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for Environment,
Food & Rural Affairs

Agricultural Supply Chain Adjudicator (ASCA)

Second annual report

1 July 2025 to 30 June 2026

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We are responsible for improving and protecting the environment. We aim to grow a green economy and sustain thriving rural communities. We also support our world-leading food, farming and fishing industries.

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Contents

1: Foreword from Richard Thompson (ASCA) 4

2: Executive summary 6

3: Background 7
- 3.1: The milk sector 8
- 3.2: The pig sector 9

4: Strategic objectives 10
- 4.1: Promote fairness in supply chain relationships 11
- Case Study A: ASCA in-confidence channel 12
- 4.2: Enforce compliance with regulations 13
- Case Study B: supporting compliance through proactive sector engagement 14
- 4.3: Support behavioural change across the sector 16
- 4.4: Build confidence through transparency and accountability 19
- 4.5: Provide a trusted and accessible complaints process 21
- Case study C: providing a trusted and accessible complaints process 22
- 4.6: Inform future policy development 23

5: Looking ahead 24
- 5.1: End of the transition period for FDOP 24
- 5.2: Closer cooperation with the Groceries Code Adjudicator (GCA) 24
- 5.3: Fair Dealing Obligations Regulations in the egg sector 25

6: Going further 26

1: Foreword from Richard Thompson (ASCA)

I am delighted to introduce the second annual report of the Agricultural Supply Chain Adjudicator (ASCA). This annual report provides observations and reflections from the ASCA office over the last year, our activity and the key challenges and opportunities we have identified in the Pig and Dairy sectors.

At the time of preparing and publishing this report in late 2026, the UK Milk and Pig sectors have both experienced turbulent market conditions over much of the year. Pressure from oversupply and falling global commodity prices have continued to depress the price farmers have received for their produce, coupled with rising input costs, the impact of global shocks to fuel and fertiliser, and a sustained period of hot weather and drought.

Against this backdrop, many Dairy and Pig processors have introduced new measures that attempt to better manage and control the volume of milk and pigs being supplied into their businesses. Producers often understand the rationale behind such measures – but it also risks introducing additional complexity to trading relationships at a time when producers are already under considerable pressure. A common theme to my engagement in both sectors throughout the year has been the challenge of introducing new measures in a way that provides producers with the appropriate opportunity to ask questions, raise issues and negotiate appropriate outcomes. I have seen examples where this has been done well – but also examples where producers have felt under pressure to accept complicated new contractual arrangements without opportunity to fully explore and understand the potential implications.

More than ever, it is apparent that strong, effective communication is at the heart of establishing positive, resilient and sustainable supply relationships. When producers tell me they value their supply relationships, it is always in cases where they feel listened to, respected and understood. Issues will inevitably arise in commercial relationships, and the answers will not always be welcome, particularly during times of falling margins and returns. But it is important to remember that a key sign of a healthy working relationship is where problems can be aired and discussed in the open.

Therefore, it is disappointing to note that many producers continue to report to my office that they have a reluctance to raise issues with their buyer, for fear of reprisals or, ultimately, losing their contract. This shows there is still much more to do to give producers the confidence to come forward and raise their concerns.

Whilst these are challenging conditions for UK agriculture, the ASCA has continued its work to support supply chain fairness across the sectors subject to its regulatory oversight. This report marks a significant milestone in our journey, covering the second full year (1 July 2025 to 30 June 2026) of the ASCA Office's operation. The ASCA was initially established to enforce The Fair Dealing Obligations (Milk) Regulations 2024 (FDOM), but the ASCA's remit has now expanded to include The Fair Dealing Obligations (Pigs) Regulations 2025 (FDOP).

Our first year of operation focused on establishing our office and team, with our second year building on this by focusing on expanding awareness of FDOM and FDOP, providing advice, supporting positive outcomes in the Dairy sector, and building effective relationships with industry partners in the Pig sector.

The FDOM and FDOP Regulations do not, of course, regulate prices – global and local factors affecting supply and demand will continue to be the key drivers impacting changes to the prices processors pay. However, the regulations do introduce important obligations on milk and pig processors to ensure transparency and fairness in how price changes are implemented in accordance with contractual obligations. These will provide substantial new benefits to producers, including an enhanced exchange of information across the supply chain, which will in turn help producers be in a better place to mitigate market shocks.

I will continue to engage with all parties across the sectors covered by the FDOM and FDOP regulations to better understand market developments, listen to concerns, and ensure that the additional protections implemented by the regulations are adhered to by industry.

To this end, if you believe someone has behaved in a manner that is contrary to the regulations, or if you have any concerns or questions you would like to discuss, I encourage you to reach out to my office.

You can contact my office directly at asca@defra.gov.uk, or through our in-confidence channel asca-in-confidence@defra.gov.uk.

I look forward to continuing successful and productive engagements across the Milk and pig sectors over the coming year.



Richard Thompson

Agricultural Supply Chain Adjudicator
November 2026

2: Executive summary

This annual report outlines the ASCA's progress during its second year supporting the Dairy and Pig sectors. Building on the momentum in the ASCA's first year of operation, over the past year the ASCA team has continued to prioritise building trust and confidence across supply chains. This activity has focused on engaging extensively with producers, processors, retailers and trade bodies across the UK to help strengthen the visibility of the ASCA office and increase understanding of the ASCA's remit and role. Together, these activities have raised awareness of The Fair Dealing Obligations Regulations, informed policy development, and helped build confidence in the fairness and transparency of milk and pig sector supply chains.

During the reporting period, the ASCA received one formal complaint and handled 15 referrals through the ASCA's in-confidence channel. As set out in the ASCA's first annual report published last year, producers have continued to report a reluctance to raise any issues they may have as a formal complaint for fear of potential reprisals from the businesses they supply. In this context, it is positive to see an increasing willingness to use the ASCA's 'in-confidence' channel to raise issues. As a result, the ASCA has been able to provide informal advice and support to both producers and processors, securing changes to contractual terms and improving supply chain behaviours as a result. Increased use of the in-confidence channel has also demonstrated the positive role the ASCA can play in helping to resolve disputes before they become more entrenched, helping avoid relationships between producers and processors breaking down.

The ASCA's key engagement activities over the reporting period include:

- 12 speaking engagements and sector briefings
- 6 agricultural shows
- 8 visits to individual producers and processors
- numerous online and in-person meetings with producers, processors, industry bodies and stakeholder groups
- presented evidence to the parliamentary Environment, Food and Rural Affairs (EFRA) Committee on their inquiry into 'Fairness in the Supply Chain', alongside the Groceries Code Adjudicator (GCA)

The ASCA has shared the intelligence and insights it has gathered over the year with the Dairy and Pig sectors through the ASCA's industry roundtables, as well as with relevant policy teams in Defra. This report summarises progress, presents stakeholder insights and sets out the ASCA office's strategy as its remit continues to expand to cover additional agricultural sectors.

3: Background

The UK government remains committed to building a more sustainable and resilient food system – one that promotes fairness, regulatory certainty, and sectoral growth. The Agriculture Act 2020 introduced Section 29, 'Fair Dealing' powers, which authorises the Defra Secretary of State to regulate contractual practices between agricultural producers and processors. The government has pursued a sector-by-sector approach to introducing these powers, leading to regulations that address specific issues. The Fair Dealing Obligations (Milk) Regulations 2024 (FDOM), applying to the UK Dairy sector, were the first use of these powers. Since then, Fair Dealing powers have been expanded to the pig sector through The Fair Dealing Obligations (Pigs) Regulations 2025 (FDOP).

FDOP came into force on 13 August 2025, with all new contracts being required to comply with the new regulatory requirements from this date, and a 12-month transition period requiring all pre-existing contracts to be made fully compliant with the regulations by 13 August 2026. These new rules help ensure fairer and more consistent relationships between producers and processors, through enhanced protections against unfair practices, and providing more control over how producers sell their pigs.

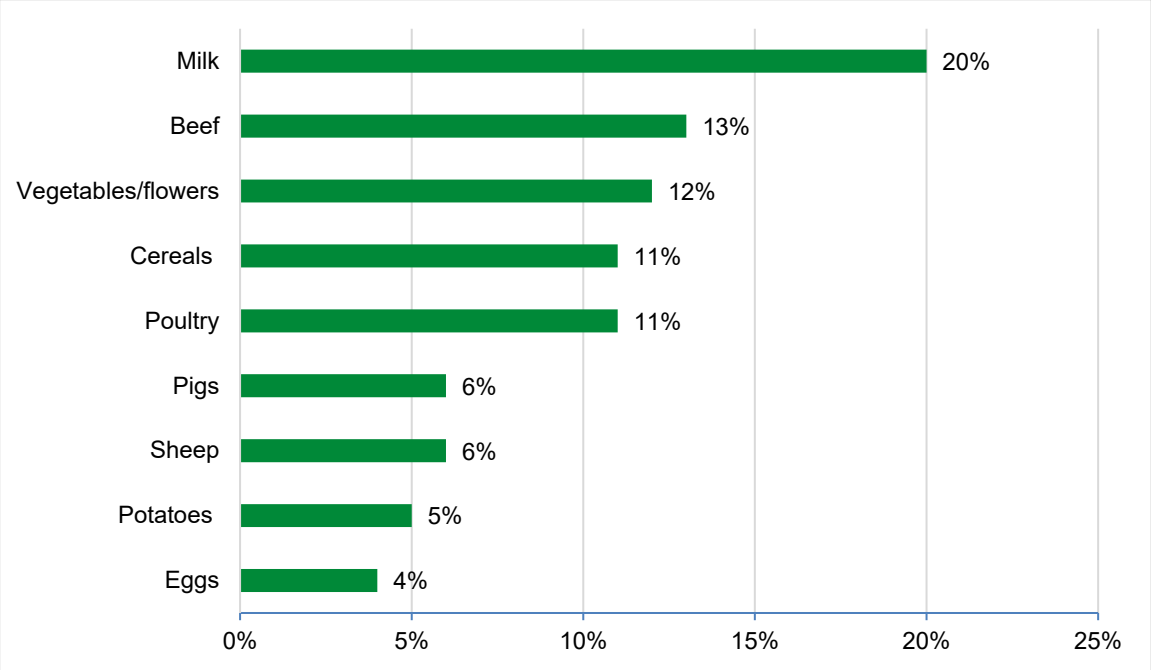
Since the ASCA's first annual report published in December 2025, in addition to FDOP, the UK government has taken further steps to help reduce unfair supply chain practices. For example, findings from the Farming Profitability Review conducted by Baroness Batters highlighted support for The Fair Dealing Obligations Regulations and the role of the ASCA office in enforcing clear and accessible contracts between producers and processors.

However, the review also highlighted concerns that the distinct roles of the GCA and the ASCA could lead to missed opportunities to share information and work together to promote fairness across the whole food supply chain. Since then, the UK government acted to transfer sponsorship of the GCA from the Department for Business and Trade to Defra on 1 July 2026, supporting greater information sharing and joint working between the GCA and ASCA to enable a more joined-up approach to fairness across the whole agri-food supply chain. The GCA will continue to monitor compliance and enforce the Groceries Supply Code of Practice (GSCOP), which continues to be owned by the Competition and Markets Authority, and which regulates the relationship between large retailers designated under the code and their direct suppliers.

3.1: The milk sector

For the last 2 years, the UK has been the world's 11th largest milk producer, and the fifth largest in Europe behind Germany, France, Turkey and Poland.

Figure 1: Value of UK crop and livestock products (percentage) in 2024



The Milk sector is the UK's largest agricultural sector with raw milk production in 2024 valued at £6.3 billion, accounting for 20% of the UK's total agricultural output, an increase of 1% since 2020. This was followed by beef (£4.6 billion, 13%) and vegetables and flowers (£3.7 billion, 12%).

UK milk production is worth around £7 billion annually at farm level. In the calendar year 2025, UK farmers produced approximately 15.8 billion litres of milk with an average farm-gate value of 44 pence per litre (ppl) although actual prices decreased significantly towards the end of 2025. The value of the sector increases substantially once milk is processed and marketed as liquid milk, cheese, butter, yoghurt and other dairy commodities.

Despite dry conditions impacting forage growth, early 2025 saw record levels of UK milk production combined with positive farm-gate milk prices (FGMPs), helping to drive up sector profitability. However, toward the end of the 2025, dairy commodity values fell sharply as global milk supply increased to exceed demand, leading UK FGMPs to fall some 20 to 30% through Quarter 4 of 2025 and Quarter 1 of 2026.This placed farm margins under pressure, with many producers reporting FGMPs dropping below the cost of production.

While prices started to recover into mid-2026, producers continued to experience significant cost pressures due to increasing fuel and fertiliser prices, alongside increasingly hot and dry conditions negatively impacting milk yields, milk quality and fertility.

3.2: The pig sector

The pig sector's output is valued at £1.8 billion, representing 6% of the UK's total agricultural output. In 2024, the UK was the world's 18th largest pig meat producer, and the eighth largest in Europe, behind Spain, Germany, France, Poland, the Netherlands, Denmark and Italy.

The pig sector has been facing a period of significant difficulty since late 2025. A combination of increased production in recent years, changing consumer patterns and wider pressures in the European pork markets has resulted in an excess supply of pork across parts of the sector, leading to processors seeking to reduce pig numbers and some producers, particularly independent producers, receiving termination notices under their contracts.

Defra reported that total livestock output increased by £2.1 billion (+10%) in 2025 compared with 2024. Defra statistics also show that the total number of pigs in the UK increased by 0.5% to 4.7 million animals in 2025, although the breeding herd decreased by 3.3% to 316,000 animals.

Market conditions weakened into 2026, with the UK Agriculture Market Monitoring Group reporting that the Great Britain Standard Pig Price was 14% lower in June 2026 than in June 2025. Producer margins also came under increasing pressure, with quarterly estimates for Quarter 2 of 2026 indicating a net margin of -£20.44 per slaughter pig, while feed remained the largest production cost, accounting for around 60% of total costs. These indicators point to increased financial pressures for pig producers during the latter part of the reporting period.

4: Strategic objectives

The ASCA's work continues to be guided by six key objectives, which provide the framework for delivering fair, transparent and accountable agricultural supply chains.

Table 2: ASCA’s strategic objectives

Strategic objective	Purpose
Promote fairness in supply chain relationships.	Ensure contracts are fair, transparent and compliant with the regulations.
Enforce compliance with regulations.	Monitor and enforce compliance using proportionate, evidence-based action.
Support behavioural change across the sector.	Promote best practice and responsible trading behaviours across the sector.
Build confidence through transparency and accountability.	Publish findings and engage with stakeholders to maintain trust in the ASCA's work.
Provide a trusted and accessible complaints process.	Offer a user-focussed, confidential and impartial route for producers to raise concerns.
Inform future policy development.	Use evidence and sector insights to support Defra in developing future Fair Dealing Obligations Regulations.

To support delivery of these objectives, the ASCA is guided by four core values that underpin its approach across all areas of its work.

Table 3: ASCA's core values

Core value	What this means
Impartial	We act independently and fairly.
Trusted	We operate with transparency and integrity.
User-focused	We provide accessible and responsive services.
Evidence-based	We make decisions grounded in evidence and the regulations.

4.1: Promote fairness in supply chain relationships

A central objective of the ASCA is to promote fairness in supply chain relationships by ensuring that contractual relationships between producers and processors are fair, lawful and transparent. The ASCA does this through a combination of formal enforcement powers, proportionate case handling, confidential engagement, creation and provision of guidance and wider stakeholder dialogue.

Key activities which the ASCA undertook to enhance fairness and open dialogue over the last year included hosting a second Milk sector roundtable, engaging a diverse range of Dairy and Pig sector stakeholders, and attending agricultural shows and events across the UK to carry out formal and informal engagement and awareness building. These events have enabled farmers, union representatives, and other stakeholders to ask questions and raise issues relating to FDOM and FDOP.

The ASCA acted upon feedback from its first milk survey commissioned last year which highlighted a lack of confidence in understanding whether issues were covered by FDOM or not. In addition to guidance published on the ASCA's gov.uk webpage, the ASCA hosted a Defra Farming Podcast, with guests from a processor organisation and the National Farmers' Union (NFU). Crucially, the discussion addressed concerns that farmers may be reluctant to raise issues for fear of damaging commercial relationships, promoting the ASCA's in-confidence channel and reassuring listeners that concerns can be raised informally and anonymously.

By sharing real examples of where concerns raised with the ASCA has led to positive action being taken, such as revised contracts and behavioural changes by processors, the ASCA has been able to demonstrate the support it can offer to the sector. The ASCA office has also set out to emphasise through its communications that producers do not need a fully formed formal complaint before contacting the ASCA, with the podcast helping to demonstrate that FDOM is relevant to day-to-day contractual issues.

Alongside the wider engagement methods mentioned above, the 'ASCA in-confidence' channel continues to be an important way for stakeholders to raise concerns without immediately entering a formal complaints process. This route is particularly valuable where producers or their representatives are concerned about sensitivity, anonymity or possible impacts on their commercial relationships, as shown in case study A below.

Case Study A: ASCA in-confidence channel

What was the issue?

A dairy Producer's Representative contacted the ASCA office through the ASCA's 'in-confidence' channel, ensuring all interactions on the issue were treated anonymously. The Producer reported they supplied a dairy Processor who had introduced a new A/B pricing mechanism in its contract alongside restrictions on supplying other processors. The Representative believed the contract was effectively an exclusive agreement as a result of these restrictions and, as such, may be contrary to the requirements of the regulations if it included 'tiered' A/B pricing; as this is only permitted by FDOM within non-exclusive contracts with regular (non-cooperative) processors.

In practical terms, the concern was that the proposed wording could restrict producers' commercial choices while also applying a pricing structure that is only permitted in non-exclusive arrangements. The Representative wanted to highlight the issue with the ASCA office but made it clear the Producer did not wish to raise a formal complaint at this stage. The Representative also shared a copy of the proposed contractual changes the Producer had received with ASCA.

What did the ASCA office do?

The ASCA office proposed that it raise the Producer's concerns with the Processor anonymously, tailoring its engagement to discuss the core contractual issues without identifying the Producer. The ASCA office agreed this approach with the Producer and their Representative in advance. Upon engaging the Processor, the ASCA office explained it had received anonymous concerns about the proposed changes to contracts, with a meeting then being set up to constructively discuss these issues.

The Processor explained they had taken legal advice on the proposed changes to ensure they were compliant with the FDOM Regulations, but the ASCA office raised challenges where the contract could potentially be problematic and highlighted the impact this could have on producers.

Through the ASCA outlining these challenges, it became apparent that the terms of the proposed contract went further than the Processor had originally intended. The Processor agreed to revise the contract and take further legal advice to ensure that its proposed approach was in line with the regulations.

What was the result?

As a direct result of the ASCA office's intervention, the Processor revised and reissued its proposed contractual changes to ensure they were compliant with the FDOM regulations. As part of this, the Processor directly took on board the ASCA office's feedback, making clear that while tiered pricing was to be retained to help manage volumes, the contract was

non-exclusive and that producers had the opportunity to supply other processors with surplus milk.

For the Producer, the outcome meant they had more reassurance that their contract was compliant with the regulations, and their initial concerns had been dealt with. Vitally, this was achieved without the Producer being identified to the Processor. This also provided a positive outcome for the Processor as, by being open to a collaborative approach to discuss the issue with the ASCA office, the Processor was able to propose a suitable solution and, in turn, avoid the risk of a formal complaint being raised.

4.2: Enforce compliance with regulations

The Fair Dealing Obligations Regulations provide the ASCA with significant enforcement powers to investigate formal complaints, require evidence, determine whether a breach has occurred and, where appropriate, require a processor to pay compensation, a civil penalty, or both. During an investigation, processors are legally required to cooperate with the ASCA, and the Adjudicator will gather documentary evidence, witness evidence and other relevant information before reaching a decision. Final decisions can be appealed through the first-tier tribunal.

While these powers are an important component of the regulatory framework, the ASCA has consistently emphasised that effective regulation is not measured solely by using formal enforcement action. Rather, the existence of meaningful enforcement powers provides a strong incentive for compliance and supports constructive engagement between producers, processors and the regulator. Furthermore, the ASCA endeavours to find alternative methods to resolving disputes early before they require formal enforcement measures, which can help provide more cost and time effective outcomes for all parties.

During the current reporting period, the ASCA's approach to enforcing compliance has been characterised by proportionate intervention, early engagement and practical problem-solving. Although formal enforcement powers were not exercised during the reporting period, the ASCA remained clear that it would not hesitate to use them where circumstances justified such action.

The absence of formal enforcement action should therefore not be interpreted as a lack of regulatory impact. Rather, it reflects the degree of influence and credibility the office has established across the sector to influence positive change. The ASCA has worked proactively with producers and processors to address concerns before they escalated into formal disputes, helping to retain positive supply relationships going forward while ensuring contractual arrangements complied with the regulations.

The case study below offers an example of the ASCA’s role in resolving a formal complaint rapidly and proportionately before it escalated:

Case Study B: supporting compliance through proactive sector engagement

What was the issue?

The ASCA became aware of issues between a Producer and a Processor during a conversation held at an agricultural show. The Producer was encouraged to contact the ASCA by email so that it could follow up on the issue.

The Producer subsequently emailed the ASCA and outlined their issues which were that their contract did not contain some provisions that FDOM mandated about payment and collection of milk. The ASCA office had a discussion with the Producer and was supplied with a copy of the contract. The ASCA provided interim feedback that the issues looked like there could be non-compliance with FDOM. The Producer was encouraged to contact their Processor in the first instance if they felt comfortable doing so. The Producer agreed to this.

The Producer later contacted the ASCA to explain that their issues were not resolved despite them speaking to their Processor. The ASCA offered to speak to the Processor informally and also mentioned that the Producer could raise a formal complaint. The Producer preferred to submit a formal complaint to the ASCA as they felt this was the right option to address the issue.

What did the ASCA office do?

As a formal complaint was lodged, the ASCA first needed to conduct initial triage to check it was a relevant complaint under the FDOM. This was verified and the Producer was informed that the Processor would be formally contacted. The Processor was issued a formal notice of complaint which included the allegations made against them, along with a deadline to provide their initial response.

The Processor contacted the ASCA and requested a meeting to discuss the matters. During this call it was evident that the Processor wanted to address the issues raised, and the ASCA provided advice on what elements needed addressing to both meet compliance with FDOM and address the matters the Producer had raised.

Even though a formal complaint had initially been raised, it was agreed by both parties to attempt to resolve the matter informally, if possible, as the issues of non-compliance were technical and there was no evidence of material loss to the Producer.

What was the result?

The ASCA's intervention led to the Processor committing to changing its contract with other producers to ensure compliance with the regulations going forward. By engaging informally with both parties, the ASCA helped secure a swift resolution without a protracted formal complaint. The Producer received an amended contract that addressed their concerns and was content to withdraw their complaint.

During the reporting period of 1 July 2025 to 30 June 2026, the ASCA received one formal complaint, 15 in-confidence issues, and held multiple informal meetings with producers and processors to discuss and resolve issues. This included:

- supporting producers who raised concerns about contractual practices and helping them engage positively with processors
- providing advice and support to producers whose concerns fell outside the scope of the regulations but nonetheless required signposting or assistance
- working directly with Producers and a Processor to ensure a planned contractual change complied with The Fair Dealing Obligations Regulations
- using anonymous information provided to the ASCA to engage effectively with a Processor who appeared to be using a contract which may have been noncompliant. The Processor swiftly issued a contract change notice to ensure compliance following the ASCA's feedback
- engaging proactively with processors who wish to amend contractual terms while ensuring compliance with the regulations
- facilitating discussions between producers, processors, unions and representative bodies to identify emerging areas of concern and share learning across the sector
- informally resolving a complaint, resulting in a timelier outcome for the parties involved

Although it is important to record the ASCA's formal casework activity in this annual report, care should be taken in using these numbers in isolation. Producers have often consulted the ASCA when seeking initial advice or clarity on an issue, often during engagement events, agricultural shows or during farm visits. There are also occasions where concerns fall outside of the remit of the ASCA, but advice and support is still provided in order to help achieve a swift and early resolution. The ASCA has dealt with around 20 such 'case contacts' over the reporting period, in addition to the examples shared above.

4.3: Support behavioural change across the sector

The ASCA's third strategic objective is to support behavioural change across the sector by encouraging best practice and cultural change among processors through guidance, engagement, and the promotion of responsible trading behaviours.

As outlined earlier in this report, the ASCA aims to deliver this objective through informal and good faith engagement, with the aim of trying to resolve issues before they escalate and help broker enhanced communication between producers and processors as a result. However, the ASCA also supports behavioural change outside of formal casework. For instance, the ASCA commissioned the 2026 ASCA milk survey with a focus on supporting better behaviours across the sector, gathering data on where behavioural issues may be arising and feeding these insights back to industry. This approach was mirrored in the pig sector, although the ASCA's first pig survey was conducted just after the end of the reporting period for this publication.

These surveys serve to illuminate levels of awareness of the regulations, raise awareness of the ASCA office, as well as highlight key issues that persist and which may prevent complaints being raised, such as fears of reprisals.

The 2026 milk survey provided the ASCA with a larger evidence base than the previous year, receiving 350 complete responses, with producers making up 86% of respondents. Differences in sample size and composition means that 2026 survey data can only be compared with the survey data from 2025 to a limited degree. However, the increased response level provides a clearer picture of producer experience and attitudes across the sector.

The 2026 survey highlighted continuing challenges in the sector. Producers reported concerns about power imbalances, limited ability to switch processors, low confidence in raising complaints, and dissatisfaction with communication and consultation around contractual changes.

Awareness of the regulations

The survey explored respondents' awareness and understanding of The Fair Dealing Obligations Regulations:

- around 70% of producer respondents reported being aware of the regulations
- however, only 11% of producer respondents said they had a good understanding of the regulations, suggesting that awareness was not always accompanied by a detailed understanding of the requirements

Awareness of the ASCA

The survey also considered respondents' awareness and understanding of the role of the ASCA:

- around 40% of producer respondents reported being aware of the ASCA
- around 20% of producer respondents said they had a good understanding of the ASCA's role and functions

Barriers to raising a complaint

Among respondents to the survey, concerns about reputational damage and reprisals remained factors that could affect confidence in raising complaints.

- nearly 70% of producers agreed that concerns about reputational damage arising from making a complaint would prevent them from making a complaint to the ASCA and over 75% would have concerns about future contracts

Views of processors

The survey found that processor respondents generally reported higher levels of awareness and confidence in the regulatory framework than producer respondents:

- nearly all processor respondents reported being aware of the ASCA
- more than half of processor respondents agreed that the regulations would improve dispute resolution between processors and producers
- overall processor respondents were more positive than producer respondents about the regulations leading to improvements in resolving issues

For disputes handled without the ASCA's involvement, most processors felt comfortable raising issues, compared with only half to three-quarters of producers. It is perhaps not surprising that processors are more comfortable raising issues given the potential power imbalance in many supply chain relationships. These findings give the ASCA useful evidence on where to target future guidance and engagement to help improve fairness, transparency and trust.

Note that the findings above reflect the views of survey respondents and should not be interpreted as representative of the Milk sector as a whole.

Pig sector insights

As briefly touched on above, a survey and roundtable in the pig sector took place after the end of the reporting period, so will be covered in the ASCA's subsequent annual report. However, in this reporting period the ASCA has already heard from independent pig producers that fear of reprisals remains a significant concern in the pig sector too. Producers highlighted that the perceived risk of commercial repercussions can act as a deterrent to raising complaints and reporting issues within the supply chain.

Milk roundtable

During the second reporting period, the ASCA continued to use its engagement activity to identify emerging issues, encourage improved practice, and support more open and constructive relationships between producers and processors. As touched on briefly above, a key part of this work was the second milk sector roundtable, held on 23 June 2026, which brought together stakeholders representing producers, processors, and trade bodies to discuss the 2026 milk survey, the ASCA's reflections on the sector, and future expectations around responsible contractual behaviour. The agenda included items on reinforcing confidentiality, promoting open discussion, reflections on the previous 12 months, and consideration of issues such as awareness of the regulations, side agreements, notice periods and sector practice.

Additional insights and reflections from the roundtable included:

- fear of reprisals and reluctance to engage remain because producers are concerned that raising issues could damage commercial relationships or lead to contract termination
- limited opportunities mean that many producers feel they have limited leverage due to a lack of alternative processors and a concentrated market
- limited understanding of the regulations persists because, although awareness of The Fair Dealing Obligations Regulations is relatively high, understanding of how they work in practice remains low
- poor communication and engagement remain key concerns from producers, particularly around consultation on contract changes, pricing decisions, volume management and dispute resolution
- the impact of the market downturn, including falling prices, reduced volumes and increasing commercial pressures, has led to a rise in issues being raised with the ASCA
- low confidence in raising complaints continues as producers report concerns about reputational damage, future contracts and potential reprisals
- confusion between contract law and the ASCA's remit remains, with some stakeholders unclear about which issues fall under the regulations, and which are contractual disputes requiring legal advice
- pricing and volume management concerns relating to B prices, spot prices, transparency and surplus milk management continue to feature prominently in sector feedback
- the need for greater awareness of the in-confidence channel was reflected in stakeholder calls for clearer guidance, greater visibility and more examples demonstrating the service's impact

The most significant outcome of the second annual milk roundtable was a strong consensus across participants on the need for a single, industry-wide code setting out what represented best practice in managing supply chain relationships beyond the requirements of the current regulations. There was broad agreement that a shared industry code of practice would help improve communication, transparency, trust and confidence across the

dairy supply chain, while providing a clearer articulation of what good looks like in producer-processor relationships. The roundtable concluded with a clear commitment from stakeholders to work collaboratively towards developing a common code with the widest possible industry coverage.

4.4: Build confidence through transparency and accountability

The fourth strategic objective of the ASCA is to build confidence in its role through transparency, accountability and active engagement with stakeholders across the agricultural supply chain. During this reporting period, the ASCA office continued to strengthen its visibility and accessibility across the UK, helping to raise awareness of the Adjudicator's role, improve understanding of the legislation, and provide opportunities for stakeholders to engage directly with the office.

Alongside its case-management responsibilities, the ASCA office maintained an active programme of engagement with farmers, producer organisations, representative bodies, processors, retailers and government officials. Alongside the 2026 milk survey, which gathered stakeholder views and improved the ASCA's understanding of sector-specific issues, a total of 29 unique engagement activities were undertaken during the reporting period. These engagements enabled the office to reach a broad range of stakeholders from across the UK and maintain regular dialogue with key industry representatives.

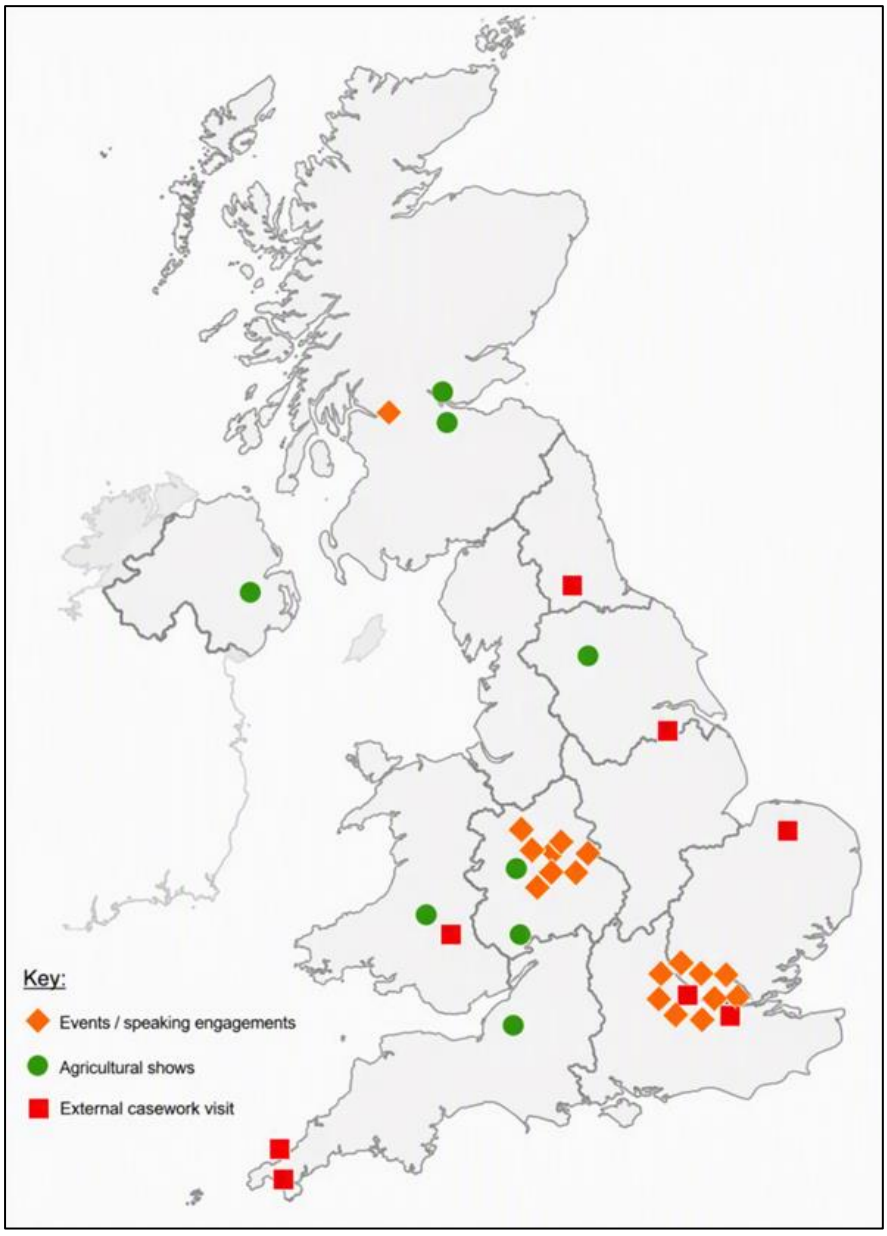
The ASCA office also maintained a visible presence at major agricultural events, including:

- Balmoral Winter Fair
- British Pig and Poultry Fair
- UK Dairy Day
- Royal Three Counties Show
- Royal Highland Show
- Great Yorkshire Show
- Royal Welsh Show

Attendance at these events provided valuable opportunities to engage directly with producers, processors and representative organisations, increasing awareness of the Adjudicator's role and promoting confidence in the fair dealing framework. The ASCA's attendance at these events is often organised in collaboration with its stakeholders, for whom the ASCA would like to express its gratitude and thanks for their support.

Direct engagement through visits and case-related activity remained an important part of the office's work. The office aims to ensure attendance at a diverse range of engagements across the UK to help raise its profile and understand regional and local, as well as national, trends.

Figure 2: Map of ASCA's in-person engagement: 1 July 2025 to 30 June 2026



As shown in Figure 2, the ASCA's in-person engagement reached stakeholders across the UK, including agricultural shows and visits to dairy and pig producers across all four nations (England, Scotland, Wales and Northern Ireland).

Alongside in-person engagements, the office undertook 28 virtual meetings with external stakeholders, to make more effective use of time and finances where appropriate. The office also participated in targeted external and case-management discussions, including engagement with the National Pigs Association (NPA), attending sector run meetings and roundtables, and meetings with the wider pig and dairy sector teams within Defra.

By maintaining regular engagement across sectors, publishing information on its activities and responding constructively to issues raised, the office continued to build trust and confidence in its role as an independent regulator supporting fair dealing in agricultural supply chains.

4.5: Provide a trusted and accessible complaints process

A core objective of the ASCA is to provide producers with a trusted, accessible and impartial route to raise concerns where unfair practices are suspected. Throughout the reporting period, feedback from the sector continued to highlight that reluctance to raise complaints remains one of the most significant barriers to effective redress.

Producers consistently reported concerns about potential commercial repercussions, including fears of being perceived as a ‘difficult producer’ or ‘troublemaker’, which they believed could affect long-standing business relationships or even increase the risk of termination notices being served. These concerns have been particularly acute against a backdrop of challenging market conditions. The ASCA has continued to hear that many producers place significant importance on preserving relationships with processors, some of which span multiple generations and are also geographically constrained by a lack of alternative options.

In response, the ASCA has continued to strengthen its user-focused approach by promoting the ‘ASCA in-confidence’ channel across all communications, stakeholder engagements, agricultural shows and industry events. The service provides a fully confidential route for producers and their representatives to raise and discuss concerns with the ASCA, seek advice, and receive guidance without immediately entering a formal complaints process.

Where appropriate, issues raised through this route can be explored informally or developed into a formal complaint if the producer wishes to proceed. The ASCA has also encouraged farming unions and representatives to raise issues on behalf of individual members or groups of members, which has contributed to an increase in the case contacts received.

The 2026 milk survey also identified approximately three-quarters of respondents were unaware of the in-confidence channel, with some expressing uncertainty about its ability to protect against reputational or commercial risks. To address this, the ASCA has increased efforts to explain how the service operates, including developing tailored contact information postcards for use at events the ASCA team has attended, and providing greater visibility of the support available by working with stakeholders to help raise awareness and build trust in using the in-confidence channel.

This has included enhanced engagement activity, question-and-answer sessions with stakeholders, and the development of anonymised case studies (such as those included in this report) to demonstrate how issues can be raised and addressed safely and effectively. Alongside supporting individual producers, the ASCA has continued to use intelligence gathered through confidential engagement to identify emerging themes and concerns across the sector. These insights have informed discussions with industry stakeholders through annual sector roundtables, helping the ASCA to "hold a mirror" up to the sector and encourage constructive dialogue on systemic issues.

Case study C: providing a trusted and accessible complaints process

What was the issue?

The ASCA office was contacted by several milk Producers who had concerns about proposed changes to a Processor's milk purchase contracts. The issues included proposed amendments to pricing arrangements, quality assurance requirements and restrictions on certain forms of producer self-processing. While the matters raised were not directly covered by The Fair Dealing Obligations (Milk) Regulations, Producers sought support from the ASCA office because they wanted an independent and impartial body to listen to their concerns and help ensure their voices were heard.

What did the ASCA office do?

Several Producers told the ASCA office that they were uncomfortable raising concerns directly with the Processor and were worried that challenging the proposals could negatively affect their working relationship. The ASCA office met the Producers in-person to discuss their concerns confidentially, ensuring they could raise issues without fear of being identified. This enabled the Producers to speak openly about both the proposed contractual changes and their concerns regarding communication and engagement during the development of the proposals.

Having gathered feedback from the Producers, it was agreed for the ASCA office to relay these concerns to the Processor on an anonymous basis. This allowed the Processor to understand the issues being raised without compromising the confidentiality of those who had come forward. The ASCA office then acted as an impartial intermediary, having constructive discussions with the Processor and encouraging greater transparency around the proposed changes. The Processor engaged positively with the ASCA office and provided further explanation of the rationale behind the proposals.

During these discussions, the Processor acknowledged that some elements of the proposed self-processing restrictions had gone further than originally intended. The ASCA office also encouraged the Processor to provide clearer information going forward on pricing arrangements, milk pool litre allocations, and how contractual mechanisms would operate in practice.

What was the result?

As a result of this engagement, the Processor reviewed its approach to allow for greater flexibility on self-supply, amended elements of the contractual arrangements, and committed to further engagement with producers. Additional information and supporting documentation were also provided to help producers better understand the proposals and their potential impact.

4.6: Inform future policy development

Over the reporting period, the ASCA has proactively identified challenges and emerging trends, with the ASCA then sharing these insights directly with relevant Defra policy teams to support evidence-based policy making.

To achieve this the ASCA maintained regular engagement with Defra policy teams through recurring cross-team meetings, including regular and direct discussions on Fair Dealing policy development. The office also engaged with other relevant bodies to share insights and identify ways to support the sector, such as engaging with the GCA, the Environment Agency, and the Irish Agri-Food Regulator to explore intelligence sharing, contractual and regulatory issues.

In addition to this, the ASCA's operational feedback was also used to support the development and implementation of The Fair Dealing Obligations (Pigs) Regulations 2025. For example, during the second reporting period, the pig sector had experienced a significant backlog of pigs due to constraints with processing capacity. While the backlog was ultimately resolved through industry-led measures, including increased processing capacity, stakeholder engagement through the ASCA helped ensure that concerns relating to contracts, transparency and fair dealing were understood and communicated to relevant policy teams.

The ASCA will continue to engage with policy officials on all future reviews of agricultural sectors, as well as feeding insights into the development of further Fair Dealing Obligations Regulations; such as on eggs and fresh produce.

Finally, through the ASCAs engagement with the Environment, Food and Rural Affairs Committee in April 2026, the ASCA helped bring evidence from across the agricultural supply chain into wider policy discussions. The ASCA drew attention to producer concerns about contractual fairness, market transparency, barriers to raising complaints and the impact of global commodity price volatility on farm businesses. The session also explored the operation of cost-of-production and market-based pricing models in the Dairy sector, the effectiveness of The Fair Dealing Obligations Regulations in improving transparency, and the need to review regulations considering practical experience.

At the committee session, the adjudicator highlighted how evidence gathered through the ASCA's confidential reporting channels, stakeholder engagement and casework is regularly shared with Defra policy teams to inform future reviews of the regulations - with ASCA helping policymakers to understand how the regulatory framework is working in practice and where improvements may be required.

5: Looking ahead

5.1: End of the transition period for FDOP

While The Fair Dealing Obligations (Pigs) Regulations 2025 have applied to all new pig purchase contracts since August 2025, the 12-month transition period for existing contracts came to an end on 13 August 2026. Since that date, all contracts within scope of the regulations are required to comply, unless a qualifying seller has exercised their right to opt out.

As the designated enforcement body, the ASCA has and will continue to raise awareness and understanding of the regulations across the Pig sector. During the build-up to the coming in to force date, the ASCA has engaged extensively with producers, processors, trade bodies, farming unions and other stakeholders through meetings, visits and sector events to make the office available and better understand current practices and emerging issues.

To support the ASCA's evidence-led approach, after the period of this report the first pig sector survey was conducted, with this being followed by the ASCA convening an initial pig sector roundtable, which was used to bring together key sector stakeholders and share the results of the first pig sector survey as well as initial sector insights.

Further details on this, and the first pig sector survey, will be provided in the next annual report in 2027. However, for the purposes of this reporting period, it is worth highlighting that these activities have helped ensure that the ASCA remains informed by the experiences of those operating within the Pig sector, with the survey in particular helping the ASCA to collect anonymous feedback from producers and processors, with these insights being harnessed to tailor the ASCA's approach to support the sector and feed these insights back to key stakeholders.

5.2: Closer cooperation with the Groceries Code Adjudicator (GCA)

The ASCA and the GCA share a common objective of improving fairness within UK supply chains. Since the ASCA's establishment, regular engagement with the GCA has helped ensure a coordinated approach to issues affecting suppliers and processors across the agri-food sector.

Although there is currently limited overlap between the sectors covered by the ASCA's Fair Dealing Obligations Regulations and those regulated by the GCA under the Groceries Supply Code of Practice, maintaining close working relationships remains important. Regular discussions between the adjudicators and their teams provide opportunities to share insights, discuss emerging issues and ensure consistency in approach while maintaining complainants' confidentiality. The ASCA and GCA have, and will continue, to enhance this cooperation now that Defra has become the GCA's sponsor department.

5.3: Fair Dealing Obligations Regulations in the egg sector

The next sector planned to have The Fair Dealings Obligations Regulations introduced is the egg sector, with proposals now at an advanced stage after consultation with industry.

The UK egg industry produces more than 12 billion eggs annually from a laying flock of around 43 million hens and the UK egg sector remains approximately 90% self-sufficient, making it critical to UK food security.

In 2024, the UK government published the outcome of its consultation on contractual fairness and transparency in the egg sector. The consultation received 40 responses from across the supply chain, including producers, packers, retailers, representative organisations and other stakeholders. Producers represented the largest group of respondents, accounting for 64% of survey responses.

The consultation highlighted several structural characteristics of the sector. Many producers reported operating with a limited number of buyers, with most producers who do not pack their own eggs selling to a single business. In contrast, purchasers often source eggs from large numbers of producers, reflecting differing levels of market concentration across the supply chain and reflecting the unequal distribution of bargaining power between producers and processors.

The findings also demonstrated broad support for improvements to contractual arrangements, with stakeholders identifying the importance of greater transparency, clear pricing mechanisms, certainty around notice and termination periods, protections against unilateral changes to contracts, and access to effective dispute resolution processes.

UK government has been consulting on proposals for Fair Dealing Obligations Regulations for egg contracts under powers contained within the Agriculture Act 2020. The proposed regulations are expected to introduce requirements for written agreements between producers and buyers, including provisions relating to pricing mechanisms, grading standards, notice periods, termination arrangements, dispute resolution processes and protections against unilateral contract changes.

The ASCA has already engaged with industry partners in the egg sector at the Pig, Egg and Poultry Fair at the NEC in Birmingham, and an introductory session with the NFU Egg Board, which has helped provide a space for stakeholders to ask questions about the role of the ASCA. Government officials will continue to work closely with industry representatives and administrations across the UK to develop regulations that reflect the needs of different parts of the agricultural sector.

The ASCA will monitor progress closely and engage with stakeholders as policy development continues. Drawing on lessons learned from the Milk and Pig sectors, the ASCA will be ready to support implementation and, if designated, enforcement of any future Fair Dealing Obligations Regulations in the egg sector.

6: Going further

As the ASCA develops, it will seek to make its engagement channels more accessible and easier to navigate. This includes reviewing GOV.UK content to ensure producers can clearly understand the different ways they can engage with the ASCA, whether through informal discussions, third-party referrals, anonymous intelligence sharing or formal complaints. The aim is to ensure that producers can access the most appropriate route for their circumstances and feel confident approaching the ASCA when concerns arise.

In addition, the ASCA will look to strengthen how it gathers and acts on information provided by representative bodies, advisers and other third parties. While issues raised through these routes may not always lead to formal regulatory action, they can provide valuable insight into sector-wide concerns and inform the ASCA's wider engagement and compliance activity. Sharing examples of interventions and lessons learned through case studies and other communications will remain an important part of building awareness of the regime and confidence in the ASCA's role.