

# Tacon wants Tesco to review groceries code compliance

## WATCHDOG

BY EDDIE GILLANDERS

The groceries code adjudicator, Christine Tacon, yesterday added to the woes of Tesco by demanding that the supermarket group examine its behaviour towards suppliers as part of the company's internal review of accounting procedures.

The UK's largest supermarket group last week stunned the City by revealing that evidence had emerged that it had overstated its profits by £250million and that four senior executives had been suspended by new chief executive, Dave Lewis, pending an investigation.

In a speech to the groceries section of the Processing and Packaging Association in Birmingham, Ms Tacon said that she had been speaking to Tesco since last week's announcement.

"I have requested that compliance with the Groceries Supply Code of Practice is included in the scope of the internal investigation and I have been asked

the announcement in June that eight out of the 10 retailers covered by the code had agreed a voluntary commitment to time-limit such audits to two years.

"I have asked all the retailers to inform their suppliers about their forensic auditing policies," she said. "This is an example of how

I want to achieve swift progress by informal methods on issues faced by many suppliers.

But she added: "Let me be clear. I also have the power to carry out investigations and impose sanctions, including fines in the most serious breaches of the code."

Ms Tacon said it was vital that suppliers brought her hard evidence, such as fi-

nancial and contractual documentation and notes of conversations, to help her perform her role effectively. She gave an assurance that identities would be protected.

"I don't want to interfere in your commercial relationships with retailers,"

and other organisations and individuals with evidence about potential breaches of the code to bring that evidence to her.

"Without the evidence, I am powerless to act," she said. "Without a strong body of fact-based information, I can't launch an investigation and without detailed data any investigation I launch will not be able to prove any breach of the code has taken place."

Ms Tacon was appointed Britain's first grocery trade adjudicator last year following pressure from the UK farmers' unions who were concerned that the major supermarkets were too powerful and treating many of their suppliers unfairly. Such an appointment was recommended by the Competition Commission as far back as 2008. Her jurisdiction covers the 10 largest supermarkets in the country with a turnover of more than £1billion and her powers range from ordering retailers to change their practices to "naming and shaming" and ulti-

**"The GCA will take a decision on next steps based on the evidence"**



Christine Tacon

market group last week stunned the City by revealing that evidence had emerged that it had overstated its profits by £250million and that four senior executives had been suspended by new chief executive, Dave Lewis, pending an investigation.

In a speech to the groceries section of the Processing and Packaging Association in Birmingham, Ms Tacon said that she had been speaking to Tesco since last week's announcement.

"I have requested that compliance with the Groceries Supply Code of Practice is included in the scope of the internal investigation and I have been asked to be notified if Tesco starts to find practices which

might breach the code," she said. "The GCA will take a decision on next steps based on the evidence."

Ms Tacon also gave an update on her actions on forensic auditing following

progress by informal methods on issues faced by many suppliers.

But she added: "Let me be clear. I also have the power to carry out investigations and impose sanctions, including fines in the most serious breaches of the code."

Ms Tacon said it was vital that suppliers brought her hard evidence, such as fi-

nancial and contractual documentation and notes of conversations, to help her perform her role effectively. She gave an assurance that identities would be protected.

"I don't want to interfere in your commercial relationships with retailers," she said. "But if you know of a practice that is not only affecting you but is also likely to affect others, isn't that a justification to tell me so that I can take action? Give me the tools and I can do the job."

She added that she relied on suppliers, trade associ-

I launch will not be able to prove any breach of the code has taken place."

Ms Tacon was appointed Britain's first grocery trade adjudicator last year following pressure from the UK farmers' unions who were concerned that the major supermarkets were too powerful and treating many of their suppliers unfairly. Such an appointment was recommended by the Competition Commission as far back as 2008. Her jurisdiction covers the 10 largest supermarkets in the country with a turnover of more than £1billion and her powers range from ordering retailers to change their practices to "naming and shaming" and ultimately fining them 1% of turnover. She has no powers over price setting and can only intervene in direct dealings between retailer and supplier.

Tesco could be fined as much as £500million if found to be in serious breach of the code.