



**we**  
**give you**  
**the**  
**world**

A red circle containing a white starburst or compass rose design, positioned to the right of the word "world".



# Ethical Trading

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# Background

A viable community is one that is economically, environmentally and socially sound.

For a community to remain viable and healthy, businesses that operate within it must also be economically, environmentally and socially sound.

Standards have been set which outline what a business must do to demonstrate they meet these requirements – called Ethical Trading or Social Accountability standards.

Audits are conducted on businesses to determine if they are meeting these requirements – called Ethical Audits.





# Ethical Trading

## What is considered Ethical Trading?

According to the Ethical Trading Institute,

“Ethical trade means that retailers, brands and their suppliers take responsibility for improving the working conditions of the people who make the products they sell... Companies with a commitment to ethical trade adopt a code of labour practice that they expect all their suppliers to work towards. Such codes address issues like wages, hours of work, health and safety and the right to join free trade unions.”





# Ethical Trading

## Why are Retailers Asking for Ethical Audits

Consumers are demanding accurate information on the origins of the products they are buying.

Damage to brand if linked to poor practices such as sweatshops.





# Ethical Trading

## Examples of Retailers that Require Ethical Audits.

### Marks & Spencer

- “Marks & Spencer Global Sourcing Principles” Standard
- Members of Supplier Ethical Data Exchange “SEDEX”
- Members Ethical Trading Initiative “ETI”

### Tesco

- Uses ETI Base Code Standard
- Risk assessment to determine which suppliers audited
- Member of ETI





# Ethical Trading

## Examples of Retailers that Require Ethical Audits.

### Wal-Mart

- “Wal-Mart Standard for Suppliers”
- Minimum wages, child labour, health & safety.

### McDonalds

- Well developed ethical sourcing program in place.
- First introduced for the “Happy Meal”





# Ethical Trading

## Examples of Retailers that Require Ethical Audits.

### Coles

- Ethical sourcing policy in place since 2005
- Relaunch ethical sourcing code in 2010 focusing on suppliers in high risk countries.

### Woolworths

- Ethical sourcing policy in place for international suppliers for some time
- Ethical sourcing policy extended to their Australian suppliers 1.9.09
- Commenced in the meat and poultry area.





# Ethical Trading

## Which Ethical Standard to Choose?

Some retailers have adopted international ethical standards such as SA 8000 and some have written their own standard e.g Woolworths Ethical Sourcing Policy

You need to ask your supplier which ethical standard they accept.





# Ethical Trading

## Review of Some Ethical Standards

### Ethical Trade Initiative (ETI)

- Alliance of private companies, NGO's and trade unions
- Joint goal to ensure working conditions where workers producing goods for UK market meet or exceed international labour laws.

### Supplier Ethical Data Exchange (SEDEX)

- Web based information exchange for companies complying with labour codes practice and buyers of the products.





# Ethical Trading

## Review of Some Ethical Standards

### SA 8000

- Social Accountability Standard
- Implemented in 30 countries

### Woolworths Ethical Sourcing Policy - Domestic

- Commenced in September 2009
- Started in the meat and poultry industries



# Ethical Trading

## Fairtrade

- Social movement aimed to help producers in developing countries
- Focuses on exports from developing countries to developed countries e.g coffee, chocolate
- Assists marginalised producers to move towards economic self sufficiency and stability





# What is included in these standards?

Most of the ethical standards cover similar areas. These include:

- Child labour
- Forced labour
- Health and safety
- Freedom to organize and collective bargaining have to be guaranteed,
- Discrimination is not permitted,
- Disciplinary practices are not permitted
- Living Wages
- Working Hours
- Regular Employment
- Harsh / Inhumane Treatment
- Entitlement to Work & Immigration
- Subcontracting & Home Working
- Bribery & Corruption
- Environmental sustainability





# The Benefits of Ethical Trading Certification

Being Certified to an Ethical Trading scheme can:

- Improve supply chain efficiency
- Protect your company's reputation
- Protect and increase sales
- Increase access to capital
- Motivate employees



# Final Thought

“ We are in a world where a company’s reputation can be damaged very quickly through the click of a mouse. Those that think that they can operate in some quiet backwater without anything coming to hurt them are being very, very naïve”. Brendan Barber, General Secretary, UK Trade Union Congress.





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