

ETI PERSPECTIVE 2020: A FIVE YEAR STRATEGY

Introduction

This document is the final and Board approved version of ETI's strategic directions based on the ETI Board meeting discussion of 12th March 2015. The Board meeting followed a period of consultation with members, which took place from October to December 2014.

This is a high level strategy document rather than an operational plan, so final formulation of the detailed objectives and business model that underpins this will be developed now that the broad directions are agreed.

The summary of the background and analysis that leads to this strategy is presented as Annex 1.

Our perspective for 2020

With our members we reach more than 10 million workers in global supply chains. Individually and collectively, ETI and its members seek to make sure that these workers enjoy their rights at work as described in the ETI Base Code. Typically much of this effort has been through audit and compliance activity, however it is widely recognised that such an approach has significant limitations in some areas and can hinder progress in others. In the next five years, ETI will lead innovation in approaches which are more effective in enabling workers to enjoy their rights. Our goal is that workers in global supply chains enjoy better protection in the workplace through appropriate and better enforced legislation; their rights are respected by those they work for and all those in the value chain; and where abuse has occurred, that they have access to effective remedy.

By 2020 we want to see....

that the 10 million workers in our company members' global supply chains enjoy improved protection of the rights described in the ETI Base Code, greater respect of these rights by those they work for and better access to remedy when their rights are abused.

In achieving this goal ETI will:

- Be a recognised global leader in supporting workers’ rights through implementation of the ETI Base Code and the practical application of the UN Guiding Principles on Business and Human Rights.
- Be successful in promoting genuine worker representation, improving accountability and advocating for an environment that supports workers’ rights.
- Work with a self-sustaining network of local platforms, engaging business, unions and civil society.

Our strategic pillars:

We will reach this goal by concentrating our efforts on five strategic pillars.

1. Lead in the application of the UN Guiding Principles on Business and Human Rights (UNGPs), in the area of workers’ rights

ETI and its member organisations will develop a proven track record in the practical and successful application of the ‘Protect, Respect and Remedy’ principles for workers’ rights in global supply chains, through collaborative programmes. We will continue to promote the ETI Base Code as a globally recognised voluntary code of workers’ rights based on the ILO core conventions. The UNGPs apply to the entire range of internationally recognised human rights. ETI recognises that women and vulnerable workers, such as migrants and other historically disadvantaged groups, face additional barriers to enjoying their rights and will ensure that this is taken into account when implementing the UNGPs.

The process of due diligence is a critical cornerstone to the implementation of the UNGPs. ETI has relevant experience in working along supply chains and will further develop this in facilitating and disseminating a credible process of due diligence in members’ supply chains which goes beyond typical audits. Due to its tri-partite structure, ETI is also well placed to ensure that a process of due diligence is inclusive of a range of perspectives and can help to ensure respect for workers’ rights by addressing underlying causes. This process will lead to better informed business decisions and supply chain practices that support workers’ rights, in keeping with the UNGP principle on ‘integration in the business and implementation with suppliers’. ETI members will be encouraged and supported to ensure that they identify actual and potential impacts on the rights of people affected by their business activities including through their business relationships. Using their leverage alone or with others, they will be supported to act to mitigate these risks and ensure effective remediation where there is adverse impact. These processes will also identify where there is a need to engage government to strengthen the protection of rights, where there needs to be additional action to ensure that businesses and their supply chain partners are respecting those rights and where a process of remedy needs strengthening to be both available and effective.

We will undertake independent impact assessments of these selected programmes, highlight successes and build evidence of what works and why.

By 2020 we will:

- Have made available proven practical guidance and advice to our members and their supply chain partners as to how best to implement the UNGPs.
- Have applied the UNGP framework, starting with a thorough process of due diligence, in at least five key supply chains; engaging our members and their supply chain partners.
- Have contributed to the global body of knowledge through documenting feedback, sharing the results, and where appropriate, providing policy papers.
- Have supported member companies in integrating UNGP-based due diligence processes into their business model, sourcing and purchasing practices.
- Have assessed and documented the application of the UNGP framework by our members in their normal business practices, including due diligence processes and effective remedy mechanisms.

2. Ensure workers are represented

ETI promotes freedom of association; an element of the ETI Base Code and an enabling right for workers. Where workers are represented by an independent free trade union, enjoying their rights to freedom of association, they are best able to ensure that their wider rights at work are respected. This means that an environment that ensures good industrial relations can address issues such as health and safety, living wages and harassment, as well as product quality and productivity, constructively. Respect for workers' rights is integral to businesses' ability to thrive and be profitable in the long-term.

Where independent free trade unions are not active, ETI will seek to tackle the barriers to their presence, but in the interim workers will be supported to represent themselves, engage with their employers and defend their rights. Workers must be at the centre of ethical trade so that they play an active role in ensuring that they enjoy their rights. We will encourage business to work with representative trade unions, locally, nationally and globally, so that workers are able to enter into collective bargaining agreements and therefore play an active role in identifying problems and risks, find solutions, negotiate effectively and have their voice heard on issues that affect them directly.

In particular women and vulnerable workers, such as migrants and historically disadvantaged groups, need to be fully included in the analysis of working conditions, design and implementation of activities, be aware of their rights and able to play a role in monitoring progress. Forms of meaningful representation for such vulnerable groups need to be developed, or where they exist already, supported to play their full role. ETI members will demonstrate how meaningful dialogue with workers and workers' representatives is central to their ethical trade strategies and approaches.

By 2020 we will:

- Improve members' understanding of and practical support for freedom of association, collective bargaining and worker representation.
- Ensure that member company due diligence includes work with unions to assess the extent to which freedom of association is being respected across supply chains.
- Document and report on lessons learned and the shared benefits from member activities in promoting effective worker representation.

- Share successful examples of effective worker representation across ETI’s work in at least five supply chains, including their impact for workers and employers.

3. Supporting an emerging international network of ethical trade platforms

We believe that to meet the standards described in the Base Code (which underpin compliance in supply chains in a sustainable way), informed local actors need to set their own agenda, collaborate together, advocate for effective governance, act transparently and lead change. Acting as a catalyst, ETI will promote local tri-partite dialogue. This may be achieved by building on existing or nascent platforms, or by ETI acting as a catalyst to create such a platform where none exists. Where possible, these should be tripartite in nature from the outset and where this is not possible, we will seek to ensure they become so in the long run. We will pilot this strategy in key sourcing countries, which could include India, China, Bangladesh and South Africa.

Once active, we will support these platforms as they develop local solutions, local decision-making and create local ownership. Where needed, we will support their governance, design and organisational development. This will contribute to building the conditions for sustainable improvement in workers’ rights, based on the principles of continuous improvement, with a focus on positive outcomes. Each location will require a tailored approach and from the outset, must consider how the platform will become self-sustaining. Activity in China will be adapted to the prevailing reality while retaining the long-term perspective of worker representation through free trade unions. A global network, working through local platforms, will enable us to be closer to where workers’ rights issues are found, to be better informed and better able to support our members in understanding and tackling issues.

By 2020 we will:

- Have supported the emergence and development of at least three local ethical trade platforms in key sourcing countries.
- Document the effectiveness of these platforms as they set their own agenda, tackle workers’ rights issues and deliver positive outcomes for workers.
- Document the progress made towards self-sustainability of each platform.

4. Increase accountability

We will strengthen our members’ accountability in their implementation of the Base Code. Forthcoming regulation creates an opportunity for ETI to play a progressive role in championing robust reporting by company members. We will promote increased member transparency by encouraging publication of their policies, objectives, risk analysis, achievements and lessons learned related to workers’ rights issues in their supply chains – helping them to meet the growing expectations of consumers and regulators. ETI will also support producers, manufacturers and suppliers to become more transparent and accountable for the treatment of workers throughout their supply chains.

We will work to ensure that company reports are supported by evidence of the impact on workers’ rights. Drawing from company member reports, whether made public or not, ETI will be a reliable source of public, credible, balanced and authoritative statements on member company progress. The formulation of these statements and the process to present this information publically will be devised by a tri-partite group. These statements will support the process of continuous improvement; enabling public recognition of progress made, whilst reinforcing trust in member companies.

By 2020 we will:

- Have demonstrated the case for companies being more transparent about their supply chains and the degree to which workers enjoy their rights.
- Have a robust and credible reporting system that drives evidence-based accountability.
- Provide publicly available authoritative and well-recognised reports on member companies to support their commitments and achievements.

5. Influence policy and practice

We will build on our long experience of convening, learning and sharing by continuing to support effective member company action to uphold the rights of workers in their supply chains. However, we recognise the limitations of voluntary action. Therefore where poor governance is a barrier to workers enjoying their rights, ETI will work with its members to influence leaders and decision-makers for effective regulation, monitoring and enforcement of labour standards. This activity will support the first pillar of the UNGPs; the state's duty to protect workers. We will challenge policies and regulations that allow precarious work or otherwise undermine fundamental rights such as freedom of association. We will advocate for the creation of an environment that supports the respect of these rights by business and enables compliance with the standards their customers expect. This will complement, and not substitute for, companies taking action in their own supply chains. Such influencing activity will identify points of leverage for change and must take into account the special circumstances related to gender and vulnerable workers, such as migrants and historically disadvantaged groups.

We will challenge ourselves and our members to understand emerging issues and develop practical solutions to address workers' rights in critical areas, for example modern slavery, living wage and freedom of association. We will support increased policy engagement based on robust evidence and analysis; investigation methods that go beyond audit and better information sharing. We will advocate for raising the bar in terms of transparent public reporting based on clear guidelines for all businesses and all sectors.

By 2020 we will:

- Have produced tools and guides that help members to advocate effectively in the area of workers' rights.
- Have mobilised members to engage with local and national policy makers and other relevant stakeholders, and influenced policy and practice change in at least five key supply chains that pave the way for better protection of workers' rights and more meaningful supply chain reporting.
- Have demonstrated and documented the value of policy level engagement in at least three key areas. These may be coincident with the five supply chains mentioned in pillar 2 or be driven by other concerns identified by members.

Strategic enablers

To underpin the strategic pillars and progress towards our goal, we will also work on four strategic enablers to ensure a thriving, sustainable organisation.

1. Effective alliances

ETI has a proven track record in bringing companies, trade unions and NGOs together in effective alliances, so that workers in global supply chains can realise their rights at work. These alliances are uniquely placed to innovate in addressing emerging challenges for workers and their rights. We will seize the opportunity for greater impact from these collaborative efforts, tackling the underlying causes that prevent workers making progress in attaining their rights, and engaging in the regional, national and international debate at a strategic level, where appropriate.

We will:

- Build on our expertise in convening, mediation and facilitation, in order to broker effective alliances amongst our networks that are focused on specific outcomes.
- Develop a more strategic level engagement from our unique tri-partite membership by creating opportunities for leaders across our membership to meet, engage and act.
- Improve our ability to draw on the complementary experience and expertise of our tri-partite membership to better understand and develop solutions to workers' rights issues.
- Continue to offer a secure space for sharing and discussion, but focus on action, outcomes and accountability.
- Promote mutually beneficial sharing of experience and collaborative work to understand and tackle workers' rights issues.

2. Strategic partnerships

Whilst maximising the potential of our alliances within our networks, we will seek strategic partnerships with others that allow us to deepen and extend our work with like-minded and complementary organisations, enabling the delivery of better outcomes at scale and more effectively.

We aim to work with partners to:

- Strengthen our ability to undertake due diligence and share analysis.
- Increase opportunities and capacity for worker representation in workplaces, for example through alliances with international union federations.
- Extend our ability to innovate and engage in activities that result in positive outcomes, generating useful practical lessons that can be more widely adopted.
- Provide complementary expertise to achieve our goals.

- Increase our reach and leverage in sourcing markets.

3. Representation and leadership

ETI is a mission-led organisation but the heart of our success is our continued ability to engage with members. Organisational governance with a tri-partite board as the key leadership body has proven durable and reinforces our credibility. However in a globalised marketplace, the need to ensure a diversity of perspectives is taken into account is ever more important.

We will:

- Continue to nurture a high performing governing board, to provide strategic leadership and oversight of the organisation, while reflecting the composition of our membership.
- Build structures and processes that enable us to gather a wider diversity of strategic inputs into key policy and activity decisions, especially from the global south.
- Seek opportunities to share ETI's experience in ethical trade with emerging organisations that have similar objectives.
- Build the tripartite membership capacity, especially trade unions and NGOs, to engage in ETI.

4. A sustainable business model

ETI's core activities will continue to be resourced from members' fees but efforts will be increased to complement this with ETI's own income generation, direct funding for project activity and third party donor funding. ETI will seek strategic funding to build core capacity in people, systems and services, which may continue to come in part from the UK government but will also need diversification to include new strategic funding partnerships. To enable us to meet our wider goals and better support members' activity, we will invest in greater capacity in key sourcing markets, while recognising that our primary role is as a catalyst and facilitator.

Membership will be diversified to represent more supply chain actors including suppliers, manufacturers and producers, recognising that the UNGPs call for all companies to take responsibility for respecting human rights and ensuring appropriate remedy. We will also expand to other business sectors such as the service and public sectors.

We will:

- Increase ETI's capacity to influence change in key sourcing regions of the world.
- Expand ETI's membership base to include at least two significant and new business sectors.
- Increase ETI company membership by at least 20%, focusing on companies able and ready to support a positive impact for workers.
- Ensure resources continue to be used effectively and efficiently, offering value for money.
- Identify strategic funding options that can complement our current UK DFID funding.

- Mobilise local resources for local programmes, recognising the inherent value in terms of ownership and sustainability.
- Build on our proven ability to mobilise direct resources for specific programmes and activities, developing a clear offer for our members beyond their membership fees.
- Develop our ability to generate income from specific activities such as training or advice to third parties.
- Identify strategic partnerships that enable more effective use of resources through resource sharing, greater leverage and wider impact.

Annex 1: Background and analysis

ETI has enjoyed some 15 years in operation and from its humble beginnings is now at the forefront of the business and human rights agenda. Much has been achieved in this time, but we recognise the need to adapt our approach to reflect the changed trade, commerce and labour markets landscape and ensure we are well positioned for the future.

Where we have come from

ETI was formed in response to civil society campaigns in the 1990s that highlighted labour rights abuses in the supply chains of brands and retailers. There was a groundswell of voices calling on companies to adopt a code of labour practice and implement it in their supply chains, with independent verification. A standard code of labour practice was developed, the ETI Base Code, through dialogue between trade unions, NGOs and companies. It was based on ILO conventions and its implementation was built into ETI membership requirements. Companies adopted a compliance approach to address the fact that in most countries, official labour inspection, worker representation and protection was inadequate. This approach is predicated on assumptions that each company can effectively implement the Base Code throughout its supply chain; that it is a reasonable requirement that factories and farms meet Base Code standards; and that private, confidential audits are an effective way to check and manage improvements towards full compliance.

ETI's experience is that while this approach has provided companies with certain information on standards, some progress in their supply chains and some reputational benefit, it has not delivered the expected credible assurance of standards that they and their customers seek. Oft cited progress on health and safety standards has not been sufficient to prevent catastrophically unsafe conditions such as those in Tazreen and Rana Plaza factories in Bangladesh. At the same time, more challenging areas have not seen meaningful progress. Areas such as wages have seen a focus on documentation on minimum wages, not progress on the living wage element of the Base Code, and fundamental aspects of freedom of association have not been tackled effectively. The perceived need for workplaces to 'pass an audit' can lead to real working hours and wage underpayment being hidden, and suppliers still report a heavy and expensive audit burden, despite the existence of shared databases used by many ETI members. The impact of company sourcing strategies and purchasing practices, poor human resource capacity in workplaces, lack of worker voice and respect for worker representation, and deeply rooted systemic and cultural issues, have not been fully taken into account when trying to deliver progress on workers' rights. For these reasons, company reports based on audits and compliance, while having some value, fall short of the expectations of consumers, investors and the media.

After 15 years of code implementation it is time to review the approach, building on what ETI and its members have achieved and learned. ETI's programme work has also highlighted the importance of companies acting collaboratively to enhance their leverage, the importance of engaging local actors (government, unions, civil society and local businesses) and of enabling workers to have a collective voice and active role in asserting their rights.

In our efforts to establish a suitable, future-focused strategy we also analysed the external environment to explore the key trends that will affect the world of work. Key conclusions included: the move away from a global economy dominated by northern-western consumers to one that is multi-polar with emerging economic powerhouses from the global south and east; the perpetuation of ever more complex corporate structures and business models; more informed and empowered consumers with multiple ways to find what they want and express themselves; the desire for a greater sense of product provenance and transparency; and the powerful role of media and continued evolution of new social media. Other wider issues of climate change, political shifts in power, trade rules and so forth also have the ability to significantly influence how workers enjoy their rights.

Our new strategy draws from the lessons we've learned and from a review of the wider environment. ETI has always sought to lead and now, as we look forward to 2020, we once again wish to build on our strengths but offer a new perspective and clearer more outcome-focused priorities. Being innovative, exploring new paradigms for change, learning through doing and sharing our collective experience will continue to define our approach to helping workers realise their rights.

Where we are now

ETI launches this strategy in the context of challenging conditions (particularly for vulnerable workers), significant major trends in trade and politics that will take time to play out and many other important environmental factors. However we are able to start from our established record and capability. Some of the key points on which we will build are:

- Clear vision: Our vision is *a world where all workers are free from exploitation and discrimination, and enjoy conditions of freedom, security and equity.*
- Globally recognised organisation with 15 years track record of supporting our members to deliver deep learning and real results for workers.
- Clear mandate to champion and promote respect for workers' rights in global supply chains.
- Proven ability to convene our tripartite membership comprising companies, trade unions and NGOs with the potential to leverage significant change.
- Strong and diverse membership base: 85 company members with a combined turnover of more than £150 billion and 10 million workers in their collective supply chains, 15 NGOs operating in more than 40 countries and global trade union federations that represent nearly 160 million workers.
- The ETI Base Code – an internationally recognised code of labour practice – underpins all our work and is widely applied as the reference code for workers' rights.
- Professional staff team with the knowledge and expertise to deliver results, with access to expertise across our membership base.
- Strong ethos of partnership and collaboration.