

INTERGRAF

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E-AUCTIONS – CODE OF CONDUCT

E-commerce and particularly e-auctions are increasingly becoming a part of the regular commercial activity of companies, either as suppliers or clients.

Being a trans-national subject, multiple questions are raised regarding the conditions in which this business is done. Its evolution depends naturally on the way it fits the needs of each business activity as well as on its credibility in the market. Nevertheless, thousands of public and private companies use it each day.

Among the several e-commerce business forms, e-auctions are a very special one. Reverse auctions (in which supplier companies compete for a job providing increasingly lower prices) are particularly interesting, but can be dangerous for competing companies if transparency, clarity and honesty aren't assured.

The EU directive on e-commerce and national legislation promote codes of conduct in this area and enquiries recently done by the Commission show that all parties involved consider codes of conduct an essential tool to build trust among them. The more these codes of conduct are similar in their contents and generally abided by the interested parties, the more e-auctions will have a bright future as a great way of making business, benefiting both promoters (either buyers or site promoters) and participants.

Therefore, all the entities signing this code of conduct will disseminate it and promote it in their own countries, at private and public-owned companies, in order to achieve its standardization as a regular commercial practice. Each company and each entity, considering a medium-term market perspective, will decide on its own commercial behaviour, the use of e-commerce and particularly of e-auctions.

E-AUCTIONS – CODE OF CONDUCT

This code of conduct uses the words **promoter** for the person responsible for the site where e-auctions are promoted, **participant buyer** for the entity/company that wants to buy products/services and **participant supplier** for the entity/company that wants to sell products/services.

➔ HONESTY AND TRANSPARENCE

◆ The **promoter** and the **participant buyer** are bounded to guarantee the honesty, transparency and equity of the conditions in which the e-auction is done, namely regarding the relations with the participant supplier and the following topics:

- Supply to all the participant suppliers the same information, according to the same divulgation criteria
- Supply to each participant supplier all the information necessary to present the bid, namely:
 - specify all the technical, packaging and service aspects relevant to each product or service of the buyer's proposal, as well as all the details that can contribute to define the price. The promoter/buyer must, as a consequence, provide each participant supplier a sample of the product or products taken to auction, at least 10 days before the auction takes place. If this sample is not available, an equivalent or similar product must be provided.
 - specify whether mixed proposals - which have different products and/or services – are accepted
 - specify the duration of the electronic auction
 - specify the conditions of the contract, namely the ones regarding: payment conditions, currency to be used in the business, delivery places, minimum and maximum amount per delivery place, deadline accorded after the issuing of the order, etc.
- Supply all the participant suppliers a complete list of participant suppliers in the e-auction, at least 24 hours before it starts
- Clear identification of the participant suppliers' pre-selection and selection criteria and of the relative importance of each of these criteria; reasons for not being selected must be communicated to the non-selected.

◆ The **participant buyer** will guarantee that, once ended the e-auction, he will establish a supply contract according to the agreed conditions.

◆ The **promoter** and the **participant buyer** will guarantee that the prices presented by the different participants in the online sessions of the e-auctions will be free of any charge, discount or other non-declared compensations, and that at the end of the auction the total transaction value for the duration of the contract will be revealed.

◆ The **promoter** and the **participant buyer** will guarantee that all the information obtained is used only to the purpose of the auction for which it is supplied, as well as the respect for the legislation of data protection.

◆ The **promoter** will guarantee that the e-auction system is technically and operationally conceived in a way that avoids errors from the user that can have as a consequence the change - even unwanted - of the conditions defined in the proposal and/or in this code of conduct.

‣ The **participant supplier** will cooperate to guarantee the honesty, transparency and equity conditions in which the e-auction takes place - namely regarding the relationship with the promoter, with the participant buyer and with the other participant suppliers - and mainly regarding the supply of all the necessary information to guarantee that he has all the necessary conditions to answer the products/services' supply requirements of the auction, namely regarding competences and/or financial dimension.

➔ **COMUNICATION BETWEEN THE PARTIES INVOLVED**

‣ Apart from the above mentioned conditions, the **promoter**, the **participant buyer** and the **participant seller** guarantee that all the communication between the different parties involved will be established through telephonic conference and/or videoconference online, so that the correct transmission of information, the access and the equality among all the participants during the e-auction sessions can be assured.

➔ **CONTROL OF THE E-AUCTION RULES**

‣ The **promoter** is responsible for the e-auction sessions registration and by making it available to the interested parties for a period of 6 months after the e-auction closing.

‣ By request, this registry can be analysed by an independent and competent auditor that will evaluate if both the legislation, mainly the one regarding e-auctions, and the rules of this code of conduct are respected.