

## **GSCOP summary of annual compliance 2021-2022**

### Annual Compliance Report

An annual compliance report, as required by the Groceries (Supply Chain Practices) Market Investigation Order 2009 (the “**Order**”), for the financial year 2020/21 (which ran from 27 March 2021 to 25 March 2022), is currently being drafted and will be submitted to, and approved by, Iceland’s Audit Committee upon completion.

Iceland believes that it has materially complied with the Groceries Supply Code of Practice (“**GSCOP**”) during the reporting period, and it has had one formal dispute under the Code, during the reporting period.

### Reported Matters

The report contains all complaints that have been received from suppliers which, if not resolved by the Buyers, are escalated to the Category Managers, Trading Directors and occasionally, if required, the Code Compliance Officer.

The report confirms that Iceland had five (5) reported breaches, potential breaches, or formal complaints, made against the business, or reported within the business as a pre-emptive measure, within the reporting period, under **GSCOP**.

All of these potential breaches were reported, where necessary, to the GCA as part of Iceland’s progress meeting reports. Three (3) have been resolved and closed, and two (2) have been carried over into the next reporting period to resolve. Whenever Iceland receives a complaint, it promptly works with the relevant supplier to investigate and resolve the matter to the satisfaction of both parties. Full details of the matters are reported annually to the CMA (Competition and Markets Authority) and the GCA (Groceries Code Adjudicator).

### Training

All members of the Buying Team have been given a copy of GSCOP, and have access to an online copy of GSCOP at all times via Iceland’s online training resource. All members of the Buying Team also receive bi-annual refresher GSCOP e-learning training each financial year, as well as ad-hoc one-to-one training, if required. All new members of the Buying Team receive a copy of GSCOP and one-to-one training as part of their induction.

All relevant teams in the business, which have contact with suppliers, have received GSCOP e-learning training, as part of Iceland’s bi-annual training programme. This is a total of 165 employees trained during the reporting period.

Iceland’s e-learning training is updated regularly to reflect: (i) key issues that have arisen in Iceland’s compliance with GSCOP; (ii) any training feedback provided by the GCA, and (iii) any feedback Iceland receives from its suppliers. In this reporting period, Iceland has updated its e-learning training to make it more interactive, and it has included a knowledge base check, so that the colleagues are tested on their understanding of the Code for their day to day roles. Iceland encourages feedback on the training from all colleagues so that it can continually provide the most up to date and effective refresher training on GSCOP.

### Internal Compliance

Iceland continues to hold bi-annual GSCOP steering group meetings to enable all supplier-facing departments to communicate any compliance concerns which may have been raised, or forthcoming projects that might affect suppliers, and Iceland’s compliance with GSCOP.

Iceland held its annual GSCOP compliance audit in March, to measure the business’ compliance with the Code, and to address any future changes that may be required. Any feedback from this audit is shared with the Trading Directors, the CCO and the Code team so that any changes can be agreed and implemented. This may include changes to the e-learning training, or specific department assistance

to ensure GSCOP compliance in relation to certain projects within the business. Iceland will include a copy of this report in its annual report submitted to the CMA and GCA.

Iceland has launched its supplier database for new suppliers, to assist the banking set up on its accounting system, and to enable the supplier to have access to the supply agreement via the database. This ensures that any queries a supplier may have on the standard terms and conditions, which forms the supply agreement, can be explained to them by the Legal team, from the outset of the trading relationship.

Iceland offers extended depot delivery windows to assist suppliers to deliver goods into its depots. Iceland acknowledges that the trading environment continues to be tough for its suppliers, and Iceland aims to be as flexible as possible to ensure that it receives the goods to get them into its stores for its customers. In light of this, Iceland continues to put on hold the late payment and supplier credit system (for late deliveries and late unloading respectively). When Iceland plans to implement this system, it will communicate it to all of its suppliers, with reasonable notice, as required under GSCOP.

Iceland has updated its supplier de-listing policy during the reporting period, to provide additional guidance to its Buyers on how to conduct the de-listing process in line with GSCOP. This includes an updated precedent written notice to provide to its suppliers, and an updated de-listing policy to ensure better cross departmental communication of de-listed lines.

Iceland aims for continual improvement to its internal compliance, and therefore appreciates all feedback from suppliers, whether made directly to Iceland or through the GCA, both of which help it to improve its understanding of any issues which the suppliers may have. Where the relevant supplier consents, any matters which have been raised with Iceland have been shared with the relevant senior team, and Iceland has taken on board this feedback, and aims to continue to improve its long-term relationships with its suppliers.

#### Work with the GCA

Iceland continually works with the GCA to monitor its GSCOP compliance, and to receive from, and share with, the GCA any feedback on GSCOP and on Code-related activities. Iceland has ensured that it is working in compliance with the GCA's Best Practice statement on forensic auditing. It is working to ensure that its transition to its new Northern Ireland depot is seamless for its suppliers (and with all reasonable notice given, as required by GSCOP, for any changes to the suppliers' delivery and payment arrangements). Iceland works with the GCA to respond to any queries the GCA may raise at its progress meetings, or to respond to any feedback that is shared from its suppliers within these meetings.

#### Actions

Iceland has invested in the way it works with its suppliers during the reporting period, and has focused on several key projects, which include:

- updated GSCOP e-learning training;
- the launch of its supplier database to improve access to its terms and conditions, supplier handbook and financial agreements, which together form the supply agreement;
- continued ongoing commitment to enter into longer term agreements with its key suppliers, to build long term partnerships with those suppliers; and
- continued improvement on its de-listing process with suppliers, where Iceland needs to reduce significantly the volume of goods, or to de-list those goods completely.

#### Forward Looking

With the implementation of the new deposit return scheme in Scotland in 2022, the implementation of the new HFSS legislation, and the unprecedented demands faced by retailers and suppliers over the reporting period (including increases in inflation, fuel costs, energy costs, and raw material costs), Iceland aims to continue to balance all of these factors, and to continue to foster mutually beneficial relationships with its suppliers in 2022-2023.