



**Ethical
Trading
Initiative**

Respect
for workers
worldwide

ANNUAL REVIEW 2015/2016



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 enjoy conditions of freedom, security and equity.

With our members we reach more than 10 million workers in global supply chains and seek to make sure that these workers enjoy their rights at work as described in the ETI Base Code.

Our goal is that workers in global supply chains receive better protection in the workplace through appropriate and better enforced legislation, that rights are respected by those they work for and all those in the value chain, and where abuse occurs, that they have access to effective remedy.

This annual review was edited by Jane Moyo and designed by Maia Bergh.

Photos: G.M.B Akash/Panos, Alamy, ILO, World Bank.

Thanks go to all ETI staff who contributed.

Printed on 100% recycled, FSC certified paper.



A group of young women, likely students, are walking and smiling. They are wearing blue shirts with white collars. The background is slightly blurred, suggesting an outdoor setting.

ETHICAL TRADING INITIATIVE

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WELCOME FROM PHILIP CHAMBERLAIN ETI CHAIR



As someone with a corporate background spanning more than 40 years, it is obvious to me that global trade is becoming progressively more complex. For that reason alone, ETI's task is increasingly relevant. We firmly believe that ethical trade has to be addressed in a more active way, so ETI is changing. Through our new strategy – which was agreed amongst our tripartite membership before its launch in 2015 – we are challenging our membership to join us on the journey.

For nearly 20 years, ETI has worked to promote respect for workers' rights worldwide. Via our corporate members, we reach more than 10 million workers in global supply chains. Through collaboration with trade union and NGO members, workers' concerns are amplified, and conditions of employment improved.

Yet today, rather than global supply chains being defined by the traditional North-South model of trading, the rise of powerhouses such as China and India means that trade flows in every direction. Consumers too demand greater transparency from companies in meeting ethical expectations, even as leading businesses recognise that embracing ethical trade can help to underpin long-term success.

ETI was one of the first organisations tackling the ethics of trade. Our Base Code of labour standards is internationally recognised, and is adopted by all our company members, as well as thousands of other businesses around the globe. Additionally, the

UN Guiding Principles on Business and Human Rights reinforce the role of business in respecting rights, with the aim of establishing a new global norm.

ETI's strategy, Perspective 2020, is designed to help our members remain ethical leaders, confronting exploitation at its source, influencing policy and practice where it impacts most, whilst encouraging good industrial relations. Looking forward, we are asking our members to work smarter, collaborate more effectively, and be more open about their own business practices than ever before.

Given the work that is needed, I am gratified that our membership, staff and institutional funders wholeheartedly embrace our fresh approach. That is in part due to our global reputation. Additionally, we can track an expanding commitment to ethical trade through the way we continue to grow in terms of both funding and membership.

On behalf of the Board, I would like to thank the ETI team for embracing and promoting Perspective 2020. I also express my thanks to the companies, trade unions and NGOs that continue to offer their valuable support, encouragement and insight. Thank you.

Philip Chamberlain

EXECUTIVE DIRECTOR, PETER MCALLISTER'S INTRODUCTION

Five years ago, the UN endorsed its Guiding Principles on Business and Human Rights, the global standard on how to do business responsibly. These, as well as other international protocols such as the Global Goals for Sustainable Development and new legislation, including the UK's Modern Slavery Act 2015, are helping to drive a transformation in ethical thinking.

That transformation is hugely important. We are aware that the landscape within which we and our members operate continues to present many challenges – from high levels of inequality, particularly amongst women workers, to mass migration, modern slavery and refugee crises both in Europe and elsewhere. It's why our new strategy, Perspective 2020 is firmly grounded in new thinking.

Launched in October, Perspective 2020 positions ETI at the forefront of ethical trade through our advocacy and programme work, our external messaging and our ever deepening relationship with our members as evidenced at its launch – an Ethical Trade and Human Rights Forum which attracted 350 participants from around the world.

Our global perspective was seen in our support to Syrian refugees working in Turkey; in the way we helped reinforce the Myanmar government's guarantee that garment workers were not excluded from minimum wage legislation; and in how we contributed to constructive worker engagement by supporting the establishment of democratically elected Worker Participation Committees in garment factories in Bangladesh.

Meanwhile, in India, our programmes in Rajasthan's stone yards and Tamil Nadu's spinning mills emphasised health and safety in the former and women's health

issues in the latter while introducing wider conversations around workers' rights. Elsewhere, we consolidated our reputation as constructive interlocutors on workers' rights in the Thai seafood sector and in South African, Latin American and North African horticulture.

Back in the UK, I am delighted to report that our voice was heard at the highest levels in government. By mobilising our members, we helped ensure that the Transparency in Supply Chains (TISC) clause was included in the UK's Modern Slavery Act. We also input crucial advice on the framing of the Labour Market Enforcement section of the Immigration Bill, in particular around the remit of the expanded Gangmasters Licensing Authority and the new Director of Labour Market Enforcement.

All of this could only have been done through collaboration. ETI is unique in encouraging a tripartite approach that brings together businesses, trade unions and NGOs. By acting as global partners we have a better chance of ending worker exploitation wherever it occurs. As such, this year's review illustrates the extraordinary cooperation that underpins ETI, and my thanks go to everyone who made this possible – our staff and our members, and the organisations and partners with which we and they work.



Peter McAllister

OUR PRIORITIES: HIGHLIGHTS FROM 2015/2016

Our five new strategic priorities – or pillars – will guide our thinking and action for the next five years. Here we summarise some key 2015/2016 contributions.

1

Lead in the application of the UN Guiding Principles on Business and Human Rights in the area of workers' rights

At the end of the year, we launched a Due Diligence framework for companies in line with the UNGPs. This has been downloaded from the ETI website 400 times and has already influenced member companies' modern slavery reporting and human rights strategies. We are currently testing the guidance in members' supply chains in Spain, Turkey and India. More specifically, in India, we responded to UN calls for nations to develop National Action Plans on Business and Human Rights by supporting a multi-stakeholder platform to inform India's plan and produced a paper on a national framework that received input from 150 organisations.

2

Ensure workers are represented

In some regions we have watched with concern a rolling back of trade union rights. This is despite seeking to entrench rights to freedom of association in collaboration with our wider membership, for example in Cambodia in 2015 following the introduction of a controversial new trade union law. Consequently, we have launched a project that strives to better understand the current situation around industrial relations globally. Its eventual recommendations will enable ETI members and others to adopt meaningful approaches to freedom of association, collective bargaining and other forms of worker representation. Additionally, we have completed a global scoping exercise on training and online learning opportunities and its recommendations are being used to repackaging our training offer.



3

Supporting an emerging international network of ethical trade platforms

To meet the standards described in our Base Code, we believe that local advocates must collaborate to set the ethical trade agenda. In early 2016, we therefore held initial conversations in India, Bangladesh and China on establishing independent national ethical trade organisations. Furthermore, working with our sister ETIs in Denmark and Norway, we started to revitalise our network of local advisors via a relaunched Local Resources Network (LRN), a platform that connects global brands and retailers, suppliers and local experts in country-based networks. Under the aegis of the LRN, we also co-hosted a first-ever multinational workshop on ethical trade in Pakistan, increasing its membership and services.

4

Increase accountability

As a multi-stakeholder initiative aiming to drive change in companies' ethical trade practices, it is essential to demonstrate the progress of our members and encourage trust by championing transparency and accountability. Robust monitoring and evaluation systems are in place that check the effectiveness of ETI member companies. Going forward, we have identified accountability frameworks and good practice examples and will be developing guidance documents as well as trialling new company reporting procedures.

5

Influence policy and practice

In 2015, an independent evaluation of our policy work stated that, "ETI has proven to be an effective actor in the policy development and change space." It particularly emphasised ETI's "significant" ability to affect change behind the scenes, "forming positions around which members can rally." Together with the Hult Ashridge Business School, the British Medical Association, universities including Manchester, Cambridge and the London School of Economics – as well as the International Labour Organisation, Shift and Verité – we launched a series of research partnerships addressing corporate approaches to and leadership on modern slavery. Member companies also used the advisory services of our new Modern Slavery Advisor, seconded from ETI NGO member, Anti-Slavery International to guide their thinking, and our modern slavery newsletters sought to provide up-to-date analysis on slavery in global supply chains.

A LOOK AT SOME OF OUR STORIES OF PROGRESS FROM 2015/2016

Making the case for decent wages in Myanmar

In 2015, local manufacturers in Myanmar called for the garments sector to be exempted from paying the country's new minimum wage on the grounds that it would increase costs and drive away global buyers. Yet the proposed wage followed a year of consultation and was itself a compromise position. We brought together 12 member companies and others, and wrote to the Minister of Labour in July making the case for retention while recognising that costs needed to be borne throughout the supply chain. Local advocates felt the letter was "very helpful" in persuading the government to uphold the original decision and our intervention contributed to over 250,000 workers receiving a 44% pay increase.

"ETI will be remembered as a changemaker. It and its members should be given full credit for being perhaps the first to initiate a structured programme to bring improvements in working conditions in sandstone mining, quarries and factories in Rajasthan [in India]."

Reinforcing members' ethical trade journeys

At the end of the year, we assessed our members' progress against their reports to us. 67% of companies had made positive changes to the way they integrated ethical trade into culture and practice, while 42% had improved their ability to identify problems in their supply chain. 70% improved capacity building for suppliers; this included five companies that involved suppliers in a review to help them improve their ability to implement the ETI Base Code and/or local law.

Several thousand workers on Peruvian fruit farms will benefit from a 2015 collective bargaining agreement, the ultimate result of a process begun by ETI in 2013 when we brokered a meeting between companies, trade unions and NGOs to discuss labour rights.

Employment opportunities for Syrian refugees

We co-hosted a roundtable with ETI member CARE and UK Government Departments for International Development (DFID) and Business, Innovation and Skills (BIS) on the Syrian refugee crisis in Turkey, Jordan and Lebanon which sought business and civil society input ahead of a UK government hosted International Conference on the region. Subsequent meetings have helped create a better understanding amongst ETI members on what business should do to help suppliers improve working conditions and provide appropriate remediation if needed. Furthermore, in Turkey, we published employment guidance for refugees and launched a programme to strengthen the garment sector's ability to implement the UNGPs.

Young women in India's textiles sector gain in confidence

Our Tamil Nadu spinning mills project continues to forge improved relations between local manufacturers and women workers. In 2015 we delivered training on women's health issues and workers' rights to 6,000 women workers in 15 mills, who subsequently reported – and demonstrated – greater confidence in addressing their managers and supervisors. Our local trade union and NGO partners also alerted 110,000 women to employment rights and legal support via community outreach. While there is more to do, the project's progress has led to funding for a further 20 mills to join the programme.

"Women [in Morocco's strawberry sector] know their rights and increasingly refuse a job that does not pay the minimum wage."

In the UK we ran 25 ethical trade training courses attracting 276 attendees.





We produced Base Code guidance on Working hours and an introductory toolkit on Integrating ethical trade principles into core business practices.

Manager-worker relations in Bangladesh garment factories improved

In Bangladesh, we developed a model of workplace 'social dialogue' that has resulted in elected and trained Participation Committees in 10 ready-made garment factories and upgraded existing committees in six others. Separate training for trade union and women committee members has also helped strengthen their respective roles. We reached 513 direct and 15,455 indirect beneficiaries and demand to expand the programme has resulted in the development of a second phase for a further 25 factories.

How our UK-based advocacy influenced policy and practice

We worked closely with members, the government and other key stakeholders on modern slavery and labour exploitation, providing expert advice in support of company reporting on the Modern Slavery Act 2015 and lobbying on the need for government to strengthen the Gangmasters Licensing Authority's oversight, monitoring and inspection remit. Meanwhile, as part of our knowledge sharing remit we convened an expert roundtable on forced labour, trafficking and modern slavery and organised a living wage conference.

Our training programme expanded to provide know-how and share insights and expertise with companies on ethical trade issues including but not limited to purchasing practices and worker representation. We also ran a series of breakfast briefings on disability, child labour and women's empowerment amongst others. More broadly, our communications work focused on getting our research and views in front of a wider constituency. This was mainly via our website and social media presence, and over the year our website saw a 14% increase in traffic.

170 delegates attended our business ethics awareness training in Shanghai and Guangzhou in July 2015.

Helping Chinese enterprises improve labour relations

Supporting workers' rights in China remains complex, and while wages have gone up, violations of labour law and of workers' rights continue. In response, we published *Building good labour relations through collective consultation* (Guangdong province). This is the first comprehensive guidance that seeks to support Chinese enterprises and their global customers as they work to improve labour relations in China's biggest export province. ETI member companies report that they have already started using the guidance in support of their suppliers.

"In four years working on [the exploitation of] Syrian refugees, I have never seen a [ETI organised] group like this form in Turkey to discuss this important issue. It is a significant achievement."

OUR MEMBERS

Since our last Annual Review, we have welcomed nine new company members from a range of countries and sectors. From clothing we have been joined by Bestseller, Global Fashion Group UK Services Limited, KappAhl Sverige AB, Seafolly, Skins Ltd and Whistles. We have also welcomed Morrisons Supermarkets PLC, Flamingo Horticulture and Whitbread. All new ETI members receive guidance and advice as they put the principles of ethical trade into practice and develop and strengthen company strategies. Seven companies are no longer members.

Foundation stage members

Apetito
BBC Worldwide
Bestseller
Euro Packaging
Flair Flooring Supplies Ltd
Flamingo Horticulture
Global Fashion Group
Help for Heroes
Hobbs
Hunter Apparel Solutions Ltd
Jabong
Kappahl
Morrisons
Mr Price
Promointernational
Seafolly
Seafood Holdings Ltd
SKINS
Whistles
Whitbread

Full ETI members

Allport
Arco
Asda
ASOS
BBS Granite Concepts Ltd
Boden
Bonmarché
BTC Group
Burberry Group Plc
C&A
CED Ltd
Co-operative Retail
Commercial Group
DAKS
Debenhams Retail
Eileen Fisher
Fatface
Finlays
Foster Refrigerator
Fyffes Group
Gap Inc
Greencell
H&M
Hardscape

Icon Live
Inditex
Jack Wills Ltd
John Lewis Partnership: John Lewis, Waitrose
Keith Spicer Ltd
London Underground
Mackays
Madison Hosiery
Marks & Spencer
Marshalls
Matrix APA
Mayoral Moda Infantil
Melrose Textile
Meltemi Company Clothing Ltd
Men's Wearhouse UK (MWUK): Dimensions, Alexandra, Yaffy
Monsoon Accessorize
Mothercare
MR International
N Brown
Natural Paving Products
New Look Retailers
Next Retail
Orsay
Pacific Brands
Pentland Brands: Berghaus, Boxfresh, Brasher, Canterbury of New Zealand, Ellesse, KangaROOS, Kickers (UK & Ireland Licensee), Lacoste Chaussures (Footwear Licensee), Mitre, Prostar, Red or Dead, Speedo, Ted Baker (Footwear Licensee)
Primark (ABF Limited)
Regatta
River Island
Rohan Designs
Ruia Group
Sainsbury's
Shop Direct Group Ltd
Stella McCartney
SuperGroup Plc: Superdry, 77Breed, SurfCo California Supremia
Supremia
Tchibo GmbH
Tesco
The Body Shop International
The White Company
Typhoo Tea

Union Hand-Roasted
WH Smith
White Stuff
William Lamb Group
Winfresh (UK) Ltd

Trade union members

Our union members represent nearly 160 million workers worldwide via two trade union federations and through them, affiliated members.
International Trade Union Confederation (ITUC)
Trades Union Congress (TUC)

Affiliated union members

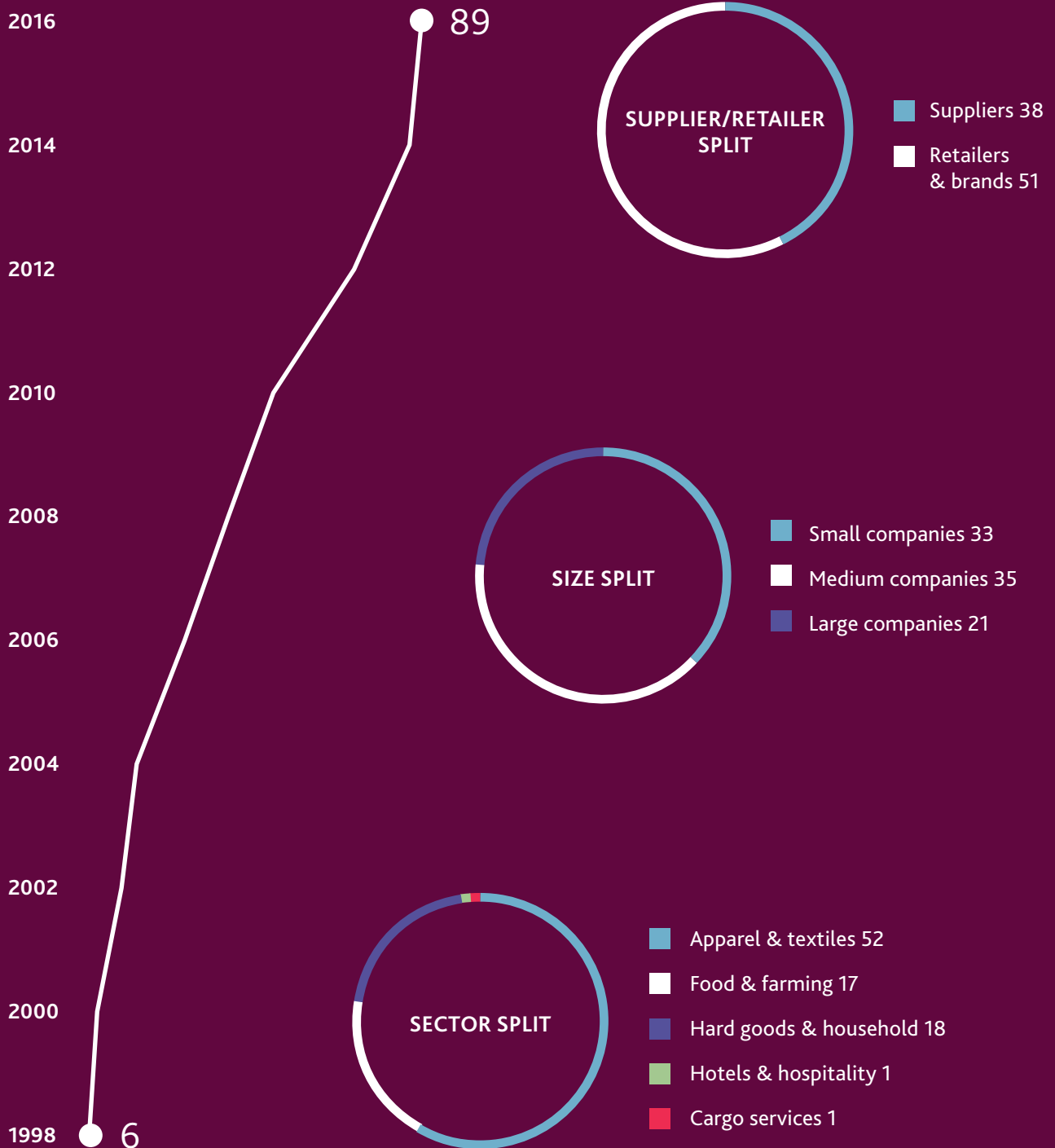
Building and Wood Workers' International (BWI)
Education International (EI)
IndustriAll
International Federation of Journalists (IFJ)
International Transport Workers' Federation (ITF)
International Union of Food Workers (IUF)
Public Services International (PSI)
UNI Global Union

NGO Members

Anti-Slavery International
Bananalink
CAFOD
CARE
Christian Aid
Dalit Solidarity Network UK
Focus on Labour Exploitation (FLEX)
HomeWorkers Worldwide
OXFAM GB
Partner Africa
Quaker Peace and Social Witness
Save the Children
The Fairtrade Foundation
Traidcraft Exchange
TWIN Trading
Women in Informal Employment: Globalising and Organising (WIEGO)
Women Working Worldwide (WWW)

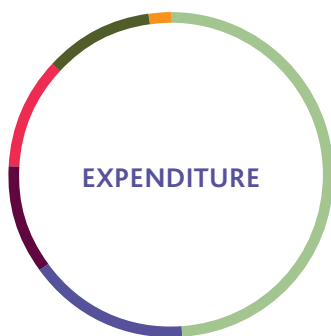
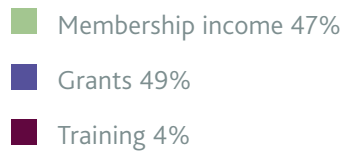
COMPANY MEMBERS' PROFILES

COMPANY MEMBER GROWTH



FINANCES

We could not have impact without adequate funding and in 2015-2016 our total income was £2,427,801 (a 32% increase over 2014-2015). Our thanks go to our members for prompt payment of fees, a vital funding component. We also greatly value the long-term commitment and strategic support that our funding relationship with the UK's Department for International Development (DFID) offers through its Programme Partnership Arrangement (PPA) and its Responsible, Accountable and Transparent Enterprise (RATE) funding. Additionally, we wish to thank DANIDA, the FCO and the Commonwealth Foundation for their support.



BOARD

Chair

Philip Chamberlain

Corporate representatives

Chris Harrop
MARSHALLS

Katharine Stewart
PRIMARK

Jon Tugwell
FYFFES

Giles Bolton
TESCO

Trade union representatives

Christina Hajagos-Clausen
INDUSTRIALL

Alison Tate
ITUC

Owen Tudor
TUC

Scot Walker
IUF

NGO representatives

Aidan McQuade
ANTI-SLAVERY INTERNATIONAL

Emily Scott
CARE INTERNATIONAL

Meena Varma
DALIT SOLIDARITY NETWORK UK

Rachel Wilshaw
OXFAM GB

Department for International Development (DFID) observer

Jenny Carlen

THE ETI BASE CODE



Employment is freely chosen



Freedom of association and the right to collective bargaining are respected



Working conditions are safe and hygienic



Child labour shall not be used



Living wages are paid



Working hours are not excessive



No discrimination is practised



Regular employment is provided



No harsh or inhumane treatment is allowed



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