

Minutes

Ethical Trading Initiative www.ethicaltrade.org

ETI Board Meeting

16 December 2004, 2.00pm

Venue: ETI, Cromwell House, 14 Fulwood Place, London, WC1

Chair: Alan Roberts

Attendees: Robert Brown (Corporate Representative)
 Muriel Johnson (Corporate Representative)
 Fiona Gooch (NGO Representative)
 Liza Lort-Phillips (NGO Representative)
 David Ould (Alternate NGO Representative)
 Neil Kearney (Trade Union Representative)
 Simon Steyne (Trade Union Representative)
 Maria Cushion (DFID)
 Dan Rees
 Carol Sheldon
 Man-Kwun Chan, Item 6
 Santiago Porto, Items 3 & 4
 Fiona Mabbott, Item 7
 Adil Rehman, Observer (ETI Secretariat)
 Susan Hayter, Observer (Joint Initiative on Corporate Accountability & Workers' Rights)

Minutes: Carol Sheldon

1.0 Apologies for Absence

1.1 David Croft (Corporate Representative), Robin Robison (NGO Representative), John Sayer (NGO Representative), and Lakshmi Bhatia (Alternate Corporate Representative).

1.2 Changes to Directors on ETI's Board

1.2.1 ETI's Chair, Alan Roberts, announced that Dwight Justice (Trade Union Representative) was standing down as Board Director owing to pressure of work. Alan paid tribute to Dwight's contribution to ETI – he has been associated with ETI since its inception almost 7 years ago and played a very big part in ETI's development.

1.2.2 The ICFTU representative on the Board will be James Howard.

1.2.3 Alan then warmly welcomed the new elected Board members – John Sayer (NGO) and Lakshmi Bhatia (Corporate Alternate) David Ould (NGO Alternate), Liza Lort-Phillips (NGO), and Robert Brown (Corporate).

1.2.4 He then thanked Fiona Gooch for attending this meeting to provide continuity for the NGO caucus group.

Action	Due By	By Whom
Chair to write to Dwight Justice to formally thank him for his contribution.		Alan

2.0 Minutes of Meeting held on 3 September and Matters Arising

- 2.1 The Minutes of the meeting held on 3 September 2004, were approved.
- 2.2 Item 3.2 – Letters had been sent to corporate members asking them to encourage their suppliers to apply for membership of ETI.
- 2.3 Item 7.0 – Meeting involving FTF, FLO and ETI – Secretariat is hopeful this meeting can now take place early in the New Year.

3.0 Corporate Membership Issues

3.1 Company Codes/ETI Base Code

- 3.1.1 Paper updated Directors on progress made on alignment of company codes with ETI's Base Code. 25 member companies have code documents that are consistent with the Base Code.
- 3.1.2 Santiago Porto gave an introduction to the paper describing engagement with those member companies whose codes are not fully aligned with the ETI Base Code.
- 3.1.3 Deadline for alignment of all members is the end of June 2005.

3.2 Membership Development

- 3.2.1 There were no applications for membership. The Secretariat updated the Board on discussions with potential new members
- 3.2.2 Alan Roberts had taken part in a roundtable with 13 companies, 3 of whom were ETI members. There are some leads to be followed-up.
- 3.2.3 ETI has received an approach from a large public procurement body with significant buying power. The Board discussed how ETI corporate membership rules and obligations applied to public sector procurement and urged the Secretariat to explore this in detail with the body concerned. ETI considers public sector purchasing to an important area for membership development and this will be a priority for 2005.
- 3.2.5 The Board welcomed the approach of including non-members in roundtables.

3.3 2004 Corporate Annual Reports

- 3.3.1 There are no changes from last year's guidelines and the deadline is 26 February 2005. 32 companies are expected to report.

4.0 Revised Corporate Annual Reporting Framework

- 4.1 Santiago Porto introduced a paper reporting the results of the consultation on the revised reporting framework and a number of points arose in discussion.
- 4.2 Those companies that have expressed concern with the volume of data required have been large not small or medium sized companies.
- 4.3 The Board agreed to the Secretariat proposal (paragraph 4.2) to test the 2005 framework (including the supporting guidance notes and data collection tool) by asking a few volunteers to complete their 2004 report in the 2005 framework. The Board however, requested that the Working Group agree a clear and tight scope for this review in advance.
- 4.4 It was noted that some members have already made it clear that they will not be able to collect all the data required by the 2005 framework from January 2005. Some members need to set up new management systems for this purpose or are currently reviewing their IT systems in any case and will not complete this process until later in 2005. The Board agreed to the Secretariat's proposal for a "transition year" (paragraph 4.3) in which

companies may be given permission to report partially. However, the Board is concerned that such facilities are fair to all members and facilitates quality data gathering. The Working Group will develop and agree the details of this proposal, which will return to the Board for approval prior to implementation.

- 4.5 A specific question arose regarding the wording of the second sentence in paragraph 3.2. The Secretariat agreed to look again at this wording with Simon Steyne and Neil Kearney prior to circulation.
- 4.6 The Board requested that ETI remain engaged with the GRI to ensure compatibility with GRI principles.

Action	Due by	By Whom
Agree terms of reference for the pilot of the 2005 framework	End February	Santiago/Working Group
Agree options for members to complete the 2005 framework during a transition year	May Board	Santiago
Continue to consult with GRI Secretariat	Ongoing	Santiago

5.0 ETI Biennial Conference 2005 : Draft Programme

- 5.1 A draft of the programme for the ETI Biennial Conference 2005, agreed by the tripartite Conference Steering Group was tabled for Board approval.
- 5.2 There was some debate about content detail, particularly in the plenary sessions 2 and 3. The Board recognised a tension between bringing in external, new perspectives and wanting members to speak about their experiences of working through ETI. The Board urged the Secretariat to use ETI member speakers where possible, but not to compromise the content of the conference.
- 5.3 Other topics suggested for workshops were working hours and Freedom of Association and how we can deal with this. It was also noted that there should be topics on gender issues.
- 5.4 It was suggested that the Prime Minister be invited to speak at the conference.

Action	Due by	By Whom
Secretariat and Tripartite Working Group to refine the conference agenda.	Man-Kwun	December
Letter to Prime Minister inviting him to speak at Conference	Immediate	Dan

6.0 ETI Strategy 2005-2008

- 6.1 Dan Rees introduced this paper and the background to it and the Board made the following remarks and amendments:
- 6.2 Regarding the first objective (capacity building), the success criteria could be sharpened – perhaps to fewer criteria.
- 6.3 Regarding the second objective (market leverage – developing international consensus), we must articulate ETI's aim to (1) develop a clearer longer term view of the way codes should be implemented (good practice), and (2) become a stronger advocate for credible code implementation with the membership and beyond.
- 6.4 Regarding the third objective (raising the profile of ETI), the paper does not include a major focus on ETI's role in direct consumer education campaigns (this was one of the options considered at an earlier stage) and this was discussed again. In conclusion the

Secretariat was urged to look again at how far we can create awareness of what problems exist in supply chains (as well as raise profile of ETI).

- 6.5 Regarding the fourth objective (strengthen the membership and maximise shared opportunity for shared learning), we should be clearer about our wish to strengthen ETI's institutional partnerships with partner organisations in supplier countries. Item 5.6.6 is not a success criteria (it is an output).
- 6.6 There was a request for the success criteria to be more descriptive of the kind of change that ETI would like to see after three years whilst recognising the need to have more measurable indicators of achievement.
- 6.7 Subject to these remarks, the Board is happy with the objectives to be the basis for developing a more detailed strategy. Each of the membership caucuses will nominate representatives to contribute to this process.

Action	Due by	By Whom
Caucus groups to nominate representatives for Sub-committee	24 December	Caucus Groups
Convene Sub-committee and ensure input to strategy for February Board	February 2005	Dan
Dan to revise draft strategy in line with Board comments		Dan

7.0 Training Development Implementation Plan

- 7.1 Fiona Mabbott introduced this paper describing how the development stage of the ETI Training Strategy with the training partner Co-operative College and Just Solutions Network will be implemented. It deals with the management structure, core content, timescales and further details on how the development of training courses will be developed.
- 7.2 A tripartite Quality Assurance Panel (QAP) will be convened from the membership which will review and comment on the training materials to ensure they reflect ETI's membership principles. Anyone who is interested in participating to contact Fiona Mabbott.
- 7.3 Board approved the Implementation Plan. The Chair thanked Fiona for the work carried out thus far. It was agreed that the word 'course' should be used instead of 'learning pathways'.

Action	Due By	By Whom
Members interested in being on QAP to contact Fiona Mabbott		

8.0 Multi-stakeholder Initiative

- 8.1 Susan Hayter, the International Project Manager, is now working full-time, and is based in the ETI office.
- 8.2 Discussions are underway with four ETI member companies about possible participation in Turkey. They are Marks and Spencer, Mothercare and Tesco. Gap is the other member and they are involved via SAI as they are also members of this organisation.
- 8.3 It is hoped that the Common Code will be agreed within the agreed timeframe.
- 8.4 Alan Roberts is the independent Chair of the Steering Group.
- 8.5 The project website was launched in early November. Correct address is www.jo-in.org

9.0 Director's Report**9.1 Enforcing Membership Obligations**

9.1.1 Iden Rees updated the Board on the progress made by three company members who are in the procedure to enforce membership obligations

9.2 Misrepresentation of ETI

9.2.1 Dan Rees has updated Directors on progress made in discussions with an audit company who ETI believes is misrepresenting it by nature of the claims it is making about the services it offers.

9.2.2 ETI Homeworkers Project

Alan Roberts has written to Tesco, Sainsbury, Debenhams and Safeway about decisions made relating to products made by UK homeworkers during the homeworkers project. The Secretariat has not yet had a response from Tesco and will report all responses in full to the Board when received. The Board will then make a decision about how to proceed with this issue.

Action	Due by	By Whom
Dan to update the Board once we have had a response from all companies and the Board will discuss how to proceed.	Before February Board	Dan
Alan will then write to the trade unions, NGOs and corporate in the Homeworkers Group explaining how this issue has been handled by the Board	Following February Board	Alan

9.4 SEDEX

9.4.1 The SEDEX Advisory Board consists of a representative from each of the three ETI caucus groups. When the Advisory Board was appointed, it was anticipated that it would be asked for advice on a large number of issues. So far, after 4 meetings, the Advisory Board's advice has not been sought on a single issue.

9.4.2 The Board asked the Chair to write to the SEDEX Board expressing concern that the Advisory Board is not being consulted.

Action	Due by	By Whom
Alan Roberts to write to SEDEX expressing concern that the Advisory Board has not yet been consulted.		Alan

9.5 Use of Consultants

9.5.1 Some members have expressed concern about the lack of clarity about how consultants who represent companies within the ETI engage with other members.

9.5.2 While is it up to individual companies to decide their representatives, we need to be much clearer about potential conflicts of interest or areas of confusion.

9.5.3 It was agreed that we need a Conflict of Interest Policy on the use of Consultants.

Action	Due by	By Whom
A Conflict of Interest Policy to be considered by the Board after consultation with members.	February Board	Dan

9.6 London Olympic Bid

Dan reported on his meeting with the Olympic Bid Committee. The bid contains a procurement section and he has suggested that they use ETI's Base Code as a starting point.

9.7 Closure of the Child Labour Group Project

9.7.1 Members of the Child Labour Project in Tamil Nadu have written to the ETI Secretariat expressing disappointment about the closure of the project.

Action	Due by	By Whom
Dan Rees to respond to Tamil Nadu group, with copies to UK based Child Labour Group		Dan

9.8 Membership Obligations Procedure

9.8.1 It was noted that the Membership Obligations Procedure was formulated two years ago and that it needs to be reviewed.

Action	Due by	By Whom
Dan and Alan to review Membership Obligations Procedure	2005	Alan/Dan

10.0 Report from Caucus Meetings

Directors from the respective caucuses fed back the key discussion points of their meetings that did now arise elsewhere on the agenda.

10.1 NGO

- New NGO member – CARE International UK
- Rights and Respect Campaign by NGH
- Discussion around purchase practices working group
- SAI have representatives from all three caucus groups

10.2 Trade Union Side

- Discussion on how to recruit more trade union members
- Change format of meetings to encourage better attendance
- Gangmasters provisional registration system reviewed.
- OECD meeting cancelled by China at very short notice. Concern expressed about the possible implications. China issue – CSR Conference cancelled the night before. Commercial auditors must have approval of the State before they can certify audits. Something much bigger and broader may be brewing in China.

10.3 General Merchandise Group

- Very good attendance
- Positive thinking about annual reporting framework – group much happier with the process
- Website – very positive reaction to specific country information
- Discussion on how to enliven the group. Topics to learn and improve from
- Group would like more information about Trade Unions and NGOs
- ILO – what can they offer?
- Need to debate issues

Action	Due by	By whom
Santiago to pull ideas together and form timetable		Santiago

10.4 Food Group

- Discussion on how to enliven group
- SEDEX and Gangmasters discussed
- Need to engage with other caucuses in many of the discussions they are having.

11.0 Finance Report

11.1 Financial Report April-October 2004

11.1.1 Board considered the company's management accounts for the period. The Chair congratulated Carol Sheldon on the quality of ETI's financial administration.

11.2 Half-yearly Budget Review

11.2.1 It is ETI's practice to review income and expenditure at the mid-year point. We now forecast £142,643 less income than we did at the beginning of the financial year. The main reason for this being a low down in recruitment of new members and we have assumed no new members will join before 31 March 2005. We have also underspent on some areas of activity that are funded by DFID. This is an issue of phasing and this money will be spent in the following financial year.

11.2.1 We have revised expenditure plans by £138,226, making savings on Chair's fees and Board administration and on projects and capacity building. Over a third of the reduced expenditure relates to a delay in the implementation of the training work and these funds will be spent between March and September 2005.

11.2.2 We are forecast to complete the year end with £283,147 in reserve which is in line with ETI's policy to hold between 4-6 months or £220,000-£330,000 of operating costs in reserve.

12.0 Any Other Business

12.1 Remuneration Committee

12.1.1 Following recent changes in Board Members, we need an NGO and corporate representative on the Committee. Neil Kearney is the Trade Union representative. Muriel Johnson and Liza Lort-Phillips agreed to represent their respective caucus groups.

12.2 Resignation of ETI's Chair

12.2.1 Alan Roberts, ETI's Chair announced his retirement. The full-time position he is about to take up will not allow sufficient time to continue in this role. For continuity's sake, he will continue until after the Biennial Conference in May.

12.2.2 Board discussed how this role should be filled and it was agreed that the job should be formally advertised in a transparent manner. The recruitment process needs to commence as soon as possible.

12.2.3 ETI's governance paper to be circulated to Board members. Any feed-back as to content to be sent to Dan and Alan. Secretariat asked to produce a recruitment process for the Board – considering all options.

Action	Due by	By Whom
Dan and Alan to agree action plan for recruitment of Chair and circulate to the Board	February	Dan/Alan
Carol to circulate Governance paper to Board members	17 December	Carol

12.3 Sign-off on MFA Initiative

12.3.1 It was confirmed that ETI has formally signed-off the MFA Initiative.

13.0 Dates of Next Meetings

13.1 Thursday, 24 February 2005, Thursday 26 May 2005, Thursday 1 September 2005 and Thursday 1 December 2005