



ETI and our members in action – good practice examples

The Institute of Development Studies has made a series of recommendations for ETI, companies, trade unions, campaigning organisations and governments to increase the benefits of company codes of conduct for workers in supply chains. Below are some examples of how ETI and our member companies have been putting many of these recommendations into practice.

1. Extending the reach of codes to all workers

Helping stamp out exploitation of migrant workers in the UK food industry

In 2002, ETI convened a unique cross-industry alliance, the Temporary Labour Working Group (TLWG), to lobby the Government to introduce statutory licensing for temporary labour providers ('gangmasters') and to create a voluntary code to help improve labour practices ahead of licensing. Our goal of licensing was realised in October 2006 when the Gangmaster Licensing Act came into effect and it became an offence for labour providers to UK food and agriculture to operate without a valid licence. In early 2006 we steered the TLWG's engagement with policy makers over the extent of the Act's coverage, and after weeks of intensive lobbying, gained agreement from the Government that it will provide comprehensive protection for workers across the entire food industry. We also helped labour providers prepare for licensing. The TLWG carried out 465 audits of labour providers and, as the conditions for licensing are heavily based on the TLWG's voluntary code, the overwhelming majority of these labour providers improved to a level where they satisfied the licensing requirements of the newly-created Gangmaster Licensing Authority.

ETI members involved include Asda, The Co-operative Group, Sainsbury's, Marks & Spencer, Tesco, Trades Union Congress

Tackling homeworkers' conditions in India

In July 2006, ETI members together with Indian suppliers and partners, finalised draft guidelines to show how the ETI Base Code can be applied to homeworkers. Recognising that a collective approach offers the most sustainable and credible way of driving up standards, we also helped the same group establish a national body, the National Homeworkers' Group, whose initial mandate will be to co-ordinate action in Uttar Pradesh's fabric embellishment industry. Inspired by the co-operation and vision of all involved, we helped to establish clear terms of reference and a structure for the Group, and encouraged brands and retailers sourcing from India to participate.

The National Homeworkers' Group is the first of its kind to promote and guide responsible corporate action on homeworking. It is currently establishing a local multi-stakeholder group in Bareilly, Uttar Pradesh, which will tackle the conditions of up to 100,000 local homeworkers. ETI urges all retailers and brands sourcing from homeworkers in India, and other organisations working with Indian homeworkers, to get involved in this groundbreaking work.

ETI members involved include Gap Inc., Next plc, Monsoon Accessorize

How Gap Inc. persuaded supplier management to engage with trade unions

In 2002, Gap Inc. came under pressure from two unions to address allegations that management was interfering with workers' right to freedom of association in Precious Garments, one of their supplier factories in Lesotho. As the situation in the factory escalated, Gap sent a team to visit the

factory and meet the Lesotho Clothing and Allied Workers Union (LECAWU), the local union (affiliated to ITGLWF). After many phone calls, emails and factory visits, management agreed to hire new supervisors, meet and discuss issues with LECAWU and allow the union to distribute information to their workers.

For managers at Precious Garments in Lesotho, the benefits have been:

- reduced threat of embarrassing external arbitration referrals
- early and genuine signals of worker grievances, which helps to eliminate tensions and poor worker morale
- cost-effective disciplinary processes
- efficient interaction with trade union officials
- improved trust between management and workers, leading to a better working environment based on a culture of co-operation

Chiquita: Educating workers

In 2003, Chiquita developed a booklet to explain the key concepts of its code of conduct to an audience with limited education and reading skills. It then trained over 13,000 of its employees using the booklet. Union leaders also participated in the training.

Supporting trade union rights - Interstoff Clothing Ltd, Bangladesh

In December 2005 the Interstoff Clothing Ltd. Worker Union and the Bangladesh Independent Garment Workers Union Federation (BIGUF) asked ETI to help resolve their grievances with the Interstoff factory management. This centred around the dismissal and harassment of trade union officials and members. After several months of negotiation brokered by ETI, The Interstoff Clothing Worker Union and factory management signed an agreement to work together to create a mature system of industrial relations at Interstoff, including:

- training of managers and supervisors in trade union rights
- re-instatement of four dismissed union leaders
- re-writing of company rules, including a disciplinary procedure
- agreement to reinforce the company's human resources department.

Supporting trade union rights - Fortune Garments, Cambodia

In November 2005 we were alerted to allegations of serious interference with trade union rights at this Cambodian factory. In response, ETI brought member companies sourcing from Fortune Garments to meet with workers, intermediary suppliers, factory management and ITGLWF affiliates to verify the allegations and to seek a solution to the crisis. In May 2006, months of hard work put in by our members, their intermediary suppliers and ITGLWF affiliates in Cambodia - not to mention the workers and management at Fortune Garments - resulted in an agreement by management to:

- compensate two workers who had been unfairly dismissed
- open its doors to the Coalition of Cambodian Democratic Apparel Workers' Union
- train all managers in human resources
- seek support from the International Labour Organisation and other expert bodies
- accept all trade union demands over pay and conditions.

2. Shifting the focus to sourcing countries

The Wine and Agricultural Ethical Trade Association (WIETA) – a South African solution

WIETA is a voluntary association of different stakeholders. It was founded in 2002 following on from the ETI wine pilot in South Africa. It is committed to the promotion of ethical trade, at first in the wine sector, and since October 2005 in agriculture as a whole.

WIETA's mission is to improve the working conditions of employees in agriculture. It has adopted a code of good practice for workers in primary growing and secondary production. It conducts independent social audits to ensure members observe its code. It also provides education for producers and workers and promotes good employment practice in the agricultural sector. See <http://www.wieta.org.za> for further information. WIETA has 100 members, including wine and fruit

growers and producers, exporters, trade unions, NGOs, labour providers, government and UK retailers.

ETI members of WIETA include the Co-operative Group, Marks & Spencer, ASDA and Tesco

Promoting fair treatment of workers

ETI has recently joined forces with the South African-based Wine and Agricultural Industry Ethical Trade Association (WIETA) to develop a training course for supervisors in the agricultural sector. WIETA is a multi-stakeholder body which was born out of an ETI experimental project. Now fully independent, it monitors and seeks to improve conditions in the South African wine and agricultural sector. A group of ETI members is now working with WIETA to develop the course, which aims to educate farm supervisors on their rights and build their supervisory skills. The ultimate goals are to improve workers' experiences of supervision.

ETI members involved: Asda, Africa Now, Central American Women's Network, Christian Aid, Betty's and Taylor's, Finlay's Beverages, Flamingo Holdings, Marks & Spencer, Tesco, T&G, World Flowers.

3. Work collaboratively to maximise potential

The Brands Ethics Working Group in India

This group is an informal grouping of global brands and retailers, key agents, auditing companies and the Fair Labor Association. Its members meet to share experiences of dealing with difficult non-compliance issues, develop a common voice and approach to key compliance issues and engagement with local factories, and build the capacity of these factories to improve labour conditions.

ETI members involved include Gap Inc., Next plc, Monsoon Accessorize

Collaboration to produce a Workbook for suppliers

Co-operative Retail and other partners collaborated to develop a workbook for suppliers which they are progressively introducing throughout their supply chain along with briefing seminars on how to use it. The workbook allows suppliers to assess their own level of compliance and identify areas needing attention. In this case, an external consulting company was used as an 'honest broker' to manage the process of producing the workbook and handle intellectual property issues.

ETI corporate members involved include Co-operative Retail, Flamingo Holdings, Marks & Spencer

4. Making ethical trade more central to core business practice

ETI purchasing practices project

The ETI Purchasing Practices project, established in April 2005, is an opportunity for companies to fully understand and address the challenges of aligning their commercial practices and ethical policies. Several companies are actively involved, and we call on other retail and brand name companies to follow suit. **Marks & Spencer** is one of the companies already involved in this project, and they are developing key learning on how training for buying teams can be used to increase their awareness and responsibility about how their purchasing practices affect suppliers and their employees. Methods for quantifying the impacts of buying decisions on workers in supply chains will also be developed and trialled. And **Gap Inc. and Women Working Worldwide** are working to identify pressure points within Gap Inc's production pipeline that adversely affect quality, cost, on-time delivery and code compliance. Gap Inc. are currently exploring ways to mitigate the worst of these effects - further information on their research will be available on their website in the near future.

Madison Hosiery – Integrating labour standards into contracts with suppliers

Madison Hosiery requires all suppliers to sign up to the Madison Supplier Handbook which contains the ETI Base Code. This is reinforced in contracts which contain a clause stipulating that suppliers agree to meet 'all the requirements, terms and conditions set out in the Madison Supplier Handbook... which it acknowledges it has received, read and understood'.

Levi Strauss & Co – integrating ethical trade into business decisions

Levi Strauss & Co. have a system for integrating information on supplier compliance into business decisions. Information on supplier compliance includes: corrective action plans; existence of repeated violations; not implementing agreed corrective actions within the required timescale; and failure to demonstrate improvement over previous years. This is all consolidated into a simple model which is compared with other factors, including quality, strategy and volume.