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ITV REPORT

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Tesco seriously breached industry code by delaying payments to suppliers, says report



long-awaited report by the Groceries Code Adjudicator has said.

A long-awaited report on the supermarket giant's practices revealed it had "intentionally

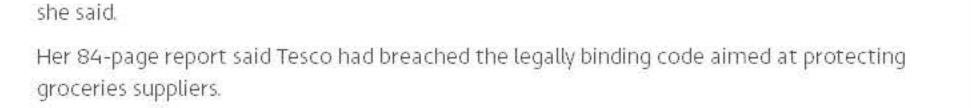
delayed" paying suppliers "in order to improve its own financial position".

One supplier was owed a multimillion-pound sum because of price changes being incorrectly

applied to Tesco systems.

The money was eventually paid back by Tesco more than two years after the incorrect charging had started, said the Adjudicator.

GCA Christine Tacon said she found delay in payments arising from data input errors, duplicate invoicing, deductions to maintain Tesco's margins and unilateral deductions.



"The sums were often significant and the length of time taken to repay them was too long,"

I found that Tesco knowingly delayed paying money to suppliers in order to improve its own financial position.

The length of delays, their widespread nature and the range of Tesco's unreasonable

practices and behaviours towards suppliers concerned me.

its profit overstatement.

after she launched her investigation.

I was also troubled to see Tesco at times prioritising its own finances over treating suppliers fairly.

- THE REPORT

Ms Tacon launched the investigation last February following Tesco's announcement about

Ms Tacon made a series of recommendations to stop the practices, saying the retailer should be more transparent in its dealings with suppliers.

recommendations.

Tesco has been given a four-week deadline to say how it plans to implement the

No financial penalty was imposed because this power was only given to the Adjudicator

Dave Lewis, Group Chief Executive Officer for Tesco, said the supermarket accepts the report's findings, which are consistent with their own investigation.

Tesco said it had reviewed the way it works with all of its 3,000 UK suppliers and as a result, implemented "14 significant initiatives to improve the way it works with suppliers and how it runs its business".

储 In 2014 we undertook our own review into certain historic practices, which were both

and publicly apologised. Today, I would like to apologise again. We are sorry...

Over the last year we have worked hard to make Tesco a very different company from the one described in the GCA report. The absolute focus on operating margin had damaging consequences for the business and our relationship with suppliers. This has now been fundamentally changed.

unsustainable and harmful to our suppliers. We shared these practices with the Adjudicator,

- DAVE LEWIS, GROUP CHIEF EXECUTIVE OFFICER



Tesco say they have changed their practices and I very much hope they have. Paying smaller

suppliers on time and treating them fairly is good and proper business. Late payment can hinder the growth and productivity of these suppliers and can threaten their existence.

– ANNA SOUBRY, BUSINESS MINISTER