

***HOW CAN MY COMPANY COMPLY WITH THE EUROPEAN SUPPLY CHAIN INITIATIVE FOR GOOD PRACTICE IN TRADING RELATIONS?***

**A quick check list for SMEs**

# How can I implement the framework for fair trading practices in the European Supply Chain?

When registering to the Supply Chain Initiative, companies commit to:

* respect the Principles of Good Practice for vertical relations,
* review their internal procedures to ensure that at all levels of their organisation the Principles are applied by employees, at the time of registration and in the future,
* comply with the requirements of the framework.

This document is aimed to provide support to companies, especially SMEs, when registering to the framework. It sets down the various steps to be undertaken in order to comply with the requirements under the Supply Chain Initiative.

# Register in the system

The company has to possibility to first signal its commitment to register by a letter of intent signed by the European CEO or equivalent. The signature of this letter marks the start of a transition period during which the company will have to take the measures necessary to implement the framework requirements. The transition period is estimated to require about 6months.

After these measures have been taken, the company officially registers via the Supply Chain Initiative website, by providing the information required for official registration (name and title of signing executive, point of contact and internal ombudsman, national company data, etc…).

By joining the Supply Chain Initiative, companies commit to respect both the Principles of Good Practice in vertical relations and the obligations as set out in the framework.

# Respect the Principles of Good Practice

The food chain stakeholders have defined a set of 10 Principles of Fair Conduct which, if respected, will ensure greater fairness in trading practices (Respect of consumer interests, Freedom of contract, Fair dealing, Written agreements, Predictability, Compliance with agreements, Information exchange, Confidentiality, Responsibility for risk, Justifiable request).

1. **Raising awareness with the staff of the company’s engagement**

**Companies must by** communicate the commitment to the Supply Chain Initiative and the **Principles to all employees in contact with trading partners and require them to adapt their behavior towards suppliers and buyers in line with the Principles**.

Beyond the obvious functions such as sales or purchasing, all functions which have a role in the negotiation and execution of trading agreements should be informed about the fact that these Principles need to be respected (e.g. also back office such as finance & accounting, logistics, merchandising...).

1. **Review existing trading agreements**

Company management needs to verify to what extent existing trading rules comply with the Principles and adapt the rules where required (analysis, adaptation, filling gaps).

1. **Establish a facility to deal with dispute resolutions for individual trading complaints in relation to the Principles**

The company must establish a system allowing open discussion between trading partners about the respect of the Principles, recognizing that errors can be made and need to be corrected, without any fear of commercial tension or retaliation. In particular, the company must appoint a dispute resolution manager or internal ombudsman who is independent from the commercial negotiation. This person **will be required to act as a mediator** between the commercial teams and the other parties involved. However, upon registration, a company may justify that due to its small size it is not able to ensure such independence.

The name and contact details of this person must be published on the Supply Chain Initiative website.

Depending on the company structure and complexity, the dispute manager could be:

1. For bigger organizations:

* someone within the legal team or corporate affairs department who is not involved in the commercial negotiation;
* An external Ombudsman on a company retainer, such as a retired judge with good knowledge of the industry or a law firm;

1. For SMEs:

* the senior executive independent from the commercial negotiation most appropriate to fulfill this role;
* upon registration, a company may justify that due to its small size it is not able to ensure such independence

SMEs may also want to check whether their Association offers an appropriate syndicated solution

The role of the dispute manager is to:

* Receive complaints from trading partners with regard to the alleged breach of Principle(s);
* Respond speedily to trading partners’ enquiries/complaints to acknowledge receipt;
* Investigate internally the complaint speedily and in an objective way.
* Mediate with the trading partner to seek resolution of the issue between the two parties concerned, or, if the case is complex, offer additional dispute resolution measures, such as external mediation or arbitration or court, as foreseen in the framework.
* Keep track of complaints, how they have been handled, within which timing and their outcome so as to feed into the annual survey (see section 7 annual survey) .

1. **Training**

Companies must train the relevant workforce, especially in areas where a gap has been identified between the Principles and the company’s current practices. Trainings could take several forms:

* A training on the Principles themselves, similar to training on legal compliance. A specially designed e‐learning module will be available at very competitive rates from September 2013 in English; French and German versions will be available as of mid-October 2013.
* Training on behaviors – classroom or other types of training, such as role games, that the company may already offer.
* Training modules could be offered by national associations, especially for SMEs.

1. **Appoint an in internal contact point for liaison with the Governance Group**

This person can be different or the same as the dispute resolution contact point. His/her role is to liaise with the Governance Group, receive communication from the Governance Group and act upon those as necessary.

1. **Inform business partners of participation**

Not only is this a clear sign of the company’s commitment to respect fair trading practices, but it is also a requirement. While the system is not prescriptive as to the means to inform trading partners, it requires a proactive measure (e.g.: sending a letter or email, a reference in the contractual terms…). A passive posting on a website would not be sufficient.

1. **Contribute to the Annual Review**

Each signatory company must complete the survey at national level. It is a simple survey, which covers a set of qualitative and quantitative measures on the respect of the Principles, dispute handling, and general effectiveness of the framework.

The results of the survey will be made anonymous. They will enable the Governance Group to assess the effectiveness of the initiative.

The survey mechanism can also help companies assess their own performance with the initiative and adjust internal processes and training accordingly.

**MANAGEMENT CHECK LIST – FAIR PRACTICE IMPLEMENTATION FRAMEWORK ‐**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| *TASKS TO BE CARRIED OUT (time sequence)* |  | Person/Department  in charge | Time to start | Duration | Expected  Completion | COMPLETED |
| 1. COMMUNICATE THAT THE COMPANY IS JOINING THE FRAMEWORK – the Principles and the obligations to undertake |  |  |  |  |  |  |
| 1. REVIEW EXISTING COMPANY TRADING PRACTICES AND COMPARE WITH PRINCIPLES – | Compare with company  rules of engagement,  policies, codes if any |  |  |  |  |  |
| Compare with contractual  terms in existing  agreements |  |  |  |  |  |
| 1. APPOINT DISPUTE MANAGER |  |  |  |  |  |  |
| 1. ORGANISE TRAINING | Define target employees /  units / functions |  |  |  |  |  |
| Define training (on  principles, behaviour…) |  |  |  |  |  |
| Training taking place |  |  |  |  |  |
| 1. APPOINT INTERNAL CONTACT PERSON |  |  |  |  |  |  |
| 1. COMMUNICATE TO TRADE PARTNERS |  |  |  |  |  |  |
| 1. ORGANISE INTERNAL MONITORING | Define internal process |  |  |  |  |  |
| Reporting to management |  |  |  |  |  |
| Corrective actions/training |  |  |  |  |  |
| 1. ANSWER MANDATORY SURVEY |  |  |  |  |  |  |