

# Minutes

Ethical Trading Initiative [www.ethicaltrade.org](http://www.ethicaltrade.org)

## **ETI Board Meeting 25 May 2006, 2-5 PM**

**Venue:** ETI, Cromwell House, 14 Fulwood Place, London, WC1

**Chair:** Alan Roberts

**Vice-Chair:** Tony Young

**Attendees:** Sarah Barlow (Corporate Representative)  
Lakshmi Bhatia (Alternate Corporate Representative)  
Robert Brown (Corporate Representative)  
Maggie Burns (NGO Representative)  
Sharon McClenaghan (NGO Representative)  
Peter Williams (NGO Representative)  
Neil Kearney (Trade Union Representative)  
Dan Rees (ETI)

**Minutes:** Carol Sheldon (ETI)

### **0 Vice-Chair**

The Chair warmly welcomed Tony Young, Vice-Chair.

### **1 Apologies for Absence**

1.1 James Howard (TU Representative), Louise Nicholls (Corporate Representative), Simon Steyne (Trade Union Representative) and Maria Cushion (DFID Observer).

### **2 Minutes of Meeting held on 23 February 2006 and Matters Arising**

2.1 The Minutes of the Meeting held on 23 February 2006, were approved.

2.2 Item 3.3.1 – Resignation of Somerfield Stores. Dan Rees reported that the request for a meeting with the new owners had been turned down. Board expressed disappointment with this response given how much work needs to be done to improve labour practices in the supply chain.

2.3 Item 12.2 Third-party auditors – The Secretariat has not yet forwarded the proposal to write to ETI's corporate members suggesting that they pool their data on auditors. This item will be carried forward.

### **3 Corporate membership issues**

#### **3.1 Applications for Corporate Membership**

##### **3.1.1 Associated British Foods (Primark)**

3.1.1.1 Board noted that the application was scoped towards Primark. The Board approved

membership of ABF (Primark).

### 3.1.1.2 **Supremia International plc**

3.1.1.3 Board approved the application of Supremia International plc

## 3.2 **Membership Development Update**

3.2.1 The Secretariat updated the Board on the companies with whom ETI is in discussion about possible membership

## 4 **Company Codes and ETI Base Code**

4.1.1 The membership Disciplinary Committee reported discussions with one member that has yet to fully adopt all aspects of the Base Code. This member is in the advanced stages of the Disciplinary Procedure. The next step is to ask the company again to consider adopting language that would be compatible with the standards outlined in the Base Code

4.1.2 Secretariat advised that actions with respect to all other members on this issue had been taken forward.

<b>Action</b>	<b>Due by</b>	<b>By Whom</b>
<b>Secretariat to ensure the wording of this is consistent with ETI's procedures.</b>	<b>ASAP</b>	<b>AR &amp; DR</b>

## 5 **Analysis of ETI Corporate Annual Reports**

### 5.1 **Presentation by Ergon**

5.1.1 Stuart Bell and Alastair Usher from Ergon gave a brief presentation.

5.1.2 The ETI Board was presented with a detailed analysis of the ETI annual report, together with comments on the reporting process. The Board welcomed this work and acknowledged that the framework was a significant step forward

5.1.3 It notes that the reporting framework is highly prescriptive particularly in relation to the performance data. There have been some problems because the Excel format is unstable. Small and medium size companies seem to like the format. There is no assurance or verification mechanism at present and it may be worth considering a sampled assurance programme.

### 5.2 **Improvements to the Reporting Framework**

5.2.1 An initial review meeting was held on 3 May. The following issues were identified for review and initial work has begun in these areas:

- Commercially sensitive information
- Lack of space for detailed answers
- Top ten improvement actions
- Major/Minor non-compliances
- Worker numbers
- Volume of data
- Sedex interface
- Summary sheet with main points

- Other formatting/technical issues
  - Are these the right KPIs to drive internal priorities?
  - Verification of data
- 5.2.2 Ergon associates were asked for their view of how the corporate annual reporting framework and reporting process could be improved upon and their suggestions will be referred to the Annual Reporting Working Group.
- 5.2.3 An annual Reporting Working Group meeting has been convened for 8 June.

## **6 Driving change in corporate behaviour**

- 6.1 Following the initial discussion at February Board meeting, paper was tabled which summarised the discussion so far and proposes a process for developing more concrete proposals.
- 6.2 The Secretariat proposes that a 'Think Tank' of no more than 8 people be established. Members should include senior people with a variety of experiences including a CEO of a brand, a senior buyer or supply chain director, leading NGO campaigner/opinion former, CEO of a leading supplier, an academic and representatives from different sectors. It is suggested that this should include 3 ETI Board members and 5 external people.
- 6.3 The role is to challenge ETI with 'blue sky thinking' and its terms of reference will be to (1) examine how best to drive corporate responsibility for labour practices and, (2) advise what contribution ETI can make to this. The Think Tank will be asked to submit a final report in May 2007.
- 6.4 Possible issues and related ETI workstreams for the panel to consider were tabled.
- 6.5 Board members agreed that the 'Think Tank' is a good idea, and that ETI needs to better understand the consumer demands for ethically traded products and how best to communicate with consumers. Work in this area is long overdue.
- 6.6 The Board agreed to progress the proposal and asked the Secretariat to produce detailed terms of reference for Board approval in September. The Secretariat will identify possible consultants and begin discussions with them.

## **7 ETI Implementation Plan 2006/08**

- 7.1 The Implementation Plan is intended to be a management tool for the Secretariat and enable clearer accountability to report progress to the ETI Board.
- 7.2 At the moment, we do not know who will be DFID's observer at ETI's Board meetings.
- 7.3 As part of the Partnership Agreement, ETI will be required to report formally to DFID once a year and will use the indicators in the Implementation Plan to assist in this exercise. We have developed the following outcomes as part of the Partnership Agreement::
- 7.4 **Outcome 1:** More poor workers have greater awareness of their rights and are supported by civil society initiatives that help to realise them.  
**Outcome 2:** A growing number of businesses (north and south) take actions to ensure labour laws and standards are implemented.  
**Outcome 3:** Increased civil society engagement with government improves legal protection for poor workers.  
**Outcome 4:** More retailers and suppliers in North and South are aware of ethical trade and the benefits it can bring.

**Outcome 5:** ETI enables the private sector to participate effectively with the trade union movement and NGOs in support of DFID's objectives

- 7.5 Paper includes table of key performance indicators and measures against which ETI will measure its success. They will be used to report to DFID and the ETI Board. The paper also gives the main areas of work for the next two years.
- 7.6 We intend to develop a stronger staff presence in key supplier countries, starting with the recruitment of full-time representatives in China and India to allow more engagement with NGOs and Trade Unions.
- 7.7 Board welcomed this work and requested additional indicators on aspects of ETIs work to illuminate particular working conditions such as working hours, wages, freedom of association.

Action	Due by	By Whom
Dan to consider additional indicators	September	DR

## **8 Finance Report**

### **8.1 Year end March 2005-April 2006**

- 8.1.1 The draft end of year accounts were approved.

### **8.2 Budget for 2006/07**

- 8.2.1 A £70,000 deficit is proposed for the year. The Board approved the Budget.

## **9. Director's Report**

### **9.1 Sedex**

- 9.1.1 Sedex is still in discussion about the appropriate advisory structure for the initiative and we expect a proposal to the ETI Board in September.

### **9.2 Secretariat Staffing Issues**

- 9.2.1 Following our failure to appoint a Membership and Training Development Manager, there is a suggestion that we look to creating a Deputy Director post. Detailed consultation with the Secretariat will be undertaken to decide if such a post will resolve the issue.
- 9.2.2 Board agreed the proposal that a Deputy Director should be appointed.

## **10 Reports from caucus meetings**

### **10.1 NGO**

Of the issues discussed by NGOs the following requests and feedback were given to ETI:

- NGOs involved in the Purchasing Practice Project believe that the group needs stronger input by the supermarkets if it is to be really useful. Secretariat urged to take up this issue
- NGOs suggested that ETI engage with FLO on the issue of fair trade cotton/garments
- NGOs urged ETI to develop a policy on EPZ's and Freedom of Association

### **10.2 Trade Union Side**

Of the issues discussed by the TU side, following requests and feedback were given to ETI:

- ETI Impact Assessment Group – the presentation to TU did not focus sufficiently on freedom of association and too much on softer issues.

### **General Merchandise Group**

### **10.3** Of the issues discussed by the TU side, the following requests and feedback were given to ETI:

- Concern over the use of forced child labour in Uzbekistan's cotton harvest – a letter to be sent to the Ambassador at the Embassy of Uzbekistan
- Suppliers are pressing the case for greater recognition for ethical performance

### **Food Group**

### **10.4** Of the issues discussed by the TU side, following requests and feedback were given to ETI

- Strong support for the proposal for collaborative approach to ethical trade in Columbia

## **11 Complaints Concerning ETI Members' suppliers**

### **11.1** Paper was tabled updating the Board on the status of complaints concerning the suppliers of ETI members.

#### **11.1.1** There is a great deal of unrest in Bangladesh – low wages, long hours and abusive treatment and a number of ETI members are concerned.

#### **11.1.2** It has been agreed that:

- an urgent letter be sent to ETI members appraising them of the situation with a request for details of what they doing to endorse the application of the Base Code, and
- a fact finding group visit Bangladesh to talk to the manufacturers and some suppliers on the real cause of the unrest.

## **12 JO-IN Project Update**

### **12.1** Paper was tabled giving an update on the Project. It was noted that Sebastian van der Vegt, the International Project Manager has resigned. The Steering Committee has made contingency plans to ensure the main areas of work progress on time and is recruiting a replacement. An overview of the next six months work was presented.

## **13 Any Other Business**

### **13.1** There being no other business, the meeting closed at 5.50pm.

## **114 Dates of Next Meetings**

14.1 Thursday, 7 September 2006 and Thursday 7 December 2006.