

The Grocer

Sainsbury's drops behind Tesco for code compliance

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'I think from a trading point of view they have been having some difficult conversations with suppliers' Adjudicator Christine Tacon of Sainsbury's

Sainsbury's has fallen behind Tesco in the Groceries Code Adjudicator league table of compliance, with the Adjudicator claiming the retailer has been having "difficult conversations" with suppliers as part of a major range review ahead of its proposed Asda merger.

The table, based on the views of more than 1,000 suppliers, ranks Aldi top for the fifth year in a row, with 97% of suppliers saying it complied with the code consistently well or mostly well.

Tesco leapfrogged Sainsbury's into second place. The same proportion of suppliers said Tesco applied the code consistently or mostly well but it was beaten by Aldi because fewer gave it the higher rating.

But Tesco, which was the subject of an investigation by the Adjudicator after its 2014 profits black hole scandal, topped the table for the most improved retailer for compliance, with 36% of suppliers saying its behaviour had improved in the past year.

Sainsbury's dropped from second to fourth for compliance, falling behind Waitrose amid supplier concern over its proposed merger with Asda. It also follows a major range consolidation at the retailer under its Value Chain strategy.

Adjudicator Christine Tacon today told The Grocer she believed Sainsbury's had felt a backlash from suppliers who believed they had been treated "unfairly" by the retailer, but said she had no concerns over the retailer despite its fall down the table.

[Read more: Groceries Code Adjudicator to cover Amazon and Ocado within a year](#)

Asda climbed one place to come third from bottom. Tacon has previously told MPs that one benefit of the proposed merger could be Asda learning from the behaviour of Sainsbury's.

"I've got no concerns with the way Sainsbury's goes about it [code compliance]," she said.

"Sainsbury's is very interesting in that their code compliance officer is head of audit.

"I enjoy working with Sainsbury's because when you talk about something as an auditor they then go and have a look officially.

"I think from a trading point of view they have been having some difficult conversations with suppliers which haven't been done in a way suppliers have felt was fair."

A spokeswoman for Tesco said: "We're pleased our suppliers have recognised Tesco for a third successive year as the most improved retailer for code compliance in the Groceries Code Adjudicator's annual survey. Feedback from our supplier partners plays a vital role in helping us improve the way we operate, as we continue to build and develop long-term transparent relationships with our suppliers."

The table also saw good news for Morrisons, which was seen as the second most improved retailer for compliance and is now up to fifth place, having come last in 2016.

Morrisons group commercial director Darren Blackhurst said: "I think it's a good reflection of the progress we've made.

"Three years ago when I joined the business we quickly realised we had to change.

"We had a difficult and often highly transactional relationship with our suppliers. As with all change it started with listening."

Julie Ashfield, Aldi's MD of buying, said: "The cornerstone of our success in the UK has been the long-term partnerships forged with suppliers, so it's an honour for us to top the GCA's annual survey for the fifth year in a row.

"Since opening our first UK store more than 25 years ago, we have engaged in honest dialogue with suppliers to give them clarity and stability in their dealings with us.

"This builds long-term relationships and allows us to provide great products to customers and a fair deal to suppliers."

Iceland came bottom of the table for the second year running, although it saw a significant improvement in the proportion of suppliers who believed it was code compliant.

Tacon said the overall picture was one of "strong progress".

She said: "This year only four out of 10 suppliers reported having experienced a code-related issue - down from a high of eight out of 10 in 2014 and a huge improvement on 2017 when 56% of suppliers reported having experienced an issue."