



# Ethical Trade:

## What it means for consumers

Today's consumers are increasingly keen to make informed decisions about where they shop and what they buy. This factsheet aims to answer some of the most common questions asked by consumers about ethical trade, and what role they can play in getting retailers and brands to take workers' rights seriously. Other ETI factsheets can be found at [www.ethicaltrade.org.d/factsheets](http://www.ethicaltrade.org.d/factsheets)

### Q What is ethical trade?

Tens of millions of people around the world work in factories, packhouses and on farms to produce shoes, toys, electrical goods, food and other products destined for sale in wealthy countries like the UK. Many of them work in hazardous conditions, often for pay that barely covers their needs. They may also be discriminated against, harassed and prevented from joining or forming trade unions.

Ethical trade involves sourcing companies - retailers and brands - taking responsibility for these workers, and striving to improve their conditions progressively. We believe the first step they should take is to adopt a code of labour practice and require that their suppliers comply with it. The ETI Base Code is widely accepted as a model code of practice, as it incorporates the relevant conventions of the International Labour Organisation (ILO) that sets international labour standards.

As retailers and brands outsource most of their production to lots of suppliers in many different countries through often complex sub-contracting arrangements, they need to spend time working out where all their suppliers are and who they are, and what conditions for workers are like. We believe it's important they visit their suppliers to assess conditions, and work with them to make sure they address any areas where they find that workers' rights are abused.

### Principles included in the ETI Base Code

- No-one should be forced to work
- Workers should be able to join and form trade unions
- Working conditions should be safe and healthy
- Child labour shall not be used
- Working hours should not be excessive
- Wages should be enough to live on and provide some discretionary income
- Workers should be treated equally, regardless of their sex, ethnic group, religion or political opinions
- Where possible, workers should be provided with regular employment
- Workers should not be verbally, physically or sexually abused or disciplined

### Q What's the difference between ethical trade and fair trade?

Given the variety of labels that make different social, ethical or environmental claims about products, there is often confusion about what exactly ethical trade is, and how it differs from

products that are described as 'fairly traded', and/or carry the FAIRTRADE mark.

The main difference between ethical trade and Fairtrade (goods carrying the FAIRTRADE mark) is:

- *Ethical trade* involves buying companies taking responsibility for working conditions throughout their supply chains. It is particularly relevant for large multinational companies that outsource the majority of their production, and so don't have a direct employer-employee relationship with the workers who make their products.
- *FAIRTRADE* is an alternative approach to trade and aims to support disadvantaged small producers in developing countries. It is particularly relevant for commodities such as cocoa, coffee, sugar and cotton, where producers are often marginalised and suffer from major fluctuations in world prices for these commodities.

There are also increasing numbers of small companies who are trying to provide an ethical alternative for consumers, and who may describe their products (often clothes) as 'ethical' or 'fairly traded'. The standards and criteria for defining what is meant by 'ethical' or 'fair' vary among all these companies, and it would be unwise to accept any such claim at face value. The box below provides some examples of such companies.

- Bishopston Trading Company
- Dignity Return
- Ethical Threads
- Gossypium.co.uk
- Kuyichi
- Made in Dignity
- No Sweat
- People Tree,
- Sweatx,
- Öko-fair (eco-fair)
- Lamu Lamu

**ETI does not endorse any of these companies**

## Q What does the Ethical Trading Initiative do?

We are a diverse alliance of retailers and brands, trade unions, charities and campaigning organisations that work together to tackle the complex questions posed by ethical trade. These include: how can companies gain an accurate picture of working conditions? What should they do to help protect particularly vulnerable workers – for example, migrant workers and homeworkers? How can they make sure their buying practices (eg, lead times, price negotiations with suppliers) don't detract from their suppliers' ability to provide decent pay and conditions for their workers?

We also develop practical guidance and tools to help companies fulfil their ethical trade responsibilities.

## Q Are ETI members 'ethical'?

We often get asked if our member companies get some kind of endorsement from ETI because they are members. The short answer is that being a member of ETI does not *necessarily* mean that workers' rights are fully protected throughout their supply chain. It does mean that member companies have made serious commitments to improving conditions over time. A list of members is on the back.

## Q What can consumers do to get retailers to take ethical trade seriously?

We believe that everyone - buying companies, manufacturers, producers, governments and consumers - has a responsibility to help protect workers' rights, wherever they are in the world. And we believe that retailers, given their huge buying power, should be challenged on what they are doing in their own supply chains. So one thing we can all do as consumers is show retailers and brands that we care. Some suggestions on action to take are:

### **Ask searching questions**

Some companies try to hide behind their code of conduct and hope that consumer and media

concern about labour practices in their supply chain will disappear. But simply adopting a code of conduct is not an effective way of addressing workers rights. Asking searching questions of retailers and brands about exactly where the products you buy are coming from and how the workers who made them were treated will help create pressure on companies to take ethical trade seriously. Examples of the questions you could ask are:

#### Five questions to ask retailers

1. Do you have a code of labour practice and does it include all the rights in the ETI Base Code, including trade union rights?
2. How do you check the progress your suppliers are making towards meeting your code?
3. What practical support do you give to your suppliers to help them improve conditions for their workers?
4. How do you ensure your company's commercial practices, particularly price negotiations with suppliers, don't constrain their ability to provide decent working conditions?
5. Are you a member of ETI? If not, would you consider joining it?

#### Join a campaign

There are plenty of organisations in the UK, Europe and North America that organise campaigns on workers' rights issues. Some of the better-known organisations that seek to raise awareness and campaign on workers' rights in the UK are:

Action Aid, Anti-Slavery International, CAFOD, Central American Women's Network (CAWN), Christian Aid, Labour Behind the Label, Oxfam, Save the Children and War on Want.

The Clean Clothes Campaign, based in the Netherlands and the Canada-based Maquila Solidarity Network also both campaign on workers rights in the global garment industry.

#### Buy from ETI member companies

Although none of our member companies would claim they have perfect conditions in their supply chains, all of them have satisfied our Board – which includes trade union and charity representatives as well as companies – that they are committed to making a difference. So if you buy from an ETI member company you should be reassured that it has at least:

- adopted an internationally recognised code of practice: the ETI Base Code
- put a system in place to assess what conditions are like for the workers who make its products
- committed to improving the conditions of workers in its supply chain over time
- committed to developing joint solutions with its suppliers – not going for a 'quick fix' when it finds problems
- committed to working alongside other company, trade union and non-governmental members of ETI to tackle the complex questions that ethical trade poses.

## Q Do consumer boycotts make a difference?

There is evidence that consumer boycotting of shops is growing. For example, the Co-op's 'Shopping with Attitude' 2005 survey revealed that consumer boycotts of food, groceries and clothing are costing brands around £2.5 billion a year. There is some evidence to suggest that boycotts can help change company behaviour. As a word of caution however, boycotting may actually make workers worse off. For example, if a factory or farm loses orders as a result of a consumer boycott, they may end up making people redundant. There are many countries where the state doesn't provide adequate welfare protection for the unemployed, so one person being laid off from work can mean a whole family is thrown into poverty.

## Q Does ETI have a list of ethical retailers?

The short answer is no - we believe that no single, definitive list of ethical retailers actually exists. But several organisations have attempted to measure and compare companies according to their efforts and performance in tackling social and environmental issues. They include: **The Ethical Consumer Organisation's 'Ethiscore' website** - [www.ethiscore.org](http://www.ethiscore.org); **The FTSE4Good index series** - [www.ftse.com](http://www.ftse.com); **Business in the Community's Corporate Responsibility Index** - [www.bitc.org.uk](http://www.bitc.org.uk); and **AccountAbility** - [www.accountability.org.uk](http://www.accountability.org.uk).

## Ethical Trading Initiative members as at July 2008

### Companies

- 888 Solutions
- Adolfo Dominguez
- Arco
- Asda
- Associated British Foods (Primark)
- Boden
- Boots
- Brett Landscaping
- BTC Group
- Chiquita Brands International
- Co-operative Retail
- Debenhams Retail
- Dewhirst Group
- Ethical Tea Partnership
- Flamingo Holdings
- Fyffes Group
- Gap Inc.
- Greencell
- Icon Live
- Inditex
- Jaeger
- Johnson Clothing Group
- London Underground
- Mackays
- Madison Hosiery
- Marks & Spencer
- Marshalls
- Monsoon Accessorize
- Mothercare
- New Look Retailers
- Next Retail
- Pacific Brands
- Pentland Group
- Premier Foods
- Ringtons
- River Island
- Rohan Designs
- Sainsbury's
- Stone Emporium
- Supremia
- Tesco
- The Body Shop International
- Thomas Lyte
- Typhoo Tea
- Union Coffee Roasters
- WH Smith
- WIBDECO
- William Lamb Footwear
- World Flowers
- Dalit Solidarity Network UK
- HomeWorkers Worldwide
- National Group on Homeworking
- Oxfam GB
- Quaker Peace & Social Witness
- Save the Children
- The Fairtrade Foundation
- Traidcraft Exchange
- TWIN Trading
- Women Working Worldwide (WWW)
- Women in Informal Employment: Globalising and Organising (WIEGO)

### Non-governmental organisations

- Africa Now
- Anti-Slavery International
- CAFOD
- CARE International UK
- Central American Women's Network (CAWN)
- Christian Aid

### Trade Unions

- Council of Global Unions
- International Trade Union Confederation
- Trades Union Congress