

Groceries Supply Code of Practice (GSCOP)

Summary of Annual Compliance Report 2021 - 2022

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Ocado Group plc was originally designated on 1st November 2018 and superseded by Ocado Retail Limited on 16th October 2019 following the creation of the latter through a joint venture between Ocado Group plc and Marks & Spencer plc on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 29th November 2021 to 27th November 2022.

Background

During the last financial year, we continued to develop our proposition by opening one new Customer Fulfilment Centre, launching technical terms of trade to our own brand suppliers, reviewing our approach to quality complaints and introducing new operational ways of working. Throughout these processes, the various teams engaged with the CCO to understand the Code requirements in order to define the approach to take when dealing with our suppliers to ensure we work in a collaborative and transparent way.

We developed a Supplier Charter that is used internally across our supplier-facing teams that defines our commitment to suppliers and promotes how we approach our relationships.

Ocado Retail has met all reporting requirements through timely submission of the Annual Compliance Report for 2021 to the CMA and submission of the Progress Update Reports to the GCA during 2022. 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 March for Ocado Retail and September for Ocado Group. Over the course of the financial year, a total of 912

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 moved internally, or were 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, Finance and Supply Chain Teams, as well as those that work closely with them. 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 18 sessions being held throughout the year and 145 colleagues having attended.

We continued to run negotiation training as part of our 'Buyer of the Future' programme, which not only focuses on approaching negotiations in a Code compliant way, but also stresses the importance of planning, communications and building relationships, with 66 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.

We developed an online Commercial Academy that buyers use during their first 12 weeks to cover key processes and knowledge requirements. This was initially launched in February and has continued to evolve throughout the year. We introduced a 'new starter day' from March for new Buying Team colleagues to meet with subject matter experts from across the organisation, which is in addition to the standard induction day that is attended by all.

CCO Listening Sessions

Following the launch of Listening Sessions in 2021, the CCO has continued to offer these for suppliers during the last year. This is an informal opportunity for suppliers to request a time slot on a monthly basis to discuss anything that is on their mind and is designed to remove any perceived barriers that suppliers may have in reaching out to the CCO.

The initiative continues to be well received by suppliers and they value the opportunity to either seek advice or ask for help with any difficulties they may be experiencing, with 41 such meetings being held over the course of the year. 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, 91%, rated Ocado Retail Limited positively for overall compliance with the Code. We were pleased that we improved on our performance from the previous year, achieving ninth position, which is particularly encouraging during a year of challenging market conditions that has

seen unprecedented levels of cost price increases, disruptions to supply chains and dealing with the implications of Covid-19 across our teams.

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 by promoting a number of his initiatives and responding to requests where required. We arranged for the GCA to visit one of our Customer Fulfilment Centres in October as part of his 'seeing is believing' initiative to support his request to understand more about our goods-in process.

We have further supported the GCA by promoting the supplier survey, annual conference and the third statutory review of the role of the GCA to our suppliers.

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 two escalations informally as follows: -

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

The two 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 Trading Manager for their category. Alternatively, any payment or invoicing issues can be directed to 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.

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