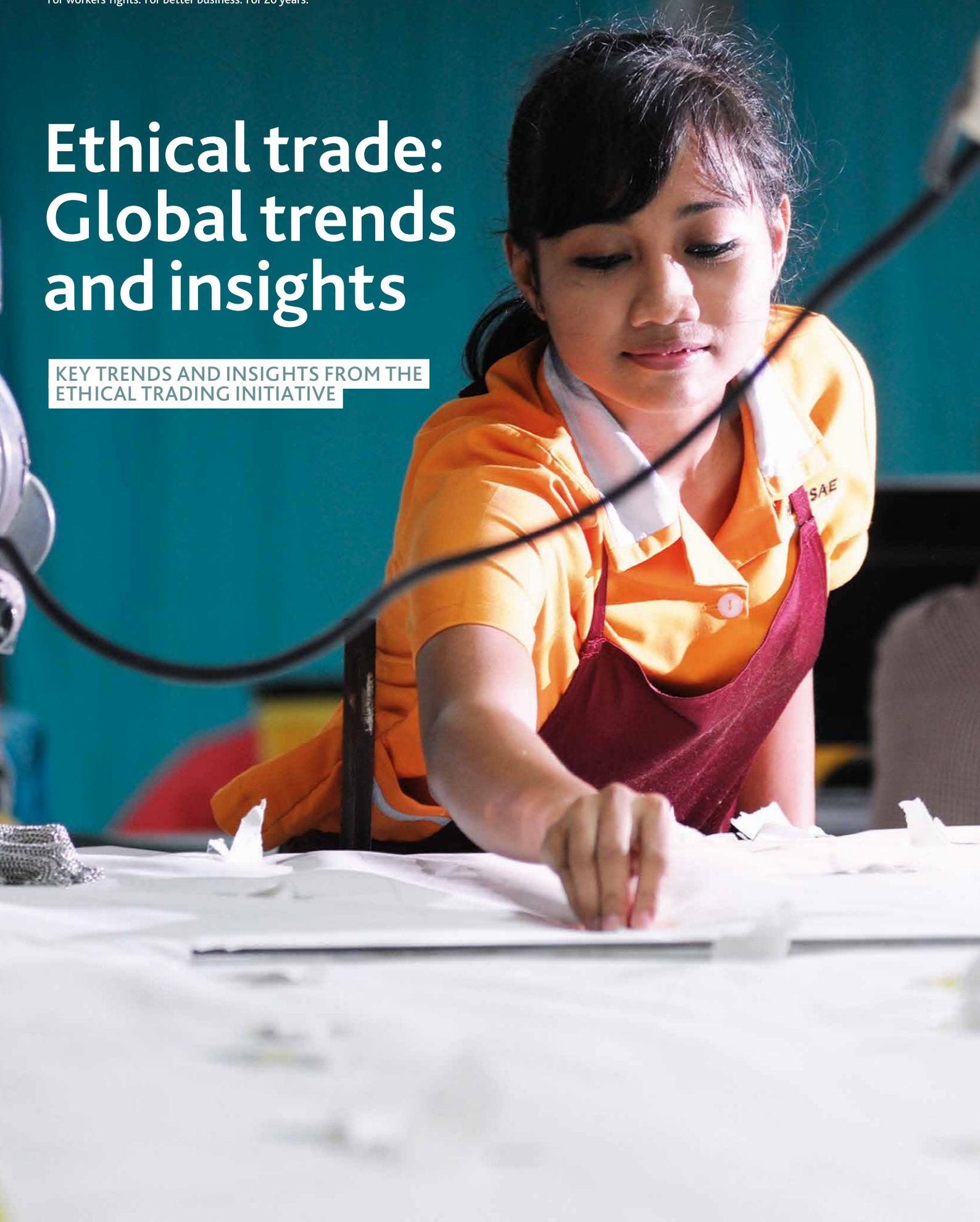


Ethical trade: Global trends and insights

KEY TRENDS AND INSIGHTS FROM THE
ETHICAL TRADING INITIATIVE



We are the Ethical Trading Initiative

OUR VISION

A world where all workers are free from exploitation and discrimination and enjoy conditions of freedom, security and equity.

OUR MISSION

To work with companies, trade unions and NGOs to promote respect for workers' rights around the globe.

OUR APPROACH

Through harnessing the reach of our tripartite membership, we link business to human rights with the aim of driving a transformation in ethical trade. As such, all corporate members adopt our Base Code of labour standards and must ensure that workers in their supply chains are protected and respected and where necessary have access to remedy.

Our focus is on finding effective and sustainable ways to help workers claim the rights to which they are entitled. We drive improvements in company performance. We persuade and influence labour policy and legislation worldwide. We build strategic alliances in key sourcing countries and internationally. And we broker resolutions where there have been major breaches in workers' rights in members' supply chains.

“

We drive improvements in company performance. We persuade and influence labour policy and legislation. We build strategic alliances in key sourcing countries and internationally.

”

Compiled by Tom Idle and designed by williamjoseph.co.uk

Photos: ILO, Claudia Janke

ETI thanks all staff who have contributed to this report.



Contents

- 2 In conversation with Peter McAllister: celebrating 20 years of ETI
- 4 Modern slavery
- 6 Gender inequality and discrimination
- 7 Tackling discrimination against disabled people
- 8 ETI: A brief history and timeline
- 10 Human rights due diligence and remedy
- 12 Worker representation and freedom of association
- 14 Business models and purchasing practices
- 16 Our members

In conversation with Peter McAllister: celebrating 20 years of the ETI



Why we are needed as much now as we were in 1998.

Ongoing developments in the collective response to global supply chain risks, makes ETI more relevant today than ever before.

As ETI enters its third decade it continues to operate in a unique space, fusing together the collective objectives of companies, NGOs and trade unions, and remaining true to its founding principles of fostering effective collaboration and cooperation.

The last 20 years have seen substantive progress in response to ethical trade problems. But with millions of people still facing inadequate, and often shocking conditions at work, ongoing challenges will demand more innovative solutions and approaches from ETI members, and beyond, to turn the tide.

Here, Executive Director Peter McAllister reflects on the positive progress ETI has seen, while looking ahead to the trends that will continue to keep ETI relevant.

WHAT CAN YOU POINT TO AS THE MOST SIGNIFICANT DEVELOPMENT IN ETHICAL TRADE OVER THE LAST 20 YEARS?

Certainly, there are a lot of things we now take for granted. There are standards, such as ETI's Base Code, that make labour rights accessible. These are followed in thousands upon thousands of workplaces around the world – from factories in China to farms in South Africa, that is no small achievement.

The idea of a company looking into its supply chain to see if there are problems sounds so passé now. But it wasn't 20 years ago. Even understanding who is in the supply chain, such as homeworkers, was not common.

SO, ARE YOU PLEASED WITH THE PROGRESS THAT HAS BEEN MADE?

To a certain extent, particularly in Tier 1 factories and the suppliers that brands and retailers have direct sight of. But current approaches haven't dealt with more systemic issues, such as paying real wages, recognising unions or solving gender inequality.

BELOW Crop farming in Sichuan



WHAT NEEDS TO CHANGE?

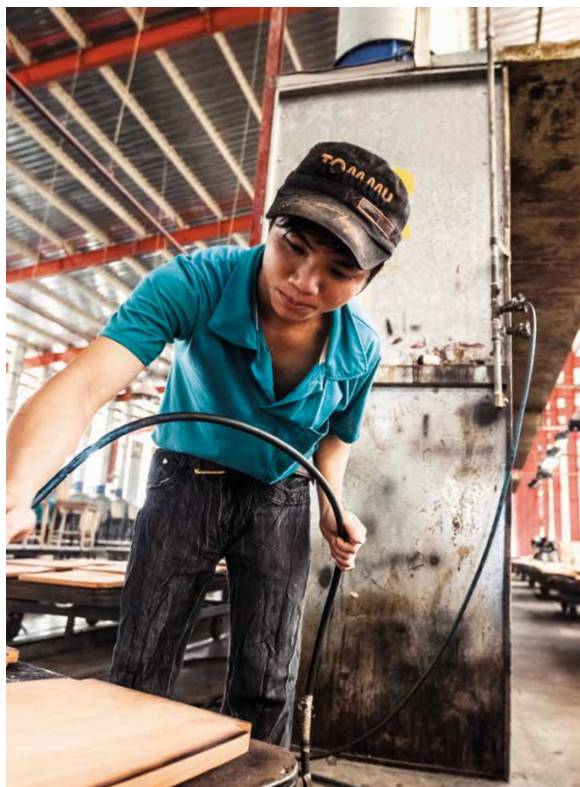
Well, it's definitely time for disruption, new leadership and evolving the business model. For example, being overdependent on compliance is blocking progress as much as it is revealing problems. Even though audits have value, alone they are not the answer.

The trouble is that audits do not pick up everything, especially if there's corruption, audit cheating and double books kept by suppliers. This approach allows far too many companies to sit in the shadows, hiding behind these reports.

BUT AREN'T BUSINESSES AT THE MERCY OF TRADITIONAL ECONOMIC MODELS BUILT ON LOW COST AND POOR PAY?

Too often, yes. We need to appreciate that businesses are massively competitive. They compete on price and strip out production costs to maximise profit and returns for shareholders. However, even given this, we see that some make real efforts to drive more inclusive change and we need to see a critical mass for such action.

I certainly don't subscribe to the idea that businesses collude to exploit workers in poorer countries. But unless brands look at their business models and relationships with suppliers, we are not going to see real progress at scale.



Consumers are now able to amplify their concerns much more effectively and quickly mobilise networks through social media which is powerful. And the fear of being the company caught out still drives action



DO THE NEW GENERATION OF CONSCIOUS CONSUMERS HAVE THE POWER TO FORCE MORE COMPANIES TO ACT ON ETHICAL TRADE ISSUES?

Consumers are now able to amplify their concerns much more effectively and quickly mobilise networks through social media which is powerful. And the fear of being the company caught out still drives action.

Most consumers don't want to buy products tainted by modern slavery, for instance. But it can take real effort to find out how products are made, or where they come from. They expect brands to take care of that.

THE MODERN SLAVERY ACT HAS BEEN A DRIVER OF CORPORATE ACTION. ARE WE LIKELY TO SEE MORE LEGISLATION IN THE FUTURE?

Yes, not least because ETI and others will continue pushing for it. And leading companies will keep demanding a level playing field.

But importantly, companies that really engage on human rights will gain a competitive advantage in the long run. It's not enough to just talk about moral good. If companies really care about their impact on the world and take the time to understand their supply chain – whether from a product quality or human rights perspective – they will run more sustainable businesses, carry less risk, attract more investment and build increased loyalty among staff and customers. However, too few businesses take this longer-term view.

ARE YOU OPTIMISTIC ABOUT THE NEXT 20 YEARS IN ETHICAL TRADE?

Yes, but with my eyes open. We've come a long way since ETI was established but progress needs to accelerate over the next 20 years. New technologies, demands for transparency and changing consumer behaviour, provide us with the opportunity to do business differently. But, for ethical trade to come of age we need to move further faster to build lasting business relationships founded on decent work and respect for workers.

LEFT Factory worker, Vietnam

Modern slavery



The need for proactive and collaborative leadership by brands, supported by trade unions, NGOs and governments, is greater than ever.

The statistics never fail to shock. According to ILO estimates, worldwide 40.3 million men, women and children are trapped in some form of slavery. Most are in Africa and Asia, although there are said to be hundreds of thousands, even in Europe, including up to 13,000 victims of modern slavery in the UK.

While slavery is almost universally outlawed, modern slavery remains widespread.

The global nature of complex supply chains made up of companies competing on prices, profitability and lead times increases the risk of workers being exploited, and in the worst cases, forced into modern slavery, including human trafficking and forced, compulsory or bonded labour.

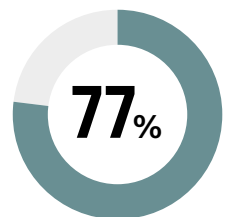
GREATER RESPONSIBILITY FROM BUSINESS

Almost any business can be affected by slavery. A joint ETI and Hult Business School study in 2016 found that 77% of companies believe there is a likelihood of modern slavery occurring in their supply chains.

"The research revealed that some companies are becoming more honest about the risks of forced labour and are increasingly taking responsibility to address it," says Cindy Berman, ETI's Head of Modern Slavery Strategy.

But most brands and retailers are still largely concerned about the risks to their reputation if modern slavery is found.

ABOVE Indian women working in a brick kiln



of companies surveyed by ETI and Hult Business School in 2016 believe there is a likelihood of modern slavery occurring in their supply chains

A NEW APPROACH

Companies that are more ethical, increasingly recognise that tackling the abuse of workers in supply chains demands a fresh approach. They are making public commitments to improve working conditions and we are beginning to see specific policies, actions and programmes designed to uncover and address what is really happening in complex supply chains, especially in the lowest tiers where visibility is low and workers are most vulnerable.

Rather than relying on auditing to uncover instances of modern slavery, progressive brands acknowledge the need for innovation and collaborative action. "Competitive tensions can be a barrier, but one company taking action is just a drop in the ocean," says Cindy Berman. According to the ETI/Hult research, 83% of ethical companies see their peers, including direct competitors, as key partners and a source of advice and support.

Arguably, the biggest contributing factor to labour exploitation is when workers are unable to collectively negotiate terms and conditions of work and lack the freedom to leave abusive employers. Where trade unions operate, the risk of modern slavery falls dramatically.

SENIOR MANAGEMENT BUY-IN IS CRITICAL

Stronger, more effectively enforced regulation helps to create a level playing field between companies, forcing laggards to up their game and to stop claiming a competitive advantage from modern slavery. That's why ETI and its members fought so hard to include and strengthen the Transparency in Supply Chains clause in the UK Modern Slavery Act 2015.

Such legislation is starting to focus the minds of senior executives.

"Board and senior-level buy-in makes all the difference in ethical trade because it drives better policies and ways of operating," adds Cindy Berman, arguing that companies with strong leadership on modern slavery tend to be more commercially successful because they have greater visibility, oversight and control over their operations.

“
Where
trade unions
operate,
the risk of
modern
slavery falls
dramatically

”

RIGHT Disabled garment worker in Vietnam



ASOS FIGHTS TO END MODERN SLAVERY IN MAURITIUS

Collaborative effort is changing recruitment practices for exploited migrant workers

It may look like a tropical paradise, but Mauritius is home to thousands of migrant workers trapped in bonded labour. Many arrive from Bangladesh and find themselves working to repay the huge fees charged by unscrupulous recruitment agents.

Now, online fashion brand ASOS has taken a lead to work in collaboration with ETI and other companies sourcing from the country, including Whistles and the Princes Food and Drink Group.

Within Mauritius, ETI's Migrant Labour Working Group works as a forum for brands, suppliers and retailers, liaising closely with NGOs such as Anti-Slavery International and the trade union federation IndustriALL. It investigates human rights risks and impacts within commercial operations and improves the rights and working conditions of migrant workers.

Steps taken so far include high-level policy engagement with the Mauritian and Bangladesh governments to better monitor and regulate the recruitment industry, using brand and buying power as leverage. ASOS and other brands have also changed their recruitment practices and adopted the 'Employer Pays Principle'. This is intended to prevent migrant workers from having to pay exorbitant recruitment fees to secure jobs, which results in forced labour.

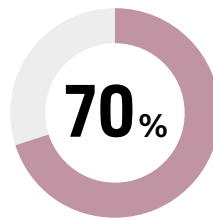
Many suppliers are also now on board. The Mauritian Export Association has agreed to adopt the 'Employer Pays Principle' too and is committed to supporting its members' compliance. In some cases, companies have taken on migrant workers' debts to free them from bonded labour, and ETI will be supporting more to do the same.

Gender inequality and discrimination

Inequalities between women and men are still deeply entrenched in global supply chains.

Gender inequality and discrimination can be found in most industries in most parts of the world, often driven by cultural behaviours and attitudes about women's roles in society.

Around the world, women and girls are more likely than men to be employed in low skilled jobs, including informal or precarious work, and often lack the education and skills to progress to more stable, better paid employment. This makes them particularly vulnerable to labour exploitation, with the result that around 70% of the 40.3 million people now in modern slavery are women and girls.



of the 40.3 million people now in modern slavery are women and girls

BELOW Indonesian garment factory employees

A NEED TO BUILD ALLIANCES

The new ILO convention on ending violence and harassment in the workplace should mean that even more businesses sit up and pay attention.

Yet with multiple commercial, social, legal and political drivers, gender inequality is not an issue one company can tackle alone. It is complex and demands wide-ranging interventions from many different stakeholders.

"While the conversation has certainly moved on, more work is needed to build alliances that tackle the root causes of discrimination, rather than merely tackling symptoms," adds Halima Ahmed.

She continues: "That's why our latest Base Code guidance focuses on the issue of gender equality and provides a roadmap for companies to take action."

A CLEAR BUSINESS CASE

Tackling gender inequality and discrimination not only benefits workers and wider society, it is also good for business. A mounting body of evidence shows how it can help manufacturers to boost productivity and reduce absenteeism, staff turnover, overtime and production errors. Meanwhile, the data shows that where sexual harassment is prevalent, business performance is negatively impacted.

Empowering women also means that children have a better chance of going to school rather than heading into fields and factories to work.

"When women are able to earn an income, there is a multiplier effect," says Halima Ahmed, ETI's Senior Advisor on Gender and Diversity. "They support themselves and their families, and contribute to the development of more sustainable communities everywhere."

An analysis of ten brands by ETI and the University of Manchester looking at the progress being made towards greater gender equality in international supply chains, gives some cause for optimism. While activity remains fragmented and in need of a more strategic and rights-based approach, many companies are taking action, and tackling inequality is now firmly on the agenda.



Tackling discrimination against disabled people

People with disabilities make up 15% of the world's population. While 80% are believed to be of working age, only a tiny percentage are in formal employment.

BELOW Disabled worker, Vietnam



REGATTA

Supporting disability inclusion at home and abroad

The UK outdoor sportswear company, and ETI member, Regatta supports disability inclusion in several ways. At home in the UK, the business has teamed up with United Response, a charity that works with people with intellectual impairments, to employ disabled people at its head office in Manchester.

In Asia, the company's Honesty Project advocates for the employment of people with disabilities in its Bangladesh and China supply chains. Regatta has also built, and continues to support, a school in Bangladesh with a 25% quota of pupils with physical impairments or learning difficulties. The school, which the company has been funding for more than ten years, is near to Regatta's sourcing factories, enabling it to support local workers who have children with disabilities.

The 2030 Agenda for Sustainable Development commits to leaving no-one behind – it requires that all global goals and targets set by the UN in 2015 should be met for all segments of society. Not only that, it recognises the vital role that business must play in building global prosperity for all.

It is one of the reasons why ETI has developed Base Code guidance to help companies drive disability inclusion in global supply chains. The guidance, which the UK's Department for International Development is supporting, outlines important steps that private sector companies can take to become disability inclusive, both within their own operations and in their supply chains.

Designed as an entry level publication for companies of all sizes in all sectors, the guidance defines, clarifies and explains concepts and international regulations, and showcases examples of businesses creating good jobs for people with disabilities. ETI's Director of External Relations, Laura Keely explains that meaningful inclusion in the workplace creates fairer, safer and more equitable conditions for all.

"Promoting the rights of people with disabilities is a win for people with disabilities, a win for business and a win for society in general," she says. "What is needed is leadership, commitment and joint endeavour."

“

Promoting the rights of people with disabilities is a win for people with disabilities, a win for business and a win for society in general

”

ETI: A brief history and timeline

Developments and successes in our 20 year history.

ETI was founded in 1998 in response to growing concerns about the poor pay and conditions of workers in many international supply chains. Since then we have helped change the lives of millions of workers by driving improvements in company policies and practices, and by campaigning for change. Here are some of our highlights.



1998: Launch

- Seven high street retailers, aid agencies and trade unions come together to promote fundamental human rights in global supply chains. ETI is born and is incorporated as a not-for-profit company on 9 June.
- ETI's Base Code of internationally agreed labour standards is drawn up.

1999: Pilot supply chain programmes established

- Our first three projects cover Chinese clothing, South African wine and horticulture in Zambia and Zimbabwe.
- Pilots trial different inspection, monitoring and verification methods.

2001: Homeworkers Base Code Guidance developed

- Retailers realise that their oversight of homeworkers is limited to non-existent. Our first tripartite working group is set up and practical guidelines are produced, also the first of our ongoing series of Base Code guides.

2003: Supporting China sourcing

- A China Working Group is established to support members sourcing from the region.
- ETI's China office opens in Hong Kong.

2004: Responding to Morecambe Bay tragedy

- An ETI-led lobbying campaign leads to the establishment of the Gangmaster (Licensing) Act 2006.
- The cross-industry alliance successfully lobbies government to introduce extra legal protection for 600,000 workers in the UK food industry.

2006: Tackling child labour in glassware

- When 300 children are found working in two glassware factories in China's Shanxi province, ETI-initiated remediation efforts see sourcing members agree a first joint-member response plan – removing children from hazardous work, offering remediation and getting them back into education.

2007: Fostering ethical procurement into UK public sector

- After lobbying for the UK Government to include workers' rights in public procurement, we partner with the NHS Purchasing and Supply Agency and help them develop a policy framework for ethical procurement.

2008: Help for Indian homeworkers

- The ETI-supported National Homeworker Group in India reaches 15,000 homeworkers; reported improvements in homeworker conditions are a direct result of the decision to expand ETI's remit to focus on improving the lives of homeworkers around the world.

2010: A fairer Olympics in London

- The London Olympic Games organising committee (LOCOG) adopts the ETI Base Code. For the first time in Olympic history, workers producing Olympics merchandise can raise concerns about pay and conditions.



2008

2010

2011

2013

2014

2015

2016

2017

2018

2011: UNGPs launched

- There is a step change in international thinking on business and human rights as the UN approves the Guiding Principles for Business and Human Rights.
- ETI membership grows to 75 companies.

2013: Rana Plaza galvanises action

- The 8-storey Rana Plaza factory building collapses, causing over 1,000 deaths and 2,500 injuries.
- ETI provides a forum for IndustriALL to present the Accord on Fire and Building Safety in Bangladesh; legally binding changes in factory safety come about.

2014: Continued expansion and impact

- 367,000 workers in Bangladesh, India and South Africa reached by ETI programmes see their working conditions improve.
- 500 organisations are now actively involved in ETI programmes and joint initiatives.

2015: Driving further action in UK legislation

- The UK Modern Slavery Act (2015) passes into law; ETI efforts help ensure the Transparency in Supply Chains (TISC) clause that introduces a company reporting requirement is included in the legislation.

2016: Help for Syrian refugees

- The mass movement of Syrian refugees into Turkey makes endemic problems in the country's garment and footwear industry worse.
- ETI lobbies the Turkish authorities to allow refugees access to work permits. Guidance is published on employment rights for refugees.

2017: Online reporting framework released

- Based on the UNGPs, our reporting framework is redesigned to help corporate members embrace the

transparency agenda and better incorporate business and human rights concepts into their policies.

- New guidance is launched on Modern Slavery, Child Labour and Buying Responsibly; and in the UK we help the Fresh Produce Consortium draw up accommodation guidelines for migrant agricultural workers.

2018: Commitment and change in 20th anniversary year

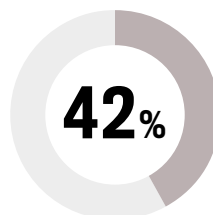
- In a year-long observance of our 20th anniversary, we continue to leverage change in business and human rights policy and practice at local, national and international levels.
- We advise internationally on modern slavery, set up an ethical trade partnership in Pakistan, and publish guides on disability, freedom of association and gender among others.

Human rights due diligence and remedy



ABOVE Farm worker, Tanzania

Identifying and understanding human rights risks is only the start. Going beyond auditing and compliance, companies must help prevent harm and find remedies for worker grievances.



or 1.4 billion people worldwide were estimated to be in vulnerable employment in 2017

The collapse of the Rana Plaza manufacturing precinct in Bangladesh in 2013 was appalling. But it led to many progressive and positive outcomes in defining health and safety, and protecting the human rights of workers in the supply chain.

The Bangladesh Accord – the resultant legally-binding agreement between brands and trade unions in the wake of the disaster which killed more than 1,000 people – was warmly welcomed by the textile sector. The Accord helped to shine a spotlight on significant supply chain issues, promising independent factory inspections and commitments to sufficiently fund corrective action where necessary.

Yet serious problems remain. “Despite the attention given to Bangladesh’s garment sector, wage levels remain very low,” warns Ben Rutledge, ETI’s Senior Advisor on Business and Human Rights.

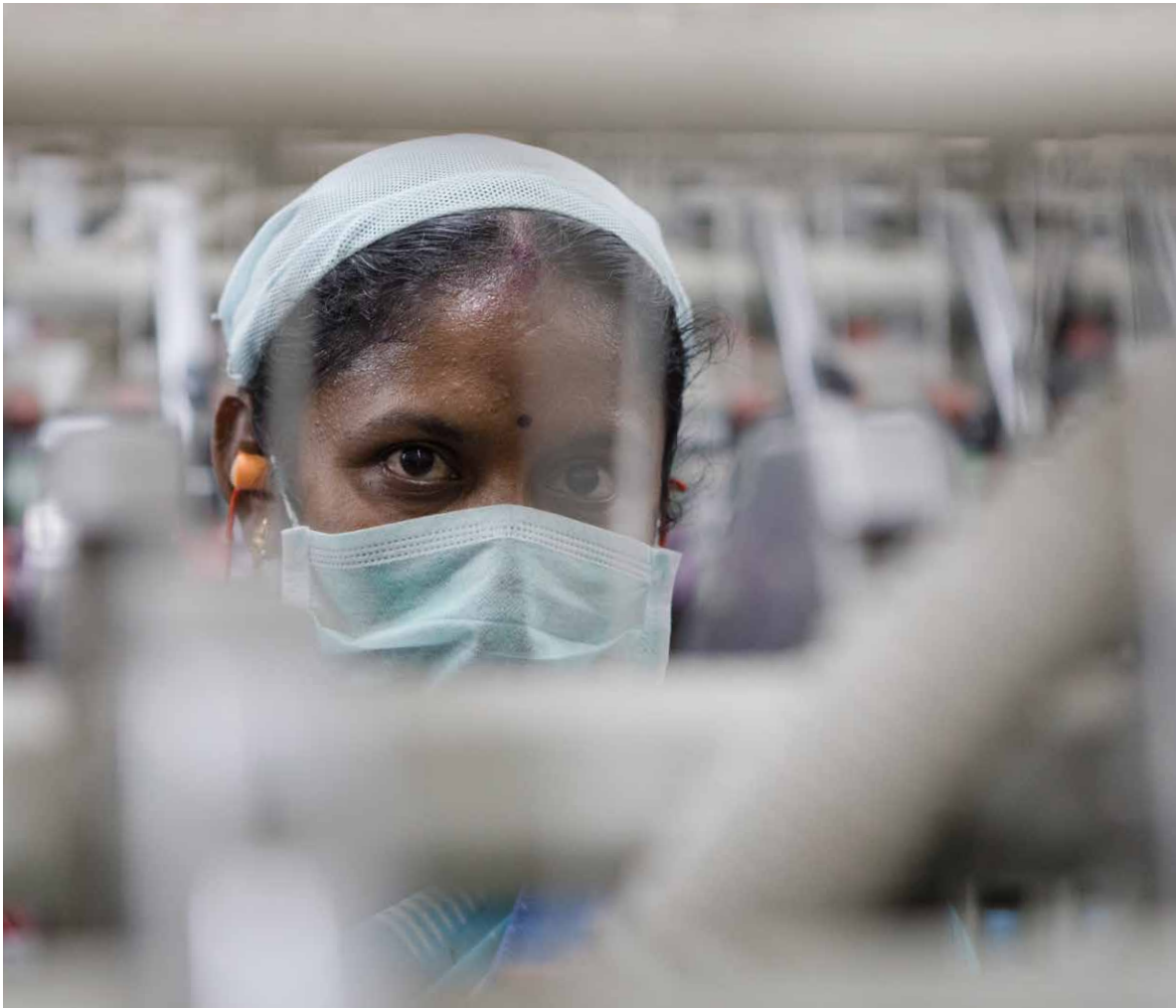
“What’s more,” Ben Rutledge says, “in 2017, about 42% of workers, or 1.4 billion people worldwide, were estimated to be in vulnerable employment. The ILO predicts that this will increase, particularly in emerging economies such as Bangladesh.”

PREVENTION AND REMEDY ARE CRUCIAL

Driven by the UN Guiding Principles on Business and Human Rights (UNGPs), there is now a proliferation of corporate policies designed to make sure human rights are being respected throughout supply chains. “But working conditions on the ground are stagnating or getting worse,” Ben Rutledge says, pointing to the risk of low-pay in fuelling child labour and worker exploitation, for example.

While the due diligence systems many companies have in place help to identify and understand risks to human rights abuse of workers, few include approaches to prevent issues arising in the first place, mechanisms for workers to raise concerns, or strategies to take remedial action.

That needs to change if businesses are to maintain strong relationships with their suppliers, and build positive reputations among their stakeholders. The popularity of mobile camera phones across South East Asia, for example, makes it far easier for workers to actively record exploitation in the workplace – evidence that can be sent to the media at the press of a button.



LEFT Cotton mill worker, South India

“ Giving workers an effective way to voice their concerns or report issues creates stronger, more robust, and sustainable supply chains ”

MANDATORY DUE DILIGENCE

Meanwhile, national legislation, which is underpinned by a robust UN framework for action on human rights, is evolving. For example, the French duty of vigilance law goes beyond requirements for disclosure on human rights, mandating that companies establish and implement due diligence measures that will make a difference.

Giving workers an effective way to voice their concerns or report issues creates stronger, more robust, and sustainable supply chains – aiding security of supply with reduced risk of disruption due to labour unrest, improving supplier performance and productivity, and improving hiring and training.

TESCO'S PROTECTOR LINE

Supermarket chain combines grievance mechanism with ongoing audits to give supply chain workers an effective voice and remedy solution.

It was back in 2014 that the supermarket retailer, and ETI member, Tesco launched a grievance mechanism for colleagues, suppliers and their workers around the world to raise concerns. Known as Protector Line, it is free, independent and confidential. Tesco says that it gives workers the confidence to speak out when necessary and that insights garnered from the line are reviewed at Compliance Committee meetings, chaired by the Tesco Group Chief Executive. The company states that it takes allegations extremely seriously, making sure to investigate them all and finding ways to take the correct action for suitable and effective remedy.

However, it recognises that the vast majority of workers still don't want to flag any concerns via such a channel. This is why Tesco's ongoing monitoring programme is so important, offering other ways for grievances to be raised, such as through audits, certifications and the visits carried out by Tesco's in-house team. Auditors and Tesco team members will commonly carry out worker interviews and then leave their contact details with workers, which has proved to be an effective way to raise issues, particularly around workplace discrimination and modern slavery.

Worker representation and freedom of association

Dialogue between companies, workers and their representatives and governments, is important for establishing rules that give supply chain workers a stronger voice in improving pay and conditions while reducing the risk of human rights abuse.

BELOW Bangladesh shipbuilding trainees



ABOVE Bangladeshi garment worker

It is a scandal. Worldwide, more than 700 million workers do not earn enough to lift themselves and their families out of poverty, while around 1.4 billion workers, most of them women, are in insecure jobs or in the informal sector. Meanwhile, every year, there are over 2.7 million work-related deaths.

In too many places, workers are denied basic human rights, and migrant workers continue to be exploited. In the drive to bring ever more products to market, people are often seen merely as a commodity, with wages pushed down to cut costs.

A lack of formal worker representation fuels and exacerbates the problem. If workers do not have access to universal workplace rights and protections within supplier companies, nothing changes.

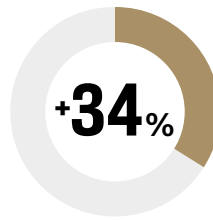
UNIONISATION IN A GLOBAL WORLD

"There is a lack of political will and corporate ambition, with workers' rights viewed as barriers to trade and profitability. There is also a misconception about workers' rights and what that means," says Beverley Hall, ETI's Senior Advisor on Industrial Relations.

For many, the concept of workers organising themselves and contributing to the sustainability of the business in a formal, mature and structured way, is viewed as a risk.

Pointing to the UK's electricity sector, which has long been unionised, she adds that positive dialogue between workers and managers is rarely talked about. "How often do you hear about the lights going out in the UK because of union action?"

While it is a basic human right to associate, as well as one of the fundamental ILO conventions, giving people a stronger voice in the workplace is under attack globally.



the rise in countries that were found to have locked up trade unionists; up to 59 countries in 2018, according to the Global Rights Index 2018

LEFT Chinese worker in the metal industry

SOUND INDUSTRIAL RELATIONS CAN CREATE POSITIVE CHANGE

For ETI, social dialogue in the workplace is about establishing formal or informal processes that enable workers and employers to negotiate or consult collectively on issues concerning their rights and responsibilities and to resolve conflicts peacefully and effectively.

A growing number of examples show that effective social dialogue between workers on the 'shop floor' and managers can contribute to decent work, quality jobs, greater equality and inclusive growth – all of which benefit workers and companies alike.

And, as highlighted by a recent ILO and OECD report, enabling workers to organise themselves can boost job security, clarify the employment relationship and help with the transition from informal to formal employment. It can also deliver benefits to business through improved productivity and reduced staff turnover, which helps them to save on recruitment fees.

With around half the world's working population currently outside the coverage of the two key international labour instruments protecting their rights to freedom of association and collective bargaining, tripartite dialogue between companies, governments and trade unions is more important than ever in bringing about lasting change.

As OECD Secretary-General, Angel Gurría says: "At a time marked by increasing job insecurity, wage stagnation and new challenges from the digital revolution, constructive labour relations are more important than ever."

According to the Global Rights Index 2018, last year, the governments of 44 countries were found to have locked up trade unionists. This year, that figure jumped to 59, a 34% rise, with Bangladesh, Cambodia and Turkey listed among the 'World's Ten Worst Countries for Workers'.

“

For many, the concept of workers organising themselves and contributing to the sustainability of the business in a formal, mature and structured way, is viewed as a risk

”

COLLECTIVE BARGAINING IN BANGLADESH GARMENT SECTOR

The Bangladesh garment sector employs nearly 4 million workers, 65% of which are women, and it has helped to transform the country's economic and social landscape.

In partnership with our sister ETIs in Denmark and Norway, ETI is running a programme in Bangladesh to embed social dialogue. The programme has grown from a pilot in nine garment factories and now reaches 62,000 workers in a further 25 factories. It helps to bring workers and managers together to talk through issues and arrive at jointly agreed solutions, paying close attention to gender and diversity.

An independent evaluation of the pilot phase found the programme had improved understanding of rights and responsibilities and enhanced communications and morale.

Women's participation in workplace committees has increased and labour unrest has fallen. Not only that, worker representation has cut labour turnover and reduced unauthorised absenteeism by 8%.

Business models and purchasing practices

As consumers are offered ever better value, the cost is felt by low wage workers. Now, more progressive and transparent procurement strategies are needed to reduce supply chain risks.

The prevalence of digital retailing and so-called 'omni-channel strategies' by brands continues to put new and added pressures on supplier companies. As such, global production systems for many high street goods – based on high speed and low-cost sourcing – pose a significant risk to the rights and working conditions of supply chain workers.

ILO research shows that tight price negotiations, fuelled by consumer demand for ever cheaper items, are making life hard for suppliers. 39% of suppliers admit accepting orders that are below the cost of production, while 40% subcontract orders to other companies because of low order prices.

SHORT LEAD TIMES FUEL EXCESSIVE OVERTIME

Crucially, these market conditions make it tough for suppliers to pay fair and appropriate wages. Over a quarter (29%) say that buyers' practices are likely to result in their workers having to accept wages below the cost of living.

Similarly, last minute changes and short lead times can contribute to excessive overtime, increased use of casual labour, and unauthorised subcontracting.

These trends are not exclusive to developing countries. For example, ETI funded research looking at Leicester in the UK found serious and endemic labour rights issues – such as workers being paid below the minimum wage, an absence of employment contracts, and excessive and under-reported working hours.

BELOW Vietnamese woman pinning trousers



NO EASY ANSWERS

The commercial realities of a fast-paced retail environment provide no easy answers. But there is growing evidence that adopting a more responsible approach to purchasing can create long-term business benefits, helping to optimise costs, increase productivity and quality, and reduce operational and financial risk.

With guidance from ETI, a number of retailers, are beginning to develop new buying practices that support rather than undermine suppliers' ability to provide decent pay and conditions for their workers.

Some have created training programmes to make buyers and commercial teams more aware of the impact their decisions have on workers in the value chain. Others have gone further, promoting 'ethical champions' to act as go-to internal people for all questions relating to ethical trade. Some have even started to financially incentivise buyers, offering bonuses for considering labour standards when placing orders with suppliers.

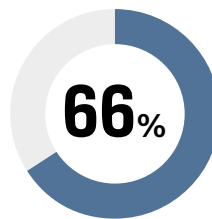
Meanwhile, new initiatives like Better Buying allow suppliers to rate and rank buying companies in the hope of encouraging a shift in practice.

“With guidance from ETI, a number of retailers, are beginning to develop new buying practices

”



ABOVE Cambodian fishermen



of consumers are willing to pay more for products that come from sustainable brands

A TWO-WAY RELATIONSHIP

While price and cost continue to dominate corporate strategy, the fact that 66% of consumers are willing to pay more for products that come from sustainable brands should be reason enough for companies to consider how they can raise ethical standards – and share the cost with customers.

The ACT (Action, Collaboration, Transformation) initiative, involving 17 brands from the textile and garment sector, is a good example of how collective working builds stronger and more transparent relationships with suppliers.

In collaboration with trade unions, it aims to help transform the garment and textile industry and achieve living wages for workers through collective bargaining at industry level linked to purchasing practices. Workers can negotiate their wages under the same conditions, regardless of the factory they work in or the retailers and brands they produce for. And the link to purchasing practices means that payment of the negotiated wage is supported by the terms of the contracts with global brands and retailers.

Meanwhile, ETI has commissioned King's College Business School to examine the extent to which business models themselves are at the root of poor labour practices in supply chains. We aim to identify ways in which existing business models can be improved, and to highlight examples of businesses working differently to support better standards.

Yet ETI's General Merchandise Lead, Martin Buttle, warns that there's still a need for more government intervention. "Responsible companies complain that it's not a level playing field, and that irresponsible companies can derive short-term benefits from not supporting better labour standards. This is where strong regulation backed by government can support and encourage responsible business."

BONMARCHÉ AND BETTER BUYING

High street clothing chain and ETI member, Bonmarché, teamed up with Better Buying in late 2017, providing the initiative with a list of strategic suppliers, as well as a letter inviting suppliers to evaluate Bonmarché's performance when it comes to supplier engagement and ethical purchasing.

The results and ratings collected from all suppliers were then aggregated, with the anonymised findings analysed by the Better Buying team and given back to Bonmarché.

Now, the data collected from the supplier ratings will be used to understand which purchasing practices are working well and which may benefit from focused efforts to improve.

Through Better Buying, brands can identify how their buyers, product developers, and others responsible for bringing product to market can improve their day-to-day business activities – helping their suppliers uphold better labour standards.

Our members

COMPANY MEMBERS

As of September 2018, we had 86 corporate members:

Apetito	Mothercare
Arco	Mr Price
Asda	Natural Paving Products
ASOS	N Brown
BBC Studios	New Look Retailers
BBS Granite	Next PLC
Beeswift Limited	Oliver Bonas
Best Seller	Orsay
Bidfresh Ltd	Pentland Brands
Boden	Primark
Bonmarché	Princes Limited
Burberry	Promointernational
C&A	Quiz Clothing
CED Ltd.	Regatta
Commercial Group	Reiss
Co-operative Retail	Ricosta
DAKS	River Island
Debenhams Retail	Rohan Designs
Fat Face	Rowlinson Knitwear
Flair Flooring Supplies Ltd	Ruia Group
Flamingo Horticulture	Sainsbury's
Gap Inc	Seafolly
Global Fashion Group UK	Shop Direct
Services Limited	SKINS Ltd
Greencell	Smallworld Accessories
H&M	Stella McCartney
Hardscape	SuperGroup Plc
Help for Heroes	Supremia
Hobbs	Tesco
Hunter Apparel Solutions Ltd	The Body Shop International
Inditex	The White Company
Jack Wills Ltd	Typhoo Tea
James Finlay Limited	Union Hand-Roasted
John Lewis Partnership	WGC Limited
KappAhl Sverige AB	Whistles
Li & Fung Trading	White Stuff
London Underground	WHSmith
Mackays	Winfresh (UK) Ltd
Marks & Spencer	Zeeman Textiel Supers B.V.
Marshalls	
Matrix APA	
Mayoral Moda Infantil	
ME+EM	
Meltemi Company Clothing Ltd	
Mens Wearhouse UK	
Missguided Ltd	
Monsoon Accessorize	
Morrisons Supermarkets PLC	

NGO MEMBERS

Our 19 NGO members operate in more than 40 countries. They deliver developmental assistance and specialist labour rights support.

Anti-Slavery International (ASI)	Partner Africa
Banana Link	Proudly Made in Africa
CAFOD	Quaker Peace and Social Witness
CARE International	Save the Children
Christian Aid	The Fairtrade Foundation
Dalit Solidarity Network UK (DSN-UK)	Traidcraft Exchange
Fairtrade Foundation	TWIN Trading
Focus on Labour Exploitation (FLEX)	UNICEF UK
Homeworkers Worldwide	Women in Informal Employment Globalising and Organising (WIEGO)
Oxfam GB	Women Working Worldwide

TRADE UNION MEMBERS

Our trade union members represent over 180 million workers worldwide via two trade union federations, the International Trade Union Confederation (ITUC) and the Trades Union Congress (TUC). Through the two federations, we reach their actively engaged affiliated unions. For a comprehensive list go to our website.

CORPORATE MEMBER SECTORS

Size split



Sector split*

Apparel and textiles: **56**
 Food, farming and fishing (includes hospitality): **9**
 Hard goods and household: **14**
 Multi: **7**

*The nature of the corporate sector means that these sector splits are generalised

ETI Base Code

At the root of our work is the ETI Base Code, an internationally recognised set of labour standards which all our members adopt.



EMPLOYMENT IS FREELY CHOSEN

An estimated 40.3 million people are in modern slavery, including 24.9 million in forced labour.



WORKING HOURS ARE NOT EXCESSIVE

Long working hours are the norm for most of the world's workers.



FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING ARE RESPECTED

Over three quarters of countries deny some or all workers the right to collective bargaining.



NO DISCRIMINATION IS PRACTISED

Women and certain minorities are often confined to the lowest-paid jobs with no access to training or promotion.



WORKING CONDITIONS ARE SAFE AND HYGENIC

Every day 6,300 people around the world die from work related accidents or diseases.



REGULAR EMPLOYMENT IS PROVIDED

There are 1.4 billion people worldwide who are in vulnerable forms of employment.



CHILD LABOUR WILL NOT BE USED

Worldwide 152 million children are in child labour; almost half of them in hazardous work.



NO HARSH OR INHUMANE TREATMENT IS ALLOWED

Few workers have protection against physical, verbal or sexual abuse in the workplace.



LIVING WAGES ARE PAID

767 million people live on less than \$2 per day.



Ethical Trading Initiative
8 Coldbath Square
London EC1R 5HL
United Kingdom

+44 (0)20 7481 4350
eti@eti.org.uk
ethicaltrade.org
@ethicaltrade

Registered No. 3578127