

# PPA Self-Assessment Review<sup>1</sup>

Complete areas within white boxes only

|                |         |
|----------------|---------|
| Reporting Year | 2009-10 |
|----------------|---------|

## Part A – Basic Information<sup>2</sup>

|             |                            |
|-------------|----------------------------|
| PPA partner | Ethical Trading Initiative |
|-------------|----------------------------|

|                        |   |
|------------------------|---|
| <b>Niche statement</b> | <p>The Ethical Trading Initiative (ETI) is a ground-breaking alliance of companies, trade unions and voluntary organisations. We work in partnership to improve the working lives of people across the globe who make or grow consumer goods - everything from tea to T-shirts, from flowers to footballs.</p> <p>We are widely recognised as the field leader in defining and disseminating corporate responsibility for promoting the rights of workers in global supply chains. We were founded in 1997 with the strong support of DFID.</p> <p>ETI members share a vision of a world where all workers are free from exploitation and discrimination and work in conditions of freedom, security and equity. Our aim is to enable workers throughout global supply chains to secure their fundamental rights by ensuring that they are treated in accordance with national laws and international labour standards.</p> |
|------------------------|---|

|  | 2004/5 | 2005/6 | 2006/7  | 2007/8  | 2008/9  | 2009/10 | 2010/11 |
|--|--------|--------|---------|---------|---------|---------|---------|
| <b>PPA funding (£)</b>                     |        |        | 375,000 | 500,000 | 520,000 | 530,000 | 550,000 |
| <b>As % of total organisational income</b> |        |        | 31.0%   | 37.4%   | 39.1%   | 40.2%   |         |

|                               | 2004/5  | 2005/6  | 2006/7 | 2007/8 | 2008/9 | 2009/10 | 2010/11 |
|-------------------------------|---------|---------|--------|--------|--------|---------|---------|
| <b>Other DFID funding (£)</b> | 462,276 | 322,963 |        |        |        |         |         |

<sup>1</sup> This self assessment review is only part of the reporting story. Organisations will be able to supply evidence, case studies and other material they feel will show impact on the ground

<sup>2</sup> Part A is a useful snapshot of the full relationship between DFID and each PPA holder.

There is an opportunity to expand on some of the non-financial aspects in Part D 'Partnership with DFID' but we wanted to expand Part A to reflect the fact that our partnership with DFID is not purely financial.

### Summary of partnership with DFID and other DFID funding<sup>3</sup>

*E.g. list of other DFID contracts or description of sectors worked in with DFID. (Approx. 300 words.)*

ETI's partnership with DFID centres on the delivery of the PPA and we have had no other contractual relationship or funding beyond this since the partnership began. Over the course of the PPA, the engagement between DFID and ETI has broadened to include engagement on a wider range of activities which include the following:

- Frequent contact with the Joint Trade Policy Unit (JTUPU), which takes responsibility for co-ordinating links with the different teams within DFID that may have an interest in ethical trade. A representative from JTUPU is a permanent observer at quarterly ETI Board meetings and ETI's main contact in DFID for queries on parliamentary questions and requests for information on ministerial speeches and policy papers related to ethical trade issues. During 2009/10 ETI also advised JTUPU on matters relating to the establishment of RAGS (Responsible and Accountable Garment Sector Challenge Fund)
- Occasional contact with Ministers. We are currently seeking to establish our relationship with the new ministerial team.
- Regular contact with communications and press teams to ensure co-ordination of communications about ETI and DFID announcements related to ethical trade.
- Regular contact with Civil Society Unit over all matters related to the PPA.
- Regular contact with Business Alliances Team (BAT) on broader issues of Corporate Social Responsibility. BAT co-ordinates relationships with other multi-stakeholder initiatives on CSR.
- ETI participates on the steering group of the newly formed Decent Work and Labour Standards Forum, which relates to the Equity and Rights Team. This Forum brings together companies, NGOs, academics and trade unions to maximize effective engagement between these stakeholders and DFID on how labour standards contribute to the development agenda.
- Intermittent contact with DFID country programmes on issues relating to labour standards. Country programmes contacted over the course of the PPA include Bangladesh, Kenya and India.

### Approximate % of total organisational expenditure allocated by sector or theme<sup>4</sup>

ETI allocates its expenditure to five management headings, reflecting organisational priorities as follows:

- **Support members:** supporting members to work together more effectively and helping corporate members to integrate ethical principles into core business practices; strengthening ETI Secretariat management capacity.
- **Developing capacity:** building capacity in supplier countries
- **Ethical trade tools for companies:** developing and disseminating good practice tools
- **Promoting ethical trade:** raising awareness of ethical trade and of ETI in the UK and in key supplier countries
- **Building commercial leverage:** increasing commercial leverage for ETI Base Code implementation through membership development and training

The proportions of expenditure allocated to the five headings above has changed very little, the most notable saving being in reducing spend on promotional materials, which were non-recurring costs in 2008/09.

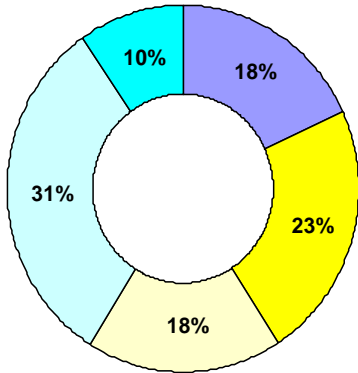
<sup>3</sup> This is intended to be a cumulative list of DFID contracts etc. from when your PPA began. If there is a large amount of information, please summarise by e.g. department and add any additional information to an appendix. We wanted to leave this section quite open to interpretation by each organisation. Note the wording has changed from 'relationship' to 'partnership'.

<sup>4</sup> This should provide an indication of your overall organisational allocations by sector or theme (i.e. not limited to your PPA).

The % breakdown may change from year to year and is intended to reflect key organisational priorities for the Reporting Year under assessment.

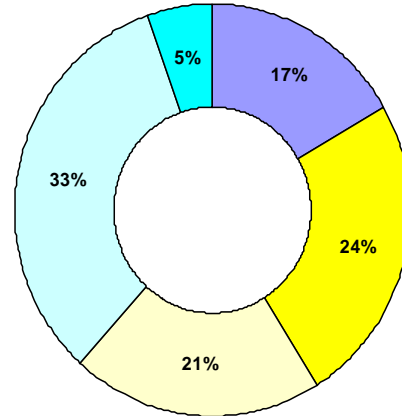
During 2008/09 and 2009/10 ETI spending was allocated as shown in fig.1. In each case these figures cover ETI's financial year to 31 March.

**ETI's Expenditure 2008/2009**



**Total £1,415,930**

**ETI' Expenditure 2009/2010**



**Total £1,301,520**

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

*Figure 1 ETI expenditure 2008/09 and 2009/10*

## Part B - Progress against PPA Strategic Objectives<sup>5</sup>

### Progress to date against PPA purpose statement (report against the MDGs if you are working to a sufficient scale for monitoring purposes)

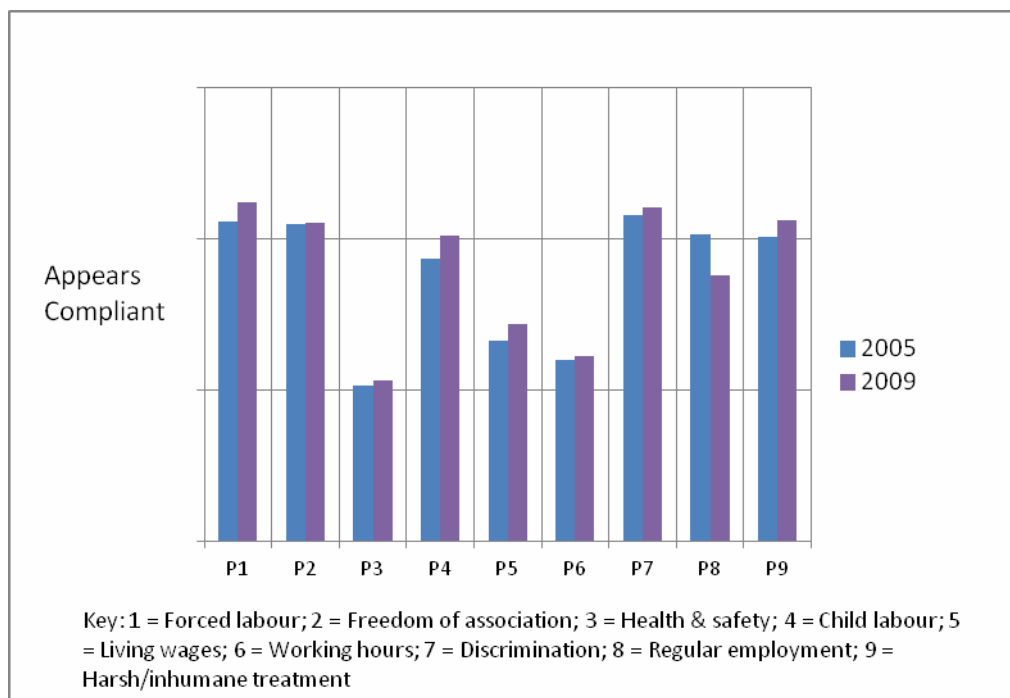
The purpose of this PPA is to *“Improve the incomes, working conditions and respect for the rights of millions of poor workers who are employed by companies that supply ETI members.”*

*Provide high-level summary of progress to date against your purpose statement, drawing on evidence in line with the performance framework. (Word guidance: up to 300 words.)<sup>6</sup>*

ETI’s real success lies in its ability to move at pace to develop good ideas and to scale them up across sectors and across geography. As this report will show, ETI brings to bear the reach, resources and leadership thinking of companies and civil society to improve working conditions for millions of workers around the world.

The ETI Base Code is the globally accepted benchmark of workplace labour standards. Last year ETI’s member companies touched the lives of 9.4 million workers at 34,720 supplier sites within the scope of their ethical trading activities. Their compliance inspections resulted in almost 125,000 documented improvements in working conditions.

While many of our members acknowledge the limitations of audits as a tool for changing workplaces, the site data which they must report provides a snapshot of employment conditions in their supply chains. Members are required to monitor compliance at their supplier sites against each Base Code Provision. The chart below (Fig. 2) compares average site ratings on each of the Base Code provisions in 2009 compared with the averages for 2005. In all Provisions but the one covering regular employment, compliance ratings have improved.



<sup>5</sup> The phrasing in this section is intended not to preclude referencing back to previous work in a different reporting period.

This is also an opportunity to generate a rich picture of PPA funding and demonstrate its value.

<sup>6</sup> This is intended to be an executive summary, a ‘this is how we’re doing’ type narrative to set the scene for detailed information on the objectives and indicators. It also emphasises the qualitative aspects of reporting

*Figure 2: Average site ratings 2005-2009*

As we predicted in last year's report, recession has affected employment conditions. Civil society organisations have reported increased hostility towards workers attempting to organise; the use of short-term contracts and temporary labour is widespread. This is reflected in the deterioration against Provision 8 since 2005, shown above.

ETI does not benchmark its progress against the Millennium Development Goals (MDGs). Nevertheless, its activities do address MDGs 1, 3 and 8. Our programmes on living wage and better workplaces address targets 1 and 2 of MDG 1, eradicate extreme poverty and hunger. Our programme on discrimination, which includes groundbreaking work on gender and sexual harassment, addresses MDG 3, promote gender equality and empower women. ETI's work down supply chains helps producers in developing countries to meet the market requirements of UK buyers, thus encouraging trade through global partnership, MDG 8.

**Progress against PPA Performance Framework by each Strategic Objective**

**Strategic Objective 1:**

ETI members individually and collectively demonstrate improvements in the observance of the labour rights and employment conditions of millions of workers.

**Please explain choice of indicators reported on below <sup>7</sup>**

We have chosen to report progress against all of the indicators in order to provide a full picture of progress we are making and the challenges we face.

**SO1 – Indicator 1: enter indicator**

*Please draw on evidence in line with the performance framework. (Word guidance: up to 300 words.)*

A 10% increase in the number of improvement actions implemented by suppliers of ETI members against the standards of the ETI Base Code.

**Progress achieved and challenges faced<sup>8</sup>**

The number of improvement actions increased by 47% in 2009. Although the number of audits continues to rise, this increase considerably exceeds what could be attributed simply to ETI's growth in membership or to the number of inspections conducted (up 1% on 2008)

The total number of improvement actions agreed by suppliers to ETI's corporate members for the past four years is:

- 39,282 in 2006
- 54,700 in 2007 (+ 39%)
- 84,520 in 2008 (+ 55%)
- 124,623 in 2009 (+ 47%)

The rate of improvement actions per inspection has also increased. As in previous years, these figures demonstrate penetration of members' ethical trading activities into their supply chains. They provide clear of progress being made in identifying and tackling labour rights issues. But awareness of audit limitations is high and parallel processes to help build capacity for suppliers are also increasing, for example training and HR support.

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<sup>7</sup> Agencies should report against a sufficiently full set of indicators (including LAPPA objectives).

<sup>8</sup> Indicate the period referred to: in some cases it may be artificial to focus just on the prior year, and a focus on overall progress may be more helpful

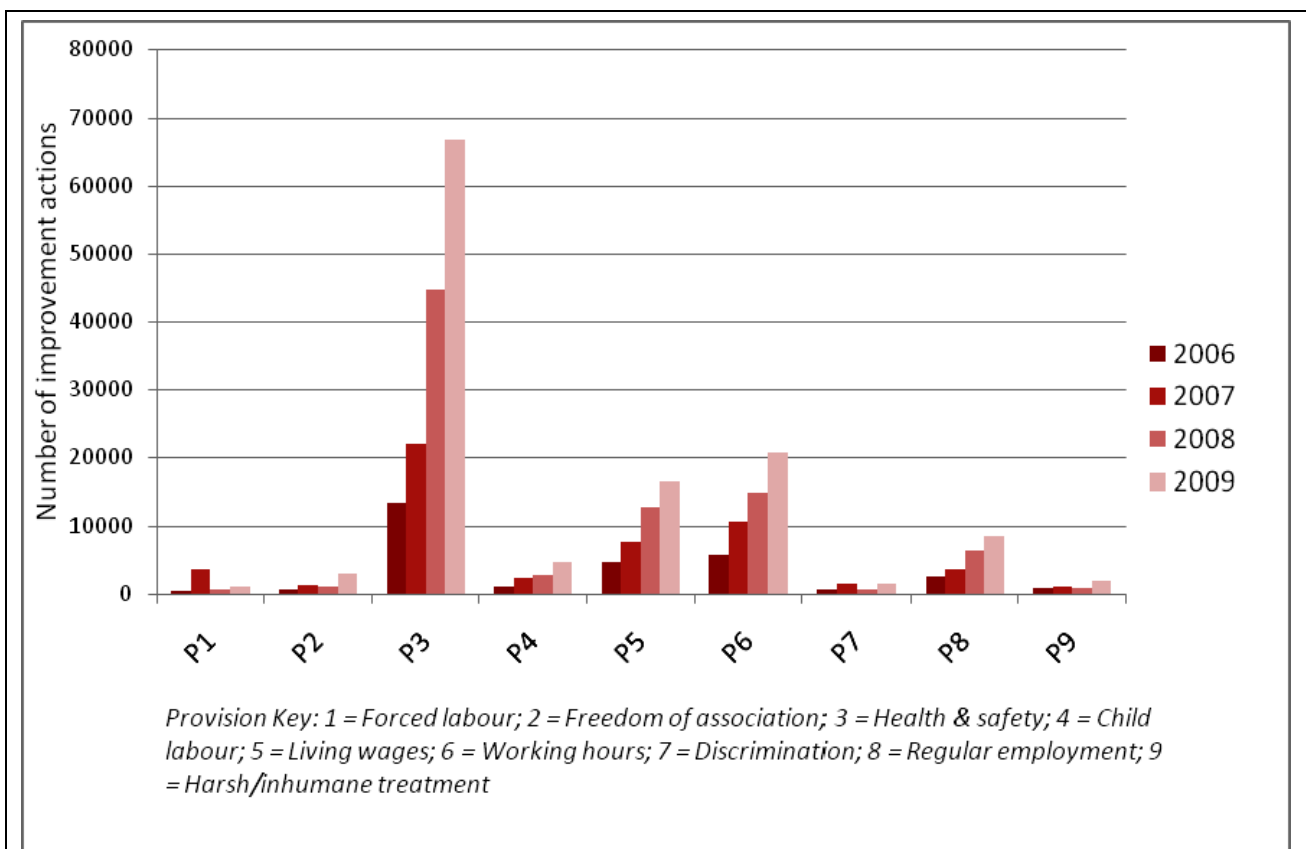


Figure 3 Improvement actions by ETI Base Code provision, reported by member companies 2006 – 2009

There continue to be clear and significant variations between individual members and auditors in terms of how they rate suppliers, how they categorise breaches and improvements actions, and how they interpret the Base Code on issues such as freedom of association. This can make comparisons between members' supplier data difficult.

This year ETI conducted a trial of a new procedure for reporting supplier performance data with four members. Instead of submitting detailed site data, they reported only the summary information required for ETI's cohort comparison purposes and had a visit from an NGO to scrutinise their data capture system. Both the company members and the NGOs that took part in the exercise reported favourably.

### List any documentary evidence of achievements<sup>9</sup>

ETI members' annual reports for the years 2006, 2007, 2008 and 2009

*ETI members' annual reports contain detailed, sometimes commercially sensitive information. Copies are not included in this report; examples are available for inspection by DFID on request, subject to confidentiality agreement.*

Ergon Associates (2007) Analysis of Corporate Member's Reports to ETI 2006: Report to ETI Board, May 2007

Ergon Associates (2008) Analysis of Corporate Members' Reports to ETI: report for the year ending 31 December 2007

Ergon Associates (2009) Analysis of Corporate Members' Reports to the ETI: report for the year ending 31 December 2008

Ergon Associates (2010) Analysis of Corporate Members' Reports to the ETI: report for the year ending 31

<sup>9</sup> This can also be used as an opportunity to provide DFID with case studies, YouTube clips etc for 'building support for development'.

December 2009

*Ergon Associates' analysis of members' annual reports contains confidential information and must not be distributed or reproduced without express permission of ETI*

## SO1 - Indicator 2:

*Please draw on evidence in line with the performance framework. (Word guidance: up to 300 words.)*

A demonstrable increase in the numbers of improvement actions implemented by suppliers of ETI members relating to wages and freedom of association and the right to collective bargaining.

### Progress achieved and challenges faced<sup>10</sup>

We continue to record increases in the number of improvement actions relating to wages and freedom of association and the right to collective bargaining at member companies' supplier sites.

|   | 2006  | 2007  |        | 2008   |        | 2009   |         |
|---|-------|-------|--------|--------|--------|--------|---------|
| Improvement actions:<br>living wages are paid   | 5,929 | 7,780 | (+31%) | 12,724 | (+39%) | 16,374 | (+29%)  |
| Improvement actions:<br>freedom of association<br>and the right to collective<br>bargaining | 601   | 874   | (+45%) | 1,038  | (+19%) | 3,013  | (+190%) |

*Table 1: Increase in improvement actions on wages and trade union rights 2006-2009*

Only 62% of sites are compliant on Base Code Provision 5, living wage. Corrective actions mainly relate to payment of legal minimum/living wage/industry benchmark and to lack of correct records.

Relatively few sites (6%) are categorised as non-compliant on Provision 2, freedom of association and collective bargaining issues. This low incidence is misleading; it is due to limitations in audit methodology and uncertainty about interpretation among some auditors, particularly in China. There has been a significant increase in the number of improvement actions related to Provision 2, mirrored in the increase in members citing projects that are aimed at improving workers' awareness of their rights.

Groundbreaking work carried out in the last year on wages and freedom of association by ETI and our members includes:

**M&S and Asda George's wages projects in Bangladesh.** Asda George has introduced an exciting efficiency programme at five factories in Bangladesh, with subsequent increases in wages, reductions in working hours and improvements in the working environment. Marks & Spencer has been piloting a programme to increase workers' wages in textile factories Bangladesh. By working with suppliers to increase productivity, they have been able to increase wages by up to 55%, as well as bring about wider improvements in the working environment.

**ETI Decent Work Project** Workers are starting to speak up for themselves in a groundbreaking ETI project in China. The Decent Work Project aims to increase workers' awareness of their rights under Chinese labour laws and to develop mechanisms for enabling workers and management to resolve workplace issues in the long term. It is exciting to note that in the factory where work is most advanced, workers are starting to press management on wages and working hours through the dialogue mechanisms that have been set up.

<sup>10</sup> Indicate the period referred to: in some cases it may be artificial to focus just on the prior year, and a focus on overall progress may be more helpful



**Gap Inc.'s work with the ITGLWF** In a separate programme, Gap Inc. is working with the International Textile, Garment and Leather Workers Federation to encourage its suppliers to engage with trade unions to break down mutual mistrust so that workers' issues can be resolved swiftly and effectively.

### List any documentary evidence of achievements<sup>11</sup>

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Case study: SO1 Asda George - Increasing wages through productivity improvements in Bangladesh

Case study: SO1 M&S - Increasing wages through productivity improvements in Bangladesh

Case study: SO1 & SO2 Fostering constructive communication in China

Case study: SO1 Gap Inc.'s work with the global garment union

### SO1 - Indicator 3:

*Please draw on evidence in line with the performance framework. (Word guidance: up to 300 words.)*

Over 10,000 supplier sites demonstrate improvement actions on working conditions in any given year

### Progress achieved and challenges faced<sup>12</sup>

As the table below shows, over 13,000 suppliers demonstrated almost 125,000 improvement actions in 2009.

Members report 34,720 suppliers as within scope for ethical trade activities (2008: 39,692). The small reduction is primarily due to a single member changing its reporting of third tier suppliers, removing 6,000 from its reported scope. First tier suppliers increased from 20,613 to 23,264.

13,391 supplier sites were subject to inspection during 2009, a 1% decrease on 2008. Non-compliances were disclosed in almost all sites with the average number of non-compliances per inspection growing. This has driven the subsequent increase in improvement action reported in indicator 1 above.

<sup>11</sup> This can also be used as an opportunity to provide DFID with case studies, YouTube clips etc for 'building support for development'.

<sup>12</sup> Indicate the period referred to: in some cases it may be artificial to focus just on the prior year, and a focus on overall progress may be more helpful

|  | 2006   | 2007   | 2008   | 2009    |
|--|--------|--------|--------|---------|
| Total scoped supply base                     | 30,554 | 37,958 | 39,692 | 34,720  |
| Number of inspections at supplier sites      | 9,308  | 11,469 | 13,556 | 13,391  |
| Total number of Improvement actions recorded | 39,282 | 54,700 | 84,520 | 124,623 |

*Table 2 Members' supplier sites and inspection data*

To remove the effect of increases in the number of sites inspected in recent years, we have also calculated the rate of improvement actions by site. The following table shows the frequency of corrective actions per 100 sites. It shows that on all Code Provisions more improvement actions are being proposed per site than in previous years. In other words, where non-compliances are found, more corrective actions are being put in place to rectify the situation. This may reflect more thorough audits, or better recording of improvement actions by auditors and members.

|   | 2006          | 2007  | 2008  | 2009  |
|---|---------------|-------|-------|-------|
|   | per 100 sites |       |       |       |
| Provision 1: Employment is freely chosen                  | 2.8           | n/a   | 3.3   | 7.3   |
| Provision 2: Freedom of association/collective bargaining | 4.3           | 4.9   | 6.1   | 22.1  |
| Provision 3: Working conditions are safe and hygienic     | 96.0          | 122.1 | 340.6 | 485.5 |
| Provision 4: Child labour shall not be used               | 8.1           | 12.8  | 20.6  | 34.0  |
| Provision 5: Living wages are paid                        | 33.2          | 43.3  | 97.7  | 119.7 |
| Provision 6: Working hours are not excessive              | 41.5          | 59.5  | 113.8 | 151.2 |
| Provision 7: No discrimination is practised               | 4.3           | 8.0   | 5.6   | 10.9  |
| Provision 8: Regular employment is provided               | 18.7          | 20.8  | 48.8  | 63.5  |
| Provision 9: No harsh or inhumane treatment is allowed    | 5.5           | 6.2   | 7.1   | 14.7  |

*Table 3: Frequency of improvement actions 2006-2009*

It should be noted that double counting could occur if any of ETI's corporate members, using systems such as Sedex, use data from the same audit for a shared supplier. Since the identity of supplier sites is anonymised in our members' reports we cannot assess the degree of overlap. However we know from talking to our members that many of the larger companies, contributing the greatest amount of data, prefer to conduct their own audits, even if they or their suppliers are participating in a data exchange arrangement.

### List any documentary evidence of achievements<sup>13</sup>

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**What is the likelihood that Strategic Objective 1 will be achieved? Rate 1 to 5<sup>14</sup>**

**1**

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<sup>14</sup> Having the ratings at the end of each section puts more emphasis on the earlier narrative and qualitative information, rather than on the quantitative rating.

Ratings to be applied:

1. = Likely to be **completely** achieved, i.e. well on the way to completion (or completed)
2. = Likely to be **largely** achieved, i.e. good progress made
3. = Likely to be **partly** achieved, i.e. partial progress made
4. = Only likely to be achieved **to a very limited extent**
5. = **Unlikely** to be achieved

## Strategic Objective 2:

More poor workers have greater awareness of their rights and are supported by civil society initiatives that help to realise them

### Please explain choice of indicators reported on below <sup>15</sup>

We have chosen to report progress against all of the indicators in order to provide a full picture of progress we are making and the challenges we face.

## SO2 - Indicator 1:

*Please draw on evidence in line with the performance framework. (Word guidance: up to 300 words.)*

5% increase in the use of ETI worker awareness tools by trade unions, NGOs, employers and ETI members. Baseline to be established from 2006/07 data.

## Progress achieved and challenges faced

The table below shows an increase of 122% in website downloads of resources that include since last year. These resources are freely available on our website to member and non-member organisations and are promoted to key audiences. We can't tell from the download information how many times each of the materials was reproduced, nor which organisations use them.

|                           | Apr 08 – Mar 09 | Jun 09 – Jun 10<br>(page views of<br>selected resources) |
|---------------------------|-----------------|--|
| Sri Lanka workers leaflet | 209             | 97   |
| Smallholder guidelines    | 101             | 170  |
| Homeworker guidelines     | 101             | 644  |
| Total                     | 411             | 911  |

*Table 4 Download statistics : worker awareness tools*

These figures mask a major shift in direction at ETI away from simply providing tools to workers towards developing comprehensive training and capacity building programmes within supply chains, with worker awareness raising integral to those programmes.

This is clearly evidenced in our new supervisor training programme which is gathering increasing momentum, and which we describe elsewhere. Other examples of major initiatives with integrated worker education components are:

- M&S and Asda George's work on wages in Bangladesh (described against SO1 indicator 2), which includes training workers on their rights
- The work of the ETI-supported National Homeworker Group in India which we described in detail in last year's report and which this year trained a further 10,000 homeworkers on their rights, bringing the total trained so far to over 25,000 (described against SO2 indicator 2 below).

<sup>15</sup> Agencies should report against a sufficiently full set of indicators (including LAPP objectives).

- Our Decent Work project in China, as part of which 1,200 workers were trained on their rights (described against SO2 indicator 2 below).

Given the above, we believe this indicator needs re-visiting.

### List any documentary evidence of achievements

*Current download website visitor statistics are available on request.*

### SO2 - Indicator 2:

*Please draw on evidence in line with the performance framework. (Word guidance: up to 300 words.)*

50% increase by 2009 in the number of workers that have attended ETI supported training activities designed to promote awareness of their rights and strategies to help workers realise them. Baseline figure established from 2005/06 activity.

### Progress achieved and challenges faced

We presented evidence in last year's report that this indicator had already been achieved. Against a baseline figure of 5,100 we have achieved an increase of 122%, this year supporting the training of a total of 11,300 workers, broken down as follows:

- 10,000 homeworkers in Bareilly, India (through the National Homeworker Group)
- More than 1,200 Chinese factory workers and worker reps (through ETI's Decent Work Project)
- 130 supervisors in Kenya and the UK, impacting on more than 3,000 workers

As reported above, we are rapidly scaling up our training and capacity building activities to meet demand. Key initiatives are:

#### **The Indian National Homeworker Group**

Over 25,000 homeworkers in one of India's poorest regions are developing a new sense of identity and security, greater awareness of their rights and improved working conditions thanks to the efforts of a ground-breaking coalition of companies, NGOs and trade unions, supported by ETI.

Work has initially focused on Bareilly, Uttar Pradesh, one of the poorest regions in India and a major sourcing destination for UK retailers. Last year 10,000 homeworkers were trained about their rights, basic health and safety, quality and record keeping. The Group is expanding its operations to oversee the start of work in the Delhi area, from where a significant amount of homeworked product is sourced.

#### **ETI Decent Work Project**

In China ETI's Decent Work Project began in 2007. It aims to increase workers' awareness of their rights under Chinese labour laws and to develop mechanisms for enabling workers and management to resolve workplace issues together. 1,200 workers, workers' representatives and managers have been trained in the last year.

#### **ETI supervisor training programme**

This innovative training programme digs deep into the highly sensitive issues of discrimination and sexual harassment of workers, which in turn can themselves trigger a whole range of other breaches of workers' rights, such as unfair dismissal, excessive overtime and low wages. It focuses on changing the attitudes and behaviour of workplace supervisors. These are the people who manage workers on a daily basis, and yet who often lack the essential skills to do so.

### List any documentary evidence of achievements

*ETI project statistics, source documents available on request*

SO2 ETI Supervisor Training (Case study)

SO2 ETI Decent Work Project (Case study)

<http://www.ethicaltrade.org/in-action/projects/homeworkers-project>

<http://www.ethicaltrade.org/in-action/projects/the-indian-national-homeworker-group>

<http://www.ethicaltrade.org/in-action/projects/decent-work-project>

<http://www.ethicaltrade.org/in-action/projects/eti-supervisor-training-project>

<http://www.ethicaltrade.org/news-and-events/news/south-african-farm-workers-to-reap-training-rewards>

### **SO2 - Indicator 3:**

*Please draw on evidence in line with the performance framework. (Word guidance: up to 300 words.)*

Workers in target groups report ETI training and materials raised awareness of their rights

#### **Progress achieved and challenges faced**

##### **Decent Work in China**

As indicated above, training courses for over 1,200 workers and worker representatives and 60 managers have been run in three factories on how to communicate constructively with each other to resolve workplace issues.

Both the training itself, and the resultant establishment of worker committees in two factories so far, represents a significant change from past practice.

Key impacts of the training so far include:

- The establishment of worker committees
- Worker reps thinking more strategically about how to communicate issues with management
- Workers speaking up more openly in training sessions
- Worker reps communicating their issues with management more clearly

According to one worker who went through the training, "we feel more confident to raise issues with management".

##### **Supervisor Training Programme**

Early pilots of our supervisor training programme (described against SO2 Indicator 2 above) reveal that it is also having an impact, not just in changing attitudes and behaviour but also terms of policy change and improvement.

One UK supervisor noted, "Since [the training], communications have improved between those first line managers and employees. They're now more alert to potential pitfalls and confident in dealing with any issues as they arise."

In a follow-up study in Kenya we recorded workers' testimonials. One worker said that he is happy because, since the supervisors were trained, his line supervisor who is female now handles him with respect and dignity that he deserves. Another commented, "Before the training, supervisors were sitting on discrimination and harassment issues raised by workers. Today, things have turned around. Workers are now fully aware of what constitutes discrimination and harassment as a result of the training".

In both examples, ETI has helped overcome entrenched beliefs and prejudices to reconcile the points of view of workers and managers. Our challenge now is to scale up these successful programmes to spread the benefit across sectors, issues and regions.

#### **List any documentary evidence of achievements**

*ETI project statistics, source documents available on request*

Case study: SO2 ETI Supervisor Training

<http://www.ethicaltrade.org/in-action/projects/decent-work-project>  
<http://www.ethicaltrade.org/in-action/projects/eti-supervisor-training-project>

**What is the likelihood that Strategic Objective 2 will be achieved? Rate 1 to 5.**

**2**

### Strategic Objective 3:

A growing number of businesses (north and south) are aware of ethical trade and take actions to ensure labour laws and standards are implemented.

#### Please explain choice of indicators reported on below <sup>16</sup>

We have chosen to report progress against all four indicators for this objective.

### SO3 - Indicator 1:

*Please draw on evidence in line with the performance framework. (Word guidance: up to 300 words.)*

ETI gains five new corporate members each year.

#### Progress achieved and challenges faced

Ten new companies joined ETI during 2009, bringing total membership to 61 at 31 March, exceeding our target. These included five garment companies including fashion e-tailer Asos.com and a brewing industry support and services company, Kammac.

Four more natural stone importing companies also joined ETI this year. Within nine stone companies now ETI members this is now our fastest growing membership sector. Thanks to recent media outreach to trade press we have received fresh membership enquiries from other major UK stone importing companies.

Four companies left ETI during 2009, most notably Boots, which wanted to consolidate its supply chain social responsibility activities with one partner organisation. Two of the other three departing companies ceased trading; one realised that it could not sustain its membership commitments and resigned.

Although we brought in a more rigorous screening process for new corporate applicants at the end of 2009, at the time of writing this report we have already recruited ten new member companies, including two major retailer brands, Tchibo and Burberry.

We have introduced a new membership category. Companies joining ETI in future will be admitted as foundation stage members. During this stage they receive structured support and direction from the ETI Secretariat to help them put in place the basic building blocks of their ethical trading programme. To complete foundation stage and move on to full membership, companies will have to demonstrate that they satisfy all the required management benchmarks.

Foundation stage is limited to 25 months from the date of joining. In most cases new members will demonstrate completion when they submit their first annual report. Some, which have already established comprehensive ethical trading programmes before joining ETI, may apply to proceed to full membership early or even join directly as full members.

So far we have received very encouraging feedback from our foundation stage companies about this more structured approach.

We estimate that by the end of 2012 ETI will have 97 corporate members, of which 33 will be in foundation stage. The work of managing the more rigorous application process and of coaching and assessing foundation stage members presents a considerable resource challenge for ETI.

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<sup>16</sup> Agencies should report against a sufficiently full set of indicators (including LAPP objectives).



## List any documentary evidence of achievements

A complete, up-to-date list of all ETI members is available on our website (<http://www.ethicaltrade.org/about-eti/our-members>) as is more detailed information about the membership application process.

ETI corporate membership application form

## SO3 - Indicator 2:

*Please draw on evidence in line with the performance framework. (Word guidance: up to 300 words.)*

At least 75% of ETI corporate members reporting in any year demonstrate progress in applying the ETI's 5 Principles<sup>i</sup> of Implementation across their business.

## Progress achieved and challenges faced

In 2009, 79% of reporting members have been assessed as improving against at least one of the five Principles of Implementation (see below). Average member performance against the principles also continues to improve over time.

This is based on analysis by an independent consulting company, Ergon associates, which assesses companies' performance using agreed "pen pictures", grading them as Beginner (or Foundation stage), Improver, Achiever or Leader against each principle. Progress is defined in terms of moving up a category in the assessment scale (for example from Improver to Achiever) and is judged in terms of Ergon's and ETI's assessment of member progress, rather than the member's own self-assessment.

Progress towards leadership level has quickened, though remains a challenge for most members. "Commitment" remains the highest-rated Principle, while "Integrating ethics and commercial practices" is the most challenging.

This is the fifth year in which the current report format has been used; it will be the last. Eight of the 46 reporting members used a new pilot reporting format, based on ETI's six new Principles of Implementation.

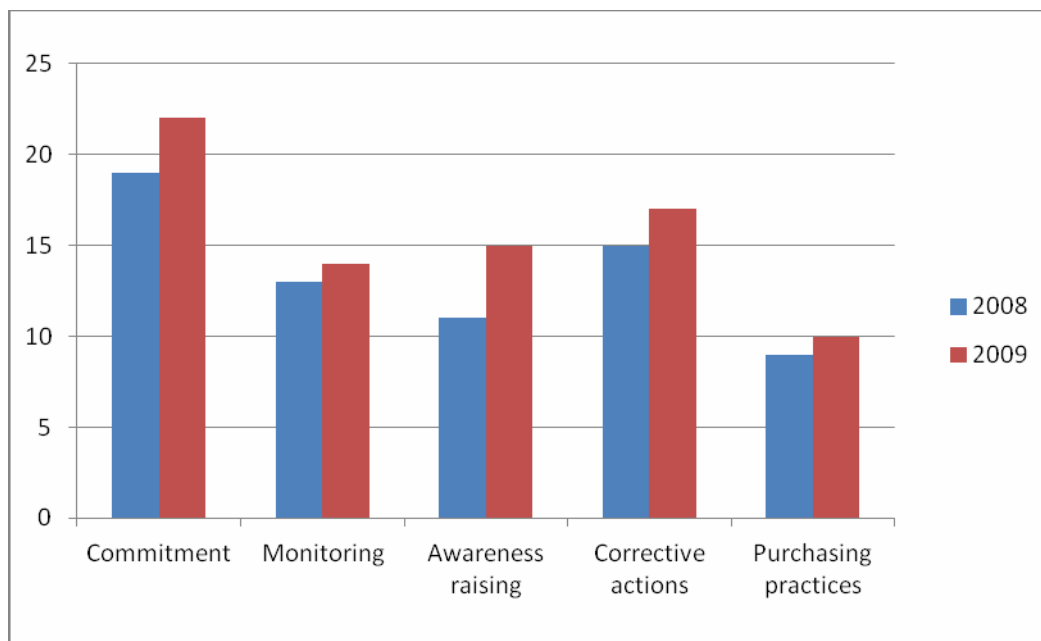


Figure 4: Members reaching Achiever or Leader level

However, more members are achieving higher assessments, with the number of members being assessed at either Achiever or Leader level, increasing for all Principles (Figure 5 above). This year there were also more members that moved to the Leader level on some Principles than in previous years.

### List any documentary evidence of achievements

ETI Principles of Implementation (for information)

ETI members' annual reports for the years 2008 and 2009

*ETI members' annual reports contain detailed, sometimes commercially sensitive information. Copies are not included in this report; examples are available for inspection by DFID on request, subject to confidentiality agreement.*

Ergon Associates (2009) Analysis of Corporate Members' Reports to the ETI: report for the year ending 31 December 2008

Ergon Associates (2010) Analysis of Corporate Members' Reports to the ETI: report for the year ending 31 December 2009

*Ergon Associates' analysis of members' annual reports contains confidential information and must not be distributed or reproduced without express permission of ETI*

### SO3 - Indicator 3:

*Please draw on evidence in line with the performance framework. (Word guidance: up to 300 words.)*

At least two case studies show that companies (north and south) are implementing ETI's good practice guidelines including guidelines of purchasing practices

### Progress achieved and challenges faced

We have included three case studies from four ETI members in this year's report to illustrate this indicator:

**Progress on wages and freedom of association in a Cambodian garment factory:** Zara owner Inditex's joint work with the global garment union and a Cambodian garment producer continues to bring rewards for workers and business. A key benefit for workers has been greater security of employment, with the factory putting all its workers on permanent contracts, with associated statutory benefits and entitlements. Wages have also increased; this has been achieved through a combination of productivity improvements and greater volumes of orders going through the factory. Communications and trust between workers and managers in the factory have improved, with predominantly Chinese male supervisors replaced by women from the local Khmer community.

**New Look's ethical champions.** Fashion retailer New Look is building buy-in and support for ethical trade across its business by creating a team of ethical champions, who have been pioneering new approaches to integrating ethical trade into their buying practices and supplier relationships. They have played a key role in taking forward findings from an independent research study on the impact of New Look's purchasing practices at factory and worker level. They explored how to provide more continuity of orders for factories and how to help suppliers plan production better and address production bottlenecks.

**Next plc's Project Autopilot.** ETI member companies are increasingly aware of the limitations of an approach to ethical trade that depends solely on audits as a means of delivering change for workers, particularly in challenging areas such as freedom of association. Next's "Project Autopilot" is breaking new ground in empowering supplier managers and workers. It creates factory-based mechanisms that enable workers to determine their own needs and priorities and participate with management in decision-making about them and their workplace.

## List any documentary evidence of achievements

Case study: SO3 Indicator 3 Inditex and ITGLWF's work with a Cambodian factory  
Case study: SO3 indicator 3 New Look ethical champs  
Case study: SO3 indicator 3 Next's Project Autopilot

## SO3 - Indicator 4:

*Please draw on evidence in line with the performance framework. (Word guidance: up to 300 words.)*

ETI continues to receive at least 1000 requests from businesses for good practice guidelines in any one year.

## Progress achieved and challenges faced

Using our website downloads as a proxy, last year a total of 1,522 business briefing papers from our 2008 10<sup>th</sup> anniversary conference were downloaded, broken down as follows:

### Downloads of conference briefing papers on critical issues in ethical trade:

|                         |     |
|-------------------------|-----|
| Core business practices | 461 |
| Migrant labour          | 392 |
| Living wage             | 368 |
| Getting buy-in          | 301 |

This compares to 696 downloads of our 2005 conference briefing papers.

But our target audience now extends further than business alone. The foundations of a new public engagement strategy are currently under development, while our new digital strategy aims to inspire a broad audience to get involved in ethical trade. For example, we:

- created our own Youtube channel (our awareness-raising film was viewed over 2,500 times in the last year, and a film of our 2008 conference has been viewed more than 1,000 times)
- started tweeting (100+ tweets and nearly 250 followers since January '10)
- published 26 news stories on our website, with over 770 views.
- grew our mailing list for receiving regular newsletters by 10% since January to 1,100 people.
- launched a new blog, with over 580 views since its launch in June '10.

We are also developing a stronger voice with consumer media, with contributions to Red Magazine (on ethical shopping) and Radio4's Woman's Hour (on the plight of Dalits) this year.

It is only through our PPA that we are able to significantly raise our profile in the UK and start to penetrate these audiences. In turn, this is prompting more membership enquiries and will prompt more businesses to take ethical trade more seriously.

Please note that most of our guidance for business is now freely available on our website and dispersed in many different forms. As a result, we receive far fewer requests for physical documents, and so no longer record these requests. As indicated earlier, we are also focusing far more on training and interactive learning events as a way of disseminating knowledge and guidance. This all means that much of our data is not directly comparable to the information system we were using in 2008.

## List any documentary evidence of achievements

**Our Youtube channel:** <http://www.youtube.com/user/EthicalTrade#p/u>

Our new blog: <http://www.ethicaltrade.org/news-and-events/blog>  
ETI on twitter: <http://twitter.com/ethicaltrade>  
New 'issues' section on our website <http://www.ethicaltrade.org/in-action/issues>

**What is the likelihood that Strategic Objective 3 will be achieved? Rate 1 to 5.**

**1**

#### Strategic Objective 4:

Improved legal protection for poor workers through building consensus for policy change between business, civil society and government

#### Please explain choice of indicators reported on below <sup>17</sup>

We have chosen to report progress against all of the indicators in order to provide a full picture of progress we are making and the challenges we face.

#### SO4 - Indicator 1:

*Please draw on evidence in line with the performance framework. (Word guidance: up to 300 words.)*

Civil society organisations in 2 countries report that participation in ETI facilitated engagement with government has contributed to improved legal protection for poor workers by 2009 with 2 more by 2011<sup>ii</sup>.

#### Progress achieved and challenges faced

In previous reports we have demonstrated examples in two countries where legal protection has been improved. We are now able to report further progress:

##### **Gap Inc.'s work on child trafficking in India**

In October 2007, Gap Inc. investigated allegations into allegations of child labour at an unauthorised, makeshift facility in India. Since then, human trafficking and child labour has emerged as a key issue on the apparel sector's agenda.

Gap Inc. is working in partnership with governments, other brands, garment suppliers and members of civil society to bring about broader, systemic change. An initiative has recently been established between Gap Inc., Impulse (an India-based buying house), their common suppliers and a government-aided NGO called Society for Promotion of Youth and Masses in the Mewat region of northern India to helping over 200 female workers in the to learn handwork skills, helping to reduce the root causes of child labour and trafficking.

##### **New social protection for injured workers in Bangladesh**

Since the collapse of the Spectrum factory in Bangladesh in 2005, which killed 64 people and injured 84, Inditex and the ITGLWF have led efforts to develop a fund to provide fair compensation for the workers and their families who were directly affected. Their aim has been to develop a replicable stakeholder protocol, which could be used in future industrial disasters.

Over the past five years, these two organisations have worked together repeatedly to lobby the Bangladesh government, most recently focusing on relaxing the rules preventing release of funds to the families. Earlier this year, the Bangladeshi Garment Manufacturers Exporters Association (BGMEA) agreed to implement the protocol that has been developed in any future industrial disaster. This includes a number of benefits for workers including lump-sum payments and pensions.

Notwithstanding these examples, our members continue to tell us that poor enforcement of labour legislation by governments in supplier countries undermines legal protections for workers. Indeed, the Equality and Human Rights Commission (EHRC) has identified abuses of migrant workers in the UK meat and poultry processing sector. ETI is working with the EHRC to lead an industry taskforce to tackle this problem.

<sup>17</sup> Agencies should report against a sufficiently full set of indicators (including LAPP objectives).

|  |
|--|
| <b>List any documentary evidence of achievements</b> |
|--|

Case study: SO4 Indicator 1 Gap working with government on child labour

Case study: SO4 Indicator 1 Worker compensation fund Bangladesh

<http://www.equalityhumanrights.com/legislative-framework/formal-inquiries/inquiry-into-the-meat-and-poultry-processing-sectors/index.html>

|   |
|---|
| <b>What is the likelihood that Strategic Objective 4 will be achieved? Rate 1 to 5.</b> |
|---|

|          |
|----------|
| <b>3</b> |
|----------|

|  |
|--|
| <b>Strategic Objective 5:</b>  |
| ETI enables the private sector to participate effectively with the trade union movement and NGOs in support of DFID's objectives.                        |
| <b>Please explain choice of indicators reported on below</b> <sup>18</sup>   |
| We have chosen to report progress against all of the indicators in order to provide a full picture of progress we are making and the challenges we face. |

|   |
|---|
| <b>SO5 - Indicator 1:</b>   |
| <i>Please draw on evidence in line with the performance framework. (Word guidance: up to 300 words.)</i>  |
| Annual feedback from 50% of ETI corporate members shows that ETI has enhanced their ability to engage with trade unions and NGOs in order to improve conditions for workers   |
| <b>Progress achieved and challenges faced</b>   |
| <p>We have incorporated a specific question about whether ETI has enhanced members' ability to engage with trade unions and NGOs in order to improve conditions for workers in the new format annual report (see SO3, indicator 2). Of the eight companies trialling the new report, six said that it has helped, one said it hadn't and one did not answer. Corporate members frequently say that capacity limitations of civil society organisations can delay progress. The following comment is representative: "A limited number of NGOs are active participants in the ETI project/programme agenda. This involvement needs to increase to provide capacity within ETI and in key sourcing locations."</p> <p>Since the last PPA self-assessment, ETI has arranged 67 tripartite meetings and events at which member companies and civil society organisations engage with each other discuss ethical trading issues. We have also created a new working group on natural stone, which brings together not only ETI member organisations, but also colleagues from parallel organisations in The Netherlands, Denmark and Norway.</p> <p>ETI's training programme of four one-day workshops focuses on building the foundations of a sound ethical trade policy and strategy, as well as addressing the more challenging and emerging aspects of ethical trade. NGO and trade union members of ETI are offered free places to encourage a mix of participants. Workshop 4, making change sustainable, specifically covers building better dialogue with key partners, such as trade unions, NGOs and local networks. The following feedback from Mike Ramirez, Technical Manager of Arco, is typical: "I found the training very useful. I will be using a lot of the information gained, particularly with regard to NGO/labour organisation assistance and involvement in solutions for the future."</p> <p>Last year 63 member organisations and 33 non-members attended our training workshops.</p> <p>An ETI workshop in China brought together representatives of two UK retailers, Marks &amp; Spencer and Monsoon, and 11 Chinese civil society organisations in a rare opportunity to collaborate on improving working conditions in China. The workshop has helped to strengthen ETI members' connection to civil society in China and build a foundation for multi-stakeholder projects. According to Derek Jackson, Global Ethical Trading Manager, Monsoon Accessorize: "The workshop provided an excellent opportunity to get together with a diverse range of NGOs in China, and gave us much-needed insight into their experiences and perspectives."</p> |
| <b>List any documentary evidence of achievements</b>  |

<sup>18</sup> Agencies should report against a sufficiently full set of indicators (including LAPP objectives).

ETI members' annual reports for the years 2006, 2007, 2008 and 2009

*ETI members' annual reports contain detailed, sometimes commercially sensitive information. Copies are not included in this report; examples are available for inspection by DFID on request, subject to confidentiality agreement.*

Ergon Associates (2007) Analysis of Corporate Member's Reports to ETI 2006: Report to ETI Board, May 2007

Ergon Associates (2008) Analysis of Corporate Members' Reports to ETI: report for the year ending 31 December 2007

Ergon Associates (2009) Analysis of Corporate Members' Reports to the ETI: report for the year ending 31 December 2008

Ergon Associates (2010) Analysis of Corporate Members' Reports to the ETI: report for the year ending 31 December 2009

Case study: SO5 MS Monsoon workshop with China CSOs

*Copies are not included in this report; examples are available for inspection by DFID on request*

**What is the likelihood that Strategic Objective 5 will be achieved? Rate 1 to 5.**

**2**



## Part C – Lessons Learned<sup>19</sup>

### What lessons are being learned from this PPA?

You might find it helpful to frame your response around each strategic objective and/or to comment on how the PPA has contributed to:

- *knowledge generation*
- *dissemination of knowledge (e.g. to other PPA partners, UK public, etc.)*
- *your organisation's impact*
- *relationships with others (both PPA partners and others)*

(Approx. 600 words.)

#### **Scaling up good practice to achieve sector wide impact**

Central to ETI's new approach is to develop strong, evidence-based learning that can be replicated at scale. We have developed greater capacity to do this in the past year. Some examples are:

- Retailers in the garment sector have demonstrated significant impacts in increasing wages (55% increase) and working hours in low wage countries (Bangladesh). Improvement centres on increases factory productivity as well raising awareness of labour rights and key interventions such as establishing in-factory complaints mechanisms. Experiences from eight factory pilots have been shared among ETI members and are now being scaled in that industry by many more companies, to impact on many thousands more workers.
- In previous years we have reported how on-farm interventions with expert local trainers have shown new and successful approaches to tackling gender discrimination and harassment of women workers in Kenya. From 2010 we will reach tens of thousands more workers in the Agriculture industries in Kenya, South Africa, India and the UK. In partnership with Comic Relief and key stakeholders in the South African agricultural export sector, we will develop a pool of trainers and the partnerships to tackle discrimination on over 150 farms. We have also open-sourced our ground-breaking materials and trained experts to deliver cost-effective training in UK and Kenya.
- Our approach to harnessing the entire supply chain to work with homeworkers has now materially benefited over 25,000 workers and their families in Uttar Pradesh, India. This year we aim to begin a programme scale up this approach and work with twice that number in the New Delhi region.

#### **Sharing new learning and supporting companies to innovate**

In the last year we supported our members to share or develop new learning in a range of difficult areas of ethical trade practice. Some examples are:

- Members who discovered child labour in mica quarrying in India shared strategy and approach through and beyond ETI. A common approach to the problem was developed.
- New approaches and material that help companies to detect and address serious labour rights issues in the employment of migrant workers in the supply chain have been shared within ETI and made more widely available. ETI has brokered co-operation between companies on tackling these issues.
- This year we have published a step-by-step guide on how to integrate ethical trade into core business practices and the benefits of doing so. For example, retailers who now assess the performance on buyers on ethical performance criteria have shared how they have made this new innovation successful. These approaches are now being considered by more companies.

#### **Effective communication and knowledge dissemination**

- In previous years we have reported how we have developed training that is highly tailored to the needs of our key audiences and invested in new capacity to deliver it. Despite the recession, our training programme grew by 100% last year (revenue) as we continue to demonstrate the business benefits of more ethical trading practices.

<sup>19</sup> We left this section fairly open to interpretation.

Additionally, it's an opportunity to show the reach and value PPA money has.

- In 2009/10 we conducted new research on how companies want to engage consumers in ethical trade issues and have developed potential strategies. The aim is to develop the channels to communicate ethical trade issues to wide audiences of consumers. We are now engaged in the second stage of this research to “road-test” ideas with consumers and develop the partnerships with members that will enable us to deliver these messages at scale.

#### **Organisational strategy and impact**

- The global recession is having a devastating impact on jobs and working conditions, so creating increased reputation risks for companies buying from poor countries. We continue to see this as an opportunity to increase the demands we make of our member companies and have seen a rise in activity this year

### **Specifically describe innovative learning, e.g. specific knowledge generation about new issues encountered or discovery of new means of solving specific problems**

*(Approx. 300 words.)*

ETI brings corporate, trade union and voluntary sector members together in a unique alliance that enables us to collectively tackle many thorny issues that cannot be addressed by individual organisations working alone. Our six strategic programmes generate cutting edge information and best practice examples, which we cascade through our membership and down supply chains through seminars and learning events.

Companies are increasingly recognising the need to ensure that buying staff are aware of the implications of their decisions on labour conditions and that they take responsibility for these outcomes. More than three-quarters of members that reported had provided training for buyers, technical and commercial staff during the year, totalling 3,500 hours.

The supervisor training programme was piloted on two more workplaces in Kenya and three sites in the UK. Supervisors and managers taking part in pilot training praised its high quality and innovation.

Post-course visits to the participating workplaces showed that a number of positive changes have already taken place, including:

- Better communication of policies and procedures to workers.
- Improved communication between workers, supervisors and managers.
- Increased confidence and ability of supervisors to manage difficult situations, and consequent reduction in management time spent resolving these issues.
- Increased confidence of female supervisors to take on responsibilities.
- Reduction in summary dismissal and disciplinary cases.
- Fairer allocation of work tasks.
- Better understanding of cultural diversity, discrimination and harassment.
- Clearer understanding of 'acceptable' standards of behaviour.
- Increased reporting of issues by workers due to improved understanding of rights and procedures.

The success of the courses in engaging supervisors and managers in Kenya and from a variety of European countries and cultures, has demonstrated the flexibility of the programme and the suitability of the materials for sites in different countries and contexts.

We have been working to create a platform for distance learning, which will be launched in 2010. This will enable us to provide cost effective learning opportunities which can be accessed anywhere any time.

## Part D – Partnership with DFID<sup>20</sup>

### Partnership with DFID

Your organisation, through your PPA, is formally in partnership with DFID. This section provides space for your organisation to comment on how that partnership is working in practice.

Some questions to guide you (but please feel free to comment as you wish):

- What has worked well?
- What has worked less well?
- What suggestions do you have for more effective partnership in future?

Please give specific examples if possible of your PPA partnership with DFID, including links to relevant documents/websites and any collaborative DFID engagement done with other PPA partners

(Approx. 600 words)

The level and intensity of engagement described in Section A has increased since the partnership began, adding mutual value and useful spin-offs. Some recent examples are:

- We advise DFID on ethical trade issues and on how to engage the private sector - for example, most recently in the establishment of the proposed Responsible and Accountable Garment Sector Challenge Fund.
- ETI continues to support the creation of strong ethical legacy for the 2012 Olympic Games by advising LOCOG key aspects of ethical trade policy, which over the past year has included the revision of the LOCOG standard, a complaints mechanism for workers and engagement with the promotional good industry.
- Following initial contact with DFID, we have developed an “Ethical Procurement for Health” guidance with the NHS [www.pasa.nhs.uk/PASAWeb/NHSprocurement/Sustainabledevelopment/Ethicalprocurement/](http://www.pasa.nhs.uk/PASAWeb/NHSprocurement/Sustainabledevelopment/Ethicalprocurement/) and have worked with PASA to revise this in 2009/10
- ETI continues to engage with the DEFRA sustainable clothing roadmap providing two demonstration projects in the action plan

Success factors in making such engagement work include:

- “Champions” in the Joint Trade Policy Unit and Business Alliances Team proactively promote contact between ETI and policy colleagues where there is likely to be mutual interest.
- DFID has become a more demanding partner, approaching ETI for advice and with suggestions. This has supported our success in penetrating public procurement and growing our membership. Our systems for capturing learning and monitoring progress have improved as a result of the demands of our partnership.
- PPA funding is not tied to specific projects, it allows us to take risks, respond quickly to seed new ideas or support key work that is not easy to fundraise for.
- The partnership provides added incentive to focus efforts on the poorest workers such as homeworkers, migrant and women workers. ETI has developed unique expertise in these areas and there is clear evidence that this is influencing companies to be more sensitive to the needs of these vulnerable people.

We have a number of suggestions about how the partnership could be further improved.

- DFID could play a more assertive role with some key partners in stressing the importance of enforcing the rule of labour law. UK business and their southern suppliers need a more enabling environment in which competition can be based on decent work. There is strong synergy between the big DFID programmes and key UK source markets and labour rights are an important component

<sup>20</sup> Again, we wanted to focus on partnership over relationship here and have left this section open to interpretation by each organisation, however, you might want to consider issues such as learning, accountability and communication with other parts of DFID beyond the Civil Society team.

This is an opportunity to expand on some of the information in Part A on the partnership between DFID and PPA holders and a chance to flag up issues.

- Better co-ordinated communications. ETI have not always been made aware of consumer- oriented campaigns that DFID are running and we could potentially add value to these. It would be helpful to have regular meetings to update each other on campaigns relevant to ethical trade. Over the past year we have one such meeting and found this to be useful.
- ETI staff often deliver training to businesses and could include some information about DFID in these sessions. It may also be good for some DFID staff to attend these events.
- DFID may wish to engage with ETI on plans to communicate messages about ethical trade to broader consumer audiences.

## Part E – Corporate Governance and Organisational Change<sup>21</sup>

### Provide evidence of how your organisation demonstrates good corporate governance, whether this has changed as a result of the PPA, and if so how.

(Approx. 300 words)

ETI is accountable to its 95 member organisations through its Board of Directors, who are elected by the three membership caucuses, companies, NGOs and trade unions. ETI Board meetings are attended by an observer from the DFID Joint Trade Policy Unit. ETI is itself a labour rights organisation, demanding accountability from its members on their workplace labour standards.

The ideas embodied in the ETI Base Code and Principles of Implementation are central to ETI's own internal policies and ways of working. We are committed to providing a safe, secure and fair workplace, which provides equal opportunities and has due regard for our organisation's impact on our stakeholders and our environment. We comply in all respects with UK employment and equalities legislation. ETI's internal policies are set out in detail in the ETI Staff Handbook, which is regularly updated. It covers terms and conditions, which have been agreed with senior managers and trade union representatives.

We have a clear process for embedding these principles into our ways of working with members, staff and directors. Each receives a comprehensive induction including documented material, containing all relevant policies and procedures. In the case of new ETI staff members, this includes awareness of their workplace rights and responsibilities.

Our recruitment processes take account of UK equalities legislation. All application forms are anonymised before going before the recruitment panel for short-listing.

Our premises are DDA compliant and, although building layout prevents us from having wheelchair access, we have a plan in place for disability requirements that include hiring a ramp.

None of this has changed as a direct result of the PPA.

### Please provide any evidence to show how PPA funding allows you to take risks and innovate (if at all).

(Approx. 300 words)

Our PPA funding, which roughly balances the contribution made by ETI members (see *Fig. 1*) enables us to:

- **Build trust and dialogue before there is a clear project idea** Without external funding we devoted significant senior staff time to develop a tripartite working group for our natural stone importers, creating trust and mutual cooperation by engaging with other European groups and thereby encouraging many more stone companies to take the plunge and join ETI.
- **Divert seed-corn funding to initiate new projects.** We use the PPA for seed-corn funding

<sup>21</sup> This section is about both ticking the basic legal compliance boxes and showing that PPA holders are pioneering dynamic new approaches to e.g. environmental standards.

This also provides an opportunity for PPA holders and other organisations in the sector to learn from each other and presents PPA holders as at the forefront of new approaches to good corporate governance, accountability, transparency, organisational change etc.

This is an opportunity to list which standards and codes you are signed up to (e.g. HAP, Sphere etc).

Emphasising how PPA funding has contributed to improving governance and change in your organisation and how this learning has been shared in order to strengthen the sector will also provide more material to demonstrate the reach and value that PPA funding has.

- **Migration programme** We held two workshops and spent time developing partnerships with other organisations involved in migration. The result is an MOU with like-minded organisations in USA to run a shared network on how to tackle migration issues. This gives us reach into USA market and buyers on this key issue.
- **Mica roundtables** Three weeks staff time supporting members to understand the issues, meet and develop common solutions. We responded very quickly to support members to tackle child labour issues in mica sensitively. We could not do it if we had to apply for money each time.
- **Move at pace to develop new ideas.** Our new wages programme, which aims to scale our learning from members to thousands more workers this year, has been developed using staff time and resources of unrestricted funds. We need to strike while the iron is hot because businesses need a solution now. If we had to apply for funding we would not be able to respond quickly enough.
- **Provide access for all our members to new resources** In March 2010, ETI, in partnership with ETI Norway took over management of the Local Resources Network, a free online community to link corporate and NGO members with developing world partners, who have expertise in conducting workplace remediation and training.

## Part F – Cross –cutting issues

Describe any work your organisation has done on Gender and Faith if applicable (this question will be limited for the period 2008-2011)

**Gender** – Please describe how your organisation is mainstreaming gender in its work, as well as any specific work your organisation has done to promote gender equality and women's empowerment.

**Faith** – Please describe how your organisation is working with faith groups and communities

(Approx. 600 words)

### Mainstreaming gender

Two of ETI's 15 NGO members, Women Working Worldwide (WWW) and Women in Informal Employment: Globalising and Organising (WIEGO) deal specifically with women's issues. Most of the others have specific programmes on gender. ETI's own programmes on discrimination and vulnerable workers put gender equality and women's empowerment centre stage.

The global cut flower industry provides a vital income for millions of people in countries like Kenya and Colombia. The majority of flower workers are women. Many of them are poor and so vulnerable to exploitation. Sexual harassment and bullying is often a major issue, as is inadequate maternity cover or allowances for childcare responsibilities.

We were first alerted to serious violations of the ETI Base Code in the Kenyan flower industry in 2002, when a group of our members visited Kenya to meet women workers at first hand and hear their stories. ETI's development of a supervisor training project, which tackles gender discrimination and sexual harassment, is a direct consequence of that early work. This groundbreaking and scalable model is now being replicated across Kenya's horticulture, tea and cut-flower production sites.

Thanks to a major new Comic Relief grant just awarded to ETI, up to 5,000 South African workers on wine, fruit and vegetable farms stand to benefit from this training. Plans are already underway to replicate the training in more production sites in the UK and India. We intend to use this collaborative approach to improving conditions in other industries and to tackle other forms of discrimination.

ETI's project on homeworkers, most of whom are female, has been running for almost ten years. Our homeworker guidelines set out the steps that companies can take to map homeworkers in their supply chain and to help to improve their working conditions. Our website contains a wealth of freely available information and guidance on homeworkers and homeworking, designed to help companies and other interested organisations to improve working conditions of homeworkers in global supply chains. <http://www.ethicaltrade.org/in-action/projects/homeworkers-project/guidelines>

### Faith

ETI does not work specifically on faith issues. However, the principle of non-discrimination on the grounds of religion is embodied in clause 7.1 of the ETI Base Code:

*There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.*

The faith-based organisations CAFOD, Christian Aid and Quaker Peace and Social Witness are NGO members of ETI. Most of ETI's other civil society members have notions of tolerance and social justice, where poverty has been overcome and people live in dignity and security at the heart of their value systems.

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<sup>i</sup> The five principles of implementation are: Commitment, Monitoring, Verification and Reporting, Awareness Raising and Training, Corrective Actions of suppliers and Management Procedures, Pricing and Incentives. A company's progress in implementing each principle is measured by assessing how far they have met 3-6 key performance indicators. In 2008, ETI is consulting with stakeholders to review the principles of implementation. If the principles are amended significantly, this may alter the data reported by members to ETI and require key performance indicators to be adjusted as in future years.

<sup>ii</sup> This indicator refers to "improved protection for poor workers" meaning changes in the law or better implementation of existing laws. Such engagements between civil society and government can stimulate enhanced enforcement of law through both government activity and that of private enterprise.

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### Note on High Level Objective 1

#### re: baseline for demonstrating improvements for Indicators 1, 2 and 3

Indicators 1, 2 and 3 are numerical measures based on statistics drawn from the independent analysis of members' annual reports to ETI. They seek to track the scale of improvement actions by ETI members.

- Indicator 1 baseline: in the baseline calendar year ending 2006, there were 39282 improvement actions counted in total (as opposed to 3600 improvement actions during 2003).
- Indicator 2 baseline: in the baseline calendar year ending 2006, 601 of the total improvement actions related to the ETI Base Code on Freedom of Association and 5929 related to actions on Wages

Because the range of membership is growing, it is helpful to view improvements in context. (For instance, as well as tracking the raw total of numbers of improvement actions, by noting changes in the types and range of companies implementing actions and the proportion of improvement actions tackling more difficult issues such as wages and freedom of association.)

Under Means of verification for High Level objective 1, the analysis of project reports and the collection of case studies on improvements in working conditions help to inform all three indicators 1 to 3. For instance, case studies help illustrate detailed examples of what is implemented and achieved as improvement actions in the supply chains of ETI members.

### Note on Case studies (referred to in Indicators 3, 6 and 9)

Case studies will be used to demonstrate achievement against HLOs 1, 2 and 3. Data collection for case studies will be carried out in a variety of ways, depending on the focus of the case study, the location of activities being described, and the individuals and organisations involved (as implementers and/or target beneficiaries of the activities). Methods will include review of documentation, discussion at project group meetings, telephone and face-to-face interviews (with members, partners, participants, beneficiaries, etc), questionnaire surveys (where appropriate), etc. Case studies will include quotes and evidence from workers and managers where relevant and possible.