



Retailers' GSCOP¹ reports for 2013-14

A review of retailers' published reports on compliance

The UK's top ten grocery retailers are required to publish summaries of the annual reports on GSCOP compliance that they make to the Office of Fair Trading (now the Competition and Markets Authority).

For the fourth year the Group has reviewed these summaries and notes:

- overall the trend seems to be to disclose less rather than more information. No retailer reports specifically on each of alleged breaches, actual breaches and disputes (last year Aldi and the Co-op did so);
- there is continued reticence to declare whether alleged breaches are actual breaches;
- there is continued reluctance to quantify alleged and actual breaches. Morrisons is the only retailer to quantify alleged breaches;
- retailers are reporting on the steps they are taking to ensure compliance through training staff, notifying suppliers and, in some cases, audits.

The overall picture to emerge from all the reports is consistent with previous years – a reticence by most retailers to disclose clear, quantifiable information on alleged breaches, breaches and (to an extent) disputes that would allow the performance of the GSCOP and compliance with it to be monitored and understood.

1 Background

This is the fourth report from the Group on retailers' publicly stated compliance with the Groceries Supply Code of Practice (GSCOP). The others are available on our [website](#).

The report has been produced earlier than previous reports, to be more timely in relation to the publication of retailers' annual financial statements.

The GSCOP applies to the ten largest grocery retailers in the UK. The GSCOP Order² requires them to publish an annual summary of their compliance, in their annual company report if they have one or "clearly and prominently" on their website if not. The summary must contain an overview of instances of breaches or alleged breaches, steps taken to ensure compliance (including training) and disputes with suppliers, along with their outcome.

¹ GSCOP: Groceries Supply Code of Practice.

² [The Groceries \(Supply Chain Practices\) Market Investigation Order 2009](#), paragraph 10(5).

2 Reporting

All retailers have reported their summaries of their compliance reports publicly either in their annual reports or on their website. Aldi has used both.

While all the reports are relatively easy to find, Iceland continues to be the only company not to make the information directly available (it is available at Companies House for a fee).

A full record of each of the ten retailers' public statements are given at the end of this report while an overview is given below:

	Alleged breaches	Actual breaches	Disputes	Dispute outcome	Training
Aldi	ND	ND	0		✓
Asda	"Small number"	ND ³	0		✓
Co-op	"A modest number"	1	ND		✓
Iceland	ND	0	0		✓
Lidl	ND	ND	0		✓
M&S	1	ND	0		✓
Morrisons	19	ND	ND		✓
J Sainsbury	"Small number"	ND	ND		✓
Tesco	12	ND	0		✓
Waitrose	ND	ND	0		✓
	ND = Not disclosed				

3 Alleged and actual breaches

Retailers are required to report on alleged or actual breaches of the Code and the steps taken to rectify them. The Co-op is the only one to report on both alleged breaches and breaches, with the majority choosing not to disclose actual breaches.

There is no consistency in how breaches and alleged breaches are reported, nor is there any information on the steps taken to resolve alleged breaches.

- Aldi has reported on alleged and actual breaches in the past but no longer does so;
- Aldi, Lidl and Waitrose do not give information on breaches, whether alleged or actual;
- Iceland, Lidl and Waitrose do not report on alleged breaches. It may well be there have not been any but this is not clear;
- Where there are alleged breaches, the quantity is unclear with phrases such as a "small number" or "a modest number" being used. In all three cases where these phrases have been used, identical phrases were used last year. There is therefore no identifiable trend;

³ One alleged breach was raised with the CCO and was resolved. It is unclear whether GSCOP was breached.

- Only two retailers give information on actual breaches, the others do not give any specific information, even where there may be no breaches.

4 **Steps taken to ensure compliance**

All retailers give information on the steps they have taken to ensure compliance, with many differentiating between training for new staff and refresher training for existing staff. A number refer to their Code Compliance Officer, internal audits and notifying new suppliers of the GSCOP.

5 **Disputes with suppliers and their outcome**

Three retailers do not report on whether there have been any disputes. It may be there have been no disputes but this is not clear. The remaining seven retailers specifically report no disputes.

6 **Observations and recommendations**

For the fourth year running there continues to be no standard approach to how retailers summarise their OFT reports. The Order requires retailers to give an overview of alleged or actual breaches and the steps taken to rectify them, steps taken to ensure compliance and disputes raised, with the outcome of those disputes.

It would seem that most retailers are only willing to provide the minimum of information required to comply, with no quantification given and a reticence to report on both alleged and actual breaches.

We assume that the Competition Commission's intention in requiring retailers to publish this information was to bring some transparency to compliance with the GSCOP. The apparent reluctance to provide more complete information inhibits this transparency.

In previous years, these retailers' annual reports were the only source of published information on the performance of the GSCOP. That situation changed this year with the publication of the Groceries Code Adjudicator's first [survey](#) of suppliers and suppliers' organisations undertaken by YouGov in June, outside the period covered by the retailer reports featured here.

GSCOP

Retailers' published summaries of their reports to the OFT

Retailer	Document	Statement
<p>Aldi (Company no. 02321869)</p>	<p>Corporate website</p>	<p>The Groceries Supply Code of Practice (GSCOP) came into force on 4th February 2010. It applies to all retailers with grocery sales over £1 billion and requires them to submit an annual report to the Office of Fair Trading and the Groceries Code Adjudicator (GCA).</p> <p>Our annual report was submitted in April 2014 covering the period 1st January 2013 to 31st December 2013. During this time no disputes were raised by our suppliers.</p> <p>The GCA was formally established in June 2013 and regular meetings between the Adjudicator and Aldi are already in place to ensure our continued compliance with the Code.</p> <p>Aldi included the GSCOP summary on its website during 2013; this summary will be updated annually. The Code Compliance Officer (CCO) contact details have also been passed to the GCA for inclusion on their website.</p> <p>All new suppliers are being informed of the existence of the Adjudicator and annual refresher training was carried out for employees with GSCOP responsibilities. New starters to the business with buying responsibilities were trained on the Code in accordance with the deadlines contained within it.</p>
<p>Asda</p>	<p>Your Asda website</p>	<p>The Groceries (Supply Chain Practices) Market Investigation Order 2009 (let's call it the "Order") has been in force since 4 February 2010.</p> <p>The Order implemented something called the Groceries Supply Code of Practice (let's call that the "Code") which applies to certain grocery retailers, including us – Asda – in our dealings with suppliers.</p> <p>As part of our compliance with this Order, we're required to submit an annual compliance report to the Competition and Markets Authority ("CMA", previously known as the Office of Fair Trading) and the Groceries Code Adjudicator to detail our compliance with the Code, any alleged breaches of Code and any disputes with suppliers. We're also required to post this notice on our website.</p> <p>We delivered our second annual report on 30 April 2013 and we are pleased to have delivered our third report, covering the period from 1 January 2013 to 31 December 2013, to the CMA and the Groceries Code Adjudicator on 30 April 2014.</p> <p>During the reporting period, we took several steps to achieve compliance.</p>

		<p>These included sending out letters to new grocery suppliers explaining their rights under GSCOP and providing comprehensive training on the Code to all members of our buying team. That's involved training for all new members of the buying team and annual refresher training via computer based learning.</p> <p>We received a small number of alleged breaches of the Code during the reporting period. We're pleased to say that because, in our view, of the effective way that we work with suppliers to deal with their concerns, there was only one instance of a supplier escalating their concern to Asda's Code Compliance Officer directly. This was resolved promptly with the supplier. No disputes (as defined in Article 11(2) and (3) of the Order) however were raised or referred to arbitration (as set out in Article 11 of the Order).</p> <p>Compliance with the Order and Code is really important to Asda, and we will continue to take steps to achieve compliance to the fullest degree.</p> <p>If you would like to find out more about the Groceries Supply Code of Practice, you can do so at www.competition-commission.org.uk</p>
<p>The Co-operative</p>	<p>Annual Report & Accounts 2013</p>	<p>The Code was introduced on 4 February 2010 following a Competition Commission investigation of the market for the supply of groceries in the UK. The Code applies to all grocery retailers with a turnover greater than £1bn and aims to address a number of findings of the investigation by placing those retailers under specific obligations regarding their supplier relationships, including a requirement to deliver an annual compliance report (of which this is a summary) to the Office of Fair Trading.</p> <p>We expect to work purposefully and collaboratively with our suppliers in the long term interests of our customers and members, and believe this approach has served us well in the past and will continue to do so in the future. Naturally, we take our responsibilities under the Code seriously.</p> <p>Consequently, a significant investment has continued to be made in robust compliance processes and systems (both within our Food business and, to the extent it retails grocery items, our Pharmacy operation). This includes work commissioned by our appointed Code Compliance Officer, a rolling programme of internal audits to test compliance, a comprehensive training programme for all employees involved in dealings with our suppliers, an online supplier portal, and the provision of regular reports to the Group's Audit and Risk Committee to ensure that the Committee retains effective oversight of Code compliance generally.</p> <p>A modest number of alleged breaches of the Code has been asserted by suppliers, but all bar one of these (which remains under investigation currently) have been found, on examination, not to constitute a breach of the provisions of the Code.</p> <p>We have interacted with the Code Adjudicator since her appointment both by way of scheduled meetings (directed at the sharing of best practice amongst other things) and timely response to any questions she has raised with us.</p>

<p>Iceland (Company no. 01107406)</p>	<p>Iceland Food Ltd Financial Statements to 28 March 2014.</p> <p>Not free online. Only obtainable by purchasing a copy from Companies House.</p>	<p>GSCOP summary of annual compliance</p> <p>An annual compliance report as required by the Groceries (Supply Chain Practices) Market Investigation Order 2009 ("Order") for the financial year 2013/14 has been submitted to and approved by Iceland's Audit Committee.</p> <p>The report confirmed that during this period there have not been any breaches of the Groceries Supply Code of Practice ("GSCOP") or the Order and there have been no formal complaints.</p> <p>A number of measures have been taken during the year to ensure full compliance with GSCOP. These include ensuring that all new suppliers receive Iceland's standard GSCOP terms and conditions prior to commencing supply. All members of the buying team have been issued with a copy of GSCOP and receive training annually. All new members of the buying team receive a copy of GSCOP and training as part of their induction.</p> <p>A central electronic database continues to be used to ensure all relevant documents are stored and available to the supplier whenever required. Internal audits are carried out to assess the effectiveness of GSCOP training and to ensure ongoing compliance with GSCOP.</p> <p>No notice has been received of any formal disputes regarding the terms of the supply agreements or compliance with GSCOP.</p>
<p>Lidl</p>	<p>Lidl.co.uk (About us) Tab: Legal</p>	<p>Purpose:</p> <p>This report details the actions taken by Lidl UK GmbH to ensure ongoing compliance with the Groceries Supply Code of Practice, which came into force on 4th February 2010.</p> <p>This document also gives account, for the Company's last full financial year (FY 13/14), of any Disputes that were raised by Suppliers, the level at which they were raised and resolved.</p> <p>Actions undertaken prior to commencement of the GSCOP:</p> <p>In conjunction with external solicitors:</p> <ul style="list-style-type: none"> All existing Terms & Conditions checked for compliance with the Code. Reference to the GSCOP made in relation to all existing contracts. <p>In house compliance measures:</p> <ul style="list-style-type: none"> The Head of Legal/GRC has been appointed as Code Compliance Officer (CCO) in line with Article 9(1) of the Groceries (Supply Chain Practices) Market Investigation Order 2009. All relevant Suppliers have been informed of the escalation stage 1 (Buying Director) and stage 2 and 3 (Code Compliance Officer) contact details. All Buying staff have received initial training on the Code. <p>Review of FY 2013-2014:</p> <p>In house compliance measures:</p> <ul style="list-style-type: none"> The annual refresher training for all Buying staff has been carried out by the Code Compliance Officer on 26.02.14.

		<p>Additionally, newly appointed Buyers are trained on GSCOP compliance requirements by their line managers in the Buying Department, and automatically receive GSCOP-relevant documentation from the Personnel Department upon induction in their new position.</p> <p>Disputes:</p> <p>No Disputes have been raised to the CCO.</p>
M&S	Financial report and annual statements 2014	<p>The Groceries (Supply Chain Practices) Market Investigation Order 2009 (“Order”) and The Groceries Supply Code of Practice (“GSCOP”) impose obligations on M&S relating to relationships with its suppliers of groceries. Under the Order and GSCOP, M&S is required to submit an annual compliance report to the Audit Committee for approval and then to the Office of Fair Trading and Groceries Code Adjudicator.</p> <p>M&S submitted its report to the Audit Committee on 15 May 2014, covering the period from 1 April 2013 to 31 March 2014. In accordance with the Order, a summary of that compliance report is set out below.</p> <p>M&S believes that it has complied in full with GSCOP and the Order during the relevant period. Aside from a dispute referred to below, which has now been resolved, only one supplier has alleged breaches of the Order/GSCOP during the reporting period. Communications between M&S and the supplier are ongoing and the complaint has not been escalated to the Code Compliance Officer.</p> <p>M&S operates systems and controls to ensure compliance with the Order and GSCOP including the following:</p> <ul style="list-style-type: none"> – The terms and conditions which govern the trading relationship between M&S and those of its suppliers that supply groceries to M&S incorporate GSCOP; – New suppliers are issued with information as required by the Order; – M&S has a Code Compliance Officer as required under the Order, supported by our in-house Legal department; and – Employee training on GSCOP is provided, including annual refresher programmes and new starter training. <p>A formal dispute between M&S and a grocery supplier arose under the Order/GSCOP during the previous financial year (2012/13). During the reporting period (2013/14), that dispute was resolved and no other formal disputes arose.</p>
Morrisons plc	Annual Report and Financial Statements 2014	<p>The Groceries Supply Code of Practice (GSCOP) applies to all grocery retailers with an annual turnover in excess of £1bn.</p> <p>Over the last year we have built on our initial work by undertaking a full re-training programme for all supplier-facing relevant colleagues. We also had our supporting processes reviewed during the year by our Internal Audit team. Enquiries were dealt with in accordance with the regulations and escalated internally to GSCOP Senior Buyers and our appointed Code</p>

		<p>Compliance Officer (CCO) where required. Complaints are reported to our Corporate Compliance and Responsibility Committee for governance and oversight. We have engaged with the newly appointed Groceries Code Adjudicator ('GCA'), Christine Tacon CBE, and her team based at the Competition Commission, attending meetings and providing written information as requested.</p> <p>During our financial year 2013/14 we have successfully worked with suppliers to resolve the majority of complaints that have arisen with reference to the provisions of the Code. Details of such complaints are reported to the Office of Fair Trading and the GCA's Office in accordance with the GSCOP.</p> <p>In summary, 19 new complaints were made by suppliers to our CCO and two were carried over from the previous financial year. In total, 17 of those were withdrawn or resolved directly with the relevant supplier during the course of the year. The remaining matters remained ongoing at the year end but discussions continued into our next financial year.</p>
<p>J Sainsbury plc</p>	<p>Annual report and financial statements 2014</p>	<p>In February 2010, a new Grocery Supply Code of Practice ('GSCOP') was implemented following the recommendation of the Competition Commission. Each grocery retailer to which it applies had to appoint a Code Compliance Officer whose duties include hearing disputes between suppliers and the relevant retailer. Sainsbury's appointed the Director of Internal Audit as its Code Compliance Officer.</p> <p>GSCOP requires that each grocery retailer (to which it applies) delivers an annual compliance report to the Groceries Code Adjudicator which has been approved by the Chairman of the Audit Committee. Furthermore, a summary of the compliance report must be included in our Annual Report and Financial Statements.</p> <p>Summary Annual Compliance Report</p> <p>Sainsbury's has invested significant time and resource in providing comprehensive training to all relevant colleagues as required under GSCOP which is reinforced by online knowledge testing. Sainsbury's has also dedicated internal resource to provide all relevant colleagues with day-to-day advice and guidance. The Trading Division, in consultation with the Legal Services Team and the Code Compliance Officer, continues to assess the adequacy of policies and procedures in place to support GSCOP awareness and compliance.</p> <p>A small number of alleged breaches of GSCOP have been received in the reporting period, which were dealt with within the Trading Division using our standard internal escalation procedure. The resolution of one of these alleged breaches was facilitated by the Code Compliance Officer.</p>

Tesco plc	Annual report and Financial Statements 2014	<p>The Code places obligations on grocery retailers with a turnover greater than £1 billion to maintain a Code compliance programme, which includes training staff and providing information to the Office of Fair Trading. In addition, the Code sets out a number of provisions which relate to different aspects of the relationship between a retailer and supplier.</p> <p>We are committed to treating our suppliers fairly and work in collaboration with them wherever possible. We have in place a Code Compliance Officer supported by a compliance team including a dedicated Code auditor. We have an audit plan and our approach enables us to identify any gaps in our processes so they can be quickly fixed. We also have in place an ongoing compliance training programme for our buying teams with comprehensive training for relevant new starters and annual refresher training. We have strengthened our compliance in this area through the improvement of our e-learning tool to provide interactive online training for staff. We have also generated new mechanisms to improve our paperwork and agreements with our suppliers.</p> <p>In the past year we have actively engaged and co-operated with the recently created Groceries Code Adjudicator (GCA), Christine Tacon, and her office. We have also focused on communication and dialogue with our suppliers.</p> <p>Twelve Code-related complaints were raised by suppliers this year, all of which were resolved through discussion with the suppliers concerned. We have had two instances where complaints were referred to the Code Compliance Officer, although in neither of those instances was a formal dispute raised as both matters were resolved with the suppliers concerned. There was one instance in which an alleged breach was raised by a third party in relation to requests to a limited number of suppliers for funding associated with shelf positioning. The requests from suppliers were withdrawn and the matter was openly discussed with the GCA. Consequently, the GCA issued a GSCOP clarification in March 2014 on the issue. This provided guidance for suppliers and retailers on the interpretation of the GSCOP provisions relating to shelf positioning. The Code Compliance Officer regularly reports to our Compliance Committees and Audit Committee, which retain effective oversight of our compliance with the Code.</p>
Waitrose	John Lewis Partnership Ltd Annual Report and Accounts 2014	<p>Waitrose has remained compliant with the Order and the GSCoP during the period and the business continues to ensure that it's comprehensive Partner training programme (including annual refresher and new starter training), together with the ongoing monitoring of supplier contracts, promotes the necessary awareness and behaviours in order to ensure compliance.</p> <p>As required by the Order and the GSCoP the Code Compliance Officer is obliged to present a report detailing Waitrose's compliance to the Partnership's Audit and Risk Committee for approval. The report is then submitted to the Groceries Code Adjudicator and the Competitions and Markets Authority (previously the Office of Fair Trading).</p> <p>The Audit and Risk Committee, which met on 8 April 2014, approved the Code Compliance Officer's report on Waitrose's compliance for the 12 month</p>

		<p>period ending 25 January 2014. The Audit and Risk Committee was pleased to note that Waitrose had not been the subject of any supplier or supply chain disputes under the Order or GSCoP during the said period. The Audit and Risk Committee also noted that Waitrose's approach to GSCoP compliance reflects the Partnership's commitment to its overarching principle of fairness that has always governed its relationships with suppliers.</p>
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