

CO-OPERATIVE GROUP LIMITED

(the 'Society' or 'Co-op')

DIRECTORS EXPENSES POLICY

(as approved by the Society's Board on 17th September 2024)

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-op 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 arranging 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 Board Code of Conduct. Any questions about this policy can be put to Board Secretariat.

The policy has been designed to mirror the Co-op Colleague expenses policy where appropriate, although it is accepted there may be instances where this is not possible.

If Directors incur any out of Policy expenses, these need to be approved in advance by the Co-op Secretary, who may consult with the Chair if necessary.

KEY PRINCIPLES

2. **THIS POLICY APPLIES TO ALL DIRECTORS OF THE CO-OP GROUP FOR EXPENSES INCURRED FOR LEGITIMATE PURPOSES WHILST ON CO-OP GROUP BUSINESS. IT ALSO APPLIES TO THE DIRECTORS OF CO-OP SUBSIDIARIES, UNLESS THE SUBSIDIARY HAS ADOPTED A SEPARATE BOARD EXPENSES POLICY.**

Expenses should be claimed in using the standard expenses claim form and process provided by Board Secretariat and 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). Expenses claimed after the deadline will not be paid.

Expense claims should be accompanied by corresponding VAT receipts, where appropriate. Please note that credit or debit card slips are not an acceptable substitute.

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

ALL Travel and Accommodation should be arranged through the Board Secretariat, unless alternative arrangements have been agreed with the Co-op Secretary.

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 including soft drinks up to £25 (inc VAT) (charges for alcoholic beverages cannot be claimed for)

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.

Charges for room service can be reimbursed up to the same value of £25 (charges for alcoholic beverages cannot be claimed for). Any additional charge for room service that takes the total claim to over £25 should be claimed separately and separately highlighted.

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

Board Secretariat will make arrangements for Directors who require overnight accommodation while on Co-op business, on a bed and breakfast basis. This is the preferred method for booking accommodation as the Co-op may have pre-arranged discounted rates in place.

If a Director chooses to make their own accommodation arrangements, approval for the expense must be approved by the Co-op Secretary in advance of making the booking, otherwise the expense might not be re-imbursed.

The following rates will apply:

The cost of a standard double room in a reasonably priced hotel may be claimed.

- £110 (inc VAT) in Manchester (the preferred accommodation provider is the Crowne Plaza, Manchester);
- £200 in Central London;
- £110 in Greater London

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Alternative Accommodation Allowance:

If you choose to stay overnight with friends or family, you can claim £25 per night towards your host's costs. You can claim this in addition to any meal costs.

All Travel (where appropriate) should be arranged through Board Secretariat and will be booked in line with this policy.

5. CAR TRAVEL

Directors are not entitled to the use of a Co-op car.

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.

All mileage claims must be submitted with appropriate VAT fuel receipts, dated within 30 days of the date of the journey being claimed for.

If you have a fully electric vehicle, we understand providing a receipt can be challenging. If you do have a VAT receipt, please include it with your claim. Where it's not possible for a receipt to be obtained, claims for fully electric vehicles can be submitted without a receipt.

Directors must complete the driver risk management process before they travel. If they haven't then we won't reimburse their mileage or fuel costs. Board Secretariat will send further details of this process on appointment.

Directors are personally responsible for ensuring that their vehicle is roadworthy, has a valid MOT, and that their motor insurance covers business use.

6. TAXIS AND OTHER PARKING EXPENSES

Directors may claim for reimbursement of reasonable parking fees, tolls and congestion charges incurred while travelling on business. When on business in Manchester, Directors have the use of the basement car park in 1 Angel Square. The costs of parking/traffic offence fines or car wash/valet will not be reimbursed.

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. No more than £50 per day can be claimed for taxis. Any cost over £50 should be pre-approved by the Co-op Secretary.

Parking fees will be reimbursed up to a maximum of £20 per day (for all areas), If parking costs exceed this amount, Directors must seek approval from the Co-op Secretary.

7. RAIL TRAVEL

Rail tickets should be arranged through the Board Secretariat. Directors should travel by standard class rail wherever practicable. First class travel may be booked where reasonably required for business purposes.

Open tickets will only be booked when absolutely necessary and prior approval will be needed from the Co-op Secretary.

8. AIR TRAVEL

In certain circumstances, with the prior agreement of the Co-op Secretary, it may be necessary for Directors to use air travel. Air travel will be based on economy class.

If you need to fly internationally, journeys above seven hours may be booked in premium economy. Business class may be approved in exceptional circumstances.

International flights will only be booked with prior written authorisation from the Co-op Secretary.

9. 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 are needed. The cost of any necessary vaccinations may be claimed via the expenses process in the normal way.

If Directors need to access Co-op Board/Committee papers whilst abroad, they need to connect to a secure WiFi. If there is a charge for WiFi use, Directors can claim up to £5 per day, provided it is accompanied by a receipt.

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 Co-op Secretary should be notified. Any expenses relating to the non-business portion of the trip will not be reimbursed by the Co-op. 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.

10. SPOUSE/PARTNER TRAVEL

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

11. 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 Co-op; or perceived bribery or impropriety and the associated reputational damage this could cause.

Directors should not ordinarily be personally responsible for entertaining. If entertaining is necessary, the prior consent of the Co-op Secretary must be obtained. The Co-op Secretary may seek further advice or approval of the entertainment from the Co-op CEO or another member of the Executive particularly if colleagues 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 Co-op 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 the Gifts and Hospitality Policy.

12. IT AND TELEPHONE ALLOWANCES

Directors will need to use their own device in order to access Board/Committee papers. As the Board/Committee papers are uploaded to Diligent, the device should be compatible with the Diligent Boardbooks app. In exceptional circumstances, Directors will be provided with a Co-op device on approval from the Co-op Secretary.

Directors will be provided with a Co-op email account. Co-op emails will be set up through the O365 Portal and will be the web version only.

Phonecalls made for business purposes can be reimbursed. Home line rental and broadband costs will not be reimbursed.

Directors may 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 up to the value of £5 per day, on the provision of supporting receipts.

Where costs are incurred in respect of business phone calls, these will be reimbursed upon production of an itemised copy of the receipt. Costs incurred for the use of iPads must be in line with the Acceptable Use Policy available from Board Secretariat on request.

13. APPROVAL

This Policy should be reviewed by the Board annually and any amendments shall be agreed by the Board.