

# **The Groceries Supply Code of Practice**

## **Essential knowledge for dealing with retailers**

October 2017



Groceries Code  
Adjudicator

# Passion for the sector; appetite for progress

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- First Groceries Code Adjudicator – now in post for 4 years
- Role to
  - Monitor
  - Ensure compliance with; and
  - Enforce the Groceries Supply Code of Practice

# What is the Code

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- 10 large retailers legally bound by the Code since 2010
- Obliges the retailers to deal fairly and lawfully with their direct suppliers across a range of supply chain practices that include
  - No delays in making payments
  - No variations to supply agreements without notice
  - Compensation payments for forecasting errors
  - Restrictions on listing fees, marketing costs and delisting

# Embedding a culture of Code compliance

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- Key part of my mission - to embed a culture of Code compliance throughout all 10 retailers
- Working with retailers' senior leaders including board members and audit chairs to achieve this
- What this means:
  - All individuals within the retailer recognise that being Code compliant is the right thing to do
  - Buyers comply because it is good for the business and good for the sector

# Securing fairness: Progress in three key areas

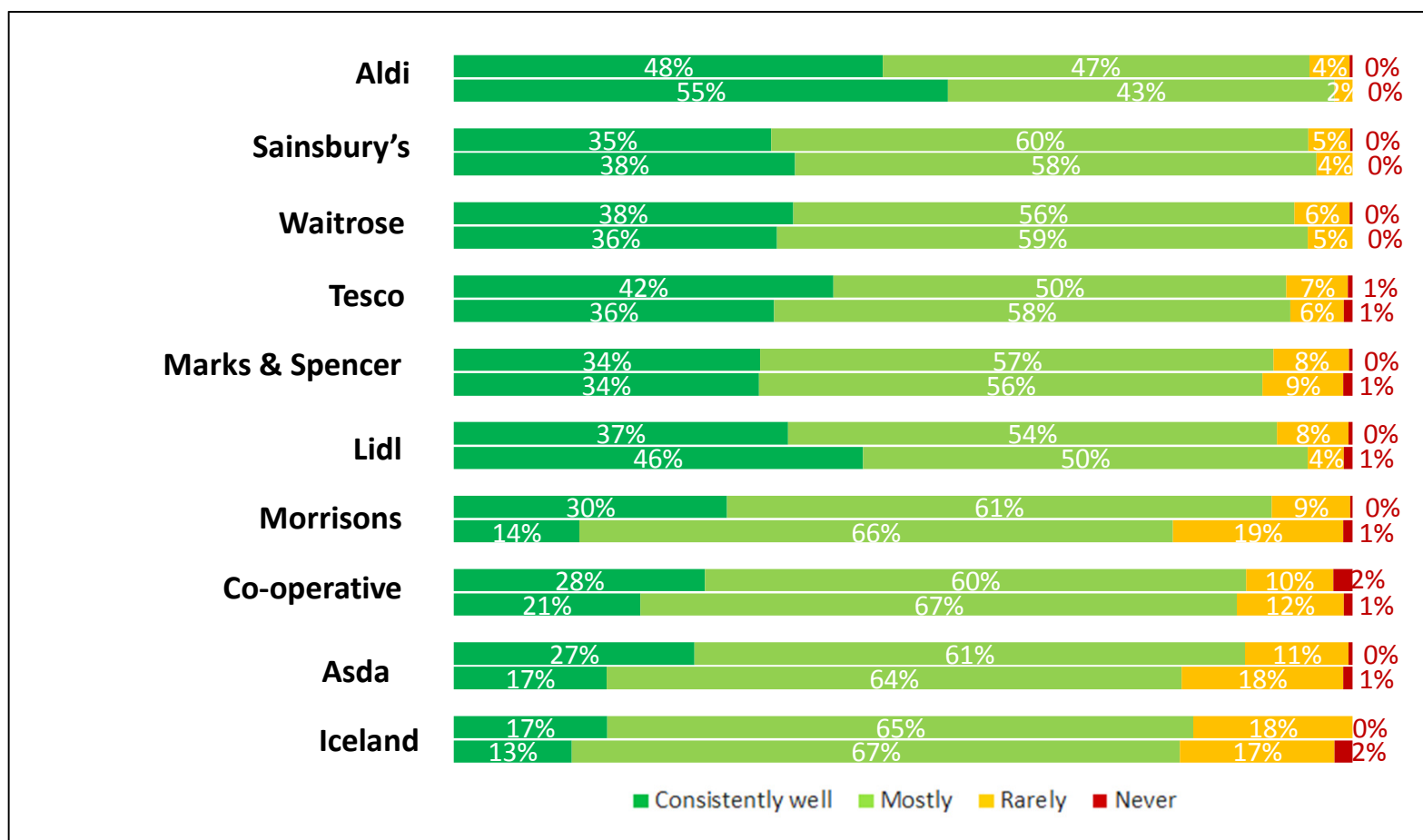
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- Culture change
  - Retailers asking me how to improve
- Suppliers opening up to me
  - Spread of training
  - Aware of the Code
  - Telling me about issues
- Progressing top issues

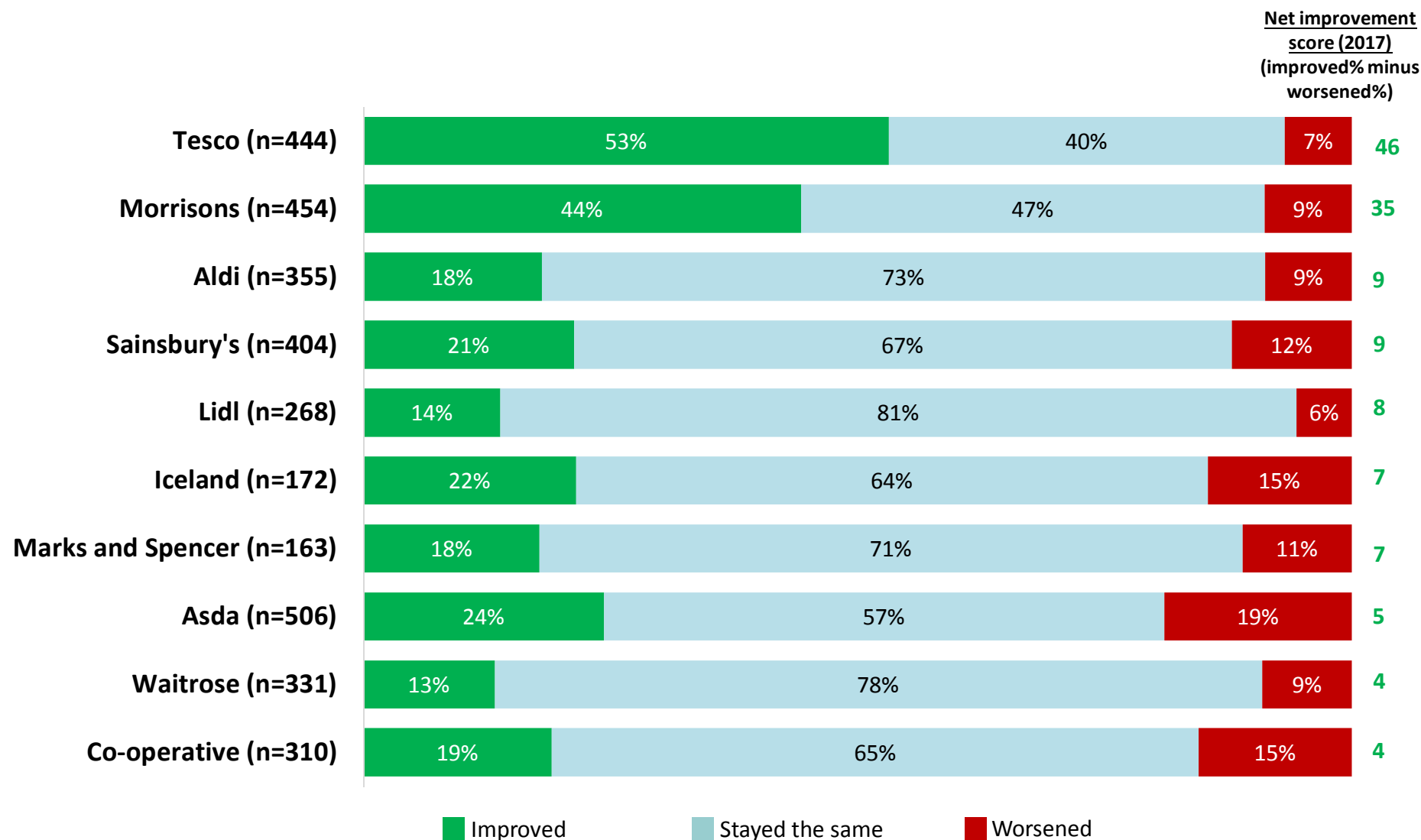
# Suppliers: How retailers comply with the Code

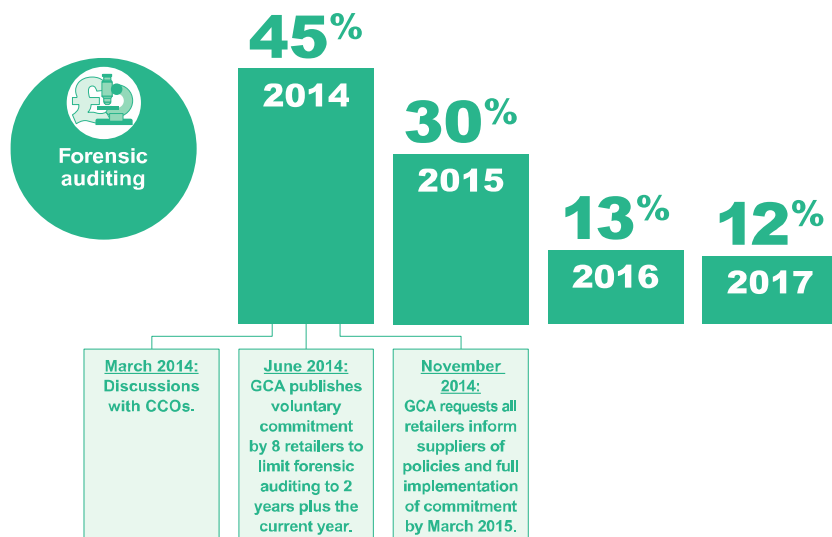
## Overall assessment of compliance with the Code

Retailers ranked by net 'consistently well' and 'mostly'

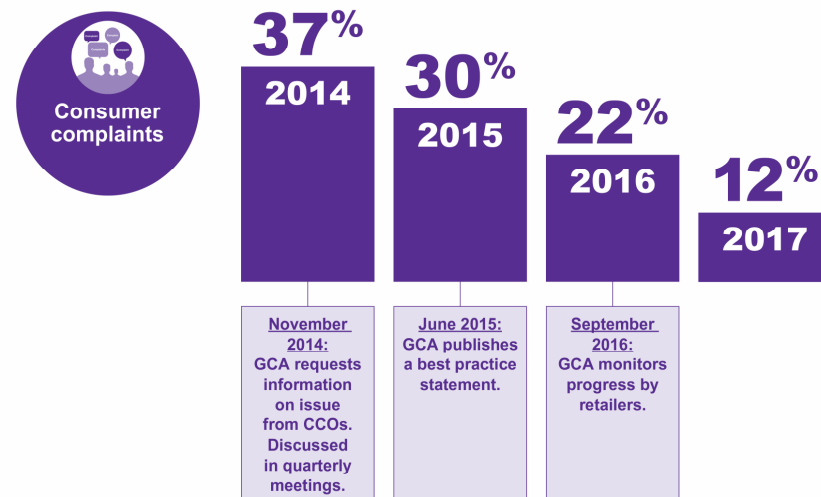


# Changes in retailer practice over past 12 months

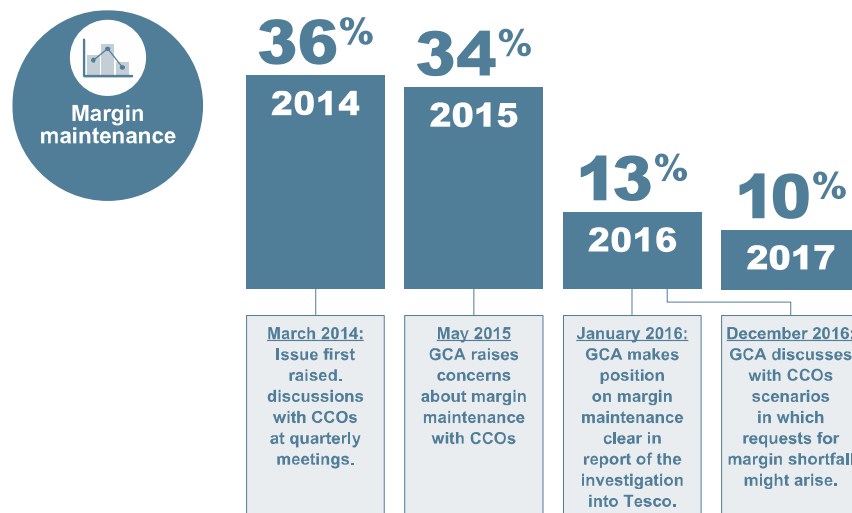




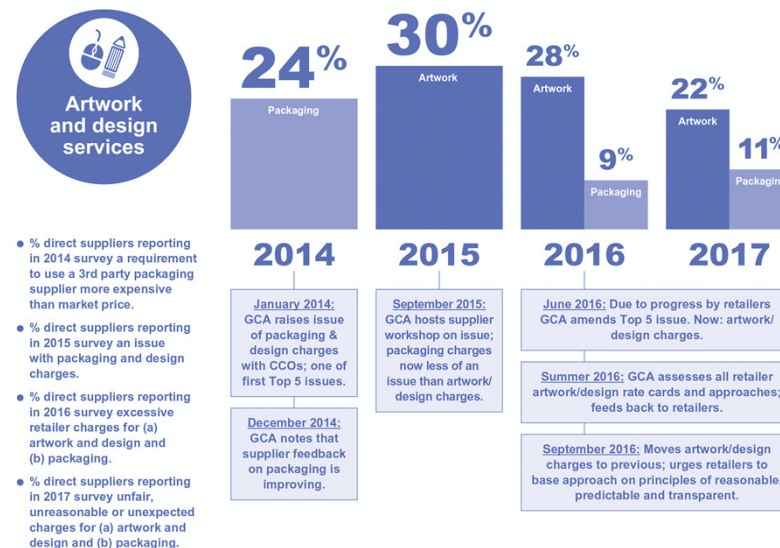
% direct suppliers reporting in annual survey having experienced 3rd party audits which have been abusive or excessive.



% direct suppliers reporting in annual survey that they have experienced unjustified payments for consumer complaints.



% direct suppliers reporting in annual survey they have experienced requests for lump sum payments relating to retailer margin shortfall.



- % direct suppliers reporting in 2014 survey a requirement to use a 3rd party packaging supplier more expensive than market price.
- % direct suppliers reporting in 2015 survey an issue with packaging and design charges.
- % direct suppliers reporting in 2016 survey excessive retailer charges for (a) artwork and design and (b) packaging.
- % direct suppliers reporting in 2017 survey unfair, unreasonable or unexpected charges for (a) artwork and design and (b) packaging.

**Code Confident**  
**Know the Code**  
**Get trained**  
**Speak up**



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# Suppliers: Know the Code

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- Know the Code when buyers make certain requests:
  - I need help to hit my half-year target, I am £200k short in your category and I need you to make up the difference
  - From tomorrow I am instigating a £10 per case charge for any case that is rejected at depot
  - If you want to keep the business for the rest of your contract you need to pay me £100k

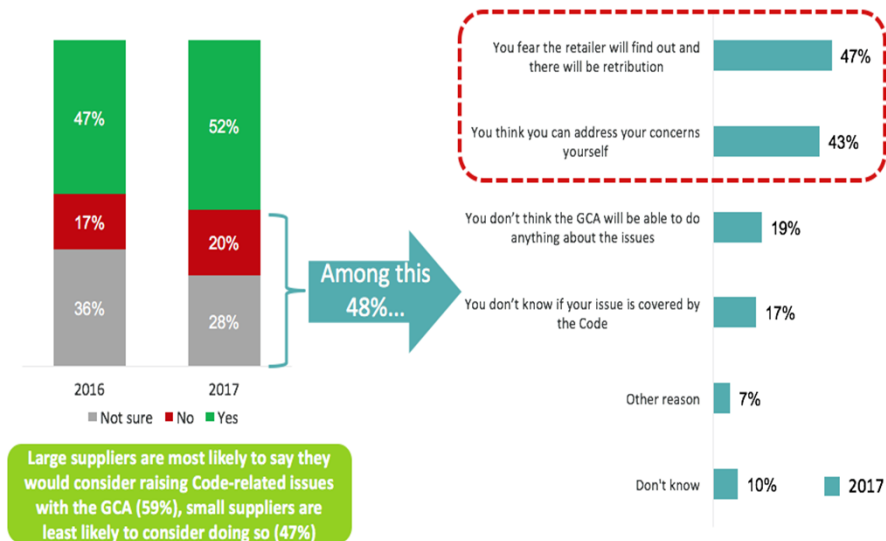
# Suppliers: Get trained

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- 100% buyers trained – it's the law
- Still too many suppliers untrained – it's a concern
  - 57% not received training
  - Only 20% micro suppliers trained
  - Main reason – lack of knowledge
- Check out the Directory of Trainers on the GCA website

# Suppliers: Speak up

Why suppliers wouldn't/ aren't sure whether they would consider raising issues with the GCA



- Statutory duty to maintain confidentiality
- No report that a supplier has suffered commercial consequences for raising a Code issue
- I need your information in order to influence the retailers to improve their practices and processes



# Driving Change, Making an Impact

## Current Priorities



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# Personal priorities for the year

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- Maintain supplier events and 1:1s
- Continue to reinforce training message
- Remain the engine for change
  - Intensifying the collaborative approach when and wherever necessary
  - Always ready to use investigative powers if merited
- Encourage suppliers to raise issues with Code Compliance Officers

# My Top 5

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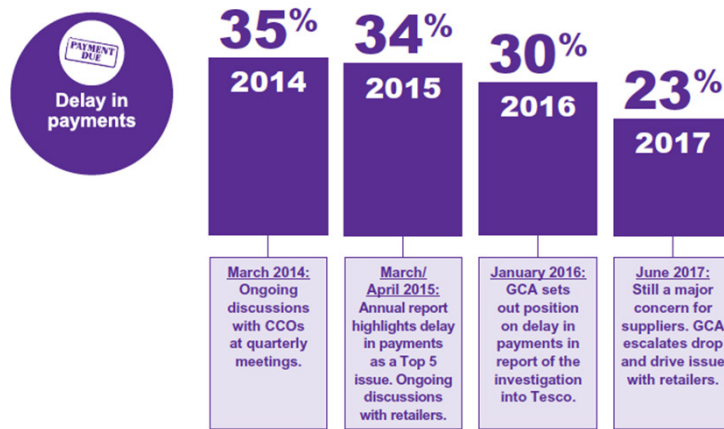
# My Top 5: Current issues

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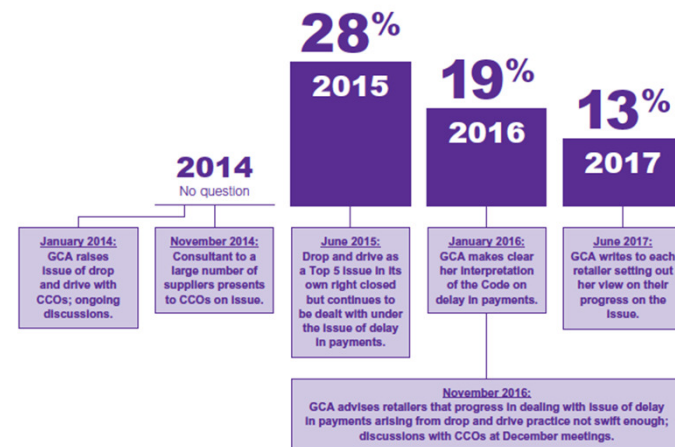
# Current issues: Delay in payments

## Paragraph 5 of the Code



\*% of direct suppliers reporting in annual survey that they had experienced a delay in payment.

## Drop and drive

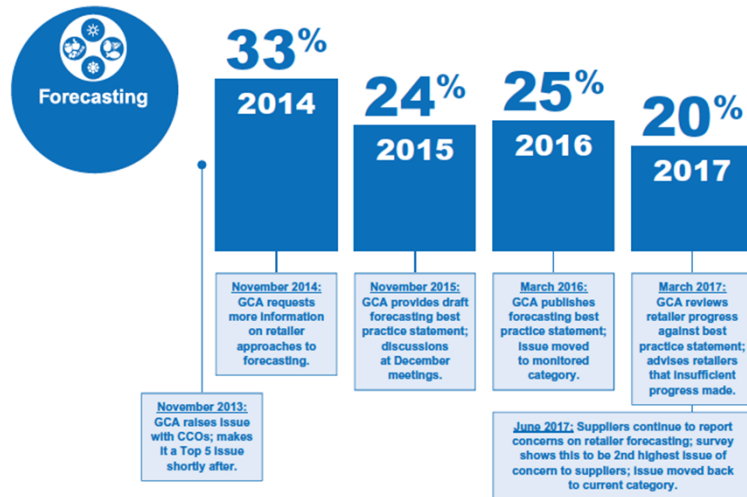


\*% of direct suppliers reporting in 2015 and 2016 annual survey they had experienced issues with drop and drive delivery performance.

% of direct suppliers reporting in 2017 annual survey they had experienced issues with drop and drive: delays in, or not receiving, payments when disputes over deliveries.

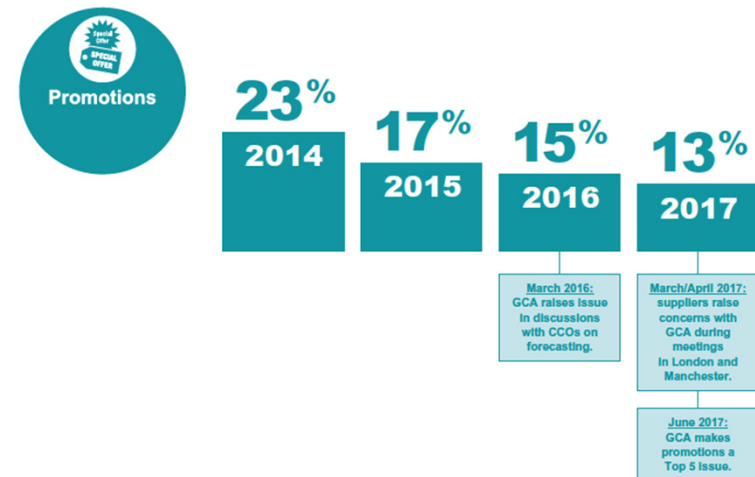
# Current issues: Forecasting & promotions

## Paragraph 10 of the Code



\*% of direct suppliers reporting in annual survey that they had experienced an issue with no compensation for forecasting errors.

## Paragraph 14 of the Code



\*% of direct suppliers reporting in annual survey that they had experienced an issue with not applying due care when ordering for Promotions.

# Mini survey: Now open

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21 September 2017 — News story

## **Groceries sector short survey**

The GCA would like to learn more about supplier experiences on her current issues of forecasting, promotions and delay in payments.

# Suppliers: What I want from you

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- Get trained in the Code
- Complete my short survey
- Keep up to date with my activities
  - Read my website; sign up for my newsletter
- Bring me information
  - The more information I receive the better
  - Always ready to meet suppliers on a 1:1 basis to hear issues of concern

Come and talk to me

Sign up for the GCA newsletter

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