



Ethical Trading Initiative
Respect for workers worldwide



**ANNUAL
REVIEW
2011**

Message from Peter McAllister, ETI Director

2011 has seen more economic uncertainty across the globe, including a slowdown in India, labour shortages in China, a rollercoaster ride for the Euro and generally weak economic performance across the OECD. This has translated into continuing challenging conditions for the high street as it struggles to climb out of recession.

Yet with rising unemployment and wage freezes in Europe and the US and falling real wages and continued abuses of workers' rights in the global south, it is clear that the poorest and most vulnerable workers across the globe are suffering the most.

Against this backdrop, we must work harder and smarter to raise the incomes and conditions of the workers who make our products. That's why this year we have made significant changes to the way we work.


Central to our thinking is a recognition of the need to tackle the underlying causes, not the symptoms, of poor working conditions.

In a given supply chain these are likely to include a mix of lack of transparency in the supply chain, weak government capacity to implement laws, inappropriate retailer purchasing practices and prevailing cultural attitudes.

Unless we work collectively to address the complex reasons behind violations of workers' rights, positive change for workers will never be sustainable.

I am convinced that our new approach will help us realise our ambitions.

[Read more from Peter here](#)



“Core to our new approach is a recognition of the need to tackle the underlying causes, not the symptoms, of poor working conditions.”

Hear Peter talking about our new approach

Tackling root causes and developing context-based solutions

This year we initiated a new approach aimed at driving more sustained change for workers by tackling the underlying causes of poor working conditions.

Our new approach reorients our activities away from efforts that are purely based on thematic priorities towards working collectively to drive sustained change for workers within a limited number of strategic supply chains.

Addressing workers' issues in the context in which they occur will enable us to develop models for wider change that are rooted in reality. Lessons captured in the course of our collective interventions in each supply chain will be shared widely in appropriate ways, in order to achieve the maximum impact possible.

Collaborative work has been carried out throughout the year among our member companies, trade unions and NGOs to develop our approach and prioritise the supply chains that we will focus on.

Priority supply chains have now been identified within three broad product category groups: Food and Farming, Hard Goods and Household and Apparel and Textiles.

The next step is for us to develop targeted programmes of work in each supply chain, and we have already started this process for sandstone sourced from Rajasthan and garments from southern India.

Each will target the underlying factors that keep workers trapped in low pay and poor conditions, so enabling us to drive positive, lasting change.



Penny Street

“We will end up with a very rich picture of the nature of the industry, the key challenges for workers and the areas where we can collectively exert our leverage.”

[Read Deborah Johnson of ETI talking about plans to tackle issues for Indian stone workers](#)

Highlights of the year: driving change for workers

We continue to promote a partnership approach to ethical trade, convening key players along the supply chain to tackle some of the thorniest issues for workers and providing a safe space for sharing experiences. Throughout 2011 we have:

galvanised collective action to tackle intractable issues

Research into Madagascan vanilla production has revealed clear evidence of child labour, and of more widespread use of children to carry out unpaid or low-paid work within a family setting, outside school hours. We brought together major players within the vanilla industry to discuss how to respond to the research findings and helped achieve a broad consensus on the need to develop a long-term, sustainable response to this issue.

helped change the landscape of UK public procurement

In May, in partnership with the **British Medical Association (BMA)** and the **Department of Health**, we launched a groundbreaking set of guidelines aimed at helping UK health organisations improve the working conditions in which goods for the NHS are produced. The publication of the [Ethical Procurement for Health Guidelines](#) is a significant step forward in putting ethical sourcing on the UK public procurement map.

shared good practice in addressing key issues for workers

At our Annual General Meeting in January we facilitated discussions for members on the challenges of incorporating a gender dimension into ethical trade, how to improve auditing, and the ethical challenges of using contract labour. Later in the year, with **ActionAid** we co-hosted a major event on raising wages in the apparel sector. This provided a forum for companies to share experiences and new ideas on how to raise wages sustainably, and to receive constructive challenges from NGOs and trade unions to speed up and scale up efforts to address this critical issue for workers.

“When you build people’s confidence, you also get more creativity, so for example you get people on production lines getting together to trouble-shoot problems rather than just sitting passively waiting for them to be dealt with by their managers. You get a more vibrant workforce. And when that happens, it can only benefit business.”

Brenda Achieng of Finlays Horticulture Holdings Ltd, describing the company’s implementation of ETI’s supervisor training programme at our AGM.

[Read more here](#)

scaled up our work with Indian homeworkers

We have helped the **Indian National Homeworker Group (NHG)** to continue its vital work to improve the lives of homeworkers. After supporting NHG to develop a self-empowerment model that has so far helped improve incomes and working conditions of some 40,000 homeworkers in Bareilly, Uttar Pradesh, we have now won a major grant from the [Responsible and Accountable Garment Sector Challenge Fund \(RAGS\)](#) to scale up this work. NHG has selected Sangham Vihar in Delhi to test the model's replicability and after conducting an initial mapping exercise it has already carried out awareness-raising training with 18 factories and 40 contractors.

strengthened the capacity of workers' rights organisations in Africa

In South Africa we have supported the **Wine and Agricultural Industry Ethical Trade Association (WIETA)** to embark on a new [Comic Relief-funded project](#) that will see our groundbreaking supervisor training programme rolled out across the Western Cape. This training tackles the highly sensitive issues of sexual harassment and discrimination and helps build a broad culture of respect in the workplace. We have also worked with **Partner Africa** in Kenya to develop a train the trainer model that is now being used to build capacity in Kenya and elsewhere to deliver the training.

progressed the decent work agenda in China

Our Decent Work project in China, which has sought to build constructive dialogue between workers and management in selected factories, is drawing to a close. With over 3,000 workers, union reps and supervisors and 122 managers trained in labour code-related issues throughout the course of the project, notable impacts for workers of the training include better communications between worker reps and the wider workforce, as well as increased skills and confidence of worker reps.

Meanwhile, ETI members sourcing from China have contributed to the implementation of a survey of workers' wages, covering some 200 suppliers and 10,000 workers and other employees. Findings from both the Decent Work Project and the wages survey will be shared widely in 2012.



A meeting of homeworkers in Uttar Pradesh, India

“In the South African context it’s important not to force people to do things. It’s about wooing people, building trusting relationships and winning their confidence.”

Desmiline Minyi of WIETA is the project manager of ETI’s Comic Relief-funded project to roll out our Supervisor Training Programme across South Africa’s Western Cape. The training helps empower women workers, targeting sexual harassment and discrimination.

“Marketing the training course to farmers this year has been challenging – the training isn’t seen as a priority and farmers are also understandably very sensitive about the issues.

So we have approached our opening conversations with them very gently. For example, we’ll start to have a chat about why only men drive tractors, and how this can create tension.

In the South African context in particular it’s important not to force people to do things. It’s about wooing people, building trusting relationships and winning their confidence.

Initially, all this work was very slow and painful. But throughout the year farms in some sectors – particularly the wine sector – have really embraced the project, which is exciting.”

[Read more from Desmiline here](#)



Behind the scenes – strengthening capacity

Strengthening our internal systems and capacity is an essential part of our plans to achieve greater impact for workers. We have:

strengthened our ability to measure impact on workers

A key challenge in ethical trade is how to track the impact of activities on poor and vulnerable workers. This year we have established a new Knowledge and Learning Unit that will enable us to better measure and monitor impact as well as capture learning. So far we have developed a robust framework that will ensure a consistent approach to monitoring our supply chain activities, which will enable us to continually improve our interventions.

enhanced member participation in ETI activities

The strength of our partnership approach to ethical trade rests on our ability to harness the active involvement of all our member constituencies. As our new supply chain programmes will be organised in a way that mirrors companies' own business models it will be easier for them to engage with them. We have also made it easier for smaller NGO members, many of which are extremely resource-constrained, to participate in ETI collaborative activities. These organisations may apply for a small annual grant from larger NGO members, and we have removed the requirement on grant recipients to submit annual reports on their activities.

“Being an active member of ETI gives Oxfam valuable opportunities to engage with corporate members on effective ways to respect labour rights in their supply chains, to understand the barriers they face in doing this and to work collaboratively to tackle systemic issues that companies cannot solve on their own.”

Rachel Wilshaw, Oxfam GB

*“We’ve demonstrated what’s possible,
now to scale it up...”*

Alok Singh is director of the ETI-supported **National Homeworker Group (NHG)** in India, which has helped improve the lives of 40,000 homeworkers in Bareilly, Uttar Pradesh. Thanks to a grant from the RAGS Fund, NHG is now testing the replicability of its self-empowerment model in Sangham Vihar, Delhi.

“Sangham Vihar presents very different challenges to Bareilly. Much of the hand-embellishment work is carried out in production units, and the area is notorious for the existence of sweatshops, bonded and forced labour and so on.

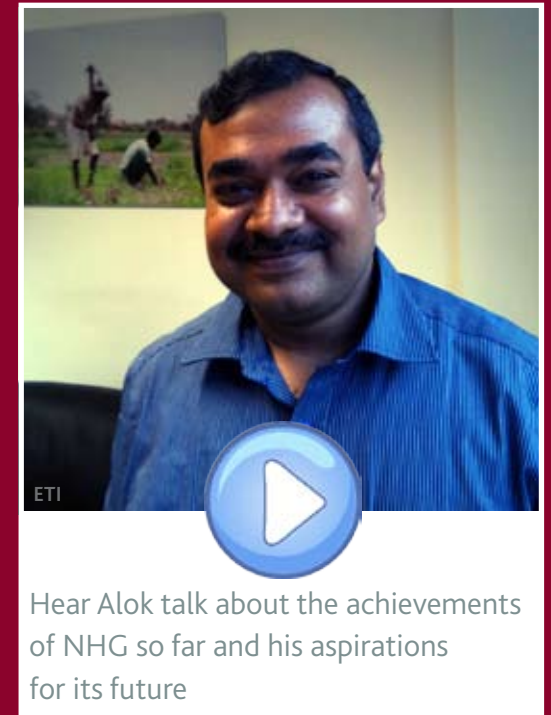
The people who do the work tend to be migrants, who don’t have the social support networks you see in Bareilly. They also don’t consider themselves as ‘workers’, so don’t push for better wages or working conditions.

Despite the challenges, I’m confident that by educating and building the capacity of all of the people involved in all the links in the chain – the contractors, the factory managers as well as workers – we can create sustainable change.”

No matter what happens in the future, no company can use lack of transparency in supply chains as an excuse for inaction anymore. Together, NHG members have demonstrated what’s possible.”

[Read more from Alok here](#)

[Find out more about our work with Indian Homeworkers here](#)



ETI'S CORPORATE MEMBERSHIP

CORPORATE MEMBERSHIP OF ETI CONTINUES TO GROW, WITH **12 NEW COMPANIES JOINING US THIS YEAR.**

NEW **CORPORATE MEMBERS** INCLUDE LEADING DEPARTMENT STORE CHAIN **THE JOHN LEWIS PARTNERSHIP**, WHICH INCLUDES **WAITROSE**, AND MORE RECENTLY THE WELL-KNOWN EUROPEAN RETAILER **C&A**.



£125 billion

TURNOVER

£15.9 million

DEDICATED EXPENDITURE ON ETHICAL TRADE

75
COMPANY MEMBERS

631

STAFF DEDICATED TO ETHICAL TRADE

9.8m

WORKERS REACHED BY MEMBER COMPANIES' ETHICAL TRADE ACTIVITIES

"Within ETI, partners such as Save the Children have provided valuable feedback and guidance on issues, particularly around our programmes on financial inclusion and women's health."

Katharine Kirk, Ethical Trade Director, Primark

133,075

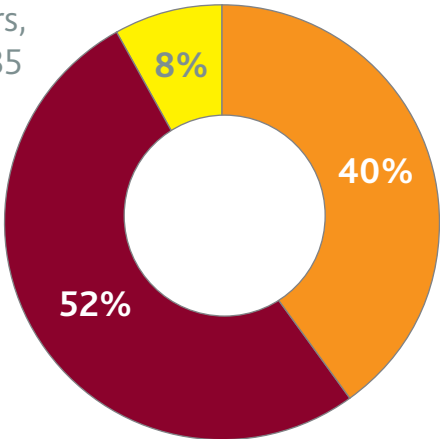
ACTIONS AGREED BY MEMBERS' SUPPLIERS TO IMPROVE WORKERS' CONDITIONS

Our finances

Income

Members fees, grants from the Department for International Development (DFID) and others, and income from training totalled £1,471,585

- Corporate membership fees
- Grants from DFID and others
- Training

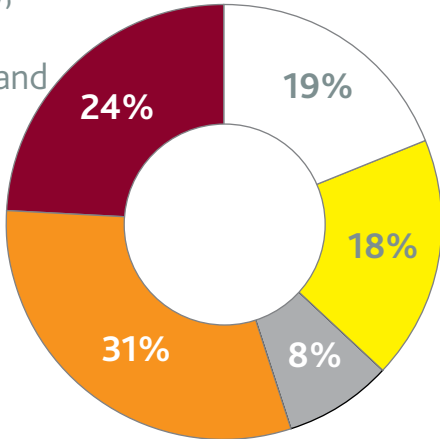


Expenditure

We spent £1,458,991 on developing capacity, building commercial leverage, promoting ethical trade, developing ethical trade tools and supporting members.

[Read our financial accounts in full here](#)

- Promoting ethical trade
- Developing capacity
- Supporting members
- Building communication levels
- Developing tools



Our Board

Chair

Alan Roberts

Vice Chair

Lord Young of Norwood Green

Corporate representatives

Pam Batty, Next plc
 Chris Gilbert-Wood, Finlay’s Horticulture
 Chris Harrop, Marshalls plc
 Jane Blacklock, Mothercare

Trade union representatives

Ben Moxham, Trades Union Congress (TUC)
 Ashling Seeley, International Textile, Garment and Leather Workers’ Federation (ITGLWF)
 James Howard, International Trade Union Confederation (ITUC)
 Scott Walker, International Union of Food Workers (IUF)

NGO representatives

Meena Varma, Dalit Solidarity Network
 Elaine Jones, Women in the Informal Economy, Globalising and Organising (WIEGO)
 Maggie Burns, Women Working Worldwide
 Rachel Wilshaw, Oxfam GB

Looking ahead to 2012

Having carried out a major reorientation of our efforts this year, in 2012 we will concentrate on consolidating the changes made and delivering concrete impacts for workers.

Next year we will put in place a new strategy for 2013-16 that will set ambitious targets for scaling up our impact on workers. Our immediate goals for 2012 include:

- implementing a series of collaborative programmes of work in priority supply chains, with consistent processes in place to map supply chains and identify both workers' issues and their underlying causes.
- putting in place a robust monitoring and evaluation framework to enable us to better track our impact and use this information to drive results-based programmes.
- producing a variety of learning products on key issues and cross-cutting themes, such as freedom of association and vulnerable workers. We will also expand our training offer, with new training products and delivery mechanisms.
- implementing new annual reporting arrangements for corporate members with more experience in ethical trade, to encourage greater integration of their ethical trade activities into core business.
- continuing to raise our profile to ensure issues that affect workers are heard and acted upon.

“Lasting improvements in global supply chains nearly always require collaborative action. ETI has an important role to play in bringing diverse players together and helping identify where efforts should best be focused.”

Giles Bolton, Head of Ethical Trading Policy, Tesco

“I came to the UK with nothing. I’ve proved I can do anything.”

“The first work I got in the UK was through an agency, at a strawberry farm in Kent. It was hard, dirty work at that place. I had to lift a lot of heavy boxes and there was a lot of shouting. You could hear supervisors shouting ‘faster, faster!’

I don’t like it when people shout at me. If someone shouts at you, you can’t work. I felt like telling them to stick their job but I couldn’t say anything as I needed the work.

Eventually I found work through a much better agency at a salad supplier in Kent. Here they don’t shout, they show you how to do your job in a friendly way.

I’ve been here for two years now and live with my son in Margate, who I was able to bring to live with me over a year ago. I am so happy to have him with me now.

When I first came here I felt very closed up, and ashamed. But I’ve opened my heart up now.

I’m proud of what I’ve achieved. I came to the UK with nothing, but I’ve proved I can do anything.”

Protecting the rights of migrant workers – wherever they are in the world – is a key responsibility for companies seeking to source ethically. [Read our issue briefing on migrant workers](#)



*Vita Ozolina,
Latvian migrant
worker, UK*

ETI blogs: join the discussion



What have the unions ever done for us?

“...And aside from bosses with beer coasters, what of worker committees under the thumb of management? An auditor wielding a clip-board? An anonymous suggestions box? Even a shiny code of conduct pinned up in the tea room? None of these will be anywhere near as effective as allowing workers to monitor and improve their own working conditions....”



Ethical trade staff: still the 'sales prevention team' or buyers' new best friends?

..“What about aspiring to a future where there is actually no such thing as an ethical trade team, but just buyers, merchandisers, sourcing staff, designers and so on, who incorporate consideration of workers' rights into the way they do business not because it's 'ethical' – but because that's simply what their job is? Or am I just another worthy type who doesn't understand business?”



Certification is a blunt tool for implementing workers rights

“Certification should be applying the lessons which ETI captured in its 2006 impact assessment – that a range of interventions is much more effective than auditing alone. And this is a challenge to certification bodies, which after all are principally involved in the business of inspection.”

[Subscribe to our blog here](#)

ETI Base code principles



1. Employment is freely chosen

2. Freedom of association and the right to collective bargaining are respected

3. Working conditions are safe and hygienic

4. Child labour shall not be used

5. Living wages are paid

6. Working hours are not excessive

7. No discrimination is practised

8. Regular employment is provided

9. No harsh or inhumane treatment is allowed

The Ethical Trading Initiative is a ground-breaking alliance of companies, trade unions and voluntary organisations. We work in partnership to improve the working lives of poor and vulnerable people across the globe who make or grow consumer goods – everything from tea to T-shirts, from flowers to footballs.

Our vision is of a world where all workers are free from exploitation and discrimination, and work in conditions of freedom, security and equity.

View the ETI Base Code in full at www.ethicaltrade.org/eti-base-code

Join the conversation



Sign up for our email updates, which keep you informed of new ethical trade resources and ETI's work, and don't miss our weekly digest of major ethical trade news stories from around the world.



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Watch our videos

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