



# Mid-term review



*April 2014*



This mid-term review aims to give an overview of the six months evolution of ‘The Supply Chain Initiative – Together for good trading practices’ from its launch on 16 September 2013 to March/April 2014. The present review briefly presents the progress of companies’ registration and the actions undertaken during that period by the Governance Group in order to provide assistance to companies and national associations and to raise awareness.

*“The Supply Chain Initiative – Together for good trading practices is the result of a long and fruitful dialogue between the organisations representing the actors involved in the food supply chain aiming to promote fair practices in commercial dealings. The successful launch of the Initiative on 16<sup>th</sup> September as well as the number of registration of companies over the first 6 months of operation went beyond expectations. We are pleased to see such a high involvement and believe that The Supply Chain Initiative can contribute to improving day-to-day vertical trading relations.”*

The members of the Governance Group of The Supply Chain Initiative



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## 1/ Launch of The Supply Chain Initiative – *Together for good trading practices*

Following the adoption of the Principles of Good Practices in November 2011 and of the Framework for implementation and enforcement in January 2013, The Supply Chain Initiative was officially launched on 16 September 2013 at a successful event gathering **150 participants**.

Speakers included officials from DG Internal Market and DG Enterprise as well as Anna Maria Corazza Bildt MEP.

On this occasion, the names of the 82 companies from across the entire EU that had expressed their intent to register were officially announced. Half of these were local companies and the other half were international groups; together they represented 454 operating companies.

On the same day, the website <http://www.supplychaininitiative.eu/> was also launched.



Panel of speakers



Anna Maria Corazza Bildt, MEP



150 participants took part in the launch of the Initiative

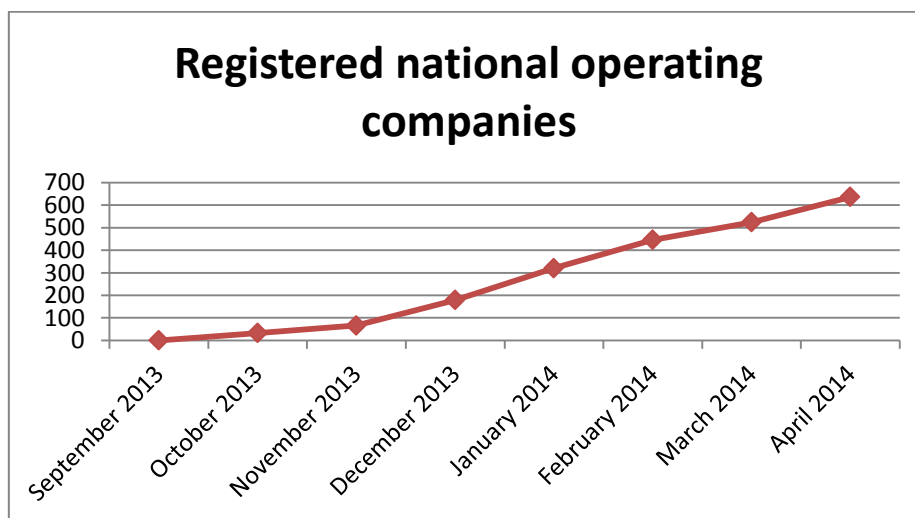
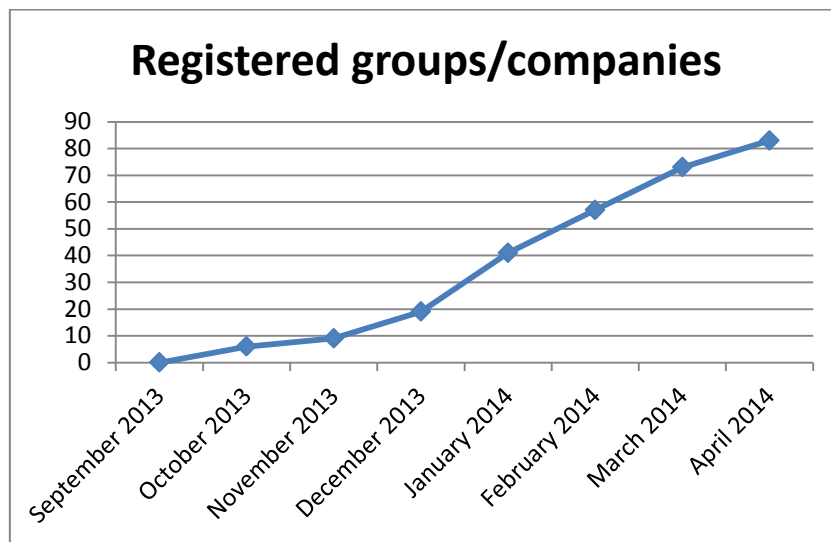


## 2/ Evolution of registration of companies to the Initiative

**Registration** of companies to the Initiative has constantly increased since its launch in September. The figure below shows the pace of registration on a monthly basis, starting in October 2013:

- October 2013: 6 companies representing 33 operating companies
- November 2013: 9 companies representing 66 operating companies
- December 2013: 19 companies representing 179 operating companies
- January 2014: 41 companies representing 320 operating companies
- February 2014: 57 companies representing 446 operating companies
- March 2014: 73 companies representing 524 operating companies
- April 2014: 83 companies representing 636 operating companies

In addition, 63 other companies have sent **letters of intent** to express their intention to register to the Initiative as soon as they fully comply with all the process commitments, in principle within 6 months of sending the letter of intent.



In terms of **representativeness and coverage**, the evolution of registration is also very positive:

- Geography: registered companies are present in all EU 28 Member States. Registration also includes non EU companies operating in the EU;
- Sectors: there is a balanced level of registration across the sectors concerned: 45 manufacturing companies, 18 retailers, 17 wholesale operations and 3 farming companies.
- Size: registration covers both large companies and SMEs<sup>1</sup> - so far 37 SMEs have registered. The number of registered SMEs is expected to grow as large players communicate their registration to their trading partners.

### **Overview of the Key Performance Indicators (KPIs)**

The Framework for the implementation of the Principles of good practice in the food supply chain defines as one of its performance indicators the existence of a “critical mass of registered companies”. Below is a description of progress achieved since the launch of the Initiative against the KPIs originally set.

- Manufacturing sector

The target of 12 manufacturing companies registered in the first year from the top 25 in EU countries where the level of concentration of manufacturers is below 40% has been reached to the rate of 50 to 58% after six months in the 6 markets concerned.

The target of 10 manufacturing companies registered in the first year from the top 25 in EU countries where the level of concentration of manufacturers is between 40% and 50% has been reached to the rate of 40 to 60% after six months in the 12 markets concerned.

The target of 8 manufacturing companies registered in the first year from the top 25 in EU countries where the level of concentration of manufacturers is above 50% has been reached to the rate of 60 to 75% after six months in the 7 markets concerned.

In aggregate the industry is at 55% of its target on average across the EU after six months.

The percentage of SMEs among registered manufacturing companies at operating company level stands at 24%.

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<sup>1</sup> The SME definition is the official one used by the European Union

- Distributive trades<sup>2</sup> (retail and wholesale)

Whilst a number of players are still in the process of proceeding to registration, overall, half way through the process, the distributive trades sector is well placed to achieve its KPIs for the first year:

a) large markets (DE, ES, IT, FR, PL and UK): the KPI of 4 companies registered in the first year is achieved (or beyond target) in 3 markets out of 5 (Germany, France and Poland);

b) Medium sized markets (Austria, Belgium, Bulgaria, Czech Republic, Denmark, Finland, Ireland, Greece, Hungary, Netherlands, Portugal, Romania, Slovakia, and Sweden): the KPI of 3 companies registered in the first year is achieved or beyond target in 13 countries out of 14;

c) Small-sized markets (Cyprus, Estonia, Latvia, Lithuania, Luxemburg, Malta and Slovenia) where the objective is to “promote and monitor the framework with no specific target”, at least one company in the top 10 is registered in Croatia, Malta and Slovenia. Other small countries are covered by letters of intent.

A growing number of registrations comes from companies outside the top ten as well as in the wholesale segment; some of these are SMEs. This is probably the result of the key players having communicated their registration to their trading partners. We expect registrations from this category of companies to increase in the future. It should also be noted that a number of retailers have registered their purchasing platforms as wholesale operations.

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<sup>2</sup> Retail and wholesale are aggregated in counting registrations.



### 3/ Guidance from the Governance Group

Following requests from member organizations, the Governance Group issued four decisions:

- Decision 01/2013 to avoid double jeopardy in the UK, 24 May 2013;
- Decision 02/2013 on the recognition of equivalence of GSCOP (UK) with the Supply Chain Initiative, 21 June 2013;
- Decision 03/2014 on the articulation of dispute resolution options, 3 February 2014;
- Decision 04/2014 on the equivalence of the Belgian code, 24 April 2014.

The full text of the questions and answers can be found in the library on the website of the Initiative:  
<http://www.supplychaininitiative.eu/library>





#### 4/ Development and promotion of tools for companies

In order to assist companies interested in registering as well as companies that have already registered, the Governance Group has developed the following tools:

- **The website:** [www.supplychaininitiative.eu](http://www.supplychaininitiative.eu)

The website is addressed to all interested stakeholders, in particular companies and associations who want to support the process. It contains all useful information on the Supply Chain Initiative, including:

- the Principles and the Framework translated in all EU languages;
- the operating rules;
- the sign-up form;
- the online registry; and
- a library gathering information on the available tools.

The website now features a “SME button”, which groups together in a single location all information to assist SMEs with their registration process. For SMEs the system foresees a simplified self-assessment and free access to the e-learning tool to facilitate their registration to the Initiative.

- **FAQ**

The FAQ aims to answer the main questions that interested companies may have when preparing for registration or when implementing the Initiative. It is also a useful tool to explain the Initiative to a broader audience including other stakeholders or institutions. The FAQ was updated in November 2013.

- **Self-assessment**

The self-assessment tool is a voluntary instrument aimed at helping companies assess their compliance with the Initiative and identify which steps to take, in terms of communication and compliance with the Principles and the Framework commitments, in order to proceed to registration.

The tool has been developed in two formats: one for SMEs and one for large companies. The self-assessment is regularly being promoted by the signatory organizations.

- **E-learning tool**

The service provider SAI<sup>3</sup> developed, on behalf of the Governance Group, an online training programme designed to provide employees with a thorough understanding of the Principles and how they can integrate these into their daily operations. The module was first made available in English. Following high demand, the module was translated into 7 other EU languages (French, German, Spanish, Italian, Polish, Dutch and Czech). The e-learning module is free of charge for SMEs.

Over 8000 executives normally involved in B2B negotiations have already been trained with the e-learning tool.



- **Mapping of mediation and arbitration centers**

In order to help registered companies to fulfill their commitment on the dispute resolution options, the Governance Group has mapped the mediation and arbitration centers present in the 28 EU Member States. The list of available relevant mediation and arbitration services on national markets is only indicative and not exhaustive. It is based on information shared by the European Commission and EuroChambers and has been reviewed by member organizations. It will be updated on a regular basis.

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<sup>3</sup> SAI Global (ASX: SAI) is a company based in the UK that provides organizations around the world with information services and solutions for managing risk, achieving compliance and driving business improvement.



## 5/ Establishment of national platforms

The Framework encourages the set-up of national stakeholder platforms to develop activities supporting and complementing the dialogue at European level in strict compliance with competition rules. To this end, the Governance Group developed a number of instruments:

- a set of voluntary guidelines for the establishment of such platforms (addressing their composition and possible role);
- a comparative grid to assess the compatibility of the Supply Chain Initiative requirements with existing national schemes with a view to developing mutual recognition, where possible, to avoid a duplication of requirements and to reduce administrative burdens;
- a “mapping” of national rules and regulations applicable to commercial relations, including the development of national platforms.

In April 2014 national platforms were in place in Belgium (since 2010), Germany (since May 2013), the Netherlands (since September 2013), and Finland (since January 2014). Farmers are represented in the Belgian, German, Dutch and Finnish platforms. The Efficient Consumer Response, a joint manufacturer-retailer collaboration platform also supports efforts towards setting up a platform in the Baltic countries (Lithuania, Latvia and Estonia) as well as in the Czech Republic and Slovakia.

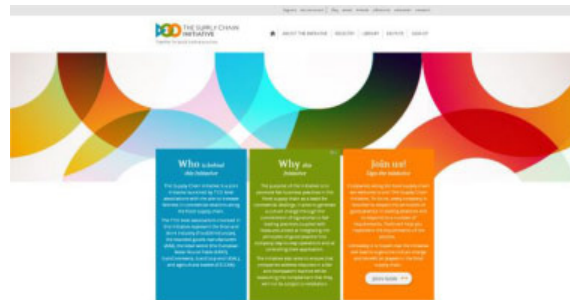
The Belgian platform has reviewed its code and processes to align them with the Supply Chain Initiative and benefit from mutual recognition. This is going through the boards of all the organisations making up the Belgian platform. Once the process is completed, the signatories to the Belgian Platforms will be considered compliant with the EU level Supply Chain Initiative and will all register to it.

In addition, the Governance Group members are encouraging their national member organisations to engage.



## 6/ Visibility of the Initiative and awareness-raising activities

The Initiative is fully transparent. All the necessary documentation and tools to support registration are posted on the **website** [www.supplychaininitiative.eu](http://www.supplychaininitiative.eu) which is regularly updated. A visit tracking report can be found in Annex I. A **Twitter account** - SupplyChainIni - has also been created.



A **presentation leaflet** has been designed and a **PowerPoint presentation** is available in English, French, Spanish and Bulgarian.

**Governance Group members are actively promoting the Initiative**, in particular by taking part in various events to present the Initiative.

Here are a few examples of those activities:

- AIM organized training via 4 webinars and 1 workshop for its corporate members to explain the Initiative, answer technical questions and provide a forum where members can share best practices for the registration process. AIM created an implementation network made of high level representatives of AIM national associations and AIM corporate members who are interested in registering to the Initiative: members of the network receive regularly “implementation network updates” which provide updated information on the Initiative and best practices from AIM members connected with the registration process.
- Celcaa’s Board is regularly informed of the activities of the Governance Group and of the progress, in terms of registration. These information are passed on at sectorial level.
- ERRT has actively promoted member sign-up and promoted the initiative in public settings, for example at the launch of a piece of research related to trust in the food industry. Regular updates on developments in the Supply Chain Initiative are given to the membership. The ERRT President gave the keynote speech at the launch event of the Supply Chain Initiative on 16 September 2013.
- EuroCommerce organised a workshop on the supply chain initiative early 2013 including national platforms. EuroCommerce encouraged its member companies to register and facilitated discussions with its members via its supply chain working group and executive bodies (implementation issues and setting up of national platforms). The internal newsletter and other communication channels are used to provide updates on a regular basis. EuroCommerce

presented the Initiative to various external audiences at both European and national level including Magros retail congress in Croatia (Oct 2013), the world retail congress (Oct 2013), the EuroCommerce SME Day (November 2013), the Czech retail congress (Feb 2013 & 2014), a conference on the relationship in the food chain in Spain (Feb 2014), an exchange with representatives from the Catalan region where a self-regulatory code already exists (March 2014). EuroCommerce also used its ILO funded programme on capacity building to promote the Initiative towards national associations in Central and Eastern European Countries (June 2014, Oct 2014).

- EuroCommerce and AIM promoted the Initiative in events like:
  - ECR European Leaders Forum in April 2013;
  - ECR European Leaders Forum in November 2013;
  - Plenary and break-out sessions during the May 2013 ECR Europe Forum, attended by 600 manufacturers and retailers;
  - Event at Solvay Business School on 19 February 2014;
  - ECR European Leaders Forum on 29 April 2014.
  
- FoodDrinkEurope presented the Initiative at the OECD Food chain Analysis Network on 30-31 October 2013. FoodDrinkEurope dedicates every 3 months a meeting to present the Initiative to all the Director Generals of its Member organisations. On the basis of internal notes and other communication channels, FoodDrinkEurope provides updates to its membership on a regular basis.
  
- Independent Retail Europe is presenting the Supply Chain Initiative to its individual company members, as well as members' members. Members receive a monthly update on the Initiative via the internal newsletter.
  
- Contacts are also taking place with national / regional authorities. For example, an exchange of views with a Governance Group representative took place with the Bulgarian deputy Prime Minister mid-February this year.

As part of awareness-raising activities, the stakeholders are regularly liaising with the media.

## Galway advertiser

### Time to tackle unfair practices in Irish food chain, says MEP McGuinness

GALWAY ADVERTISER | JANUARY 21, 2014

PROBABLE European Parliament candidate for the region Mairead McGuinness MEP has called on the Minister for Jobs, Enterprise and Innovation, Richard Bruton, to look at the experience in the UK of tackling unfair practices in the food supply chain and take similar action in Ireland.

Addressing a seminar in the European Parliament, the MEP said that action by the EU to tackle problems in the food supply chain, which deny farmers a fair return, need to be enhanced by action at the EU level.

"Already member states are tackling the problem individually and in different perspectives we need better co-ordination at EU level," Ms McGuinness said.

The UK Groceries Code Adjudicator, Christine Jacco, who addressed the seminar, said that the UK has a "credible fear" and that, in order to gather information and evidence of where the groceries supply chain is broken, it needs to be able to do so.

"This UK code regulates interaction between the ten largest supermarkets in billion, and then direct supplies and is designed to root out unfair practices and which on an individual level they are powerless to resist."

"The appointment of an adjudicator in the UK should spur other member states to do the same," McGuinness said.

"However, Irish suppliers to the UK market experiencing unfair practices do have their complaints heard."


Specifically, a number of practices are banned under the UK code including funding of promotions and lump sum payments.

"The UK has taken a significant step forward in appointing an adjudicator to handle complaints from anyone in the food supply chain who has a legitimate concern."

"The UK adjudicator has significant powers of investigation. However, she has compliance officers in the ten supermarkets involved to ensure compliance."

"What is important is that Christine Jacco has the power to investigate and codes in not observed by the supermarkets."

Examples of the press coverage on The Supply Chain Initiative

 7/ Development of the annual survey

As part of the Framework, the Governance Group committed to carry out an annual survey to help monitor progress and to evaluate compliance with the process commitments.

### **A neutral intermediary**

The Governance Group first drafted and agreed on Terms of Reference based on the Framework with a view to appoint a neutral intermediary. The chosen intermediary is Dedicated – an independent market research and opinion polling agency based in Belgium. Dedicated is bound by strict rules of confidentiality and legal privilege.

### **The questionnaire**

The questionnaire of the survey is based on the various commitments under the Framework and more specifically focuses on compliance with the requirements concerning:

- the training of staff;
- the communication to business partners; and
- the functioning of the dispute resolution options.

The questionnaire is already available in English on the website of the Initiative: [http://www.supplychaininitiative.eu/sites/default/files/supply\\_chain\\_initiative\\_-\\_survey\\_-\\_final\\_questions.pdf](http://www.supplychaininitiative.eu/sites/default/files/supply_chain_initiative_-_survey_-_final_questions.pdf). It is currently being translated into 22 other EU languages.

### **The process**

The survey will be conducted online during the month of September. Registered companies will be asked to respond on a country-by-country basis. The results will then be aggregated by the research agency and the annual report including the findings of the survey will be made available in November 2014.

## 8/ Conclusion and next steps

Looking at the progress check against the initial roadmap, the Initiative is on target (See Annex II).

The Governance Group is now working on the **consolidation of the Initiative**. To do so, the Group is focusing on the promotion of the various existing tools for companies and national associations and on awareness-raising. In parallel, registrations and work on the compliance survey are continuing. Focus was initially placed on encouraging large operators to register as they conduct numerous transactions with other businesses. In a second stage, we are experiencing a growing number of smaller operators joining the Initiative. This is probably the result of large operators having communicated their registration (and sometimes encouraged their business partners to register). Whilst the benefits for SMEs to sign up are being promoted, it can reasonably be argued that non-registered businesses including SMEs will indirectly benefit from the application of the Principles by their registered trading partners.

The Governance Group will continue providing the Commission with monthly reports. In addition, an important milestone is the **annual report**. This report will be released in November 2014 after the compliance survey has been completed.

The Governance Group also maintains the **dialogue with Copa-Cogeca**. In this respect, we recall that registration is also open to companies in the farming sector and that Copa-Cogeca remains invited to participate in the work of the Governance Group as an observer.



# Annex I - Tracking report of the visits to the website

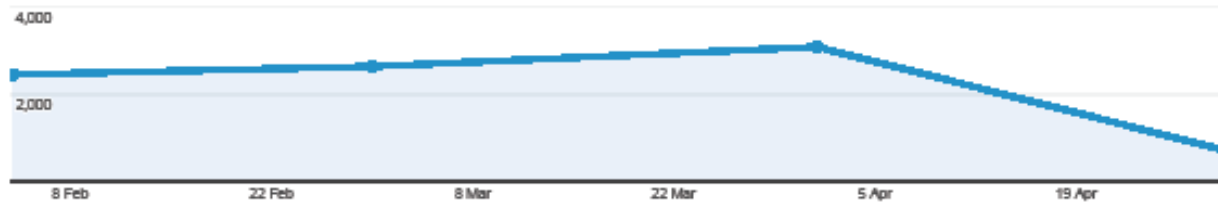
## Audience Overview

4 Feb 2014 - 7 May 2014

All Sessions  
100.00%

### Overview

#### Sessions



Sessions  
**8,733**

Users  
**6,220**

Pageviews  
**30,478**

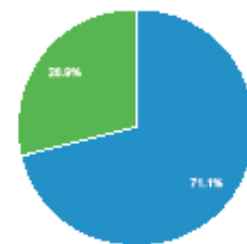
Pages / Session  
**3.49**

Avg. Session Duration  
**00:03:53**

Bounce Rate  
**43.41%**

% New Sessions  
**71.12%**

■ New Visitor ■ Returning Visitor



Language	Sessions	% Sessions
1. en-us	3,039	34.80%
2. de	836	9.57%
3. nl	501	5.74%
4. de-de	398	4.56%
5. fr	368	4.21%
6. en-gb	348	3.98%
7. es	251	2.87%
8. fi-fi	242	2.77%
9. nl-nl	230	2.63%
10. it	225	2.58%

## Annex II – Roadmap

### Core group multi-stakeholder dialogue

#### Roadmap for the implementation and enforcement of the principles for all

**Date: March 2014**

✓ Done
~~Strikethrough~~: delete
highlighted: updated target

ACTION	DESCRIPTION	BY WHOM	WHEN
FINALISING AND SIGNING TO THE FRAMEWORK			
Finalising the framework	<ul style="list-style-type: none"> <li>• Agreement on final framework</li> </ul>	<ul style="list-style-type: none"> <li>• EU level associations in the dialogue</li> </ul>	✓ Q1 -2013
	<ul style="list-style-type: none"> <li>• Establish a budget</li> </ul>	<ul style="list-style-type: none"> <li>• EU level associations in the dialogue</li> </ul>	✓ Q1 -2013
	<ul style="list-style-type: none"> <li>• Finalise performance indicators</li> </ul>	<ul style="list-style-type: none"> <li>• EU level associations in the dialogue</li> </ul>	✓ Q4 -2012
	<ul style="list-style-type: none"> <li>• Check legal compliance of principles and framework</li> </ul>	<ul style="list-style-type: none"> <li>• Law firm appointed by the dialogue</li> <li>• EU Commission</li> </ul>	✓ Q1 -2013
	<ul style="list-style-type: none"> <li>• Formal expression of support</li> </ul>	<ul style="list-style-type: none"> <li>• EU Commission</li> </ul>	✓ Q1 -2013
	<ul style="list-style-type: none"> <li>• Identify early movers</li> </ul>	<ul style="list-style-type: none"> <li>• EU level organisations in the dialogue</li> </ul>	✓ Q1 -2013
	<ul style="list-style-type: none"> <li>• Signature of the framework</li> </ul>	<ul style="list-style-type: none"> <li>• Signatory associations to seek endorsement by their respective memberships</li> </ul>	✓ Q1 -2013
Signature by early movers	<ul style="list-style-type: none"> <li>• Launch event</li> </ul>	<ul style="list-style-type: none"> <li>• EU level associations</li> <li>• <del>EU Commission</del></li> <li>• Companies signing up</li> </ul>	<del>Q2 -2013</del> ✓ Q3 -2013

PILLAR 1: SETTING UP THE REGISTRATION SYSTEM AND AWARENESS BUILDING			
Translation	<ul style="list-style-type: none"> <li>Translate principles and framework into all EU official languages</li> </ul>	<ul style="list-style-type: none"> <li>EU Commission</li> </ul>	<del>Q1 - 2013</del> ✓ Q2 - 2013
	<ul style="list-style-type: none"> <li>Verification of translation by national operators</li> </ul>	<ul style="list-style-type: none"> <li>National federations / companies in the various pillars involved</li> </ul>	<del>Q1 - Q2 - 2013</del> ✓ Q3 - 2013
Website	✓ Confirm provider	<del>✓ EU Commission</del> ✓ EU Level associations	✓ Q2 - 2013
	✓ Web site design: wireframes and mock ups	<del>✓ EU Commission</del> ✓ EU Level association	✓ Q2 - 2013
	✓ Web site content: principles, benefits of signing up, model declaration that self-assessment has been carried out	✓ EU level associations	<del>Q1-Q2</del> ✓ Q3-2013
	✓ Web-site operational/launch	<del>✓ EU Commission</del> ✓ EU Level associations	✓ Q3 - 2013
	✓ National web sites	✓ National organisations	As of Q3 -2013
	✓ Establish structure to supervise and manage web site content and update	✓ EU Level association / governance group	<del>Q2</del> ✓ Q3-2013
Awareness	<ul style="list-style-type: none"> <li>Encourage companies to sign up</li> </ul>	✓ EU level and national	On-going as of Q1 -2013

building		organisations	
	<ul style="list-style-type: none"> <li>Develop communication material and other awareness raising tools (for the web site as well as national / EU campaigns); translate what needs to be translated</li> </ul>	✓ EU level associations	✓ Q1-Q2 -2013
	✓ Encourage national federations to develop awareness raising tools at national level	✓ EU level associations	On-going as of Q2 -2013
Governance body	✓ Establish governance body	✓ EU level associations	✓ Q1 -2013
	✓ Define rules of procedures, confidentiality and legal privilege (for aggregated complaints, for companies to flag complaints for breaches of process commitments, sanctions,	✓ Governance body	✓ Q1 -2013
	✓ Appoint third party (notary, law firm, etc.) to collect results of the survey and make them anonymous	✓ Governance body	✓ Q3 -2013
<b>PILLAR 2: REGISTRATION AND IMPLEMENTATION OF THE PRINCIPLES BY PARTICIPATING COMPANIES</b>			
Companies self-assessment	✓ Companies to check compliance with framework obligations: principles, training, dispute resolution options	✓ Companies	Q2 -2013 onwards
	✓ Review contracts to ensure consistency with framework obligations	✓ Companies	Q2 -2013 onwards
	✓ Registration by Senior executive	✓ Companies	Q3 -2013 onwards

	✓ Appointment of contact point for management of the framework	✓ Companies	Q3 -2013 onwards
	✓ Appointment of contact point for dispute resolution (where relevant)	✓ Companies	Q3 -2013 onwards
	✓ Set-up / adapt training modules	✓ Companies	Q2 -2013 onwards
	✓ Develop training tools	✓ Governance body ✓ National federations	Q2 -2013 onwards
	✓ Communicate to business partners	✓ Companies	Q3 -2013 onwards
	✓ Set up internal procedure for dispute resolution: commercial escalation, independent internal procedure	✓ Companies	Q2 -2013 onwards
	✓ Establish a list of national mediation and arbitration mechanisms at national level	✓ EU Commission, Governance Group members	✓ <del>Q3-2013</del> Q1-2014
<b>PILLAR 4: VERIFYING COMPLIANCE, EVALUATING THE SUCCESS AND DEVELOPING THE FRAMEWORK</b>			
Survey	✓ Agree on the content and format of the survey	✓ Governance body	✓ Q3-4 -2013
	✓ Launch first annual survey	✓ Governance body	Q3 -2014
	✓ Respond to survey	✓ Companies	Q3- 2013
	✓ Compile results	✓ Governance body	Q3 -2014
	✓ Evaluate results of the survey	✓ Governance body	Q4 -2014
	✓ Report of activities of the	✓ Governance	Q4 -2014

	governance group	body	
	✓ Draft annual report, including recommendations for improvements	✓ Governance body	Q4 -2014
	✓ Discuss preliminary results with the Commission	✓ Governance body ✓ EU Commission	Q4 -2014
	✓ Communicate results to the wider public, dissemination	✓ Governance body	Q4 -2014