8th PROGRESS REPORT ON THE IMPLEMENTATION OF THE PRODUCT SAFETY PLEDGE

Introduction

The conclusion of the **Product Safety Pledge**[1] was facilitated by the European Commission with the objective of increasing the safety of products sold online by third-party sellers via online marketplaces. This initiative, which was the first of its kind in the product safety area internationally, sets out specific voluntary actions in 12 different areas that go beyond what is already established in EU legislation and to which online marketplaces can pledge to. Currently **eleven**[2] **online marketplaces** are signatories of the Pledge, both large international and smaller regional players.

As part of the Pledge, the signatories have committed to report to the European Commission every six months on the measures taken to implement the Product Safety Pledge, with the inclusion of Key Performance Indicators (KPIs).

This seventh progress report covers the period from **1 June 2022 to 30 November 2022**. This is the second progress report for which **all 11 signatories** provided data. A third-party aggregator combined their inputs.

Quantitative Report: Key Performance Indicators (KPIs) on the removal of listings of dangerous products

As explained in the previous progress reports[3], some divergences became apparent on how signatories calculated the number of notifications and the corresponding KPIs. Therefore, signatories have committed to provide absolute numbers as detailed below in aggregate terms. That allows for easier monitoring of the performance of the Pledge and comparability of the KPIs.

It is important to underline that several signatories introduced new policies that significantly improved the search for similar/identical listings that corresponds to products indicated in governmental notices or alerts in the Safety Gate or other recall portals. Nevertheless, they often needed more time to identify and act on these listings than the 2 days deadline reflected in the KPI.

Therefore, to put the below figures in context it is important to underline that while **Pledge signatories improved their performance regarding the proactive identification of similar / identical listings** (for example 1652 received governmental notices resulted in almost *twenty times more identified product listings* – 30787 listings) signatories needed longer time for their identification and takedowns. This is also strongly reflected in the KPIs below.

It is also important to recall that the sheer number of product listings doesn't fully correspond to the number of dangerous products actually introduced to the European markets through the signatories' marketplaces: these listings do not account for the actual available stock of products, they are often duplicated by each seller on several marketplaces (or even on each marketplace) and they do not

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[1] https://ec.europa.eu/info/business-economy-euro/product-safety-and-requirements/product-safety/product-safety-pledge_en

[2] Allegro, AliExpress, Amazon, bol.com, Cdiscount, eBay, EMAG, Etsy, Joom, Rakuten France and Wish

[3] https://ec.europa.eu/info/business-economy-euro/product-safety-and-requirements/product-safety/product-safety-pledge_en#documents

reflect sales. For example, one concrete product can be listed several times on one marketplace by different sellers and at the same time it can also be listed in various marketplaces.

<u>KPI 1:</u>

- 77% of identified product listings removed within two working days, based on governmental notices provided to the established single contact points.
  - Total number of governmental notices received: 1,652,
  - Number of identified listings removed following a governmental notice, including the one notified and similar ones: 30,787
  - Number of identified listings (as defined above) removed within 2 working days following a governmental notice: 23,777

<u>KPI 2:</u>

- <u>87%</u> of identified product listings removed within two working days found through the monitoring of public recall websites, such as the EU Safety Gate. ***This demonstrates a continued high-level performance of the Pledge mechanism.***
  - Number of detected alerts that link to a live listing available to customers on a marketplace taken from the EU Safety Gate or other EU government databases of products available to EU customers: 2,185
  - Number of identified listings following an alert on the EU Safety Gate or other databases: 30,964
  - Number of identified listings removed within 2 working days following an alert on the EU Safety Gate or other databases: 26,888

Qualitative Report on the actions taken on the 12 points contained in the Pledge

During the monitoring period, the following **progress and new actions** were reported by the signatories (focusing on the main improvements):

- Several signatories signalled that they **expanded their teams working on product safety issues**. One signatory specifically highlighted that this allows them to now conduct semi-manual sweeps on a very regular basis.
- All marketplaces confirmed that they are regularly monitoring the EU **Safety Gate** and follow up on identified listings that are affected by the measures notified. Almost all signatories have also established similar practices in relation to a number of national and international recall pages. For example, one signatory confirmed that it continually updates its monitoring scope to ensure customers' safety and is twice-daily monitoring over 27 websites, including EU Safety Gate and the OECD Global Recalls Portal[4]. Another signatory confirmed that it started scanning daily the OECD Global Recalls Portal and checking it in particular for product categories already reported in the Safety Gate.
- All signatories confirmed their **internal processes** linked to the takedown of listings of dangerous products. Some signatories also reported on a specific trusted flagger system they developed to allow for close cooperation with new groups of stakeholders. These signatories

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[4] https://globalrecalls.oecd.org/#/

also highlighted that thanks to the participation in **the Product Safety Pledge Pilot Project** with participating consumer organizations (BEUC, Euroconsumers and ICRT) they have widened their trusted flaggers pool. A signatory reported that they now use a rules-based filtering system combined with manual review where necessary, which is regularly updated and already resulted in the removal of millions of problematic listings. Another signatory noted that it has established a single point of contact for all consumer organizations participating in the Pledge Pilot Project.

- As regards the **two days deadline** commitment all signatories confirmed that they can comply with the vast majority of the requests in this timeframe. Nevertheless, respecting this deadline is more challenging when it comes to "identical/similar" listings. One signatory announced that it has improved its mechanisms to react within 1 working day of governmental notices made to the single contact point, to remove identified listings offering unsafe product for sale in the EU. Some signatories reported an average removal time of less than one day once they identified the product concerned by the alerts. Several signatories mentioned that sometimes **the governmental notices** do not contain all relevant information, so it takes for them longer to identify the listings. They advocated for developing a minimum set of information that authorities would need to provide in their notices.

- All signatories reported on certain progress regarding their internal solutions **allowing consumers to signal product safety concerns**. Several signatories also confirmed that consumer complaints related to unsafe products are prioritised by default to enable their teams to take timely action. One signatory reported that the notified products are removed on a precautionary basis in less than two working days, and they similarly remove product listings based on consumer reviews or comments.

- Regarding the **cooperation with authorities** a signatory raised that in a number of cases, the authorities asked to provide wide-ranging information on sellers and consumers. This included, but was not limited to, information on manufacturers' and sellers' names, addresses, contact details, and the number of certain products sold into certain markets and these requests often lacked the necessary legal safeguards, which would make it difficult for the signatory to comply with them. . Several signatories confirmed that they have developed a process for notifying their sellers on the relevant recall notices following information received from the authorities. One signatory explained that they are intending to develop close cooperation with authorities responsible for specific product groups, such as medicinal products or non-compliant decoders. One of the companies specifically underlined that they have proactively banned a number of product groups from being sold on their platform based on cooperation with authorities and on their internal risk analysis

- Signatories have carried out a number of **information and training activities**. Many companies ensure that their sellers continuously receive updated information on applicable legislation. One signatory reported on developing a new information section that provides the public with information on **recalls** and advice on how to follow up on them. Some of the signatories also directly inform consumers on the recalls, who bought the product in question via their interfaces. Another signatory developed a new section in its interface on news and information linked to the **Product Safety Pledge implementation**.

- Several signatories voiced again their appreciation for being able to cooperate **with the SPEAC Project**[5]**,** to share contents relating to product safety and compliance.
- Some companies have taken new measures to **prevent the reappearance of dangerous products**, and **against repeat offenders**, which include, but are not limited to, a penalty system for repeated offenders, the blocking of keywords and risk search engine/system analytics, to ensure that products that have been removed would not be searchable and/or purchasable again by the relevant consumers in question even if the products are re-listed on the platform. For example, one signatory operates a system of penalty points targeting repeated offenders, which leads to temporary freeze of the account or permanent shutdown in the case of repeated infringements. Signatories also reported on concrete figures concerning such suspensions.
- Regarding the **use of new technologies for product safety purposes**, one company reported on using AI image algorithms to recognise recalled product. Besides, they developed a system to collect and review the license/certification for high-risk product categories, which facilitated a more proactive product safety control approach, hundreds of thousands of licenses/certificates have been reviewed to ensure the product quality and safety. Another signatory reported on the development of expanding the use of its prohibited image library that catalogues "high risk" and unsafe items that have been globally prohibited by their teams under the relevant policies. A signatory specifically underlined its efforts made to allow access to its platform for the EU eSurveillance webcrawler.

At the initiative of one of the companies, all signatories agreed to be part of the **innovative Pilot project** launched in September 2022 that stimulates cooperation **between consumer organisations** (BEUC, Euroconsumers and ICT) and **online marketplaces that are signatories of the Pledg**e. In the context of this Pilot, signatories received direct notifications of the test results carried out by consumer organisations, and were able to follow up on the products that were signalled as unsafe. At the same time, consumer organisations also notified the relevant market surveillance authorities. Several signatories highlighted the importance of opening this new communication channel allowing them to take into account the tests carried out by the consumer organisations. Many of them also showed openness to turn the Pilot into a more structured and permanent cooperation avenue once it can be adapted based on the evaluation of the Pilot and its lessons learned.

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[5] https://speac-project.eu/