

# The Groceries Supply Code of Practice in the UK

## Achieving fairness for suppliers

November 2016



Groceries Code  
Adjudicator

# Role of the Groceries Code Adjudicator

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- **Monitor, ensure compliance and enforce the Groceries Supply Code of Practice**
- **Help strengthen the supply chain and bring further innovation to the groceries sector benefiting suppliers, retailers and customers**

# The Groceries Supply Code of Practice



# Who is covered

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- **Direct suppliers to the 10 regulated retailers of groceries for resale in the UK**
- **Includes suppliers based outside the UK, e.g. in the Republic of Ireland**

# What is covered

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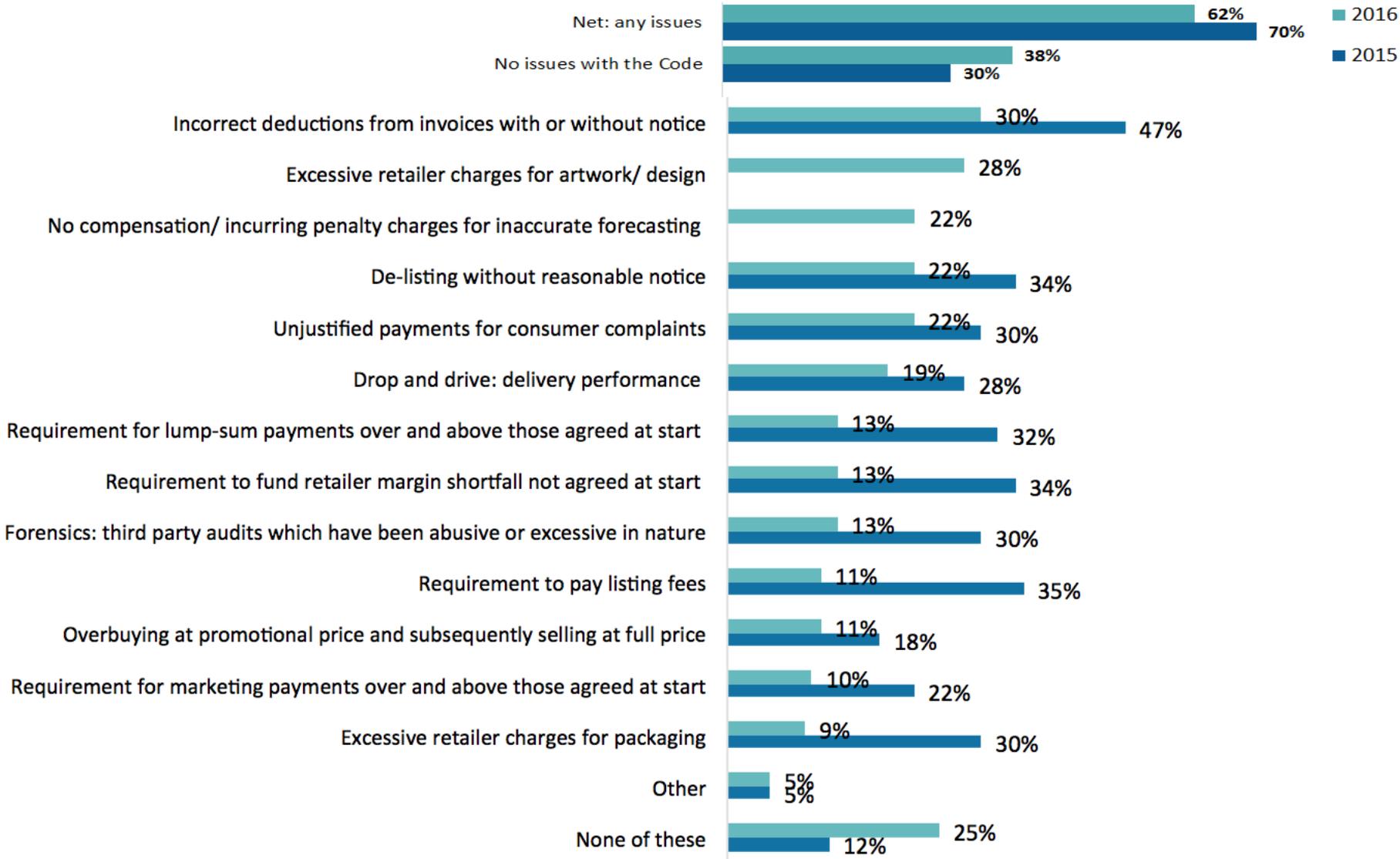
- **Variation of agreements**
- **Payments of various kinds**
- **Funding of promotions**
- **Other duties (consumer complaints, de-listing)**

# Securing fairness – making a difference

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- **Improved compliance against a challenging industry background as a result of:**
  - Collaborative approach
  - Meetings with senior leaders and audit chairs
  - Retailers reinforcing compliance and audit teams
- **How do I know?**
  - Evidence from feedback and annual survey

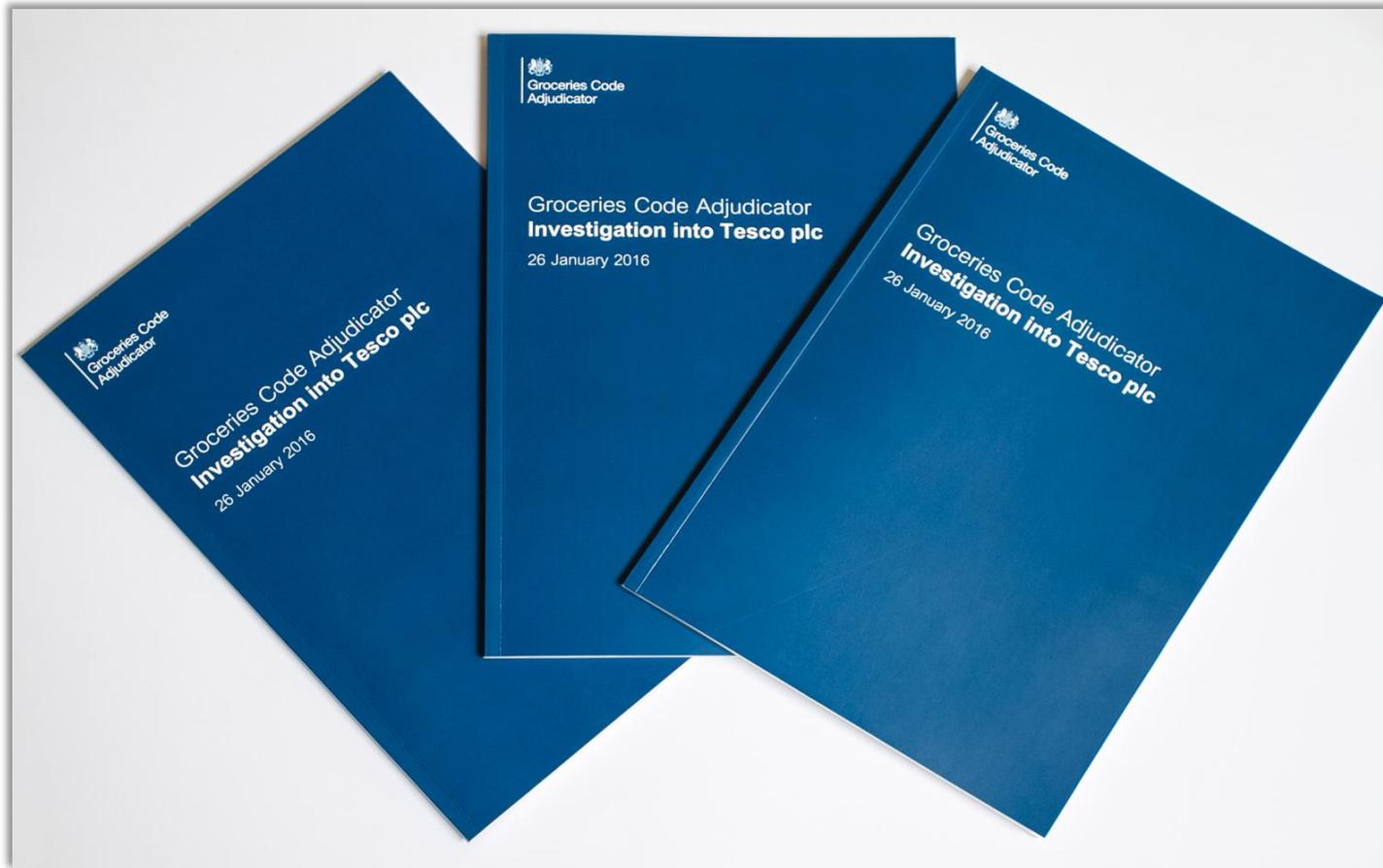
# Proportion of suppliers with issues falls by 8%



# Tackling the Top 5 issues



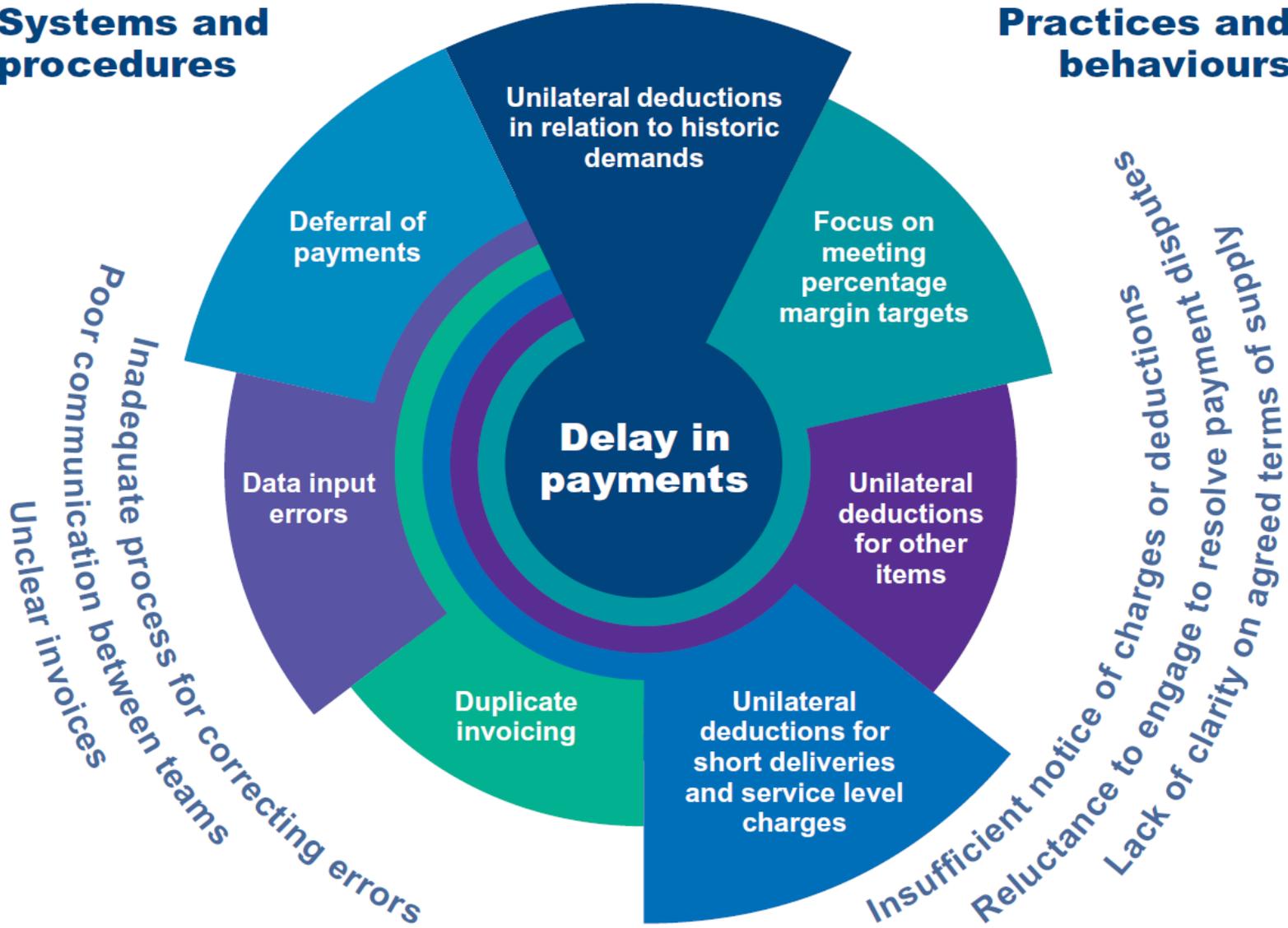
# Using my powers – Tesco investigation



# What I found: delay in payments

## Systems and procedures

## Practices and behaviours



# Delay in payments

PAYMENT  
DUE

Delay in  
payments

*A retailer must pay a supplier for groceries delivered  
.....in accordance with the relevant Supply Agreement*

- **Oversaw Tesco implementation of remedial action and recently published report of progress**
- **Still monitoring Tesco but now lighter touch; content processes in place and awaiting outcomes**
- **Issue remains current while I monitor compliance by all retailers**
  - **Waiting to see evidence based on outcomes**
  - **Will continue to monitor what suppliers report**
  - **Escalating drop and drive**

# Payments for better positioning



*A retailer must not directly or indirectly require a supplier to make any payment in order to secure better positioning or an increase in allocation of shelf space....*

- **Following my investigation into Tesco I have carried out a consultation on payments for better positioning of goods in stores**

# Pay to stay arrangements



Pay to stay

*A retailer must not require a supplier to make any payment as a condition of stocking that supplier's groceries unless in relation to a promotion or products which have not been stocked during the preceding 365 days*

- **An emerging issue in which it appears that suppliers may be indirectly required to pay lump sums to keep their business with a retailer, not part of normal commercial negotiations**

# Margin maintenance



Margin  
maintenance

*A retailer must not vary any Supply Agreement retrospectively unless the Supply Agreement sets out clearly [the] circumstances...and rules for calculating the adjustment*

- **Following my investigation into Tesco I set out clearly that requests for margin maintenance need to be unambiguously supported by the Supply Agreement**

# Current priorities for the GCA



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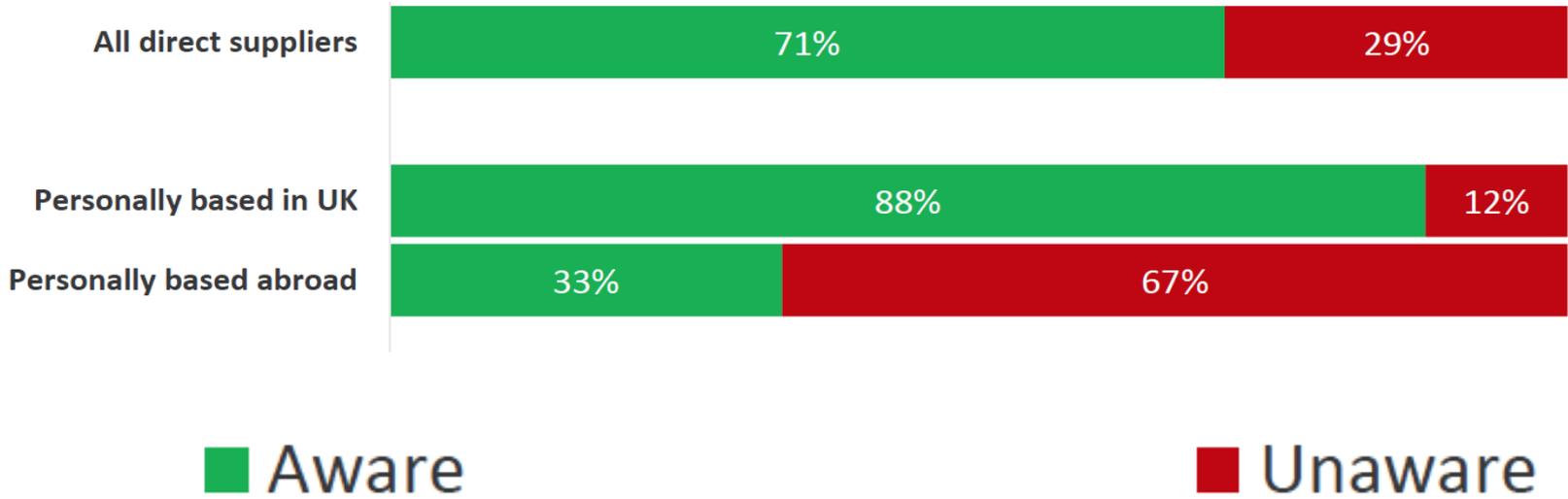
# Current priorities and activities

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- **Responding to consultation on payments for better positioning**
- **Continued work to achieve progress on my current Top 5 issues**
- **Responding to BEIS statutory review**

# Raising awareness among overseas suppliers

## GCA Awareness



# Help me spread the training message

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- **Survey: only 5% of direct suppliers based overseas had received training on the Code**
- **Key reasons for not having received Code training:**
  - **not realising Code training is available (35%)**
  - **not knowing how to access it/who provides it (19%)**
- **Online tutorials are the preferred format of Code training (60%)**

# Give me the tools and I can do the job

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- **Bring me the information and I will act swiftly**
- **Bring me the information and I will fix problems**
- **Bring me the information and you will benefit**

**I am available for individual meetings with suppliers this afternoon**

# Contacting the GCA

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[www.gov.uk/gca](http://www.gov.uk/gca)