

1st Annual report

JANUARY 2015



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Executive summary

This annual report aims to give an overview of the evolution of 'The Supply Chain Initiative – Together for good trading practices' from its launch on 16 September 2013 to December 2014.

The present review briefly presents the progress of companies' registration and the actions undertaken 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 interested to promote fair practices in commercial dealings. The successful launch of the Initiative on 16 September 2013 and the registrations by companies of all sizes largely corresponds to our expectations. We are pleased to see such a high level of involvement and believe that The Supply Chain Initiative can contribute over time to a culture of good trading relations."

14 months after its launch on 16 September 2013, the Supply Chain Initiative (SCI) is proud to publish its first annual report providing a comprehensive overview of what it has achieved in its first year of operations. It includes the results of an independent survey that gives added insight into the functioning of the SCI.

THE MEMBERS OF THE GOVERNANCE GROUP OF THE SUPPLY CHAIN INITIATIVE





ABOUT THE SCI

The SCI is an Initiative launched by EU level associations active in the food and drink sector whose joint objective is to promote good practices between business partners along the supply chain.

In order to achieve this objective these associations agreed on a set of 'Principles of Good Practice' as well as an implementing and enforcement process, 'the Framework'.

A 'Governance Group', in which each of the associations involved is represented, was set up to manage the Initiative.

The SCI, which has a pan-European dimension, was established with the support of EU Member States and the European Commission via the High Level Forum for a better functioning food supply chain.

The SCI has two key characteristics: first, food supply chain companies, via their respective CEOs, voluntarily express to commit to the Principles of Good Practice in their daily negotiations with their business partners; and second, in case of disputes between companies, it stimulates the parties to find mutually acceptable solutions so that business relations can continue.

Companies commit by registering online in a public registry via a dedicated website (www.supplychaininitiative.eu). Once registered, a company has to comply with a number of obligations, such as training staff, offering a number of dispute resolution options and informing its suppliers/customers of its subscription to the SCI, the so-called 'process commitments'.

The SCI developed a number of supporting tools to ensure a consistent implementation of the Principles and of the Framework: website, FAQ, e-learning tool in 8 languages, self-assessment sheets, list of national mediators and arbitrators, etc. Particular attention has been given to SMEs through specific tools.

This report also includes the results of the first annual survey and shows whether the ambitious KPIs (Key Performance Indicators) set by the members of the Governance group have been met. These results need to be seen in the context of the relatively short experience registered companies have had with the Initiative: at the time of the survey, the majority of them had been registered for less than 6 months.

KEY FINDINGS OF THE SURVEY

The survey shows that, since its launch, the number of companies registering is constantly increasing, nearing 900 operating companies across the 28 EU Member States. There is a balanced level of registration between manufacturing, wholesale and retail companies; there are as many SMEs as large companies who have signed up. Over 18 000 staff members have been trained. 39% of the respondents indicated that they used the e-learning module. Overall, companies which used the training module rated it very positively.

As expected by the members of the Governance Group, SMEs started to register later in the year, probably as a result of registration and communication by their larger trading partners.

74% of the survey respondents indicated that they already communicated their registration to their business partners.

The report gives a comprehensive overview of the situation in EU Member States of the uptake of the SCI and the establishment in some of them of equivalent SCI platforms at national level. Registration appears to increase faster in countries where national platforms are taking shape.

Registered companies reported a low number of complaints filed and received. In line with the objective of the SCI, a large majority of the complaints were solved internally within 4 months.

There appears to be a high degree of satisfaction with the Initiative among the respondents. 73% reported to be satisfied with the system of which 35% said they were very satisfied. 32% of respondents reported to already perceive an improvement in trading practices. Even if few disputes were reported through the annual survey, the SCI has helped to raise awareness about the importance of good practices in commercial negotiations. For example, among the SME respondents, 26% already noted an improvement.

CONCLUSION

Because the SCI is still very new, it is early days to draw any definite conclusions from the results of the survey. These will however

serve as a basis for the Governance Group for enforcement, future action and improvements of the Initiative in 2015 and beyond.

A

What is the Supply Chain Initiative?

The Supply Chain Initiative (SCI) is a joint initiative launched by 7 EU level associations with the aim to increase fairness in commercial relations along the food supply chain.

The purpose of the Initiative is to promote good business practices in the food supply chain as a basis for commercial dealings. It aims to generate a culture of good trading relations by committing signatories to good trading practices through the integration of a set of Principles of Good Practice into their company day-to-day operations and controlling their application.

The Initiative also aims to ensure that companies address disputes in a fair and transparent manner whilst reassuring the complaining party that it will not be subject to retaliation.

The Initiative is designed for companies operating at any level of the food and drink supply chain irrespective of their size. SMEs are expected to be key beneficiaries, due to the wide application of the Principles of Good Practice in commercial dealings. To assist SMEs, the Initiative foresees a simplified registration and implementing process for them.

B

How does the Initiative work?

PROCESS COMMITMENTS

The Supply Chain Initiative is based on voluntary registration of companies operating in the food and drink supply chain. At the time of registration, companies confirm that:

- they comply with the Principles of Good Practice.
- they have undertaken a self-assessment.
- training is being set up or adapted to ensure compliance with the Principles. (The most relevant employees, including senior executives, will already have undergone training but training may not yet have been undertaken by all relevant staff by the time registration takes place.)
- they are prepared to engage in the dispute resolution options available under the framework.
- they agree that commercial retaliation is a serious breach of the Principles and the process commitments.
- they communicate their registration to business partners.
- they have appointed contact person(s) for internal dispute resolution and for process-related issues. (These can be the same or different persons.)

The requirements described above are called 'process commitments'.

SPECIAL FOCUS

In case of an alleged breach of a Principle, two situations may arise:

1/ INDIVIDUAL DISPUTE

Unless provided otherwise by national law, in the case of an alleged breach of a Principle, the complainant can lodge a complaint using the following options:

- Commercial track, e.g. bringing the issue to a higher level within the companies concerned;
- Contract options;
- Internal dispute resolution: companies appoint someone who is independent from commercial negotiations;
- Mediation or arbitration (this requires the agreement of both parties);
- Jurisdictional methods.

When resorting to dispute resolution options, the complainant is asked to choose the option that best fits his needs and is proportionate to the nature of the dispute.

The company that is alleged to have breached the Principles commits not to take retaliatory action, as this would be a serious breach of the Principles and process commitments.

Focus on SMEs: Only registered companies can resort to dispute resolution options. SMEs have every interest in registering so as to benefit from these options. SMEs can be exempted from certain provisions due to their smaller size. Micro enterprises and SMEs based outside the EU do not need to register to benefit from the Initiative.

2/ AGGREGATED DISPUTE

An aggregated dispute involves national and/or EU dialogues. The EU level Governance Group can be involved only for cross-border disputes or in the absence of a national dialogue. It ensures anonymity and confidentiality of the parties, produces guidance but does not seek to solve the dispute.

The remedies, sanctions, and/or penalties, including financial compensation for any actual and proven damages, for non-compliance with the Principles of Good Practice, are determined by the dispute resolution options used. They are enforceable according to the applicable law in a given jurisdiction.

C

Who is behind the Initiative?

The Supply Chain Initiative is a joint initiative supported by 8 EU level associations with the aim to increase fairness in commercial relations along the food supply chain. They represent the food and drink industry (FoodDrinkEurope), branded goods manufacturers (AIM), the retail sector (the European Retail Round Table (ERRT), EuroCommerce, EuroCoop and Independent Retail Europe), small and medium-sized enterprises (UEAPME) and agricultural traders (CELCAA).

AIM is the European Brands Association. It represents manufacturers of branded consumer goods in Europe on key issues which affect their ability to design, distribute and market their brands. AIM's mission is to create an environment of fair and vigorous competition for brands, fostering innovation and guaranteeing maximum value to consumers now and for generations to come.

CELCAA was founded in 1979 by major European sectoral trade associations that are involved in the retail and wholesale of agricultural and agri-food products, to join their forces and cooperate on a horizontal level. CELCAA ensures the advocacy of agricultural and agri-food traders by its presence in various consultative groups of the European Institutions.

EuroCommerce members include national commerce federations in 31 European countries, 28 leading European retail and wholesale companies, and federations representing specific sectors of commerce. Retailing and wholesaling account for 1 in 4 enterprises in Europe, contribute 11% of Europe's gross added value and provide 1 in 7 jobs. The sector employs nearly 30 million people. EuroCommerce promotes fair, competitive and sustainable retail and trade in Europe.

EuroCoop is the European Community of Consumer Co-operatives; its members are the national organisations of consumer co-operatives in 19 European countries and 1 non-European member. Created in 1957, EuroCoop today represents over 4,500 local and regional co-operatives, the members of which amount to more than 30 million consumers across Europe. Primarily active in food retail, consumer co-operatives are enterprises owned by consumer-members.

FoodDrinkEurope represents the European food and drink industry, the EU's leading employer (4.2 million employees) and largest manufacturing sector (€1,048 billion turnover). FoodDrinkEurope aims to promote the industry's interests to European and international institutions as a key economic player and an essential partner in the food chain, with the 286 000 companies - largely SMEs - that it represents. FoodDrinkEurope addresses all key issues relevant to the sector, including food safety and science; nutrition and health; environmental sustainability and competitiveness.

Independent Retail Europe is the European association that defends the interests of groups of independent retailers in the food and non-food sectors. These groups are characterised by the provision of a support network to independent SME retail entrepreneurs, joint purchasing of goods and services to attain efficiencies and economies of scale as well as respect for the independent character of the individual independent retailer. The 23 member groups and associations represent over 363 000 independent retailers and 556 000 points of sale, with an aggregate turnover of over one trillion Euros.

The European Retail Round Table (ERRT) brings together the CEOs of Europe's leading international retail companies. Their businesses operate worldwide and represent a cross-section of the retail sector.

UEAPME is the employers' organisation representing the interests of European crafts, trades and SMEs at EU level. As the European SME umbrella organisation, UEAPME incorporates some 80 member organisations from 34 countries consisting of national cross-sectorial SME federations, European branch federations and other associate members, which support the SME family. UEAPME represents more than 12 million enterprises, which employ around 55 million people across Europe.

The Initiative is managed by a Governance Group composed of representatives from the signatory associations:

Name	Title	Organisation
Roxane Feller (co-chair/industry)	Director Economic Affairs	FoodDrinkEurope
Else Groen (co-chair/retail)	Director General	Independent Retail Europe
Mella Frewen	Director General	FoodDrinkEurope
Alain Galaski	Director General	AIM – European Brands Association
Todor Ivanov	Secretary General	Euro Coop – European Community of Consumer Co-operatives
Paul Kelly	Director	FDII – Food and Drink Industry of Ireland
Dennis Kredler	Director General	ERRT – European Retail Round Table
Pascale Rouhier	Secretary General	CELCAA – the European Liaison Committee for Agricultural and Agri-Food Trade
Christian Verschueren	Director General	EuroCommerce
Christine Weiker	ECSLA Secretary General	UEAPME (European Association of Craft, Small and Medium-sized Enterprises) is an Observer.

Project Manager: **Jessica Imbert**

Status on 31 December 2014.

D

How did the Initiative originate?

The European Institutions and several Member States have pointed to the existence of problems associated with the food supply chain and agreed that solutions to these problems should be found.

Following a request made on 10 March 2011 by the European Commission in the B2B Platform of the High Level Forum for a Better Functioning Food Supply Chain¹, a multi-stakeholder dialogue was created to discuss fair/unfair practices along the food supply chain. This dialogue, composed of organisations representing all steps in the food supply chain, had the objective to contribute to the High Level Forum process, on the basis of the platform's mandate. The core of the discussion has been to find a solution to the asymmetry and possible misuses of bargaining power by actors operating in the food chain.

The outcomes of this multi-stakeholder dialogue consist of a set of Principles of Good Practice and a list of examples of fair and unfair practices in vertical trading relationships. These outcomes demonstrate i) a recognition that unfair commercial practices may occur at any level the whole food supply chain and ii) stakeholder willingness to address those practices in a consensual and effective way.

The High Level Forum warmly welcomed the set of Principles of Good Practice at its meeting of 29 November 2011. The European Commission subsequently mandated the multi-stakeholder dialogue to present a framework for the implementation and enforcement of the Principles.

Adopted in January 2013, the Framework provides general features for the implementation and enforcement of the Principles², together with concrete operational tools for companies to use. It identifies the tasks required, the responsible actors for their implementation and a timetable for their delivery. It contains a description of the governance including monitoring and evaluation; performance indicators; a brief assessment of the relations with existing national rules and regulations and voluntary schemes as well as cross-border implications; and finally an assessment of the fulfilment of the criteria established by Commissioner Barnier in the context of the High Level Forum.

¹ The High Level Forum was set up to implement a roadmap of initiatives to improve the competitiveness of the agro-food industry in cooperation with the stakeholders.

² Later referred to as "The Framework"



PRINCIPLES OF GOOD PRACTICE

Contracting parties shall act in strict compliance with applicable laws, including competition law.

GENERAL PRINCIPLES

A. CONSUMERS:

Contracting parties should always take into account consumer interests and the overall sustainability of the supply chain in their B2B relations. Contracting parties should ensure maximum efficiency and optimisation of resources in the distribution of goods throughout the supply chain.

B. FREEDOM OF CONTRACT:

Contracting parties are independent economic entities, respecting each other's rights to set their own strategy and management policy, including the freedom to determine independently whether to engage or not in any agreement.

C. FAIR DEALING:

Contracting parties should deal with each other responsibly, in good faith and with professional diligence.

SPECIFIC PRINCIPLES

1. WRITTEN AGREEMENTS:

Agreements should be in writing, unless impracticable or where oral agreements are mutually acceptable and convenient. They should be clear and transparent, and cover as many relevant and foreseeable elements as possible, including rights and procedures of termination.

2. PREDICTABILITY:

Unilateral change to contract terms shall not take place unless this possibility and its circumstances and conditions have been agreed in advance. The agreements should outline the process for each party to discuss with the other any changes necessary for the implementation of the agreement or due to unforeseeable circumstances, as provided in the agreement.

3. COMPLIANCE:

Agreements must be complied with.

4. INFORMATION:

Where information is exchanged, this shall be done in strict compliance with competition and other applicable laws, and the parties should take reasonable care to ensure that the information supplied is correct and not misleading.

5. CONFIDENTIALITY:

Confidentiality of information must be respected unless the information is already public or has been independently obtained by the receiving party lawfully and in good faith. Confidential information shall be used by the recipient party only for the purpose for which it was communicated.

6. RESPONSIBILITY FOR RISK:

All contracting parties in the supply chain should bear their own appropriate entrepreneurial risks.

7. JUSTIFIABLE REQUEST:

A contracting party shall not apply threats in order to obtain an unjustified advantage or to transfer an unjustified cost.

Practice	Examples of UNFAIR PRACTICES	Examples of FAIR PRACTICES
Agreements – written / unwritten	<ul style="list-style-type: none">Refusing or avoiding to put essential terms in writing. This makes it more difficult to establish the intent of the parties and to identify their rights and obligations under the contract.	<ul style="list-style-type: none">Contracting parties ensure that the agreement is in writing, unless impracticable or where oral agreements are mutually acceptable and convenient. The agreement contains precise circumstances and detailed rules under which the parties can jointly modify the terms of the agreement, in a timely and informed way, including the process for setting the necessary compensation for any costs resulting for either party.The provisions of the written contract are clear and transparent.When contracts are not written, one of the parties sends a written confirmation afterwards.
General terms and conditions	<ul style="list-style-type: none">Imposing general terms and conditions that contain unfair clauses.	<ul style="list-style-type: none">Using general terms and conditions that facilitate business activity and that contain fair clauses.
Termination	<ul style="list-style-type: none">Unilaterally terminating a commercial relationship without notice, or subject to an unreasonably short notice period and without an objectively justified reason, for example on the grounds that unilateral sales targets are not reached.	<ul style="list-style-type: none">The unilateral termination of the agreement respects the agreement and due process and is in accordance with applicable law.
Contractual sanctions	<ul style="list-style-type: none">Contractual sanctions are applied in a non-transparent manner and are disproportionate to damages suffered.Sanctions are imposed without any justification in the agreement or the applicable law.	<ul style="list-style-type: none">If a party fails to meet its obligations, contractual sanctions are applied in a transparent way, in respect of the agreement and proportional to the damages.Contractual sanctions are agreed in advance, are proportionate for both sides and are applied in order to compensate damages.
Unilateral actions	<ul style="list-style-type: none">Non-contractual retroactive unilateral changes in the cost or price of products or services.	<ul style="list-style-type: none">A contract contains legitimate circumstances and conditions under which subsequent unilateral action may be permitted.
Information	<ul style="list-style-type: none">Withholding essential information relevant to the other party in contractual negotiations and which the other party could legitimately expect to receive.A contracting party uses or shares with a third party, sensitive information provided confidentially by the other contracting party, without the latter's authorization, in a way that enables it to obtain a competitive advantage.	<ul style="list-style-type: none">Providing relevant essential information to the other party in contractual negotiations and ensuring that information is not misused.
Entrepreneurial risk allocation	<ul style="list-style-type: none">Transfer of unjustified or disproportionate risk to a contracting party, for example imposing a guarantee of margin via payment for no performance.Imposing a requirement to fund a contracting party's proprietary business activities.Imposing a requirement to fund the cost of a promotion.Preventing a contracting party from making legitimate marketing and promotional claims on their products.	<ul style="list-style-type: none">Different operators face specific risks at each stage of the supply chain – linked to the potential rewards for conducting business in that field. All operators take responsibility for their own risks and do not unduly attempt to transfer their risks to other parties.Transfer of risk which is negotiated and agreed by the parties to obtain a win-win situation.Contracting parties agree the terms and conditions corresponding to their contribution to either parties' proprietary activities and/or promotional activities.

Practice	Examples of UNFAIR PRACTICES	Examples of FAIR PRACTICES
Listing fees (upfront access payments)	<ul style="list-style-type: none"> Imposing listing fees that are disproportionate to the risk incurred in stocking a new product. 	<ul style="list-style-type: none"> Listing fees - used to mitigate the risk incurred in stocking a new product - are agreed between both parties, and proportionate to the risk incurred.
Threatening business disruption	<ul style="list-style-type: none"> Threatening business disruption or the termination of the business relationship to obtain an advantage without objective justification, for example by punishing a contracting party for exercising its rights. Demanding payment for services not rendered or goods not delivered, or demanding payments manifestly not corresponding to the value/cost of the service rendered. 	
Tying	<ul style="list-style-type: none"> Imposing on a contracting party the purchase or supply of a set of products or services tied to another set of products or services -either from one of the contracting parties or from a designated third party. 	<ul style="list-style-type: none"> The contracting parties agree to tie products or services that increase the overall efficiency and/or sustainability of the supply chain and bring benefits to consumers and both contracting parties.
Delivery and reception of goods	<ul style="list-style-type: none"> Deliberately disrupting delivery or reception schedule to obtain unjustified advantage. 	<ul style="list-style-type: none"> Deliveries which arrive at the agreed time allow suppliers to plan, well in advance, their production and manufacturing processes and delivery timetables, and allow buyers to plan the reception, storage and display of the goods delivered. If a party needs to deliver or receive early / late / partially, they forewarn the other party as early as possible and in line with the written agreement.



E

Launch of the Supply Chain Initiative

Together for good trading practices

The Supply Chain Initiative was officially launched on 16 September 2013 at a successful event bringing together 150 participants from across the supply chain and EU Institutions and representatives of national authorities.

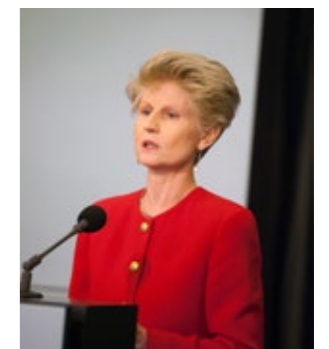
The launch event was hosted by Anna Maria Corazza Bildt, MEP. Speeches were delivered by Philip Clarke (CEO Tesco plc and President of the European Retail Round Table), Mella Frewen (Director General of FoodDrinkEurope), Gwenole Cozigou (Director, DG Enterprise, European Commission) and Claire Bury (Director, DG Markt, European Commission).

At the time of the launch, the members of the Governance Group announced the names of 82 groups/companies from across the EU that had already officially expressed their intention to register. Half of these were national companies and the other half were international groups. In total there were 454 committed operating companies at national level.

150 participants took part in the launch of the Initiative



Gwenole Cozigou, Director,
DG Enterprise, European Commission



Anna Maria Corazza Bildt,
MEP



Claire Bury, DG Markt,
European Commission

On the same day, the website (www.supplychaininitiative.eu) containing the registry for the Supply Chain Initiative, was launched. As from that moment it became possible for companies to register to the Supply Chain Initiative.

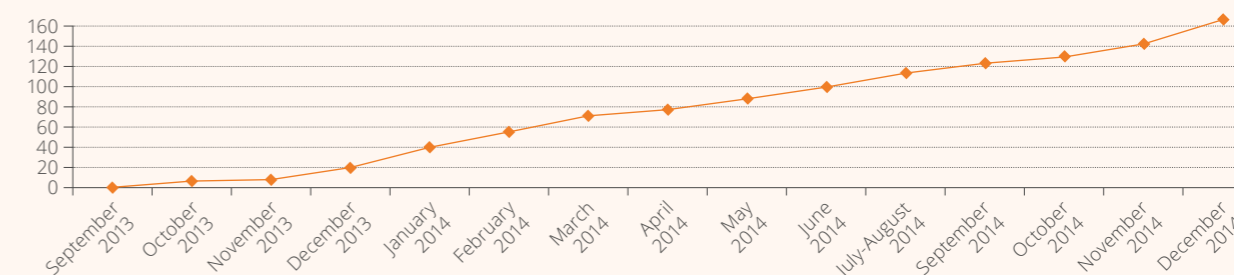
F

Evolution of company registrations

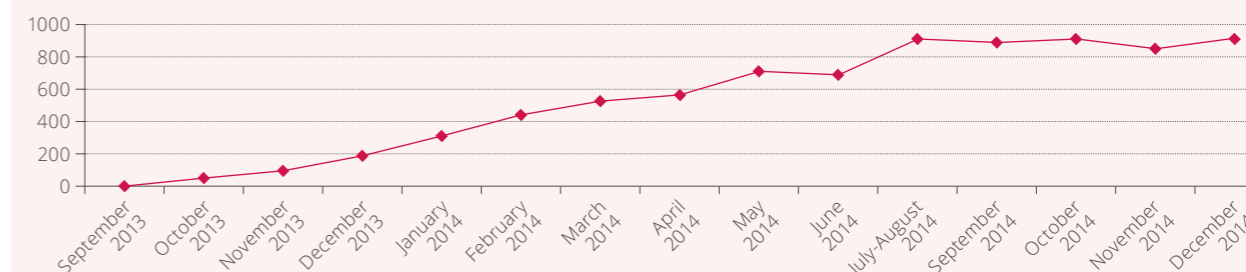
Registration of companies to the Initiative has continuously increased since its launch in September 2013. The chart below shows the pace of registration on a monthly basis starting in October 2013:

OCTOBER 2013	◆ 6	groups/companies	representing	◆ 33	national operating companies
NOVEMBER 2013	◆ 9	groups/companies	representing	◆ 66	national operating companies
DECEMBER 2013	◆ 19	groups/companies	representing	◆ 179	national operating companies
JANUARY 2014	◆ 41	groups/companies	representing	◆ 320	national operating companies
FEBRUARY 2014	◆ 57	groups/companies	representing	◆ 446	national operating companies
MARCH 2014	◆ 73	groups/companies	representing	◆ 524	national operating companies
APRIL 2014	◆ 79	groups/companies	representing	◆ 581	national operating companies
MAY 2014	◆ 91	groups/companies	representing	◆ 717	national operating companies
JUNE 2014	◆ 102	groups/companies	representing	◆ 706	national operating companies
JULY-AUGUST 2014	◆ 117	groups/companies	representing	◆ 928	national operating companies
SEPTEMBER 2014	◆ 127	groups/companies	representing	◆ 900	national operating companies
OCTOBER 2014	◆ 134	groups/companies	representing	◆ 912	national operating companies
NOVEMBER 2014	◆ 146	groups/companies	representing	◆ 842	national operating companies
DECEMBER 2014	◆ 164	groups/companies	representing	◆ 863	national operating companies

REGISTERED GROUPS/COMPANIES

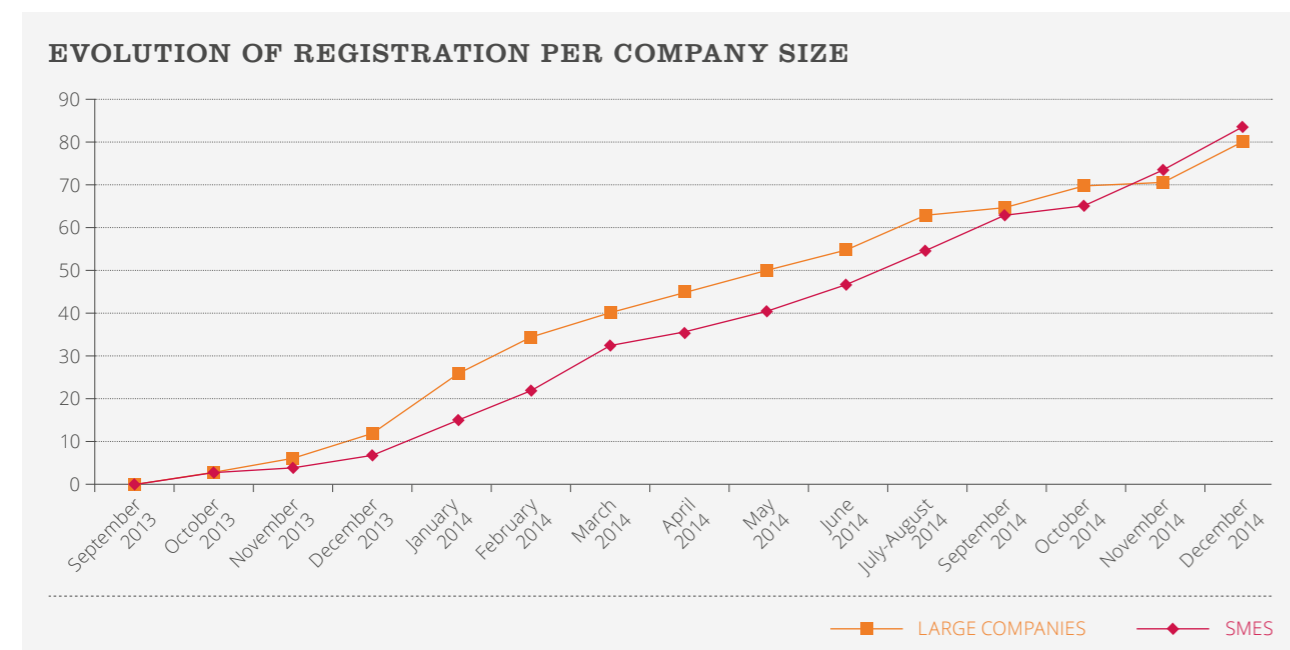


REGISTERED NATIONAL OPERATING COMPANIES



The number of national operating companies also shows good continuous progress since the SCI was launched. The small decrease in the total number of operating companies at national level between September and November is due to an update undertaken at the time of the annual survey. When completing the questionnaires, a few companies realised that they had reg-

istered for a higher number of countries than they should have done as the Framework requires companies to register only for the countries where they operate through a legal entity with B2B commercial relations and not for all the countries where they have customers. The wording of the registration form was subsequently clarified to avoid further misunderstanding.



As regards the registration of SMEs, the Governance Group initially expected a snowball effect whereby large companies would sign up early and their SME trading partners would sign up in a second stage.

In fact, registrations from SMEs and large companies appear to run more or less in parallel. Towards the fourth quarter of 2014, the registrations of SMEs significantly increased. According to feedback received, this was partly due to the communication of registration by large companies to their business partners, which is a process commitment.

For the SCI to demonstrate its effectiveness and bring about a change in trading practices, companies of all sizes and from all levels of the food supply chain should participate. More specifically, to fully benefit from the SCI (including the possibility to use the dispute resolution options), it is important that SMEs register. Moreover, the SCI generates indirect effects on SMEs. It is expected that larger trading partners that have signed up to the system will treat all their SME trading partners irrespectively of whether they have registered or not.

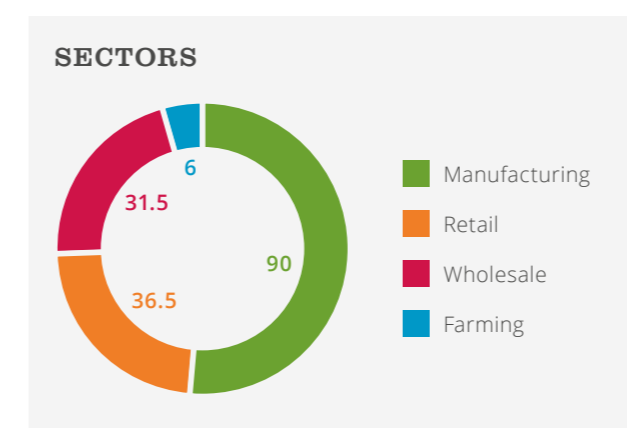
The evolution of registrations is equally positive in terms of representativeness and coverage:

> NATIONAL COVERAGE:

Registered companies are present in all 28 EU Member States. They are either based or have operational entities in one or more EU countries. Registration also includes non-EU companies operating in the EU;

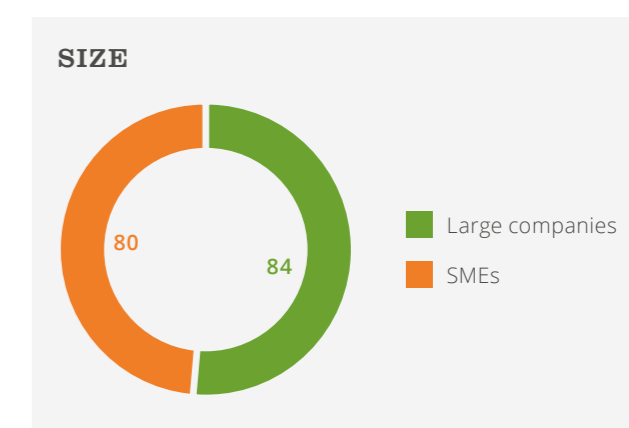
> SECTORS:

There is a balanced level of registration across the sectors concerned: 90 manufacturing companies, 36 retail and 31 wholesale companies and 6 farming enterprises.



> SIZE:

Registration covers both large companies and SMEs³. On 31 December 2014, 84 SMEs had registered.



In addition, 53 companies have sent **letters of intent** to express their intention to register as soon as they fully comply with all the process commitments.

The evolution of signatories per Member State appears to match the development of stakeholder dialogues and platforms at national level. Where a dialogue or a national platform is in place or under development, this has created momentum and encouraged companies to sign up. This was the case with Finland and the Netherlands for instance. In Belgium, such a dialogue has existed since 2010 and, following some small modifications made, was recognized as equivalent to the SCI in June 2014. The 224 companies adhering to the Belgian code are now expected to register as well to the SCI (status: 31 December 2014).

³ The SME definition is the official one used by the European Union: employees ≤ 250 and either turnover ≤ € 50 mio or balance sheet ≤ € 43 mio.

G

Progress in achieving a “critical mass” of registered companies

The Framework defines as one of its performance indicators the existence of a “critical mass of registered companies”. When set up in April 2013, the Governance Group defined specific targets, or Key Performance Indicators (KPIs). The purpose of these indicators is to measure critical mass for each sector and each national market reflecting the fact that the levels of operation and concentration

are different across sectors and geographical markets. As a result, the KPIs for the manufacturing sector could not be calculated on the same basis as those for the retail and wholesale sector.

The targets that are used to measure that critical mass are described hereafter.

FOR THE RETAIL AND WHOLESALE SECTOR

A list of the top 10 companies in terms of turnover in each of the EU Member States was made. Out of those 10 companies the targets are:

- **IN LARGE MARKETS⁴: 4 companies registered in the first year of operation;**
- **IN MEDIUM-SIZED MARKETS⁵: 3 companies registered in the first year;**
- **IN SMALL MARKETS⁶: Promotion and monitoring of the Framework with no specific target.**

The distributive trades sector has achieved or went beyond the first year KPIs in all EU countries with the exception of 3 countries:

- **In large EU markets:** the KPI of 4 companies out of the top 10 registered in the first year is achieved (or beyond target) in 3 markets out of 5 (Germany, France and Poland). The target is close to being achieved in Italy and the UK. This can be explained by the fact that the legislation in place in those countries matches (and even goes beyond) the requirements of the Supply Chain Initiative therefore reducing incentives for companies in those countries to join an additional scheme.
- **In medium-sized markets:** the KPI of 3 companies out of the top 10 registered in the first year is achieved or beyond target in 13 out of the 14 countries in this category. The exception is Sweden, where currently only 2 out of the top 10 retailers are registered, ICA, the largest Swedish retailer, and Lidl.
- **In small markets,** at least one company in the top 10 is registered in Croatia, Latvia, Lithuania, Luxembourg, Malta and Slovenia. Estonia is for now only covered by letters of intent.

Over half of the registrations in the distributive sector comes from companies outside the top ten on national markets. In certain markets, registration is going beyond the larger operators and companies of a relatively smaller size are also participating (e.g. Finland, the Netherlands). The number and size of registered wholesalers is the result of larger players in the supply chain having communicated their registration to their trading partners. We expect registrations from this category of companies to continue to increase in future. It should be noted that a number of retailers have registered their purchasing platforms as wholesale operations.

⁴ France, Germany, Italy, Poland, Spain and the United Kingdom.

⁵ Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Finland, Ireland, Greece, Hungary, the Netherlands, Portugal, Romania, Slovakia, and Sweden.

⁶ Cyprus, Estonia, Latvia, Lithuania, Luxemburg, Malta and Slovenia.



FOR THE INDUSTRY SECTOR

On the basis of the criteria⁷, manufacturers set their 'year one' Key Performance Indicator (KPIs) at national level as follows:

- registration by 8 of the 25 largest companies in 'higher concentration' countries,
- 10/25 companies in countries with "medium concentration" and
- 12/25 in countries with "lower concentration".

The uptake in all EU 28 countries appears to be proportionate to the level of concentration. In no country have the 'year one KPIs' been achieved. Countries reach on average two-thirds of the target, thanks to the support of international companies. Some countries, like Ireland and Portugal are close to meeting the target. However, an important number of local companies (usually SMEs) have signed up. This is particularly good news in 'high concentration' countries like Denmark, Ireland, Poland and Sweden.

All countries except five – Croatia, Estonia, Latvia, Lithuania and Slovenia – have reached a share of signatories of 10% or more of their respective market turnover. Seven countries have an uptake of 14% or more irrespective of whether or not is legislation in place in the country: Belgium, France, Greece, Hungary, Ireland (best in class with 17%) Poland and Portugal.

For SMEs the uptake is constantly increasing. This is largely a result of encouragements given by large retailers and manufacturers to their SME suppliers to join the Initiative, which helped overcome the initial reluctance to participate in a wider European movement. Most countries have twice as many SMES as large companies signing up. Nine are even nearing the level of three times as many SMEs as large companies: Belgium, Denmark, Finland, France, Germany, Ireland, The Netherlands, Sweden and the UK. The countries that are lagging behind are mostly new Member States with the exception of the Czech Republic, and Greece.

FOR SMEs

The Framework states that "the number of registered SMEs will be tracked and there will be an evaluation by the Governance Group regarding the progress in terms of uptake". As a benchmark, the Governance Group will take into account the following target: "at least 50% more SMEs registered than larger companies, in each EU Member State".

It should be noted that establishing the potential number of SMEs signing up was a difficult task. First, it is assumed that SMEs will also benefit from the system even if they are not signed up. Second, the number of SMEs signing up would most likely also depend on the number of large companies signing up and the effectiveness of their communication to their trading partners.

Therefore the target set for SMEs was only indicative. This number was to be reviewed by the end of the first year of operation and evaluated to assess its adequacy once there was more experience with the functioning of the Framework.

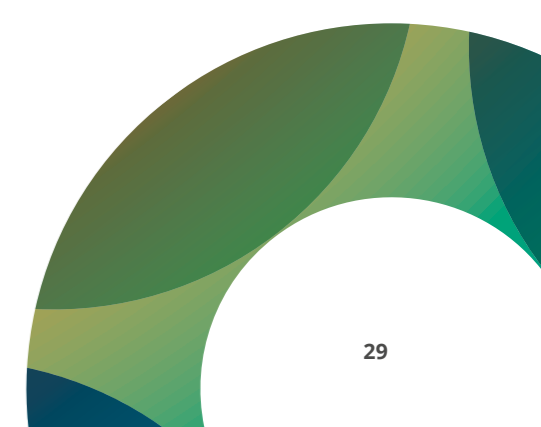
In December 2014, this target was achieved in the following 6 Member States: Denmark, Germany, Netherlands, Poland, Portugal and the United Kingdom.

The Governance Group closely monitors and reports on the number of registered SMEs. A number of tools were developed to facilitate registration by SMEs⁸. Some registered companies are reported to have undertaken pro-active measures to encourage and support registration by their SME trading partners. The Governance Group also engaged with the EU Commission to step up efforts in encouraging further SME participation in the SCI.

⁷ Manufacturers set ambitious uptake targets based only on the signing up of the top 25 largest companies in terms of sales in each of the 28 EU Member States. As the concentration of the manufacturing business is not homogeneous throughout EU28, the level up uptake was differentiated in three groups according to the share of market representativity these 25 largest companies represent: higher concentration (where the top 25 companies represent 50% or more of the market share – 8 countries: Denmark, Estonia, Finland, Ireland, Latvia, Poland, Sweden, the United Kingdom), medium concentration (where

the top 25 companies represent between 40% and 50% of the market share – 11 countries: Austria, Bulgaria, Croatia, Czech Republic, Greece, Hungary, Lithuania, Portugal, Romania, Slovakia, Slovenia) and lower concentration (where the top 25 companies represent less than 40% of the market share – 6 countries: Belgium, France, Germany, Italy, the Netherlands, Spain) – NB for 3 countries no data is available: Cyprus, Luxembourg and Malta. The Framework foresees that the uptake of SMEs will be monitored, no target has been set.

⁸ See section J "tools"



H

Compliance survey

1 / PREPARATION

The Framework requires an annual survey to monitor progress and serve as a basis for evaluation of compliance with the SCI.

A NEUTRAL INTERMEDIARY

The Governance Group developed a questionnaire based on the Framework requirements and appointed Dedicated⁹, a Belgian market research and polling agency, as its independent third party to conduct the survey. As foreseen in the Framework, dedicated is bound by strict rules of confidentiality to ensure that individual respondents' survey data is not disclosed to any other party, including Governance Group members.

THE QUESTIONNAIRE

The questionnaire for the annual survey is based on the various process commitments under the Framework and more specifically focuses on:

- > Training of staff;
- > Communication to business partners; and
- > Operation of the dispute resolution options, such as the number of complaints lodged and received and the option chosen to solve the dispute. The survey is not intended to cover the substance of any disputes handled under the Framework.

The questionnaire was made available in 23 EU languages and remains accessible on the SCI website¹⁰.

THE PROCESS

The survey was conducted online during September and October 2014. Registered companies were asked to respond separately for each country where they have a registered operational entity. The results were aggregated by the market research agency.

2 / SAMPLE

RESPONSE RATE

When the survey was launched, on 1st September 2014, the SCI covered 112 companies representing a total of 715 operating companies at national level. On average, companies operate in 6 EU countries.

90 companies responded to the survey, resulting in a total of 491 completed national questionnaires¹¹. This represents a response rate of slightly over 80%.

As foreseen in the Framework and Rules of Procedure, the Governance Group sent a letter to each of the 22 companies that did not take part in the survey informing them that this is in breach of a process commitment and asking them formally to explain why they did not respond.

NEXT STEP

Should there be no response from these companies or should the Governance Group see the reason given as insufficient, the Governance Group will take further steps in accordance with the Framework and the Governance Group's Rules of Procedure. Ultimately, this procedure can lead to de-registration from the Initiative.

⁹ Dedicated is the one of the leading independent market research and opinion polling agency in Belgium: <http://www.dedicated.be/>

¹⁰ http://www.supplychaininitiative.eu/sites/default/files/supply_chain_initiative_-_survey_-_final_questions.pdf

¹¹ Some groups were exempted from completing all the national questionnaires as only their headquarters and certain of their national companies are involved in commercial negotiations.



**GEOGRAPHICAL CLUSTERS:
% OF RESPONDENTS TO THE ANNUAL SURVEY BY “REGION”**



COMPANY DEMOGRAPHICS

Company demographics	TOTAL	
	Absolute figures	%
Company size		
SMEs	242	49.3%
Large companies	249	50.7%
Company sector		
Manufacturing	310	63.1%
Wholesale	81	16.5%
Retail	97	19.8%
Farming	3	0.6%

The company demographics show that half of the survey respondents are SMEs. This can be explained by the fact that operating entities of large international groups may be SMEs in certain markets. Two thirds of the surveys emanated from groups/ companies operating in the manufacturing sector and one third in the retail and wholesale sector due to the fact that large manufacturing groups have operating entities in more EU companies than wholesale and retail groups.

**DURATION OF REGISTRATION:
COVERAGE OF THE FIRST YEAR SURVEY**

Date of registration		
3 rd Quarter 2013	1	0.2%
4 th Quarter 2013	150	30.5%
1 st Quarter 2014	164	33.4%
2 nd Quarter 2014	137	27.9%
3 rd Quarter 2014	39	7.9%
TOTAL	491	100%

The survey was open to companies which registered between 16 September 2013 and 20 August 2014. This first annual survey is therefore exceptional from a statistical point of view because of the limited experience which the registered companies had with the Initiative at the time the survey was conducted: When the survey opened, only one company had been registered to the SCI for more than one year. All other signatories joined the Initiative less than a year prior to the survey, half of these joined less than 6 months and 7.9% even less than three months prior to the survey. The survey does not include experiences from companies that registered after 20 August 2014.

The Governance Group expected that the results of the survey would reflect this, as the market effects of the Supply Chain Initiative take a certain amount of time to filter through and companies need time to get to grips with the system. As a result, the Governance Group expects the following years' surveys to provide a much more reliable statistical basis as a substantial number of respondents will have been in the system for more than a year.

3 / ANALYSIS CRITERIA

To facilitate interpretation, the findings of the survey were divided into 3 clusters:

- > **BY COMPANY SIZE :**
SME or large company¹².
- > **BY SECTOR :**
Farming, manufacturing, wholesale and retail.
- > **BY GEOGRAPHICAL GROUPS :**
The Supply Chain Initiative seeks to transform companies' negotiating culture. As negotiating cultures differ between countries, the Governance Group deemed it useful to organise the most prevalent situations in country clusters. The criterion used to define these clusters is a subjective appreciation of the prevailing negotiating cultures. Clustering countries was also a necessary step to respect the anonymity of individual respondents. These country clusters do not represent a value judgment on the part of the Governance Group regarding the specific situation in any individual country or cluster.

¹² The SME definition is the official one used by the European Union: employees ≤ 250 and either turnover ≤€ 50 mio or balance sheet ≤€ 43 mio.

4 / FINDINGS

1/ TRAINING

The training of staff members involved in negotiations is one of the process commitments for registered companies. To this end, registered companies commit to set up or adapt training in line with the Framework.

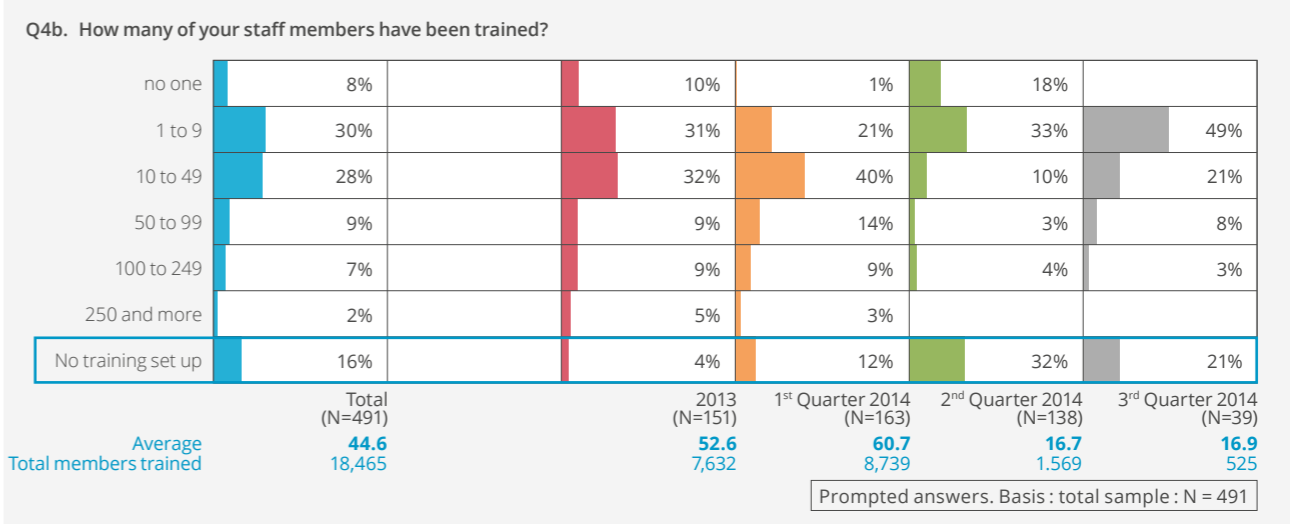
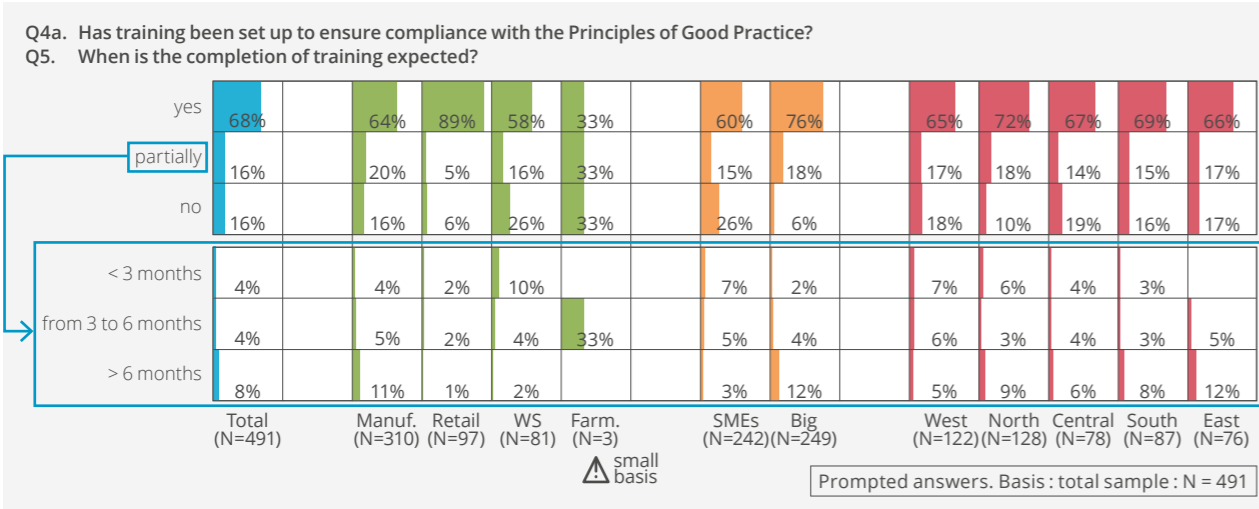
> SET-UP

The completion of staff training appears to be on target. Of the 84% of companies that organised training, 68% responded that they had completed this training and 16% that they are in the process of completing it. The rate of staff training is higher in larger businesses (94%) than smaller businesses (75%). Companies reported that since the launch of the Supply Chain Initiative, 18,465 staff members had been trained. Large companies trained over 16,000 people. Broken down by sector, over 10,000 people were trained in the manufacturing sector, over 6,000 in the retail sector and nearly 2,000 in the

wholesale sector. 12 companies trained more than 300 staff members each (see table).

16% of companies replied that they have not trained their staff to ensure compliance with the Principles of Good Practice. The survey does not allow for a more detailed analysis, but this may be a reflection of the fact that a number of companies had internal training already compliant with the Principles of Good Practice prior to registration, reflecting company values or a regulatory environment that is in line with these Principles.

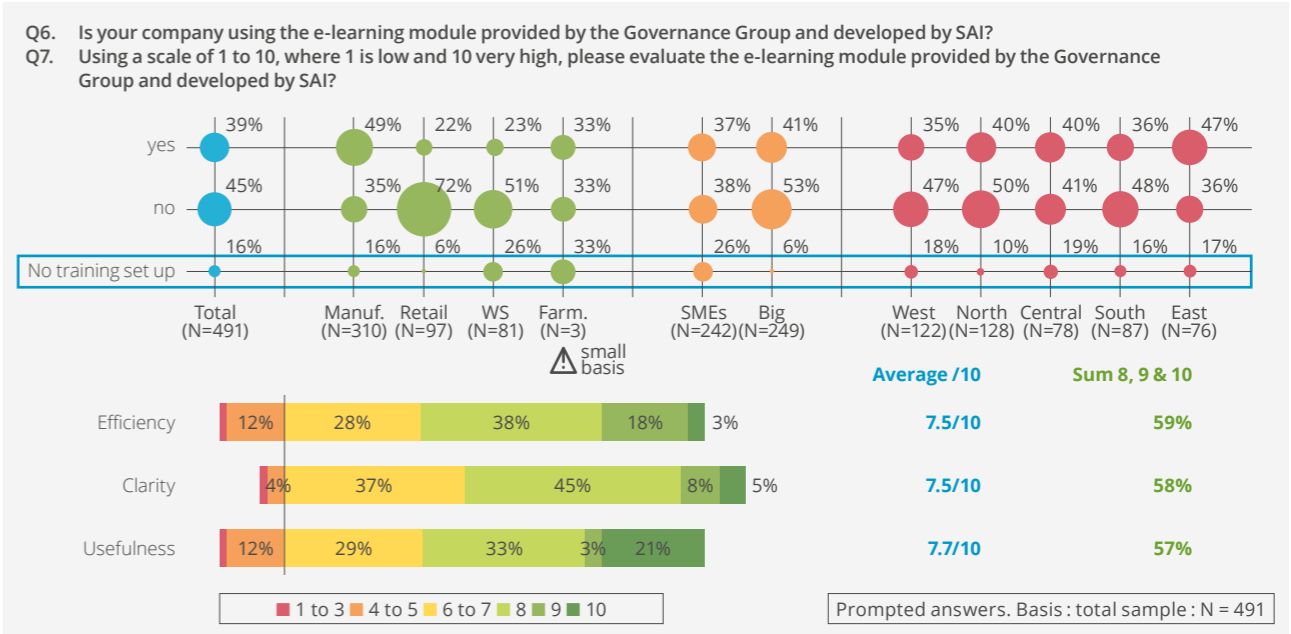
NEXT STEP The Governance Group is intent on ensuring that this response does not constitute a breach of a process commitments and will take steps to ascertain that the commitment to train is complied with.



> EVALUATION OF THE E-LEARNING MODULE

39% of respondents indicated that they used the e-learning module provided by SAI. Overall, companies that used the

training module rated it very positively as an efficient, clear and useful tool.

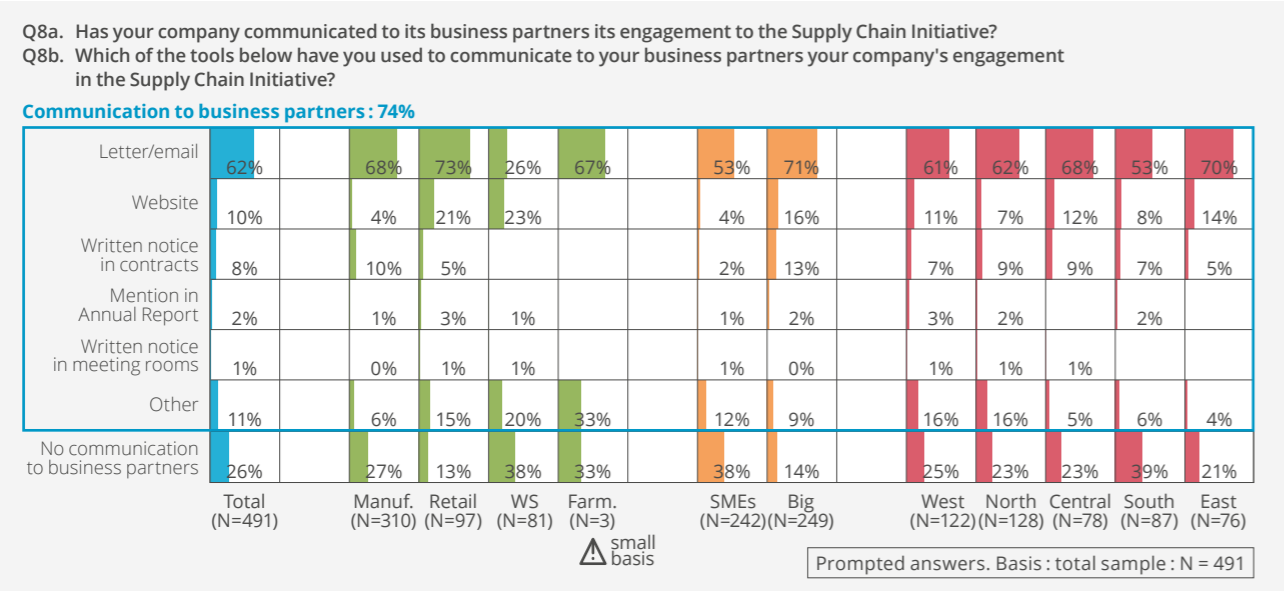


> COMMUNICATION TO BUSINESS PARTNERS

The Framework requires registered companies to inform their business partners of their participation. Companies are free to choose the means by which this is done.

74% of survey respondents indicated that they already communicated their registration to their business partners. Many companies reported that they used more than one communication tool to inform their business partners. Accounting for 62% of the tools, letters to business partners appear to be the most popular means of communication. Other means included companies' websites (10%) and a written notice in the contracts (8%).

26% of respondents indicated that they did not yet communicate their adherence to the system to their trading partners. The Governance Group will discuss appropriate means to address this issue.



2/ OPERATION OF THE DISPUTE RESOLUTION OPTIONS

When registering, companies confirm that they are ready to engage in a series of dispute resolution options to handle complaints based on alleged breaches of the Principles. At the time of registration, each company needs to communicate the name and contact details of the person(s) that constitute the dispute resolution body within the company. This internal dispute resolution procedure must be independent¹³ of the commercial negotiations and be impartial and quick. It should be elaborated in such a way that it reassures the complainant that he will not be subject to commercial retaliation.

¹³ Upon registration, a company may justify that due to its small size it is not able to ensure such independence.

	Complaints lodged	Complaints received
Number of complaints	1 complaint	39 complaints mentioned by 6 respondents > 1 complaints (N=2) > 2 complaints (N=2) > 3 complaints (N=1) > 30 complaints (N=1)
Allegedly breached Principles of Good Practice	> JUSTIFIABLE REQUEST	> FAIR DEALING > PREDICTABILITY > COMPLIANCE
Exposure to commercial retaliation	Yes: 1 time	
Dispute resolution	Mediation (100%)	> Commercial track (43%) > Internal dispute resolution office of the trade partner (43%) > Mediation (12%) > Jurisdictional methods according to national rules and regulations (2%)

Note : the number of complaints lodged and received differs which can be explained by the following:

- > a company raises an issue to a trading partner but it is then solved, so the company does not consider it as a complaint
- > some complaints may be lodged by non registered companies, such as SMEs

N=number of respondents

A small number of companies reported that they had either lodged or received complaints. This result needs to be seen in the context of the relatively short experience with the system: at the time of the survey, the majority of participating companies had been registered for less than 6 months. Companies need time to familiarise themselves with the system. Experience from the UK Groceries Supply Code of Practice (GSCOP) shows that a low number of complaints is consistent with a newly created system during its first year of operation. Expectations for future reporting of complaints is influenced by two opposite trends. As companies learn to apply the Principles consistently, the Supply Chain Initiative is expected to contribute to a reduction of the number of incidents that could lead to complaints. On the other hand, as companies grow more familiar with the system, their confidence to lodge a complaint may well increase. Which of these effects will be greater is impossible to predict at this stage. The Governance Group will reflect on ways to obtain the relevant insights when designing the questionnaire for the second annual survey.

A number of cases of non-compliance with the Principles may have been dealt with informally at an early stage between trading parties in the framework of commercial negotiations. Also, simply invoking the fact that one or both negotiating partners have committed to the Supply Chain Initiative may have lead to a prevention of unfair trading practices occurring. The Governance Group has been made aware of cases where such a preventive effect has been observed.

The survey shows a divergence between the number of complaints lodged and the number of complaints received. It can only be assumed that most of the complaints received and reported here came from companies that are not registered to the Supply Chain Initiative (these could most likely be SMEs, who are not required in all cases to register in order to benefit from the Supply Chain Initiative). All complaints, lodged and received, came from either the manufacturing, the wholesale or the retail sector. No complaints were reported by any of the respondents from the farming sector, which does however not mean that some of the complaints received were not lodged by non-registered companies from the farming sector.

Only one registered company reported to have lodged a complaint which concerned a breach of the Principle of JUSTIFIABLE REQUEST which reads: "A contracting party shall not apply threats in order to obtain an unjustified advantage or to transfer an unjustified cost"; The same company also reported "exposure to commercial retaliation". The issue was reported as solved through mediation.

Six respondents reported having received a total of 39 complaints. Two received 1 complaint, two received 2 complaints and one received 3 complaints. One respondent reported to have received 30 complaints.

The 39 complaints received concerned the following alleged breaches of Principles:

1. The Principle of FAIR DEALING:

“Contracting parties should deal with each other responsibly, in good faith and with professional diligence”;

2. The Principle of PREDICTABILITY:

“Unilateral change to contract terms shall not take place unless this possibility and its circumstances and conditions have been agreed in advance. The agreements should outline the process for each party to discuss with the other any changes necessary

for the implementation of the agreement or due to unforeseeable circumstances, as provided in the agreement”;

3. The Principle of COMPLIANCE:

“Agreements must be complied with”.

In line with the objective of the Supply Chain Initiative, the large majority of the complaints were solved internally within 4 months (86% of cases). Where complaints led companies to seek a solution through jurisdictional methods according to national rules and regulations (1 case), this appears to have concerned a case that involved an alleged breach of existing contract law.

3/ SATISFACTION AND IMPACT

Measured per sector, the wholesale sector appears to be most satisfied with the Initiative, followed by the retail, the manufacturing and the farming sectors. Two out of the three farming companies that replied to the survey reported a low level of satisfaction with the system. (It should be noted that, as reported above, no companies from the farming sector reported submit-

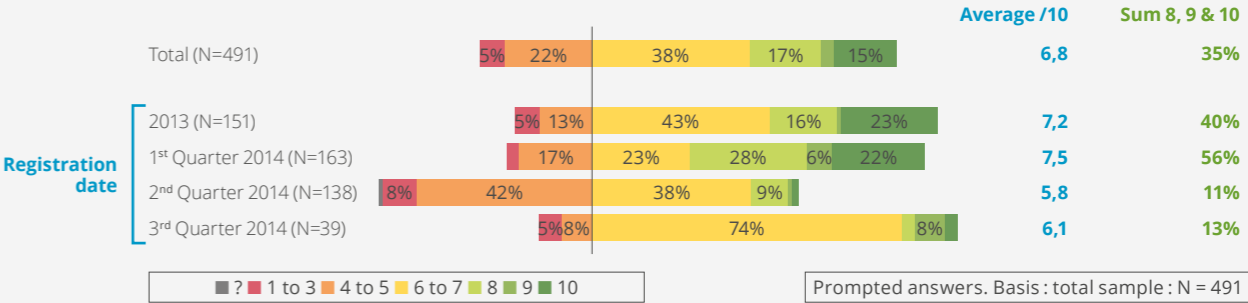
ting or receiving any complaints.)

The northern, central and eastern regions of the EU show an equal average level of satisfaction with the system (7.1 on a scale of 10); as do the southern and the western regions (6.6)

Overall, there appears to be a high degree of satisfaction with the Initiative among the respondents. 73% reported to be satisfied with the system of which 35% said they were very satisfied. Measured against the duration of registration, companies which

registered early showed a higher satisfaction rate than those who have less experience with the SCI, suggesting that satisfaction rates may well increase with the duration of registration.

Q17. On a scale of 1 to 10, where 1 is low and 10 very high, please indicate your company's overall satisfaction with the Initiative?



The level of satisfaction with the SCI as a whole may depend on the procedures, the Principles, and other commitments such as training or reporting, the existence of a national dialogue mechanism or platform, or whether the business partners of a registered company have signed up or not, putting it on an equal level with its business partners.

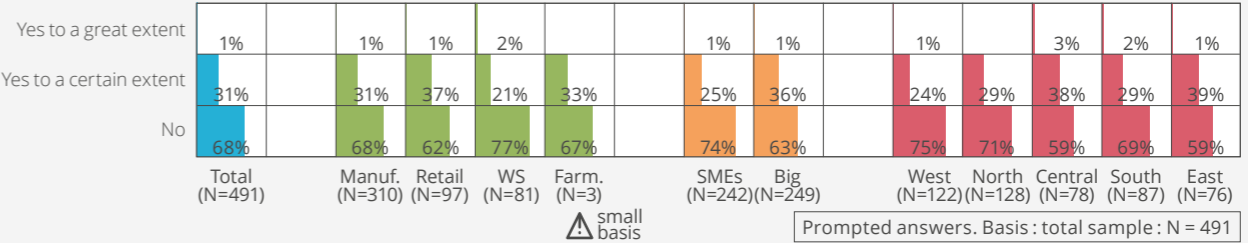
lem, we would like to express our hope that the remaining companies in the industry will also join the Voluntary Initiative in the near future and will want to pledge themselves to the ‘Principles of Good Practice’.

These concerns will be addressed by increased registration. The Governance Group, in collaboration with other stakeholders, will undertake further efforts in 2015 to promote take-up of the Supply Chain Initiative.

The Framework also foresees an assessment of the actual market impact of the Initiative. To this end, survey respondents were asked to indicate whether they had perceived an improvement in trading practices since their registration.

For instance, one company reported that “In recent weeks and months, we often found ourselves exposed to one-sided demands of individual business partners (both large and small), whose assertion in our opinion is solely due to the particular market power position of the business partner over us. Due to our extremely well marked regional choice of product ranges, which our customers expect from us, we are also very reliant on collaboration with small regional suppliers. In view of this prob-

Q16. Since your registration to the Supply Chain Initiative, has your company perceived an improvement in trading practices?



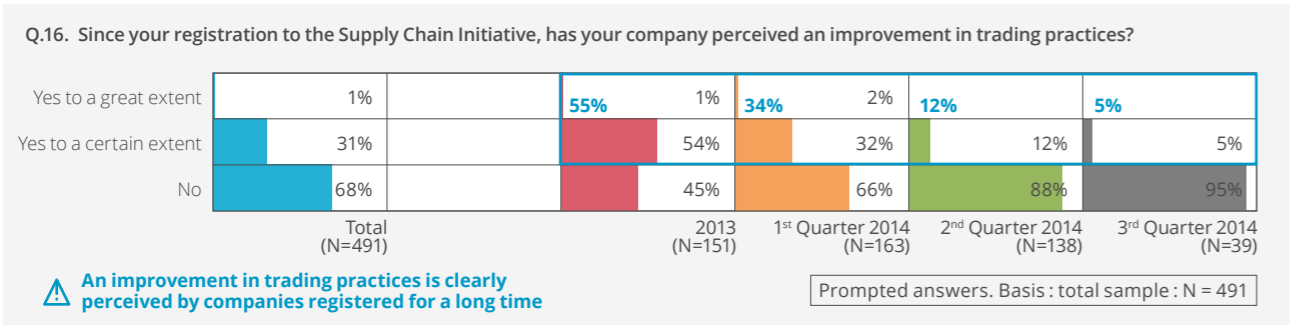


According to the survey, 32% of respondents already perceive an improvement in trading practices. Among the SME respondents, 26% of respondents noted an improvement.

In line with the outcome on the general satisfaction with the Initiative (see above), companies which have been registered for a longer period indicate that they perceive more of an improvement than those who have less experience with the Initiative. The table

below shows a very clear correlation between the period of registration and the perceived improvements. Also, late signatories may have only expressed the admin/training side to the SCI and not yet the potentially more useful dispute resolution side.

Where companies did not perceive a difference this can be due to the fact that their business partners have not yet signed up to the initiative.



NEXT STEP This survey creates a baseline for future surveys. Even though registered companies still have little experience with the system it provides useful indicative data and the feedback collected will help the Governance Group focus their communication with the registered companies and identify areas where efforts are most needed.

When responding to the survey, a small number of companies realised they had registered for more countries than they actually have operational entities in. This was subsequently corrected, which explains the slight decrease in the total number of operating companies at national level shown in the registration figures on page 23. The registry information was corrected and the sign-up form adjusted to clarify that a company only needs to register in the countries where it has a legal entity engaged in negoti-

ations (eg. subsidiary, local company, purchasing office) and not in all the countries where it has customers.

The findings of the survey also flagged up areas where the Governance Group needs to take further steps to ascertain that process commitments are complied with. For example, 16% of companies stated that they have not specifically trained their staff on the Principles. While, in many cases, this probably does not constitute a failure to comply (for instance, because companies already had adequate training in place), the Governance Group will undertake to inform companies better about this particular obligation to increase awareness.

The survey improved internal dialogue between companies and the Governance Group. The feedback received will be used to make improvements to next year's survey.

Establishment of national platforms and progress

The Framework encourages the set-up of national 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 grid to assess the interaction with existing national regulatory or voluntary schemes with a view to developing mutual recognition where possible so as to avoid duplication of requirements and reduce administrative burdens;
- > a 'mapping' of national rules and regulations including the development of national platforms and their key elements;
- > a document assessing the maturity level of national stakeholder platforms.

Here is a **quick overview of some national situations:**

- > In the **Baltic countries**, discussions with a view to launching a manufacturer-retailer collaboration platform took place in November and were facilitated within ECR Baltics (the Efficient Consumer Response Initiative).
- > In **Belgium**, a Code of Conduct was agreed in 2010 between farmers, industry and retail representatives. It is monitored by a Steering Committee composed of representatives of the sector associations. The Belgian code was adapted to reflect the Supply Chain Initiative and subsequently recognised as fully compatible in 2014 by the Governance Group.
- > In the **Czech Republic**, retailers and manufacturers are joining forces in the framework of their Efficient Consumer Response platform and discussions are taking place with the government with regard to developing mediation.
- > In **France**, farmers, manufacturer and retailer organisations agreed on a quality label for responsible supplier relations in November 2014 sponsored by the French mediator of industry relations; the scheme refers to the Supply Chain Initiative.

> In **Finland**, a Platform gathering farmers, industry and retail representatives was set up in March 2013. The platform is hosted by the Chamber of Commerce and Industry and offers external dispute resolution (through arbitration).

> In **Germany**, an informal dialogue platform has gathered farmers, industry and retail representatives since May 2013.

> In **Italy**, article 62 of the "Rules applicable to commercial relationships concerning the sale of farming and food products" explicitly refers to the Principles of Good Practice, which are annexed to the rules. A request for mutual recognition is ongoing.

> In the **Netherlands**, a Platform gathers farmers, industry and retail representatives since September 2013. The governance of the platform is based on the model offered by the SCI.

> **Slovenia** has had a code of conduct and a platform for sector association dialogue since 2011.

> **Spanish** associations are finalising discussions on a code of conduct as part of the Framework offered by the food chain law; the SCI Principles constitute the basis for discussions.

> In **Sweden**, discussions between food retailer and manufacturer organisations are ongoing. The retailers and manufacturer organisations have published the Principles on their web site and publicly welcomed the initiative.

> In the **United Kingdom**, the Groceries Supply Code of Practice (GSCOP) applying to a set of retailers covers the Principles of Good Practice and offers a process to handle disputes. The Governance Group recognised the requirements under GSCOP as in line with the SCI requirements to avoid duplication of requirements and to avoid risks of double jeopardy.

J

Guidance/ Decisions of the Governance Group

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

- > **to avoid double jeopardy** in the UK, 24 May 2013 (Decision 01/2013);
- > **on the recognition of equivalence of the GSCOP** (UK) with the Supply Chain Initiative, 21 June 2013 (Decision 02/2013);
- > **on the articulation of dispute resolution options**, 3 February 2014 (Decision 01/2014);
- > **on the compatibility of the Belgian Code of Conduct** with the Supply Chain Initiative, 10 June 2014 (Decision 02/2014).

The full text of the decisions can be found in the library on the web-site of the Initiative : <http://www.supplychaininitiative.eu/library>

K

Development and promotion of tools

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

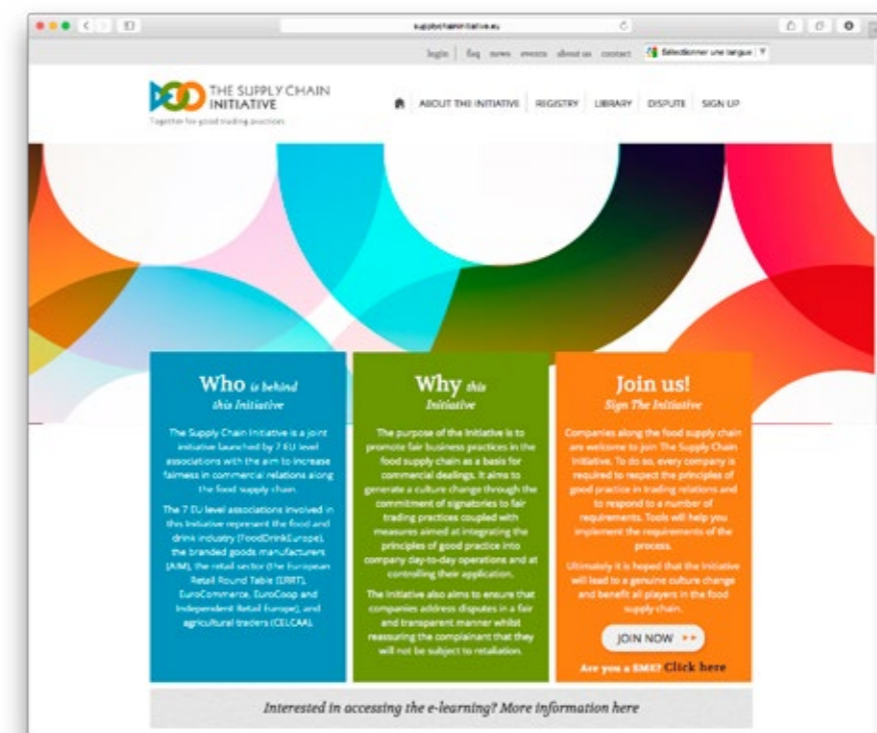
WEBSITE: www.supplychaininitiative.eu

The website 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 of the available tools.

The website is addressed to all interested stakeholders, in particular companies and associations that want to support the process as well as the registry.

The website features an 'SME button', which connects to a single location containing all information specifically designed to help SMEs with their registration process.



FREQUENTLY ASKED QUESTIONS (FAQ)

The FAQ aims to answer the main questions that interested companies may have when preparing for registration or when dealing with the Initiative. It is also a useful tool to explain the Initiative to a broader audience including other stakeholders or public institutions. It is updated as new questions arise.

SELF-ASSESSMENT

The self-assessment tools are voluntary instruments aimed to help companies assess their compliance with the Initiative and identify the 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. Self-assessment is regularly promoted by the Governance Group.

E-LEARNING TOOL

The service provider SAI Global¹⁴ 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 modules were first made available in English. Following company demand, the module was translated into 7 other EU languages (French, German, Spanish, Italian, Polish, Dutch and Czech).

On 31 December 2014, more than 8,100 staff members of registered companies had been trained with the e-learning. In addition several companies have developed their own training systems.



MAPPING OF MEDIATION & ARBITRATION

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

PROMOTIONAL ACTIVITIES

A **Twitter account** - SupplyChainIni - has been created. An **information leaflet** has been published. A standard **PowerPoint presentation** has been developed and translated from English into French, Spanish and Bulgarian.

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

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

Examples of the press coverage on the Supply Chain Initiative



¹⁴ <http://www.saiglobal.com/>

L

Conclusion, next steps and future perspectives

On examination, it can be seen that progress of the SCI is generally on target.

The annual survey offers a good baseline for future surveys and for identifying areas where efforts should be targeted. The short experience with the Initiative and the high satisfaction level demonstrate that the Initiative should be encouraged to operate for a sufficient duration before drawing any definitive conclusions on its impact and effectiveness.

On the basis of the survey outcome, the Governance Group will focus its efforts on **consolidating the Initiative**. To do so, it will step up the promotion of the various tools for companies and national associations and on awareness-raising. In parallel, the Governance Group will discuss how best to address compliance with the framework. Focus was initially placed on encouraging large operators to register for the numerous transactions they conduct with other businesses. In a second stage, emphasis will be placed on encouraging more SMEs to sign up, although it can reasonably be assumed that, overall, SMEs will benefit from a wider application of the Principles of Good Practice.

The Governance Group also wishes to maintain the **dialogue with Copa-Cogeca, the European farmers' and agri-cooperatives organisation**. In this respect, Copa-Cogeca will continue to receive a standing invitation to participate as an observer in the work of the Governance Group.

Annex

Which companies are registered?

Status: 31 December 2014

2 Sisters Storteboom	Manufacturing	SME
A. Moras & Comp. GmbH & Co. KG	Manufacturing	SME
A+Z Risnovsky, Halasz s.r.o.	Manufacturing	SME
Aarts Conserven BV	Manufacturing	SME
ACEITUNAS GUADALQUIVIR, S.L.	Manufacturing	SME
Ahold	Retail	
Alberto Fernandes & Filhos Lda	Farming	SME
ALCAMPO, S.A. (Groupe AUCHAN)	Retail	
ALDI NORD	Retail	
ALDI SÜD	Retail	
ALMENDRAS LLOPIS SAU	Manufacturing	
Amanda Seafoods A/S	Manufacturing	SME
Anamas Distributors	Wholesale	SME
AUCHAN FRANCE	Retail	
AUCHAN Luxembourg	Retail	
Auchan Portugal Hipermercados	Retail	
Auchan S.p.a.	Retail	
August Storck KG	Manufacturing	
Austerschmidt Frische Bäcker GmbH & Co. KG	Manufacturing	SME
Bakery Supplies Europe Holding bv	Manufacturing	
Baltus BV; Trade name: StarCuisine	Manufacturing	SME
Banfruit, S.L.		Wholesale
Berief Feinkost GmbH	Manufacturing	SME
Bernbacher GmbH & Co. KG	Manufacturing	SME
Bieze Food Group BV	Manufacturing	
BITAS EOOD	Manufacturing	SME
BODEGAS PRINCIPE DE VIANA SL	Manufacturing	SME
Bräuner A/S	Manufacturing	SME
C.I.V. Superunie B.A.	Retail	
CACIAL - Cooperativa Agrícola de Citricultores do Algarve, Crl	Farming	SME
Carl Jung GmbH	Manufacturing	SME
Carletti A/S	Manufacturing	
CARREFOUR	Retail	
CCEL - Casa das Carnes do Ervedal Lda	Manufacturing	SME
Central Cooperative Union - Bulgaria	Retail	
Cloetta AB	Manufacturing	
Coca-Cola Enterprises, Inc.	Manufacturing	
Coca-Cola Erfrischungsgetraenke AG	Manufacturing	
Coca-Cola Europe Group / S.A. Coca-Cola Services N.V.	Manufacturing	
Coca-Cola HBC AG	Manufacturing	
Coca-Cola Iberian Partners, S.A	Manufacturing	
Colruyt	Retail	
Columbus srl	Manufacturing	SME
Concorp Holding B.V.Company	Manufacturing	SME
Daloon. A/S	Manufacturing	SME
Dan Cake A/S	Manufacturing	SME
De Menken keuken	Manufacturing	SME
De Ree Holland BV	Manufacturing	SME
DEH D. Entrup-Haselbach GmbH & Co. KG	Wholesale	SME
Delhaize Group SA/NV	Retail	
DLG Food	Manufacturing	
Easyfood A/S	Manufacturing	SME
ECOVINAL	Manufacturing	
EDEKA ZENTRALE AG & Co. KG	Wholesale	
Elonen Oy Leipomo	Manufacturing	SME
EMILIANA CONSERVE SOC. AGRICOLA S.P.A.	Manufacturing	SME
ETC-Polskie Specjały Sp. z o.o.	Wholesale	SME
Etelä-Pohjanmaan Osuuskauppa	Retail	
EXOTIC FRUITS PRIVATE LIMITED	Manufacturing	SME
Exotic Snacks AB	Wholesale	SME
F.K. Trube Oy	Manufacturing	SME

F.Ili Polli S.p.A.	Manufacturing	
Ferrero International S.A.	Manufacturing	
Fleisch- und Wurstwaren Schmalkalden GmbH Thüringen	Manufacturing	SME
Food Sense	Wholesale	SME
Foodlane Company	Wholesale	SME
Foodmark Sweden AB	Manufacturing	SME
Freshcompany GmbH	Manufacturing	SME
Fritz Schur Consumer Products A/S	Wholesale	SME
Friweika eG	Manufacturing	
FROMAGERIES BEL	Manufacturing	
Fruitmasters	Manufacturing	SME
G.V.EL ZAMORANO, S.A.	Manufacturing	SME
GlaxoSmithKline Consumer Healthcare Europe	Manufacturing	
Global Fruit Point GmbH	Wholesale	SME
Gredon Invest Oy / Chocolate Factory Dammenberg	Manufacturing	
Growers Packers Direct BV	Wholesale	SME
Grupo Chocolates LaCasa	Manufacturing	
Halloren Schokoladenfabrik AG	Manufacturing	
Heinrich Kühlmann GmbH & Co. KG	Manufacturing	
Hellefors Bryggeri AB	Manufacturing	
Hellema Hallum B.V.	Manufacturing	
Helsingin Osuuskauppa Elanto	Retail	
Helwa Wafelbakkerij bv	Manufacturing	SME
Hof Mues GmbH	Wholesale	SME
IBERFRUTA-MUERZA S.A.	Manufacturing	
ICA Sweden	Wholesale	
Ideal Product	Manufacturing	SME
ISIDRO DE LA CAL-FRESCO, S.L.	Wholesale	SME
JERONIMO MARTINS GROUP	Retail	
Jumbo Supermarkten B.V.	Retail	
Kaufland	Retail	
Kellogg Company	Manufacturing	
Kesko Food Ltd	Retail	
kff kurhessische fleischwaren GmbH	Manufacturing	
KiMs A/S	Manufacturing	
Kleinemas Fleischwaren GmbH & Co KG	Manufacturing	SME
Kompek, kombinát pekařské a cukrářské výroby, spol. s r.o.	Retail	SME
Koninklijke Peijnenburg	Manufacturing	SME
KRONOS SA	Manufacturing	SME
Kymen Seudun Osuuskauppa	Retail	
Långås Potatis & Rotfrukter AB	Wholesale	
Lidl	Retail	
Ludwig Weinrich GmbH	Manufacturing	
M.I.K.K ESTABLISHMENT LLC	Wholesale	SME
MaBu Bakery Vertriebs GmbH	Wholesale	SME
Makani	Manufacturing	SME
Manolo's Food GmbH	Wholesale	SME
MANUEL BUSTO AMANDI, S.A.	Manufacturing	SME
Mars Incorporated	Manufacturing	
Maurer Parat GmbH	Wholesale	SME
Mercadona S.A.	Retail	
Metro Anonymi Emporiki Kai Viomichaniki Etaireia Eidon Diatrofis Kai Oikiakis Chriseos (ORGANISATION SHORT NAME "METRO SA GREECE")	Retail	
Metro Group	Retail, Wholesale	
mirco della vecchia chocolate	Manufacturing	SME
Mondelez Europe GmbH	Manufacturing	

Munakunta	Manufacturing	SME
Nestlé S.A.	Manufacturing	
Nupo A/S	Manufacturing	SME
Odin Seafoods GmbH	Wholesale	SME
Osuuskauppa Arina	Retail	
Osuuskauppa Hämeenmaa	Retail	
Osuuskauppa PeeÄssä	Retail	
Osuuskaupppa Keskimaa	Retail	
Osuuskauppa Keula	Retail	
PARANHOCARNES-Industria e Comercio de Carnes, SA	Manufacturing	SME
PEMA Vollkorn-Spezialitäten Heinrich Leupoldt KG	Manufacturing	SME
Peoplebelgi Events Lda	Wholesale	SME
Perales y Ferrer, S.L	Manufacturing	SME
Pirkanmaan Osuuskauppa	Retail	
PP VINKOVIĆ ZLATKO	Farming	SME
Prinsen Food Group BV	Manufacturing	SME
QUIZA Sp. z O.O.	Wholesale	SME
Radner Brot GmbH Vertriebsgesellschaft	Wholesale	SME
Rahdener Spargel & Beerenfrüchte GmbH	Wholesale	SME
Rimi Latvia SIA	Retail	
ROQUEVALE- SOCIEDADE AGRICOLA HERDADE DA MADEIRA SA	Farming	SME
Royal Smilde	Manufacturing	
SA BOUGRIER	Manufacturing	SME
Saalemühle Alsleben GmbH	Manufacturing	
Saariöinen Oy	Manufacturing	SME
Satakunnan Osuuskauppa	Retail	
Sia Azina omercfirma Markets	Wholesale	SME
Simoos Lda	Wholesale	SME
SISA S.p.A.	Retail	
SMA S.p.A.	Retail	
Sonae	Retail	
Special Fruit	Wholesale	SME
Stangl GmbH & Co. Gemüse KG	Manufacturing	SME
STERN Società Cooperativa per Azioni	Wholesale	SME
Sudoberry SA	Farming	SME
Suomen Lähikauppa Oy	Retail	
Suomen Osuuskauppojen Keskuskunta	Retail	
SUPERMERCADOS SABECO SA	Retail	
Suur-Seudun Osuuskauppa SSO	Retail	
Tesco Plc	Retail	
Torribas S.A.	Manufacturing	SME
Tuko Logistics Osk.	Wholesale	
UAB Rimi Lietuva	Retail	
Unilever	Manufacturing	
Uniuversal Milk Trading Ltd.	Wholesale	
VAL ORBIEU UCCOAR	Manufacturing	
Van Dijk Banket B.V.	Manufacturing	SME
Verstegen Spices & Sauces B.V.	Manufacturing	
Vid Vica, SL	Manufacturing	SME
Vitafood ApS	Wholesale	SME
Vleeswarenfabriek Henri van de Bilt B.V.	Manufacturing	SME
Wild Dairy Ingredients GmbH	Manufacturing	
WM. Wrigley Jr Company	Manufacturing	
Yakult Europe B.V.	Manufacturing	
Zhivkovi Ltd.	Farming	SME

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