The Ethical Trading Initiative

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The Ethical Trading Initiative (ETI) is a leading alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe.

Our vision is a world where all workers are free from exploitation and discrimination, and enjoy conditions of freedom, security and equity.
Background to ETI

• ETI is an alliance of companies, trade unions and NGOs
• Set up in 1998 following public demands for greater CSR
• Promotes respect for workers’ rights around the globe
• Support implementation of the base code of labour practice
• Funded by our members and donors including UK Government
Who are our members?
What we do

Influencing policy & practice

Sharing knowledge & learning

Supply chain programmes

Accountability & reporting

Enabling collaboration – locally & globally

Research, guidance, resources

Modern Slavery Immigration Act

TNMS, Turkey, Spain, Rajasthan, South Africa, Kenya, Morocco, Peru

Training on Modern Slavery and Due Diligence; Coaching

Local Resources Network India, Bangladesh, China

Supporting members to drive up labour standards
Why ethical trade matters
Why **ethical trade matters**

**For workers**
- Millions of people endure inadequate working conditions
- Globally 21 million people are victims of forced labour
- Business practices can have a significantly impact on workers in the supply chain

**For risk management**
- Growing scrutiny from investors & shareholders
- UN Guiding Principles on Business & Human Rights
- Regional laws: EU Non-financial reporting requirements
- National laws: UK’s Modern Slavery Act

**For business**
- Build supply chain resilience
- Increase productivity in workforce and retain staff
- Improved risk management
- Protect brand’s reputation and gain a competitive advantage with customers
Why human rights matter to business

FOR YOUR COMPANY
- Better planning.
- Attract and retain talent.
- Improved customer relations.
- Increased access to capital.
- Better management of risk.
- License to operate

FOR YOUR SUPPLIERS
- Secure customer relationships
- Better working conditions.
- Healthier, safer people.
- Attract & retain skilled staff.
- Increased productivity.
- Reduced employee absence and turnover.

SHARED BENEFITS
- Better quality.
- Better relationships.
- Competitive advantage.
- Enhance reputation.
- Reduce operating costs.
- Create long-term value.
- Comply with regulations.
The ethical trade business case

**Ethical trade activities & initiatives**

**Impacts on business value**

1. **Direct value**
   - Revenues
   - Costs

2. **Indirect value**
   - Risk / Opportunity
   - Intangible Assets

**Potential sources of value**
- Supply chain security continuity and quality
- Employee absence and turnover
- Operating savings
- Brand value enhancement
- Increased sales
- Improved productivity
- Economic empowerment
- Worker safety

**Stakeholder perceptions and global megatrends**

**The impact pathway**

- Supplier training on health & safety, worker rights and financial inclusion
- Improved working conditions, health and higher wage levels
- Happier, healthier workforce
- Reduced short-term absence
- Reduced costs of replacement cover / overtime / lower output
The ethical trade business case

Five key reasons companies list for addressing social and environmental issues in supply chains

“These benefits protect and enhance Unilever’s reputation, help secure supply for our business over the long-term, provide increased stability of operations, and create cost efficiencies. Ultimately, they generate competitive advantage.”

John Coyne, Vice President, General Counsel, Unilever Canada
Our approach to ethical trade

Conducting due diligence: Key steps companies should take to prevent, manage and mitigate human rights abuses in their own operations and supply chains

1. Assess actual and potential human rights risks
2. Identify leverage, responsibility and action
3. Mitigate risk and remediate workers
4. Monitor, review report and improve
Leadership in ethical trade
Leadership in Ethical Trade: H&M

“We believe in long-term cooperation with our suppliers. We believe that well-managed business relationships have the potential to turn into successful strategic alliances, based on shared risks and shared rewards.”

“Our business idea is to offer fashion and quality at the best price. It’s about the best value, not the cheapest price. Sustainability is an important part of this.”

“And while we must be realistic about the fact that most customers are not prepared to pay more for added sustainability value, I am convinced that it will become an important differentiator in the future.”
Leadership in Ethical Trade: Matrix APA

“Our social and ethical approach is built around a solid commercial framework, so that it is not only hugely benefits the people that really make our company special, including those ‘often forgotten’ in our supply chain, but also delivers a significant positive impact to our business stakeholders.”
Leadership in Ethical Trade: Matrix APA

Benefits for workers
- 66% of factories raised rest days from 2 to 4 per month
- 54% of factories increased wages over the minimum wage
- Suppliers reduced material waste and rejected goods by 26%
- Supplier capacity increased up to 22%

Benefits for Matrix APA
- Streamlining manufacturing operations has increased on-time deliveries by 12% and reduced quality complaints by 80%
- Increased economies of scale by working with fewer suppliers leading to 10% increase in profit margins
- Attracted 5 new clients due to its approach

Matrix APA

IDEAS DELIVERED
For some companies Ethical Trade is key to the business model
Modern Slavery
What is Modern Slavery

• Slavery
• Servitude
• Forced or compulsory labour
• Bonded labour
• Human trafficking
• Worst forms of child labour

All forms are prohibited under international law. It is complex, evolving and are often hidden.
The UK’s **Modern Slavery Act**

- The Act became law in March 2015 and applies to businesses which **operate in the UK** and a **global annual turnover of £36m** or more.

- It requires these businesses to produce an **annual modern slavery and human trafficking statement** which is signed by a director.

- The statement should **outline the actions taken** to ensure there is no modern slavery in the business or supply chains.

- The Transparency in Supply Chains clause seeks to encourage good corporate behaviour through disclosure and a race to the top.
The UK’s Modern Slavery Act
The future of ethical trade
The future of ethical trade

- Global trends UNGPs SDGs
- Key challenges as the nature of work evolves
- Systemic problems require collaborative solutions
- Transparency accountability and scrutiny
- Customers and workers empowered through social media, mobile computing and the internet.
- Increased regulation if voluntary corporate action fails
Thank you

Any questions?

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