



Ethical Trading Initiative

Marking our first decade

Annual review 2007/08



Making our mark...

A decade ago, founder ETI members launched a radical approach to promoting human rights at work. A multi-stakeholder alliance, ETI brings together competitors and critics, working jointly to champion responsible business approaches to workers' conditions in global trade.

I am proud to introduce this brief review of 2007/08, marking some of our achievements to date. The Ethical Trading Initiative (ETI) has made its mark by forging good practice among its members, by improving working conditions around the world and by driving the international ethical trading agenda. I congratulate ETI members and hope that all take satisfaction from these achievements.

Our yardsticks for progress are the state of workers' conditions and the respect that workers have won for their rights. The truth is that, against these measures, our combined best efforts have not been good enough to arrest the alarming decline in real wages, the excessive working hours and the growth in vulnerable employment relationships. Although individual companies have made headway against these trends, conditions for many workers remain poor.

This context demands humility in describing our achievements. More than that, it demands a new approach to business responsibility for labour rights. Suppliers must be encouraged and supported to implement a living wage. Companies must champion mature industrial relations as the sustainable way to protect rights at work. And corporations must do far more to integrate their ethical values across core business practices.

These challenges will shape ETI's action in the decade ahead. I urge you to join us.



Alan Roberts
Chair



together...

2007/08 saw unprecedented levels of activity, yielding many concrete results. We focused on sharing our learning and good practice and maximising our impact on working conditions in global supply chains.

Extending our reach

Corporate membership boomed, with 11 new companies joining us, taking our total to 52, with a combined turnover of over £107 billion (September 2008). Increasing our membership is key to extending our impact across more supply chains and more workers.

Partnering the public sector

The UK public sector procures £125 billion worth of goods and services annually, much of it from overseas. Having lobbied the government to include consideration of workers' rights in public procurement, we have established a partnership with the NHS Purchasing and Supply Agency. Together we are developing a policy framework for ethical procurement and the tools required to implement it.

Influencing attitudes and behaviour

Recognising the potential power of consumers to influence company behaviour, we launched a new initiative encouraging consumers to 'be an ethical pest' (www.eti-ten.org/ethicalpest.html). We produced two short films setting out the business case for ethical trade to retailers and suppliers, and continued to share good practice through guidance documents such as the *ETI Workbook*. Our re-launched website will help us communicate more effectively with many audiences.

Expanding our training programmes

We launched an updated and restructured ethical trade training programme in September 2008. This incorporates all the latest thinking and good practice in ethical trade.

A big demand for tailored training courses gave us the opportunity to reach new audiences – we delivered in-house training to over 250 people from member companies and their suppliers.

We developed a new training course to help supervisors in farms and factories understand and respect workers' rights, particularly on discrimination and harassment. Our project group also developed a method to test this innovative training package at four supplier sites in Kenya and the UK.

Getting to the heart of business practices

ETI's Purchasing Practices project aims to investigate how buying practices affect working conditions in the supply chain and to help retailers address negative impacts. Five project group members analysed some of their own purchasing practices and set up studies in factories, farms and packing houses in several countries. An impressive body of knowledge is emerging and has already begun to influence business practices.

A spotlight on homeworkers

ETI's UK Homeworker Group is developing best practice on how to improve the lives of homeworkers around the world. This year, corporate members used the *ETI Homeworker Guidelines* to trace hidden homeworkers in their supply chains, organised training for buyers, and set out policies for company boards. This experience will inform a revised version of the Guidelines planned for 2009.

The ETI-supported National Homeworker Group in India reached 15,000 homeworkers in Uttar Pradesh. Initiatives included linking workers to state provisions such as healthcare, accident insurance and credit schemes, through the provision of ID cards ('artisan cards'). An increased sense of confidence and status is evident and has even spawned a local self-help group.

*'Now I have an artisan card
I can go to the better hospitals
for treatment... And what's
more, the cards have given us
recognition. I have learned
that... I have rights as a worker.'*

Praveen

200

and driving corporate change

Member companies' ethical trade performance continued to improve with length of ETI membership. A key challenge for companies still lies in driving their ethical commitments to the heart of their business practices.

Our annual reporting framework requires company members to:

- report against a set of five management principles, covering their policies, management structures and internal processes for implementing the ETI Base Code. An independent assessment is then carried out to check companies' reported ratings
- provide data for their supplier sites, showing how these measure up to the labour standards of the Base Code.

Members' reports for 2007/08 show that our members are:

covering more suppliers and workers...

Members' ethical trade activities covered nearly **38,000 supplier sites** and more than **6 million workers** (compared with 3.3 million last year).

allocating more resources...

Members employed over **400 full-time equivalent staff** in ethical trade teams and spent around **£14 million** on ethical trade activities, including training for over **7,000 staff**.

carrying out more inspections...

Around **18,000 work sites** were risk-assessed or inspected, leading to **54,700** actions to improve workers' conditions – an increase of 40%. Most improvement actions related to health and safety, working hours and wages.

and benefiting from ETI membership...

As we have seen in previous years, there was a clear correlation between companies' ethical trade performance and length of membership of ETI.

For more details of these projects and publications, see www.ethicaltrade.org

7/08

Ten out of ten: 1998-2008

The Ethical Trading Initiative (ETI) was established in 1998 to improve the lives of workers in global supply chains. Many challenges lie ahead but we've selected ten achievements from our first decade that we believe have made an indelible mark in the ethical trade arena.

We have:

1 built a critical mass of companies...

From a handful of pioneers, our membership now includes 52 companies with leverage over more than 38,000 suppliers, which collectively cover more than six million workers across the globe.

2 made an impact on workers' lives...

An independent study of our members' ethical trade activities showed that they are bringing benefits to workers around the world through improving health and safety, reducing child labour, and encouraging suppliers to pay workers their statutory entitlements. In 2007/08 alone, member companies reported almost 55,000 agreed improvements to workers' conditions.

3 pioneered effective training...

Hundreds of ethical trade managers and key staff in companies, trade unions and campaigning organisations have benefited from ETI's training programmes. Our newly updated courses offer practical guidance on ethical trade strategy development and implementation, including getting crucial buy-in from colleagues and suppliers, and making change sustainable.

4 developed the tools for the job...

Practical handbooks, such as the *ETI Workbook*, distil members' collective learning, insights and experience. These tools provide practical ways of resolving the myriad challenges of ethical trade. *'ETI is about ...learning how we do things. It's creating models that people can see and say "this is possible to do".'* Maggie Burns, Women Working Worldwide

5 brokered resolutions in the workplace...

In factories in Bangladesh, Turkey, Cambodia and elsewhere we have brought suppliers, trade unions, workers and member companies to the negotiating table to resolve major breaches of trade union rights.

6 galvanised governments...

We have successfully campaigned at the highest levels for better legal protection for vulnerable workers. For example, we led a cross-industry alliance that successfully lobbied the Government to introduce extra legal protection for up to 600,000 workers in the UK food industry. The resulting Gangmaster (Licensing) Act came into force in 2006.

7 supported local organisations...

In India we helped set up the National Homeworker Group, which is now benefiting thousands of homeworkers and their families. The Wine and Agricultural Ethical Trade Association (WIETA) in South Africa, which we also helped establish, was the first ever local multi-stakeholder initiative to tackle workers' conditions.

8 prioritised the most vulnerable workers...

Homeworkers, smallholders, migrant and temporary workers are often 'hidden' in the supply chain and yet are in particular need of protection. Through a range of groundbreaking projects, we have developed guidelines that companies are now using to identify these workers and improve their lives.

9 driven partnership working...

ETI has brought companies, trade union and NGO members together to solve issues that cannot be effectively addressed by one party alone. *'Through our membership of ETI we have had the opportunity to work with NGOs and trade unions, and actually look at solutions to some of the bigger issues that... would be very difficult to tackle as an individual brand.'* Pam Batty, Code of Practice Manager, Next

10 shaped the ethical trade agenda

ETI has become a powerful voice on the national and international stage. We have influenced the debate on ethical trade and supported international initiatives, including work on a common code for the garment industry and on purchasing practices. The living wage, worker representation and consumer power are just some of the new agenda items for debate and action. *'The Ethical Trading Initiative has shaped the debate on ethical trade and has become an internationally recognised and credible voice.'* Gareth Thomas, Minister for Trade and Development

Read more and see the video on our anniversary website: www.eti-ten.org

About ETI

The Ethical Trading Initiative (ETI) is a unique alliance of companies, trade unions and non-governmental organisations, working in partnership to improve conditions for workers who supply goods to the UK market. Our vision is of a world where all workers are free from exploitation and discrimination, and work in conditions of freedom, security and equity.

Achieving our vision

We support companies to tackle working conditions in their supply chains. Member companies adopt the **ETI Base Code**, which reflects international standards on labour practices, and report annually on how they have implemented it. We also:

- identify 'good practice' through practical research and projects with members
- provide training courses and resources to help companies put this into practice
- support local alliances that tackle workers' conditions, lobbying governments to change their laws and building supplier skills and capacity
- build coalitions between companies, suppliers, trade unions, NGOs and other key players to foster joint action on workers' rights.

About our members

ETI members work together to bring about sustained improvements for workers.

- **Corporate members** comprise brands, retailers and suppliers of food, clothing and other products, including high street names such as Marks & Spencer, Next, Sainsbury's and Tesco.
- **Trade union members** represent over 157 million workers in every country where free trade unions can operate.
- **NGO members** include charities and campaigning organisations with expertise on workers' rights, human rights and social development issues across the globe.

Membership offers the opportunity to learn how to put ethical trade into practice, to have greater impact through collaboration with others, and to influence the development of ethical trade standards and practice.

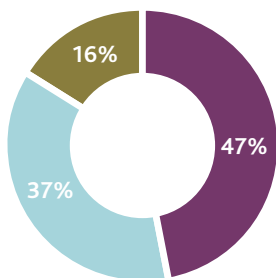
Chair: Alan Roberts

Vice Chair: Lord Young of Norwood Green

Director: Dan Rees

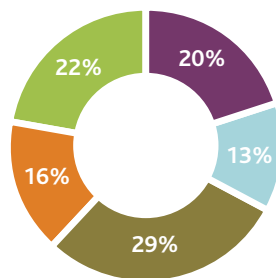
See the full list of Board members at www.ethicaltrade.org

Our finances in 2007/08



Income

Income from members' fees, a grant from the Department for International Development and other sources totalled £1,337,139.



Expenditure

We spent £1,325,232 on developing capacity, building commercial leverage, promoting ethical trade, developing ethical trade tools for companies and supporting members.

'The UK Government is proud to have supported ETI's valuable work on ethical trade and labour standards over the past 10 years and we look forward to its continuing success.'

Gareth Thomas, Minister for Trade and Development

Please contact us for a copy of our full accounts or see www.ethicaltrade.org



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