

## **Groceries Supply Code of Practice (GSCOP)**

### **Summary of Annual Compliance Report 2020 - 2021**

The Groceries (Supply Chain Practices) Market Investigation Order 2009 and The Groceries Supply Code of Practice (Code) have been in effect since 4th February 2010. They apply to grocery retailers with a turnover above £1 billion and impose obligations governing their relationships with suppliers. This includes submitting an Annual Compliance Report to the Competition and Markets Authority and the Groceries Code Adjudicator.

Ocado Group plc was originally designated on 1st November 2018 and superseded by Ocado Retail Limited on 16th October 2019 following the creation of the latter through a joint venture between Ocado Group plc and Marks & Spencer plc on 5th August 2019.

We recognise the crucial role that our suppliers play in meeting the expectations of our customers at Ocado Retail. We're committed to engaging collaboratively with our suppliers to ensure our relationships are conducted fairly and lawfully, in line with the requirements of the Code. This summary of our Annual Compliance Report is for the period of 30th November 2020 to 28th November 2021.

### **Background**

We previously reported in 2020 that Ocado Retail undertook its biggest operational change to date by launching the public-facing element of the joint venture between Ocado Group and M&S. This involved the changeover to selling M&S products, alongside becoming responsible for sourcing all of our branded products for the first time in our history, as we worked to reset and establish the new proposition.

During the last financial year, we continued to develop the proposition further, undertaking a comprehensive range review, opening three new Customer Fulfilment Centres and building our teams in terms of both size and capability. Throughout these processes, the various teams were briefed on the Code requirements and the approach to take when dealing with our suppliers to ensure we work in a collaborative and transparent way.

Ocado Retail has met all reporting requirements through timely submission of the Annual Compliance Report for 2020 to the CMA and submission of the Progress Update Reports to the GCA during 2021. The CCO has provided ad-hoc updates to the GCA when requests have been received for further information and has supported the GCA throughout the year.

### **Governance**

We have maintained our approach to strong governance throughout the financial year. This includes monthly review meetings that are held with each supplier-facing business area, including Buying, Finance and Supply Chain Teams, to review key metrics, project initiatives impacting suppliers and any supplier escalations. The purpose is to identify trends, maintain oversight and agree on any actions on a continuous improvement basis. We also conduct quarterly governance meetings with functional directors to ensure visibility and engagement at senior levels of the organisation. The CCO provides regular updates to the Audit Committee and there is a standing agenda item to review progress at each audit meeting.

## **Training**

We updated our online training module for Annual Refresher Training that was launched in April for Ocado Retail and October for Ocado Group. Over the course of the financial year, a total of 762 colleagues from Ocado Retail and Ocado Group completed the online module, which represents 98% of those eligible, with the remainder being those who joined the organisation prior to the end of the year or in the process of having training assigned.

We ran a number of trainer-led sessions designed for supplier-facing business areas, with an ongoing focus on the Buying Team and a trial session for the Supply Chain Team. The training outlines our shared culture and individual responsibilities to ensure a strong behavioural foundation for compliance with the Code. The core elements of the Code are highlighted and are further supported by a number of case studies, themes and key messages, with 117 colleagues having attended.

As part of our 'Buyer of the Future' programme, we developed negotiation training across three different levels to encompass new starters to the more experienced. This programme not only focuses on approaching negotiations in a Code compliant way, but also stresses the importance of planning, communications and building relationships, with 72 members of the Buying Team having attended by the end of the financial year.

## **New Starters**

Our new starter process begins with a welcome email that is sent by the CCO to new colleagues. This outlines our designated status and provides a link to the Code, advises on the training requirements, and provides further contact details for help and support.

This information is also included in our induction material to ensure a consistent message for colleagues joining the organisation. All new starters are required to complete the online training module within their first two weeks of joining the organisation. We also ask that new colleagues check-in with their line manager before they make any contact with suppliers so that we can ensure we are comfortable with their level of knowledge.

## **CCO Listening Sessions**

The CCO launched Listening Sessions for all suppliers during the last year, which is an informal opportunity for suppliers to request a time slot on a monthly basis to discuss anything that is on their mind. This attempt to remove any perceived barriers that suppliers may have in reaching out to the CCO has been well received and 15 suppliers have used this as an opportunity to seek advice or understand more about the Code. If any of our suppliers wish to request a time slot for a forthcoming session, they can do so by using the CCO's contact details below.

## **Supplier Survey**

The results of the Groceries Code Adjudicator's annual Supplier Survey highlighted that the majority of our suppliers, 90%, rated Ocado Retail Limited positively for overall compliance with the Code. Whilst this was a modest decline on our previous performance that took us back to the level achieved in 2019, the big period of change we went through in 2020 naturally impacted on our suppliers and their perceptions.

We are grateful to our suppliers for taking the time to provide their feedback, which we reviewed in detail with each of the teams responsible. Each team developed an action plan that focused on process changes, training and awareness to address the areas of opportunity identified by suppliers.

## **GCA Support**

We have supported the GCA throughout the year to help him understand our business in more detail as part of his 'seeing is believing' initiative. This has involved the GCA attending one of our training sessions, observing our range review meetings, joining a supplier conference, visiting one of our Customer Fulfilment Centres and spending a day at our office to understand a day in the life of a buyer.

We have further supported the GCA by promoting the supplier survey and annual conference, and informing suppliers about both the Code Confidential Pack and Tell the GCA initiatives.

## **Supplier Disputes**

Our teams work closely with suppliers to resolve any issues that arise, the vast majority of which are resolved at the first point of contact. During the financial year we did not receive any formal disputes and dealt with three escalations informally as follows: -

- Three complaints were received and resolved by the CCO (level two)

The three complaints were considered to be within the scope of the Code and were resolved in conjunction with each supplier concerned. Alongside the resolution we also identified additional steps that we have built into our approach in order to avoid any recurrence.

## **Key Contacts**

We encourage all of our suppliers to raise any queries or feedback directly with their named contact within the Buying Team or with the Senior Buying Manager for their category. Alternatively, any payment or invoicing issues can be directed to [payables@ocadoretail.com](mailto:payables@ocadoretail.com).

If any of our suppliers wish to raise queries outside of the Buying Team or would like to have a conversation in confidence, please contact our Code Compliance Officer (CCO), Robert Skelton, by email at [gscop@ocadoretail.com](mailto:gscop@ocadoretail.com).

Contact details for the Groceries Code Adjudicator (GCA) along with more information about GSCOP can be found [here](#).