

Hello,

We are writing to you today to apologise following the publication of a report by the Groceries Code Adjudicator (GCA) into certain historic supply practices at the Co-op.

We've been found to have contravened the Groceries Supply Code of Practice ('the Code') in relation to delisting and variation of supply agreements without reasonable notice. The latter point specifically looked at the introduction of benchmarking and depot quality control charges by Co-op.

It is clear we made mistakes and moved too quickly to make changes and our systems, processes and people couldn't always get things right and we're sorry.

We have taken decisive steps to make sure we treat you fairly, including providing refunds to those of you wrongly impacted by the introduction of charges – which amounts to £650,000 - and we have retrained our colleagues to embed a culture of Code compliance in line with its spirit and requirements.

We know we've sometimes been frustrating to deal with and have made errors, but we've always aimed to be courteous in our dealings with suppliers, something the GCA acknowledged, in addition to noting we had not been "malicious" or acted in a way "intended to result in gain."

Initially, we didn't spot the issues which were raised and we wrote to you when the GCA launched its investigation to ask for your help and input to put things right.

We want to thank you for sharing your views to help us improve and put the improvements needed in place. The Co-op has undertaken major changes to its governance processes and improved its systems.

A new delisting process is now in place and we've gone to great lengths to overhaul supplier communications. Many of you will know Andy Phelps our Director of Supplier Relationships. He and his team have launched a new supplier charter to transform ways of working and refreshed supplier communications with regular feedback and listening sessions.

We continue to simplify our charging processes, removing some and reducing others, and have implemented new policies and processes to ensure reasonable notice periods are given.

We've also created a dedicated financial helpline for suppliers to raise any queries. This helps swiftly settle discrepancies and have had an independent review of our depot processes.

Our IT systems are being replaced and overhauled. This has already allowed improvements to speed up our processes, ensuring supply agreements are recorded consistently, and even more will change over the next 18 months. We will also train you on how our systems work.

We hope that you can see that Co-op has done a lot of work to ensure we treat you fairly and we will work closely with the GCA over the coming months to implement our action plan in response to her findings.

We are both grateful for your patience while we've worked to fix things and look forward to working ever more closely and collaboratively in future. If you have a query, concern or would like to provide feedback please contact our supplier engagement team at supplierengagement@coop.co.uk or email our Groceries Supply Code of Practice Compliance Officer at co-op.code.compliance.officer@coop.co.uk

Yours faithfully

Jo Whitfield

Food Chief Executive

Co-op

Michael Fletcher

Chief Commercial Officer

Co-op