

Minutes

Ethical Trading Initiative www.ethicaltrade.org

ETI Board Meeting 26 May 2005 1.30pm-6.00pm

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

Chair: Alan Roberts

Attendees: Robert Brown (Corporate Representative)
Muriel Johnson (Corporate Representative)
Lakshmi Bhatia (Alternate Corporate Representative).
Liza Lort-Phillips (NGO Representative)
John Sayer (NGO Representative),
James Howard (Trade Union Representative)
Neil Kearney (Trade Union Representative)
Simon Steyne (Trade Union Representative)
Maria Cushion (DFID)
Dan Rees
Santiago Porto, Items 3, 4 and 5
Fiona Mabbott, Item 8

Minutes: Adil Rehman and Julia Hawkins

1.0 Apologies for Absence

1.1 David Croft (Corporate Representative), David Ould (Alternate NGO Representative) and Carol Sheldon (ETI Secretariat).

2.0 Minutes of Meeting held on 24 February 2005 and Matters Arising

2.1 The Minutes of the meeting held on 24 February were approved subject to one amendment. Item 8 – item 8.5 was omitted due to an electronic fault. The time for inclusion read “Clearer guidelines for members conduct and participation in ETI projects will be drawn up by the Secretariat”.

2.2 Item 6.3 – The Remuneration Committee does not have Terms of Reference.

Action	Due by	By Whom
Dan and Alan to draft Terms of Reference for next Board meeting.	September	Dan/Alan

3.0 Analysis of Corporate Annual Reports 2004

3.1 Stuart Bell from IDS gave a short presentation introducing the main findings of the analysis of the corporate annual reports. This is the third year that IDS has carried out the aggregate analysis of data for ETI.

- 3.2 Extra care must be taken this year when comparing the numbers of corrective actions that members report. Those companies that used the new reporting framework have been asked to report one non-compliance per code category per supplier rather than list 6 or 7 individual non-compliances that may have arisen under, for example, OHS. Those companies that have trailed the new framework will appear to have detected less non-compliances and achieved less corrective action from their suppliers than they would have done if they had used the old framework.
- 3.3 In previous years, ETI was able to report an increase in the ability of companies to tackle really key issues such as freedom of association, the right to collective bargaining and meaningful change on wages and overtime. However, there does not seem to be as much progress this year on tackling what we understand to be fundamental issues for workers in supply chains. For example, almost half of the overall improvements reported are on health and safety. While some of these are no doubt important, these issues are the “soft” issues. They include what we have begun to understand as the “quick wins”. Half of the unresolved non-compliances in China are related to OHS but only 1% related to Freedom of Association and collective bargaining.
- 3.4 The Board agreed that this is a matter of concern as it may indicate that ETI members are not sufficiently focussed on tackling the key issues, which are, by definition, harder. ETI members cannot allow this to become a trend in future reporting. The Board asked that this concern be communicated to the membership along with the analysis of their annual report. The Board requested that members be urged to make a concerted and considerable effort to make progress on the key issues. As a first step, members should be asked to (1) identify the priority issues that each member believes it ought to tackle this year and (2) ways in which the business feels these issues can be addressed.
- 3.5 A letter will be sent to each company member providing individual feedback of company performance. This will be accompanied by an aggregate analysis of corporate annual reports that provides trend data but keeps the identity of each individual company anonymous. In addition to this information, companies will be sent the Board’s overall comments (above) and the collective view of the NGOs. The NGOs have looked collectively at all the reports and have presented individual feedback to company members.
- 3.6 This year, review meetings will be carried out with each member company covering performance as well as ensuring that members are fully aware and able to complete the new Annual Reporting Framework.
- 3.7 The NGO caucus has also evaluated company member’s annual reports in detail. Individually, NGO members elected to read several company members’ reports and they then evaluated their progress collectively. This feedback was presented to ETI corporate members at their caucus meetings. This feedback will be sent to individual company members.
- 3.8 ETI should also look at the provision of its guidance to members on how to tackle the core labour standards. This is an important aspect of the capacity building work for the future. Going forward, ETI will pick locations where we can drive through sustainable tripartite change on issues that all members experience in their supply chains.
- 3.9 It is clear from reading the reports that members’ understanding of the Code provisions is variable. The extent and quality of reporting also varies and not all members have a clear enough view of what areas they should concentrate on in the following year. Consideration of a company’s response to these issues should be reflected in performance rankings.

- 3.10 The Board discussed how ETI will make the aggregate (anonymised) analysis of corporate annual reports available to non members and decided to put the following documents on the ETI website
- The executive summary of the analysis of corporate annual reports (anonymised)
 - The full 80 report (anonymised)
 - Comments from the Board and from NGOs.
- 3.11 While the Board sees no problem with this, members should be informed about ETI's intention to do this in case any member has substantive objections.

Action	Due by	By Whom
Letters to be sent to corporate members to include NGO/TU feedback.	W/e 3 June	Santiago
Publications to be made available on ETI website following consultation with membership	Autumn	Secretariat

4. Corporate Annual Reporting Framework 2005

- 4.1 Eight companies had volunteered to report using the new (2005) annual reporting framework for their 2004 reports. This experience has been evaluated by the Annual Reporting Working Group and Santiago Porto reported the main conclusions of the group.
- Broadly, companies reported that they found the tier questionnaire, the pen pictures and the system assistance useful. The trial was a useful opportunity for members to give detailed comments on the framework and a number of glitches and minor problem areas were identified.
 - Members should be encouraged to give fuller information on their motives and overall approach to ethical sourcing in their reports.
 - The objection of commercial sensitivity of information requested was raised on two occasions as reasons for not reporting data or reporting it in full.
 - Concerns are still being expressed that ETI is asking for too much data in the framework but the group has considered this issue in detail and believes the framework is the best solution.
- 4.2 As the framework is new, we do not expect companies to be able to complete it in full in 2005 which will be a transition year. ETI will be explaining to each member company this year what is required in order to complete the framework and asking for assurances that it will be completed in 2006 or for detailed explanation for why this is not possible and when companies will be able to provide the information.
- 4.3 Concern was also expressed that smallholder issues were not sufficiently included and it was agreed that the Smallholder Working Group will examine in detail what information companies can realistically report on engagement with smallholders. Smallholder Working Group recommendations could be trailed by members of that group in 2005 and recommended inclusion in 2006.

5. Corporate Membership Issues

5.1 Applications for Membership

- 5.1.1 Applications received from DCC Corporate Clothing and Rohan Designs Ltd.
- 5.1.2 Both the Corporate and Trade Union caucuses had no objections to either of the applications.
- 5.1.3 NGO Board members commented that the Johnson Service Group letter (DCC Corporate Clothing) needs a more explicit statement of intent.

- 5.1.4 Board approved membership of Rohan Designs Ltd. Membership of DCC was approved, subject to receipt of letter of intent

5.2 Company Codes and ETI Base Code

- 5.2.1 Santiago Porto reported on progress made to align ETI members' codes with the Base Code. 28 companies have fully aligned their codes. Discussion is still ongoing with seven companies although only 2 have major issues and discussion is continuing with these.

Action	Due By	By whom
Report progress to September Board meeting for a decision on the membership status of those members that will not adopt the base code in full.	June	Dan Rees

5.3 Corporate Membership Development

- 5.3.1 Santiago Porto reported on progress made to recruit new members.
- 5.3.2 The Secretariat will produce detailed consideration of how to engage with public Sector procurement Agencies (for the next Board meeting

Action	Due by	By whom
Proposal on public sector procurement and ETI membership	September Board	Secretariat

6. Review of Biennial Conference 2005

- 6.1 Julia Hawkins and Adil Rehman made a short presentation about feedback from the ETI conference and the following points were made in discussion:
- We achieved an authoritative meeting and a meeting of ethical issues and we need to build on that and make it the 'must attend' event on the conference circuit.
 - Needs to be more than about ETI.
 - Many non-members present expressed a high approval rating and will be followed up.
 - ETI should find a way of getting this quality of debate discussed elsewhere, for example, in the USA. Is there room for co-operation with other organisations in the USA?
 - A number of suggestions about how the conference could have been improved were made. More input on workers and suppliers from supplier countries, more input from government and for workshops focussed on specific countries (case studies) were suggested
- 6.2 Board expressed thanks and congratulations to the Secretariat. The conference was in an venue excellent and ETI's best yet..

7. Resourcing the ETI Strategy

- 7.1 Dan Rees introduced a short paper outlining the current funding situation and potential sources of future funding. Some of the suggestions could take ETI into new territory and raised the need for agreed principles and parameters about ETI's fundraising.
- 7.2 The following views were expressed by Board members.
- Broad agreement with the thrust of the paper – ETI needs to look for longer term partnerships with a few funders that share ETI's objectives.
 - Worth establishing criteria for corporate foundations that may be approached. Some might raise eyebrows at some funders, eg, National Endowment for Democracy, Soros fund and we would need to be very careful about this.

- Board expressed concern about the possibility of policy drift arising from donor pressure or criteria.
- In the longer term, ETI should consider the implications of charitable status in order to raise funds. Charities Commission looking favorably on Ethical Trade alleviating poverty. It was suggested that we need a Sub-Group with Dan to set parameters. Dan said he would welcome formation of Group but wants to crack on with things.

7.3 It was agreed that a Funding Group should be convened. John Sayer and Muriel Johnson agreed to be on the Group. Simon Steyne will approach Annie Watson in order to further develop the principles and parameters of ETI fundraising. The Board agreed that the Sub-Group would be empowered to make judgements and decisions and only bring issues back to Board if necessary.

The Secretariat emphasised that the priority for the next quarter must be to pursue funding with DFID (Civil Society Challenge Fund and a Programme Partnership Agreement) as DFID is an ideal funder for ETI and deadlines on these schemes are pressing.

Action	Due by	
Secretariat to convene Funding Committee	September	Dan

8. ETI Training: Business Development Plan

- 8.1 Fiona Mabbott introduced the paper that outlined plans for implementing the training programme after it has been piloted.
- 8.2 The following points were made in discussion:
- Need to think about ETI's Strategy Objective 1 - capacity building. At present the training is geared towards UK and European audience and not sufficiently geared to supplier countries. The intention, however, is to develop a successful model for adaptation in supplier countries and this has been built into the development plans.
 - Is there sufficient time to learn from the piloting we rollout in September-November? The piloting is designed to consider (a) does it work, (b) is it viable and (c) is this what members want?
 - view expressed that the programme may be too narrow to run over a 15 month period. SAI has experience with training programmes. Some of the general training doesn't sell very well and ETI has pitched the training at a fairly general level.
- 8.3 Secretariat reported that many of these concerns have been raised with Co-operative College and the drafting teams have taken these concerns on board. We are still in the drafting stage and a pilot programme will be carried out with members in August-November with ample time built in for review. A key task will then be to adapt the training to be and audiences in other countries and the working group (Quality Assurance Panel) will be fully involved in that process.
- 8.4 The Board also expressed concern about how will ETI maintain control over the course material. Misrepresentation is a significant issue, ETI will establish procedures with the Co-op College to assess trainers, review feedback from courses and manage franchise arrangements (with trade unions that want to deliver the training).
- 8.5 The Business Plan was approved by the Board.

9. Multi-Stakeholder Project Initiative

- 9.1 Susan Hayter attended the Board meeting in order to update progress of the project.

Susan's efforts in making this fantastic progress were noted.

10. Director's Report

10.1 Members had been provided with the Directors report prior to the meeting.

11. Reports from Caucus Meetings

11.1 Trade Union

11.1.1 At the end of the ETI conference, NGO and TU groups who had attended met to discuss outcomes and this was a very useful exercise that produced some interesting proposals. Both caucuses recognise their responsibility to help building capacity in the field and want to look at this in coming months.

11.1.2 TU side expressed strong concern about the Spectrum factory collapse in Bangladesh. The circumstances of this tragedy raise serious concerns for ETI members who should be encouraged to engage on this issue. It was agreed action after General Merchandise caucus meeting to talk about taking common action (MB & AR).

11.1.3 Enthusiasm was expressed from T&G to re-engage with ETI member companies on the Columbia flower issue.

11.2 NGO Caucus

11.2.1 NGO Caucus spent considerable time analyzing the cooperate annual reports and six key issues were identified. These were fed back to the companies that attended the joint meeting in the morning between companies and NGOs.

11.2.2 There was also a discussion regarding Board representation. As there are now two vacancies for NGO representation nominations for co-option will be open to all members.

11.3 Food Group

11.3.1 Detailed discussion on progress made on Colombia flower with a clear program of co-operation between member companies on this issue.

11.3.2 Concern was expressed about the intention of EUREPGAP to develop a labour standard and members and the Secretariat are keeping a watching brief on this.

11.3.3 Useful discussion on supplier membership. Need to review relevance and cost effectiveness to have supplier members.

11.3.4 Approval to co-opt Gert ter Vorde to represent caucus at one Board meeting.

11.4 General Merchandise Group

11.4.1 The GM group had a full meeting and helpful discussion that focussed on the annual reports. Among the issues covered where how to respond to the issues raised by the Spectrum factory collapse, and two members were nominated to review the Alleged Code Violation Guidelines.

12. Finance Report

12.1 Dan Rees presented the financial report for 2004/05.

13. Any Other Business

- 13.1 With respect to the ETI conference, southern participants reported great difficulty in getting visas despite arrangements being made early in some cases. This is a key issue as input from experts in supplier countries can be so vital to our work. Could anything be done to call on our support from DFID? Maria Cushion said DFID would do what it could to help.

14. Dates of Next Meetings

- 14.1 Friday 16 September and Thursday 1 December 2005.