

Media Release

coles | Value the Australian way

1 December 2020

Coles Appoints Jeff Kennett as Independent Arbiter Under Food and Grocery Code

Dispute resolution model pioneered by Coles now standard across supermarket sector

Coles has appointed former Victorian Premier the Hon. Jeff Kennett, AC, to oversee compliance with the Food and Grocery Code of Conduct, as part of an industry-wide rollout of the independent dispute resolution model pioneered by Coles in the Australian market.

The appointment builds on the role Mr Kennett has played as an independent arbiter under Coles' Supplier Charter since 2014, under which unresolved disputes between Coles and suppliers could be escalated to Mr Kennett for investigation, with Coles bound by any resulting decisions including payment of up to \$5 million.

Coles was the first Australian supermarket retailer to adopt this independent arbitration process to help resolve commercial disputes, and was also instrumental in the creation of the Food and Grocery Code, becoming a foundation signatory in 2015.

In an independent review of the Code, former ACCC Chairman Graham Samuel said in 2018 that Coles' independent arbitration process had been praised by suppliers for its "focus on obtaining a remedy for the supplier, with binding decisions on Coles for payment of compensation or changes to the supplier's contracts,"¹ and recommended the Code be amended to require all signatories to implement a similar process².

The Federal Government accepted the recommendation and has now amended the Code to require all signatories to appoint an independent arbiter and grant them authority to enter into agreements with suppliers to settle disputes relating to the Code up to \$5 million.

Coles Group Chief Commercial Officer Greg Davis said the work Mr Kennett had done as independent arbiter for Coles since 2014 had been instrumental in transforming Coles' relationships with suppliers.

"We're committed to dealing fairly with our thousands of suppliers, and in cases where we haven't been able to resolve issues internally, our suppliers know that Jeff is there as a fair, independent and confidential point of escalation who will sort things out," he said.

Mr Kennett said the adoption of the independent arbitration model was a step forward for the entire supermarket sector and its relationships with suppliers.

"I thank Coles and the Australian Government for putting in place a non-legalistic system that Coles has had in place for a number of years now, that can quickly and confidentially deal with, and in the vast majority of cases resolve, disputes between suppliers and supermarkets," he said.

"The past five years of working with Coles has established that this process not only works, but it can lead to substantial changes in the way a supermarket deals with its suppliers. Given that so many of the suppliers to supermarkets are small in size, a commonsense approach in evaluating and resolving any dispute is to be welcomed."

For further information, please contact

Coles Media Line (03) 9829 5250 or media.relations@coles.com.au

¹ p.37, <https://treasury.gov.au/sites/default/files/2019-03/Independent-review-of-the-Food-and-Grocery-Code-of-Conduct-Final-Report.pdf>, p.37

² As above, p.42