

**SUMMARY OF M&S GSCOP COMPLIANCE REPORT 2019/20**  
**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 19/20**

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 31 March 2019 to 28 March 2020 to the Audit Committee on 14 May 2020.

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. During 2019/20, the GCA met with our Audit Chair, Food Commercial Director and held several meetings with our Code Compliance Officer, Head of Risk and Internal Audit and Legal team to discuss overall compliance and progress. 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.

Training

At M&S we train relevant colleagues across our Food business as well as and other functions that have a relationship with our food suppliers, such as finance and supply chain, on their obligations under the Code. In 2019/20 the M&S annual GSCOP training program included a combination of mandatory e-learning and focused face-to-face sessions spaced throughout the year. In addition, colleagues completed an e-learning module on supplier income this financial year, which, although more widely focussed, included Code related content.

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:

- **Good faith receipting (“GFR”):** From October to December 2019, we rolled out GFR to all our chilled suppliers. This initiative was instigated following feedback from suppliers about M&S goods receipting practices. GFR is a step change in how we do business, resulting in a more efficient payment process for suppliers which has delivered code compliant outcomes.
- **Return to Manufacturer charges:** Following feedback from the GCA and suppliers, we developed a change plan which, from April 2020 resulted in the automatic nature of Store generated RTM’s being switched off and a controlled, centralised process being implemented. We are confident that this approach will ensure that suppliers are only charged where they are genuinely at fault for material issues, and after they have had an opportunity to challenge or discuss with our central team.
- **GSCOP Monitoring Dashboard:** During the reporting period, we introduced a GSCOP dashboard to

monitor Code compliance across the business. These metrics feed into our overall Code governance framework and are reviewed and discussed monthly at Food Board meetings and senior buyer leadership meeting.

#### 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 referred to potential non-compliance with the Code. Seven instances arose during the reporting period, of which 6 were closed or resolved at the end of the reporting period. An additional Code issue which arose before the reporting period was also resolved.