



Anti-Bribery & Financial Crime Policy

VERSION 1.0

i OVERVIEW

Our success at Chivas Brothers Limited (“**Chivas**”) is intrinsically linked to the way we conduct our business in a lawful, socially responsible and ethical manner. These behaviours help to foster a culture of mutual trust and ethics both within the business and with our suppliers. Chivas adopts a zero-tolerance approach to any form of financial crime and we are committed to ensuring that we conduct our business with integrity and in an open and transparent manner.

1. ABOUT THIS POLICY

1.1 The aim

This policy concerns, in particular, offences related to bribery and corruption and the facilitation of tax evasion, but the highest standards of ethical behaviour should be followed in respect of any financial and business dealings. The purpose of this policy is to:

- set out our responsibilities, and of those working for and on our behalf, in observing and upholding our position on bribery, corruption and financial crime; and
- provide information and guidance to those working for and on our behalf, on how to recognise and deal with bribery, corruption and other financial crime issues.

This policy builds on our [existing policies](#) (including our [Code of Business Conduct](#)).

1.2 Who this policy applies to

This policy applies to all staff and external contractors working for or on our behalf in any capacity.

- This includes employees, directors, agency staff, secondees, volunteers, interns and consultants. It also includes our suppliers, contractors, distributors, business partners, joint venture partners and third-party representatives.
- We expect the same standards from all those we work with, including business partners, contractors and suppliers. Chivas is committed to working closely with our suppliers to ensure that all business dealings are conducted with integrity and in accordance with applicable anti-financial crime laws and appropriate ethical standards¹.

2. OVERVIEW: BRIBERY AND CORRUPTION

2.1 What are bribery and corruption?

- **Bribery:** Bribery is the illegal offer, promise, payment, transfer, request, agreement to receive or receipt of **anything of value**, whether directly or indirectly, to or from any person (whether a private person, corporate entity, or a public official), in order to: (i) induce that person (or any other person) to perform their roles improperly; or (ii) influence that person to improperly obtain or retain a business or another advantage. You are expressly prohibited from:
 - *active bribery*: offering, promising, soliciting, giving or authorising an advantage (either directly or indirectly through intermediaries) as an inducement for an action which is illegal, unethical or a breach of trust;
 - *passive bribery*: accepting or receiving any form of bribe.
- **Corruption:** Corruption is the abuse of entrusted power or position for private gain.

¹ Relevant laws and standards include the Bribery Act 2010 (UK), the Criminal Finances Act 2017 (UK) and the Foreign Corrupt Practices Act 1977 (US). International standards have been set by bodies such as the UN, the OECD, BIS, GRECO and Transparency International.

- There is a risk that corporate entertainment, political contributions, charitable gifts, sponsorship and activities such as lobbying may be caught under applicable anti-bribery laws.

2.2 What are facilitation payments?

- Facilitation payments (also known as ‘grease payments’) are small payments to public officials made to secure or expedite the performance of routine or expected governmental action to which the payer is entitled.
- These payments are typically made for the purpose of facilitating or accelerating an action by a public official, for example:
 - a payment to a customs official to speed up the release of goods from a customs warehouse, where the payment is outside of the usual process; or
 - a payment to a regulator to ensure that an application is approved, outside of the usual approval process.
- These types of payments are considered to be bribes under this policy and are strictly prohibited. You may not make facilitation payments in connection with Chivas’ (or the wider Pernod Ricard) business, nor use third parties to make such payments in connection with the services they are providing to Chivas. The only exception to this is where you believe yourself to be in serious and immediate danger if the payment is not made. Any such instances should be reported to the Legal Team without delay, so the matter can be reported to the relevant authorities.

 **If you have any doubts on the nature of an extra-payment requested by a public official, please contact the Legal Team.**

2.3 What does “anything of value” mean?

“anything of value” includes (irrespective of the amount):

- money, loans, fees, stock, contractual rights;
- living expenses or property;
- gifts, meals, entertainment, travel expenses;
- contributions or donations;
- offers of employment or internships;
- below-market discounts, refunds, rebates;
- preferential treatment for business opportunities, goods or services;
- any improper advantage (such as preferential treatment for a contract or regulatory approval).

2.4 Bribery and corruption may still occur even if:

- the person to which the advantage is promised is a private party and not a public official;
- the bribe is offered indirectly;
- the advantage is promised but not actually granted;
- the person to which the advantage is promised or granted has no intention to act as requested;
- the behaviour was not in fact influenced by it;
- the commercial decision was already made;
- the refusal to accept or offer an advantage may result in the loss of an important contract or commercial opportunity;
- the advantage is given after the improper performance of the relevant duty or obligation has happened;
- the purpose of the gift is to induce the recipient to improperly use their influence over a decision maker (rather than being a gift directly to the decision maker).

☛ **If you are in any doubt as to what constitutes a bribe or any other corrupt activity, please contact the Legal Team.**

2.5 Dealing with public officials

- **Public officials:** include individuals who: exercise a public function; are employed by the government; act in an official capacity; hold an administrative or judicial position of any kind; are employees of government-owned or controlled organisations; or publicly-funded organisations; or public international organisations.
- Bribing a public official is a serious offence and carries serious legal and reputational risks. This includes public officials in the UK and all other jurisdictions in which Chivas operates. Please note, all forms of financial crime, not just bribing public officials, are prohibited under this policy.
- Dealings with public officials are particularly high risk due to strict anti-bribery laws in the UK and elsewhere.
- **A presumption of corruption will arise where a gift is given to a public official, where the public official is tasked with carrying out a function and the person who gives the gift has an interest in the carrying out of that function.** This means you must be particularly vigilant when dealing with public officials to ensure that you do not do anything that could amount to a breach of this policy.

☛ **Any gifts or hospitality to public officials must be carefully managed in accordance with Section 3.1 (Gifts and Hospitality) of this Policy.**

2.6 Associated Persons

Chivas may be responsible for the actions of any *associated person*.

- **Associated Person(s):** an Associated Person could be any person or corporate entity working for or on our behalf, in any capacity. This includes:
 - employees, directors, agency staff, secondees, volunteers, interns and consultants. It also includes our suppliers, contractors, distributors, business partners, joint venture partners and third-party representatives.
- We cannot remain wilfully ignorant or turn a blind eye toward the conduct of Associated Persons. Chivas expects all Associated Persons acting on its behalf to act with integrity and to undertake their business in accordance with applicable anti-financial crime laws and appropriate ethical standards. All Associated Persons are prohibited from offering, promising, accepting, giving, receiving, or authorising a bribe in connection with any Chivas (or wider Pernod Ricard) business.

2.7 Consequences

Chivas may become criminally liable (and or suffer damage to its reputation) as a result of financial crime by an Associated Person.

3. GIFTS AND HOSPITALITY, LOBBYING AND DONATIONS

3.1 Gifts and hospitality

At Chivas, the giving and receiving of reasonable gifts or hospitality is an important part of building business relationships. However, a gift should never be given or accepted if it could influence the business decisions of the receiving party or be perceived as a bribe.

- **Gifts:** include any goods or services that are given or received free of charge, to or from a person or a company (for example, company products, Christmas presents, gift baskets, flights and tickets to sporting events where the person offering the entertainment will not be present at the event).
- **Hospitality:** includes all entertainment given or received free of charge, to or from a person or a company (for example, meals, visits to company sites, tickets to sporting events, social events or concerts where the person offering the entertainment will present at the event).

Associated Persons of Chivas must not seek, accept, promise, offer or give any gifts or hospitality in exchange for financial benefit or business advantage. Gifts and hospitality should only be given or received where the intention is clearly to build a long-term business relationship, to introduce products and services in a more attractive way or to educate interested customers and consumers.

- It is therefore essential that you comply with Chivas' [Gifts and Hospitality Policy](#) and all items over £50 (whether given or received) must be recorded on [Gifted!](#)

☛ **All business gifts and hospitality must comply with Chivas' Gifts and Hospitality Policy. If you have any questions, please contact the Legal Team.**

3.2 Lobbying activities

The purpose of lobbying activities conducted by Chivas representatives should be to seek advantages or changes to the law which benefit the whole industry.

All lobbying activity (whether direct or through Associated Persons) must be conducted without suggestion of bribery, corruption, conflict of interest or other impropriety. Always manage gifts, donations or advantages made in the context of your lobbying activities in accordance with Chivas' [Gifts and Hospitality Policy](#).

- Any lobbying activity must comply with the [Pernod Ricard Lobbying Guidelines](#) and legal requirements in the UK. Appropriate due diligence checks should also be carried out (see section 5 below).
- Specific provisions apply to the practice of lobbying and there is a legal requirement to register all lobbying activity.
- The Lobbying (Scotland) Act 2016 provides for a web-based Lobbying Register to make information available to the public on the identity of those communicating with designated public officials on specific policy, legislative matters or prospective decisions.
- The Public Affairs and Communications teams manage the company's obligations in respect of the Lobbying Act. If you have engaged in activity on behalf of Chivas which falls within the definition of lobbying outlined by the Lobbying (Scotland) Act 2016, you must inform the Public Affairs and Communications teams.

☛ **Any contract or project involving any lobbying activity must be approved by Chivas' Public Affairs and Communications teams.**

3.3 Charitable gifts, community projects and sponsorship

- Chivas is committed to supporting the communities in which we operate and promoting a culture of volunteering and fundraising among employees for good causes. However, it is important that philanthropic or charitable donations and sponsorships by Chivas are free from any suspicion of bribery or corruption, whether direct or indirect. It is important that such activities are not made as an inducement to obtain or deliver any improper advantage or favour to either a public official or a private party.
- Charities, organisations or individuals seeking charitable gifts and/or sponsorship (excluding Pernod Ricard employees for personal charitable activities) are subject to appropriate due diligence checks (see section 5 below). Care should always be taken to identify the ultimate beneficiaries of all such projects.
- All charitable donations made for any amount in the name of Chivas should be given in accordance with Chivas' [Gifts and Hospitality Policy](#), as well as the [Charity Policy](#), and registered on [Gifted!](#)

☛ **If you are in any doubt about a charitable donation, please contact the Communications Team of the Legal Team.**

3.4 Political donations

Political donations: includes donations to political candidates, political parties, party officials and other political organisations, including campaign contributions, providing services, volunteer time, publication of election material or political sponsorships (being the provision of support to an event, financially or through the provision of products or services).

- As a general rule, political donations must not be made either directly or indirectly on behalf of Chivas. This is intended to maintain Chivas' independence and to avoid allegations of improper political donations. Any exceptions to this must be approved in advance by Chivas' Executive Committee.
- Political donations on behalf of Chivas must not be made for the purpose of influencing public officials or in exchange for obtaining or retaining a business or other improper advantage for the benefit of Chivas (or for the improper advantage of any other entity or person).

👉 Any political donations made on behalf of Chivas must be approved by the Executive Committee.

4. OVERVIEW: FACILITATION OF TAX EVASION

4.1 What is the facilitation of tax evasion?

The Criminal Finances Act 2017 has introduced an offence under which Chivas can be criminally responsible for the actions of any Associated Person that has facilitated tax evasion of any other person. This is the case even if there is no intended or actual benefit to Chivas itself. Although it is a UK offence, tax evasion can include both UK and non-UK tax evasion (so long as any non-UK offence would also be a criminal offence if it were committed in the UK). The offence can also apply to both UK and non-UK companies.

- **Tax evasion:** is an offence of fraudulently evading tax or otherwise cheating the public revenue. It can therefore apply widely to any form of dishonesty with regard to tax and tax authorities.
- Meanwhile, a person facilitates tax evasion where they are knowingly concerned in, or where they take steps with a view to, the fraudulent evasion of tax by someone else and it includes aiding, abetting, counselling or procuring the commission of a tax evasion offence.
- In all cases, the relevant offences require that there has been a deliberate action or omission with dishonest intent by the person involved.
- Consequently, while it is important that you are vigilant as to any wrongful activities, this offence will not apply where a person has accidentally, ignorantly or negligently committed or facilitated tax evasion.

👉 If you are in any doubt as to what constitutes facilitation of tax evasion, please contact the Legal Team.

5. CHECKING OUT SUPPLIERS AND PARTNERS: DUE DILIGENCE

5.1 Due diligence

- In order to verify the integrity of our Associated Persons, evaluate the risks and prevent financial crime, due diligence checks must be carried out on all third parties before entering into any kind of business relationship.
- The appropriate level of due diligence checks to be carried out will depend on a number of risk-based factors, including:
 - the nature of the transactions (i.e whether it involves public officials, political donations, large or cross border supplies etc);
 - whether the third party (or its business partners or investors) are based, or the services are to be performed in, an *at-risk* country (as determined by our *CSR Risk Mapping Tool*).
- As a minimum, appropriate checks on the background, expertise and business experience of third parties should be taken in order to ascertain:
 - that the third party is established in accordance with applicable laws (if a legal entity). UK Company details can be verified using [‘Companies House Beta’](#) – a public registry of corporate information, freely available online and maintained by *Companies House* (the UK’s registrar of companies);
 - that the third party has adequate anti-financial crime policies and procedures in place;
 - that there is a clear legitimate objective for the transaction/engagement and the terms of the transaction/engagement are reasonable and consistent with the nature of the arrangement;
 - that the third party and/or its employees, or its owner (whether direct or indirect) have not been the subject of any reports, allegations or convictions of bribery, corruption, tax evasion or other financial crimes and illegality; and
 - in relation to bribery offences, that there are no close connections between the third party and a public official who may be able to exercise influence in relation to Pernod Ricard's activities.
- Please refer to Chivas’ [Procurement Guidebook](#) and [Contracts Policy](#) for further details on due diligence checks.
- Contracts to be entered into with any third party should include appropriate undertakings, warranties and termination rights to ensure compliance with applicable anti-financial crime laws. Please contact the Legal Team for further information.

Any employee who is responsible for engaging an Intermediary should carry out appropriate due diligence checks following Chivas' Procurement Guidebook and Contracts Policy.

6. HOW THIS POLICY APPLIES TO YOU

6.1 Read this

You must ensure that you read, understand and comply with this policy. This includes avoiding any action which might result in a breach of this policy.

6.2 What type of conduct is not acceptable?

You must not (and you must not permit anyone on your behalf to):

- give, promise to give, or offer, a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
- accept a payment, gift or hospitality from a third party that you know or suspect is offered with the expectation that it will provide a business advantage for them or anyone else in return;
- make facilitation payments or "grease payments";
- offer or accept anything of value to or from government officials or representatives, or politicians or political parties, unless it is specifically permitted under applicable law and forms part of Chivas' (including Pernod Ricard's) anti-financial crime programme;
- engage in any other activity which might lead to a breach of this policy;
- engage in any activity that could constitute any form of tax evasion. This includes deliberately taking any action (or omission) as a result of which less tax is paid than you know to be due, but it can also include deliberately failing to comply with any obligation you have to a tax authority whether or not it involves a loss of tax;
- take any steps that could in any way assist, encourage or otherwise facilitate anyone else from engaging in tax evasion;
- deal dishonestly with any tax authority, whether in satisfying any filing requirements or during any enquiry by a tax authority.

These prohibitions apply to conduct in all countries globally, irrespective of: (i) whether bribes are permitted or tolerated in those countries; and (ii) local practices in those countries. Bribery and the facilitation of tax evasion are serious financial crimes for which Chivas has zero tolerance.

6.3 Your responsibilities

You must:

- notify the Legal Team (or raise any related concerns via the [Speak Up](#) platform) as soon as possible, if you have any suspicions or knowledge that any form of financial crime is taking place within Chivas and/or by an Associated Person;
- comply with the highest standards whether under this policy or any applicable local laws and regulations;
- comply with all policies that are part of Chivas' anti-financial crime programme (this includes compliance with Pernod Ricard's [Anti-Bribery Policy](#));
- comply with the [Gifts and Hospitality Policy](#) including obtaining approval for items over the value limit (£250 for gifts, £500 for hospitality) and recording all items over £50 on [Gifted!](#); and
- be vigilant for any behaviour that could constitute bribery, corruption or tax evasion (or the facilitation of tax evasion – or any other financial crimes), within Chivas (especially if you work in business areas such as marketing/procurement/corporate hospitality etc.) by an Associated Person.

6.4 Dealing with reports

We will maintain a register of all reports made under this policy (which will include a record of any investigation made in connection with this policy and the outcome of such investigation).

We will support anyone who raises genuine concerns in good faith under this policy, even in circumstances where it transpires that those concerns are mistaken. We will take steps to ensure that those who report such concerns do not suffer adverse treatment.

- Adverse treatment includes bullying, harassment, threats, disciplinary action or dismissal connected with raising a genuine concern in good faith.
- If you are an employee of Chivas who believes that you have suffered any adverse treatment after raising such a concern, you should raise the matter formally with Chivas' Human Resources team.

6.5 Breaches by you

- Any employee who breaches this policy will face disciplinary action, which could result in dismissal for misconduct or gross misconduct.
- We may terminate our relationship with other individuals and organisations working on our behalf if they breach this policy.

6.6 Training (for Chivas' workforce)

Training on this policy forms part of the induction process for all individuals who work for us. We will also provide upfront and ongoing training to all staff on this policy.

6.7 Your questions & suggestions

If you have any questions regarding how this policy applies, you should raise these with the Legal Team. Chivas employees can also raise any queries they have with their manager. If you have any suggestions for how this policy could be improved, please direct them to a member of Chivas Legal.

7. CORPORATE GOVERNANCE

7.1 Board of Directors

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.

7.2 Managers

All levels of management within Chivas are responsible for ensuring that those who report to them understand and comply with this policy. This responsibility extends to ensuring that steps are taken to report any related issues which are identified.

7.3 Other relevant policies

This policy should be read in conjunction with the following policies:

- Pernod Ricard Group Anti-Bribery Policy;
- Code of Business Conduct;
- Gifts & Hospitality Policy;
- Charity Policy;
- Procurement Code of Ethics;
- Responsible Procurement Policy; and
- Grievance procedure (for Chivas employees).

Copies of these policies (and information setting out our employees' rights) can be found at <https://my.pernod-ricard.com/>.

7.4 Continuous improvement

We may issue amendments to this policy at any time.