

Press release: Ocado and B&M now bound by rules on treating suppliers fairly

This is due to the retailers' annual groceries turnover now exceeding £1bn.

The Groceries Supply Code of Practice (The Code) sets out how such grocery retailers should treat their suppliers and aims to make sure that they do not abuse their commercial power. For example, retailers bound by the Code cannot make changes to the terms of supply retrospectively and must provide notice of and reasons for no longer using a supplier.

Compliance with the Code is managed by the independent Groceries Code Adjudicator. The CMA regularly monitors UK retailers to see if they meet the criteria to be subject to the Code, as it only applies to those companies with an annual groceries turnover of more than £1bn.

The Code was created in 2009 following an investigation by the Competition and Market Authority's (CMA) predecessor, the Competition Commission (CC). The CC investigated the supply of groceries in the UK and found that some suppliers of larger retailers were being treated unfairly. This meant suppliers were less likely to innovate and invest, leading to less choice and availability for customers.

Peter Hill, Head of Remedies Enforcement at the CMA, said:

These rules mean that suppliers are protected from unfair business practices, and retailers can trade with confidence on a level playing field. Businesses supplying Ocado and B&M will now also benefit from this protection.

Other retailers subject to the Code are Asda Stores Limited, Co-operative Group Limited, Marks & Spencer PLC, Wm Morrison Supermarkets PLC, J Sainsbury PLC, Tesco PLC, Waitrose Limited, Aldi Stores Limited, Iceland Foods Limited, and Lidl UK GmbH.

Notes to editors

1. The CMA has designated Ocado and B&M Homestores under the Groceries (Supply Chain Practices) Market Investigation Order 2009, which means that they now need to comply with the Groceries Supply Code of Practice.
2. The CMA agreed with Government, as part of the Groceries Code Adjudicator Review, in February 2018, to formalise its current activities by reviewing publicly available information on an annual basis. Where there are reasonable grounds for suspecting that any retailer may have reached the turnover threshold specified in the Order, the CMA will request further evidence from it. This will allow the CMA to assess whether that retailer should be added to the list of designated retailers.

3. The Groceries Code Adjudicator Act, which created the GCA, came into force on 25 June 2013. The GCA is funded by a levy on regulated retailers with a UK annual turnover of more than £1bn.
4. Media enquiries should be directed to the CMA's press team: press@cma.gov.uk, or 020 3738 6460.