

Scotmid



ANTI-CORRUPTION AND BRIBERY POLICY - INCLUDING CODE OF PRACTICE ON BUSINESS GIFTS AND HOSPITALITY

Policy Number 5
July 2015

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It is our policy to conduct our business in an honest and ethical manner and in line with co-operative principles. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery.

We will uphold all laws relevant to countering bribery and corruption. However, we remain bound by the laws of the UK, including the Bribery Act 2010, in respect of our conduct both at home and abroad.

Bribery and corruption are punishable for individuals by up to ten years' imprisonment and if we are found to have taken part in corruption the Society could face an unlimited fine, be excluded from tendering for public contracts and face damage to our reputation. We therefore take our legal responsibilities very seriously.

In this policy, third party means any individual or organisation you come into contact with during the course of your work for us, and includes actual and potential clients, customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisors, representatives and officials, politicians and political parties.

Scope

This policy applies to all individuals working at all levels and grades, including senior managers, directors, committee members, officers, employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, seconded staff, homeworkers, casual workers and agency staff, volunteers, interns, agents, sponsors, or any other person associated with us, or any of our subsidiaries or their employees, wherever located (collectively referred to as **workers** in this policy). Departmental Head refers to SMT and other CEO direct reports.

Specific risks

Under the Act, a commercial organisation is guilty of an offence if a person associated with the organisation bribes another person, intending to obtain or retain business or a business advantage for the organisation. "Associated person" is defined widely to include people who perform services for, or on behalf of, the organisation, regardless of their capacity. This definition will therefore include The Co-operative Retail Trading Group. The Code of Business Conduct published by the Co-op and their due diligence procedures mitigate our risk.

What is bribery?

A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage.

Gifts and hospitality

This policy does not prohibit normal and appropriate hospitality (given and received) to or from third parties.

Whilst a gift may be given (or received) innocently, there is always scope for misinterpretation or misunderstanding. For example, if an employee does accept (or offer) a gift or hospitality it may be seen by the Society or any other body to be given or received as a means of

- persuading a worker to show favour to a contact or supplier
- inducing a worker to place business with a contact or supplier
- encouraging a worker not to place business with a supplier or contact
- influencing a worker to grant more favourable terms or any other preferential treatment to a supplier or contact

Our policy regarding receipt and offer of hospitality and gifts is detailed below

Receipt of Gifts or Hospitality from a third party

1. Gifts or Hospitality offered on condition that more favourable business terms will be received or on any other conditional terms, must be refused.
2. No gifts or hospitality should be accepted from an organisation during a "tender" process or while negotiating a contract.
3. A gift or hospitality offered personally, but through a business connection should normally be refused eg the offer of holiday accommodation. This area can be complex and the key here is to be open about any relationships that exist. (see Disclosure of Interest policy re this.)
4. If the gift or hospitality is offered in secret it must be refused.
5. A gift or hospitality that breaches the current law must be refused.
6. Any employee who is offered a gift or hospitality or any other incentive must request permission from their Departmental Head prior to acceptance. The employee will explain the nature of the gift/hospitality and disclose its approximate value and the reason or reasons why the offer has been made. This should be documented via email.

7. Any Departmental Head offered a gift, hospitality or incentive of any description must notify the Chief Executive Officer prior to acceptance and in doing so, will be expected to comply with the provisions of section 6 above. Acceptance will be subject to the approval of the Chief Executive Officer.
8. All gifts or hospitality valued at in excess of £500 must be subject to approval directly from the Chief Executive.
9. A "Central Register of Business Gifts and Hospitality" is maintained in the office of the Chief Executive Officer. It will be the responsibility of each Department Head to ensure that each and every gift, offer of hospitality or other incentive
 - a. accepted by them following discussion with the Chief Executive Officer, or
 - b. accepted by a member of their department following discussion with them is recorded in the Central Register of Business gifts and hospitality.
10. Entry into any competitions is prohibited if advantage in the competition derives from employment with Society.

Offer of gifts or hospitality to a third party

1. Any gifts or hospitality provided should have a justifiable business purpose, be appropriate in the circumstances, is not cash or cash equivalent, should not breach local laws and should be authorised by heads of department.
2. The business gift or hospitality should be given in the name of the business and not personally.
3. It should be given openly and not secretly.
4. Any hospitality provided or gifts issued, should be recorded in the "Central Register of Business Gifts and Hospitality."

Foreign and UK public officials

Extra care should be taken when dealing with public bodies or political parties. No gifts or hospitality should be offered to UK or foreign public officials or political parties without prior approval of the Chief Executive Officer.

Excluded from the policy:

- Small gifts given or received, below £10 in value which are branded with the issuers corporate logo eg stationery, mugs, pens.

- In-house courtesy hospitality given or received eg coffee, tea, working lunch up to a value of £10 per person.

What is not acceptable?

It is not acceptable for you (or someone on your behalf) to:

- threaten or retaliate against another worker who has refused to commit a bribery offence or who has raised concerns under this policy; or
- engage in any activity that might lead to a breach of this policy.

Facilitation payments and Kickbacks

We do not make, and will not accept, facilitation payments or "kickbacks" of any kind. Facilitation payments are typically small, unofficial payments made to secure or expedite a routine government action by a government official. They are not commonly paid in the UK, but are common in some other jurisdictions.

Kickbacks are typically payments made in return for a business favour or advantage. All workers must avoid any activity that might lead to, or suggest, that a facilitation payment or kickback will be made or accepted by us.

If you are asked to make a payment on the Society's behalf, you should always be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided. You should always ask for a receipt which details the reason for the payment. If you have any suspicions, concerns or queries regarding a payment, you should raise these with Department Head.

Donations

Political

We only donate to political parties when it is legal and ethical to do so and donations are always disclosed in our Annual Report. Any political donations are subject to Board Approval.

Charitable

We only make charitable donations that are legal and ethical under local laws and practices.

Employee Responsibilities

You must ensure that you read, understand and comply with this policy.

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for us or under our control. All workers are required to avoid any activity that might lead to, or suggest, a breach of this policy.

You must notify your Head of Department or use the Whistleblowing procedures as soon as possible if you believe or suspect that a conflict with this policy has occurred, or may occur in the future. For example, if a supplier or potential supplier offers you something to gain a business advantage with us, or indicates to you that a gift or payment is required to secure their business. Further "red flags" that may indicate bribery or corruption are set out in the Schedule.

Any employee who breaches this policy will face disciplinary action, which could result in dismissal for gross misconduct. We reserve our right to terminate our contractual relationship with other workers if they breach this policy.

Record-Keeping

We must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to third parties. You must declare and keep a written record of all hospitality or gifts accepted or offered, which will be subject to review by the Audit Committee.

You must ensure all expenses claims relating to hospitality, gifts or expenses incurred to third parties are submitted in accordance with our expenses policy and specifically record the reason for the expenditure and name individuals and the businesses they work for if we have provided hospitality

All accounts, invoices, memoranda and other documents and records relating to dealings with third parties, such as clients, suppliers and business contacts, should be prepared and maintained with strict accuracy and completeness. No accounts must be kept "off-book" to facilitate or conceal improper payments.

Suppliers, customers, contractors or agents

It is important that our zero tolerance position regarding bribery is understood by all our business partners. Due diligence procedures should be carried out on agents, suppliers, distributors, contactors and customers.

A proportionate and risk based approach should be taken and so higher risks will need a higher degree of due diligence. Examples of higher risk areas include agency arrangements, foreign entities, owner managed businesses and joint ventures.

Due diligence procedures involve understanding who we are dealing with and may start with simple internet enquiries through to detailed credit checks depending on perceived risk.

New contracts entered into or agency agreements should have specific anti bribery clauses inserted and where appropriate, this policy can be shared with external parties. Existing arrangements should be reviewed.

How to Raise a Concern

You are encouraged to raise concerns about any issue or suspicion of malpractice at the earliest possible stage. If you are unsure whether a particular act constitutes bribery or corruption, or if you have any other queries, these should be raised with your Head of Department. If you feel unable to raise the matter with your Head of Department then concerns should be reported by following the procedure set out in our Whistleblowing Policy. A copy of our Whistleblowing Policy can be found on the intranet and should be displayed on notice boards in all sites.

What to do if you are a victim of bribery or corruption

It is important that you tell your Head of Department as soon as possible if you are offered a bribe by a third party, are asked to make one, suspect that this may happen in the future, or believe that you are a victim of another form of unlawful activity. The whistleblowing policy could also be invoked in this circumstance if you feel unable to speak to your Department Head.

Protection

Workers who refuse to accept or offer a bribe, or those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. We aim to encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.

We are committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place, or may take place in the future. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If the matter is not remedied, and you are an employee, you should raise it formally using our Grievance Procedure, which can be found on the intranet.

If on reading this policy you feel that you may be compromised by it due to an established business practice, please raise the issue with your Department Head immediately.

Training and communication

Training on this policy forms part of the induction process for all new head office staff and field roles.

All managers involved in procurement and sales contracts will receive relevant training on how to implement and adhere to this policy.

Our zero-tolerance approach to bribery and corruption must be communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and as appropriate thereafter. This can be done by sharing this policy with them and/or by building specific clauses into any relevant contracts depending on risk.

Who is responsible for the policy?

The board of directors has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it. The Audit Committee of the Board will review the register of business gifts and hospitality at least annually.

Heads of Department have primary and day-to-day responsibility for implementing this policy and for monitoring its use and effectiveness and dealing with any queries on its interpretation. Management at all levels are responsible for ensuring those reporting to them are made aware of and understand this policy and are given adequate training on it.

Monitoring and review

All workers are responsible for the success of this policy and should ensure they use it to disclose any suspected danger or wrongdoing. The Head of Internal Audit will monitor the effectiveness and review the implementation of this policy, regularly considering its suitability, adequacy and effectiveness. Any improvements identified will be made as soon as possible. Internal control systems and procedures will be subject to regular audits to provide assurance that they are effective in countering bribery and corruption.

This policy does not form part of any employee's contract of employment and it may be amended at any time.

Related policies – available on the intranet

1. Whistleblowing policy
2. Disclosure of interest policy
3. Fraud policy
4. Grievance procedure

Schedule Potential risk scenarios: "red flags"

The following is a list of possible red flags that may arise during the course of you working for us and which may raise concerns under various anti-bribery and anti-corruption laws. The list is not intended to be exhaustive and is for illustrative purposes only.

If you encounter any of these red flags while working for us, you must report them promptly your Head of Department or using the procedure set out in the whistleblowing policy:

- (a) you are offered hospitality or a gift from a third party on the understanding that you will place larger orders than necessary
- (b) you are offered hospitality or a gift from a third party on the understanding that you will list a new supplier, a new range or a new product
- (c) you are offered hospitality or a gift from a third party on the understanding that you will pay a higher price for the goods than the market would provide
- (d) you are offered an unusually generous gift or offered lavish hospitality by a third party
- (e) you are offered an unusually personal benefit eg use of a holiday home
- (f) you become aware that a third party engages in, or has been accused of engaging in, improper business practices
- (g) you learn that a third party has a reputation for paying bribes, or requiring that bribes are paid to them, or has a reputation for having a "special relationship" with foreign government officials
- (h) a third party insists on receiving a commission or fee payment before committing to sign up to a contract with us, or carrying out a government function or process for us
- (i) a third party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made
- (j) a third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business
- (k) a third party requests an unexpected additional fee or commission to "facilitate" a service
- (l) a third party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services
- (m) a third party requests that a payment is made to "overlook" potential legal violations
- (n) a third party requests that you provide employment or some other advantage to a friend or relative

- (o) you receive an invoice from a third party that appears to be non-standard or customised
- (p) a third party insists on the use of side letters or refuses to put terms agreed in writing
- (q) you notice that we have been invoiced for a commission or fee payment that appears large given the service stated to have been provided
- (r) a third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to us.

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