



Ethical  
Trading  
Initiative

Respect  
for workers  
worldwide

# Annual Review

2016/17





# 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

We identify and encourage good practice in ethical trade. All corporate members must adopt our Base Code of labour standards and 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 solutions that help workers claim the rights to which they are entitled. We drive improvements in company performance. We persuade and influence labour policy and legislation. We build strategic alliances in key sourcing countries and internationally. We also broker resolutions where there have been major breaches of trade union rights by companies that supply our members.

Crucially, through the reach and influence of our tripartite membership, we link business to human rights, with the aim of driving a transformation in ethical trade.

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

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This annual review was edited by Jane Moyo and designed by William Joseph. Thanks go to all staff who contributed to the review.

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**LEFT** Basket weaving in China

# Welcome from our Chair

In this year's Annual Review, we have drawn inspiration from the strength and determination of the companies, trade unions and NGOs with which we work, to do the right thing; and that is more important than ever before.

After 40 years in fashion retail, I understand that one of the things business dislikes most is uncertainty. Yet globally, the business and political climate remains volatile. In the UK, BREXIT divided and still divides opinion, while the US election result surprised the world. Elsewhere, our members have questioned what the impact of an attempted coup in Turkey, or worker unrest in Bangladesh would mean for business and workers in these two key sourcing markets. A consequence of these and other issues is that trade has become increasingly unpredictable.

Additionally, we are witnessing changes within business itself, such as the digitalisation of work or the impact of mass migration. Growing informalisation and casualisation of the workforce means that uncertainty and unpredictability affect workers also. Such developments have implications for the business and human rights agenda. Knowledge concerning company supply chains is therefore crucial, as is establishing an environment where workers' rights are protected, respected, and where needed, remedied.

While recognising concerns, I still remain optimistic. This was the year when ETI started delivering on our new strategy. We worked intensively to embed membership commitments to tackle modern slavery. We also continued to make the connection between business profitability and the rights of workers to have their voices heard. Workers who are respected and can engage effectively support a better business.

In addition, we have seen how companies are embracing the transparency agenda. Members have engaged with ETI in defining the direction of travel needed to ensure the highest standards of corporate accountability. Greater attention is being paid to business involvement with the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the Sustainable Development Goals (SDGs). Specifically, more members are mapping and publicising their supply chains, and not just their top tier suppliers.



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**Workers who are respected and can engage effectively support a better business**  
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So, there's much to be proud of. I know from long experience that as with trade unions and NGOs, people within business care about rights. I encourage each ETI member, starting at leadership level, to further increase their commitment to address, learn from and tackle the challenges we face. To do what truly matters within ethical trade – to support all workers in global supply chains who grow, produce and pack the goods which satisfy consumer needs and expectations.

Thank you.

A handwritten signature in black ink, which appears to read 'Philip Chamberlain'. The signature is fluid and cursive.

Philip Chamberlain

# Introduction by our Executive Director

It is increasingly recognised that ethical trade – trade that respects workers' rights and shares value fairly – not only has a lasting impact on reducing poverty but is also good for business. As you read this report, you will see that during the 2016–2017 financial year, the breadth of our work was wide and varied in pursuit of this aim.

Our initiative supporting the rights of young women in India's Tamil Nadu spinning mills entered its planned second phase. We recruited a wider set of businesses and moved the agenda from rights to health to broader workers' rights. Also, our Social Dialogue project in Bangladesh expanded into additional garment factories. The testimony of women involved in both is very powerful, although ETI is the first to say that there remains more to do.

Meanwhile, in China, we continued our successful partnership with the ILO, developing cooperative training relationships that resulted in shared benefits for workers, factories and international retailers alike. Likewise, we saw our work in Turkey move forward in what is a complex situation that is not without its challenges, while in Thailand our efforts to ensure that issues relating to migrant labour remained on the business agenda progressed well.

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We continued our successful partnership with the ILO, developing cooperative training relationships

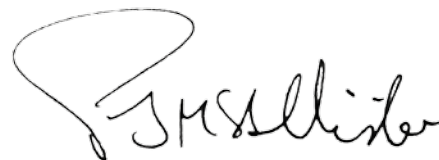
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Significantly, a growing aspect of our work is to play a role when rights have been abused and remedial action is required. We have managed engagement and complaints in agricultural supply chains in Latin America, garment manufacture in Bangladesh and South Africa and stranded workers in China.

We continue to leverage changes in policy and practice at local, national and global levels. You'll read about our work – and the work of our members – on implementing the UNGPs. And you'll also read how we contributed our experience and expertise at numerous events. Our training saw growth during the year, reflecting the work undertaken to ensure our courses are relevant, well designed and well delivered.

The invaluable contribution of company, trade union and NGO members is vital in ensuring ETI retains its uniquely tripartite approach and influence. We remain a ground-breaking organisation, which it is a huge privilege to lead, and I would particularly like to pay tribute to our staff as well as our Chair and the Board of ETI who provide oversight and guidance. I would also like to thank key supporters, including DFID, DANIDA, Geneva Global and member companies for their financial backing.

Together, we are grasping opportunities to drive transformative change.



Peter McAllister



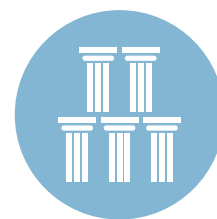




# Our priorities for transforming business and worker relationships

ETI is a clear voice in support of the UNGPs and SDGs. In this section, we summarise how we have helped members engage with both, in line with the five key priorities – or pillars – of our strategy.

Launched in October 2015, our five-year strategy, Perspective 2020, seeks to transform business and worker relationships. Firmly based in latest global thinking, the aim is to establish an environment that sees significantly improved conditions for the millions of workers employed in our corporate members' supply chains and to help influence the policy and practice of non-members.



## OUR FIVE KEY PILLARS

1

Lead on the application of the UNGPs as they relate to workers' rights

2

Ensure workers are represented

3

Catalyse the formation of a global network of local ethical platforms

4

Increase accountability

5

Influence policy and practice

ABOVE A garment worker, Bangladesh

## PILLAR 1: LEAD ON THE APPLICATION OF THE UNGPS AS THEY RELATE TO WORKER'S RIGHTS

Business action on the UNGPs is crucial. To aid companies in their engagement, we produced a Human Rights Due Diligence (HRDD) Framework giving comprehensive advice as well as providing training and practical support.

We are also building momentum in our country-specific work. We commissioned a HRDD analysis on working conditions in the agricultural sector in Southern Spain for the benefit of ETI's supermarket members. We published a briefing paper identifying key business and human rights risks relating to North Korean state-sponsored forced labour in global supply chains. In Pakistan, we partnered with a local labour rights organisation to increase awareness and build local business understanding of human rights due diligence and ethical trade.

In India, in collaboration with Partners in Change, an Indian not-for-profit CSR agency, we continued to raise business and civil society awareness of the business and human rights agenda. Working with leading Indian business schools, we showed how businesses have sought to respect human rights in the local context. The studies covered internal business structures and the garment, sandstone and block printing sectors.

“  
We continued to raise business and civil society awareness

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### DISCUSSING ISSUES AND PROBLEMS

“I've seen a change in the attitude and behaviour of supervisors and employers. They pay attention to us and we have more formal opportunities to share issues and problems. We follow safety norms now and have easy access to equipment such as boots, goggles, gloves and ear plugs. My employment has also been regularised and made permanent. I can save and I live in better accommodation with my wife. This would have been a dream for me four years back.”

**Mahesh Deva, sandstone worker in ETI's Rajasthan sandstone project**

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Ensuring respect for workers' rights is also important in more developed economies

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## PILLAR 2: ENSURE WORKERS ARE REPRESENTED

ETI's Base Code is very clear about the rights of workers to organise and bargain collectively for a living wage and decent working conditions. Consequently, we and our members sourcing from Bangladesh watched with concern the series of arrests and garment worker lockouts in Dhaka's Ashulia industrial area in December 2016. We convened a series of discussions across our tripartite membership, which included those companies that are part of our Bangladesh working group.

This resulted in ETI making representations to industry body, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). As part of a significant global lobbying effort, we saw an agreement reached to release detained workers, reopen union offices and pay and reinstate dismissed workers.

Ensuring respect for workers' rights is also important in more developed economies, including in the UK. In Leicester, we started working with an experienced trade union and community organiser to enable worker representation in local garment factories and to provide access to remedy. We are now working with ACAS to introduce worker representation fora in pilot factories.

Meanwhile, within the ETI Secretariat itself, we started the recruitment process for a Senior Industrial Relations Advisor. The post will provide a high level of practical advice and support to companies so that they can increase their ability to amplify workers' voices in their supply chains.

### WORKERS NOTICE CHANGE

“The biggest change we've noticed is that floor managers who attended [ETI social dialogue] training are more considerate. They're more supportive on the production floor, when before it was a coercive relationship. Yes, problems are still there – but even so we've started to believe that talking is the best way to address issues such as lead time pressures and wages. We're also discussing the benefits that trade unions may bring. As many of us live in the same community, we're always chatting with workers in other factories asking them about their experiences, so we can decide what is right or wrong for us.”

**Elected women worker Participation Committee representative in a Bangladesh factory**

### PILLAR 3: CATALYSE THE FORMATION OF A GLOBAL NETWORK OF LOCAL ETHICAL PLATFORMS

Despite the inevitable complexities associated with different legal systems, in 2016 we made solid progress in establishing a local platform in Bangladesh. A country manager was appointed and is now assessing needs and developing plans to ensure sustainability.

We are making similar advances in India and have an already established office in Hong Kong for our work in China and the wider region. A decision was also taken to establish a platform in Turkey bringing together key stakeholders within the garment industry to improve working conditions and reduce the risk of modern slavery, particularly for Syrian refugees.

Likewise, following requests from members for ETI to play a more substantial role in Myanmar, we started to investigate the potential for establishing a local Burmese platform in partnership with our sister organisation, the Danish Ethical Trading Initiative. And in Pakistan, we started working with a respected local partner to build a multi-stakeholder initiative.

“A decision was also taken to establish a platform in Turkey bringing together key stakeholders



BELOW Yangon garment factory, Myanmar

#### RETAILERS WELCOME COLLABORATION

“This gathering has brought back hope to collaborate to achieve a better and sustainable industry with no exploitation of refugees, no violation of the human rights of workers and better conditions for workers. Different perspectives from a wide variety of stakeholders have enriched the discussions. We had a chance to know each other and to explore our commonalities... that we already strive for the same aim. These all helped keep the synergy alive during the conference and hopefully the platform will pursue as such if we all hold on to it with that ambition.”

**Begum Tüte Selvi, Sustainability Manager, Inditex Istanbul on the November 2016 launch of the Turkey platform**





## PILLAR 4: INCREASE ACCOUNTABILITY

Perspective 2020 is a strategy for ETI and our members to remain at the forefront of ethical trade. We therefore expect our company members to strive towards being global leaders in business and human rights reporting, transparency and accountability based on robust due diligence and credible evidence. In our work towards achieving this aim, we made significant progress on the revision of our accountability mechanisms.

We focused mainly on improving our company reporting framework (company members report annually to ETI on their progress). Aligned to the UNGPs and ETI's due diligence recommendations, it was informed by in-person and online consultation across company, trade union and NGO members and with relevant external organisations.

By March 2017 we had finalised a draft framework for piloting with four members. The success of this pilot enabled us to improve and release the reporting framework via a new online platform in October 2017.

Work on transparency was also initiated in 2016. The aim is to clarify our positioning and to set out a clear and objective case for greater transparency across our membership.

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The success of this pilot enabled us to release a revised reporting framework via a new online platform in October 2017  
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### INCENTIVISING COMPANY REPORTING

“The revised ETI reporting framework, even in its pilot version, was a really useful tool as it helped us think more strategically about our ethical trade activities. It incentivises you to take your key issues in your supply chain as a point of reference and define some robust objectives to address them.”

**Andrew McKenzie, Senior Sustainability Executive, Commercial Group on the 2017 pilot of the ETI revised reporting framework**



We engaged with key business leaders, policy makers and politicians, evidencing the need for robust action around policy change



## PILLAR 5: INFLUENCE POLICY AND PRACTICE

ETI is recognised as a source of expertise and leadership on labour rights and we engage in advocacy to influence international thinking and action. In the UK, we lobbied for strengthened legislation and enforcement around the protection of vulnerable workers, including victims of modern slavery, making submissions to the Labour Market Enforcement and Groceries Code Adjudicator's consultations and giving evidence to the UK's Joint Committee on Human Rights.

We supported Baroness Young's Private Members Bill to strengthen UK Modern Slavery legislation and joined the Advisory Committee of the Business and Human Rights Resource Centre's Central Registry for Modern Slavery Statements. More broadly, we were invited to speak and make presentations at numerous high profile events both in the UK and internationally; at these, we engaged with key business leaders, policy makers and politicians, evidencing the need for robust action around policy change.

We were also one of the expert organisations involved in an ongoing Organisation for Security Cooperation in Europe (OSCE) project to encourage member states to strengthen their legislation on modern slavery transparency, labour market protection and public procurement procedures. Consequently, we are helping to draft guidance for member states.

### STRENGTHENING THE UK'S MODERN SLAVERY ACT

“Over the last year I've been working to amend the UK's Modern Slavery Act within parliament to strengthen its transparency provisions and extend its reach to public bodies. ETI's backing, and its work with responsible businesses, has helped me to push this agenda to ensure that the UK remains at the forefront of what is a vital business and human rights issue. While we all recognise that there are no quick fixes, it is urgent that progress is made and that commitments are translated into further action.”

**Baroness Young of Hornsey on her work to strengthen the UK's Modern Slavery Act**

# A look at some key achievements

In 2016–2017 we made our presence felt around the world, giving advice, sharing our expertise and running programmes in key supply chains. These pages capture a selection of that work.

**BELOW** A sandstone worker in Rajasthan, India



## BETTER HEALTH AND SAFETY IN RAJASTHAN'S STONE YARDS

In December 2016, we surveyed workers from three sandstone processing yards in Rajasthan in India linked to current and previous members' supply chains. We wanted to map changes in working conditions five years after the start of our Rajasthan working group. Workers reported significant improvements in occupational health and safety, including the provision of personal protection equipment, easy access to drinking water and clean toilet facilities.

Despite some gaps and challenges, the survey also found notable improvements around the payment of minimum wages, work contracts and documentation and job security. The researchers reported that the "enabling environment generated ... at factory level has created a great sense of hope and conviction among workers to aspire for change." It should also be noted that outside of the workplace, local ETI staff – with members' backing – also tackled sector-wide issues. These included encouraging the take up of payment passbooks to record wages and contracts, helping to organise workers' health camps and lobbying around the work-related lung disease Silicosis, with a focus on improved medical provision and compensation.

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Despite some gaps and challenges, the survey also found notable improvements around the payment of minimum wages, work contracts and documentation and job security

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## WORKER VULNERABILITY IN AGRICULTURAL AND FOOD SUPPLY CHAINS

For some time, member companies have requested practical guidance and examples of good practice to support their efforts to improve working conditions for vulnerable workers in agricultural and food supply chains. In October 2016, we therefore published the Vulnerable Workers Toolkit.

Primarily aimed at Compliance and HR managers, buyers and technical staff, as well as sourcing staff in first tier suppliers, the toolkit helps companies identify and act upon potential and actual human rights risks in their operations and supply chains and in the services that they use.



## DECENT ACCOMMODATION FOR THE UK'S MIGRANT FARM WORKERS

About 90% of British fruit and vegetables are picked, graded and packed by migrant workers, mostly from eastern Europe. But accommodation standards vary. The best can be very good. Yet, with few legal requirements around caravan accommodation in particular, it can be too easy to accept low standards as a norm.

That's why we were asked to convene and co-chair a working group of agricultural suppliers and food retailers to work on ways to improve standards. Together, we helped UK trade association, the Fresh Produce Consortium, produce practical easy-to-use guidance and benchmarks. We and our retailer members have committed to monitor take-up and assist in wider worker consultation.

# 90%

of British fruit and vegetables are picked, graded and packed by migrant workers.

**BELOW** A migrant worker processing vegetables in Britain



## BEING HEARD BY THE RIGHT PEOPLE

In the UK, we ran 45 training courses attracting 1,564 attendees, while 471 delegates joined 10 Ethical Insights debates. These popular discussions bring together ethical trade experts, business representatives and activists. In 2016, they ranged from asking if fast fashion could ever be ethical to whether ethical consumerism wielded power over global supply chains. Our social media outreach too, continued its strong growth, particularly our blogs which focus on the intersection of news, business and ethical trade.

# 471

delegates joined 10 Ethical Insights debates.

# 1,564

attendees took part in 45 training courses.

## BRINGING ALL SIDES TOGETHER IN THAILAND

In 2016, the US government upgraded Thailand on its human trafficking watch list from Tier 3 (worst offenders) to Tier 2. But serious issues remain. Our Food and Farming lead was in Thailand at the time for a series of meetings on its fishing and seafood processing sectors, which have long been notorious for an often ill-treated and underpaid workforce of mainly migrant workers.

As well as working across our tripartite membership we were – and still are – in dialogue with the Thai government, the ILO, industry associations and leading Thai companies; and with local unions and NGOs. Importantly, we joined the external advisory group of the crucial Seafood Taskforce, a company-led initiative seeking to drive sustainability through supply chain oversight. As such, we are influencing decisions on the ground. We are also shaping future thinking and planning to tackle labour rights abuses across Thailand.

# 71

prominent brands and retailers were involved in our research on Corporate Leadership on Modern Slavery.

## CORPORATE RESPONSES TO MODERN SLAVERY

With Ashridge Hult International Business School, we investigated corporate responses to modern slavery ahead of the first anniversary of the UK's Modern Slavery Act. Our research on Corporate Leadership on Modern Slavery involved 71 prominent brands and retailers, including in-depth interviews with 25 companies.

It found that twice as many CEOs and other senior executives have become actively involved in addressing modern slavery in global supply chains since the Act came into force. The report makes a compelling case for the value of legislation to encourage companies to take modern slavery much more seriously and its findings have been widely quoted internationally by industry bodies, governments and policy think tanks.



## SHAPING CORPORATE POLICY AND PRACTICE

Companies are increasingly expected to address the linkages between business, human rights and sustainability and our evidence-based guidance and analysis helps them find sustainable solutions to current issues.

In 2016-2017 we published guidance on Human Rights Due Diligence, Living Wages, and Ethical Trade and the Sustainable Development Goals (SDGs). To date, these have been downloaded 2,350 times.

# 2,350

downloads of new guidance to date.

## IMPROVED CONFIDENCE AND WORKING CONDITIONS IN TAMIL NADU

As the only large-scale workers' rights project working directly within spinning mills and garment factories in southern India, our Tamil Nadu Multi Stakeholder Initiative (TNMS) seeks to address the working conditions of young women workers.

In 2016, in line with our planning, we expanded our factory-based work from addressing women's health to tackling broader labour rights issues within a peer group system. We also funded community outreach and advocacy that influences the sector as a whole. But the factory work is designed to be an exemplar and to show that high standards can be met within workplaces in a sustainable way. TNMS now covers 26 spinning mills and five garment factories reaching 16,000 workers. Enthusiasm for the programme is high among both management and workers. As a manager said: "To sustain the business, we have to strictly adhere to all the Indian labour laws and we want to have empowered women workers with sufficient knowledge on health and rights. It is better to be proactive than reactive."

Likewise, workers are reporting better understanding of their rights and improvements in their working conditions. They are also feeling confident enough to raise grievances around harsh treatment by supervisors, and even sexual harassment. Importantly, as one young woman reported, they are being taken seriously: "Now, after becoming a Worker Peer Educator, I have come to know my strength, have more friends, more workers know me, elders also learn from me, and they appreciate me."

ABOVE Garment factory workers, India

“ We expanded our factory-based work from addressing women's health to tackling broader labour rights issues within a peer group system ”

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RIGHT A female worker in a Turkish factory

## ADDRESSING ENDEMIC PROBLEMS IN TURKEY'S GARMENT SECTOR

Turkey's garment sector has long had problems around poor working conditions and wages. With the influx of three million Syrian refugees, the situation was seen to get worse, with reports of a rise in child labour and other forms of exploitation.

In November 2016, we therefore launched an ethical trade platform. Twenty-eight international brands and retailers immediately joined, as did the three main Turkish exporter and employer associations – the Istanbul Garment Exporters Association ITKIB, the Turkish Clothing Manufacturer's Association TGSD and the Turkish Textile Employers' Association TTSIS.

Importantly, international trade union IndustriALL and its four local affiliates also signed up along with international NGOs CARE and Oxfam, as well as local women's rights and refugee rights organisations. While it is still early days, this is the first time such a sector-wide body has been formed in Turkey to collaboratively address issues such as purchasing practices, workplace social dialogue and grievance mechanisms.





## RESPONSIBLE ENTERPRISE TRAINING IN CHINA

A total of 212 delegates representing international brands, local suppliers, NGOs, trade unions and academics attended social insurance training in Shanghai and Shenzhen in October 2016 and social dialogue and modern slavery training in Hong Kong in December.

With the ILO SCORE Programme, we also started working to improve the productivity, competitiveness and sustainability of 17 small and medium-sized enterprises supplying eight ETI members through workplace training and in-house consultancy. This will ensure that Chinese factories meet the high standards demanded by international companies.

## ENCOURAGING WORKPLACE COOPERATION IN BANGLADESH GARMENT FACTORIES

Our social dialogue project in the Bangladesh garment sector is designed to encourage workplace cooperation and prevent minor disagreements from escalating into major disputes. It is garnering interest across a sector that too often experiences mistrust between workers and factory owners and managers.

An independent evaluation of the pilot phase in nine factories, which was originally backed by six global retailers, found that the programme had improved understanding of rights and responsibilities and enhanced communications and morale. It increased the participation of women in workplace processes including in legally required Participation Committees. It also decreased labour unrest and showed potential for increased productivity.

A second phase has now started, backed by more retailers and reaching 54,000 workers in a further 25 factories. A trade union president in a Tongi-based factory confirmed the findings of the evaluation, saying: "Social dialogue training persuaded us that consensus should be the first option ... and that solutions should draw on collaboration not confrontation."

“Our social dialogue project is designed to encourage workplace cooperation and prevent minor disagreements from escalating

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# 17

small and medium-sized enterprises supplying eight ETI members joined ETI/ILO SCORE training.

BELOW Latex production line, Hebei province, China

## A PROMISING FUTURE FOR CHINESE WORKERS

In China, social insurance includes the pensions, benefits and medical allowances to which companies and individual workers contribute. The Promising Future project brought 10 brands together to tackle one of the biggest challenges for social insurance: workers often do not want to join social insurance schemes because they can find them too complex to understand, or believe they cannot access the benefits or transfer savings.

We engaged with Carnstone, a sustainability consultancy, and facilitated member collaboration and funding towards the production of a short video, webinar, handout and interactive website aimed at both workers and local managers. These are now being promoted in hundreds of factories with more international brands asking to come on board.



# 21%

of our members had improved the way they supported suppliers to meet the provision of the ETI Base Code.

## ENCOURAGING COMPANY LEADERSHIP

At ETI we encourage continuous improvement in the implementation of the ETI Base Code. At the end of the year we assessed our member's progress against their reports to us. 19% of companies had made changes to encourage stable business relationships with suppliers, 21% had improved the way they supported suppliers to meet the provisions of the Base Code and 19% had made progress in remediating identified issues.

# In focus: progressing corporate leadership in ethical trade

ETI brings together companies, NGOs and trade unions to define actions and share lessons. These meetings include working and programme groups that represent members with a common interest and tackle critical aspects of ethical trade. We also run specific caucuses for each sector, including company roundtables. Here we show how we enable company members to network, share good practice and learn more about latest ethical thinking.

**BELOW** Metal workers  
in Jiangsu province, China

**ABOVE** Migrant workers  
on Thai fishing boats



In March 2017, we invited all our company members to what is a regular series of biannual corporate roundtables. The aim is to provide a space for companies to network, to share good practice and to address any challenges they face in building their commitment to ethical trade.

The March roundtable attracted over 80 participants from across our corporate membership and used presentations and panel discussions to promote learning. It also featured smaller breakout groups organised by size (small, medium and large enterprises) to discuss issues of relevance to companies with a similar level of reach and resource.

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The aim is to provide a space for companies to network, to share good practice and to address any challenges they face in building their commitment to ethical trade

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Discussions were broad. They ranged from the business context in China and India, led by our country managers, to the growing importance of accountability and transparency and what this means for companies. That was not just about addressing reputational risks. Discussion was also about understanding and acting on the added benefits of efficiencies and cost savings that can be made when implementing an effective human rights policy.

There were also sessions on corporate leadership in modern slavery, working with trade unions and moving beyond audit. The last three had been flagged by members as issues of importance. All included companies talking about their own experiences and discussing what leadership entails.





## MOVING BEYOND AUDIT

Most leading companies now accept that while audits have their place, they also have problems. Audits can fail to pick up all supply chain abuses and neither are they good at assessing the root causes of worker exploitation. At the roundtable, there was a clear understanding that audits need to evolve. Corporate member Matrix, shared its approach to going “beyond audit” by linking the prosperity of workers to the commercial stability and prosperity of factories. Matrix also emphasised the importance of building trust and talked through their “medicine cabinet” of tools and training, including “red flag” training to help sourcing teams recognise issues that may suggest modern slavery is present at a supplier’s site.

## ADDRESSING MODERN SLAVERY

The UK’s Modern Slavery Act has been an ethical game changer for the corporate sector, particularly because Modern Slavery Statements must be signed off at board level. But many companies are still unsure about what it means for them specifically. We addressed the issue in a “Question Time” discussion format with speakers from ASOS, Debenhams, Next, Seafood Holdings and Tesco.

The panel discussed how their companies have responded to the modern slavery agenda, its challenges, company successes and lessons learned. They also explored what corporate leadership looks like in this space, drawing from the research ETI conducted with the Hult Ashridge Business School. When debate was opened to floor, the audience grasped the opportunity to share their experiences. This included how they provide guidance to, and work with, suppliers on what is a zero-tolerance issue.

## WORKING WITH TRADE UNIONS

The second clause of our Base Code requires members to respect a worker’s right to freedom of association and collective bargaining. Yet, working with trade unions is an area where corporate members consistently ask us for more guidance. In this session, H&M and Tchibo shared their experiences of forming and implementing Global Framework Agreements with IndustriALL and UNI global unions. Afterwards, companies focused on how best to drive worker representation depending on the size and leverage of the business, including how to collaborate with each other and shared suppliers.

ABOVE Garment workers, Cambodia

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Companies of all sizes discussed the benefits that a unionised workforce can bring

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# £100bn

Combined revenue of ETI companies.

At the end of the roundtable, 96% of surveyed participants said that they thought the day was good to outstanding. What was very clear, is that with over £100 billion of combined revenue, ETI companies understand that they have a substantial mandate to promote workers’ rights and are keen to work together with ETI and each other to do this.

# Our members

## NGO MEMBERS

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

Anti-Slavery International (ASI)  
 Banana Link  
 CAFOD  
 CARE International  
 Christian Aid  
 Dalit Solidarity Network UK (DSN-UK)  
 Focus on Labour Exploitation (FLEX)  
 Homeworkers Worldwide UK  
 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

## TRADE UNION MEMBERS

Our union members represent over 180 million workers worldwide via two trade union federations and through them, actively engaged affiliated unions. For a comprehensive list of affiliated members go to our website.

International Trade Union  
 Confederation (ITUC)  
 Trades Union Congress (TUC)

## COMPANY MEMBERS

Since our last Annual Review, we have welcomed nine new company members from a range of countries and sectors. We have been joined by Missguided Ltd, Ricosta, Reiss and Zeeman Textiel Supers B.V.. We have also welcomed Bidfresh Ltd, Oliver Bonas, Princes Limited and WGC Limited. All new ETI members receive guidance and advice as they put the principles of ethical trade into practice and develop and strengthen company strategies. Eight companies are no longer members.

## FOUNDATION STAGE MEMBERS

BBC Worldwide  
 Best Seller  
 Bidfresh Ltd  
 Flair Flooring Supplies Ltd  
 Flamingo Horticulture  
 Global Fashion Group UK Services Limited  
 Help for Heroes  
 Hunter Apparel Solutions Ltd  
 Jabong  
 KappAhl Sverige AB  
 Missguided Ltd.  
 Morrisons Supermarkets PLC  
 Mr Price  
 Oliver Bonas  
 Princes Limited  
 Promointernational  
 Reiss  
 Ricosta  
 Seafolly  
 SKINS Ltd  
 WGC Limited  
 Whistles  
 Whitbread  
 Zeeman Textiel Supers B.V.

## FULL MEMBERS

Apetito  
 Arco  
 Asda  
 ASOS  
 BBS Granite  
 Bonmarche  
 Boden  
 Burberry  
 BTC Group  
 C&A  
 CED Ltd.  
 Commercial Group  
 Co-operative Retail  
 DAKS  
 Debenhams Retail  
 Fat Face

Foster Refrigerator  
 Fyffes Group  
 Gap Inc  
 Greencell  
 H&M  
 Hardscape  
 Hobbs  
 Inditex  
 Jack Wills Ltd  
 James Finlay Limited  
 John Lewis Partnership  
 London Underground  
 Mackays  
 Marks & Spencer  
 Marshalls  
 Matrix APA  
 Mayoral Moda Infantil  
 Melrose Textile

Meltemi Company Clothing Ltd  
 Mens Wearhouse UK  
 Monsoon Accessorize  
 Mothercare  
 M R International  
 Natural Paving Products  
 N Brown  
 New Look Retailers  
 Next Retail  
 Pentland Brands  
 Orsay  
 Primark  
 Regatta  
 River Island  
 Rohan Designs  
 Ruia Group  
 Sainsbury's  
 Shop Direct

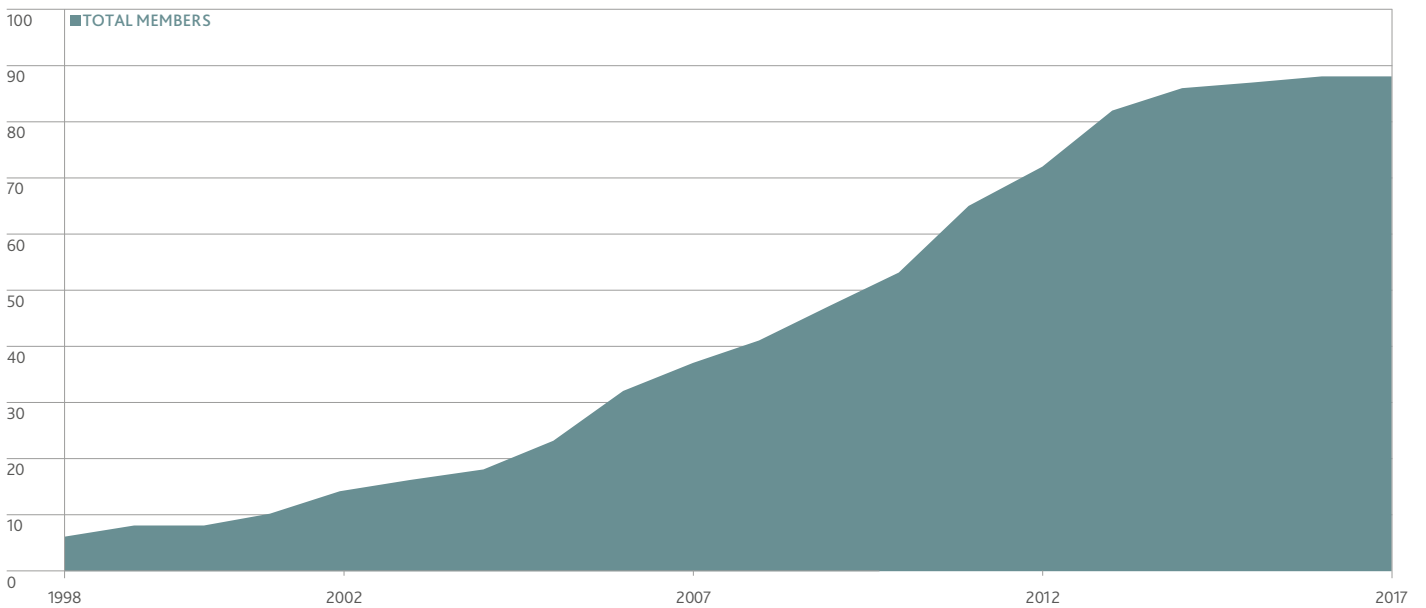
Stella McCartney  
 SuperGroup Plc  
 Supremia  
 Tchibo GmbH  
 Tesco  
 The Body Shop International  
 The White Company  
 Typhoo Tea  
 Union Hand-Roasted  
 White Stuff  
 WHSmith  
 Winfresh (UK) Ltd

Membership data accurate up to 31 July 2017.



# Company member profiles

## MEMBER DEVELOPMENT



## MEMBER SECTORS

### Supplier/retailer split



### Size split



### Sector split



# Financial overview

We continue to strengthen relationships with core partners. As a result, we saw a 31% increase in funding from £2,427,801 in the 2015-2016 financial year to £3,185,038 in 2016-2017. In addition to membership and training fees, we have seen a particular growth in third party partnerships that provide significant financial support to ETI. We are hugely appreciative of the long-term strategic support we receive from the UK's Department for International Development (DFID).

Through DFID's Programme Partnership Arrangement (PPA) and Responsible, Accountable and Transparent Enterprise (RATE) funding we continue to grow in strength and adapt to the ever evolving business and human rights landscape. We have also continued to develop effective partnerships with DANIDA, the UK's Foreign and Commonwealth Office, Geneva Global and the Commonwealth Foundation. Our ability to attract and use such funds to innovate and demonstrate impact for workers is of vital importance and we extend our thanks to all our institutional donors.

“  
In addition to membership and training fees, we have seen a particular growth in third party partnerships  
”

## OUR BOARD

**Chair**  
**Philip Chamberlain**

**Corporate representatives**  
**Giles Bolton:** TESCO  
**Chris Harrop:** Marshalls  
**Katherine Stewart:** Primark  
**Jon Tugwell:** Fyffes  
(Resigned May 2017)  
**Michael Pennant Jones:** Finlays  
(From September 2017)

**Trade union representatives**  
**Christina Hajagos-Clausen:** IndustriALL (To September 2017)  
**Alison Tate:** ITUC  
**Owen Tudor:** TUC  
**Scot Walker:** Unite

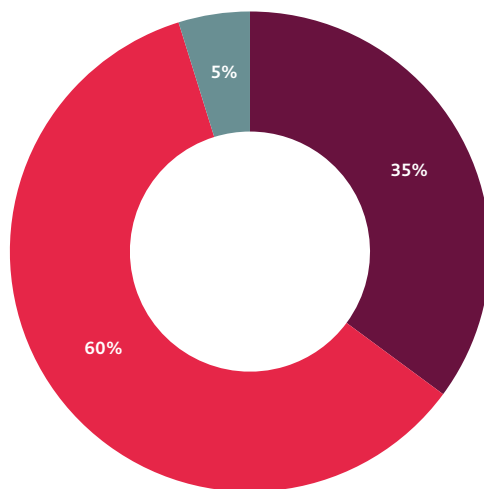
**NGO representatives**  
**Aidan McQuade:** Anti-Slavery International (Resigned September 2017)  
**Emily Scott:** CARE International UK  
**Rachel Wilshaw:** Oxfam GB  
**Meena Varma:** Dalit Solidarity Network UK (Resigned May 2017)  
**Caroline Robinson:** FLEX (From May 2017)

**DFID observer**  
**Jenny Carlen** (To September 2017)  
**Tamara Silver** (From September 2017)

## ANNUAL INCOME

- Membership income: £1,210,644
- Grants: £2,070,586
- Training: £165,753

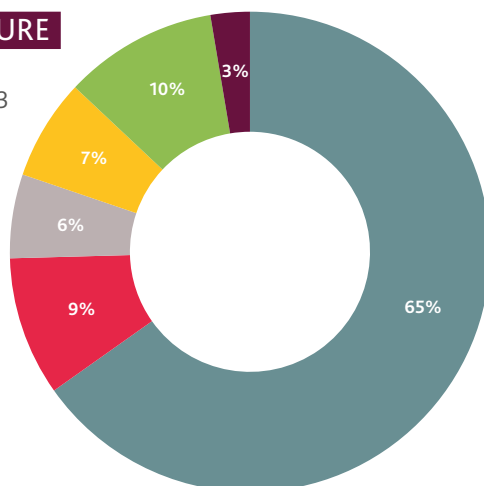
Total: £3,446,983



## ANNUAL EXPENDITURE

- Programmes: £2,076,463
- Knowledge and learning: £298,496
- External Relations: £179,996
- Membership services: £216,400
- Operations: £329,534
- Governance: £84,149

Total: £3,185,038





# 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.





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