

WOOLWORTHS CODE ARBITER

ANNUAL REPORT FINANCIAL YEAR ENDED 30 JUNE 2024

This Report is provided pursuant to clause 36D of the Food and Grocery Code of Conduct by Helen McKenzie, Code Arbiter for Woolworths.

Number of formal complaints received for investigation in the financial year

None

Number of complaints in respect of which a recommendation under subclause 36(4) was made

None

Information provided by Woolworths under clause 27B in relation to price increase

Attached is a report provided by Woolworths dated 29 July 2024.

Informal complaints/issues

Although, as in previous years, no formal complaints were made to me under the Code, I was busy dealing with a number of matters raised with me by suppliers under the informal dispute resolution process introduced last year. Last year I reported that the response from suppliers to the expanded role of the Code Arbiter through the informal dispute resolution process (which was introduced in June 2022) had been positive and I predicted that supplier engagement with the process would continue to increase.

This has proved to be the case and during this year an increased number of suppliers raised matters under the informal process.

The concerns raised with me by suppliers have been varied ranging from price increases, product ranging and delisting decisions and trading terms:

In one matter, a supplier raised a concern about Woolworths' response to the supplier's notification of a price increase. The supplier believed that Woolworths did not act in good faith in not accepting the price increase while Woolworths believed that it had acted in accordance with the Code. I discussed the issues separately with the supplier and Woolworths and then conducted a mediation between the parties which resulted in the parties successfully negotiating a resolution of the issues.

In another matter, after investigating a supplier's complaint about the circumstances in which its products were delisted and the financial impact on the supplier, I recommended that Woolworths make a significant payment to the supplier by way of compensation. Woolworths accepted my recommendation and the supplier was very satisfied with the outcome.

In another matter, a supplier raised a concern about its trading terms which it believed were unreasonable. I facilitated discussions between the supplier and Woolworths which resulted in Woolworths offering more favourable commercial terms to the supplier.

In addition to these matters, I spoke with many suppliers over the course of the year to explain the Code and the avenues available to them if they wished to pursue their concerns. In some cases, a supplier just wanted an opportunity to air their complaint and feel 'listened to'; in other cases they wanted informal advice on how they should raise issues with Woolworths and to understand their options should the issue remain unresolved.

I would like to acknowledge and thank Woolworths for its cooperation and assistance in resolving all of the matters that have been raised through the informal dispute resolution process.

Supplier feedback

Most of the suppliers who contact me continue to be small suppliers. While in previous years I have reported a widespread reluctance by suppliers to raise issues with Woolworths or to authorise me to identify them to Woolworths or raise their complaint with Woolworths, I think this is slowly changing and more suppliers have been prepared to authorise me to identify them to Woolworths in order for their complaint to be addressed.

Overall, I received less feedback this year that suppliers are fearful of retribution or retaliation for raising a complaint.

While the media coverage and political debate over the last year about, among other things, the effectiveness of the protections in the Code for suppliers may have given suppliers more confidence to raise their concerns, the introduction by Woolworths of its Complaints Integrity Policy may also have been a factor. The Complaints Integrity Policy makes clear Woolworths' commitment at the highest level, to ensuring that no supplier is subject to any adverse treatment or consequences as a result of raising a Code related complaint or concern, whether formally or informally.

A common theme in feedback from suppliers this year has been concern at the approach Woolworths is taking to cost increase notifications by suppliers as Woolworths deals with consumer concerns over price increases. The tension between a supplier's need to pass on its cost increases to the retailer and the pressure on the retailer to not pass on such increases to consumers is likely to continue to cause supplier concerns.

Looking forward

Importantly, as well as actively engaging with suppliers as much as possible, I have continued to regularly communicate with Woolworths buyers and senior management to increase my understanding of industry issues in general and Woolworths practices and procedures affecting suppliers in particular. I meet on a regular basis with senior leaders in the Supermarket business to provide feedback on general issues affecting suppliers.

This year I also met with Dr Emerson and his team in relation to his review of the Code and I am hopeful that the proposed changes to the dispute resolution processes under the Code, including in relation to the role of Code Arbiter, lead to more effective dispute resolution processes for suppliers. I look forward to the implementation of these changes.



Helen McKenzie
Woolworths Code Arbiter

8 August 2024

Woolworths FY24 Report to Code Arbiter Information about Price Increases

29 July 2024

In accordance with clause 27B of the *Competition and Consumer (Industry Codes - Food and Grocery) Regulation 2015 (Food and Grocery Code)*, Woolworths Group Limited (**Woolworths**) produces this report to the Code Arbiter. The report contains information about supplier price increase negotiations during the period from **1 July 2023 to 30 June 2024 (FY24)**.

The Code Arbiter must include any information given to her by Woolworths under clause 27B (information about price increases) in a written annual report to be provided to the ACCC, the Independent Reviewer and Woolworths (**Code Arbiter Report**) within 30 business days after the end of the financial year. Woolworths must publish the Code Arbiter Report within one business day of receiving the report.

The Woolworths' information required to be produced pursuant to subclauses 27B(a)-(e) of the Food and Grocery Code is reported **below**.

(a) the total number of notifications given under sub clause 27A(2) by the retailer or wholesaler to any supplier during the financial year

Woolworths gave **1,051** notifications (**Retailer Notifications**) in response to being informed of a price increase by its suppliers (**Price Increase Request**). Where multiple notifications have been provided to a single supplier in respect of different categories of products, these have been reported as separate individual Retailer Notifications.

(b) the number of those notifications that were not given within the 30-day period required by that subclause

All Retailer Notifications were given within the required 30-day period.

(c) the total number of negotiations entered into during the financial year following requests made under sub clause 27A(3)

Suppliers requested negotiations (**Negotiation Request**) in respect of **707** of the 1,051 Retailer Notifications.

(d) the number of those negotiations in which the retailer or wholesaler did not conclude its position on the negotiations within the period of 30 days starting on the day (the notification day) the retailer or wholesaler was notified of the relevant proposed price increase by the supplier

592 Negotiation Requests were not concluded within 30 days of the Price Increase Request.

(e) for each of the negotiations to which paragraph (d) applies, the number of days the retailer or wholesaler took to conclude its position on the negotiations starting from the notification day for the relevant proposed price increase

We have set out below a breakdown of negotiation lengths for the resolved **548** Negotiation Requests that exceeded 30 days of the Price Increase Request. In addition, **44** Negotiation Requests received in FY24 are still to be resolved as at 30 June 2024.

6 negotiations took 31 days	5 negotiations took 60 days	1 negotiation took 89 days
1 negotiation took 32 days	4 negotiations took 61 days	3 negotiations took 90 days
12 negotiations took 33 days	7 negotiations took 62 days	7 negotiations took 91 days
6 negotiations took 34 days	11 negotiations took 63 days	1 negotiation took 92 days
9 negotiations took 35 days	13 negotiations took 64 days	3 negotiations took 93 days
11 negotiations took 36 days	5 negotiations took 65 days	3 negotiations took 94 days
2 negotiations took 37 days	4 negotiations took 66 days	2 negotiations took 95 days
9 negotiations took 38 days	16 negotiations took 67 days	2 negotiations took 97 days
4 negotiations took 39 days	8 negotiations took 68 days	2 negotiations took 98 days
8 negotiations took 40 days	8 negotiations took 69 days	2 negotiations took 99 days
5 negotiations took 41 days	14 negotiations took 70 days	2 negotiations took 100 days
11 negotiations took 42 days	10 negotiations took 71 days	1 negotiations took 102 days
3 negotiations took 43 days	13 negotiations took 72 days	1 negotiations took 103 days
15 negotiations took 44 days	3 negotiations took 73 days	2 negotiations took 105 days
8 negotiations took 45 days	5 negotiations took 74 days	1 negotiation took 109 days
6 negotiations took 46 days	3 negotiations took 75 days	3 negotiations took 112 days
6 negotiations took 47 days	13 negotiations took 76 days	1 negotiation took 114 days
2 negotiations took 48 days	20 negotiations took 77 days	1 negotiation took 120 days
15 negotiations took 49 days	11 negotiations took 78 days	1 negotiation took 125 days
10 negotiations took 50 days	15 negotiations took 79 days	2 negotiations took 126 days
3 negotiations took 51 days	15 negotiations took 80 days	1 negotiation took 131 days
3 negotiations took 52 days	10 negotiations took 81 days	1 negotiation took 137 days
5 negotiations took 53 days	14 negotiations took 82 days	1 negotiation took 139 days
8 negotiations took 54 days	16 negotiations took 83 days	1 negotiation took 157 days
2 negotiations took 55 days	30 negotiations took 84 days	1 negotiation took 159 days
13 negotiations took 56 days	5 negotiations took 85 days	1 negotiation took 163 days
17 negotiations took 57 days	2 negotiations took 86 days	1 negotiation took 175 days
2 negotiations took 58 days	3 negotiations took 87 days	1 negotiation took 200 days
6 negotiations took 59 days	8 negotiations took 88 days	