



Ethical Trading Initiative
Respect for workers worldwide



2010 REVIEW

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

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



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

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

Message from Peter McAllister, ETI Director

2010 has seen significant change at ETI. Our new strategy has started to take the shape of concrete plans; membership has continued to grow – collectively our member companies now reach over 9.4 million workers around the world. And after 11 years, ETI staff and members said goodbye to Dan Rees, who provided so much of the vision and leadership for this unique alliance since its inception.

In the wider world, conditions have remained difficult. Many large economies have struggled to move out of recession, and continued pressure on prices and margins for suppliers has contributed to increased insecurity for many workers. More worrying still, food prices have increased further, making life even harder for the millions of vulnerable people in supply chains who face a daily struggle to make ends meet.

We must temper any pride in our achievements in 2010 with this knowledge.

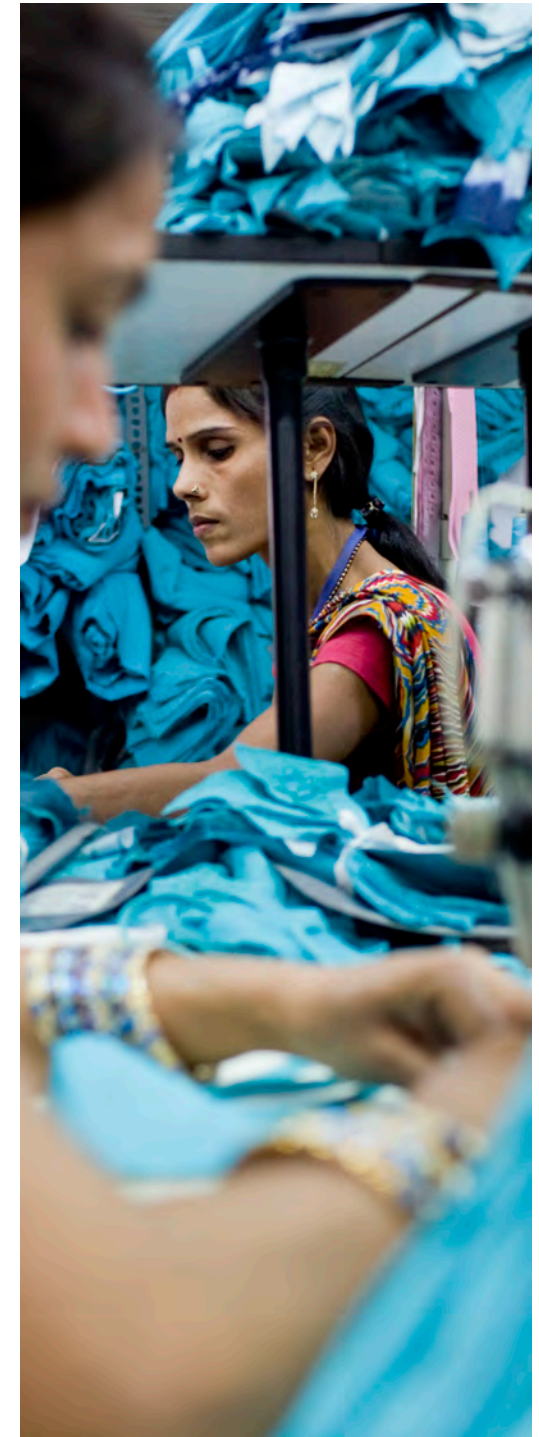
And yet I am confident that our unique approach, which harnesses the business acumen and commercial leverage of companies alongside the expertise and global reach of our trade union and NGO members, is the most effective way of delivering concrete change for workers.

This brief review of 2010 sets out some of the highlights of our year.

As we enter what looks set to be yet another difficult year for the world economy, I look forward to helping ETI rise to the many challenges we will face in working towards our vision – a world where all workers are free from exploitation and discrimination, and work in conditions of freedom, security and equity.

Read Peter McAllister's blog at <http://bit.ly/f64vcr>

“I am confident that our unique approach is the most effective way of delivering change for workers.”



INFLUENCING GOVERNMENT

At over £220 billion a year, public spending on goods and services dwarfs private sector spending, and yet the public sector lags way behind on ethical procurement.

Raising awareness and training on public procurement

In December we hosted a workshop of public sector organisations, suppliers, health bodies, trade unions and NGOs to share experiences of introducing ethical procurement into the public sector, and to discuss how to drive a more coordinated approach to instilling ethics into public procurement.

In 2011 we will jointly publish with the British Medical Association (BMA) a set of detailed guidelines to encourage ethical procurement across the National Health Service. The guidelines draw on ETI's considerable experience of putting ethics into practice, and provide a model for other public bodies. And building on the success of our bespoke training for staff at the Department for the Environment, Food and Rural Affairs (DEFRA) this year (see overleaf), in 2011 we will also offer introductory open training for all staff concerned with ethical procurement across the public sector.

Find out more about our public procurement training at <http://bit.ly/h6lifW>

“It seems counter-intuitive that the government states its support for ethical purchasing, but so far has done very little such purchasing with public money.”

Dr Mahmood Bhutta, BMA



Public sector union members press their employers on ethics

This year we provided training in ethical trade and international development for members of Prospect – the union of professional public sector employees – as well as for procurement staff at DEFRA and several government agencies. A key focus of the training was to explore the links between the Millenium Development Goals and the principles of the ETI Base Code. Procurement staff also learned how they could integrate international labour standards into their procurement practices.

The training was organised by Beverley Hall, Prospect’s International Development Officer. Says Beverley: “Demand for the training was huge – initially we wanted to train 12 workplace reps, but 44 have now been trained in the first two years, with a further 170 people lined up.

“The training has created a real groundswell of interest in the human impact of public sector purchasing among procurement staff and Prospect members alike – many of whom are now going to their managers to ask them what they are doing about pro-poor sourcing.”

Lobbying London Olympics organisers to create an ethical legacy

This year we supported the Play Fair 2012 alliance in lobbying the London Olympic Games Organising Committee (LOCOG) to adopt a strong ethical approach to the Games. We played a key part in helping the Committee’s staff understand the importance of a continuous improvement approach to improving labour standards and the dangers of relying on ‘tick-box’ audits.

LOCOG has since adopted the ETI Base Code and for the first time in Olympic history has agreed to develop a mechanism for workers who produce Olympics merchandise to complain about their pay and conditions.

Read why we mustn’t forget the lessons of the Delhi Commonwealth Games, at <http://bit.ly/fpZyVs>



“ETI played a very useful role in supporting our engagement with LOCOG – we now need to make sure that the process will result in real change for workers.”

Sam Gurney, Trades Union Congress

EMPOWERING WORKERS

Top-down audits don't work. Companies must continue to focus much more on enabling workers to shape their own destinies.

Fostering constructive communication in China

Most workers in China have few opportunities to air their grievances or to get them resolved with the support of representatives they trust. Our ground-breaking Decent Work Project aims to develop mechanisms that enable workers and management to engage in constructive dialogue and resolve workplace issues together.

To equip workers and managers with the skills and confidence to begin this new way of working, this year we organised training for both workers and managers in two out of the three factories participating in the project. Subjects included codes of conduct, occupational health and safety, workers' rights, worker and management communication skills, and the role of worker representatives.

Participating in the training has given workers opportunities to experiment with different roles and collective decisions: for example, by working out for themselves who should take notes and who should report back from discussion groups. Says ETI China Representative Dimitri Kessler: "The training enhanced workers' ability to speak on behalf of a group, rather than simply expressing their own opinions. And it allowed workers to distinguish who among them is better at articulating their common interests."

Next year we expect to see workers continue to build their experience and confidence in engaging in dialogue with management.

Read about our Decent Work Project at <http://bit.ly/e5Ffhq>



"It is crucial to promote the development of mature systems of industrial relations, which have been proven to significantly improve conditions in garment factories around the world."

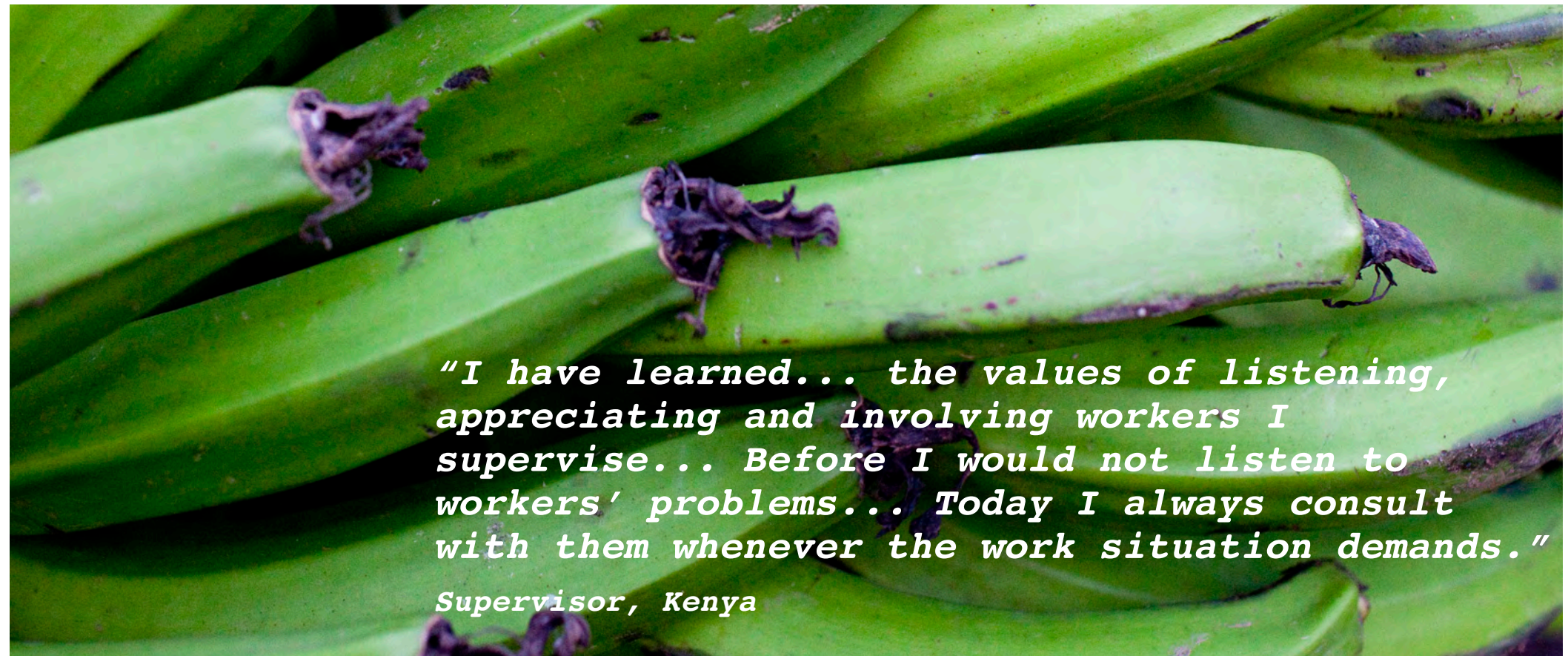
Ashling Seely, International Textile, Garment and Leather Workers' Federation

Tackling discrimination and harassment

Worksite supervisors are often inadequately trained in people management, and in handling sensitive issues like harassment and discrimination. This year has seen a rapid increase in demand for our innovative supervisor training, which is helping to improve communication between workers, supervisors and managers, building supervisors' confidence to deal with difficult situations, and prompting workers to speak up about the issues that affect them as a result of their improved understanding of their rights and workplace procedures.

This year a total of 167 supervisors received training, benefiting more than 3,000 workers.

Read about our Supervisor Training Programme at <http://bit.ly/gtU6g9>



HELPING COMPANIES TO BUY BETTER

Company buying practices play a critical part in helping or hindering their suppliers' ability to provide decent pay and conditions for their workers.

Linking buying practices to wages

Through our Core Business Practices Programme, member companies, trade unions and NGOs have continued to look for innovative ways of changing company buying practices – such as the deadlines they give suppliers to complete their orders – to make it easier for their suppliers to treat their workers with respect and dignity. This year members involved in this Programme have focused on developing and sharing tools that enable buyers to select suppliers using ethical as well as commercial criteria.

Member companies have also begun to link their work on core business practices to the urgent task of raising wages. For example, some companies are investigating how wage rates of homeworkers – typically among the lowest-paid workers – are affected by companies' sourcing behaviour. Others are investigating ways of ensuring that prices paid to suppliers include a ring-fenced allowance for workers to be paid a living wage.

“What’s the hurry? Will people in Europe and America have to go without clothes if we take a month to complete an order?”

Garment worker, Tamil Nadu, India

Helping companies spread ethics across their business

Companies are increasingly embracing the need to build ethical trade skills and knowledge among commercial teams – particularly buying staff and others who interact with suppliers. As well as developing and delivering new introductory training for buyers, this year we started to fulfil a huge increase in demand for bespoke training for teams across different business functions. These have ranged from entry-level courses for buyers, technologists and merchandisers through to high-level briefings for senior executives. In all, 774 people participated in ETI training this year: a steep increase of 61% from 480 people last year.

Sportswear International managers learn about ethical buying

Senior managers at Cheshire-based school uniform supplier Sportswear International have already started to make changes to their business practices after we gave them in-house training earlier in the year. One of the topics covered in the training was the impact that company buying practices – for example, lead times – have on workers.

Says managing director Kirk Robertson: “We realised that the lead time we give to suppliers to complete our orders might have an impact on the workers in those factories – if we don’t allow enough time, they may end up working unnecessarily long hours.

“Our sales staff are now going to the schools we sell to and explaining that if we get information from them at the start of the year about what kind of orders they’ll be placing and when, we can plan production better – which ultimately will make workers’ lives easier.”



SUPPORTING SUPPLIERS

For ethical trade to have an impact, supplier owners and managers need to build skills, knowledge and ownership of decent work.

UK employment law seminars

Responding to our members' requests, this year we helped 34 human resources managers from food and other general merchandise sectors get to grips with the basics of UK employment law. Our new seminars help managers build their knowledge of the law and the ETI Base Code, and the steps needed to develop sound human resources management systems. Next year we will roll out the training throughout the UK, with potential for piloting it in sourcing countries.

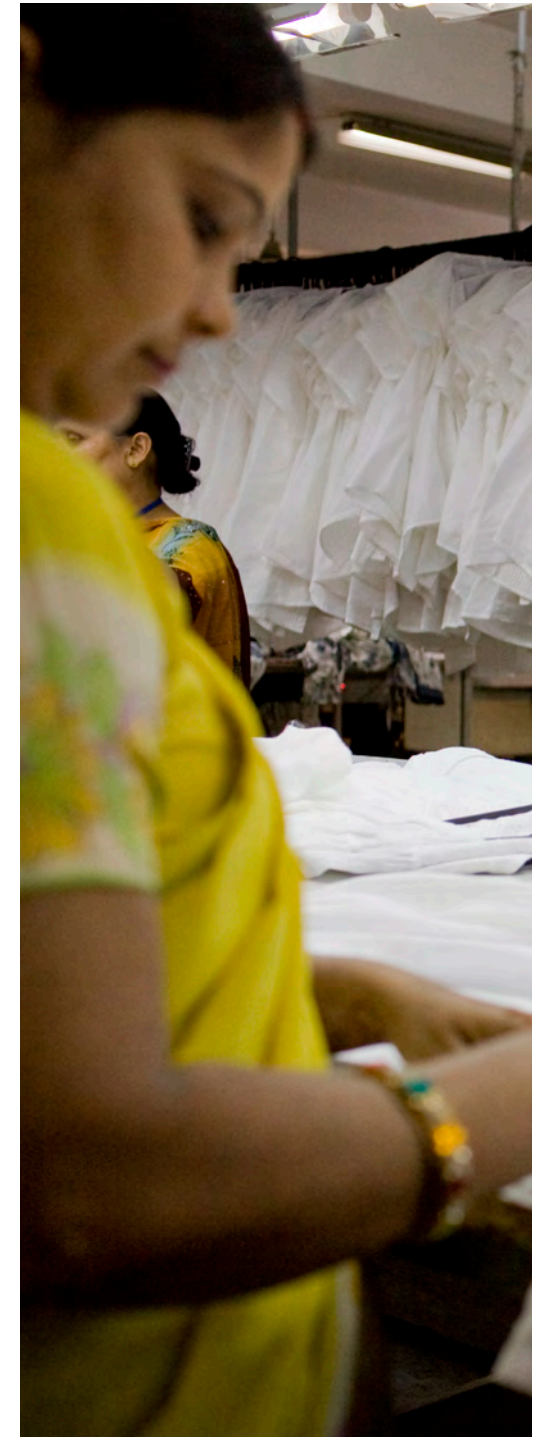
Read more about our UK employment law seminars at <http://bit.ly/fFQK16>

“The trainer clearly knows his stuff, and enjoys it. The enthusiasm was infectious.”

Increasing wages through productivity improvements in Bangladesh

Garment workers' wages in Bangladesh are among the lowest in the world. This year Asda George and Marks & Spencer reported how they have introduced factory efficiency programmes at selected supplier factories in the country as a means of stimulating sustainable wage increases. Although the details of each company's approach differ, common elements include the introduction of lean manufacturing techniques, worker rights training, and worker and management skills and productivity training. The results so far are promising: as well as improvements in productivity and quality, wages in participating factories have risen markedly.

Indira Chauhan of Asda George says: “Factory owners are willing to work alongside us as they benefit from learning how to run a more sustainable and efficient business. But factory workers also reap the benefits of better working conditions and fewer working hours. Most importantly, as they become more skilled they are able to earn a higher wage as a result.”



BUILDING PARTNERSHIPS WITH LOCAL ORGANISATIONS

Catalysing partnerships between companies and local organisations is critical to achieving sustainable change for workers.

Building capacity in sourcing countries

For companies seeking to source ethically, collaborating with NGOs, trade unions and other organisations in sourcing countries is key to responding effectively to workers' needs. But finding the right organisations to work with can be challenging and time-consuming. And while there may be organisations with the right expertise, they may be under-resourced and unused to working with multinational companies.

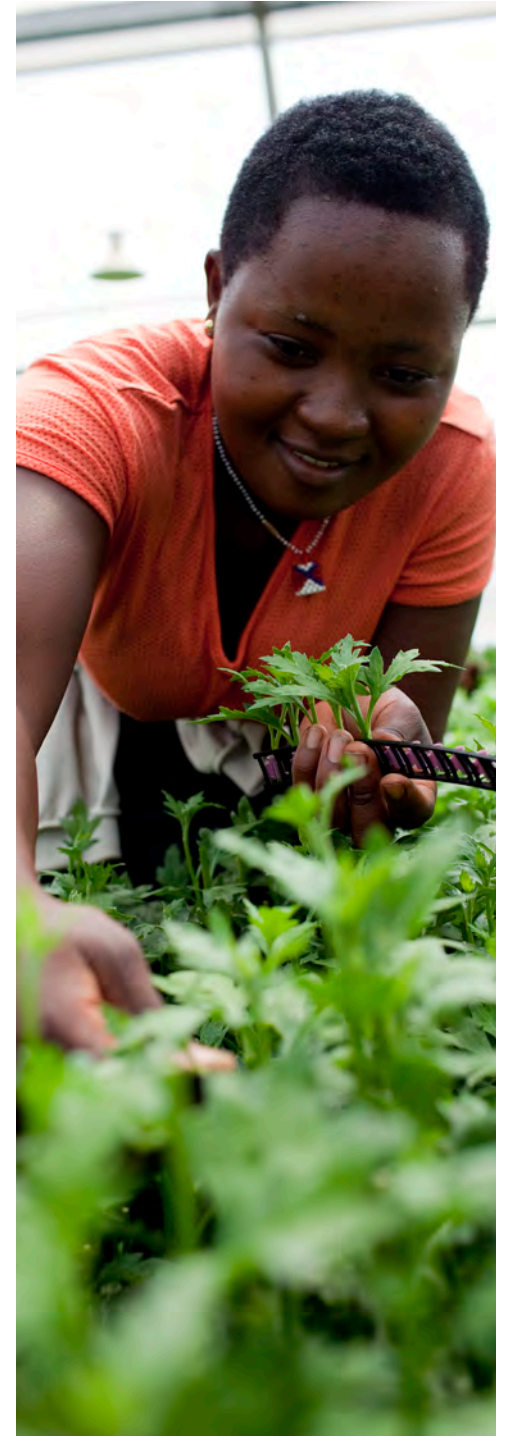
This year we have been scaling up our efforts to build the capacity of local organisations in key sourcing countries to support improvements to workers' conditions. For example, we have worked with the NGO Africa Now in Kenya to help them build the skills and know-how necessary to support the roll-out of our supervisor training. We have also helped build the capacity of suppliers' own staff to deliver the training. This will enable us to extend the reach of the programme more rapidly, so impacting on more workers.

Connecting organisations working in ethical trade

This year, along with ETI-Norway, we took over management of the Local Resources Network (www.localresourcesnetwork.net). This is an online database which enables buying companies to easily search for and connect with organisations in their key sourcing countries that can support employers to improve working conditions.

So far we have focused on populating the database with new local organisations, making it easier to use, establishing clear criteria for joining the network and investigating funding opportunities. Next year we will continue to develop the database further, including improving the quality of information available for both local organisations and service users.

Says Louise Nicholls, Head of Responsible Sourcing, Marks & Spencer: "We have used the Local Resources Network to find local partners in many countries and have been pleased with their professionalism and quality of output."



Bringing together companies with NGOs in China

In China it can be particularly hard for companies to identify appropriate local organisations to work with, or to understand their points of view. At the end of 2009 ETI worked with member companies Marks & Spencer and Monsoon to run a workshop with Chinese civil society organisations to share their experiences and identify possible joint projects for the future.

A report of the workshop was shared with the wider ETI membership to help them develop more effective ways of seeking input from civil society, and more ETI members have since shown interest in engaging with Chinese civil society. A second workshop between companies and civil society on child labour has already been held, and we plan to host more in the future.

“The workshop was like a bridge, giving brands and NGOs more room to exchange perspectives and find points of common ground.”

Chinese NGO participant





"At first things were very difficult. But now as we go on, the farm is starting to take care of the workers' welfare."

Read Flora's story at <http://bit.ly/f35uqy>

MEMBER COMPANY PERFORMANCE

Growth in ETI membership continues, despite the recession.

ETI member companies demonstrated continued progress in driving improvements to workers' conditions in their supply chains this year. Key areas of progress include a continuing trend for companies to dig deeper into their supply chains to reach the most vulnerable workers, and an acknowledgement of the need to work more closely with trade unions.

There remains much work to do. For example, companies continue to find changing their buying behaviour a challenge, although many are making greater efforts to increase awareness among staff of the need to 'think worker' in their buying decisions.

ETI members at a glance *

- 9% increase in workers covered by member companies' ethical trade activities, from 8.6 million to 9.4 million.
- 50% increase in actions taken by suppliers to improve workers' conditions, from 84,520 to 126,623.
- 17% increase in corporate membership, from 60 to 70 companies.
- Company members represent an increasingly diverse mix of sectors, with new members from the services sector as well as 3 new stone companies, bringing the total number of stone-importing companies to 11.
- Members spent £23 million on ethical trade – up from £18 million in 2008.
- 75% of ETI members demonstrate progress in applying ETI management principles across their businesses.

*2009 figures

Read more about ETI member company performance at <http://bit.ly/ghSqwc>



OUR FINANCES, 2009-2010

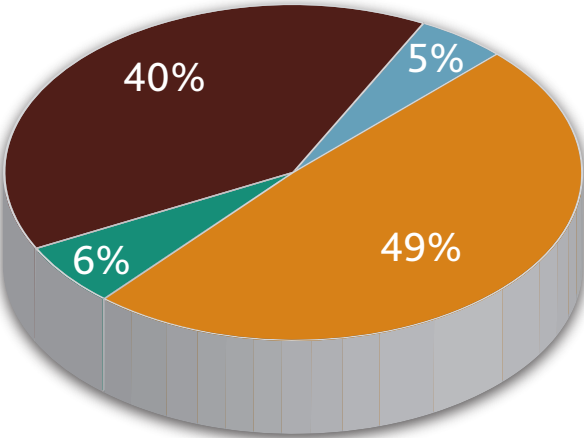
Income

We received a total of £1,332,580 from members' fees, a grant from the Department for International Development (DFID), training and other sources.

Expenditure

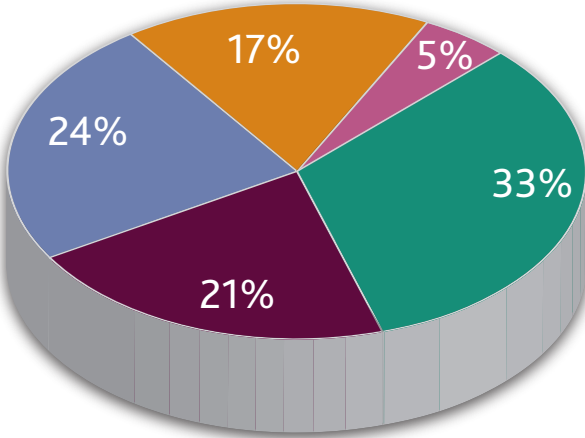
We spent £1,337,150 on supporting members, developing capacity and tools, promoting ethical trade and building commercial leverage.

View our financial accounts in full here, at <http://bit.ly/hm4aiQ>



Income

- Corporate membership fees
- DFID grant
- Training
- Other



Expenditure

- Promoting ethical trade
- Developing tools for companies
- Developing capacity
- Supporting members
- Building commercial leverage

2010 IN TWEETS

8 January

Support ETI member Meena Varma's call to make caste discrimination illegal in the UK – hear her on Woman's Hour <http://bit.ly/6fVzYf>

12 February

Don't forget your Valentine's day roses – or the workers who grew, picked, packed and then delivered them to you <http://bit.ly/cdoqua>

8 March

Today's a day to applaud women like June Hartley, who has helped empower so many women workers in Africa <http://bit.ly/bDQk28>

22 April

"They can't exercise their rights, they don't have rights" – comments from industry leaders on migrant worker abuse <http://bit.ly/blYsnA>

28 May

90% of the 33 million people worldwide with HIV/AIDS go to work. What should companies do? <http://bit.ly/9bLYp9>

22 June

Back of the net! We've scored **#comicrelief** funding to roll out ETI supervisor training to 5,000 South African workers <http://bit.ly/cyPqDB>

21 July

Get your buyers onside with our popular 'Buying ethically' workshop, 11 or 18 November <http://bit.ly/eti-buyers>

5 August

I asked Agnes what her dreams were. She said she just wants a roof that doesn't leak <http://bit.ly/aOAL15>

28 September

Voluntary codes can and do make a difference. Our response to SACOM's challenge re: **@cafodwire** guest blog on **#Foxconn** <http://bit.ly/9pTWE5>

1 October

'We don't need a union, all our workers r happy!' Gen up on union rights in time for the World Day 4 Decent Work 7 Oct <http://bit.ly/d2SlOg>

23 November

Blog post: From Delhi 2010 to London 2012, there's no room for complacency <http://bit.ly/geEvUD>

8 December

Great workshop on ethical public procurement today. But where's the leadership from government? <http://bit.ly/e4kXpk>



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