



**ETI** Sverige



# ETI SWEDEN ACTIVITY REPORT 2021

# Activity Report 2021

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## ETI Sweden 2021 highlights

- Five new members representing different sectors and stakeholders: Skånetrafiken, Region Stockholm, Proteco, Nordic Quality Design and Svensk Solenergi.
- Four active working groups addressing issues such as forced labour in China and risk commodities including soy and palm oil.
- A comprehensive course on HRDD developed and 12 trainings delivered.
- Seven webinars organised on different human rights issues in global supply chains.
- Presentations about sustainable global supply chains held at 20 external events.
- A new website and a graphic identity for the organisation launched.

## About ETI Sweden

Ethical Trading Initiative Sweden is a multi-stakeholder initiative that brings together companies, trade unions, NGOs and public sector to promote the respect for workers' rights and human rights in global supply chains.

ETI Sweden is a member organisation that gathers likeminded parties within all sectors to drive concrete improvements in the supply chain. We offer trainings, advice, resources and a platform for collaboration.

Our members include two of Sweden's largest food retailers, Axfood and Coop, global construction company NCC, the Swedish Trade Union Confederation and leading CSOs including Oxfam and Save the Children.

We are part of the Joint Ethical Trading Initiative (JETI) with sister organisations in the UK, Norway and Denmark – through our 350 members we reach 50 million workers globally.

### Vision and mission

ETI Sweden's vision is a world where Swedish and international trade promotes human rights, labour rights, sustainable development, and environmental stewardship which leads to decent working and living conditions in global supply chains.

ETI Sweden's mission is to bring together companies in different sectors, NGOs, trade unions, and public sector organisations to create the preconditions for sustainable global supply chains and create actual and measurable improvements, from primary producer to final consumer. ETI Sweden will develop new methods and ways of working to tackle key challenges in global supply chains.

## ETI Sweden during 2021

2021 was ETI Sweden's second year after being founded. The focus shifted from setting up an effective and functioning organisation to member activities such as developing our working groups and trainings. The board continued to play an active role in the work of the organisation through regular contact with the office and six board meetings throughout the year.

### Members and member activities

In 2021 the ETI office put a lot of effort into outreach and recruitment activities. Five new members were recruited: Skånetrafiken, Region Stockholm, Proteco, Nordic Quality Design and Svensk Solenergi. By the end of the year the total number of members was 21. Several meetings were held

with other potential members and a lot of groundwork has been done to recruit new members in 2022.

To develop our membership services and activities, membership surveys are carried out by the end of each year. The 2021 survey showed that a large majority of members were “satisfied” or “very satisfied” with their membership in ETI Sweden. The survey also identifies issues and activities that ETI Sweden should focus on in 2022.

During the year, the focus of the member activities has been to engage them through:

- Trainings and seminars
- Working groups & supply chain projects

#### Trainings and webinars

In 2021, ETI Sweden has conducted 12 trainings on human rights due diligence (HRDD), six in spring and six in the autumn (38 participants during spring and 41 during autumn). The trainings were based on Ethical Trade Norway’s training on HRDD and aligned with the UN and OECD guidelines. The trainings were free for members and several paying non-members also participated.

In addition, ETI Sweden held seven free webinars over the year. The webinars aimed both at spreading knowledge on human rights in supply chains and to reach new members. Topics ranged from digital tools for human rights in supply chains to combating gender-based violence at supplier level. For a full list of webinars and trainings arranged by ETI Sweden, see appendix 1.

Participants have included several potential members, experts and other professionals that are interesting for ETI Sweden’s work, many which are now subscribers to ETI Sweden’s newsletter. After webinars several meetings have been held with potential members, although none of them has resulted in a direct recruitment.

ETI Sweden was also invited to speak at 20 external events in during the year. These included everything from presenting HRDD to business networks to giving lectures at university courses on business and human rights.

#### Working groups and supply chain projects

In 2021, ETI Sweden started four working groups together with our members. The working groups bring together members and experts to share experiences and address shared challenges in the supply chain.

The first working group is on the electrification of public transport in Sweden. It was initiated by members Västtrafik and Skånetrafiken, and later Region Stockholm joined. The working group arranged a full day meeting with vehicle manufacturers and transport providers during autumn to raise the issues of human rights in the supply chain of electric vehicles. The group has continued by mapping supply chain risks to set requirements to be used in public procurement.

The second working group is on forced labour in China. It started after reports came out about forced labour and human rights abuses of Uighurs and other minorities from the Xinjiang region in China. The group has met twice (4 June and 21 October) to discuss the situation and come up with concrete advice regarding Chinese supply chains.

In October, a third working group was created on human rights in food and beverage supply chains. It includes current members (Axfood, Coop, Systembolaget) and new members for 2022 (ICA, Lidl). Two meetings were held on the 27 October and the 8 December. On the first meeting members shared

their risk analyses and initial conversations were held about aim and activities of the group. On the second meeting a workshop was held to share experiences and identify potential supply chains projects. With Sweden's four largest food retailers included, the group has a lot of opportunity to create impact and recruit new members. A plan and activities will be developed in 2022.

A fourth working group developed from a dialogue with the Swedish initiative on sustainable soy as well as companies and stakeholders engaged in both soy and palm oil. A decision to start the Swedish Platform for Risk Commodities was formed. By the end of the year, over 20 companies had signed up to become members in the platform. The platform will be hosted by ETI Sweden and will start its work in 2022. A coordinator will be recruited to lead the platform's work on sustainable palm oil and soy.

Just like in 2020, it has been very hard to supply chain projects due to the ongoing pandemic. In the beginning of the year the Board approved guidelines for ETI Sweden's projects and discussions have been held with several members. However, decision was made to wait until 2022 to launch our own supply chain projects.

ETI Sweden has invited members to participate in four JETI projects. By the end of 2021 no member had joined the project, but we are hopeful that this will happen in 2022.

- Social Dialogue in the garment sector of Bangladesh, JETI (ongoing)
- Cashew nut production in Ivory Coast, Ethical Trade Norway (start 2022)
- Tomato production in Italy, ETI (start 2022)
- Social dialogue in the food export sector in Peru, ETI (opportunity to join in 2022)

#### Other member services

Members have been able to access JETI tools and guides on responsible business conduct in the supply chain, for example our due diligence self-assessment tool, land risk report and guides on HRDD.

Members have also received regular news and updates about ETI Sweden's work through our newsletter. However, due to the pandemic, no physical meetings have been held which is unfortunate.

ETI Sweden wants to actively engage with member to help resolve pressing issues by connecting them with other members and relevant stakeholders. During 2021, members contacted ETI Sweden to discuss challenges they were facing at least five times. The issues ranged from concrete challenges at specific suppliers to development of policies at management level.

#### Communication and outreach activities

In 2021, ETI Sweden's communication has developed to raise the organisation's profile, attract new members, and engage more people in the work with sustainable supply chains.

In September the new website was launched together with the organisation's new graphic profile. The website does not only give a much more professional and coherent impression, but it also includes a lot more content and better explains what ETI Sweden does.

Apart from the homepage, ETI Sweden's two main communication channels have been the newsletter and social media. The format and content of the monthly newsletter has been improved. The number of subscribers of the newsletter increased by 33% during the year (from 374 to 557) and the level of engagement is high (average open rate 34,3%, average click rate 11,4%).

LinkedIn is ETI Sweden's principal social media platform and in 2021 the number of followers increased by 43% (from 336 to 588). During the year 65 posts were published on LinkedIn.

ETI Sweden's media presence increased compared to the organisation's first year. The organisation published an opinion article in Aktuell Hållbarhet about the risk for human rights violations of Uighurs in China ("Risk för tvångsarbete kräver samverkan" 13 April). Aktuell Hållbarhet is the leading newspaper in Sweden for sustainability professionals.

ETI Sweden's Executive Director Henrik Lindholm was also interviewed in three articles for Aktuell Hållbarhet:

- "Kisel fortsatt stort frågetecken: Alla är ganska yrvakna" (24 May)
- "8 myter om leverantörskontroller" (2 June)
- "Experterna: Fyra orosmoln som väntar hållbarhetsproffsen efter semestern" (1 July)

## Comments on the 2021 financial results

In October 2021, an updated budget for 2020 and 2021 was submitted to and approved by Sida along with the inception report for the first six months funded by Sida. See appendix 2 for the detailed results compared to budget for revised and approved budget for 2021. Below follows an explanation of major deviations in the result from the budget for 2021 submitted in October 2020. All numbers below are in thousands of Swedish crowns (TSEK).

Overall, cost incurred were 54% of the originally anticipated costs. The overall reason for this was the delay in starting projects and fewer members than anticipated. Both these challenges can to a large part be attributed to the ongoing pandemic. Even if the economy was not hit as hard as expected, many activities were put on hold due to the general restrictions.

A line-by-line explanation of why costs were lower than expected follows (see appendix 2 for reference). Salary costs were lower due to project delay and hence not having taken in extra staff for project support, as well as lower wages for hired staff than originally anticipated. Administrative cost (Admin) includes a wide variety of costs, for example all cost associated with having an office, but also costs for developing and maintaining a website, printing materials for members/outreach, corporate image, cost for the IT-services and bookkeeping. The main reason for fewer cost has been the decision not to produce any printed material and instead publish everything online.

Member services was only 15% of the anticipated 890 TSEK. The reason for cost is in this case not mainly a lower activity level, but that ETI Sweden managed to do organise activities and trainings at no or minimal cost. The original budget expected higher costs for trainings and materials for members to be bought from ETI organisations in Denmark, Norway, and UK. However, we managed to engage trainers pro bono and avoided costs for training and meeting locations as everything was held online.

The organisation had no travel costs during 2021 due to the restrictions on travel due to the pandemic. Also, the project ambitions were hard hit by the pandemic. Projects were intended to be conducted together with members in their supply chains, but again, as not even supplier visits have been possible due to the pandemic, supplier projects have been put on hold. If ETI Sweden had not started during the "look down", we could have had ongoing projects that we could have continued to support during the pandemic, but no it was difficult to initiate projects at all.

Looking at the incomes for 2021, the earnings from membership fees have been smaller than anticipated as member expansion been slower than expected. Although we recruited five new members, income from membership fees were only 62% of what we had planned for. Incomes from the Sida contribution was also lower than expected as we did not request funds to be transferred from Union to Union as spendings were also lower than anticipated. A positive note on the income side is that we earned 234 TSEK from training fees from non-members, something originally not anticipated.

## Lessons for 2022

ETI Sweden has now been active and fully operational for one year after making the organisation operational during the second half of 2019. After the first year of activities, we have evaluated what has worked and how to best focus our resources for the coming year.

Trainings and webinars have been very successful. We have reached companies and stakeholders with a large variety of events pushing for sustainable global supply chains. The events have had a wide audience and speakers have represented all stakeholder perspectives (business, trade union, NGO). This has also generated an increased interest in our organisation. Trainings and webinars have been possible to do during the pandemic, therefore we have reached beyond our targets in this area. Our plan is to continue to provide trainings and seminars during 2022. As routines for doing this are now in place, we estimate that we will be able to keep up a similar pace in 2022.

A second area that has been successful for engaging member is our working groups to develop and methods for addressing specific supply chain issues. By the end of 2021, we had four active working groups. These working groups have a great opportunity to create impact in their respective areas. The Public Procurement of Electric Vehicles brings together Sweden's three biggest regions for public transport. The Food & Beverage group similarly has the four biggest food retailers and the alcohol monopoly working together. The Risk Commodity group has the plan to take on the Swedish Soy Dialogue as well as the work previously organised by the industry in palm oil.

Organising our members in working groups has turned out to be our most effective way to engage our members actively. The ambition is that the working groups will generate supply chain level projects. As this has been very promising, we will be putting a greater emphasis on our working groups during 2022. This will be done by allocating staff time and engaging required external expertise to support the work of the working groups.

ETI Sweden has in the first year provided feedback and help to member with challenges in the supply chain on several occasions. These have included specific non-compliance at suppliers, dealing with supply chains in countries with oppressive regimes and feedback on policy development. This has been good for both the members and the development of ETI Sweden. This type of cooperation with our members could be developed further as it provides a very concrete opportunity to influence and drive change together with our members. We therefore need to encourage our members, as well as inform them about the possibility, to have a dialogue with ETI Sweden on immediate issues they are dealing with.

Our two greatest challenges have been to start up supply chain projects and recruit new members. Two reasons why supply chain projects have been challenges are the ongoing pandemic and that we have underestimated the time it takes to get agreement on what projects to engage in. We have identified two ways to more effectively starting up our project work. Firstly, by engaging our

members in and supporting successful existing projects. We can add stability to successful supply chain projects by committing to supporting these through work in our members' supply chains. Secondly, by organising our work in thematic groups (working groups) where we together assess our needs and develop projects based on these. As mentioned above, our working groups are strong in their respective sectors, and this is a potential we should use in the coming year.

Member recruitment has improved in the last couple of months. Analysing our new members can give us an idea of what works when recruiting new members. Skånetrafiken and Region Stockholm both joined because we have a working group on public procurement and electric vehicles. This shows that having relevant working groups or projects for a specific sector can be a way to recruit new members. We hope that the working groups on food & beverage as well as the one on risk commodities help attract new members in the same way. This is an additional reason to invest more time and resources in our working groups.

However, focusing recruitment on working groups would not make it possible for us to get members in new sectors, which means we also need to diversify. Svensk Solenergi and Nordic Quality Design both joined because they thought we could provide help for companies that are quite new to working with sustainability in supply chain. They decided to join calls where ETI Sweden provided hands on advice on challenges they were working on. This has led us to identifying small and medium sized enterprises (SMEs) as a good recruitment base. Trainings and outreach to new companies will therefore have a focus on SMEs.

During the first year we have also learned that we need to be fast and pragmatic. This means that we need to be open to changing the above outlined strategies. What members that join and become active will in the end decide what we do, and this we cannot foresee. Also, events in production countries can change what we need to focus on.

In conclusion, we see many opportunities for ETI Sweden the coming year. We have also identified staff shortage as a limiting factor in moving the work forward in all the above-mentioned areas. This is especially the case for the working groups and the project work.

## Risks

### Internal

While ETI Sweden has operated in full capacity in 2021, the organisation only has two members of staff and is therefore vulnerable to staff absence or resignation. To reduce the risk that momentum and knowledge is lost in such event, the staff works in a shared IT-work environment and weekly meetings are held with the chair of the board to keep the board up to date on all parts of the project. At the end of 2021, ETI Sweden also began recruiting a new member of staff to join the organisation in 2022.

Another risk is the lack of income diversification which could affect the financial viability of ETI Sweden. This is firstly being mitigated through the active recruitment of members, which in the budget is predicted to account for about half ETI Sweden's income. Secondly, ETI Sweden is looking into alternative income streams, a job that will intensify in 2022.

### External

The corona pandemic has continued to pose challenges to ETI Sweden and the growth of the organisation. Firstly, the pandemic has made it harder to recruit members, as there has been a reluctancy among companies to invest in new projects and initiatives, especially within the retail

sector that has been affected the most. This challenge has been met by active recruitment efforts, building ETI Sweden's profile and membership offer in order to strengthen recruitment in 2022.

Secondly, the pandemic has affected the possibility to have physical meetings with members and to conduct supply chain projects. As a member organisation physical meetings and events are important to increase engagement and collaboration among our members. In 2021, several digital meetings and events have been held to keep members actively involved. Supply chain projects have also been a big challenge due to travel restrictions, lockdowns and an unpredictable environment. In 2021, the ETI Sweden staff chose to pause the launch of supply chain projects, however in 2022 this is not an option and measures will have to be taken to make sure they are conducted in a safe and responsible way.

Another external threat to ETI Sweden's membership base and financial stability is the competition from similar initiatives. Many target companies are already involved in several sustainability initiatives and projects in Sweden and abroad and are therefore reluctant to join a new one. There are also more established initiatives that work with similar issues, for example sector specific initiatives and organisations abroad such as other ETI organisations. To address this risk, ETI Sweden is strengthening its membership offer and developing its recruitment strategy to target companies and sectors with higher potential for recruitment. Another key for recruitment upcoming legislation on mandatory human rights due diligence in Europe. Accordingly, ETI Sweden is developing its membership services and communication to attract new companies and organisations to our work.

To meet the challenge of lower membership incomes than expected, low overhead costs and flexibility are also important strategies. ETI Sweden is prioritising cost-effective collaborations and activities have a high potential to recruit members.

Lastly, as a member organisation working on human rights in supply chains ETI Sweden always face reputational risks linked to our members' activities and behaviours. ETI Sweden's portfolio includes many "high-risk" issues such as forced labour and occupational health and safety, which companies can be scrutinized and exposed for if they fail to address violations. This will be mitigated by working closely with our members to ensure they adopt and follow the Principles and Code of Conduct. If breaches are reported or discovered, appropriate measures should be taken and communicated by ETI Sweden. Here, transparency is crucial about ETI Sweden's role and our efforts related to the specific incident.

## Appendix 1. Trainings and webinars during 2021

In 2021, ETI Sweden has conducted 12 trainings on human rights due diligence (HRDD), six in spring and six in the autumn. The trainings were based on Ethical Trade Norway's training on HRDD in six steps and aligned with the UN and OECD guidelines. In the spring the trainings were held in collaboration with staff at Ethical Trade Norway and had 38 participants (majority took part in all six trainings). In the autumn, Henrik Lindholm held the training and had 41 participants (majority took part of all six trainings). The trainings were free for members but also open for paying non-members.

ETI Sweden also held seven free webinars over the year. The webinars aimed both at spreading knowledge on human rights in supply chains and to reach new members. Participants have included several potential members, experts and other professionals that are interesting for ETI Sweden's work, many which are now subscribers to ETI Sweden's newsletter. After webinars a number of meetings have been held with potential members, although none of them has resulted in a direct recruitment.

1. "Praktiskt leverantörsarbete för bättre arbetsförhållanden" (28 January, 82 registered participants). The webinar gave an introduction to how companies address poor work conditions in global supply chains. It was held by Henrik Lindholm with guest speakers Karin Wimmer, Head of Sustainability at Axfood/Dagab, and Beverly Hall, Senior Industrial Relations Manager at ETI.
2. "ETI Sverige: samverkan för hållbara leverantörsled" (23 April, 27 registered participants). The webinar aimed at giving an overview of ETI Sweden and what we do to companies and organisations that are curious about our work. The panel was made up of Henrik Lindholm, Executive Director ETI Sweden, Heidi Furustøl, Executive Director at Ethical Trade Norway, Hanna Helgesdotter, Sustainability Manager at Systembolaget and Sara Petersson, Social Dialogue Programme Manager, ETI.
3. "Digitala verktyg för globala leverantörsled" (8 June, 40 registered participants). In the webinar new digital tool for tracking and improving work conditions in global supply chains were presented. The panel was med up of Helena Magnusson, Founder at Global Works, Sofie Nordström, Founder at Quizrr and Elise Nassab, Product Specialist at Coop.
4. "Human rights due diligence: introduction" (3 September, 101 registered registered participants). The aim was to both provide an introduction to HRDD and to recruit companies to the upcoming training on HRDD. The webinar was held by Henrik Lindholm, ETI Sweden.
5. "Vad innebär Norges due diligence-lag för svenska företag?" (12 October, 30 registered participants). It gave an overview of the recently adopted Transparency Act in Norway which will affect Swedish companies with operations in Norway. Guest speaker was Heidi Furustøl, Executive Director at Ethical Trade Norway.
6. "Diskriminering och könsbaserat våld i leverantörsledet" (28 October, 43 registered participants). It was a collaboration with Fair Action who had a digital speaker tour with Sonia Wased at the Indian NGO Society and Labour for Development. The panel was made up of Sonia, Isadora Loreto, Manager of the HERproject at BSR, and Joa Bergold, Analyst at LO.
7. "Introduktion: Mänskliga rättigheter i globala leverantörsled" (9 December, 156 registered participants). The aim was to recruit new members among small and medium sized companies and companies new to HRDD. A lot of effort went into marketing and a special offer made for new members who register in Q1 of 2022. The webinar was held by Henrik Lindholm, ETI Sweden.

## Appendix 2. Financial result for 2021 compared to budget

Revised budget for 2021 approved by Sida				Actual incomes and costs during 2021			
	ETI Sweden	Sida	Total	ETI Sweden	Sida	Total	Compared to budget (%)
<b>Expected incomes</b>							
Membership fees	1 329 688		<b>1 329 688</b>	822 475		<b>822 475</b>	62%
SIDA contribution		2 185 000	<b>2 185 000</b>		1 000 000	<b>1 000 000</b>	46%
Other incomes				234 180		<b>234 180</b>	
<b>Total</b>	<b>1 329 688</b>	<b>2 185 000</b>	<b>3 514 688</b>	<b>1 056 655</b>	<b>1 000 000</b>	<b>2 056 655</b>	<b>59%</b>
ETI Sweden / Sida (%)	38%	65%		51%	49%		
<b>Expected costs</b>							
Salaries incl soc cost and tax	517 018	1 206 374	<b>1 723 392</b>	640 738	883 265	<b>1 524 003</b>	88%
Admin	271 280	406 920	<b>678 200</b>	148 012	279 271	<b>427 283</b>	63%
Member services	890 000	80 000	<b>970 000</b>	127 991	13 928	<b>141 919</b>	15%
Audit	0	45 000	<b>45 000</b>	0	2 114	<b>2 114</b>	5%
Travel	0	100 000	<b>100 000</b>	0	0	<b>0</b>	0%
Projects	0	350 400	<b>350 400</b>	0	0	<b>0</b>	0%
<b>Total</b>	<b>1 678 298</b>	<b>2 188 694</b>	<b>3 866 992</b>	<b>916 740</b>	<b>1 178 578</b>	<b>2 095 318</b>	<b>54%</b>
ETI Sweden / Sida (%)	42%	58%		44%	56%		
<b>Over all result</b>	<b>-348 610</b>	<b>-3 694</b>	<b>-352 304</b>	<b>139 915</b>	<b>-178 578</b>	<b>-38 663</b>	