CODE OF BUSINESS CONDUCT

About this Code

The Co-operative Group expects all employees to conduct themselves in a manner consistent with the Society’s policies, procedures and co-operative values. This Code explains how these values should be put into everyday practice.

The Code is divided into four sections, which cover:

1. Our vision, aims, objective and our values and principles.
2. Our relations with:
   a. Customers
   b. Members
   c. Employees
   d. The community
   e. The environment
   f. The co-operative sector
   g. Suppliers
   h. Competitors
3. Conflicts of interest, control, financial issues and reporting.
4. Concern about the behaviour of others – “Speak Up” The Group’s whistleblowing policy and process.

Who is the Code for?

This Code applies to everyone who works for the Co-operative Group, including temporary and contract staff.

Every employee is issued with either a copy of this full version of the Code, or a copy of the summary version. Please keep your copy for future reference.

The Code is a public document and may be given to external contacts to explain the Co-operative Group’s approach to business. For example, it can be used to help explain to suppliers our policy on gifts, hospitality and entertainment.

Observing the Code

The Co-operative Group has made adherence to the provisions of this Code, where applicable, a condition of employment.

The Society Secretary has responsibility for initiating and supervising the investigation of all reported breaches of this Code and ensuring that appropriate disciplinary action is taken when required (see Disciplinary Procedure).
Interpreting this Code

The intention of the Code is to provide you with a clear understanding of the conduct we expect and give you the confidence to apply the Co-operative Group's values to unfamiliar situations. If you are confronted with a situation where you are unsure of the right course of action, you should:

• Consult this Code, the appropriate policies and our co-operative values.
• Ask yourself what the likely consequences of your action would be.

If you are still unsure, talk to your manager.

Occasionally, situations will arise where neither you nor your manager are certain of what action to take, or you may feel unable to raise the matter with your manager. In these circumstances you should contact a senior human resources manager.

If you suspect that another person has breached this Code or committed a crime such as fraud, you have a duty to report it. To do this you should follow the Group's whistleblowing procedure, which is the final section of this Code.
1. **Our values and principles, vision, aims and objective**

   i. **Our values and principles**

   **Our co-operative values**

   - Self-help – we help people to help themselves
   - Self-responsibility – we take responsibility for, and answer to our actions
   - Democracy – we give our members a say in the way we run our businesses
   - Equality – no matter how much money a member invests in their share account, they still have one vote
   - Equity – we carry our business in a way that is fair and unbiased
   - Solidarity – we share interests and common purposes with our members and other co-operatives.

   **Our ethical values**

   - Openness – nobody’s perfect, and we won’t hide it when we’re not
   - Honesty – we are honest about what we do and the way we do it
   - Social responsibility – we encourage people to take responsibility for their own community, and work together to improve it
   - Caring for others – we regularly fund charities and local community groups from the profits of our businesses.

   **Our principles**

   - Our principles are the way we put our values into action
   - Voluntary and open membership – membership is open to everyone
   - Democratic member control – all members have an equal voice in making policies and electing representatives
   - Member economic participation – all profits are controlled democratically by members and for their benefit
   - Autonomy and independence – co-operatives are always independent, even when they enter into agreements with the Government and other organisations
   - Education, training and information – co-operatives educate and develop their members as well as their staff
   - Co-operation amongst co-operatives – co-operatives work together with other co-operatives to strengthen the co-operative movement as a whole
   - Concern for community – co-operatives also work to improve and develop the community, both locally and internationally.

   ii. **Our vision, aims and objective**

   **Our vision**
   To be the best co-operative business in the world

   **Our aims**
   To strive for world class levels of business performance
To be open, responsible and rewarding, putting co-operative values & principles into everyday practice
To enhance the lives of our people, members, customers, and the communities in which we trade
To work for the long-term success of the co-operative sector

Our objective
The core objective of the Co-operative Group is to optimise profits from businesses where our co-operative values give us a positive marketing advantage, allowing us to serve our members and to deliver our social goals as a successful co-operative, while making a reasonable financial return to our member-owners, both corporate and individual.
2. Our relations

a. Relations with customers

Our customers are at the centre of everything we do. We want to exceed their expectations, building relationships with them based on our open, honest and socially responsible approach to business. The Co-operative Group therefore expects all employees to aim for the highest possible standards by providing a helpful, friendly and efficient service to all our customers. We should all be aware that how we conduct ourselves reflects on how the Co-operative Group is judged.

The Group:

- Will promote and communicate a credible co-operative difference in all our businesses.
- Strives to achieve the highest levels of customer satisfaction by providing an exceptional service to all.
- Rewards customer loyalty.
- Provides a high standard of after-sales service.
- Always aims to adhere scrupulously to the spirit, not simply the letter, of laws designed to protect our customers and ensure their safety.
- Seeks to manage the commercial, social, ethical and environmental impacts of the products and services we offer.
- Believes our customers have a right to know, and so will always accurately describe the goods and services we offer providing all the information they need to make informed choices.
- Champions consumer causes, campaigning to secure further legal safeguards and standards wherever we believe that the customer is vulnerable, in order to raise the standard of protection for all.
- Seeks to ensure our products and services are accessible for everyone in the communities we serve.
- Maintains the confidentiality of customer information in line with our Data Protection Policy (see Data Protection Policy).

Our employees:

- Should act as customer champions – giving exceptional service to both internal and external customers, driven by our co-operative values.

b. Relations with members

Our members own the Co-operative Group – they are our shareholders. We are unique amongst consumer co-operatives in the UK in that we have both individual and corporate members. We are in business to serve them and meet our shared social goals. In everything we do, we are accountable to our members.
The Group:

- Aims to operate as a successful co-operative business dedicated to the benefit of our individual and corporate members.
- Seeks to provide a fair and rewarding economic return to members.
- Has a clear co-operative strategy to help achieve a broad base of active individual members, drawn from a cross-section of the community, who make a positive contribution through their involvement at local, regional and national level (see Co-operative Strategy document).
- Provides information to members necessary to enable them to participate fully in the affairs of the business
- Educates members about the principles of co-operation.
- Ensures that employees understand what the Co-operative Movement and the Co-operative Group stand for, and encourages them to become members of the Society and other co-operatives (see Employee Handbook).

c. Relations with employees

The Co-operative Group believes that our people are our key resource. We want to be an employer of choice and hope our people work for us not only because we offer rewarding and exciting opportunities, but also because they share our values.

We want to build relationships based on our values of openness, honesty and social responsibility. Everyone has a duty to maintain the trust and security of our colleagues and customers by ensuring that we act with integrity at all times, protecting the interests of the business.

The Group:

- Seeks to create a workplace culture that is open, innovative, empowered and creative, where everyone is both customer focused and performance orientated.
- Is committed to the elimination of fraud within the organisation and to the rigorous investigation of any alleged instances of fraud.
- Ensures that our employee benefit package is in line with market conditions and is sustainable by the business performance.
- Encourages and rewards ideas.
- Recognises the contribution of each individual in helping to create a successful business.
- Aims to keep employees informed about the activities, performance and conduct of the business.
- Seeks to involve employees in improving their work and that of the business as a whole.
- Encourages and assists employees at all levels to learn from experience and obtain relevant skills through training and development, and progress their careers within the organisation.
- Aims to provide secure jobs but, recognising that we operate within an ever-changing business environment, will plan recruitment responsibly and always inform employees, as far as we are able, on employment prospects.
Seeks to provide a clean, healthy and safe work environment in line with best practice (see Health & Safety Policy).

Has an Diversity Policy and recruits and promotes employees on the basis of their suitability for the job without discrimination in terms of race, religion, politics, national origin, colour, gender, age, sexual orientation, marital status, disability or unrelated criminal convictions (see Diversity Policy).

Will look favourably on requests to work flexibly, subject to the needs of the business being met.

Has procedures to deal with employees' grievances and disputes (see Grievance Procedure).

Recognises the rights of employees to be members of trade unions, encourages membership by all employees and ensures appropriate procedures are in place to enable constructive dialogue with trade unions (see Employee Handbook).

Our employees:

- Should devote their working time to the interests of the Co-operative Group and not use work time to pursue personal interests or activities.
- Must observe all established Society policies, practices and control procedures – these procedures are set out in our key control manuals.
- Must safeguard Co-operative Group cash, property and vehicles from theft, abuse or damage.
- Must treat all information relating to the Co-operative Group, colleagues, customers and suppliers as confidential, unless the release of such information has been authorised by executive management.
- Must protect, access and process data in accordance with our Data Protection Policy (see Data Protection Policy).
- Should use information systems in accordance with Co-operative Group guidelines and understand that limited personal use of telephones, Internet and e-mail is a privilege, not a right. The Co-operative Group may use surveillance of such systems to ensure legitimate use (see IT Security Policy).
- Must claim only those expenses incurred in the course of legitimate business and that do not result in personal gain.
- Must report any request to become involved in or keep quiet about any criminal activity against the Co-operative Group to an appropriate manager.

d. Relations with the community

The Co-operative Group is a community-focused business. We have a significant role to play in the communities we serve. We will make a positive difference by fulfilling a wide range of co-operative and social objectives. We also want our employees to play an active part in the communities we serve. We encourage employee involvement in political, pressure group and community activities. However, any such involvement you may have must be kept completely separate from your work duties.
The Group:

- Serves the community by providing goods and services efficiently and sustainably.
- Takes into account the concerns of the wider community, including both local and national interests.
- Has a clear strategy for public affairs and only engages in activity in a manner consistent with this (see Political Strategy).
- Sympathetically considers requests by employees to participate in community and civic affairs (see Employee Handbook).
- Contributes financially and in kind to the communities we serve (see Community Investment Policy).
- Works to support and develop co-operative enterprise in the community through the Co-operative Development Fund.

Our employees:

- Should never misrepresent their own personal, political or other opinions as those of the Co-operative Group and must seek clarification in cases of doubt.
- Must not pursue personal, political, pressure group or community activity in work time, without authorisation from their manager (see Dividend Policy and Co-operative Community Plan).
- Are not permitted to display or distribute any material promoting personal, political or other interests while on duty, without the permission of their manager (see Employee Handbook).

e. The environment

The Co-operative Group recognises that our business has an impact on the environment. We are determined to measure this and minimise the adverse effects of our activities while positively contributing to environmental improvement.

The Group:

- Monitors, measures and reports on environmental impacts of the business (see Sustainable Policy within our annual Sustainability Report).
- Will aim to reduce adverse environmental impacts arising from our operations.
- Integrates environmental objectives into the everyday management of our business.

f. Relations with the co-operative sector

The co-operative sector is an innovative part of the economy, empowering ordinary people to fulfil shared economic, social and cultural needs. The Co-operative Group wants to see a vibrant co-operative sector and will work to ensure its long-term success.
The Group:

- Promotes the co-operative sector.
- Actively supports co-operation among co-operatives.
- Strives to harness the buying and marketing power of its corporate member societies, managing Co-op brand on their behalf and providing distribution and other services that contribute to better performance and greater efficiency.
- When considering whether to accept the transfer of engagements of another co-operative society, the Co-operative Group acts in the interest of its members and employees, the interest of the transferring society’s members and employees, and for the common good of the Co-operative Movement.

g. Relations with suppliers

The Co-operative Group seeks to build partnerships with our suppliers, developing relationships that are based on trust and are to our mutual advantage. We also want our suppliers to share our values and, wherever possible, will encourage them to put these into practice.

We recognise that the receipt of gifts, favours, hospitality or entertainment by our employees can give rise to embarrassing situations. These may be seen as an improper inducement to influence your actions or decisions and you must take care to avoid such situations.

The Group:

- Makes available written terms of business.
- Undertakes to pay our suppliers on time, according to agreed terms of trade.
- Uses effective business planning techniques when estimating orders.
- Seeks to establish clear lines of communication with suppliers.
- Never uses its purchasing power unscrupulously.
- Works with suppliers to secure decent working conditions and better living standards for those involved in our supply chain (see Sound Sourcing Policy).
- Encourages suppliers to reduce their environmental impact (see Environmental Policy).

Our Hospitality Policy:

Policy Statement

The Group is committed to ensuring that hospitality of all types is managed and controlled effectively. This is to reduce the risk of compromising both individuals and the Group’s businesses and to ensure that no procurement advantage is offered to, or inferred from, external suppliers and contractors.

Due to the scale and diversity of our business, every employee is responsible for maintaining the integrity of the Group’s business activities. The information contained in this policy provides full guidance on how to ensure that all offers of hospitality or gifts are managed effectively across the Group.
Seeking Authorisation

Co-operative employees are responsible for completing the groups universal ‘Gifts and Hospitality Authorisation Form’ which can be found within the ‘HR Forms, Requests and Templates’ section of the intranet for both giving and receiving of hospitality or gifts. The authorisation form should be submitted prior to offering or accepting any form of gift or hospitality.

Hospitality or Gifts under £100

An employee may provide and/or accept reasonable small tokens and hospitality, provided that they do not place the recipient under any obligation, are not capable of being misconstrued and can be reciprocated at the same level at work, for example a business lunch. Records should be maintained and management may request to see evidence that these types of hospitality have been reciprocated.

Authorisation must be sought by employees accepting or offering a gift or offer of hospitality over the value of £30 and/or any employee who accepts or offers gifts or hospitality on more than one occasion per week, regardless of value.

With the exception of the above, all offers of any hospitality or any gift up to the value of £100 must be authorised in writing by the relevant person prior to the acceptance of the offer. For the purposes of this policy the relevant person will be:

Business Areas – Regional Manager or Above
Corporate Functions – Head of Department

A record of all authorisations must be recorded and submitted centrally each period for auditing purposes.

Hospitality or Gifts over £100

No hospitality or gift over £100 may be accepted by any employee unless written authorisation has been given by a member of the Group Executive. Any such authorisation must be recorded centrally for auditing purposes.

Any offer of a gift or hospitality over the value of £100 must be registered via completing the ‘Gifts and Hospitality Authorisation Form’, regardless of intention of acceptance or refusal.

Hospitality involving overseas travel

Any hospitality or gift that involves any overseas travel, which does not form part of any planned business trip in the course of an employee’s normal duties, must be pre authorised by either the Group’s CEO or CFO.

General

When offered any hospitality or gift, employees should consider the following points before seeking authorisation:
- Is the offering organisation due to renew any contracts or agreements with the Group?
- Is the organisation performing to its service level agreements?
- Does the offer place the employee under any obligation to that organisation?
- Could acceptance be misconstrued as potential favouritism to that organisation in any way?
- Is the offer reasonable in the circumstances?

If there is any doubt whatsoever the offer should be refused and any inappropriate offers must be reported to their line manager.

In view of the sensitivity of this area, further guidance is available from the Society secretary.

h. Relations with competitors

The Co-operative Group’s commercial success depends on satisfying the needs of our customers and members. A fair and competitive market provides us with the best way of achieving this. We will therefore always compete vigorously, but honestly.

The Group:

- Will never maliciously damage the reputation of competitors either directly, or by implication or innuendo.
- Will never attempt to acquire information regarding a competitor’s business by disreputable means – this includes industrial espionage, hiring competitors’ employees to obtain confidential information, and urging competitors’ employees or customers to disclose confidential information.
- Will never engage in restrictive trade practices or abuse any position of market dominance.

i. Fraudulent Behaviour

The Board and Management are committed to the elimination of any fraud within the organisation and to the rigorous investigation of any such cases. There is an anti-fraud policy and guidelines that support the Group’s commitment to high legal, ethical and moral standards as set out in the Group’s Code of Business Conduct. The policy and guidelines assist management and others to aid in the detection and investigation of fraud, theft, financial misreporting and impropriety and other offences (See anti-Fraud Policy).
3. Conflicts of interest, control, financial issues and reporting.

Conflicts of interest

The Co-operative Group expects all employees to be open and honest about any circumstances that have the potential to be seen as a conflict of interest. To protect the reputation of the business, it is important that any personal interests you may have do not improperly influence your actions and decisions.

Our employees:

- Must never do anything that conflicts with the Co-operative Group’s interests.
- Must never give or receive any form of bribe or other payment that could influence their involvement in a relationship between the Co-operative Group and any individual or organisation.
- May only work in a self-employed capacity or for any other organisation with the express permission of their manager.
- Must disclose any personal interest, or that of a member of their immediate family, in relation to the Co-operative Group’s business.
- Must inform their manager in writing of any potential conflicts of interest, and must seek clarification in cases of doubt – conflicts of interest include directorships, significant shareholdings and employment of family members.

Control, financial issues, and reporting

The Co-operative Group seeks to be the best co-operative business in the world. To achieve this requires us to have clear leadership that encourages participation, well-thought-out plans and to maintain the highest standards of control, accounting practice and governance.

The Group:

- Recognises that the Board of Directors is sovereign in deciding matters of policy, with the guidance and advice of the chief executive and the executive management team (see Society Rules).
- Requires directors, regional board and area committee members to comply with the codes of conduct issued by the Society relevant to the office they hold (see Regional Board/Area Committee Code of Conduct).
- Expects management to ensure that directors and elected representatives receive appropriate information in a timely fashion to enable them to carry out their responsibilities in accordance with the Society’s rules.
- Develops challenging plans and targets and monitors progress against them (see Core Objectives).
- Produces financial reports that follow best practice and are reliable, accurate and timely (see Manual of Accounting Policies and Procedures).
- Reports regularly on our economic, social and environmental performance.
- Is responsive to the views and concerns of all those who are key to our success.
• Has in place effective corporate governance procedures, internal controls and risk-management processes (see Manual of Accounting Policies and Procedures).
• Operates its pension fund for the sole benefit of members of the fund, in accordance with best practice, and encourages all employees to make provision for their future pension needs.
• Supports Co-operative UK’s Code of Best Practice on Corporate Governance.
4. Concern about the behaviour of others – The Group’s Whistleblowing policy and process

The Co-operative Group wants to encourage a trusting and supportive environment for all our employees.

If you have a complaint to make about your treatment at work, you should consider if this would be best dealt with through the Grievance Procedure.

If you discover or suspect that a breach of this Code or a criminal activity such as bribery, theft or fraud is being committed, is being planned, or has occurred, you have a duty to report it.

Some other examples of the types of matters, which it would be appropriate to raise under this policy, are:

- That a person has failed, is failing or is likely to fail to comply with a legal obligation to which they are subject;
- That a miscarriage of justice has occurred, is occurring or is likely to occur;
- That the health and safety of an individual has been, is being or is likely to be endangered;
- That the environment has been, is being or is likely to be damaged;
- That information tending to show any matter falling within the matters above has been, is being, or is likely to be deliberately concealed.

How to raise your concern

1. Internal Line Management

You should, in the first instance, speak to your manager, or if this is not possible, to another appropriate manager. This may be done orally or in writing. If you are writing, remember to give details of how you can be contacted.

2. Alternative Internal Contacts

If you feel unable to raise the matter with someone in your immediate line management, for whatever reason, please contact either one of the following:

- ************** Head of Operational Risk – **************
- ************** General Manager, Group Internal Audit – **************
- ************** Director of Employee Relations and Reward – **************
- ************** Group Secretary - **************

All issues will be treated sympathetically and, provided you raise it in good faith, will not affect your employment or career. If you wish, we will ensure that practical measures are put in place to protect your identity. We will contact you by the most secure means. We will not disclose your identity without your consent, unless we are required to do so by law.
3. External Contacts

If the nature of the matter is such that you cannot raise it with any of the above or if the internal channels listed in Step 1 and 2 have been followed and you still have concerns, please contact “Speak Up” on **************.

“Speak up” is an anonymous, free and confidential service operated by Expolink. It is a completely independent organisation with impartial staff trained to handle calls relating to breaches of the Code or illegal practices. You can phone in complete confidence knowing that your call will not be traced or recorded.

All information, with the exception of your name if you so wish, will be passed by Expolink to Operational Risk and Internal Audit, for further enquiry or investigation.