



Ethical Trading Initiative

Respect for workers worldwide



Annual review 2012/13

Tackling chronic labour rights issues in global supply chains



If you ask people in developing countries what they want, their top priority will almost always be having a job. Men and women, wherever they are, want the opportunity to be financially independent, and have the dignity of being able to provide for themselves and their family.

That is why I have made economic development and jobs a central part of my Department's work. Britain is helping to dismantle barriers to trade, boost investment and improve the business climate in developing countries so that prosperity can take hold.

If we want the benefits of jobs and growth to be realised by the many not the few, we need to encourage and incentivise responsible business practices in developing countries. This will not only benefit employees with improved welfare and working environments. Businesses that invest in better conditions and skills are likely to increase their productivity and long-term profitability.

Finding the right solutions will not always be easy and if we are to make progress we need joint action. I value our support for the Ethical Trading Initiative (ETI), as one of the ways that we are improving the lives of poor and vulnerable people working in factories and farms worldwide. Our support has helped ETI play a part in strengthening ethical trade activities that reach more than 10 million workers worldwide.

ETI is bringing together businesses, civil society and trade unions on urgent issues around helping companies to invest and grow responsibly with the biggest development impact possible, and tackling the barriers that stop working men and women from getting a fair deal.

There is no doubt that jobs will continue to be a force for good in developing countries, giving working people the chance to be part of the global economy. It is crucial we all keep the spotlight on business practices. I am determined that Britain will continue to play its part in improving the lives of employees in the developing world.



"Britain will continue to play its part in improving the lives of employees in the developing world."

Rt Hon Justine Greening, Secretary of State for International Development

Working together to tackle chronic labour rights issues

The message is loud and clear; businesses must work with each other and partners if they are to have any chance of trading ethically. Global supply chains are complex, the economic climate remains tough and governments are starting to produce action plans on how they will work with businesses to uphold human rights.

ETI steadfastly works with our members to promote respect for workers' rights around the world. During the past year we have made real progress towards tackling chronic labour rights issues in our prioritised global supply chains. In this review you will read about our Bangladesh garments sector programme and the central role we played garnering support for the Accord on Fire and Building Safety in Bangladesh. We also highlight the foundations we have laid for improving working conditions in the Thai farmed shrimp supply chain and the export sandstone sector of Rajasthan, India.

We continue to refine the strategic support we offer our members. The new requirement for ethical trading strategies from advanced members has proved a success (see opposite). We also held a series of roundtables and monitoring and evaluation workshops where members were able to share best practice. The diverse nature of our alliance remains one of our greatest strengths, giving members access to a broad base of knowledge and expertise.

We are pleased to report that, despite the challenging economic environment, our revenue and cost base has remained stable. We are also actively seeking new funding opportunities to help take our work forward.

Our thanks go to the Department for International Development (DFID) for its continued support through our Programme Partnership Arrangement as well as garment sector project support. We are also grateful to Comic Relief for supporting our work in South Africa's agricultural sector.

We recognise there is still more to do. The effects of globalisation, rapid environmental changes and increasing resource scarcity continue to create real challenges for those trying to make a difference. We are committed to working with members and stakeholders to understand what this means for working conditions now and into the future.

The year ahead promises new opportunities and challenges. We will delve deeper into issues around working hours and payment of a living wage, sharing what we learn through events and resources. We will keep up the pace in our other supply chain programmes in countries including China, Vietnam, Peru and Morocco. Our measure of success is where workers advocate effectively for a better working life where their rights are respected.

Suzanne McCarthy, Chair
Peter McAllister, Executive Director

“The effects of globalisation, environmental changes and increasing resource scarcity continue to create real challenges for those trying to make a difference.”



A snapshot: our work over the past year

New guidance for companies



'Freedom of association in company supply chains: a practical guide', was developed with support from ETI members.

Freedom of association is the right for workers and employers to establish and join trade unions of their own choosing, without prior authorisation and interference from government or from one another. Our new guide includes practical tools as well as case studies on how to deal with institutional corruption in Mexico and the challenges of state-controlled unions in China and Vietnam. You can download the guide from www.ethicaltrade.org/foa-guide

Events and insights



Our event at DFID's offices in March 2013 brought together panellists to discuss the increasing interest in sourcing from Myanmar (Burma). We also hosted a reception

at the House of Commons on 'Free, fair and ethical trade', with the All-Party Parliamentary Group for Trade Out of Poverty and the Fairtrade Foundation. The event was chaired by Baroness Falkner, Lib-Dem Spokesperson for Foreign Affairs, with speeches from both the Government and opposition. We also hosted an event to share the lessons from our work with homeworkers in northern India.

Growing our training offer



Our training courses offer a good entry point for brands and retailers that are new to ethical trade. We launched eight new training courses this year, taking the ethical trade message to a

wider range of countries and sectors. Courses introduced included 'Ethical procurement for health', 'Ethical public procurement' and 'Homeworkers and ethical trade'. An exciting new agreement also sees Partner Africa delivering our discrimination awareness training on farms and factories across Africa.

Strategy is the word



This year, we rolled-out our newly introduced strategic framework for advanced member companies. Where a company has shown evidence of leadership, we now ask them to

use an ethical trade strategy as the basis for reporting annually on their progress. Members say this has helped them gain buy-in at higher levels within their businesses. It has also given ETI deeper insight into the difficulties and opportunities facing company members, meaning we are better placed to support them.

Strengthening in India and China



We are thrilled to have gained two new country representatives, who will support our important work in India and China.

Yun Gao is our new ETI China representative, who has worked as a civil servant, lawyer and for the International Labour Organisation (ILO) Better Work programme. Yun will take forward our fledgling China supply chain programmes. Rana Alok Singh has taken up the new post of ETI India representative and will play a key role in implementing our supply chain programmes in this country. Alok has more than 20 years' experience in international development and was a driving force in our homeworkers project.

Capturing the Gains



Our Executive Director, Peter McAllister took part in a summit in Cape Town, as part of the DFID-funded Capturing the Gains project, showcasing its work with members and meeting

with wine sector partner, WIETA. The visit also coincided with a politically-charged labour dispute relating to wages and conditions on fruit and wine producing farms. While a wage agreement has subsequently been reached, we remain concerned about chronic labour issues in this sector. We are working with our food sector members to identify ways in which we can help drive sustainable change.

Made in Bangladesh

Working together to raise factory safety standards

It's impossible to overstate the importance of Bangladesh's garment sector to the country's economy. This industry provides the main source of economic growth and employment for some 4 million people, most of whom are women. But the garment sector's dizzying growth has come at a high cost for workers.

For too long, thousands of factories in Dhaka and surrounding areas have flouted basic respect for workers' right to work in safety.

In late November 2012, a fire in Tazreen Fashions garment factory claimed more than 100 lives. This was followed by a tragedy of even greater proportions in April 2013, with the collapse of the eight-storey Rana Plaza in Savar, Dhaka. More than 1,100 workers lost their lives and thousands more were injured during the collapse; the world's worst industrial accident since Bhopal.

Bangladesh is a key sourcing country for many ETI garment sector members, and this supply chain is one of our prioritised programmes. Our members include many well-known British, European and US high street brands and retailers, which collectively have significant commercial leverage within Bangladesh's garment sector. These members have worked together to tackle the sector's chronic low wages, but the Tazreen Fashions fire put factory safety front and centre in our programme work.

In January 2013, chief executives from 24 member companies wrote to the Bangladesh government under the auspices of ETI, requesting urgent action on factory safety and support for their individual and collective activities to address this issue. This helped accelerate the ILO's efforts in Bangladesh as it worked with government, industry and labour representatives to develop and launch a national tripartite action plan on fire safety for the garment sector.

Then Rana Plaza collapsed, sending shock waves throughout the international community. It galvanised collaborative action, and we are proud to have played a central role in this response. We provided a forum for the global trade union IndustriALL to present its proposed Accord on Fire and Building Safety in Bangladesh to member companies and lobbied them to sign it. We also gave strong public support to the Accord through our work with international news and business media.

The tripartite Accord now has more than 100 signatory companies (including 17 ETI members) and covers more than 1,500 factories; the majority of Bangladesh's garment exports. Its immediate focus is the urgent inspection and repair of those factories that present the gravest threat to worker safety. A dual focus is to make sure workers' voices are represented in decisions affecting their safety. This could take the form of greater worker representation on factory health and safety committees, or establishing these committees if they do not already exist.

We will continue to support the Accord and its signatories, as they work out the practicalities and start their work on the ground. We see a specific role for ETI in helping build capacity for promoting dialogue between workers and managers, drawing on our collective experience. A thriving garment sector that upholds the rights of its workers is an attainable goal, but it can only be realised through the continued commitment of all stakeholders.

"The Accord seemed scary at the start, as this was a totally new concept and as a medium-sized brand, we weren't sure how we could contribute. ETI was helpful in steering us towards the right decision and has been very supportive. I am sure there are lessons we can share with other non-Accord members and apply to other areas of ETI's work."

Andy York, Ethical Trading Manager, N Brown Group

4 MILLION
PEOPLE
EMPLOYED
IN THE
BANGLADESH
GARMENT SECTOR



"The Accord on Fire and Building Safety in Bangladesh is an historic achievement of which we are all very proud. The drastic and dangerous conditions in which Bangladeshi textile and garment workers earn poverty wages demanded action years before the Rana Plaza building fell.

IndustriALL's role in leading the establishment of the Accord was made possible by key support from various organisations. ETI ensured that a number of UK and European brands and retailers were among the first sourcing from Bangladesh to commit to this new broad coalition with IndustriALL, UNI Global and leading NGOs. ETI continues to provide practical support as the Accord moves to implementation."

Jyrki Raina, General Secretary,
IndustriALL Global Union



Crossing waters

Driving change for migrant workers in the Thai shrimp sector

Our work also takes us to the peeling sheds and trawlers of Thailand's farmed shrimp and fisheries sectors. In the last 20 years, this south east Asian country has become one of the world's biggest exporters of fish and fishery products.

There is a need for continued engagement between the international community and the Thai government and industry, to highlight issues and press for sector-wide labour reforms.

This labour-intensive industry provides jobs for more than 650,000 people across seafood processing, aquaculture and marine fisheries. Many jobs are filled by migrant workers from Myanmar (Burma), Laos and Cambodia, recruited to fill labour shortages. Thailand's farmed shrimp and fisheries sectors have come under international scrutiny in recent years, due to increasing allegations about the exploitation of migrant workers. Claims of trafficking, forced labour, excessive working hours and discrimination are rife.

The labour rights issues within the Thai farmed shrimp sector are underpinned and exacerbated by deep-seated factors. These include a poor understanding amongst Thai businesses about labour laws, poor government enforcement of these laws and a culture that discriminates against migrant workers. For example, poor enforcement of labour laws can be seen in the complex and expensive registration processes that migrant workers must go through to become legal workers.

Farmed shrimp from Thailand is one of our prioritised supply chain programmes, selected because the majority of our food sector members are involved in this supply chain and concerned about the labour rights issues. We started with research; analysing members' supply chains to get a clearer picture of the whole supply chain. The next step was to gain a deeper understanding of the issues, engaging a broad base of stakeholders.

During the year, we hosted many individual and multi-stakeholder meetings involving brands, retailers, suppliers, trade union and NGO representatives and the ILO. These have also involved key representatives from the Thai government (such as the Deputy Secretary General of the Department of Labour), representatives from the Thai Frozen Food Association and Thai Food Processors Association, as well as local NGOs. We also engaged US buyers and trade stakeholders at EU level. Our members now have a deeper shared understanding of labour rights issues in this sector. It has also become clear that we must focus efforts on parts of the sector where workers are most at risk of exploitation; within farmed shrimp peeling sheds and on trawlers.

We are now at a crucial point, with members and stakeholders deciding how best to direct efforts. Collaboration is essential, as the complexity of the issues means that no organisation can affect change alone. There is a need for continued engagement between the international community and the Thai government and industry, to highlight issues and press for sector-wide labour reforms. We will also continue to work with the ILO in Thailand as it develops its Good Labour Practices (GLP) programme for the country's shrimp and seafood processing industry. Support for local stakeholders is essential, as they put in place activities to drive long-lasting change for workers.

650,000
EMPLOYED IN THE
THAI SEAFOOD
SECTOR



"ETI's coordination of the Thai farmed shrimp group this year has been invaluable, providing members, suppliers and representatives of the Thai industry and government with a space to learn, share ideas and draw up an implementation plan to tackle challenging labour issues."

Louise Herring, Ethical Trade Manager,
Sainsbury's



Stepping stones

Business and human rights in India's export sandstone sector

Rajasthan, a large state in north-west India, is one of the country's main producers of sandstone. Each year, around 280,000 tonnes is shipped to the UK for use in commercial and domestic driveways, patios and pavements.

With increased demand has come increased consumer and media interest. Investigative reports have shone a spotlight on the alleged exploitation of workers in stone quarries across Rajasthan. There continue to be allegations of child labour and forced or bonded labour in some quarries, as well as suggestions of breaches of other international labour standards.

Sandstone from Rajasthan is another of our prioritised supply chains. A select number of our company members import sandstone from this state, selling it to UK or European building merchants, which in turn sell it to landscapers and architects. A dedicated group of 12 ETI sandstone members have joined forces, recognising that their collective commercial influence in Rajasthan's export sandstone sector can be used to drive positive, sustainable change for workers.

In April 2012, these members held the first multi-stakeholder meeting with Indian suppliers, which was also attended by trade union and NGO representatives. The ETI-facilitated meeting took place in Kota, Rajasthan, and provided an opportunity for all stakeholders to share their understanding of labour standards and practices within Rajasthan's export sandstone sector. A key focus was how to collectively tackle the challenge of improving working conditions within the sandstone quarries.

Gaining a better understanding of the supply chain was crucial. ETI's India representative,

Alok Singh, visited Rajasthan on behalf of the programme and met with industry representatives. This field visit confirmed that the sandstone sector is a tangled web of trade relations which are often managed in an informal way. Many workers are hired on contract, or under informal arrangements, which increases their vulnerability. The visit also confirmed other workers' rights issues such as limited access to social security systems and a limited application of health and safety standards. Working in hot, dusty environments without proper protective equipment increases the risk of workers developing health complications, such as silicosis.

It also became clear that traders play an important role in the supply chain, as the central link between exporters and sandstone processors. They may have an understanding of labour rights codes and standards, but some might not have the leverage or resources to ensure these are upheld. Engaging these stakeholders is critical to efforts to improve working conditions for quarry and processing yard workers.

We have recently launched a two year project focused on business and human rights impacts within the Rajasthan export sandstone sector. With the UN Guiding Principles on Business and Human Rights as our guide, we are working with local stakeholders to strengthen capacity around the business and human rights agenda. We look forward to updating you on progress.

Working in hot, dusty environments without proper protective gear and equipment increases the risk of workers developing health complications, such as silicosis.

280,000
TONNES OF INDIAN
SANDSTONE
SHIPPED TO THE
UK EACH YEAR



“David Cameron has committed the UK to implementing the UN Guiding Principles on Business and Human Rights and listed companies are now explicitly required to report on human rights. We’d like to see more companies using ETI’s practical guidance to ensure that they meet their responsibility to respect human rights in their business relationships. Effective human rights due diligence includes showing what the business is doing to safeguard the rights of workers in their supply chain.”

Anne Lindsay, Lead Analyst - Private Sector, CAFOD



“We have very much enjoyed the challenges of working with ETI as foundation stage members. The extra advice, input and encouragement that we have received from ETI and its members has helped improve our understanding of country-specific issues and how to deal with them.”

Calum Fraser, Commercial Division Director, CED



Our members

Company members*

Foundation stage members

- Allport
- Bonmarché
- C&A
- CED
- Euro Packaging
- Hobbs
- Hoss Intropia
- Matrix APA
- Mayoral Moda Infantil
- Meltemi Company Clothing
- Mölnlycke Health Care
- Mr Price
- Orsay
- Promointernational
- Regatta
- River Island
- Rockford
- Shop Direct Group
- Stella McCartney
- White Stuff

*As at December 2013.
Companies shown in orange joined us during 2012/13.

Full members

- Arco
- Asda
- ASOS
- BBS Granite Concepts
- Beltrami
- Boden
- Brett Landscaping
- BTC Group
- Burberry Group
- Commercial Group
- Co-operative Retail
- DAKS
- Debenhams Retail
- Dewhirst
- DNS Stones (UK)
- Eileen Fisher
- Ethical Tea Partnership
- Fat Face
- Finlays Horticulture Holdings
- Foster Refrigerator
- Fyffes Group
- Gap
- Greencell
- Hardscape
- Icon Live
- Inditex
- Jack Wills
- Jaeger
- John Lewis Partnership
- Keith Spicer
- London Stone
- London Underground
- Mackays
- Madison Hosiery
- Marks & Spencer
- Marshalls
- Melrose Textile
- Mens Wearhouse USA
- Monsoon Accessorize
- Mothercare
- MR International
- N Brown
- Natural Paving Products
- New Look Retailers
- Next Retail
- Pacific Brands
- Pavestone
- Pentland Brands
- Primark (ABF)
- Rohan Designs
- Ruia Group
- Sainsbury's
- Stone Masters
- SuperGroup
- Supremia
- Tchibo
- Tesco
- The Body Shop International
- Typhoo Tea
- Union Hand-Roasted
- WH Smith
- The White Company
- William Lamb Footwear
- Winfresh (UK)

84 COMPANY MEMBERS



>£180_{bn} TURNOVER



MORE THAN 10 MILLION WORKERS REACHED



Trade union members

Our union members represent nearly 160 million workers around the world in every country where free trade unions can operate. They are the Trades Union Congress (TUC) — the national trade union federation in the UK — and the world body of national union federations, the International Trade Union Confederation (ITUC). Workers in industrial sectors are represented through the Council of Global Unions* which includes IndustriALL Global Union (uniting workers in mining, energy and manufacturing sectors), and the IUF (uniting food, farm and hotel workers worldwide).

* Members of the Council of Global Unions:

Building and Wood Workers' International (BWI)
Education International (EI)
IndustriALL Global Union
International Federation of Journalists (IFJ)
International Transport Workers' Federation (ITF)
International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers Associations (IUF)
Public Services International (PSI)
UNI Global Union

NGO members

Our NGO members operate in more than 40 different countries and reach millions of the world's poorest and most vulnerable people. They include large international development charities and specialised labour rights and fairtrade organisations.

Anti-Slavery International
Banana Link
CAFOD
CARE International
Christian Aid
Dalit Solidarity Network UK
HomeWorkers Worldwide
Oxfam GB
Partner Africa (formerly Africa Now)
Quaker Peace and Social Witness (Religious Society of Friends)
Save the Children
The Fairtrade Foundation
Traidcraft Exchange
TWIN Trading
Women in Informal Employment: Globalising and Organising (WIEGO)
Women Working Worldwide (WWW)

“We have a collective bargaining agreement with the farm which includes maternity leave rights. Women workers are now able to present their problems to management through the women’s committee.”

Flora, farm worker, Tanzania

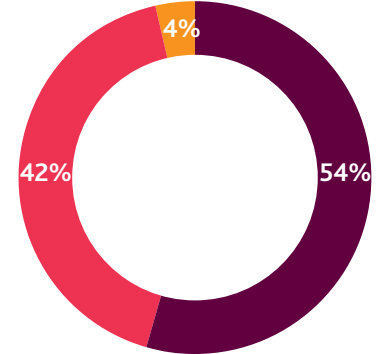
Finances

This financial information has been extracted from the full published financial statements, which have been audited by haysmacintyre Chartered Accountants and tax advisors. The full financial statements are available at www.ethicaltrade.org/accounts2012-13

Income

Our total income was £1,570,811 for the year ending 31 March 2013. Our main source of income was membership fees and individual project funding from our members. We're also very grateful to DFID for their continued support and to Comic Relief for their grant to support supervisor training in South Africa.

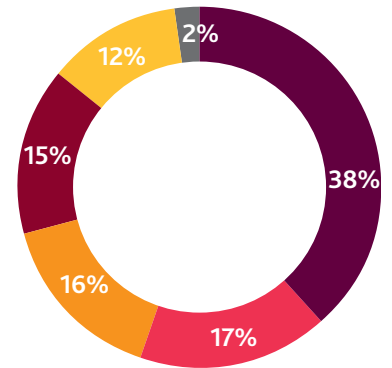
Membership fees	£855,665
Grants	£660,281
Training	£54,865



Expenditure

Our total expenditure was £1,562,072.

Programmes	£600,337
Knowledge and learning	£264,258
Communications and partnerships	£243,285
Membership services	£233,897
Operations	£186,778
Governance	£33,517



ETI's Board

The ETI Board is derived from our membership and has overall responsibility for ETI's policy, strategy and resource management.

Board members are elected to represent companies, trade unions and NGOs respectively. In turn, Board members elect an independent Chair.

Chair

Suzanne McCarthy

Vice Chair

Lord Young of Norwood Green

Corporate representatives

Jane Blacklock, Mothercare
 Philip Chamberlain, C&A
 Chris Gilbert-Wood, Finlays Horticulture Holdings
 Chris Harrop, Marshalls

Trade union representatives

Monika Kemperle, IndustriALL
 Owen Tudor, TUC
 Alison Tate, ITUC
 Scot Walker, IUF/Unite

NGO representatives

Aidan McQuade, Anti-Slavery International
 Katherine Teague, Christian Aid
 Meena Varma, Dalit Solidarity Network UK
 Rachel Wilshaw, Oxfam GB

DFID observer

Karen Johnson

Our thanks to outgoing corporate representative Pam Batty; trade union representatives James Howard, Ben Moxham and Ashling Seely; and Maggie Burns (NGO representative and Chair of the NGO Caucus), for their invaluable contributions to the ETI Board.

The Ethical Trading Initiative (ETI) is a leading alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe. Our vision is a world where all workers are free from exploitation and discrimination, and work in conditions of freedom, security and equity.

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

Ethical Trading Initiative

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