

# 4<sup>th</sup> Annual report

MARCH 2018





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**The Supply Chain Initiative is supported by:**



# A. What is the Supply Chain Initiative (SCI)?

The Supply Chain Initiative (SCI) is a voluntary scheme developed in the context of the European Commission-led High-Level Forum for a Better Functioning Food Supply Chain. Its purpose is to promote good practice in the food supply chain as a basis for fair commercial dealings.

The SCI was officially launched in September 2013 by 8 EU-level associations representing the food and drink industry (FoodDrinkEurope), the branded goods manufacturers (AIM), the retail sector (the European Retail Round Table (ERRT), EuroCommerce, EuroCoop and Independent Retail Europe), the European Association of Craft, Small and Medium-sized Enterprises (UEAPME) and agricultural traders (CELCAA). The SCI is managed by a Governance Group, with an Independent Chair (see Annex I).

The SCI is designed for companies operating at any point along the food and drink supply chain, irrespective of their size and their geographical location in the EU. When joining the initiative, companies commit to fair trading practices by integrating the Principles of Good Practice<sup>1</sup> into their day-to-day operations and monitoring their application. At the time of registration, companies also confirm that they comply with their process commitments and support the application of the Principles of Good Practice. (see Annex II)<sup>2</sup>

The SCI requires that companies address disputes in a fair and transparent manner whilst reassuring the complaining party that it will not be subject to retaliation. For more information on how companies can seek to solve their disputes in case of an alleged breach of Principle or of a process commitment, see Annex III.



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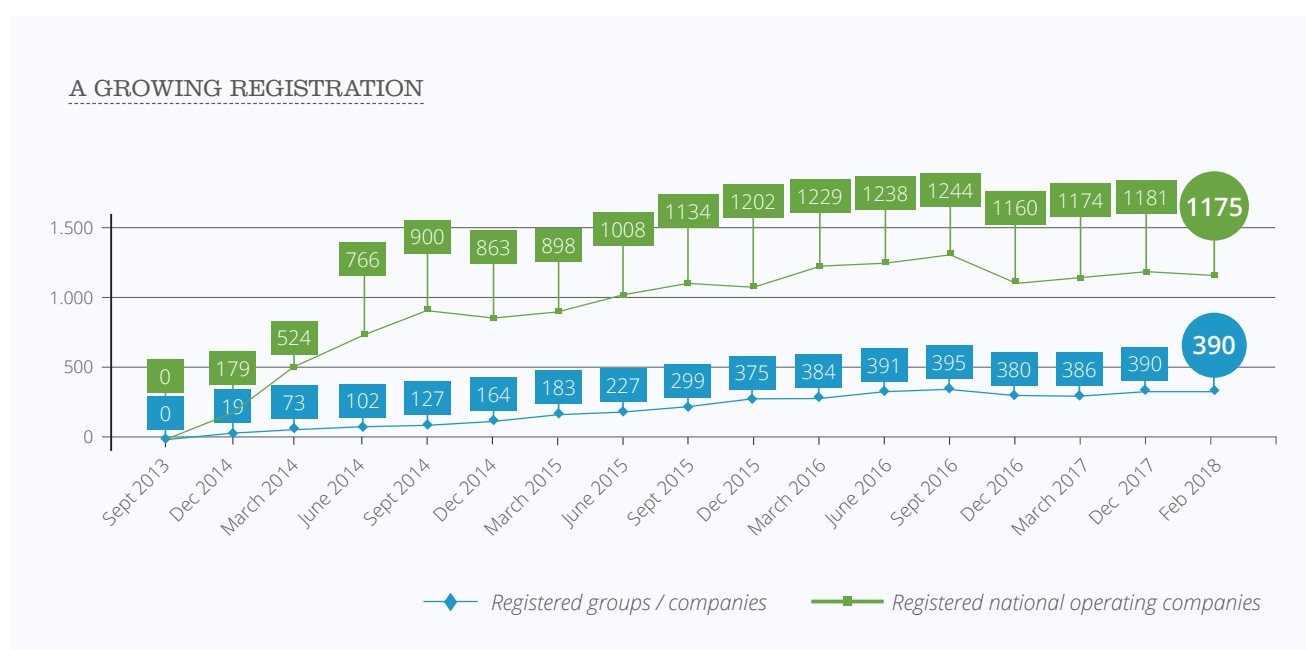
<sup>1</sup> They were developed in November 2011 in the framework of a multi-stakeholder dialogue with 11 organisations: AIM, CEJA, CELCAA, CLITRAVI, Copa Cogeca, ERRT, EuroCommerce, Euro Coop, FoodDrinkEurope, UEAPME and Independent Retail Europe (formerly UGAL)

<sup>2</sup> These obligations are established in the Framework for the implementation and enforcement of the Principles of Good Practice adopted in January 2013 by 8 organisations: AIM, CELCAA, ERRT, EuroCommerce, Euro Coop, FoodDrinkEurope, UEAPME and Independent Retail Europe (formerly UGAL)



## COVERAGE OF THE SCI ACROSS EUROPE

Since its launch in 2013, 390 companies from across the entire EU have registered. Taking into account the subsidiaries of international groups, 1,175 operating companies are currently signed up.



The full list of registered companies can be found in Annex IV.

Over the course of 2017, the membership of the SCI continued to grow. Compared to December 2016, there has been an increase of 2% of registered groups/companies.

Registered companies are present in all 28 EU Member States. Registration also includes non-EU companies operating in the EU. In some national dialogues, companies are represented by their national associations. This count does not include all these companies. For example, the Belgian Code has been mutually recognised by the SCI and to date 261 companies have signed up to it:

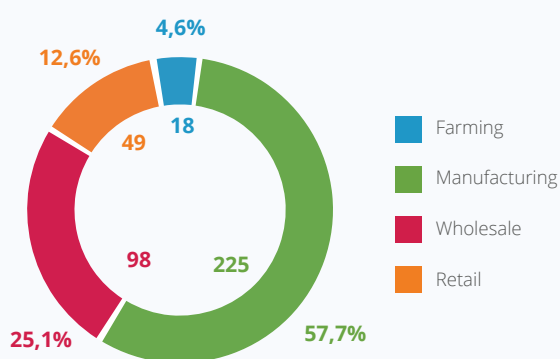
- 42 compound feed companies (BEMEFA)
- 203 companies from the food industry (FEVIA)
- 16 companies from the distribution sector (COMEOS)

Thousands of individual companies that are members of an SCI-registered cooperative or network-based organisation, such as groups of independents or franchise networks, are also covered by the SCI, though their names do not appear on the SCI register.

Furthermore, non-registered companies, notably SMEs, benefit from the wider application of the SCI and the principles of good practice by registered larger businesses.

In addition, 8 companies have formally expressed their intention to register with the SCI in the near future, once they fully comply with the process commitments.

### DISTRIBUTION OF MEMBERSHIP ACROSS THE SUPPLY CHAIN



The majority of companies registered with the SCI are in manufacturing, followed by wholesale and retail. The farming sector is still under-represented and the SCI is hoping to gain more members in this field.

### The SCI provides simpler rules for medium or small-sized firms:

- Micro or small companies can register to the SCI following a very light procedure, to show their commitment to the SCI and the Principles; they are also invited to take part in the survey but this is not compulsory.
- Medium-sized companies can register using a simplified procedure, which includes a commitment to apply the Principles, a basic self-assessment tool, basic training obligations and a special rate for the on-line training tool. No independent contact person is necessary where lack of resources justifies this, but there is an obligation to take part in the annual survey.

The definition of a medium, small or micro enterprise, is that of the EU:

Company category	Employees	Turnover OR	Balance sheet total
Medium-sized	< 250	≤ € 50 m	≤ € 43 m
Small	< 50	≤ € 10 m	≤ € 10 m
Micro	< 10	≤ € 2 m	≤ € 2 m

### REACHING OUT TO SMEs



## B. Strengthening the governance and impartiality of the Initiative

In its 2016 report on unfair trading practices (UTPs) in the food supply chain<sup>3</sup>, the European Commission recognised the added value of the SCI in building trust in the food supply chain. It highlighted the following strengths:

- “The SCI promotes cultural change concerning UTPs in the food supply chain”.
- “The dispute resolution options promoted by the SCI generally offer a faster and cheaper alternative to any judicial action”.
- “The SCI is an EU-wide initiative and could therefore facilitate the resolution of unfair practices with a cross-border dimension.”
- “There are first indications that the SCI has started to promote cultural change in the food supply chain, thereby potentially increasing fairness in commercial relations.”

It also made a number of recommendations for improvement, namely:

- “Ensure the impartiality of the governance structure, for instance by establishing an independent chair who is not affiliated to specific stakeholder groups”;
- “allow alleged victims of UTPs to complain confidentially; nominate an independent body with power to investigate and impose sanctions.”

In 2017, the SCI has addressed these two recommendations by creating the position of the independent Chair and by adopting new Rules of Governance and Operations.

### THE INDEPENDENT CHAIR OF THE SCI

Following-up on a commitment made at the High-Level Forum for a Better Functioning of the Food Supply Chain in December 2016, the Governance Group of the SCI appointed Mr Michael Hutchings as its Independent Chair.

Mr Hutchings is an English lawyer specialised in competition and EU law. He was a partner with the law firm Lovell White Durrant (now Hogan Lovells) for 15 years and managed its

Brussels office in the mid-1980s. He has been working as an independent lawyer since 1996. He has extensive experience of working with companies and trade associations in the grocery sector and was closely involved in the UK competition inquiry that led to the adoption of the Groceries Supply Code of Practice and the appointment of the Groceries Code Adjudicator.

Mr Michael Hutchings, Independent Chair of SCI



“I am delighted to join the Supply Chain Initiative as Independent Chair. This initiative has grown considerably in the course of its four years existence. Its Principles of Good Practice are increasingly gaining traction across the food supply chain, creating a strong basis for encouraging good practice and supporting operators to find solutions to problems when they arise. I am looking forward to contributing to this process, handling confidential complaints, and working with members of the SCI to issue guidance, recommendations of general interest and promote good practice.”

<sup>3</sup> Report from the Commission to the European Parliament and the Council on unfair business-to-business trading practices in the food supply chain, COM(2016) 32 nal

Mr Hutchings brings enhanced impartiality and a keen eye to the work of the Initiative. His role as the independent Chair is:

- **to chair meetings of the Governance Group**, which supervises the management of the framework as well as any review of the Principles and examples of good practice, the Framework or the Rules of Governance and Operations.
- **to act as a recipient for confidential complaints**, which involves facilitating the handling of aggregated disputes with a cross-border dimension in a fully confidential setting. He has a duty to establish facts, the possibility to hear parties involved, and to settle disputes as appropriate.
- **to issue guidance and recommendations of general interest and promote good practice** in dialogue with the Governance Group, to promote fair dealings in the supply chain on specific topics with the full support of the sectors.
- **to represent and promote the SCI to policy makers and other external audiences**, to raise awareness about the SCI and his role as Independent Chair as well as to encourage more efficiency within the supply chain.

## **REVISION OF THE RULES OF GOVERNANCE AND OPERATIONS**

To further strengthen the governance of the SCI, the new Rules of Governance and Operations were revised and adopted in February 2018, with a view to

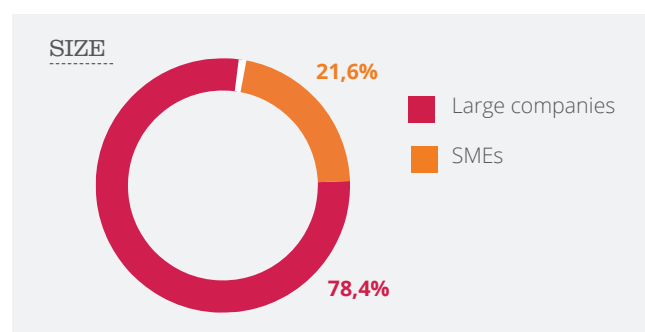
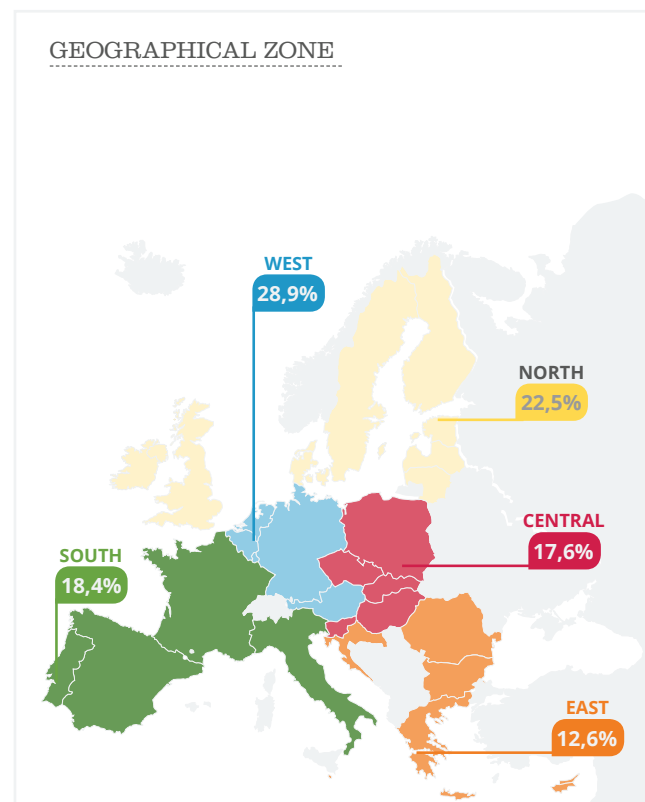
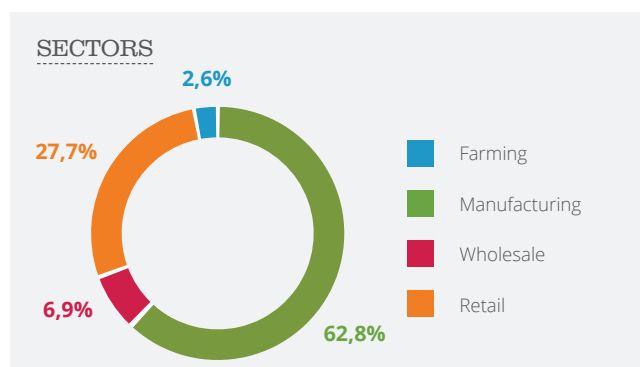
- introducing the independent Chair and his role;
- clarifying the aggregated dispute mechanism;
- simplifying and clarifying existing requirements for members;
- formalising the rules of governance and operations;
- updating outdated provisions, introducing provisions on the financing of the SCI, introducing a procedure for reviewing and/or winding up the SCI.

## C. Outcome of the annual survey

Companies who signed up to the SCI are required to take part in the annual compliance survey. This is not compulsory for SMEs that are subject to simplified requirements in this regard.

The aim of the survey is to monitor progress on the ground and to serve as a basis for evaluating compliance with the SCI Principles of Good Practice. The survey was conducted by an independent party and responses were submitted anonymously in 22 EU languages from 28 countries between 20 November 2017 until 19 February 2018.

The survey collected 512 questionnaires, from a database of potential respondents of 1.238 registered companies. The response rate is 47%. It should be noted that SMEs constitute almost 70% of the SCI-registered companies and are encouraged but not required to complete the survey. 78,4% of responses came from large companies.



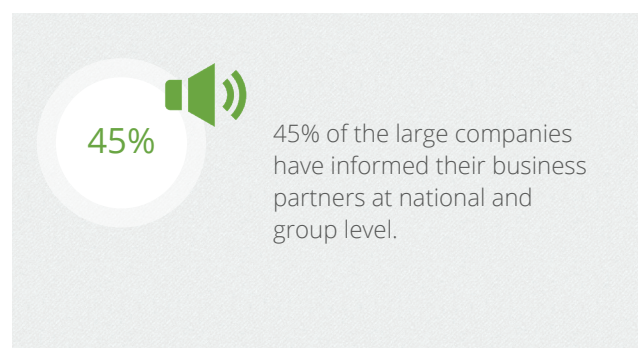


## PROCESS COMMITMENTS

### Training



### Communication to business partners



## DISPUTE RESOLUTION

	<p>40 companies reported having been faced with an alleged breach of at least one of the Principles of Good Practice since 1<sup>st</sup> September 2016</p> <p>→ 32 companies solved the issue informally.</p> <p>→ In 8 cases, the companies were not able to solve the issue informally, as a result of which, 2 companies lodged a complaint.</p>	<p>10 companies from the retail sector reported to have received a total of 39 complaints since 1 September 2016. None of the cases have a cross-border dimension.</p>
Number of complaints	<p>2 Individual complaints:</p> <ul style="list-style-type: none"> <li>• Retail: 1 complaint (West)</li> <li>• Wholesale: 1 complaint (West)</li> </ul>	<ul style="list-style-type: none"> <li>• 7 companies received 1 complaint (1 West, 2 North, 1 Central, 2 South, 1 East)</li> <li>• 1 company received 2 complaints (South)</li> <li>• 1 company received 3 complaints (South)</li> <li>• 1 company received 27 complaints (South)</li> </ul>
Allegedly breached Principles of Good Practices	<ul style="list-style-type: none"> <li>• Freedom of contract: 1</li> <li>• Predictability: 1</li> <li>• Compliance: 1</li> <li>• Justifiable request: 2</li> </ul>	<ul style="list-style-type: none"> <li>• Consumers: 1</li> <li>• Freedom of contract: 1</li> <li>• Fair dealing: 2</li> <li>• Predictability: 2</li> <li>• Compliance: 3</li> <li>• Responsibility for risk: 1</li> <li>• Justifiable request: 1</li> </ul>
Exposure to commercial retaliation	<ul style="list-style-type: none"> <li>• Yes for one company</li> </ul>	-
Dispute resolution options	<ul style="list-style-type: none"> <li>• Commercial track: 75%</li> <li>• Internal dispute resolution office of the trade partner: 25%</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial track: 46%</li> <li>• Internal dispute resolution office of the trade partner: 13%</li> <li>• Mediation: 36%</li> <li>• Jurisdictional methods according to national rules and regulations: 5%</li> </ul>
Dispute resolution used since registration	<ul style="list-style-type: none"> <li>• Commercial: 2, resolved within four months</li> <li>• Internal: 1, resolved within four months</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial track: 8, of which 7 resolved within four months</li> <li>• Internal: 2, both solved within four months</li> <li>• Mediation: 3, all solved within four months</li> <li>• Arbitration: 2, both solved within four months</li> <li>• Jurisdictional methods: 3, all solved within four months</li> </ul>

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

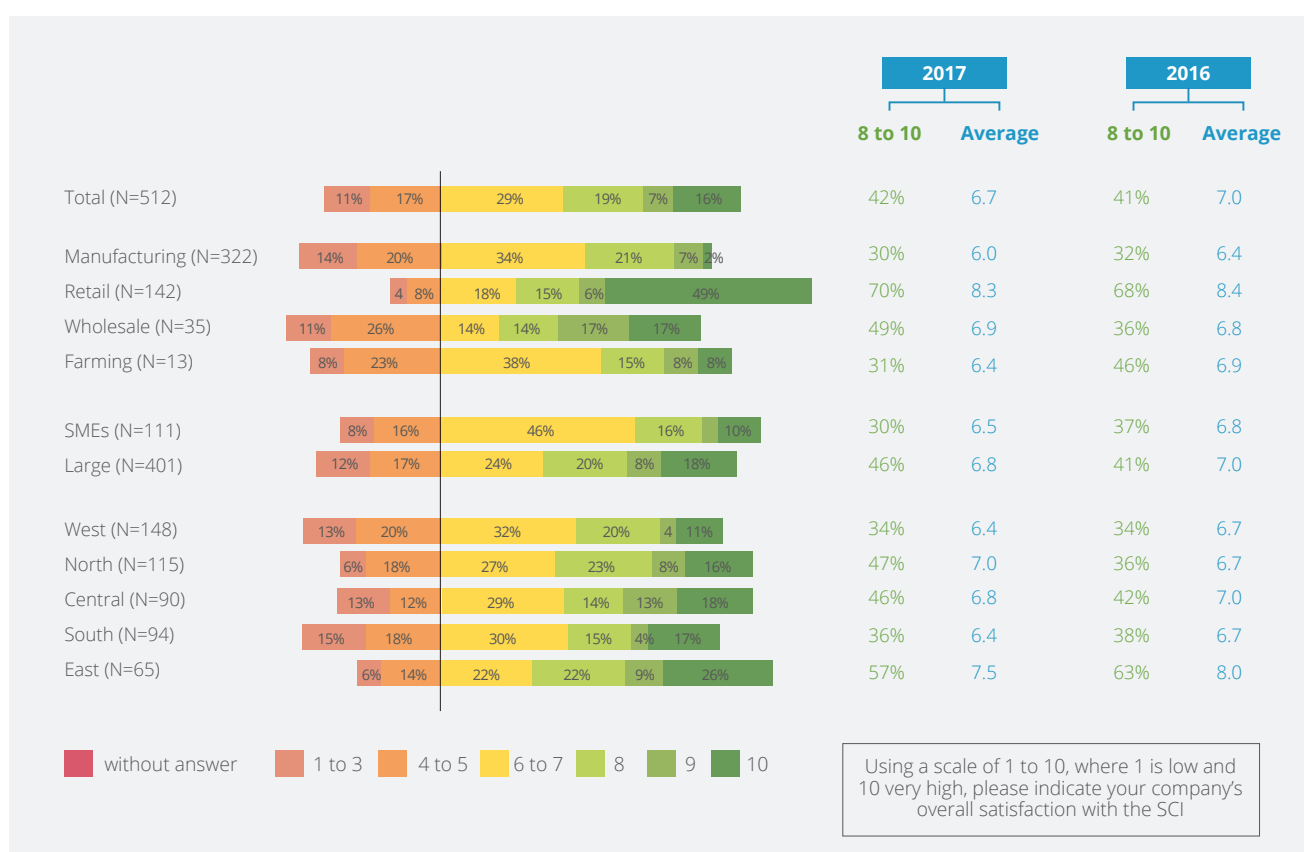
- a company raises an issue with another company but it is then solved, so the company does not consider it as a complaint
- some complaints may be lodged by non-registered companies, such as SMEs

## SATISFACTION

Overall, and compared to last year, satisfaction with the SCI remains high among registered companies. 7 out of 10 respondents reported a good level of satisfaction with the SCI.

- 42% were very satisfied with the SCI
- 3 out of 4 SMEs were satisfied with the SCI
- 30% of SMEs were very satisfied

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



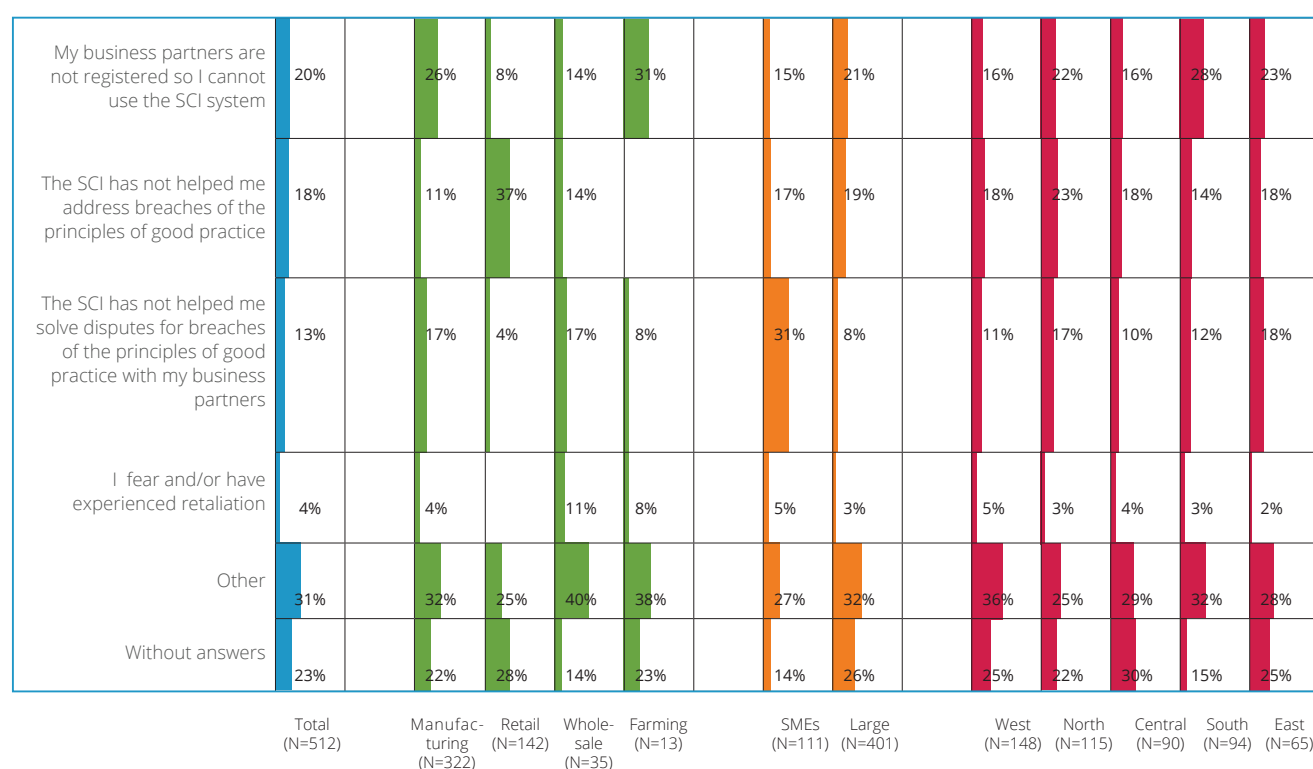


## IMPACT ON BUSINESS

Companies considered that the SCI has helped them: improve internal company processes (32%), improve their daily communication (28%) and deal with disputes (10%).

In terms of areas for improvement, 20% of respondents stated that their business partners are not registered with the SCI. 18% of respondents regretted that the SCI had not helped them address breaches of the Principles of Good Practice. Only 4% of respondents claimed that the fear for retaliation was an issue.

What issues with the SCI have you experienced?





# D. Activities

## COMMUNICATION ABOUT THE SCI AND AWARENESS RAISING

### SCI DOCUMENTS

- Revision of the Rules of Governance and Operations
- Recommendation for Good Practice in applying the SCI principles of fair dealing, information, confidentiality, and justifiable request

### MEDIA

Interview of Michael Hutchings, independent Chair with Store Magazine from Portugal



Twitter account  
@SupplyChainSCI

### ANNUAL EVENT

The 3<sup>rd</sup> annual event during which the SCI annual report was presented, was hosted by Dita Charanzová MEP and Ivan Štefanec MEP on 24 January 2017 in the European Parliament

### STAKEHOLDER ENGAGEMENT

- Michael Hutchings attended the High Level Forum for a Better Functioning Food Supply Chain on 6 December 2017
- Michael Hutchings met with Antti Peltomäki, Deputy Director-General, DG GROW
- Michael Hutchings met with Christine Tacon, the United Kingdom's Groceries Code Adjudicator

### WORKSHOP

On 09 November 2017, the SCI held a workshop that brought together representatives from the SCI signatory organisations, national representatives of the food chain and company representatives.

### WEBSITE

[www.supplychaininitiative.eu](http://www.supplychaininitiative.eu)

### PRESS RELEASES

The SCI issued the following Press Releases:

- SCI – Year 3 – keeping momentum and bringing change
- The Supply Chain Initiative appoints Independent Chair
- The Supply Chain Initiative adopts a Recommendation for Good Practice on handling confidentiality



## NATIONAL PLATFORMS

A national platform is a structure set up at national level for the purpose of implementing the Principles and the SCI at national level.

Given that disputes are generally best dealt with at national level, national rules and regulations take precedence over the SCI Rules of Governance and Operations. The SCI offers a complement to existing regulations and solutions where no mechanism exists. National platforms are therefore recognised by the SCI through a mutual recognition process.

## EXAMPLES OF NATIONAL PLATFORM ACTIVITIES

The SCI had a significant impact at national level where national platforms have been established in several countries and the SCI Principles serve as the basis for national legislation or codes of conduct throughout Europe.



**Belgium:** A code of conduct for fair relationships between suppliers and purchasers in the agri-food chain, has been signed by BEMEFA, FEVIA, BABM, AGROFRONT, COMEOS, UNIZO, UCM. The Belgian code has been mutually recognised by the EU level SCI in June 2014. In 2017, the Belgian platform “Het Ketenoverleg” appointed an independent Chair. Website: <http://supplychaininitiative.be/en/>

**Estonia:** A platform based on the SCI and complemented by specific examples for Estonia is being developed by the Estonian Traders Associations, processors and farmers organisations. It includes an oversight platform.

**Finland:** A platform for dialogue was launched in February 2014, namely the Board of Trading Practices in the Food Supply Chain. Two recommendations were issued at the end of 2017 and early 2018, respectively relative to contract terms for shelf life in contracts for grocery trade and to written contracts and unilateral changes. Website: [www.kauppakamari.fi](http://www.kauppakamari.fi)

**France:** The SCI is explicitly referred to as a source of good practice used in the preparation of the code/label (‘Label Relations fournisseur responsables’), which includes other provisions in relation with the French legal and business context. More recently, the French État Généraux de l’Alimentation recommended a stronger use of mediation.

**Netherlands:** In 2013, the Steering Committee for Fair Trade Practices, composed of the Central Bureau for Food Trade (CBL), the Dutch Food Industry Federation (FNLI) and the Netherlands Agriculture and Horticulture Organization (LTO Nederland) has been established and is facilitated by the Ministry of Economic Affairs. The Steering Committee has drawn-up a Code of Conduct on Fair Trade Practices, which is based on the European SCI Principles of Good Practice. In February 2018, it has been decided to strengthen the Steering Committee with a dispute procedure and a corresponding independent Dispute Resolution Commission. An independent chairman and an independent expert will be appointed for that purpose.

**Portugal:** In 2015, the office of the Ministries of Agriculture and Economy created PARCA- a platform for the monitoring

of the relations in the agrifood supply chain. In December 2016, the Code for Good Trading Practices was signed. It is aligned with the SCI EU principles. PARCA monitors the supply chain and issues reports on an ongoing basis. An online platform will be launched shortly.

**Slovakia:** On 9 February 2018 the Slovak national platform of the SCI has been officially established by the Slovak Alliance of Modern Trade (Slovenská aliancia moderného obchodu) and The Slovak Food Chamber (PKS). The representatives of both associations have signed 11 Principles of Good Practice, including compliance with competition law. The platform starts with 13 companies that are also registered with the SCI. Website: [www.ferovyobchod.sk](http://www.ferovyobchod.sk)

**Spain:** A Code of Good Business Practices in Food Contracting was adopted in January 2016, as part of the framework offered by the food chain law. A conflict resolution system has been developed and will be presented in the near future.

**Sweden:** The Svensk Dagligvaruhandel (the Swedish Food Retailers Association) and manufacturer associations DLF (Grocery Manufacturers of Sweden) have developed and signed up to principles of good practice, which are based on the SCI Principles.

**UK:** For grocery products, the Groceries Code Adjudicator monitors and enforces the Groceries Supply Code of Practice (GSCOP), which regulates practices between 10 designated retailers and their direct suppliers. The UK System has been mutually recognised with the EU-level SCI in June 2013 in relation to dealings between the 10 designated retailers and their direct suppliers. Website: <https://www.gov.uk/government/organisations/groceries-code-adjudicator>

## IMPACT OF THE SCI AT NATIONAL LEVEL

In 2017, two long-standing national platforms have gone through a process of change and one new platform was established.

### THE BELGIAN SUPPLY CHAIN INITIATIVE - "HET KETENOVERLEG"

Since 2009 the Belgian Agri Food Chain Consultation brings, on a voluntary basis, the different links of the Belgian agri-food chain around the table. Its goal is the sustainable development of the Belgian agri-food chain within a balanced and stable framework. In 2010 this was translated more concretely into a code of conduct for fair relations between suppliers and purchasers in the agri-food chain. In 2014, after a few modifications, the Belgian Code was recognised as equivalent by the European SCI.

In addition to the Code, the scope of the initiative involves dispute settlement options, the development of guidelines, the creation of principles for determining basic quality and sustainability as well as any ad hoc initiatives around food and health, food waste, export promotion and sustainability. In order to strengthen the agri-food chain and assure more resilience, a toolbox for long-term risk management was created in 2017.

In 2017, the Belgian Supply Chain Initiative appointed Georges Hanot as its independent Chair, to strengthen the dispute resolution scheme.

Together with Mr Hanot, the Belgian initiative is regularly evaluating and adjusting its Code of Conduct and dispute settlement. Although in principle it does not interfere in individual disputes but only deals with aggregated disputes brought to it, the group is also open to bringing a broader perspective and sector expertise into the settlement of individual disputes, should commercial escalation not be sufficient.

Website: <http://supplychaininitiative.be>



*Georges Hanot (independent Chair of the Belgian Supply Chain Initiative) and Michael Hutchings (independent Chair of the European Supply Chain Initiative)*

#### A PLATFORM FOR DIALOGUE IN FINLAND

Recognising the importance of a continuous dialogue for a well-functioning business-to-business food supply chain, the Finnish national dialogue platform, called “Board of Trading Practices in the Food Supply Chain”, was launched in February 2014. The Board is a self-regulatory body and is operating in conjunction with the Finnish Chamber of Commerce.

The Board promotes fair business practices by, for instance, interpreting the SCI Principles of Good Practice once a complaint has been filed. The Principles have been slightly adapted to suit the Finnish legal environment. They provide a framework for conducting business that respects contractual freedom and ensures competitiveness. The Finnish Code is recognised as being equivalent to the SCI.

In addition to handling complaints, the Board may issue recommendations, arrange discussion and training events as well as develop ethical principles in the food supply chain. Two recommendations were issued at the end of 2017 and early 2018, respectively relative to **contract terms for shelf life in contracts for grocery trade** and to **written contracts and unilateral changes**.

The Chairman of the Board is Professor Kari Hoppu and the Vice-Chair is the Market Court Judge Olli Wikberg. The members of the Board represent different interest groups in the food supply chain and they also have in-depth legal, commercial and food supply chain expertise.

The Finnish Platform is open to complaints from all companies in the food supply chain without a need to register to the Initiative.

*Website* [www.kauppakamari.fi](http://www.kauppakamari.fi)

#### LATEST INITIATIVE: THE SLOVAK NATIONAL PLATFORM

The Slovak Food Chamber (PKS) and the Slovak Alliance of Modern Commerce Trade (SAMO) have officially signed the establishment of a Fair Trade Initiative in Slovakia on 9 February 2018.

By joining the European Supply Chain Initiative, they are committed to promote the Principles of Good Business Practice and to transparently and fairly resolve possible disputes that may arise in business relations. The representatives of both associations have therefore signed 11 Principles of Good Practice, including compliance with competition law.

The platform starts off with eight PKS members - Cloetta, Coca-Cola, Coca-Cola HBC, Ferrero, Mars, Mondelez, Nestle, Unilever - and five SAMO members - BILLA, Kaufland, Lidl, Metro and Tesco, who have also registered to the SCI.

The Fair Trade Initiative is an open platform for enforcing good business practice in vertical trading relationships. Retail chains sell 90% of food products made in Slovakia and thus represent a key element in the food supply chain. The Initiative will be actively promoted and other actors of the supply chain will be encouraged to join in the spirit of promoting fair commercial dealings.

*Website:* [www.ferovyobchod.sk](http://www.ferovyobchod.sk)



*Daniel Poturnay (President of the Food Chamber of Slovakia) and Katarína Fašiangová (Chairwoman of the Slovak Alliance of Modern Trade)*

### RECOMMENDATION FOR GOOD PRACTICE IN APPLYING THE SCI PRINCIPLES OF FAIR DEALING, INFORMATION, CONFIDENTIALITY, AND JUSTIFIABLE REQUEST

In January 2018, the Governance Group of the SCI adopted and published a recommendation for good practice in relation to the Principles of fair dealing, information, confidentiality and justifiable request in the context of a new branded product introduction, launch or renovation. (See Annex V)

The recommendation has been developed to draw attention to the importance of respecting the Principles of Good Practice in vertical relationships in the food supply chain and to provide further guidance on their practical application.

The document addresses the topics of information exchange, timing and confidentiality for new branded product introduction, launch or renovation. It also provides guidance on how the SCI can support communication and training on the Principles and refers to the SCI dispute resolution mechanism.

### SCI WORKSHOP 2017

On 09 November 2017, the SCI held a workshop that brought together representatives from the SCI signatory organisations, national representatives of the food chain (farmers, industry and retail) from 7 countries (Belgium, Portugal, Germany, Spain, Finland, Norway and the Netherlands) and company representatives.

The following points were discussed by participants during the workshop:

- **Information sharing:** the work at national level is very valuable and can feed into the work of the SCI and of other platforms across Europe. Participants shared information on the various national activities and agreed to continue do so on an ongoing basis. Another workshop will be organised at the end of 2018.
- **SCI dispute resolution mechanism:** with the appointment of Michael Hutchings as the new independent Chair, the dispute resolution mechanism was clarified and developed further. In this context the new rules of governance and operations were discussed and input gathered.
- **Promotion of the SCI:** to continue to attract members and to showcase the successes of the SCI, participants committed to continue promoting the SCI.

See Annex VI for the summary of the workshop.





# E. Way Forward

Building on its achievements to date, the outcome of the SCI workshop as well as previous recommendations made by the European Commission, in 2018 the SCI will focus its activities on three areas:

## 1) STRENGTHENING THE DISPUTE RESOLUTION MECHANISM

With the appointment of the independent Chair, Michael Hutchings, the SCI commits to strengthening its dispute resolution mechanism as revised by the new Rules of Governance and Operations (see Annex III).

### ENSURING CONFIDENTIALITY AND HANDLING COMPLAINTS

- The Chair will put in place appropriate administrative procedures that specify the measures taken to assure confidentiality of the parties involved in any dispute. This involves any written confidentiality agreements and anonymization of records.
- Detailed procedures as to how complaints are handled in practice will be drawn up by the Chair. This involves guidance as to how a complaint is to be submitted and verified as to its 'substance and merit'. In addition, it will be specified how records and hearings are organised and handled in full respect of the confidentiality principle.

### DEVELOPING GUIDANCE AND RECOMMENDATION

The Chair, with the consent of the governance group of the SCI, will issue guidance and recommendations of general interest that promote good practice. During the entire process, the Chair will maintain his independence and may call upon experts recommended by national platforms as and when needed.

## 2) AWARENESS RAISING ABOUT THE SCI

Building on the recognition the SCI already had at the national level and amongst its direct membership, the SCI will seek to strengthen the awareness of the SCI across Europe.

### INCREASING ITS MEMBERSHIP BASE

Acknowledging that the SCI membership base encompasses both large companies and SMEs, the SCI will:

- reach out to large companies and provide information on the benefits of the SCI. Promotional materials will be created and updated to support these efforts.
- encourage SMEs to sign up to the SCI by working with relevant chambers of commerce and associations. The lighter registration procedures for SMEs will be highlighted and partners will be encouraged to support these efforts, in the spirit of a collective approach.

### EXTERNAL REPRESENTATION

The Chair, Michael Hutchings will promote the SCI directly by attending and speaking at various conferences, both at EU and national level as well as by giving interviews in the media and reaching out to stakeholders for one-to-one meetings.

## 3) EXCHANGE OF BEST PRACTICES AND MEASURING IMPACT

Sharing the successes of the SCI, both by quantitative and qualitative measures, will be an important priority for 2018. To this end, the SCI will:

### FACILITATE THE EXCHANGE OF BEST PRACTICE AMONG NATIONAL PLATFORMS AND MEMBER COMPANIES

A workshop will be organised in the second half of 2018 to facilitate exchange of good practice, information, successes and key learnings among national platforms and member companies. The SCI will seek the representation of all four sectors (retail, manufacturing, wholesale and farming) at this workshop to maximise its impact.

### MONITOR THE PERFORMANCE OF THE SCI THROUGH THE ANNUAL SURVEY

The annual survey has proven to be an invaluable tool to measure the impact of the SCI and the application of the Principles of Good Practice on the ground, as well as to communicate on its impact to wider audience.

# Annex I. The Governance

## THE GOVERNANCE GROUP

Name	Title	Organisation
Gibbons, Michelle	Director General	AIM – European Brands Association
Rouhier, Pascale	Secretary General	Celcaa - the European Liaison Committee for Agricultural and Agri-Food Trade
Czech, Susanne	Director General	ERRT - European Retail Round Table
Verschueren, Christian	Director General	EuroCommerce
Delberghe, Christel	Director	EuroCommerce
Frewen, Mella	Director General	FoodDrinkEurope
Dollet, Evelyne	Director, Economic Affairs	FoodDrinkEurope
Kelly, Paul	Director	Food Drink Ireland
Groen, Else	Director General	Independent Retail Europe
Willems, Véronique	Secretary General	ECSLA - UEAPME (European Association of Craft, Small and Medium-sized Enterprises) is an Observer

## THE INDEPENDENT CHAIR

Michael Hutchings has been appointed as the independent Chair of the Supply Chain Initiative in October 2017.

## SCI MANAGER

Fabienne Eckert is the SCI Manager since October 2017 ([info@supplychaininitiative.eu](mailto:info@supplychaininitiative.eu)).



# Annex II. Principles of Good Practice and process commitments

## 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 <u>Unfair Practices</u>	Examples of <u>Fair Practices</u>
<b>Agreements - written / unwritten</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>The provisions of the written contract are clear and transparent.</li> <li>When contracts are not written, one of the parties sends a written confirmation afterwards.</li> </ul>
<b>General terms and condition</b>	<ul style="list-style-type: none"> <li>Imposing general terms and conditions that contain unfair clauses.</li> </ul>	<ul style="list-style-type: none"> <li>Using general terms and conditions that facilitate business activity and that contain fair clauses.</li> </ul>
<b>Termination</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>The unilateral termination of the agreement respects the agreement and due process and is in accordance with applicable law.</li> </ul>
<b>Contractual sanctions</b>	<ul style="list-style-type: none"> <li>Contractual sanctions are applied in a non-transparent manner and are disproportionate to damages suffered.</li> <li>Sanctions are imposed without any justification in the agreement or the applicable law.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Contractual sanctions are agreed in advance, are proportionate for both sides and are applied in order to compensate damages.</li> </ul>
<b>Unilateral actions</b>	<ul style="list-style-type: none"> <li>Non-contractual retroactive unilateral changes in the cost or price of products or services.</li> </ul>	<ul style="list-style-type: none"> <li>A contract contains legitimate circumstances and conditions under which subsequent unilateral action may be permitted.</li> </ul>
<b>Information</b>	<ul style="list-style-type: none"> <li>Withholding essential information relevant to the other party in contractual negotiations and which the other party could legitimately expect to receive.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Providing relevant essential information to the other party in contractual negotiations and ensuring that information is not misused.</li> </ul>

Practice	Examples of <u>Unfair Practices</u>	Examples of <u>Fair Practices</u>
<b>Entrepreneurial risk allocation</b>	<ul style="list-style-type: none"> <li>• Transfer of unjustified or disproportionate risk to a contracting party, for example imposing a guarantee of margin via payment for no performance.</li> <li>• Imposing a requirement to fund a contracting party's proprietary business activities.</li> <li>• Imposing a requirement to fund the cost of a promotion.</li> <li>• Preventing a contracting party from making legitimate marketing and promotional claims on their products.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Transfer of risk which is negotiated and agreed by the parties to obtain a win-win situation.</li> <li>• Contracting parties agree the terms and conditions corresponding to their contribution to either parties' proprietary activities and/or promotional activities.</li> </ul>
<b>Listing Fees (upfront access payments)</b>	<ul style="list-style-type: none"> <li>• Imposing listing fees that are disproportionate to the risk incurred in stocking a new product.</li> </ul>	<ul style="list-style-type: none"> <li>• When listing fees - used to mitigate the risk incurred in stocking a new product - are agreed between both parties, and they are proportionate to the risk incurred.</li> </ul>
<b>Threatening business disruption</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Demanding payment for services not rendered or goods not delivered, or demanding payments manifestly not corresponding to the value/cost of the service rendered.</li> </ul>	
<b>Tying</b>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> </ul>
<b>Delivery and reception of goods</b>	<ul style="list-style-type: none"> <li>• Deliberately disrupting delivery or reception schedule to obtain unjustified advantage.</li> </ul>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>

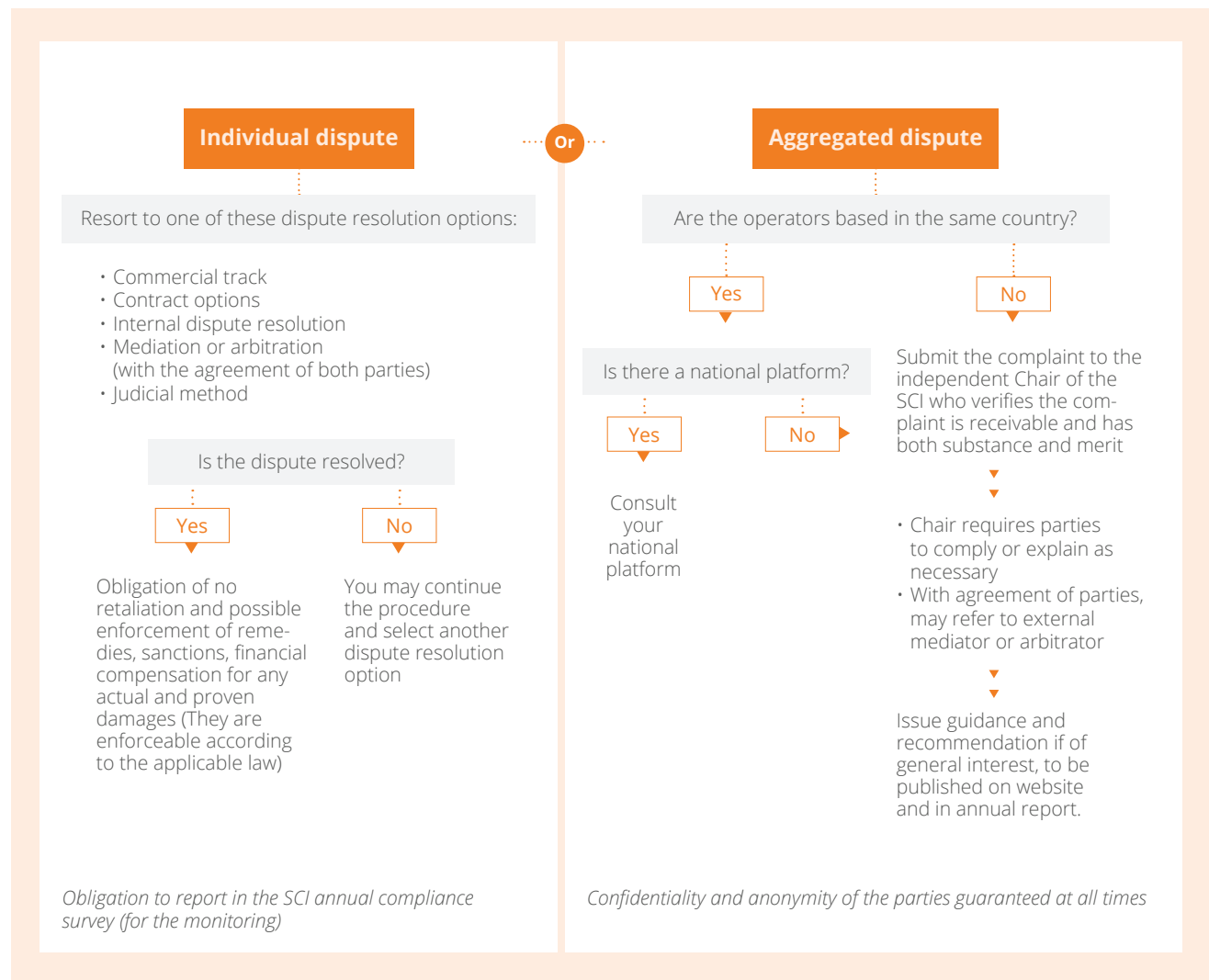
## PROCESS COMMITMENTS

A registered company must comply with a set of commitments called the “process commitments”, i.e. ensure that it

- complies with the Principles of Good Practice;
- has undertaken a self-assessment;
- has set up or adapted training of senior executives and relevant staff to ensure compliance with the Principles of Good Practice;
- prepared to engage in the dispute resolution options provided under the SCI;
- communicates its registration to business partners;
- has appointed contact persons for internal dispute resolution and for process-related issues; these can be the same or different persons;
- shall not take retaliatory action;
- in the context of an aggregated complaint, shall respond to a request by the Chair to comply or explain;
- shall respect and follow up on any decision of the Chair concerning a complaint in which it is involved.

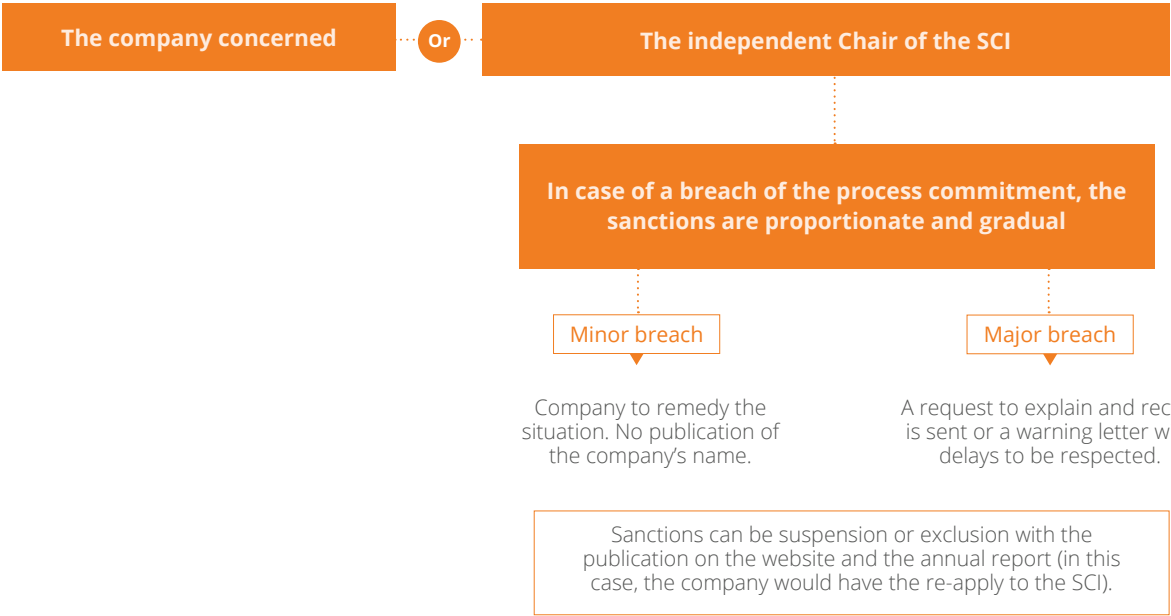
# Annex III. Dispute resolution mechanism under the SCI

DO YOU BELIEVE A PRINCIPLE OF GOOD PRACTICE HAS BEEN BREACHED?  
THE SCI CAN HELP.



DO YOU BELIEVE A PROCESS COMMITMENT HAS NOT BEEN RESPECTED BY A REGISTERED COMPANY? HERE IS WHAT YOU CAN DO:

Raise the matter with:



*The identity of the complainant remains confidential*



# Annex IV. Registered companies

*	2 Sisters Storteboom	Manufacturing
*	A Casa da Fruta, Lda	manufacturing
*	A. Moras & Comp. GmbH & Co. KG	Manufacturing
*	A.O. Siegmund Liköre & Destillerie	manufacturing
*	A&A EXPRODCOM SRL	manufacturing
*	A+Z Ris vsky, Halasz s.r.o.	Manufacturing
*	Aarts Conserven BV	Manufacturing
*	AB silos du touch french soytouch	farming
*	Abattoir et Marché de Bastogne SA	wholesale
*	ADKON s.r.o.	farming
*	AG Products Ltd.	wholesale
*	AGRISTAR D.O.O.	manufacturing
*	AGRO NP Ltd.	wholesale
	Ahold Delhaize	Retail
*	AJAX DISTRIBUCIJA DOO	wholesale
*	Alberto Fernandes & Filhos Lda	farming
	ALDI RD	Retail
	ALDI SÜD	Retail
*	Alfa Sorti s.r.o.	manufacturing
	ALMENDRAS LLOPIS SAU	Manufacturing
*	Alpi Commerce LTD	manufacturing
	ALWERA AG	farming
*	Amanda Seafoods A/S	manufacturing
*	amir	farming
*	Anamas Distributors	wholesale
	ANGST RO SRL	manufacturing
*	Aqua Mania Sp. Z o.o	wholesale
*	Argal Deutschland GmbH	wholesale
	Arla Foods	farming
*	ASCOMMERCE d.o.o.	manufacturing
*	Athenian Family Bakery SA	manufacturing
*	Atlantic Seafoods (Europe) Limited	wholesale
*	Atlantic-Co	manufacturing
	AUCHAN	retail
	August Storck KG	manufacturing
*	Austerschmidt Frische Bäcker GmbH & Co. KG	manufacturing
*	B. Pott eK	manufacturing

\* SMEs

*	BACI DOLCI Ltd	manufacturing
	Bakery Supplies Europe Holding bv	Manufacturing
*	BALCHO AGRO PRODUCT LTD	manufacturing
	Balkam Group LTd	manufacturing
*	Baltus BV; Trade name: StarCuisine	Manufacturing
*	Banfruit, S.L.	wholesale
*	Banketbakkerij ra BV	manufacturing
	Bavaria	manufacturing
*	Bendell Vertriebs GmbH	wholesale
	BENEO	manufacturing
*	Berief Feinkost GmbH	Manufacturing
*	Bernbacher GmbH & Co. KG	Manufacturing
*	Bernhard Werner Nahrungsmittel Produktions- und Handels GmbH	manufacturing
*	BG LINE 2014 LTD	manufacturing
*	Bidde e.K.	wholesale
*	Bidvest Slovakia s.r.o.	wholesale
	Bieze Food Group BV	Manufacturing
*	Binderer St. Ursula Weinkellerei GmbH	manufacturing
*	Bio Superfruits	retail
*	BIO-TERRA ENERGY SRL	wholesale
*	BIOMILA spol.s.r.o	wholesale
*	BODEGAS PRINCIPE DE VIANA SL	manufacturing
*	Bräuner A/S	manufacturing
*	Brennerei Grüner Baum	manufacturing
*	Budweiser Budvar SK, s.r.o.	wholesale
*	BÚŠLAK OIL, s.r.o.	manufacturing
*	BWF GmbH	manufacturing
	C.I.V. Superunie B.A.	Retail
*	Carl Jung GmbH	manufacturing
	Carletti A/S	manufacturing
	CARREFOUR	Retail
*	CASSUA Sociedad Limitada	wholesale
*	CCC GmbH	wholesale
*	CCEL - Casa das Carnes do Ervedal Lda	Manufacturing
	Central Cooperative Union - Bulgaria	Retail
*	CENTRAL DICA S.A,	wholesale
*	Chr. Storz GmbH & Co. KG	manufacturing
	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 Group	retail
*	Columbus srl	Manufacturing

\* SMEs



*	Concorp Holding B.V.Company	Manufacturing
*	Confiserie Jonas	manufacturing
	Coop Danmark A/S	retail
*	crisbiss GmbH	manufacturing
*	D & P Feinkost GmbH	wholesale
*	Daloon. A/S	manufacturing
*	Dan Cake A/S	manufacturing
*	De Menken keuken	manufacturing
*	De Ree Holland BV	manufacturing
*	DEH D. Entrup-Haselbach GmbH & Co. KG	wholesale
*	DEKOBACH GmbH	wholesale
*	Derpan SRL	manufacturing
*	DIE-OR-NUDELN	manufacturing
	DLG Food	manufacturing
*	Dr. Willi K II GmbH & Co. KG	manufacturing
*	Easyfood A/S	manufacturing
	EDEKA ZENTRALE AG & Co. KG	Wholesale
*	Einig- Zenzen GmbH & Co KG	manufacturing
*	ELMARCRETE SA	manufacturing
*	EMA'S A/S	wholesale
*	EQUUS a.s.	manufacturing
*	ERCE, s.r.o.	manufacturing
*	ERICH TRAPP GmbH & Co. KG	manufacturing
	ESEM GROUP	wholesale
*	ET "Georgi Stefa v-Zlatarov"	manufacturing
	Etelä-Pohjanmaan Osuuskauppa	retail
	eterna Nahrungsmittel GmbH	wholesale
*	EurCentrumSlovakia s.r.o.	manufacturing
*	Euro Pâtisserie Producties-Twello BV	manufacturing
*	EUROSALT MANUFACTURING SRL	manufacturing
*	Evrobrands Ltd.	wholesale
*	EWG Eberswalder Wurst GmbH	manufacturing
*	Ewig & Selt GmbH	manufacturing
*	Exotic Snacks AB	Wholesale
*	F.K. Trube Oy	Manufacturing
	F.Ili Polli S.p.A.	manufacturing
*	Feingebäckhandel Groß	retail
*	FEMINIA FAMILY s.r.o.	wholesale
	Ferrero International S.A.	Manufacturing
*	Fleisch- und Wurstwaren Schmalkalden GmbH Thüringen	manufacturing
*	Fobos Ltd	manufacturing
*	Food Sense	Wholesale
*	Foodhub.hu nprofit Ltd.	retail
*	Foodmark Sweden AB	Manufacturing
*	Fornetti Bulgaria EOOD	wholesale

\* SMEs

*	Franz Tress GmbH & Co. KG	manufacturing
*	FRESH DIRECT Ltd.	wholesale
*	fresh five* premiumfood GmbH	wholesale
*	freshcompany GmbH	manufacturing
	FrieslandCampina Cheese & Butter B.V.	manufacturing
	FrieslandCampina Consumer Products Europe B.V.	manufacturing
*	Fritz Schur Consumer Products A/S	wholesale
	Friweika eG	manufacturing
	FROMAGERIES BEL	manufacturing
*	G.V.EL ZAMORA , S.A.	Manufacturing
*	G&S Import	retail
*	Galop d.o.o.	wholesale
*	GASTROM s.r.o.	wholesale
*	Gemüsering Spreewald GmbH	farming
	GlaxoSmithKline Consumer Healthcare Europe	Manufacturing
*	Global Food Company Ltd	manufacturing
*	Global Fruit Point GmbH	wholesale
*	GMParsa7	wholesale
*	Goldeck Süßwaren GmbH	manufacturing
*	GOODMILLS BULGARIA EOOD	manufacturing
*	Gottfried Friedrichs KG GmbH & Co	manufacturing
*	GRANETTE & STAROREŽNÁ Distilleries Slovakia, spol. s r.o.	wholesale
	Gredon Invest Oy / Chocolate Factory Dammenberg	Manufacturing
*	Großenhainer Geflügelhof GmbH & Co.KG	farming
*	Grotto Trade s.r.o.	manufacturing
*	Growers Packers Direct BV	wholesale
	Grupo Chocolates LaCasa	manufacturing
	Gümüşdoğa Su Ürünleri İth. ve İhr. A.Ş (Seafood Co.)	manufacturing
	Günthart & Co. KG	manufacturing
	Halloren Schokoladenfabrik AG	manufacturing
*	Haluco B.V.	wholesale
	Heinrich Kühlmann GmbH & Co. KG	manufacturing
	Hellefors Bryggeri AB	Manufacturing
	Hellema Hallum B.V.	manufacturing
	Helsingin Osuuskassa Elanto	retail
*	Helwa Wafelbakkerij bv	manufacturing
*	Henri BV	manufacturing
	Herres Gruppe International	manufacturing
*	Hettrik LTD	manufacturing
*	HiTi Light . Ltd.	farming
*	Hlebna promishle st.ad	manufacturing
*	HO&PE FAMILY, s.r.o.	manufacturing
*	Hoch Oblatenfabrik GmbH	manufacturing
*	Hof Mues GmbH	Wholesale
	Hoffnungstaler Werkstätten GmbH	manufacturing

\* SMEs



*	Hygesia spol. s r.o.	wholesale
	IBERFRUTA-MUERZA S.A.	Manufacturing
	ICA Sweden	Wholesale
*	Ideal Product	Manufacturing
*	Ing. Lubomír Čupka TATRAPET, export-import, chovatel'ské potreby	manufacturing
*	InterBakery Food Group GmbH	wholesale
*	INTERCOM SARMIS SRL	retail
	ISCAL SUGAR	farming
*	ISIDRO DE LA CAL-FRESCO, S.L.	Wholesale
	J. G. Niederegger GmbH & Co. KG	manufacturing
*	J.M. Levarht & Zn. B.V.	wholesale
*	JACOB SA	wholesale
*	Jaroslav Ostrožovič - J. & J. Ostrožovič	manufacturing
	JERMI Käsewerk GmbH	manufacturing
	JERONIMO MARTINS GROUP	Retail
	Jovimer S.L.	wholesale
	Jumbo Supermarkten B.V.	Retail
*	Kafina 13 Ltd	manufacturing
*	Karl Inführ KG Wein- und Sektkellereien	manufacturing
*	KATHI Rainer Thiele GmbH	manufacturing
	Kaufland	Retail
	Kellogg Company	Manufacturing
	Kesko Food Ltd	Retail
*	Key2Food ApS	wholesale
	kff kurhessische fleischwaren GmbH	manufacturing
	KiMs A/S	manufacturing
*	Kleinemas Fleischwaren GmbH & Co KG	manufacturing
	Kohberg Bakery Group	manufacturing
	Koillismaan Osuuskauppa	retail
*	KOMAKO s.r.o. PREŠOV	wholesale
*	Kompek, kombinát pekařské a cukrářské výroby, spol. s r.o.	retail
*	Konditorei Stehwin GmbH	manufacturing
*	Koninklijke Peijnenburg	Manufacturing
*	Kornélia Dimičová Pekáreň NELA	manufacturing
*	Kreyenhop & Kluge GmbH & Co. KG	wholesale
	KRO S SA	Manufacturing
	Kunstmühle Reisgang, Josef Scheller GmbH	manufacturing
*	Küper Import GmbH	manufacturing
	Kymen Seudun Osuuskauppa	retail
	Långås Potatis & Rotfrukter AB	Wholesale
	Lantmännen ek för	manufacturing
*	LASKA DALBOSS, spol. s r.o.	wholesale
*	Lautergold Paul Schubert GmbH	manufacturing
*	lemberona handels GmbH	manufacturing
	Lidl	Retail

\* SMEs

*	LLC Murkoff	manufacturing
*	Lohkamp & Schmilewski GmbH	wholesale
*	Lucullus Backen & genießen GmbH & Co KG	manufacturing
	Ludwig Weinrich GmbH	manufacturing
	LVK VINPROM LTD	manufacturing
*	MaBu Bakery Vertriebs GmbH	wholesale
*	MADIG-MREŽNICA D.O.O.	farming
*	MAGIMEX LTD	manufacturing
*	MAKIN NUT COMPANY	farming
*	Ma lo's Food GmbH	Wholesale
*	MANUEL BUSTO AMANDI, S.A.	manufacturing
*	MÁNYA, spol. s r.o.	wholesale
*	Mardešić d.o.o.	manufacturing
	Mars Incorporated	Manufacturing
*	Martines Caffè	retail
*	MAXXIUM BULGARIA LTD	wholesale
*	Meienburg GmbH & Co. KG	wholesale
	Mercadona S.A.	retail
*	Mes-ko Ltd.	manufacturing
	Messokombinat Lovech SA, part of BONI HOLDING SA	manufacturing
	METRO A NYMI EMPORIKI KAI VIOMICHANIKI ETAIREIA EIDON DIATROFIS KAI OIKIAKIS CHRISEOS (ORGANISATION SHORT NAME "METRO SA GREECE")	retail
	Metro Group	Retail, Wholesale
*	Mia Foods 21 Ltd	manufacturing
	Midor AG	manufacturing
*	mirco della vecchia chocolate	manufacturing
*	Miti 01 Ltd	manufacturing
	Mitteldeutsche Erfrischungsgetränke GmbH & Co. KG	manufacturing
*	Mljekara Sinj d.o.o.	wholesale
	Mondelez Europe GmbH	Manufacturing
*	Munakunta	Manufacturing
	Musgrave Group	retail
	Musgrave Group PLC	wholesale
*	Nedato B.V.	manufacturing
	Nestlé S.A.	Manufacturing
*	Nupo A/S	manufacturing
*	Odin Seafoods GmbH	Wholesale
*	ÖĞÜT ORGANİK TARIM ÜRÜNLERİ SAN. VE TIC. LTD. ŞTİ.	manufacturing
	Osuuskauppa Arina	retail
	Osuuskauppa Hämeenmaa	retail
	Osuuskauppa Keula	retail
	Osuuskauppa PeeÄssä	retail
	Osuuskauppa Varuboden-Osla Handelslag	retail
	Osuuskauppa Keskimaa	retail
*	Pan n Food Slovakia s.r.o.	wholesale

\* SMEs



*	PARANHOCARNES-Industria e Comercio de Carnes, SA	Manufacturing
*	PÄX Food AG	manufacturing
*	PEMA Vollkorn-Spezialitäten Heinrich Leupoldt KG	manufacturing
*	Peoplebelgi Events Lda	wholesale
	PepsiCo	manufacturing
*	Perales y Ferrer, S.L	Manufacturing
*	Perutnina Romania SRL	retail
*	Pescado EAD	wholesale
*	PICO Food GmbH	wholesale
*	Pirifan Distribution SRL	manufacturing
	Pirkanmaan Osuuskauppa	retail
*	Pit Süßwaren & Nahrungsmittelfabrik Hoffmann GmbH & Co.KG	manufacturing
*	Pivnica Tibava s.r.o.	manufacturing
*	Pocket Drink GmbH	wholesale
*	PP VINKOVIĆ ZLATKO	Farming
*	PRELIKA, a.s. Prešov	manufacturing
*	Premira s.r.o.	wholesale
*	Premium Sweets Import-Export	wholesale
*	Prika Dairy Industry BV	manufacturing
*	Prinsen Food Group BV	manufacturing
*	Profitia Management Consultants Mazurowski i Wspólnicy Sp. j.	wholesale
*	QUIZA Sp. z O.O.	wholesale
*	Radner Brot GmbH Vertriebsgesellschaft	wholesale
*	Rahdener Spargel & Beerenfrüchte GmbH	wholesale
*	Regia Logistik, spol. s r.o.	wholesale
*	Rekin Jan Mozolewski i Wspólnicy Spółka Jawna	manufacturing
	Remia C.V.	manufacturing
	REWE Group	retail
*	ROMAN S.N.C.	manufacturing
*	Romfood Trading	retail
*	ROQUEVALE- SOCIEDADE AGRICOLA HERDADE DA MADEIRA SA	Farming
	Royal Smilde	Manufacturing
*	RYBÁRSTVO-Požehy,s.r.o.	manufacturing
*	S.C. PAU - PAN S.R.L.	manufacturing
*	S.C. PRONAT S.R.L.	wholesale
*	S.C. WEST INVEST S.R.L.	wholesale
*	S.G. PROMET d.o.o.	wholesale
	Saalemühle Alsleben GmbH	Manufacturing
*	Saarioinen Oy	Manufacturing
	Sabiedriba IMS	manufacturing
	SAFIR SRL	manufacturing
*	SALTEMPO SRL	manufacturing
*	Samsø Syltefabrik A/S	manufacturing
*	SANDANA COM SRL	manufacturing
	Satakunnan Osuuskauppa	retail

\* SMEs

*	SC AMYLON SA	manufacturing
*	SC DACIA PLANT SRL	manufacturing
	SC FOX COM SERV DISTRIBUTION SRL	manufacturing
*	SC LIDO GIRBEA SRL	manufacturing
*	SC MARIEN PRESSZO SRL	manufacturing
*	SC United Brands of Balkans SRL	manufacturing
*	SC VALCO SA	wholesale
*	SchapfenMühle GmbH & Co. KG	manufacturing
*	SCM COLIN DAILY	manufacturing
*	Seamar Europe srl	wholesale
*	SEDMO NEBO D.O.O.	wholesale
*	Segafredo Zanetti Danmark ApS	wholesale
*	SHMIDT LTD	wholesale
*	Sia Azina omercfirma Markets	wholesale
*	Simoes Lda	Wholesale
	SISA S.p.A.	Retail
*	Slavyanka - Ltd.	manufacturing
	Sonae	Retail
*	SOSALT spa	manufacturing
	Soubry J. NV	manufacturing
*	Special Fruit	wholesale
*	Spezialitäten aus Europa GmbH	wholesale
*	SPREewaffel Berlin-Pankow GmbH	manufacturing
	Stadtbackerei Schaller GmbH	manufacturing
*	Stangl GmbH & Co. Gemüse KG	manufacturing
*	Stenger Waffeln GmbH	manufacturing
*	STERN Società Cooperativa per Azioni	wholesale
*	Sudoberry SA	farming
*	Sulá GmbH	manufacturing
	Suomen Osuuskauppojen Keskuskunta	Retail
	SUPERMERCADOS SABECO SA	retail
*	Sureste Productos Hosteleros, S.L.	manufacturing
	Suur-Seudun Osuuskauppa SSO	retail
*	Sweet way LTD	manufacturing
	TEB grupo cooperativo SCCL	manufacturing
*	Tesagro Industry	manufacturing
	Tesco Plc	Retail
*	The Friendly Farmer	farming
*	The Whole Company	manufacturing
*	Torribas S.A.	manufacturing
*	Trade & More, S.L.	wholesale
*	Transimpex Warenhandelsgesellschaft GmbH	manufacturing
*	TRIOMAT s.r.o.	wholesale
	Tuko Logistics Osk.	Wholesale
*	TYRBUL EAD	manufacturing

\* SMEs



	Unilever	Manufacturing
	Unternehmensgruppe Mineralbrunnen Wüllner	manufacturing
	VAL ORBIEU UCCOAR	manufacturing
*	Valvis Holding Distribution SA	retail
*	Van Dijk Banket B.V.	Manufacturing
*	Varga Quattro SRL	manufacturing
*	Vega Star Trading JSC	retail
*	Venianina Ltd	manufacturing
	Verstegen Spices & Sauces B.V.	Manufacturing
*	Vid Vica, SL	manufacturing
*	VINEX PRESILAV AD	manufacturing
*	VI ŽUPA d.o.o.	wholesale
*	Virema Trade s.r.o.	wholesale
*	Vleeswarenfabriek Henri van de Bilt B.V.	manufacturing
*	W. Blasko Convenience Fertiggericht GmbH	manufacturing
	WAWI-Euro GmbH	manufacturing
*	Weingut Wilhelm Zähringer GmbH	farming
*	White s.r.o.	manufacturing
	Wiesbauer Österreichische Wurstspezialitäten GmbH	manufacturing
	Wihuri Oy	wholesale
*	Wilhelm Kern GmbH	manufacturing
	WM. Wrigley Jr Company	Manufacturing
	Yakult Europe B.V.	manufacturing
	ZANETTI SPA	manufacturing
*	Zhivkovi Ltd.	Farming
*	ZOOBEL Ltd	retail
	Zur Mühlen Gruppe Markenvertriebs GmbH	manufacturing
*	Аграна Трејдинг ЕООД	wholesale
*	ЕТ ИВИЛ-ИВАН КРЪСТЕВ	manufacturing
*	ИДА ПРОДАКШЪН ЕООД	manufacturing
*	Калина ООД	wholesale
*	Колев и сие-Ескада СД	manufacturing
*	Кроки ООД	manufacturing
*	Кръстилов ООД	manufacturing
*	Меркурий П и П АД	manufacturing
*	Паскалев 86 ООД	manufacturing
*	ПРОЕКТ ТРЕЙДИНГ ЕООД	wholesale
*	Тръст Интернационал ЕООД	wholesale
*	Юнивиста ООД	wholesale

In addition to the companies listed above, the SCI recognises the Belgian Code to which 261 companies have signed up. These are members of the following three national associations:

- 42 compound feed companies (BEMEFA) [www.bemefa.be](http://www.bemefa.be)
- 203 companies from the food industry (FEVIA) [www.fevia.be](http://www.fevia.be)
- 16 companies from the distribution sector (COMEOS) [www.comeos.be](http://www.comeos.be)

# Annex V. Recommendation for Good Practice in applying the SCI principles of fair dealing, information, confidentiality, and justifiable request

As part of the Supply Chain Initiative, registered businesses commit to the Principles of Good Practice in vertical relationships in the food supply chain. This paper puts forward recommendations for good practice in relation to the respect of the principles of fair dealing, information, confidentiality and justifiable request in the context of a new branded product introduction, launch or renovation<sup>4</sup>.

Every year, manufacturers and retailers introduce a vast amount of innovation into the market. Innovation is pro-competitive, and ultimately aims to serve continuously changing consumer demand and expectations in terms of products and services. Innovation can take many forms and covers products, services and processes. Product innovation can be defined as the “introduction of a good or service that is new or significantly improved with respect to its characteristics or intended uses”<sup>5</sup>.

The Supply Chain Initiative helps address, in a consensual way, potential issues that could arise in vertical relationships between operators in the food supply chain. When signing up to the Supply Chain Initiative, operators commit to applying the following principles of FAIR DEALING, INFORMATION, CONFIDENTIALITY, and JUSTIFIABLE REQUEST<sup>6</sup>:

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

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

## 1. ADDRESSING INFORMATION EXCHANGE

Brand manufacturers and retailers, through their own retailer brands, independently develop new products and innovation. In the context of a new branded product introduction, launch or renovation, they have a legitimate interest in sharing different types of information about a new product as well as the conditions for its successful introduction and related processes.

The needs for and types of information can be manifold, for example:

- To comply with regulatory requirements (e.g. labelling);
- To meet specific retailer requirements, for instance reflecting consumer interest (e.g. origin and methods of production, sustainability criteria, etc.); or
- for the products' practical introduction and related processes (e.g. nature of the innovation, listing of the product in IT systems, size, packaging, storage conditions, product launch, assortment building).

In all cases, the request to share information needs a reasonable basis and may not be arbitrary.

Manufacturers and retailers recognise the following approaches as examples of good practice.

<sup>4</sup> It is accepted that this paper shall not affect the execution or further enhancement of the transmission of product information in accordance with the data exchange standards as established - with the involvement of manufacturers and retailers - by standardization organisations at the national or international level.

<sup>5</sup> Oslo manual OECD (2005)

<sup>6</sup> Principles of good practice in vertical relationships in the food supply chain



**Example 1:** A retailer sells, on the basis of its corporate policy on health and/or sustainability, no products that contain a specific ingredient. The supplier will have to respect that the retailer verifies this in the context of a listing negotiation.

**Example 2:** A retailer asks for detailed information about a new product. Without a reasonable basis for the request, the supplier should be free to decline to provide such information in the context of a listing negotiation.

#### Good practice

- Parties are encouraged to share information, to the extent allowed, that is helpful for the commercial transaction and related processes or is in the interest of consumers; they are encouraged not to disclose or request confidential information that may not be necessary for the transaction and related processes;
- Parties should not withhold information that is necessary to handle the process for a successful product introduction and related processes or to meet their regulatory obligations.

## 2. TIMING OF INFORMATION EXCHANGE

To ensure the smooth introduction and launch of a new or renovated branded product, taking into account related internal processes, certain types of information about the product need to be exchanged between retailers and manufacturers in a timely fashion.

#### Good practice

- Parties recognise the importance of relationships that offer flexibility to adapt to market dynamics and circumstances. In this context, parties are encouraged to ensure that information is exchanged at the appropriate time and, in the case of confidential information, not earlier than necessary before offering the product for sale to consumers.
- The retailer takes care that the timing of an information request is in line with its needs for the purpose of a mutually beneficial transaction. The retailer will not threaten a supplier that declines to supply information earlier than

agreed upon between the parties for the smooth launch of a new or renovated branded product.

- A statement by a retailer that it will be unable to offer the product for sale to consumers on a given date because the manufacturer has not provided relevant information on time should not be used or interpreted as a threat if there is a reasonable basis for the statement.

## 3. ADDRESSING CONFIDENTIALITY

Respecting confidentiality is an important part of building trust among operators in the supply chain.

#### Good practice

- Parties recognise the importance of effective confidentiality agreements to protect confidential information, as part of general terms and conditions, or, where appropriate, as part of a separate agreement.
- Parties negotiate freely the content of such clauses.

## 4. COMMUNICATION AND TRAINING

Communication and training support the application of the principles and compliance by registered businesses.

#### Good practice

Businesses registered with the Supply Chain Initiative ensure internal communication and training of the relevant functions on the above good practices regarding the application of the confidentiality principle.

## 5. DISPUTE RESOLUTION

Parties can address specific issues using the SCI dispute resolution mechanisms put in place to that effect.

# Annex VI. Summary of the SCI Workshop (9 november 2017)

## PURPOSE AND ATTENDANCE

On 09 November 2017, the SCI held a workshop that brought together representatives from the SCI signatory organisations, national representatives of the food chain (farmers<sup>7</sup>, industry and retail) from 7 countries (Belgium, Portugal, Germany, Spain, Finland, Norway and the Netherlands) and company representatives.

Mella Frewen from FoodDrinkEurope and Christan Verschueren from EuroCommerce moderated the event.

The purpose of this workshop was to

- Introduce the Independent Chair and his role;
- Present and discuss the new rules of governance and operations;
- Facilitate the exchange of good practice among platforms and national associations;
- Facilitate networking among participants.

Participants were reminded that the workshop was held in full compliance with competition and anti-trust guidelines.

## INDEPENDENT CHAIR – INTRODUCTION AND PRESENTATION OF HIS ROLE

The appointment of the independent Chair, Mr Michael Hutchings, follows a commitment made at the High Level Forum to strengthen the governance and impartiality of the SCI. His role will be to strengthen the dispute resolution mechanism. He will chair the meetings of the Governance Group, act as a receiver for confidential complaints and issue guidance and recommendations of general interest and promote good practice. He will also have a role in representing the SCI externally among key stakeholders at EU level and at national level as needed.

Michael Hutchings introduced himself to workshop participants. He is an English lawyer specialised in competition law and EU law. He was a partner with the law firm Lovell White Durrant (now Hogan Lovells) from 1981 until 1996,

and managed its Brussels office in the mid-1980s. He works as an independent lawyer since 1996. He has worked extensively with companies and trade associations in the grocery sector, and was closely involved in the UK competition inquiry that led to the adoption of the Groceries Supply Code of Practice and the appointment of the Groceries Code Adjudicator.

Mr Hutchings is a strong believer in collaboration and cooperation and is looking forward to working with the SCI. His immediate steps will involve developing dispute resolution procedures including guidance on how to ensure confidentiality of proceedings. Participants were invited to submit any reading materials that may be useful for him.

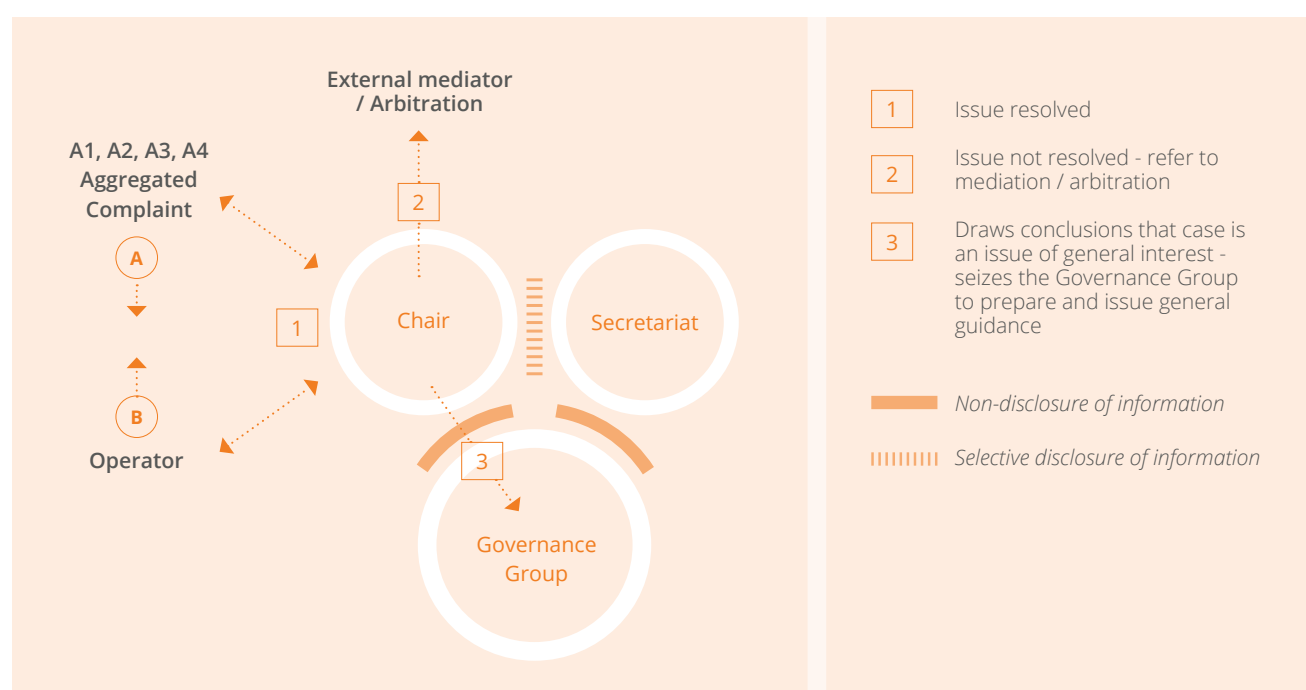
## NEW RULES OF GOVERNANCE AND OPERATIONS

The diagram illustrating the role of the independent Chair as included in the revised rules of governance and operations was presented and discussed. The Chair is part of the Governance Group, however when dealing with aggregated complaints, he operates together with the Secretariat, in a fully confidential setting. This work stream does not involve the Governance Group. Should the dispute not be resolved by the independent Chair or due to particular circumstances such as language or cultural considerations, the Chair may decide to appoint an external mediator or arbitrator. At the end of such process, the Chair can suggest general guidance, which is shared with the Governance Group to the benefit of the SCI, while preserving the confidentiality of the actors involved.

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<sup>7</sup> The Boerenbond (Belgian farmers' organisation).

DIAGRAM: ROLE OF THE INDEPENDENT CHAIR



Participants of the workshop highlighted the following elements to be taken into consideration for the final revision of the new rules:

- Further strengthen the independence of the Chair by clarifying the procedures for issuing guidance;
- Provide detailed rules on dispute resolution including confidentiality on the handling of cases to ensure solid procedure based on facts;
- Clarify the terminology "arbitration" and "mediation" and consider referring to "conciliation" as more appropriate;
- Define "Aggregated disputes" further to avoid confusion between different national systems;
- Clarify reporting obligations via the annual survey so as to strengthen the credibility of the SCI.

Participants also noted the important role of the SCI in guiding national activities. Disputes should primarily be dealt with at national level and only if the issue is of general concern and involves several countries, should it become a case for the SCI. The success of the SCI is already seen in the practices it promotes across Europe, which results in dispute resolutions early on.

## NATIONAL PLATFORMS AND ASSOCIATIONS - EXCHANGE OF EXPERIENCE AND GOOD PRACTICE

Workshop participants welcomed the opportunity to gain insights on activities and practices in other countries and hear presentations from Belgium, Portugal, Germany, Spain, Finland, Norway and the Netherlands. The discussion showcased that some countries were more advanced in the set-up of national platforms and related practices, which other countries found useful to learn from. It further highlighted that the scope and shape of such initiatives can vary depending on the national context. Overall, participants noted increased pressure arising from the current debate around possible EU legislation on Unfair Trading Practices.

While every national system and situation differs, a number of common topics and key issues were discussed. **The main takeaways from the discussion are:**

- The key issue for all initiatives is to continue investing in dialogue and aligning all actors in an inclusive approach, despite legislative pressures. The platforms in Spain and Portugal showcased that even where legislation exists, the work of these initiatives remains essential.
- To build a trusted system, the involvement of all stakeholders in the food supply chain is needed, including in particular farmers and SMEs. National platforms such as in Belgium, Germany, Spain and Portugal, where farmers are involved, can support the SCI efforts to bring European farmer associations around the table.
- In countries such as Portugal, Spain and the Netherlands, the government is actively involved in the platform or its set-up, whereas in other countries such as in Belgium, Germany and Finland, it is a private initiative. The Belgian platform recently appointed an independent chair.
- Discussions around how the resilience of the various actors in the Supply Chain can be strengthened are needed. The Belgian platform developed a toolbox to support practices such as fair contracts and to support the interaction with policy makers by defining a common lobby agenda. Furthermore, existing codes of good practice could be developed into more detailed guidelines in the future.

- Promoting and offering training programmes including training the trainer should be considered so as to support the implementation and dissemination of the Principles of Good Practice. In particular, adapting such tools to SMEs needs to be explored further.
- Some countries noted that the confidentiality of dealing with cases also means that there is little information about any successful resolutions. The Chair's involvement on an aggregated case may promote confidence in the mechanism. Such cases have the potential to change practices for the future in a more apparent way. Clear procedures are essential in this context to ensure that cases are evidence-based.
- The importance of creating public awareness on the sector and the initiatives has been highlighted. Members should be encouraged to bring forward examples of when the Principles of Good Practice worked.
- Some countries such as Finland don't have a registration system for their national code of good practice initiative, due to historic and cultural reasons. The general argument was that such registrations are however important to show progress and commitment.

## GOOD PRACTICES TO PROMOTE THE SCI

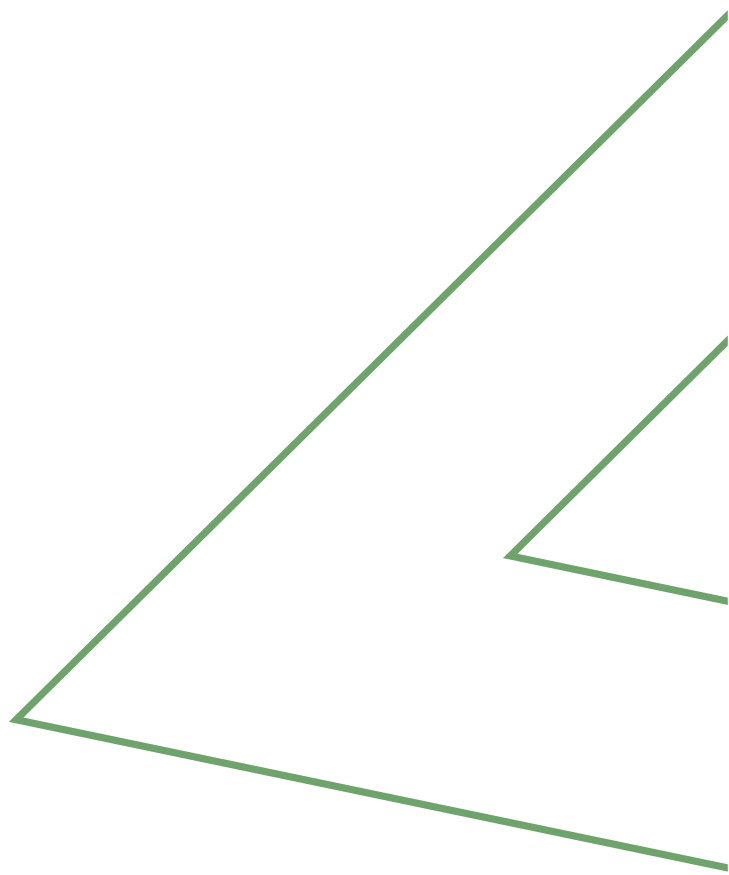
The importance of continuously promoting the SCI has been highlighted to ensure the mechanisms are used and to encourage new members to join. Michael Hutchings or members of the Governance Group could present its value at national level, as appropriate. Every actor was also encouraged to proactively inform their business partners about the SCI and companies were encouraged to join forces with national associations. Specific cases that may be brought to the independent Chair will also help to provide concrete examples and to build trust, as well as any national cases that used the SCI mechanism. Communications around these successes will be important to leverage.

## NEXT STEPS

- Workshop participants agreed to continue sharing their national activities and to send Michael Hutchings any relevant reading or useful materials.
- The new rules of governance and operations will be reviewed by the working group and circulated for final comments before the end of the year.
- Michael Hutchings will develop the SCI dispute resolution mechanism including specific guidance to ensure confidentiality of proceedings.
- Members will work further on promoting the SCI, and to this effect, develop communication activities as the value of a voluntary approach remains significant.
- Michael Hutchings will attend the High Level Forum on 6 December to present his role and the latest developments.
- Another workshop to exchange national practices will be organised in a year's time.







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