

SHAPING A NEW AGENDA
ETI Biennial Conference May 12 & 13, 2005

Alan Roberts Introduction to the conference

Lords, Ladies and Gentlemen, distinguished guests. It is my privilege to welcome you to the fourth biennial conference of the Ethical Trading Initiative.

May I offer a very special welcome to those of you who have travelled here from Africa, the Indian Sub Continent, South East Asia and China. Welcome also to those who have come from the United States and Canada and welcome to all of our European colleagues.

It is testament to the global nature and increasing importance of ethical trade, that we are able to welcome such a diverse gathering of individuals and organisations to this event. We are deeply grateful for your attendance.

Over the next day and a half, we have arranged for 70 speakers from manufacturers, growers, importers, retailers and brands, from trade unions and NGOs, from Government Departments, other code based initiatives, from Universities, audit companies and service providers. Thank you all for sharing your experience with us.

I would especially like to acknowledge the business, trade union and NGO members of the ETI. It is our members that make ETI the unique organisation that it is. It is their commitment, their

credibility and their influence, that has enabled us to bring such a broad group of organisations and expertise together today.

I should also like to acknowledge the support of the British Government at the Department for International Development and especially the Secretary of State, Hilary Benn. ETI continues to enjoy a productive partnership with DFID and I look forward to hearing the Secretary of State speak later today of the relevance of ethical trade to the priorities of our new government.

ETI has always held the view that corporate responsibility for the promotion of labour standards, should be defined by businesses, working together with the trade unions that represent workers, and non-government organisations that advocate on their behalf. We therefore value the remarkable diversity of interests represented by the 350 people here today. It is the insights and challenges that arise from discussions between all of you that makes the ETI conference so unique.

When planning this conference we set out to create a forum in which you can challenge and be challenged by, the most current thinking on the issues that are defining a new agenda for ethical trade. We have certainly gone the extra mile, organising 36 workshops, to create an environment in which you can genuinely engage in discussion of these issues. The emphasis of these workshops is on sharing case studies and practical tools that ETI members and others have developed in order to promote workers rights. We know that we have a very long way to go, that there are many very real problems experienced by workers that produce

goods sold in the UK. But we are also encouraged by the responses that are being developed by businesses and our programme offers you some of the best advice and experience currently available. Please make the most of it!

So what is the new agenda for ethical trade? Being Chair, as my Board colleagues know, I like to keep the agenda short and I have chosen three items from many issues in our programme.

Item 1. I have coined this "how not to avoid the obvious!" This item is about *putting the workers who are most affected by codes at the centre of any strategy that aims to promote their rights*. Put like this, it certainly sounds like an obvious thing to do. But if we are honest, our collective experience tells us that we have not involved workers in our processes as much we would like or need to. In recognition of this we have put this issue at the top of our agenda this morning.

In fact this is not a new agenda item at all. It is more like a standing order in the tripartite discussion. We have learned that the auditors that have the confidence of the workers are the ones that understand their situation. We know that if workers have an on-going problem with their employer, the sustainable solution is for those parties to have their own procedures and agreements to identify and manage problems as they arise. But ETI corporate members also report real practical and political obstacles. In some of the markets from which we source, anti-trade union hostility and low trade union membership are the norm. Despite these difficulties, we believe that, at their best, codes of practice are a

stepping stone to collective agreements between employers and workers.

I am aware that this may sound to some like a partisan trade union position? If it does then I urge you to listen hard during this morning's plenary session. More and more companies in our fold are now speaking this language, as they understand the business benefits of stronger industrial relations in their supply chain.

Item two on my shortened agenda is about walking the talk! That is *how does a company mainstream its ethical standards into its core business practices?* In the current climate I believe this presents the single greatest challenge to credible code implementation that any company faces.

The shareholders expect value in the short-term, buyers exert relentless pressure for lower prices and at the same time greater flexibility. These circumstances can be bad for workers, creating an environment in which suppliers are hard pressed to meet their customer's orders while observing that customer's code. Under these circumstances should we be at all surprised that some suppliers have responded to compliance programmes with new degrees of deception? Or is this a predictable response to the challenge of meeting the conflicting demands of their customers?

The example serves to highlight the conclusion that a growing number of companies are reaching. Corporate responsibility for the promotion of basic human rights at work must break out of the "compliance department ghetto". To "walk the talk", a company

must ensure that buyers, the strategists and designers, also live up to its ethical standards and yes even the CEO. Each makes decisions that can affect the conditions for workers in the supply chain and each has a role to play.

We must understand more fully the real impacts that those decisions across the business have on suppliers in order that we can identify improvements that yield commercial as well as ethical benefits. It is our role to develop both good practice and the tools to implement it and to challenge others to implement it too.

In this afternoons plenary session Nike will share their approach to tackling this challenge. We will also hear the considered opinions that the Global Textile Union and Oxfam have developed from their experience.

My last item for shaping the new agenda is "making friends and winning influence". This item is about the need to build *stronger and broader alliances* between businesses, trade unions, NGOs and governments *in order to tackle labour rights at a strategic and sectoral level as well as in the workplace*. Brands that have been promoting codes of conduct with individual suppliers for a decade realise that to have impact we must join forces.

At ETI we have become passionate about this way of working. Our experience tells us that when businesses join forces with trade unions and NGOs, we can be a powerful force for change. By working together we can maximise understanding of what codes are about and build the capacity of suppliers, trade unions and

NGOs to bring about change. Acting together we can also be more effective at engaging with government, and can challenge it to do the job of government. And the job of government is to create a level playing field for business to operate in an ethical market place by enforcing the law of the land.

In the workshops this morning, ETI members will share with you, some of the fruits of our work and I would like to highlight just some of the success we have had.

ETI members have inspired a very effective coalition to tackle the exploitation of migrant and temporary workers in the UK food and agricultural industry. Last month, the Gangmasters Licensing Authority was established as a direct result of our joint advocacy work. This new regulatory body is charged with maintaining a register of licensed labour providers and providing a much-needed focal point for law enforcement in this key part of the food supply chain. We will continue to work with the new authority to help protect both workers and businesses from the real risks that are posed by bad employers.

I am also very encouraged by progress on another joint-initiative – which we announced at our last Conference, the Joint Initiative on Corporate Accountability and Workers' Rights. ETI is collaborating with five other multi-stakeholder code initiatives to develop common guidelines of good practice. Eight global brands are now working with their suppliers in Turkey to trial different approaches to code implementation and to take what is best from each to support the development of the guidelines.

Much of our work since the last conference has focussed on the more marginalised workers in the supply chain. In the coming months we will launch our guidelines on how to apply labour standards with smallholders. This is the first advice to companies of its kind and has been developed in consultation with five hundred smallholders in Kenya.

At the last conference we also announced our intention to commission an independent impact assessment examining the effect of our members different approaches on workers and suppliers down the supply chain. I am delighted that we can reveal the initial results to you in a workshop at this conference. Comprehensive findings will be published later this year.

Another exciting development this year is a new ETI project in which 10 companies are working with NGOs and Unions to examine the impact of their buying practices on supplier workplace conditions. We aim to develop tools and good practice for buyers, designers and other key decision-makers right across the business.

ETI is not just about what members do together. ETI is also about the implementation of the base code by our corporate members and my last word should go to them. Since the last conference they have expanded the influence of the base code in their supply chains. Members are now working with 20,000 supplier's world-wide – up 50% from two years ago. And last year they reported 5000 separate improvements in workplace conditions – up 40%.

Many members have reported good progress on strengthening their code implementation, embedding it across their business and providing all important training and support to their suppliers. Being committed to continuous improvement ETI will always raise the performance bar but to do so we must be better at recognising good corporate performance when we see it. This year we are introducing more comprehensive indicators and a more robust corporate reporting framework to help us to do just that. ETI's corporate members, to their credit, have embraced this new discipline.

Today is a great day for ETI members. We welcome you to share in our experiences and to learn from your own. We are convinced that the issues up for debate at this conference are the ones that will shape a new, stronger agenda for ethical trade. These are the directions in which we will be travelling in the years ahead;

- Stronger alliances across industries to achieve the influence we need,
- Better partnerships and greater capacity in the supply base to deliver sustainable change, and
- Deeper ownership of labour standards, practised throughout the businesses we work with.

If these are your issues too I urge you to shape the discussion today and come and join us tomorrow.