

# **Quick Scan GET NV**

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## Introduction

A Quick Scan assesses the social responsibility of a specific company in a period of six days on average. A Quick Scan is usually commissioned by non-governmental organizations (NGOs) or trade unions prior to joint activities and/or partnerships with companies. The background of analyzing corporate social responsibilities and performances of companies is to take well-thought-out decisions to engage in partnerships, or other forms of cooperation and dialogues with companies.

The Quick Scan *does not provide a complete and detailed image of a company's social performance*. SOMO checks in which sector the company operates and gives an overview of the specific problems and issues that are important in this particular sector regarding the theme of Corporate Social Responsibility (CSR). Subsequently, SOMO investigates whether these issues are also relevant for the company that is being scanned. This part of the Quick Scan consists of three steps:

### **Risk analysis**

First the reputation of the company is reviewed. Has the company been the focus of campaigns from environmental organizations, human rights organizations, or consumer organizations? Has there been any evidence of negative publicity, legal or regulatory violations? Has the company received media attention with regard to violations of CSR standards or its own code of conduct? Has the company undertaken controversial activities that have not been in accordance with its self-proclaimed social responsibility? To answer these questions a search is conducted on the Internet and through a data base of national and international press, including local newspapers from countries in Africa, Latin America and South East Asia.

### **Policy analysis**

Subsequently, a policy analysis examines by which guidelines or codes of conduct the company affirms to abide. SOMO also analyses the quality of the contents of these documents, as well as the company's own communications about its CSR policies. An assessment is made of how the company's formulated standards relate to the CSR Frame of Reference of the Dutch Civil Society Coalition for Corporate Social Responsibility and other CSR standards widely accepted among non-governmental organizations (NGOs) and trade unions. Existing sector specific CSR initiatives are also taken into account.

### **Analysis of policy implementation**

The implementation of the company's CSR policies is briefly analyzed. What management systems are in place, are there any internal monitoring procedures, are stakeholders involved in decision-making processes, how transparent is the company's management, how does the company report on its progress regarding CSR, is there an independent verification mechanism?

In this Quick Scan, the CSR policies and practices of the GET NV will be analyzed. The Quick Scan has been commissioned by Oxfam Novib.

These are the main questions:

- What are the main CSR issues relevant to GET NV?

- What are the risks of GET NV being directly or indirectly associated with/or involved in these CSR issues?
- Has GET NV been the subject of any negative publicity with regard to its CSR policies and practices?
- Does GET NV have a code of conduct? Is GET NV involved in CSR (multi-stakeholder or sectorial) initiatives?
- How can GET NV's CSR policies and the implementation of these policies be assessed?

The information in this Quick Scan was obtained from websites, international press and databases. The report was sent to the company for comment and to allow for correction of factual mistakes before publication.

An employee of SOMO is currently on the advisory council of the foundation. SOMO nevertheless is confident that this fact has not influenced the screening of the company in any way: the position was accepted before this Quick Scan was commissioned and as to date the board has not had its first meeting yet.

## 1. Company profile<sup>1</sup>

GET NV is a company that builds and operates internet sourcing portals for the fresh food and non-food products. Global E-Trading (GET) Holding N.V. is the holding company registered with the chamber of commerce in Hoofddorp Netherlands. The holding office is located in Zaandijk, Netherlands<sup>2</sup>. The CEO of the holding is Hans Robben. The company has three subsidiaries all based in Curacao (see figure 1):

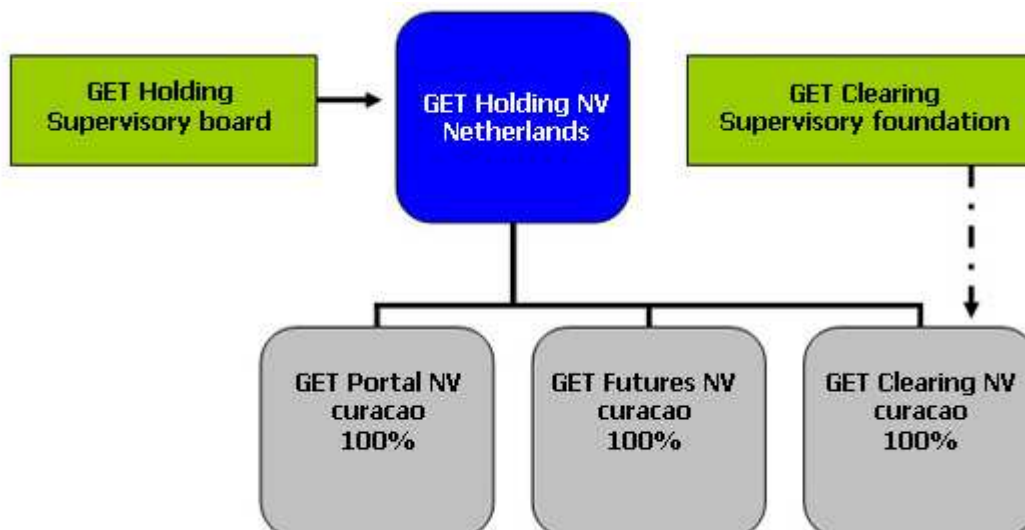


Figure 1: Holding structure Get NV (source: [www.getnv.com](http://www.getnv.com))

<sup>1</sup> All information is based upon company websites (see list at the end of this section) visited in the last weeks of August and the first week of September unless mentioned otherwise.

<sup>2</sup> Kamer van Koophandel, 23 August 2007

GET Portal NV is the company that builds and administers the e-trading portals and was founded in 2003 (on Curacao). The main internet portal is called e-fresh portal ([www.efreshportal.com](http://www.efreshportal.com)). GET Futures NV is an on-line live trading board of future fresh contracts (futures) but which is not operational at the moment. GET Clearings NV delivers financial and logistic transaction services to buyers and sellers. The group has just acquired another Dutch portal company that will be fully consolidated (its name will be disclosed as soon as this is legally possible). In addition to the four subsidiaries the company has bought the assets of 5 companies in the Netherlands, UK and France. And is acquiring 2 two large companies in Brazil (60 employees) and China (100 employees).

The holding was registered with the Netherlands chamber of commerce in December 2006 and has (as such) not filed any documents with the chamber for instance annual accounts. The following key company figures can however be found on the website of the holding:

Founders	2
Shareholders total	32
Total outstanding shares	12.790.000
Current share price	€ 2,-
Market capitalization	€ 25.580.000,-
Projected revenue 2007	€7.500.000,-
Number of subsidiaries	4
Number acquired companies	8
Projected revenue 2008	€ 27.750.000,-

Table 1: GET NV key corporate figures (source: [www.getholdingnv.com](http://www.getholdingnv.com))

In total there are now 40 people on the company's pay-roll<sup>3</sup>.

Income is generated by the company through paid membership (customers pay a 899 Euro annual fee to be able to use the internet portal), advertising & infomercials, clearinghouse and future board fees. The company is not listed but an initial public offering (IPO), the first sale of a corporation's common shares to investors on a public stock exchange, is planned in 2008 on the AIM in London.

Currently the portal supports mainly flower trade. Other product(s) (categories) that are traded are Flower, plants and bulbs, fish and seafood, meat and poultry, fruit vegetable and nuts, coffee and cocoa, and soon eggs. The portal currently has more than 70.000 registered company members.

For more information see the various company sites: [www.efreshportal.com](http://www.efreshportal.com), [www.getnv.com](http://www.getnv.com), , [www.getfoundation.org](http://www.getfoundation.org) and [www.getholdingnv.com](http://www.getholdingnv.com)

## 2. A short profile of the sector and critical issues which companies are facing

### The sector's critical issues

<sup>3</sup> Contact with CEO on the phone 6 September 2007

Companies such as GET NV, that enable an online environment that connects buyers with suppliers, are a relatively new phenomenon. Broadly speaking they are part of the services sector and/or part of the ICT sector. Their role is similar to that of portals such as E-bay and Marktplaats (Netherlands).

Issues that internet portals are facing directly from a service angle include fraud (including customers claiming false damage to goods or not having received goods, suppliers shipping faulty merchandise or nothing at all, misleading offers), selling stolen or illegal merchandise and privacy breaches (unauthorized sharing of contact or customer information, spamming).

In the software/ICT sector there are accounts of excessive long hours as a consequence people sometimes suffer from health problems, stress and hardly have a social life. There is research that indicates that workers in the German ICT sector experience 4 times as much health problems such as sleep disorders, chronic fatigue, stomach problems than workers in other sectors. In addition up to 40 percent of the workers in the survey experienced symptoms of early burn-out<sup>4</sup>.

While internet portals are not directly involved in the customer supplier relationship nor in the supply chain as such it is evident that there are numerous problems as regards sustainability in the agricultural and food sector in which their customers operate. These include deplorable working conditions especially in developing countries (health and safety issues, low wages, child and/or bonded labour, insecurity of employment...) adverse environmental impacts through sometimes excessive use of agrochemicals, displacement of communities, deforestation and animal welfare concerns. A short discussion of the responsibility of GET NV as regards these problems follows in the discussion section.

### **3. Negative publicity: GET NV in the media**

No information about controversial activities found in the media.

### **4. CSR initiatives in the sector**

No initiatives were found that directly apply to internet portals such as those of GET NV. There are however many CSR initiatives in the agricultural sector and some in the services and ICT sector.

### **5. CSR at GET NV**

#### **Policy and practices**

At the company website the following statement can be found: "As a market leader, we take our responsibility to all our stakeholders. We have developed and regularly review ethically-based policies and principles to guide us in our work and we take various measures to make sure we conduct our business in a responsible way."<sup>5</sup> There is no reference to concrete policies (for instance a code of conduct) and/or examples on the website. GET NV does not take direct (supply chain) responsibility

<sup>4</sup> <http://www.iatge.de/iat-report/2006/report2006-04.html>, ,

<sup>5</sup> <http://www.getholdingnv.com/default.asp?page=1>

for its clients (suppliers and buyers). So there is no auditing nor a procedure of for instance having clients sign/endorse a statement on CSR<sup>6</sup>. However the company is developing policy that would enable exclusion of members if an accredited organisation would prove that a member is not up to CSR standards as regards for example exceeding fishing quota<sup>7</sup>.

The company has a policy statement on procurement: "We focus as much as we can on a sustainable purchase for the company. In concrete, this means that we: Obtain 100% recycled paper for all our paperwork in the office. Drink coffee and tea with a fair trade and organic mark. Use ecological sustainable cleanings. We use green electrics."<sup>8</sup> It should be noted that a policy on the procurement of ICT hardware essential to its operations is not included.

It is noteworthy that this rather small company has a dedicated person for CSR or Chief Green Officer (CGO) as they call it. This can indicate that CSR is taken seriously in the company. The CGO is head of the GET Foundation. According to the foundation's website ([www.getfoundation.org](http://www.getfoundation.org)) "The Foundation strives to give as many farmers in need as possible" ...."access to the world's largest community of international buyers via memberships to the eFreshportal. Making use of the GET Foundation Service program these farmers / producers will be put in the spotlight and be helped to actually sell their products on the portal. The Foundation is an independent organization that receives and gains funds from different sources such as private and corporate sponsors, other Foundations and aid organizations." It should be noted that the foundations mission makes good business sense for the company as well: it provides income and clients.

The foundation has an advisory council that assists "GET and GET Foundation in making the market accessible for any small producer and transparent for any new market like organic and fairtrade (GETtransparent), at the same time giving the consumer insight in the origin of the products they buy (GETorigin)." The council comprises members from civil society, business and academics<sup>9</sup>. According to one of the council members however it is officially only an advisory board to the foundation<sup>10</sup>.

## Conclusion and discussion

### Supply chain responsibility

It is difficult to pinpoint the supply chain responsibility of companies such as GET NV. The company is strictly speaking not a formal link in the fresh produce supply chain in the sense that they are not an party in the deal/ arrangement between buyers and suppliers. They are a facilitator comparable in the "off-line world" to a company letting stands or space in a consumer fair or wet market. Just like these companies, internet portals companies such as GET NV have a responsibility towards their customers of creating a safe trading environment that lives up to standards as regards fraud, fair dealing and privacy (taking such responsibility is a clear business case as well). Unlike portal such as E-bay that give access to anyone the eFreshPortal is a closed portal. The company screens its suppliers and buyers whether they are legitimate buyers. And in the event of fraud members are banned. Privacy or fraud related problems are as such less likely to occur because of this monitoring. With respect to fair

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<sup>6</sup> Contact with "CGO" on the phone 5 September 2007

<sup>7</sup> Contact with CEO on the phone 6 September 2007

<sup>8</sup> <http://www.getnv.com/default.asp?page=10&subpage=3>

<sup>9</sup> <http://www.getnv.com/default.asp?page=11>

<sup>10</sup> Information from SOMO council member (see introduction for this QS)

dealing the company does not intervene but, as is the case on E-Bay members, can rate each other as it comes to customer satisfaction<sup>11</sup>. In addition GET NV is also developing a supplier & buyer rating system (launch in October) that provides insight in supplier rating and buyer-supplier satisfaction<sup>12</sup>.

How far supply chain responsibility extends is still subject to debate between industry, governments and civil society. While for some actors in the supply chain for instance retailers and producers it is clear that they have a responsibility through ownership and or investment relationships this is not (so) clear for other actors such as freight handlers or service providers such as internet portals. Nevertheless it is possible that in the future there will be developments that lead to more clear definitions of supply chain responsibility (with or without broad consensus) that would attribute (more) responsibility to the later. In the very limited time available for this research no controversies were found that could be an example of the supply chain responsibility of an internet portal for CSR impacts of goods for which it facilitates trade. Such a case could present itself in the future however. With this respect the question arises whether the current policy (in development) of acting on findings of *accredited* organisation *only* instead of screening pro-actively and/or having minimum standards applicable to members in place would be then be a sufficient to ward off critics. In addition responsibility could be judged greater in the event the portal actively promotes certain suppliers and/or enables suppliers that might otherwise not have offered their services. For instance through the active support of the GET Foundation and or/in case when the company offers more services than just the trade portal membership eg. pre-financing, transportation etc.

Finally there are two other issues that draw the attention: tax evasion and working conditions. To start with the later: over hours and resulting health problems are a problem in the information technology/software sector all over the world. Having a corporate labour policy in place to assure working conditions are up to international standards whether in-house or outsourced would be advisable. Especially now the company would start operations in countries where respect for labour laws is inferior to that in the North as now is likely with the almost completed acquisition of companies in China and Brazil.

The OECD Guidelines for Multinational Enterprises Chapter X Taxation states that 'enterprises should comply with all tax laws and regulations in all countries in which they operate and should exert every effort to act in accordance with both the letter and the spirit of those laws and regulations'<sup>13</sup>. An NGO interpretation of this guideline would be that companies should report income to tax authorities where it undertakes economic activity and refrain from shifting income earned in the country to locations with lower tax rates, mainly tax havens, to avoid taxation<sup>14</sup>. In case of GET NV its clients are all over the world. However it is highly unlikely that most of them are in Curacao. The Netherlands Antilles, which includes Curacao, are listed by the OECD as a tax-haven. While the construction is perfectly legal it is likely that many countries receive less income through this tax construction. This income might also have been used for direct or indirect support for (marginalised) producers that the company (claims to) serve(s).

In a reaction to the tax issue the CEO notes the following<sup>15</sup>:

"GET NV was founded on Curacao (2003) as the founder Hans Robben lived there since 2000. After 3 years in operation GET NV, while having ambitions to grow and attract capital decided it should be based in The Netherlands. As such it decided to establish (2006) its Holding company in Zaandijk.

<sup>11</sup> Contact with CEO on the phone 6 September 2007

<sup>12</sup> Comments of the CEO on the draft QS, 10 September 2007

<sup>13</sup> OECD, "The OECD Guidelines for Multinational Enterprises – revision 2000" June 2000, Paris

<sup>14</sup> Richard Murphy (2007) "Code of Conduct on Taxation – Exposure Draft", May 2007, Association for Accountancy and Business Affairs & Tax Justice Network UK

<sup>15</sup> Comments of the CEO on the draft QS, 10 September 2007



GET did not move its activities to a tax haven. The Holding company will pay tax under Dutch tax laws.

GET does not facilitate any buyer-supplier transaction through Curacao, nor does it assist buyers or suppliers to use any tax haven. As much as Curacao may be frowned upon, GET brought employment, development and income to Curacao, an Island that still suffers poverty among its inhabitants.”