



Retailers' GSCOP¹ reports for 2017-18

A review of retailers' published reports on compliance

The UK's top ten grocery retailers are required to publish summaries of their annual GSCOP compliance reports that they provide to the Competition and Markets Authority (CMA). This is the Group's eighth review of these published summaries.

The divergence in designated retailers' approach to reporting highlighted last year continues. At one end, one retailer failed to provide a current annual summary while another seems simply to change the date of its summary, keeping all other elements unchanged. At the other end are retailers who now give much more detailed summaries (in one instance a separate report) on the steps they are taking to comply with the Code.

Perhaps unsurprisingly, designated retailers are reluctant to divulge information on actual breaches identified during the year. Most make no mention of these, despite it being arguably a requirement of the GSCOP Order to do so. The requirement to report on disputes is clearer, though three retailers make no mention of them. Does this mean there were none or that they are not being reported?

The most encouraging picture to emerge from this year's compliance reports comes from those retailers who go beyond the reporting required by the GSCOP Order to indicate the measures they are taking to strengthen compliance and their engagement with the Adjudicator, giving insight into their commitment to ensure the Code works.

Published compliance reports give designated retailers' perspective on compliance and relationships between retailers and suppliers. Another perspective, from suppliers, can be obtained from the Groceries Code Adjudicator's (GCA) annual [supplier survey](#).

1 Background

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

The report relates to the ten grocery retailers designated under The GSCOP Order² for the year 2017/18, prior to the designation of B&M and Ocado. The Order requires designated retailers to publish an annual summary of their compliance, in their annual company report if they have one

¹ GSCOP: Groceries Supply Code of Practice.

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

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.

2 Reporting

For the first time, one retailer (Iceland) failed to provide an up-to-date report in its Financial Statement, stating that it was currently being drafted and would be submitted to, and approved by, the retailer’s Audit Committee. All other retailers published reports either in their annual reports or on their websites. A copy of each report is given at the end of this document, while the table below summarises each of the areas on which retailers are required to report (see section 10 (5) of the [GSCOP Order 2009](#)).

There has been divergence this year between reports that remain substantially the same as the previous year, with only the dates changing (Aldi), to more lengthy, detailed reports (The Co-op). M&S supplied a ‘full summary’ on its website that goes further than the short summary in its annual report and accounts.

	Alleged breaches	Actual breaches	Disputes	Outcome	Training
Aldi	ND	ND	0		✓
Asda	19	3?	0	Resolved to suppliers’ satisfaction	✓
Co-op	22 suppliers	ND	ND	Resolved concerns via discussion. 11 outstanding	✓
Iceland	Annual compliance report not available in Financial Statements to 30 March 2018				✓
Lidl	ND	ND	0		✓
M&S	8	ND	0	Worked with suppliers to resolve issues. 2 outstanding	✓
Morrisons	A small number of supplier queries	ND	ND	None outstanding at year end	✓
J Sainsbury	“A small number” 4 resolved, facilitated by CCO	ND	ND		✓
Tesco	14 13 resolved (5 with CCO)	ND	1		✓
Waitrose	More suppliers raising concerns (6 last year)	ND	1	Resolved	✓
	ND = Not disclosed CCO = Code Compliance Officer				

3 Alleged and actual breaches

As in the past, retailers’ reports do not disclose actual breaches that have occurred during the year, with the potential exception of Asda. It states that 3 alleged breaches were deemed to be within the scope of the Code, though it does not clarify whether they were actual breaches.

Most retailers are more forthcoming on alleged breaches though to different degrees. The two exceptions are Aldi and Lidl which do not give any information. Otherwise, reports range from the vague (“A small number” or “The CCO [] reported an increase in the number of suppliers raising GSCoP queries”) to the specific, with Asda, the Co-op, M&S and Tesco helpfully giving specific numbers.

4 **Steps taken to ensure compliance**

All retailers report on the training they give to existing and new staff in a range of disciplines. The Co-op, Lidl and Tesco give specific numbers for people trained (Asda states ‘over 440 colleagues’) and Lidl goes even further, giving the dates of the training.

Asda reported on: implementing 10 Supplier Commitments to support communication and transparency; establishing a new Supplier Engagement Team; and re-launching a Supplier Helpdesk.

The Co-op reported on: changes to the management of quantity and cost price disparities; a review of its collaboration with suppliers; and the GCA’s current investigation and the steps taken to ensure fair treatment of suppliers.

Lidl reported on: a review of its arrangement with its central haulage hub and its monitoring of payment performance.

M&S reported on: a new goods tracking receipting process; an improved process for inputting cost price and units per tray details; and updating the Proof of Deliver process to pay suppliers more quickly.

Morrisons reported on: improvement of systems; ‘Good Faith Receiving’; and enhancing its supplier helpdesk.

Tesco reported on: its Product Change Programme (introduced in 2015) and that colleagues who work with suppliers completed a declaration to confirm they have complied with GSCOP during 2017/18.

Waitrose reported on: its support for employees; the provision of information to suppliers (Waitrose Connect); and the introduction of a new supplier portal (Waitrose Engage).

5 **Disputes with suppliers and their outcome**

The Co-op, Morrisons and Sainsbury did not mention disputes, making it unclear whether or not there had been any. This is the same approach each of these retailers followed in last year’s compliance summary.

Aldi, Asda, Lidl and Morrisons report no disputes during the period, while Tesco and Waitrose report one dispute each. Waitrose reports that its dispute was resolved while the status of the Tesco dispute is unknown.

6 **Other observations**

Asda, The Co-op, Lidl, M&S and Waitrose place a particular spotlight on how they work with the Groceries Code Adjudicator (GCA), with a number endorsing her collaborative approach.

M&S reported on contacting all its direct suppliers providing a link to the GCA Annual Survey and encouraging participation, an approach that all designated retailers might emulate.

7 **Comment**

Iceland is the stand-out retailer this year in not providing a current summary of its compliance report. In its annual Financial Statements, it predominantly repeats the summary of the previous year, while stating “We continue to be committed to ensuring full compliance with GSCOP”.

It is surprising that Aldi and Lidl, both of whom tend to do well in the GCA Annual Survey in terms of compliance, do not report on alleged or actual breaches identified during the year. Both however do report on disputes, neither having any during the period.

The most encouraging feature of this year’s summary reports are the references by a number of retailers to the steps taken to strengthen compliance and the way they are working with the GCA. This goes beyond the statutory reporting requirement and is indicative of how engaged and committed these retailers are in ensuring that the Code works effectively.

J A Noble

5th November 2018

GSCOP

Retailers' published summaries of their reports to the CMA

Retailer	Document	Statement
Aldi	Corporate website	<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 Competition and Markets Authority and the Groceries Code Adjudicator (GCA).</p> <p>Our annual report was submitted in April 2018 covering the period 1st January 2017 to 31st December 2017. 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 in place to ensure our continued compliance with the Code.</p> <p>Aldi first 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 informed of the existence of the Adjudicator and annual refresher training is carried out for employees with GSCOP responsibilities. New starters to the business with buying responsibilities are trained on the Code in accordance with the deadlines contained within it</p> <p>[CCO details are provided at the end of the report]</p>
Asda	Your Asda website	<p>The Groceries (Supply Chain Practices) Market Investigation Order 2009 (the "Order") has been in force since 4 February 2010.</p> <p>The Order implemented the Groceries Supply Code of Practice (the "Code") which applies to certain grocery retailers, including Asda, and governs our dealings with suppliers.</p> <p>Every year we submit an annual compliance report to the Competition and Markets Authority (the "CMA") and the Groceries Code Adjudicator (the "GCA") to detail our compliance with the Code, any alleged breaches of the Code and any disputes with suppliers.</p> <p>We delivered our seventh report, covering the period from 1 January 2017 to 31 December 2017, to the CMA and the GCA on 30 April 2018.</p> <p>During the past 12 months we have worked closely with the GCA to ensure the pro-active and rapid resolution of the issues that she brought to our attention. We thank the GCA for her collaborative approach as it has enabled key changes to be implemented across the business and the</p>

		<p>further strengthening of our GSCOP compliance programme. Some of the steps we have taken are:</p> <ul style="list-style-type: none"> • Implementing 10 Supplier Commitments to support improved communication and transparency in all of our dealings with our supplier partners. • Establishing a new Supplier Engagement Team to coordinate all aspects of the Asda-supplier relationship and support consistent and clear communication; and • Re-launching our Supplier Helpdesk so suppliers can easily contact us to discuss any concerns that they may have. <p>To supplement this enhanced level of engagement, and underpin everything our colleagues do, we have revamped our training programme by making it more practical and case-study led. Over 440 colleagues across different departments have been trained using these new materials. This includes all of our buyers and the finance and merchandising colleagues who support the buying function.</p> <p>In addition to one alleged breach carried over from 2016, in this reporting period we have received 19 alleged breaches of the Code. No new issues were raised as a dispute under the Code during the reporting period. For each of the three issues where the alleged breaches were deemed to be within the scope of the Code, we have ensured that the matter was resolved to the satisfaction of the supplier in a timely manner, and that key lessons have been learned and incorporated into our training and compliance materials.</p> <p>Compliance with the Order and Code is extremely important to Asda, and we will continue to place the Code at the heart of our relationships with our supplier partners.</p>
<p>The Co-operative</p>	<p>Annual Report & Accounts 2017</p>	<p>We want our suppliers to feel that they have effective, collaborative and fair relationships with us. Our Food business's trading relationships with groceries suppliers are regulated by the Groceries Supply Code of Practice ('the Code'). Our Co-op is one of ten designated retailers in the UK that the Code applies to. Christine Tacon, the Groceries Code Adjudicator (GCA), monitors compliance.</p> <p>One of our obligations under the Code is to submit an annual compliance report approved by the Risk and Audit Committee to the GCA and the Competition and Markets Authority and to summarise this in our annual report. The Risk and Audit Committee approved the compliance report at a meeting on 4 April 2018.</p> <p>On top of regular quarterly meetings with our Code Compliance Officer (CCO) and the annual meeting with the Chair of our Risk and Audit Committee, we've had extensive discussions with the GCA in line with her collaborative approach. Specifically, in April 2017 we invited the GCA to visit our support centre in Manchester. We've engaged positively with the GCA and her office on a range of matters at various times during the year.</p>

		<p>As part of our standard compliance activities, we train all members of our buying teams on their obligations under the Code, both when colleagues join our Co-op and annually thereafter. In addition, we train a wide set of colleagues across our supply chain, technical and finance functions. We conduct a programme of spot checks and compliance audits that have informed improvements to our policies, procedures and training.</p> <p>In 2017, we introduced a new CCO, changed our approach to how we make decisions around delisting suppliers and refreshed our training. In July 2017 our Co-op made fundamental changes to how we handle quantity and cost price discrepancies across all product categories that reduced the compliance risk of making unilateral payments and breaching the Code. In November 2017, we started a full review of how we collaborate with suppliers. This included a significant survey of our suppliers carried out independently by the CCO. We shared what we learnt with the GCA.</p> <p>By encouraging suppliers to share details of where they believe that we can do better we have identified more issues and potential breaches of the Code than before and are acting on the insight received.</p> <p>In 2017, 22 suppliers formally raised Code-related complaints with us. This includes three issues raised by suppliers where information was requested by us but nothing further was provided and we have therefore considered this as withdrawn by the supplier. We resolved the concerns through discussion with the buying team and the relevant supplier. 11 issues were still under review at the reporting date.</p> <p>On 8 March 2018, the GCA launched an investigation into some of our practices relating to delisting and the introduction of benchmarking and depot quality control charges. We acknowledge that we have fallen short and have been discussing the two issues raised with the GCA for some months. We have taken decisive steps in line with our commitment to ensure the fair treatment of all of our suppliers including:</p> <ul style="list-style-type: none"> • Strengthening our systems and processes for the future • Retraining 450 commercial colleagues in the operation of the Code • Writing to all of our 1,500 direct suppliers to seek information on any delisting decisions that they believe may have been taken without appropriate consultation. <p>A small number of suppliers have raised concerns which we are working through with them.</p> <ul style="list-style-type: none"> • Reviewing every case where a supplier was charged for benchmarking and quality control. As a result, suppliers have been refunded a total of approximately £0.5m. <p>Suppliers are encouraged to contact our CCO (Co-op.Code.Compliance.Officer@coop.co.uk) if they want more information.</p>
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<p>Iceland (Company no. 01107406)</p>	<p>Iceland Food Ltd Financial Statements to 30 March 2018.</p> <p>Available free from Companies House.</p>	<p>An annual compliance report as required by the Groceries (Supply Chain Practices) Market Investigation Order 2009 ("Order") for the financial year 2017/18, is currently being drafted and will be submitted to and approved by Iceland's Audit Committee.</p> <p>The report will confirm any breaches, potential breaches, or formal complaints made against the business under the Groceries Supply Code of Practice ("GSCOP").</p> <p>We continue to be committed to ensuring full compliance with GSCOP. All members of the buying team have been issued with a copy of GSCOP and receive annual training. All new members of the buying team receive a copy of GSCOP and training as part of their induction. Any other relevant teams, have also received training this year, as part of our annual training programme.</p> <p>Our terms and conditions continue to reflect practical changes that have been made for the benefit of our suppliers, for example:</p> <ul style="list-style-type: none"> (1) to reflect the removal of the charge to suppliers of a standard administration fee for customer complaints; (2) to amend the terms relating to the costs of the re-design of packaging and labelling of our own label products so that these costs will generally be paid by Iceland; (3) to reduce the insurance level required of suppliers from £15m to £10m; and (4) to include obligations required under the Modern Slavery legislation. <p>A central electronic database continues to be used to ensure all relevant documents are stored and are available to the supplier whenever required.</p> <p>An internal audit has been carried out to assess the effectiveness of GSCOP training, and to ensure ongoing compliance with GSCOP.</p>
<p>Lidl</p>	<p>Corporate website</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 17/18), of any allegations or Disputes that were raised by Suppliers, the level at which they were raised and resolved.</p> <p>Actions undertaken prior to commencement of GCSOP:</p> <p>In conjunction with external solicitors:</p> <p>All existing Terms and Conditions checked for compliance with the Code.</p> <p>Reference to GSCOP made in relation to all existing contracts.</p> <p>In-house compliance measures:</p> <p>Sophie Wettlaufer has been appointed as Code Compliance Officer (CCO) in line with Article 9(1) of the Groceries (Supply Chain Practices) Market Investigation Order 2009 on 03.11.2017.</p>

		<p>Review of 2017-2018</p> <p>In house compliance measures:</p> <p>GCA Visit 14.03.18:</p> <p>The CCO invited the GCA and her team to its Head Office on 14.03.18 for a meeting with its CEO, Commercial Board Director and Head of CSR & Communications and to hold a presentation for Lidl's Senior Buying team in order to raise awareness of the importance of the GSCOP in building long-lasting and mutually beneficial relationships with our suppliers.</p> <p>Training:</p> <p>Annual refresher training for Buyers and relevant members of Supply Chain, Logistics, Accounts, Artwork & Design, and Buying Administration was carried out by the CCO on 14.03.18, 29.03.18, 05.04.18, 19.04.18 and 03.05.18. Training for Lidl's regional Supply Chain and Logistics employees was carried out on 07.06.18, 14.06.18 and 20.06.18.</p> <p>A total of 107 members of staff (of which 41 Buyers) have received training to date.</p> <p>Internal Review of Policies:</p> <p>In response to supplier feedback communicated to Lidl by the GCA, the CCO initiated a review into Lidl's arrangement with its central haulage hub, raised GSCOP awareness with its International HQ and introduced additional processes to monitor payment performance and escalate GSCOP concerns.</p> <p>Disputes:</p> <p>No disputes have been raised to the CCO under Articles 11(2) or 11(3) of the Groceries (Supply Chain Practices) Market Investigation Order 2009.</p>
M&S	Annual report and financial statements 2018	<p>The Groceries (Supply Chain Practices) Market Investigation Order 2009 (the "Order") and The Groceries Supply Code of Practice (the "Code") impose obligations on M&S relating to relationships with its suppliers of groceries. Under the Order and Code, M&S is required to submit an annual compliance report to the Audit Committee for approval and then to the Competition and Markets Authority and Groceries Code Adjudicator ("GCA").</p> <p>M&S submitted its report, covering the period from 2 April 2017 to 31 March 2018 to the Audit Committee on 17 May 2018.</p> <p>M&S believes that it has complied in full with GSCOP and the Order during the relevant period. No formal disputes have arisen during the reporting period. There have been eight instances in which suppliers have either alleged a breach of the Code or made an express or implicit reference to potential non-compliance with the Code. M&S does not believe that any breaches took place and has worked with suppliers to address the issues raised.</p> <p>A detailed summary of that compliance report is available on our website</p>

FULL SUMMARY OF GSCOP COMPLIANCE REPORT FOR PUBLICATION ON M&S WEBSITE TO BUILD ON SHORT SUMMARY IN ANNUAL REPORT & ACCOUNTS 17/18

Groceries Supply Code of Practice

Background

The Groceries (Supply Chain Practices) Market Investigation Order 2009 (the "Order") and The Groceries Supply Code of Practice (the "Code") impose obligations on M&S relating to relationships with its suppliers of groceries. Under the Order and Code, M&S is required to submit an annual compliance report to the Audit Committee for approval and then to the Competition and Markets Authority and Groceries Code Adjudicator ("GCA").

Compliance Report

M&S submitted its report, covering the period from 2 April 2017 to 31 March 2018 to the Audit Committee on 17 May 2018. In accordance with the Order, a summary of that compliance report is set out below.

Working with the GCA

M&S works very closely with the GCA, Christine Tacon, and her team to ensure that it complies with the Code and treats suppliers fairly.

The GCA is an effective regulator, working closely with retailers and identifying issues of concern to suppliers.

Our Code compliance team met with the GCA on several occasions during the reporting period and is in regular communication with the GCA's office, to share information and understand the GCA's interpretation of the Code and expectations of designated retailers.

Training

In accordance with standard practice and the requirements of the Order, the M&S Code Compliance Officer and senior Compliance lawyer, delivered training to all current members of the Buying Team and all new joiners during the reporting period. This covered the Code rules and principles together with current priorities of the GCA. A member of the GCA team attended one of the training sessions with our buyers.

Support for the GCA Annual Survey

M&S supports the GCA Annual Survey and, in March 2018, the M&S Code Compliance Officer sent an email to all direct suppliers to M&S providing a link to the survey and encouraging them to participate and provide feedback.

Actions taken to enhance compliance

As a result of our ongoing dialogue with the GCA, amongst other things, M&S has instituted a number of changes to its practices to enhance Code compliance, increase efficiency and enhance transparency for its suppliers. The following areas are of particular relevance during the reporting period:-

- Launch of the Movement of Stock Programme, a new goods tracking /

		<p>receiving process for delivery of groceries by our suppliers. This gives suppliers greater visibility of deliveries in real time and will help to reduce queries and disputes on volume of goods delivered.</p> <ul style="list-style-type: none"> • Completion of our Reference Data Approval process which provides suppliers with greater control and transparency of the process of inputting cost price and units per tray details. • Updating the process for issuing Proof of Deliver to facilitate quicker payment to suppliers. <p><u>Compliance and Disputes</u></p> <p>M&S believes that it has complied in full with the Code and the Order during the relevant period.</p> <p>No formal disputes under GSCOP have arisen during the reporting period.</p> <p><u>Supplier queries and allegations</u></p> <p>In accordance with the Code and GCA guidelines, M&S has identified and reported to the GCA on all instances where suppliers have either alleged a breach of Code or made an express or implicit reference to potential non-compliance with the Code.</p> <p>There have been eight such instances during the reporting period. Six were considered closed at the end of the reporting period and it is anticipated that the others will be closed within the current financial year. Whilst M&S does not believe that any breaches of the Code have occurred, we have worked with the suppliers in question to explain our position and seek to reach a fair and reasonable outcome.</p>
Morrison's plc	Annual Report and Financial Statements 2017/8	<p>GSCOP applies to designated grocery retailers in the UK, adding specific regulations into the trading relationships between retailers and their suppliers. We actively engage with the relevant regulatory bodies, the GCA and the Competition and Markets Authority (CMA), to build best practice. We meet regularly with the GCA and provide updates on our activity and details on specific areas of interest to the GCA.</p> <p>The 2017 GCA supplier survey reported Morrison's as the second most improved retailer. We continue to work hard to listen and respond to our suppliers, so we can improve processes and build better, stronger relationships.</p> <p>We encourage and welcome feedback from suppliers and conduct our own regular surveys that provide valuable insight on further improvements we can make to continually improve relationships. Our Code Compliance Officer (CCO) spoke to suppliers in every category at supplier conferences throughout the year.</p> <p>Matters raised by suppliers or the GCA have been focus areas for the business during the year and we have worked hard to understand and address them. Key developments during the year have included:</p> <ul style="list-style-type: none"> • Investing in improved systems, including introducing a Supplier Portal, which is provided free of charge for all suppliers;

		<ul style="list-style-type: none"> • Establishing a ‘Good Faith Receiving’ process for suppliers delivering into our fresh warehouses; and • Enhancing the dedicated supplier helpdesk, which is committed to resolving supplier queries within five working days. <p>We continue to provide training, guidance and support to all colleagues in our Trading teams together with bespoke training for relevant colleagues in our Supply Chain and Finance teams.</p> <p>Governance in this area includes a group comprising senior Leadership Team members from all relevant functions. Routine updates are provided to our Executive Committee and to our Corporate Compliance and Responsibility Committee, including developments regarding the operation of the Code. We formally report details of activity over the year and specific concerns raised with our CCO to the GCA and to the CMA at the financial year end.</p> <p>GSCOP related enquiries are dealt with in accordance with the regulations. Any matter not resolved directly with a buyer is escalated to the relevant Category Director and, if requested, to our CCO. During the year, our CCO received a small number of supplier enquires, none of which remained outstanding at the year end.</p> <p>Contact details and further information can be found at www.morrisons.co.uk/gscop</p>
<p>J Sainsbury plc</p>	<p>Annual report and financial statements 2018</p>	<p>In February 2010, the Groceries 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 has 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 (GCA), which has been approved by the Chairman of the Audit Committee. Furthermore, a summary of the compliance report must be included in the Annual Report and Financial Statements. This is set out below.</p> <p>Summary Annual Compliance Report</p> <p>Sainsbury’s has invested significant time and resource in refreshing the comprehensive training for all relevant colleagues and some third parties as required under GSCOP. This is reinforced by online knowledge testing.</p> <p>Sainsbury’s has dedicated internal resource to provide all relevant colleagues with day-to-day advice and guidance. The Trading Division, in consultation with the Legal Services Division and the Code Compliance Officer, continues to assess the adequacy of policies and procedures in place to support GSCOP awareness and compliance. Compliance results are reported to the Food Commercial Leadership Team quarterly. Additional assurance is provided, as required, by Internal Audit.</p>

		<p>A small number of alleged breaches of GSCOP have been received in the reporting period, which were resolved within the Trading Division using our standard internal escalation procedure. The Code Compliance Officer facilitated the resolution of four alleged breaches during the reporting period.</p> <p>The Code Compliance Officer and the GCA meet on a quarterly basis. Sainsbury's continues to work collaboratively with the GCA to proactively identify and address any areas for improvement in terms of GSCOP compliance. Areas of focus this year included forecasting, promotions and the continued roll-out of Good Faith Receiving in depots.</p>
Tesco plc	Annual report and Financial Statements 2018	<p>Compliance with the Groceries (Supply Chain Practices) Market Investigation Order 2009 and the Groceries Supply Code of Practice (the Code)</p> <p>The Code regulates aspects of the commercial relationship between the largest 10 grocery retailers in the UK and their suppliers of grocery products, establishing an overarching principle that retailers must deal with their suppliers fairly and lawfully. Specific supplier protections under the Code include the obligation for agreements to be in writing and copies retained, reasonable notice to be given of changes to the supply chain or reduction in the volume of purchases, and a number of provisions relating to payments by suppliers, including obligations for retailers to pay suppliers without delay and a prohibition on certain types of payments, such as those for shrinkage.</p> <p>Retailer compliance with the Code is overseen by the Groceries Code Adjudicator (GCA), Christine Tacon. We continue to engage constructively and positively with the GCA and her office and are working together, in particular on her Top 5 Priorities.</p> <p>Our Product Change Programme began in 2015, and we continue to transform our commercial model. Code compliance is at the heart of this to ensure compliance is built into our teams' mindset and ways of working. We are implementing simpler, fairer and more transparent operations, systems and processes, making compliance with the Code easier and enabling all parties to focus on the customer.</p> <p>Our management are chosen for 'how' they perform their roles and are committed to ensuring Code compliance. We train colleagues across our Product and other functions in the UK and in Tesco Bengaluru on their obligations under the Code. In this financial year, we trained 212 new starters and 1,622 colleagues received updated e-learning which is supplemented where required with face-to-face training sessions. In addition, 5,264 office colleagues have completed their annual Code of Compliance Declaration, and those colleagues who work with grocery suppliers have also completed a declaration to confirm they have complied with GSCOP during 2017/18.</p> <p>These changes are having a positive effect on our relationships with suppliers. In the GCA's annual supplier survey in 2017, Tesco remained the most improved retailer, with 53% of suppliers reporting an improvement in how we operate and 92% of our suppliers recognising that we comply</p>

		<p>'consistently well' or 'mostly well' with the Code. The results of our own supplier survey, conducted twice each year, also reflect this marked improvement in how our suppliers view their relationship with Tesco. Despite inflationary challenges, suppliers to our UK grocery business once again rated their 'overall satisfaction' with Tesco very highly (78.2% in February 2018).</p> <p>This year, 14 Code-related complaints were raised by suppliers. As at 24 February 2018, we had resolved 11 of the concerns following further discussion between the buying team and the relevant supplier, and in five of the cases, between the Code Compliance Officer and the supplier. Of the three remaining complaints to be resolved, two were resolved shortly after the year end, and a formal dispute has been raised in one matter.</p>
Waitrose	John Lewis Partnership Ltd Annual Report and Accounts 2018	<p>Waitrose is subject to the Groceries (Supply Chain Practices) Market Investigation Order 2009 and the Groceries Supply Code of Practice (Code). Both regulate our trading relationships with grocery suppliers, including training requirements for buyers and the content of supplier contracts. Our approach to Code compliance reflects our long-term commitment to treating our suppliers fairly, as set out in the Constitution (Principle 6 and Rule 96). See page 66 for information on the report from the Waitrose Code Compliance Officer (CCO) to the Audit and Risk Committee required by the Order and the GSCoP.</p> <p>We have a positive working relationship with the Groceries Code Adjudicator (GCA) and her team and welcome discussions and advice on how to enhance supplier relationships. Meetings are constructive and cover discussions on a range of topics. The feedback from both the GCA annual survey and the mini survey on the GCA's top five issues were helpful in identifying suppliers' concerns and resulted in a number of changes to our processes.</p> <p>We work collaboratively with our suppliers and internally adopt an approach of continuous review and improvement. This year we developed and launched a new e-learning package for buyers and support teams. It covers a number of modules and allows topics to be explained in depth.</p> <p>Day-to-day advice, online guidance and support is available to buyers with more specialist advice offered by the CCO team and the John Lewis Partnership's Legal Department. We have an online site for Commercial Partners (employees) which includes advice, templates and details of where to get further support.</p> <p>For suppliers we provide information about the Code on Waitrose Connect – an online resource for all of our suppliers – and in the Autumn we launched Waitrose Engage – a new supplier facing portal which also offers Code related content.</p> <p>Each query is taken extremely seriously to understand the concern, seek resolution and identify whether further guidance or changes to our processes are required. We have also proactively carried out internal reviews and identified areas we need to strengthen through clear action plans.</p>

		<p>Report of the CCO to the Audit and Risk Committee (page 66)</p> <p>GROCERIES (SUPPLY CHAIN PRACTICES) MARKET INVESTIGATION ORDER 2009 (THE ORDER) AND THE GROCERIES SUPPLY CODE OF PRACTICE (GSCOP)</p> <p>Waitrose is subject to the Groceries (Supply Chain Practices) Market Investigation Order 2009 and the Groceries Supply Code of Practice (Code). As required by the Order and the GSCoP, Waitrose's Code Compliance Officer (CCO) is obliged to present a report detailing the business' compliance to GSCoP to the Partnership's Audit and Risk Committee, for onwards submission to the Competition and Markets Authority (CMA).</p> <p>The CCO presented the report to the Committee at its meeting on 10 April 2018 and reported an increase in the number of suppliers raising GSCoP queries. They cover a range of areas across Commercial, Supply Chain and Finance, including one formal dispute raised during the period which has subsequently been resolved.</p> <p>The Committee reviewed and approved the report, noting the increase in queries from previous years and requested that management consider further options to mitigate queries and to simplify.</p> <p>See page 79 of the Directors' report for further information. [This section of the Director's Report is given above.]</p>
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