

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 2022/23 (which ran from 26 March 2022 to 24 March 2023), 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 no formal disputes 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 (“**CCO**”).

The report confirms that Iceland had eleven (11) 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 to the GCA as part of Iceland’s Progress Meeting reports. All eleven (11) reported breaches have been resolved and closed to the satisfaction of the supplier. 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).

The CCO is in an independent position from the Buying team and he can listen to complaints from suppliers on a confidential basis. There were no complaints reported to the CCO on a confidential basis during the reporting period.

Training

All new colleagues in the Buying Team have received their one-to-one new starter training within one month of their start date and have been given a copy of the Code.

All members of the Buying Team have been given a copy of the Code and have access to an online copy of the Code at all times. The Buying Team also have access to various training resources throughout the reporting period to include refresher training materials, the Iceland de-list policy, and Iceland’s terms and conditions of trade.

All members of the Buying Team receive bi-annual refresher GSCOP e-learning training each financial year, as well as ad-hoc one-to-one training, if required. The Legal team also hold a weekly GSCOP clinic where any colleague can approach them to ask GSCOP related queries. The Legal team is available to answer all queries at all times and not just on the GSCOP clinic day.

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 171 (one hundred and seventy one) 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, with more videos, and interactive training questions so that the colleagues are tested on their understanding of the Code for their day to day roles. Iceland encourages and uses all colleague feedback on the training 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 Legal also share all feedback from the GCA within these meetings, so that all teams are aware of the latest topics of investigation from the GCA.

In addition to the above, Iceland's CCO also attends weekly Trading Board meetings, and Iceland Legal attends the Trading team meeting on a monthly agenda to share all feedback from the GCA, and to learn of any key projects from the Trading team.

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 Legal 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 includes a copy of this report in its annual report submitted to the CMA and GCA.

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. Iceland has worked with the GCA and applied its guidance in relation to CPI requests from its suppliers. Iceland aims to respond to all supplier requests within the 30 day best practice timeframe set out by the GCA. Iceland aims to work with its suppliers to get the information needed to verify any increase in commodity prices, so that Iceland can support its suppliers and in turn give the best price to its customers.

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's CCO 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 continues to work with the GCA to meet the best practice guidance that is issued in relation to its supply agreements with suppliers, its recent mail merge to suppliers to update its terms and conditions of trade, and in relation to CPI requests. All feedback that is received from the GCA in relation to Iceland's practices with its suppliers, or any other area of the business is shared within the business, and Iceland strives to improve its relationships with its suppliers.

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;
- updated trading terms to reflect the current trading environment, and the subsequent amendments to its agreements with suppliers;
- updated supplier handbook to keep all documentation up to date and informative for its suppliers;
- updated technical policies to document any changes it has made in relation to its audit process;
- a link on the Buyers' emails so that it improves each supplier's access to its existing supply agreement;
- continued training and overall improvement on its de-listing process with suppliers, where Iceland need to reduce significantly the volume of goods, or to de-list those goods completely.

Forward Looking

With the continued unprecedented demands faced by retailers and suppliers over the reporting period (including increases in inflation, fuel costs, energy costs, and raw material costs), and the resultant multitude of CPI discussions it holds with its suppliers. Iceland aims to continue to balance all of these factors, and to continue to foster mutually beneficial relationships with its suppliers in 2023-2024.