



# Groceries Code Adjudicator

**STRICTLY EMBARGOED UNTIL 10:00 HOURS 8 MARCH 2018**

## **Tacon launches investigation into Co-operative Group Limited**

Christine Tacon today launched an investigation into Co-operative Group Limited, having formed a reasonable suspicion that the retailer may have broken the Groceries Supply Code of Practice (the Code).

The Groceries Code Adjudicator (GCA) holds a reasonable suspicion that the retailer may have broken the Code through some of its practices. These relate to de-listing and the introduction of benchmarking and depot quality control charges over a period from early 2016 to at least summer 2017.

She took her decision after escalating her concerns with Co-operative Group Limited in line with her published collaborative approach to regulation. The GCA has decided that an investigation is necessary to fully understand the extent to which the Code may have been broken and the root causes of the issues as well as their impact on suppliers.

The GCA now needs more information from direct suppliers and others to determine whether the Code has been broken and if so, what further action to take. She has called for evidence to be submitted by 4pm on 3 May 2018.

The investigation will focus on:

- Paragraph 16 of the Code: Duties in relation to De-listing; and
- Paragraph 3 of the Code: Variation of Supply Agreements and terms of supply.

When considering issues in relation to these paragraphs of the Code, the GCA will also be looking at paragraph 2 of the Code: Principle of fair dealing.

In particular, the investigation will consider the extent, scale and impact of practices which may have resulted in suppliers being de-listed with no, or short, fixed notice periods unilaterally imposed by Co-operative Group Limited without due consideration of published GCA de-listing guidance. The focus will be in relation but not limited to decisions taken between summer 2016 and summer 2017 as part of a project called 'Right Range; Right Store'.

The investigation will also consider the extent, scale and impact of practices which may have resulted in the introduction of charges without reasonable notice to suppliers. This will

include but not be limited to the introduction of depot quality control and benchmarking charges to suppliers, especially those with fixed cost contracts.

In addition, the GCA will consider the retailer's Code-related training for its buyers and the culture contributing to the retailer's approach to Code compliance.

Christine Tacon said: "I have previously escalated my concerns with the Co-op as part of my published collaborative approach.

"However, after carefully considering all the information submitted to me, I have decided that an investigation is necessary so I can fully understand the extent to which the Code may have been broken and the root causes of the issues that have been raised with me.

"It is now important that suppliers provide me with information to help my investigation. I am looking forward to hearing what they have to say about whether they have experienced any of the issues now being investigated and if so, the impact on them of the Co-op's conduct. All information I receive will be treated with complete confidentiality."

**Notes to editors:**

For further information contact GCA media on 020 3738 6537