term incentives does not exceed the amount available under the present arrangements.**

Motions 4 - 7

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

Electing your Directors

These are the Directors the Board has appointed and we'd like you to elect or re-elect at the AGM. You can read more about them on pages 16 to 17.

Who are Executive Directors?

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

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 the Group is well run.

Electing Executive Directors

4. To elect Steve Murrells as an Executive Director.

Re-electing Independent Non-Executive Directors (INEDs)

5. To re-elect Allan Leighton as an Independent Non-Executive Director.

6. To re-elect Chris Kelly as an Independent Non-Executive Director.

Appointing our Auditors

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

Motions 8 - 12

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

Joint Board and Council Motion - Agreeing our political spend on things like donations and subscriptions to Political Parties.

8. 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 2018.

Members' Motion – Pay Gap

9. This AGM notes that executive pay has increased significantly in the UK, whilst pay at the bottom for the lowest paid has largely stagnated. Co-operatives should be operating on a different basis that is more ethical and reflects greater equity within the workforce. The Co-operative Group as a leading co-op in the UK should be setting the benchmarks which other co-operatives could adopt where appropriate. This ethical approach to pay ratios would be good business and make good co-operative sense reflecting our concern to ensure that our staff are fairly remunerated so as to keep delivering the business performance our society needs if we are to remain the public's convenience retailer of choice.

We call upon the Board to review the current pay ratio from top to bottom and to set a strategy to narrow the differential to an appropriate level as reflects our co-operative principles and ethical approach to business, including progress towards a real living monthly wage for the lowest paid staff. We ask the Board to report on progress to the AGM in 2018.

Members' Motion – Fairtrade

10. We welcome the support for Fairtrade being demonstrated by the Co-op.

However, following Brexit, farmers in developing countries face new uncertainties around future tariffs and their access to the UK market.

To help provide clarity about our continuing Fairtrade commitment post-Brexit and to strengthen the UK Co-operative Movements leadership position on Fairtrade, we urge the Co-op not only to remain committed to its Fairtrade values, but also to provide an assurance of stability to its Fairtrade suppliers and to explore additional ways of supporting them.

Joint Board and Council Motion - Modern Slavery

11. This AGM is saddened and horrified that more than 10,000 people are victims of Modern Slavery in the UK and:
- supports extending our Co-op's Bright Future partnership with City Hearts to other organisations who support victims of Modern Slavery;
 - agrees our Co-op should raise awareness of the issue of Modern Slavery throughout the UK; and

- encourages our Co-op to campaign with members across the UK for greater support and opportunities for victims of Modern Slavery from local and central Government and from other co-operatives and businesses who can provide opportunities for victims to return to paid work.

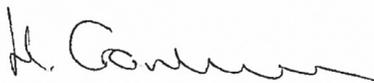
Joint Board and Council Motion - Recycling

12. This AGM recognises that while 85% of Co-op Members say that packaging recyclability is important to them currently two thirds of packaging in the UK on consumer goods goes unrecycled.

Therefore, this AGM:

- supports our Co-op's aim to make 100% of our packaging easy to recycle, with an interim target of 80% easy to recycle by 2020;
- encourages our Co-op to work with people across the industry to seek better ways to package food and maximise the amount of packaging handled by recycling facilities in the UK; and
- agrees our Co-op should inform and guide shoppers about the positives and challenges behind recycling.

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



Helen Grantham
Group Secretary
Co-operative Group Limited
10 April 2017

For more details on the motions and what is happening at the AGM visit [co-operative.coop/agm](https://www.co-operative.coop/agm)

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

Yes, you can get someone else to do it 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 you are appointing and instruct them how to vote by completing sections 1 and 4 of your voting form. You must do this by midday on **Monday 15 May 2017**.

The technical bit

Voting on each of the motions will be by poll. Under the Rules, we need to share terms and information with you:

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

What is an ISM ?

An Independent Society Member (or ISM), is another society which is a member of our Co-op. Our Co-op has around 120 of these.

Your Voting Representative must be an Individual Member (which can be the Chair of the Meeting) or a Council Member and they must be instructed how to vote on each motion. ISMs can also appoint as their Voting Representative another ISM's Corporate Representative.

More detail on the motions

3. Agreeing changes to Executive Pay

At the AGM in 2016 you approved our remuneration policy (covering how we pay our Executive team). The remuneration report describes how the policy has been applied in 2016 and how it is being applied in 2017.

As we mentioned last year, the Committee is reviewing how our Executive are paid. They have not yet finalised their plans but want to be able to put in place the new approach before the 2018 AGM. We are asking you to agree that the Committee may simplify the annual and long term incentives which apply, provided that the overall maximum which can be paid remains at current levels. The final design would then be notified to the 2018 AGM and included in the next vote on the Remuneration Policy planned for 2019. If the outcome of the review results in a recommendation that annual and long term incentives could be more than those which apply now then we will come back to the 2018 AGM.

As before, votes on our remuneration policy are advisory, but we think it is right to ask for members' views.

8. Political Donations

We follow best practice and any decisions on the principles of political donations is put to a vote at the AGM. We are a founding-member and funder of the Co-operative Party, and have member representation on the Party's National Executive Committee. The Party was created in 1917 to defend and further the cause of co-operation in the UK, ensuring that co-operators are elected and the Co-operative Movement's voice is heard in Parliament and at all levels of government.

We are a subscribing member of the Party and last year, agreed funding for the Party of £625,600 for 2016 and 2017. If this Motion is not passed, we will give notice to the Party that we will withdraw as a subscribing member; however, we will honour our existing commitment to give the Party 12 months' notice to terminate our membership and will provide funding until the end of 2018 to allow the Party time to think about its future. If this Motion is accepted, we will continue to be a subscribing member, but will be able to make additional small donations to other political parties, campaigns and organisations which support Co-operative Values and Principles.

9. Members' Motion - Pay Gap

This motion asks us to review current pay ratios, set a strategy to reduce the gap between the highest and lowest paid colleagues and progress towards paying a real living wage to the lowest paid. Your Board is already committed to a reward strategy which is transparent, visible and fair and reflects our values and principles.

The National Living Wage, and the increases in pay made before it came into effect, have already raised pay significantly for the lowest paid. In addition, our members set us the goal of being a living wage employer (as set by the Living Wage Foundation) at last year's AGM. This is a considerable challenge, as small increases in pay can make a big difference in overall costs. But we are committed to working towards it and will continue to report on progress in our annual report.

Getting the balance right in executive pay is not easy and not all members will agree with the choices we make. But much work has been done by your Remuneration Committee to ensure our approach to executive pay is fit for the Rebuild phase of our recovery and beyond, and better reflects our values and purpose.

We now have a much lower overall pay package for our Chief Executive and for new executives who join us or are promoted. Our other executives have had no salary increases since 2014 (and will receive no increase in 2017) and our Chair shows his commitment to our values and principles by donating all of his fee to our own Co-op Foundation to support the good work it does. We also have an ongoing review of Executive pay and hope to put the results of this review into effect in 2018.

We do, however, need to ensure we have the right team in place so our Co-op can thrive and deliver value to our members and this means we pay competitively with others outside our Co-op. We also need to reward our colleagues for a job well done. Your Remuneration Committee believes we should be clear with you on the gap between the highest and lowest paid. There is no common approach to how this information should be worked out or presented and we have done what makes sense to us. We have, therefore, given pay ratio data in our Remuneration Report. Our members will be able to check how this moves year on year.

Much good work has and is therefore being done at both the highest and lowest pay level and your Board and its Remuneration Committee continues to focus on what it believes is right and fair for our Co-op. Your Board supports this motion on the basis that its aims reflect much of what we have already done and are continuing to do. We caution, however, that actual changes in pay ratios will move from year to year depending on a number of factors including the success of our Co-op and the impact of that on performance related pay.

10. Members' Motion - Fairtrade

Our Co-op has been a leader in Fairtrade over many years and our membership continues to demand increased Fairtrade support. Co-op retail sales of Fairtrade products (value) increased by 18.4% in 2016 against a national market growth of 7.6%.

We welcome the Member Motion on Fairtrade and reconfirm our commitment to our Fairtrade producers. Some examples of how we achieve this are set out below and additional information is available on our website.

Our focus remains on the 7 core Fairtrade categories where we can make the biggest difference. We will continue to offer 100% Fairtrade own brand ranges of tea, coffee, bagged sugar, bananas, roses and chocolate bars and maintain our position as the world's largest seller of Fairtrade wine. When sourcing cane sugar, we have remained committed to sourcing on Fairtrade terms from

our producers during a year when many other retailers and businesses have reduced their purchases due to cost challenges.

In recent months we have announced that all cocoa within our Co-op own brand products will be Fairtrade, not just for chocolate bars. We are also now planning to extend this 100% Fairtrade ingredient approach to bananas, tea and coffee. We are also looking at how we can increase our commitments on Fairtrade flowers. We are engaging more closely with our direct suppliers to cement and expand current relationships whilst also seeking new producer partnerships.

Our cocoa commitment will increase purchases five-fold and enable us to source from new suppliers as well as increase our support of existing producers.

11. Joint Board and Council Motion – Modern Slavery

Our Co-op has campaigned against slavery since 1862 and has recently led ground-breaking work with City Hearts to help the victims of Modern Slavery to become survivors by providing opportunities to return to paid employment and the basic human dignity that brings. But we cannot do this alone.

This motion asks you to support a campaign to encourage more action from Government and greater engagement from businesses (including other co-operatives) beyond legal compliance, so victims who are rescued can return to paid work reducing the risk of them falling back into slavery and to raise awareness of the plight of Modern Slavery victims in the UK.

12. Joint Board and Council Motion – Recycling

Our aim is to make 100% of our packaging easy to recycle, with an interim target of 80% by 2020. Unlike other retailers, our target is based on product lines and not weight, as this is how our customers look at packaging. In 2016, 46% of our Co-op brand products are in easy to recycle packaging, with much innovation having taken place in the last 6 months.

The main focus of our work is on plastics, due to concerns about marine plastic and the warning that by 2050 there will be more items of plastic in the world's oceans than there will be fish. We want to work across the industry to find new ways to package products as the current norms are not working, such as using black plastic because it looks good but is not recyclable. We also want to inform and guide shoppers about the positives and challenges behind recycling.

This motion calls on the Board and Executive to support our long-term approach to improving the recyclability of packaging.

Electing your Directors

Our Rules set out which Directors need to stand for election or re-election each year. This year we're asking you to elect Steve Murrells as an Executive Director and to re-elect Allan Leighton and Chris Kelly as Independent Non-Executive Directors.

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



Appointed as an Executive Director and Chief Executive on 1 March 2017.

Steve Murrells Executive Director

Skills and Experience

Steve joined as Chief Executive of Co-op Food in 2012. He has held senior leadership roles in European and UK based food retail businesses, including at One Stop, Sainsbury's and Tesco. Steve spent three years as CEO of Danish meat company, Tulip, before joining our Co-op.

Why I love being a Director of our Co-op

It's an enormous privilege for me to take on the leadership of our amazing business as Chief Executive and I'm grateful for the wonderful opportunity I've been given. As we transition from Rebuild to Renew, our Co-op has a vision to be as radical as it was in 1844 and I want us to make the most of that opportunity.



Appointed as an Independent Non-Executive Director and Chair on 19 February 2015.

Allan Leighton Independent Non-Executive Director

Skills and Experience

Allan has held a series of high profile roles, including Chief Executive of Asda from 1996 to 2000 and Non-Executive Chairman of Royal Mail from 2002 to 2009. Allan is currently the Chairman of Matalan Ltd, Entertainment One Ltd, Wagamama and Canal & River Trust and is Deputy Chairman of Pandora AS.

Why I love being a Director of our Co-op

We are part of a movement that does business in a better way - it's as simple as that. Our focus is clear - to serve our members and the communities where we do business. In the last two years we have put our Co-op back at the heart of communities and our ambition to build on that is firmly at the heart of the plans we are developing as we head in to Renew. Our Co-op has always been special to me since the days my father ran our local Co-op store and it is an honour for me to chair this amazing business.

Inspiring young people to make the most of their lives is something that means a lot to me and I will again donate my fee as a Director and Chair to The Co-op Foundation which does some fantastic work helping the young make a positive contribution to our communities.



Appointed as an Independent Non-Executive Director and Senior Independent Director on 14 November 2014.

Chris Kelly Independent Non-Executive Director

Skills and Experience

Chris chaired the Group's independent review which considered the events leading up to the re-capitalisation plan for The Co-operative Bank plc in 2013. He currently chairs the Kings Fund (the health and social care think tank) and the Responsible Gambling Strategy Board. Previous roles include chairing the Committee on Standards in Public Life, the Financial Ombudsman Service and the NSPCC. For many years he was a senior public servant, mostly in HM Treasury but latterly as Permanent Secretary of the Department of Health.

Why I love being a Director of our Co-op

Our Co-op has rebuilt itself in the last two years. Our strength comes from the belief of our members in the good that an organisation like ours can do when it is well governed and well led. I've been privileged to have played my part in our Co-op's rebuilding. It would be a great honour to continue serving on our Board and make a contribution to our future success as we move into the next, exciting phase.

Electing your Member Nominated Directors

What is an MND?

Member Nominated Directors (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 are chosen by you.

How many MNDs are we voting for?

This year you are voting for **two** MNDs and you can choose from **three** candidates. Paul Chandler, who is an existing MND, is standing for re-election. You can also vote for Pernilla Bonde and Gareth Thomas. Ruth Spellman has decided to step down as an MND at the AGM and will not be seeking re-election.

The value of our MNDs

2016 was the second year of our three-year Rebuild programme and was the year we re-launched our Co-op Membership and brought back our iconic Co-op clover leaf, a signifier of our Co-op values and principles.

We went back to Being Co-op and we returned to the ideas that have made us special and different to generations of Co-op members. Once again, we're rewarding our members, supporting their communities and campaigning on the issues that matter most to them.

Your MNDs have played a key part in rebuilding our Co-op, ensuring that the interests of our members are at the heart of everything we do. Your MNDs will help shape our Renew plans for the next three years and champion our Co-op as a better way of doing business for you and your communities.

Board Recommended

Paul Chandler was one of the first MNDs to be elected under our new governance structure in 2015. Paul has brought his strong financial and commercial experience to this role along with his understanding of how to make ethical business practices work and a commitment to social justice. He has ensured that members' interests and our ethical and Co-op values are never forgotten when key decisions are made.

Your Board supports his re-election as an MND. Your Board would expect to support a second term for MNDs as it believes that Directors perform at their best when they are fully up to speed with the issues facing our Co-op.



Paul Chandler

Occupation Member Nominated Director of the Co-op Group
Co-operative businesses traded with in the last 12 months Food, Bank and Electrical

The past two years have restored momentum and pride in “Being Co-op”, but much more remains to be done. Being a Director through the Society’s relaunch has given me in-depth understanding of our businesses, strategies and structures, (see www.paulchandler.blog) and I have built strong relations with Council: so I am well-placed to contribute further.

Formerly Chief Executive of Traidcraft, I bring passion for Fairtrade, ethical business practices and sustainability, and for serving members and communities through our distinctive co-operative model.



Pernilla Bonde

Occupation CEO, HSB National Association (Swedish Housing Co-op)
Co-operative businesses traded with in the last 12 months Food

I am the CEO of HSB, Sweden’s largest housing co-operative with 600,000 members and a total turnover of £800 million.

At the heart of any co-operative, is the voice of its members. My promise is to carry your voice so that you as a member will be heard.

I hope to make a difference by expanding the range of Fairtrade products in Co-op stores and working for digital solutions. It would be a great honour to represent you, the members.



Gareth Thomas

Occupation Trustee, Tate; Chairman and Non-Executive Director, Various
Co-operative businesses traded with in the last 12 months Food

As Retail Director for John Lewis for 10 years, I led it through huge cultural change. I understand how to build a successful business founded on principles that set it apart from competitors.

For many retailers, profits are everything. The Co-op stands out because of its values, and how it trades. I am totally aligned with all the Co-op stands for. I want to represent members at the highest level so that the Co-op becomes an even more distinctive business.

Saturday 20 May 2017

10.00am

Let us know you are coming

Please let us know you are coming in section 1 on your voting form and send it back to us in the envelope provided.

What to bring

Please remember to bring your Co-op Membership card and another form of ID on the day (a credit card or driving licence works well). You'll need these to show you are eligible to attend.



Access for all

Manchester Central is equipped to welcome members with special access requirements. There will be an induction loop in the main hall. Assistance dogs are welcome inside the venue.

If you need a sign language interpreter or have any other requirements, please let us know in advance. 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@co-operative.coop or call us on **0800 023 4708**.

Watch the AGM online

If you can't join us in person, why not join us online? The event will be broadcast live on our YouTube channel. For more information visit co-operative.coop/agm



Contact us

If you need more information, please get in touch with the AGM team at: agm@co-operative.coop or write to: The Group Secretary, Swiss Post Solutions Ltd, Unit 550, Metroplex Business Park, Broadway, Salford Quays, Manchester, M50 2UE.