

No 18 July 2004

# ETI Update



ethical  
trading  
initiative

Keeping members informed of our latest developments and events. To provide feedback or to make a contribution, contact Julia Hawkins: [julia@eti.org.uk](mailto:julia@eti.org.uk)

## Contents

### p2 Projects and Working Groups

- Child Labour Project
- China Project Group
- Homeworkers Project
- Smallholders Project
- Sri Lanka Garments Project
- Temporary Labour (Gangmaster) Working Group

### p4 Research

- ETI Impact Assessment

### p5 Membership support and development

- Review of annual reporting process
- 2003 corporate annual reports all-members forum
- Membership recruitment
- Staff changes

### p5 Publications and events

- Report back on purchasing practices roundtable
- Report back on ETI strategy consultation workshop

### p6 Other ETI activities

- Training development

### P6 ETI and beyond

- Multistakeholder initiatives project
- Thai Ministry of Labour visit to ETI
- DFID establishes labour standards forum
- Marketing Week conference on ethical supply chain management

## Bulletin board

### Urgent request for photos!

Please send any pictures you think might be suitable for our next ETI Annual Report to [adil@eti.org.uk](mailto:adil@eti.org.uk).

### Want to shadow an audit?

Contact Carol Sheldon:  
[carol@eti.org.uk](mailto:carol@eti.org.uk)

### Minutes of ETI Board meeting

13 May, 2004 available on the ETI website:

[www.ethicaltrde.org/z/abteti/wh/o/gov/board.shtml](http://www.ethicaltrde.org/z/abteti/wh/o/gov/board.shtml)

## Meeting dates

### Annual Reporting Working Group

29 July, 10 am  
ETI offices

### Child Labour Project

27 August, 2 – 4 pm  
ETI offices

### China Project Group

Sub-Group: 5 October, time and venue tbc.

Full Group: 4 November, 10.30am, ETI offices.

### Sri Lanka Garment Project

3 September, 9.30 - 11.30 am  
ETI offices

### Homeworkers Group

3 September:

Retailers and trade unions meet to discuss draft recommendations,

10 – 11.30 am

Full Homeworkers Group,

1.30 – 4.30 pm

venue tbc

## Projects and Working Groups

### Child Labour Project

*Identifying and mitigating risks in the supply chain: focus on Tamil Nadu, India*

**Search for local co-ordinator stalled.** At the end of June we held interviews with six shortlisted candidates for the position of local project co-ordinator in Coimbatore. Our recruitment process was extremely rigorous, but unfortunately we weren't able to find a candidate who had the right skills and experience and was also acceptable to all three local parties (manufacturers, trade unions and NGOs). We have decided to put the project on hold until the UK Group meets next.

The **next meeting** will be on Friday 27 August from 2 – 4 pm at the ETI Offices.

Contact Juliet Edington: [Juliet@eti.org.uk](mailto:Juliet@eti.org.uk)  
Find more information on our website at:  
[www.ethicaltrade.org/Z/actvts/exproj/chlab](http://www.ethicaltrade.org/Z/actvts/exproj/chlab)

### China Project Group

*Exploring tripartite collaboration to promote change*

**Coming soon: new China material on ETI Website.** Within the next couple of weeks, the members' area of our website will offer valuable background documentation on ethical sourcing issues in China, including:

- *Report on Chinese Labour Law.* At the end of last year we commissioned Verité to carry out a legal review of Chinese Law, comparing it to the ETI Base Code. This report presents the results of that review.
- *Companion to ETI Base Code Implementation in China.* We developed this document to be a mechanism for capturing and disseminating the various approaches corporate members have taken in trying to implement the ETI Base Code in China. The *Companion* will be updated every October. ***If you have material that you think would be appropriate to include in the document, please visit the relevant 'thread' on the members' Message Board and tell us about your experiences.*** Logging information

on the Message Board every time you come back from a visit will mean that anyone who is interested can access useful information immediately, instead of having to wait until the *Companion* is next updated.

**Also coming soon on the public area of the Website...** Materials from the May '04 *Introduction to ETI* conference held in Guangzhou.

**OHS proposal drafting underway.** A Sub-Group of the Full China Project Group, together with Hong Kong-based NGO and trade union groups, has been drafting a proposal and terms of reference for our proposed Occupational Health and Safety project in China. The Sub-Group will present both documents to the Full Group for agreement on 4 November.

**Next steps: who should we work with?** Once we've agreed our OHS proposal, we'll need to identify which organisations we might work with in Guangdong Province. Watch this space for more information on this.

**Next meetings:**

Sub-Group: 5 October, time and venue tbc.  
Full Group: 4 November, 10.30 am, ETI offices.

Contact Fiona Mabbott: [fiona@eti.org.uk](mailto:fiona@eti.org.uk)  
Find more information on our website at:  
[www.ethicaltrade.org/Z/actvts/exproj/china](http://www.ethicaltrade.org/Z/actvts/exproj/china)

### Homeworkers Project

*Applying the Base Code to an invisible workforce: the Christmas cracker industry in the UK and jewellery making in India*

**In India,** our Local Co-ordinator, Vinita Singh, has been working on Phase One of our work there. This has involved mapping the processes carried out by homeworkers; meeting with different Indian stakeholders and holding initial meetings with members' suppliers. Delhi-based local staff of ETI company members have started monthly meetings with Vinita to ensure good progress in this phase of the project with their suppliers.

**Cracker industry work in the UK cancelled.** On 8 July, the Crackers Group met with crackers suppliers to discuss the lack of progress on work in the cracker industry. The Group decided to close

the crackers side of the Homeworker Project. While some activities will continue (consulting with homeworkers and working with some suppliers), this will not relate to Christmas crackers as there are too few homeworkers left in cracker production in this country. Lessons learned from this side of the project will be written up and circulated in August.

The Group has also conducted a mid-term project review against agreed success indicators. Draft recommendations for retailers and trade unions will be discussed by those parties at a pre-meeting directly before the next meeting of the whole Group.

The **next meeting** is on Friday September 3, venue to be confirmed, as follows:

10 – 11.30 am

Retailers and trade unions meet to discuss draft recommendations

1.30 – 4.30 pm

Full Homeworkers Group

Contact Pins Brown: [pins@eti.org.uk](mailto:pins@eti.org.uk)  
Find more information on our website at:  
[www.ethicaltrade.org/Z/actvts/exproj/hmwkr](http://www.ethicaltrade.org/Z/actvts/exproj/hmwkr)

### Smallholders Project

*Progressing the Base Code through the supply chain: developing guidelines and testing them in the Kenyan tea and fresh produce sectors*

**Results of Smallholders survey circulated.** The results of our survey of members' Kenyan tea and fresh produce smallholders have now been circulated to the Group for comments. We have already received a very positive response.

**The draft Smallholder Guidelines** have also been revised and circulated to the Group. A short summary of the Guidelines for use by smallholders is also being developed.

**Rescheduling.** The Group's feedback workshop for stakeholders in Kenya will have to be delayed, probably until November. Our July 30 meeting has also had to be postponed until September as our Local Co-ordinator, Maggie Opondo, was unable to travel to the UK as planned.

Contact Pins Brown: [pins@eti.org.uk](mailto:pins@eti.org.uk)  
Find more information on our website at:  
[www.ethicaltrade.org/Z/actvts/exproj/smlhldr](http://www.ethicaltrade.org/Z/actvts/exproj/smlhldr)

### Sri Lanka Garments Project

*Testing different audit approaches in the ready-made garments industry.*

**Progress 'beyond expectations'.** During her recent flying visit to Colombo Juliet was pleased to hear comments from several members of the Colombo Working Group that they've already achieved more than they'd originally thought possible. News since the last *Update*...

**Workers' information leaflets now available on the members' area of the ETI website.** The cartoon leaflet developed by the Colombo Working Group to inform workers of their rights has now been posted on our website, together with an English translation of the Sinhala text.

**Nearly four thousand workers briefed on their rights.** In May and June a total of 3,800 workers in participating factories were briefed on their rights, the purpose of our project and the forthcoming trial audits. We've had very positive feedback from these sessions and workers have been keen to ask questions and engage in discussion. The Group has decided to compile all the questions raised from each factory and post them, together with responses agreed by the group, in all four factories.

**Trial audits postponed until late summer.** Our Group is making final adjustments to the multi-stakeholder audit methodology. Trial audits are now scheduled for between August and October. The Sri Lanka Apparel Exporters Association has agreed to carry out its audit as part of the project.

The UK Group **will meet** again on 3 September from 9.30 - 11.30 am at the ETI offices. The Colombo Group will meet again on 21 July.

Contact Juliet Edington: [juliet@eti.org.uk](mailto:juliet@eti.org.uk)  
Find more information on our website at:  
[www.ethicaltrade.org/Z/actvts/exproj/srigarm](http://www.ethicaltrade.org/Z/actvts/exproj/srigarm)

## Temporary Labour (Gangmaster) Working Group

*Towards a licence to operate: designing a code of practice and inspection process for providers of temporary labour in UK agriculture*

**Gangmaster (Licensing) Bill becomes law on 8 July.** Members of the Working Group have now been invited to join a Government Consultative Committee which will be tasked to shape the Gangmaster Licensing Authority. The Authority will be formed in April following secondary legislation.

**New programme of work planned.** The law will take around two years to come into effect. In the meantime, the Group has agreed a new work programme to communicate the Code of Practice to the industry and advise on its implementation. We can report the following progress since the last Update:

- **Code of Practice for Labour Providers finalised.** Lord (Larry) Whitty, the Defra minister, has written a foreword. Retailers and industry trade associations have been asked to sign the Code prior to its launch in September. It has also been adopted by the Association of Labour Providers as a condition of membership.
- **Audit methodology fine-tuned.** We carried out two further trial audits in July and have since fine-tuned the audit methodology to take account of the most recent learning and changes to the format of the Code.
- **Training day planned for audit companies.** The audit companies that were involved in the first trials have been invited to a training day on the audit methodology, to be held on 3 September.
- **A series of regional workshops** is now planned September-November for temporary labour providers and labour users to explain the Code and the audit process to them.
- **The draft report A Licence to Operate will now be revised** to incorporate the rapid progress of the last three months. The report will be launched in September.

The next meeting will be held during the week starting 6 September (date to be confirmed) at ETI's offices. Sub-Group meetings will also take place that day.

Contact Dan Rees: [dan@eti.org.uk](mailto:dan@eti.org.uk)  
Find more information on our website at:  
[www.ethicaltrade.org/Z/actvts/exproj/ukagr](http://www.ethicaltrade.org/Z/actvts/exproj/ukagr)

## Research

### ETI Impact Assessment

*Assessing and improving the impact of corporate members' implementation of the ETI Base Code*

**Vietnam and India case studies under way.** IDS are working on these studies in partnership with researchers from the Institute of Economics and the Family and Gender Studies Centre in Hanoi, Vietnam, and with a team led by the Jawaharlal Nehru University in Delhi, India.

In both Vietnam and India, IDS has briefed the local researchers on ETI and the Base Code, labour law and conditions in the sector, and the aims and scope of the research. It has also provided them with training on participatory research methods. So far, the teams have:

- developed and piloted locally specific research methods;
- mapped local stakeholders;
- shortlisted factories for inclusion in the study
- started interviews with factory managers and key stakeholders.

**The next Steering Group meeting will take place on 4 August, 1-4 pm** at the TUC. We will focus on:

- feedback from IDS on preliminary findings from South Africa, and progress/initial insights from Vietnam and India;
- agreeing the content and audience for the seminar/workshop planned for October/November; and
- discussing the way forward for the last two case studies, and how to approach Phase Three (ie, how to share learning from the project).

Contact Man-Kwun Chan: [man-kwun@eti.org.uk](mailto:man-kwun@eti.org.uk)  
Find more information on our website at:  
[www.ethicaltrade.org/Z/actvts/rsproj/impact](http://www.ethicaltrade.org/Z/actvts/rsproj/impact)

## Membership support and development

### Review of annual reporting process

As you know, the Annual Reporting Group has spent the last six months re-examining the corporate annual reporting process with a view to making it more useful. The Board asked us to consider the need for:

- more robust indicators
- measuring outcomes
- measuring a wider range of activities
- a longer term perspective
- considering likely impact on business practices
- comparison of company performance
- increasing transparency
- verification of information
- numerical indicators
- benchmarks for incremental levels of progress.

We will present our findings and recommended new approaches to the Board at its next meeting on 2 September. Once the Board agrees to our overall approach, we will explain it to members (see below).

### 2003 Corporate annual reports all-members forum: 6 September 2004

As with last year, on 6 September we will hold a half-day forum for all members to discuss the corporate annual reporting process. The aim of this afternoon event will be to:

- jointly review issues and trends and share examples of good practice emerging from the 2003 Corporate Annual Reports, including NGO and trade union feedback; and
- present and explain to the membership the new corporate annual reporting guidelines for 2005 onwards.

The Secretariat will send out a programme for the event in the near future.

Contact Santiago Porto: [santiago@eti.org.uk](mailto:santiago@eti.org.uk)

### Membership recruitment

Representatives from **Adams, Boden, Laura Ashley** and **Ted Baker** came to our recent Purchasing Practices Roundtable. We are in

ongoing discussions with all of these companies regarding membership.

**B&Q** confirmed that they will not be considering applying to become a member of ETI before February 2005.

Contact Santiago Porto: [santiago@eti.org.uk](mailto:santiago@eti.org.uk)

### Staff changes

**Lleann Llewellyn** is leaving WHSmith to take up a new position as CSR Manager of the Early Learning Centre. Wishing her all the best in her new role.

The best of luck also to **Muriel Johnson** who retired from her position as Social Compliance Manager at Marks and Spencer at the end of June. Her post at M&S has been taken over by **Julia Dobson**. Muriel will continue to represent the company on the ETI Board and in the Sri Lanka Project Group.

## Publications and events

### Purchasing practices roundtable 7 July *Reporting back*

**Nearly 70 participants at 'Purchasing Practices' roundtable.** What a great turn-out. Not only because of the amount of people who turned up - which included a few non-member companies - but also because of the fact that several staff from buying departments attended. This is one indication that the issue of 'marrying the commercial with the ethical' is beginning to nudge itself onto some corporate agendas. Discussions in break-out groups were open and constructive, with honest exchanges between ethical and purchasing managers about their often-conflicting motivations.

A **report of the seminar** will be sent out in the next couple of weeks. This will synthesise the discussions held on the day and suggest possible ways of moving forward.

Many thanks to all those who contributed and in particular, to the presenters.

## Strategy Consultation Workshop 15 July Reporting back

Workshop 'a good chance to think about the bigger picture'. Our Strategy Consultation Workshop attracted nearly 30 members. We spent nearly all of the day having fairly structured discussions in small groups. Participants had the chance to do some 'blue sky thinking' about why we are here, what our overall aims should be and how we can work best to achieve those aims.

A report of the Consultation process will be produced in mid-August, on which members will be invited to comment. The report will provide a brief summary of the major issues that have emerged from the consultation to date. More detailed information about the consultation process itself will be provided in an annex for those who want to find out more.

## Other ETI activities

### ETI Training Development

We have made progress in identifying a training partner to help develop and deliver training based on our learning. A shortlist of three has been selected from those organisations that formally tendered and we hope to come to a decision following an assessment day on 10 August. Many thanks to Steve Grinter (ITGLWF), Meriel Hoban (Next) and Maggie Burns (WWW) for agreeing to take part in this process. Contact Dan Rees: dan@eti.org.uk

## ETI and beyond

### Multistakeholder initiatives project

We have received formal notification that the funding application to the EU for €135,000 has been successful. We have also completed recruitment of an International Project Manager who will start work part-time in August and full-time in October (more on this in the next *Update*).

The date of the next meeting in Washington has been moved to Thursday 5 August 2004, and will be hosted by the FLA. This meeting will include discussions on: involving member companies,

engaging with stakeholders in Turkey and a new draft of the common code.

Find more information on our website at:  
[www.ethicaltrade.org/Z/actvts/capbld](http://www.ethicaltrade.org/Z/actvts/capbld)

### Thai Ministry of Labour visit to ETI

A delegation of 11 Ministry of Labour Officials led by the Permanent Secretary visited our offices on 9 July. This was a useful opportunity for the Secretariat to explain in detail what ETI is about and to learn about the Thai Government's Corporate Social Responsibility Requirements. The Government is keen to promote its own code of practice and compliance process. We are exploring the detail of this prior to informing members further. Contact Dan Rees: dan@eti.org.uk

### DFID establishes labour standards forum

DFID launched its Labour Standards and Poverty Reduction paper on 20 July, making the case for labour standards and setting out an action agenda. Despite a busy day in his Ministerial diary, Hilary Benn spoke to participants and answered questions for over an hour. A Labour Standards Forum has been formed to promote ongoing dialogue between DFID, the trade union movement, companies and NGOs. If you would like to find out more or be invited to the next meeting, contact Maria Cushion at DFID: m-cushion@dfid.gov.uk

### Marketing Week Conference

Dan Rees will make a presentation at the conference: *Implementing ethical trading as a sustainable and commercially-driven practice in your supply chain* on 8 and 9 September 2004. If you are planning to attend, let organisers Marketing Week know you are an ETI member. They'll give you a 25 percent discount off the booking rate.

*ETI Update* is published every six weeks.

EDITOR: Julia Hawkins: [julia@eti.org.uk](mailto:julia@eti.org.uk)

Ethical Trading Initiative  
Cromwell House  
14 Fulwood Place  
London WC1V 6HZ  
United Kingdom

t +44 (0) 20 7404 1463

f +44 (0) 20 7831 7852