

SUMMARY OF M&S GSCOP COMPLIANCE REPORT 2018/ 19

Pursuant to Article 10(5) of The Groceries (Supply Chain Practices) Market Investigation Order 2009

LONGER VERSION BUILDING ON SHORT SUMMARY IN THE ANNUAL REPORT AND ACCOUNTS 18/19

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 regarding its 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 1 April 2018 to 30 March 2019 to the Audit Committee on 16 May 2019. In accordance with the Order, a summary of that compliance report is set out below.

Working with the GCA

M&S works closely with the GCA, Christine Tacon, and her team to ensure that it complies with the Code and treats suppliers fairly. We consider the GCA to be an effective regulator, who works in a transparent manner and is very clear on the actions she expects designated retailers to take.

The GCA and members of her team met with Stuart Machin, the M&S Food Managing Director, and his Leadership Team on 24 October 2018, to discuss current priorities and issues. She also delivered a presentation to a group of Food buyers and other colleagues.

Training

M&S reviewed and overhauled its internal Code training programme during the reporting period. It has launched a new e-learning module, which is mandatory for members of the Buying Teams amongst others, and must be completed on an annual basis. We were very pleased that Christine Tacon agreed to appear a short video presentation which forms part of the module. This e-learning is supplemented by regular face-to-face training by the Code Compliance Officer and members of the Legal team which will address key issues and is tailored to the relevant audience.

Other actions taken to enhance compliance

As a result of feedback from GCA and Suppliers, and to help achieve business objectives, M&S has taken steps during the relevant period to enhance Code compliance and improve ways for working with our suppliers. Key initiatives include the following:-

- We completed the implementation of the Movement of Stock project. This established a new system to track groceries goods within the supply chain and distribution centres. It provides enhanced transparency and accuracy for suppliers and has led to a demonstrable decrease in related queries.
- M&S has established a group of 12 new employees (Category Assistants) who are responsible for working with relevant buyers, suppliers and the Business Service Centre to resolve supplier queries and disputes, including payment related issues.
- Our Business Service Centre, responsible for supplier deductions and invoicing, has simplified the process and communications channels for queries and disputes and recruited three new employees responsible for dealing with these issues.

Compliance and Disputes

M&S believes that it has materially complied with the Code and the Order during the relevant period. No formal disputes under GSCOP have arisen during the reporting period.

Supplier queries and allegations

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 or made reference to potential non-compliance with the Code. Seven instances arose during the reporting period, and all were closed or resolved at the end of the reporting period. An additional Code issue which arose before the reporting period was also resolved.