
SUPPLY CHA!NGE Campaign Demands

As of January 1st 2016

We demand tangible actions from supermarkets, national governments and the European Union to improve working conditions and to decrease the environmental impact along the supply chains. Supermarkets need to take responsibility for the circumstances under which their private label ie. store brand products are produced. Governments both in producing and consuming countries need to adopt legislation that obligates supermarkets to respect human and worker's rights along their supply chains and act in a responsible manner towards environmental issues.

We demand that European supermarkets:

- In order to meet their responsibility to **respect human rights, and to improve working conditions along the whole of their supply chain**, implement
 - I. United Nations Guiding Principles on Business and Human Rights (2011),
 - II. Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises (revised in 2011), and
 - III. International Labour Organization Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (2006).

- **As first steps** towards the implementation of these guidelines, supermarkets should:
 - I. Implement effective human rights due diligence to identify, prevent, mitigate and account for how they address their human rights impacts.
 - II. Adopt a complete Code of Conduct which covers the whole supply chain and lists all relevant ILO-conventions, and payment of a living wage (that covers the basic needs of workers and their families and refers to an internationally recognised model for defining a living wage).
 - III. Adopt a credible monitoring and reporting procedure on the implementation of the guidelines. Transparent and credible Multi-Stakeholder Initiatives (MSI) are one way towards trustworthy monitoring.

- Take proactive and continuous efforts to **decrease the environmental impact along their supply chains**:
 - I. Measure and disclose the environmental impact of products following transparent and international accepted methods, e.g. ISO 14040 standard series or the EU Product and Organisational Environmental Footprinting measuring methods.



- II. Take proactive and continuous efforts to decrease the environmental impact of all store brand products in all stages of the product life cycle through the implementation of Environmental Management Schemes according to recognised standards like the European Eco-Management and Auditing Scheme (EMAS).
- III. Sustainable product portfolio management: If the same kind of products can be sourced from different sources the options with the least environmental and social impacts should always be chosen. Environmentally reasonable shorter supply chains should be preferred. Sustainability targets for whole product groups (e.g. fish, meat, fruits) should be set - for example overall carbon footprint and a trajectory to improve these over the years.
- IV. Develop and implement a long term strategy to reduce the overall Environmental Footprint of products and organisations based on assessments of impacts and stakeholder inputs including CSOs and NGOs. Set clear and measurable goals within the strategy and document and communicate achievements towards or deviations from these goals.

- **Adopt and work to improve social and sustainability verification schemes.**

There are a number of certification and auditing schemes that can lead to an actual improvement in the social and environmental conditions along the supply chains. Supermarkets need to adopt these schemes for their private label products immediately as a first step. However, none of these verification schemes is free of shortcomings. Therefore supermarkets need to work together with other stakeholders to ensure that the verification criteria are, as a bare minimum, brought in line with the international human rights standards, and to improve the quality of audits.

- **Set retail prices in a responsible manner.**

Refrain from selling products below the socially and environmentally sustainable cost of production. Eliminate manipulative pricing practices (such as negative margins and other price manipulation). Also companies need to refrain from price driven advertising campaigns that creates consumer expectations of unsustainably low prices. There must be an end to the distorted shopping basket.

- **Make production conditions transparent to the consumer.**

Supermarkets should improve consumer accessibility to information on the social and environmental performance of individual products, for example by publishing transparent information on their supply chains and overall cost breakdown. Environmental claims should be transparent (include information on the assessment procedure used, source, criteria), relevant, reliable, complete, comparable and clear.



We demand that the European Union:

- **Renews the European competition policy framework.**

The EU should address structural issues such as the accumulation of excessive buyer power and increased market concentration in the retail sector through a revised approach to merger control. Also, the EU should address behavioural issues such as anticompetitive agreements and abusive unilateral behaviour in the retail sector, which have an adverse impact especially on small suppliers in the developing countries.

- **Passes the necessary legislative measures to end Unfair Trading Practices**

With accumulating market concentration, the dependency of producers on retailers is equally growing. As a result retailers can impose trading practices upon suppliers that threaten their existence. Common practices include unilateral price cutting by retailers, ending trade relationships abruptly and on unfair grounds, modification of orders on short notice etc. These practices need to be identified and sanctioned on a legislative level.

- **Adopts the FAO-OECD Guidance for Responsible Agricultural Supply Chains.**

EU should coordinate EU and members state level adoption of the FAO's/OECD's Guidance for Responsible Agricultural Supply Chains Guidance through starting a new EU food sector initiative with the Guidance as the basis, translation of it in to formal EU guidance or legal text and/or EU action on the sectoral development of their implementation in Member States level National Action Plans.

We demand that national governments in the European Union:

- Put into place legal frameworks, including provisions for monitoring and sanctions, that hold retailers accountable for human rights violations and environmental destruction throughout supply chains, and **give individual victims and affected communities the legal right of redress and ensures access to effective remedy.** These legal mechanisms should exist both in countries where the respective products are sold and in the country where the retailer is headquartered and should be based on the public enforcement mechanism.
- **Ensure that the non-financial reporting requirements are extended to the supply chains of the companies** in the transposition of the European directive on the disclosure of non-financial and diversity information by certain large undertakings and groups (aka NFR; 2014/95/EU). Non-financial reporting, which has the potential to significantly increase corporate transparency, could prove an important stepping stone to mandatory human rights due diligence.

