

## **CO-OPERATIVE GROUP LIMITED**

### **DIRECTORS' EXPENSES POLICY**

#### **1. INTRODUCTION**

The purpose of this policy is to ensure that Directors are reimbursed for travel and other expenses properly incurred in the course of legitimate Co-operative Group business, whilst seeking to manage cost, and avoid the reputational damage that could result from Directors making excessive, inappropriate or unauthorised claims.

It is important that Directors read and understand this policy before booking travel, travelling or making a claim for expenses. It is each Director's responsibility to ensure that any claims for reimbursement of expenses comply with the terms of this policy. Directors may choose to incur expenditure in excess of the levels provided for in this policy. But any excess costs which Directors choose to incur will not be reimbursed, and should not be claimed.

Adherence to this policy is monitored on an ongoing basis and any abuse of, or consistent non-compliance with the policy will be treated as a breach of the Code. Any questions about this policy can be put to Group Secretariat.

#### **2. KEY PRINCIPLES**

This policy applies to all Directors of the Society and its subsidiaries for expenses incurred for legitimate business purposes.

Expenses should be claimed in writing using the standard expenses claim form provided by the Group Secretariat and ideally should be submitted for authorisation within three months of the date that they are incurred (but in any event within two weeks of the relevant financial year end).

Expense claims should be accompanied by corresponding VAT receipts, where appropriate. Please note that credit or debit card slips are not an acceptable substitute. Claims for mileage require a fuel VAT receipt which is for, or predates, the date the mileage was undertaken. Such receipt value does not need to be for the exact amount claimed, but should be of sufficient value to cover the value of the fuel used on journeys in respect of which mileage is claimed. This is required so that the Group can reclaim the VAT incurred.

Expenses will be paid via BACS directly to the Director's nominated bank account.

To ensure openness and transparency, copies of Directors' approved expenses claim forms are published within the iPad Reading Room reference area. Access to these documents is restricted to fellow Directors, members of the Group Secretariat, the Group Secretary and Group CFO.

#### **3. MEALS AND SUBSISTENCE**

Directors may claim for subsistence costs up to the values detailed below:

- Breakfast (if the hotel rate does not include breakfast) up to £7 (inc VAT)
- Evening meal up to £25 (inc VAT) (maximum of 2 drinks)

The cost of tips up to the value of 12.5% may be claimed in addition to the evening meal allowance provided this is receipted.

Directors are able to claim up to £5 to cover incidental expenses such as tea and coffee and personal telephone calls when on Group business requiring an overnight stay. Claims should be supported by receipts and should be itemised.

Items such as lunches, daily newspaper, bar bills, films/videos, laundry (except for overseas trips when the length of the journey exceeds five nights) and additional extras cannot be claimed for.

#### **4. ACCOMMODATION**

The Group Secretariat department are able to make arrangements for Directors who require overnight accommodation while on Group business, on a bed and breakfast basis which will normally be settled directly with the hotel.

Where the Group Secretariat is not available and/or a Director makes their own accommodation arrangements, the cost of a standard double room in a reasonably priced hotel may be claimed. Indicative current levels of acceptable cost are £110 (inc VAT) in Manchester and £162 (inc VAT) in London. For hotel bookings in Manchester, the preferred accommodation provider is the Crowne Plaza, Manchester.

#### **5. TRAVEL**

Directors are responsible for making their own travel arrangements. To the maximum extent practicable, travel arrangements should be booked through Co-operative Travel Management (CTM) quoting 'cost centre' 777157. Where a more cost effective alternative is identified, CTM should be informed and will make the equivalent booking on the Director's behalf.

CTM Contact details: Telephone 0333 014 6071; Email [execs@co-operativetm.co.uk](mailto:execs@co-operativetm.co.uk)

Bookings made through CTM include standard insurance cover through RSA for business travel. RSA may be contacted on: +44 (0) 20 8763 3155 (overseas medical or security assistance) or 0845 075 5218 (claims helpline)

#### **6. CAR TRAVEL AND TAXIS**

Directors are encouraged to use public transport. However, where public transport is not a viable option and business mileage is incurred in the Director's own car, a mileage rate of 45p per mile can be claimed for the first 10,000 miles travelled in the tax year – thereafter at a rate of 25p per mile - or other such amounts as may from time to time be approved by HMRC.

Directors may claim for reimbursement of reasonable parking fees and tolls incurred while travelling on business. The costs of parking/traffic offence fines or car

wash/valet will not be reimbursed. Directors are personally responsible for ensuring that their vehicle is roadworthy, has a valid MOT, and that their motor insurance covers business use.

## **7. GROUP CARS**

Directors are not entitled to the use of a car. However, the Group Chair is entitled to the use of a car provided by the Group for legitimate business purposes together with IT equipment to a maximum value of £25,000 over three years with associated mileage claimed at the Group Car mileage rates which are available on the intranet.

## **8. TAXIS**

Directors may travel by taxi in certain circumstances where personal security or safety is a consideration for early morning or late night travel, or a disability restricts the ability to travel on public transport.

## **9. RAIL TRAVEL**

Directors should travel by standard class rail, wherever practicable. First class travel may be booked and the cost reimbursed where reasonably required for business purposes and the costs incurred and reclaimed are less than the full fare standard class fare for the same journey. Any claims in excess of the full fare standard class fare will only be met where justified by business need.

Open tickets should only be booked when absolutely necessary.

## **10. AIR TRAVEL**

In certain circumstances, with the prior agreement of the Group Secretary, it may be necessary for Directors to use air travel. Air travel should be based on economy class. No business class flights are permitted unless they are cheaper than the standard fare being offered at the time of booking. International flights must only be booked with prior written authorisation from the Group Secretary.

## **11. FOREIGN TRAVEL**

Overseas travel is only permitted where there is a clear business need and with prior approval of the Board.

Directors should consult their GP for advice on whether any vaccinations will be required. The cost of any necessary vaccinations may be claimed via the expenses process in the normal way.

If Directors intend to use Group issued iPads during foreign business travel Group Secretariat should be notified a minimum of 7 days in advance. Guidelines on the use of iPads abroad should be observed and care taken to use wi-fi where available and to strictly limit the use of 3G.

Claims for meals and subsistence during foreign visits are subject to the same restrictions and limits as UK business expenses.

When claiming for expenditure incurred in foreign currency this should reflect the sterling value charged or, if paid in local currency, will be calculated using the prevailing tourist exchange rate on the date of the receipt.

Foreign travel should normally only be for wholly business purposes. However, if there is a social or leisure purpose in addition to business purposes for the foreign travel, the Group Secretary should be notified. Any expenses relating to the non-business portion of the trip will not be reimbursed by the Group. For the avoidance of doubt this may require the Director to pay part of the trip cost from personal funds and if any personal tax charges arise as a result, the Director is personally responsible.

## **12. SPOUSE/PARTNER TRAVEL**

Directors wishing to have their spouse or partner travel and/or stay with them while travelling on business, must pay any additional costs incurred as a result. The exception to this is where the Director and their spouse/partner have been specifically invited to an official function for which approval has been granted in advance by the Group Secretary.

## **13. HOSPITALITY AND ENTERTAINMENT EXPENSES**

The approach outlined here aims to minimise the risk of bribery, as defined in the Bribery Act 2010, or the use of improper influence and the potential impact on the Group; or perceived bribery or impropriety and the associated reputational damage this could cause.

Directors should not ordinarily be personally responsible for entertaining. If it is necessary the prior consent of the Group Secretary must be obtained. The Group Secretary may seek further advice or approval of the entertainment from the Group CEO or another member of the Executive particularly if employees are involved.

If the required prior consent is obtained and an expenses claim is made for entertainment, the names, positions and companies of the people present must be provided.

Where a Director is invited to attend a corporate event hosted by an external third party, prior approval must be obtained from the Group Secretary.

Where Directors have incurred expenses on behalf of other Directors e.g. settling a dinner bill, a claim may be made for reimbursement up to the policy limits and provided the other individuals are eligible to claim under this policy.

For further guidance, Directors should refer to Appendix 7.

## **14. IT AND TELEPHONE ALLOWANCES**

Directors are entitled to receive an Apple iPad device, together with a 'co operative.coop' e-mail account, access to the Group's wider IT infrastructure, and a Blackberry (or mobile phone) for business purposes for the duration of their appointment.

For those Directors who choose not to use Group IT facilities, calls made for business purposes may be reimbursed. Home line rental and broadband costs will not be reimbursed.

Directors may also claim expenses incurred in respect of paper, printer cartridges etc. In addition, IT connection costs incurred at hotels for legitimate business use e.g. wi-fi access charges, can be claimed on provision of supporting receipts.

Where costs are incurred in respect of business calls, these may be reimbursed upon production of an itemised copy of the receipt. Costs incurred for the use of iPads must be in line with the iPad User Policy available through the Group Secretariat on request.

## **15. CARERS ALLOWANCES**

Where a Director needs to incur care or equivalent costs in order to enable them to carry out their role as a Director of the Group (for example, to attend a meeting of the Board) prior approval must be sought from the Group Secretary, subject to which, reasonable expenses up to a maximum of £15 per hour for dependents carers and £6 per hour for childcare and an overall maximum of 6 hours, will be reimbursed.]