

FULL SUMMARY OF GSCOP COMPLIANCE REPORT FOR PUBLICATION ON M&S WEBSITE TO BUILD ON SHORT SUMMARY IN ANNUAL REPORT & ACCOUNTS 17/18

Groceries Supply Code of Practice

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 relating to 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 2 April 2017 to 31 March 2018 to the Audit Committee on 17 May 2018. In accordance with the Order, a summary of that compliance report is set out below.

Working with the GCA

M&S works very closely with the GCA, Christine Tacon, and her team to ensure that it complies with the Code and treats suppliers fairly. The GCA is an effective regulator, working closely with retailers and identifying issues of concern to suppliers.

Our Code compliance team met with the GCA on several occasions during the reporting period and is in regular communication with the GCA’s office, to share information and understand the GCA’s interpretation of the Code and expectations of designated retailers.

Training

In accordance with standard practice and the requirements of the Order, the M&S Code Compliance Officer and senior Compliance lawyer, delivered training to all current members of the Buying Team and all new joiners during the reporting period. This covered the Code rules and principles together with current priorities of the GCA. A member of the GCA team attended one of the training sessions with our buyers.

Support for the GCA Annual Survey

M&S supports the GCA Annual Survey and, in March 2018, the M&S Code Compliance Officer sent an email to all direct suppliers to M&S providing a link to the survey and encouraging them to participate and provide feedback.

Actions taken to enhance compliance

As a result of our ongoing dialogue with the GCA, amongst other things, M&S has instituted a number of changes to its practices to enhance Code compliance, increase efficiency and enhance transparency for its suppliers. The following areas are of particular relevance during the reporting period:-

- Launch of the Movement of Stock Programme, a new goods tracking / receipting process for delivery of groceries by our suppliers. This gives suppliers greater visibility of deliveries in real time and will help to reduce queries and disputes on volume of goods delivered.
- Completion of our Reference Data Approval process which provides suppliers with greater control and transparency of the process of inputting cost price and units per tray details.
- Updating the process for issuing Proof of Deliver to facilitate quicker payment to suppliers.

Compliance and Disputes

M&S believes that it has complied in full 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 of Code or made an express or implicit reference to potential non-compliance with the Code. There have been eight such instances during the reporting period. Six were considered closed at the end of the reporting period and it is anticipated that the others will be closed within the current financial year. Whilst M&S does not believe that any breaches of the Code have occurred, we have worked with the suppliers in question to explain our position and seek to reach a fair and reasonable outcome.