

ANTI-BRIBERY POLICY

INCLUDING CODE OF PRACTICE ON BUSINESS GIFTS AND HOSPITALITY

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.

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.

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 a colleague 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 colleague to show favour to a contact or supplier
- inducing a colleague to place business with a contact or supplier
- encouraging a colleague not to place business with a supplier or contact
- influencing a colleague 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.
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 colleague who is offered a gift or hospitality or any other incentive must request permission from their Departmental Head prior to acceptance. The colleague 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. Entry into any competitions is prohibited if advantage in the competition derives from employment with Society.

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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, will 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 on behalf of Scotmid.

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.

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 colleagues must avoid any activity that might lead to, or suggest, that a facilitation payment or kickback will be made or accepted by us.

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.

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 will be carried out on agents, suppliers, distributors, contractors and customers.

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.