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## **Procurement Code of Conduct**

### **Overview**

Here at Greggs, we believe in doing business in a way that has a 'positive impact on people's lives' and this is integrated into our business strategy at all levels.

Our values, commit us to being enthusiastic, open, honest and treating people with consideration and respect and we live these through all of our people and operations.

As part of this, we want to make our key principles clear and accessible to all so everyone can appreciate what we stand for.

### **What is the Code of Conduct?**

Based on the Groceries Supply Code of Practice, it is a set of principles that ensure we treat commercial contacts fairly and do not transfer excessive risks and costs onto Suppliers that in turn stifle innovation and growth.

#### **Principle of Fair Dealing**

Greggs will at all times deal with its Suppliers fairly and lawfully. Fair and lawful dealing will be understood as requiring the Greggs to conduct its trading relationships in good faith and in recognition of the need for certainty as regards the risks and costs of trading.

#### **Changes to supply chain procedures**

Greggs will not directly or indirectly require a Supplier to change significantly any aspect of its supply chain procedures during the period of a Supply Agreement unless Greggs either:

- Gives Reasonable Notice of such change to that Supplier in writing; or
- Fully compensates that Supplier for any net resulting costs incurred as a direct result of the failure to give Reasonable Notice.

#### **No delay in Payments**

Greggs will agree payment terms and commits to make all reasonable efforts to comply with this date. In the event of dispute this will be communicated immediately to ensure resolution in a reasonable timeframe.

<b>TITLE: Procurement Code of Conduct</b>				
Issue No. 02	Dated: 15/10/20	Cancels Issue No. 1	Dated: 29/07/20	Page 1 of 2



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**No obligation to contribute to marketing costs**

Unless provided for in the relevant Supply Agreement between the Greggs and the Supplier, Greggs will not, directly or indirectly, require a Supplier to make any Payment towards Greggs costs of:

- buyer visits to new or prospective Suppliers
- artwork or packaging design
- consumer or market research
- the opening or refurbishing of a store or
- hospitality for Greggs staff

**No payments for shrinkage**

Greggs will not include provisions in a supply agreement which makes a supplier liable for compensation for shrinkage – That is, losses that occur after groceries are delivered to Greggs premises through theft, loss or accounting error.

**Payments for Wastage**

Greggs will not directly or indirectly require a Supplier to make any payment to cover any Wastage of that supplier's products incurred after delivery unless:

- such wastage is due to the negligence or default of that supplier and the relevant supply agreement sets out expressly and unambiguously what will constitute negligence or default on the part of the supplier; or
- the basis of such payment is set out in the supply agreement.

**Limited circumstances for Payments as a condition of being a Supplier**

Greggs will not directly or indirectly Require a Supplier to make any Payment as a condition of stocking or listing that Supplier's products unless such Payment:

- is made in relation to a Promotion; or
- is made in respect of products which have not been stocked, displayed or listed by Greggs a stated time period in a certain number of stores.

**Compensation for forecasting errors**

Greggs will reasonably compensate a Supplier for any cost incurred by that Supplier as a result of any forecasting error in relation to products and attributable to Greggs unless:

- that Greggs has prepared those forecasts in good faith and with due care, and following consultation with the Supplier
- the Supply Agreement includes an express and unambiguous provision that full compensation is not appropriate.
- Greggs must ensure that the basis on which it prepares any forecast has been communicated to the Supplier.

<b>TITLE: Procurement Code of Conduct</b>				
Issue No. 02	Dated: 15/10/20	Cancels Issue No. 1	Dated: 29/07/20	Page 1 of 2



*Everyday tastes good™*

**No tying of third-party goods and services for payment**

Greggs will not directly or indirectly Require a Supplier to obtain any goods, services or property from any third party where that Greggs obtains any Payment for this arrangement from any third party, unless the Supplier's alternative source for those goods, services or property:

- fails to meet the reasonable objective quality standards
- charges more than any other third party recommended by that Greggs for the supply of such goods

**No Payments for better positioning of goods unless in relation to promotions**

Greggs will not directly or indirectly Require a Supplier to make any Payment in order to secure better positioning or an increase in the allocation of shelf space for any products of that Supplier within a store unless such Payment is made in relation to a Promotion.

**Promotions**

Greggs will not, directly or indirectly, require a Supplier predominantly to fund the costs of a Promotion.

Where Greggs directly or indirectly requires any Payment from a Supplier in support of a Promotion of one of that Supplier's products, Greggs will only hold that Promotion after Reasonable Notice has been given to that Supplier in writing.

**Due care to be taken when ordering for Promotions**

Greggs will take all due care to ensure that when ordering goods from a Supplier at a promotional wholesale price, not to over-order, and will compensate that Supplier for any goods overordered and which it subsequently sells at a higher non-promotional retail price.

**No unjustified payment for consumer complaints**

Greggs cannot require a Supplier to make Payment for resolving complaints except where the complaint is justifiable (e.g. negligence) and the payment doesn't exceed the retail price of the product.

<b>TITLE: Procurement Code of Conduct</b>				
Issue No. 02	Dated: 15/10/20	Cancels Issue No. 1	Dated: 29/07/20	Page 1 of 2



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### **Supporting Elements**

These principles are included within all of our relevant internal processes.

We will review the principles and adherence to them on an annual basis.

### **Signatory**

<b>Signature:</b>	
<b>Name:</b>	Malcolm Copland
<b>Title:</b>	Commercial Director
<b>Date:</b>	29.07.2020

**TITLE: Procurement Code of Conduct**

Issue No. 02

Dated: 15/10/20

Cancels Issue No. 1

Dated: 29/07/20

Page 1 of 2