



TRAIIDCRAFT
Fighting poverty through trade

POLICY AND PROCEDURE

CORPORATE ENGAGEMENT

TRAIIDCRAFT PLC & TRAIIDCRAFT EXCHANGE

Version: Nov 2011

ENGAGEMENT WITH BUSINESSES AND CONNECTED ORGANISATIONS

OVERALL POLICY

Traidcraft's commitment to fighting poverty through trade, support and influence requires us to engage with companies and related organisations, despite the fact that we may not approve of all their policies and practices. In principle, we are prepared to enter discussions with any organisation, and may choose to work with and accept financial or other support from any organisation, provided this does not compromise our independence, integrity or mission.

1. CONTEXT AND SCOPE

One aspect of Traidcraft's positioning as both a charity and a plc has been a recognition of the opportunities that our unique position between the private and NGO sectors gives us for constructive engagement with the corporate sector. Traidcraft's principles, strategies and approach to our work all involve us in engaging with "the real world" and not simply working within an ethically pure niche. We see encouraging the adoption of better and fairer trading practices by large companies as a major way in which we can contribute to the fight against poverty. We are therefore disposed in principle to work with any company, or related organisation, that shares our vision (or parts of it) or that we believe can be influenced to work in better ways.

At the same time, we recognise that any involvement with another organisation may bring threats to our integrity, public image and reputation, and may affect the way supporters and potential supporters feel about Traidcraft. Even where we believe ourselves to be acting with integrity, there will be occasions when we may need to avoid association with other organisations because of risks coming from the perceptions of our supporters, our partners overseas, and others.

Identifying and evaluating such risks will always contain a degree of subjectivity and judgement, and it will therefore never be possible (or indeed desirable) to eliminate such risks entirely. However, this policy is intended to provide a framework within which we can manage our risks from engagement with business.

This policy includes organisations closely related to businesses, such as Foundations controlled by businesses. The words "company" or "business" should be interpreted as including such related organisations.

Businesses in such relationships may be categorised as follows:

- a) Licence partners of Traidcraft plc, and/or companies where we are co-branding.

- b) Companies that are partners with Traidcraft Exchange in implementing programmes or projects – either contracted by TX, or contracting TX, or jointly implementing a project.
- c) Institutional and corporate donors to Traidcraft Exchange – donations may be in cash or in kind, and be solicited or unsolicited.
- d) Suppliers of goods and services for re-sale to customers of Traidcraft plc - where there is an expectation that our supply chains will be ethical.
- e) Visible/high profile suppliers of goods and services to any part of Traidcraft.

2. TRIGGERS FOR THE PROCEDURE

The procedure for determining whether or not a relationship is acceptable to Traidcraft, as outlined below, will be triggered in the following circumstances:

- **Any company which would be working with Traidcraft Exchange as a partner in implementing a project .**
- **Any organisation proposing to make a gift or grant to Traidcraft Exchange in excess of £10,000.**
- **Any supplier of goods or services to Traidcraft plc where the annual value of transactions turnover exceeds £100,000.**
- **Any supplier of goods for re-sale to Traidcraft plc customers.**
- **Any other relationship with a business that is known to be likely to cause controversy.**

A takeover of an existing licence partner should be noted and reviewed in the context of the policy. Where possible license contracts should be constructed to provide some ability for Traidcraft to change the nature of their relationship with a licence partner in the event that the partner is taken over by an organisation that does not sit within Traidcraft's Constructive Engagement Framework.

3. CRITERIA

We recognise that if we are to engage with large companies we cannot expect to reject all collaboration with organisations that fall short of the highest ethical standards. However, there are certain activities about which we need to be particularly sensitive, either because of their implications for our own principles and integrity, or because of the attitudes of our key supporter groups.

Any of the following factors will therefore trigger a careful assessment of any relationship with an external organisation:

- More than 10% of turnover in arms, alcohol, tobacco, gambling or pornography (i.e. ethical standards applied by most church investors);
- Links with oppressive regimes;
- Poor treatment of workers in the developing world;
- Irresponsible or exploitative purchasing, marketing or lending practices, especially in the developing world;
- Significantly damaging the environment, including the promotion of GMOs;
- Publicly declared opposition to fair trade principles, or inappropriate use of fair trade to mask other bad practices.
- Lobbying governments or the media in favour of any of the above.

4. PROCEDURE

- a) If a staff member identifies (after reference to the criteria set out in section 3 above) that there may be a risk in engaging in a particular activity with a business, they should seek advice from their line manager.
- b) If there is any doubt as to the acceptability of an activity – and before declining any donation even if from a source that has previously been declined – the Chief Executive should be informed .
- c) The Chief Executive will ask the relevant Director to assess the risks involved and make a recommendation to BMT and/or DMT, after consultation with the PR and Policy Unit teams, and plc departments and/or IDD Heads where relevant. The Corporate Critic Ethiscore (<http://www.corporatecritic.org>), the EIRIS database and/or the Ethical Consumer screening service may be used to provide further background for this recommendation.
- d) DMT or BMT will use its professional judgement to assess whether we should engage with each business/institution where there is a perceived risk to integrity or reputation, after due consideration of the extent of the problem in regard to the criteria in 3 above, and :
 - the nature of the contacts and involvement we would have with the business;
 - the nature of the project for which any donation or involvement is being offered;

- the degree to which the business may seek to exploit inappropriately the activity, perceived endorsement or donation in its own corporate communications;
 - the extent to which the company in question is seen to be making a positive, genuine and sustained commitment to improving its practices – process is as important a factor as absolute standards; and
 - the extent to which our supporter base, staff or overseas partners are likely to find links to this business unacceptable.
- e) Relationships with a business which triggers one or more of our risk criteria in section 3 above and which are over £100,000 will automatically be referred to the full Board with a recommendation from the Chief Executive. Where the relationship involves less than a £100,000 input from the business, it can be accepted if DMT/BMT is unanimous and after consultation with the Chair of the Board. Decisions taken in this way will be reported to the Board. If there is disagreement, or if the business in question is of a particularly high or contentious profile, it will be referred to the full Board. Any decision not to accept money can only be taken by the Chief Executive, Chair of the Board or full Board.
- f) All corporate donations of £10,000 or more will be reported to the Board. Any donations offered and then rejected will also be noted in Board reports.
- g) A register will be kept of all such corporate relationships. The chief executive will ensure that an annual review of the acceptability of our corporate relationships will be undertaken by the Board. At the same time consideration may also be given to the acceptability and reputation risks attached to receiving gifts from institutional donors.
- h) The relevant Director will brief the PR& Comms department on the rationale for all decisions (whether we have declined or accepted involvement), so that we can make an effective response to any media or supporter enquiries.