Building our future: putting ideas into action

amfori Annual Report 2017-2018
amfori is the leading global business association for open and sustainable trade. We empower over 2,000 companies to become successful, sustainable businesses by helping them monitor and improve the social and environmental performance of their supply chain, and by engaging locally and globally to help shape a policy environment that enables them to operate efficiently and sustainably.

We have

2,209 members (+238)

Representing

€1.6 trillion euros in turnover

Across

42 countries in 4 continents

Top countries for membership growth:

+1,650% in the USA

+230% in Australia

+133% in Canada

+47% in the UK

+30% in Spain

*figures as of May 2018
### 2017-18 in numbers

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Dear Readers,

The past year has proven one of great change and excitement for amfori. The theme of this, the first-ever amfori Annual Report you’re reading is ‘Building our future: putting ideas into action’. Our new name and brand give an indication that this is something we’ve been doing a lot of recently. In the following pages, you will find out all about our new identity and how it was conceived, as well as some of the other ideas we’ve built upon and put into action.

Three products and a clear vision

Despite our name and logo having changed, we remain firm in our vision of a world where all trade delivers social, environmental and economic benefits for everyone. In 2017–18, we consolidated the three products at the heart of our association; amfori BSCI, amfori BEPI, and amfori Advocacy. This involved broadening the number and quality of tools at our members’ disposal and improving the overall service we offer them and their business partners.

amfori Advocacy, in particular, has vastly extended its activities in the areas of stakeholder engagement, regulatory affairs and sustainability policy. We also expanded the size of our team in Europe and Asia, with Advocacy experts now based in Greater China and a new Representative in Bangladesh. These developments were crucial to build on a service that helps shape a policy environment where our members can trade openly and sustainably. amfori BSCI and amfori BEPI have gone from strength to strength, experiencing impressive membership growth and adding exciting new tools that will help improve the sustainability performance of members and their partners.

The achievements made and milestones passed in 2017–18 are rooted in amfori’s strategy for the future. Our bold Vision 2030 Strategy will ensure we continue on the right path, enabling open and sustainable trade and adding value to our membership. We will also continue to focus on the UN Sustainable Development Goals and our members’ contribution to their fulfilment.

40 years of support

Last year marked our association’s 40th anniversary. 40 years of advocating for open and sustainable trade. Perhaps you were with us as we celebrated in style at our annual conference. But 2018 is a time for new beginnings. A time to continue putting ideas into action. A time for Trade with Purpose.

Welcome to amfori
Putting ideas into action

Tino Zeiske
amfori President

Christian Ewert
amfori Director General
Our new brand

Three products.
One name

Our new name and brand
takes inspiration from the past
to guide us into the future

In 2018, we said goodbye to the Foreign Trade Association and introduced the world to amfori. The name reflects our belief in trade as an instrument of human progress. Amphorae were containers used to ship staples around the ancient world when the principles of successful trade were established. They symbolise the pioneering spirit of the early global traders and the timeless nature of trade, essential to our past and to our future.

Our new logo
is inspired by the market places at
the heart of ancient communities,
where people from different lands
would come together to buy and
trade goods.

The idea for the new brand resulted from a period of consultation to understand the wants and needs of our members and stakeholders. We wanted to make sure we created something that was consistent with our shared purpose. A brand that encompasses all that we do under one name. A brand that is memorable and meaningful, that reflects who we are and what we are about.
Our vision

Unleashing Opportunity in 2017 and beyond

In 2017, we celebrated our 40th birthday. In that time, our association has grown from just a handful of members in 1977 to over 2,000 retailers, importers, brands and associations. We have evolved to become a truly global organisation, providing services and tools to all types and sizes of companies and associations.

On 14 and 15 June 2017, we welcomed over 430 guests to our Unleash Opportunity conference in Brussels.

Representing Europe’s largest trade and sustainability conference, attendees from over 30 countries – from business, governments, NGOs, academia and media – joined us to take on some the world’s most pressing issues.

Unleash Opportunity 2017 won silver for Best Conference at the European Association Awards.

We gathered

435 influencers from 32 countries embracing their role as changemakers
The Vision 2030 Strategy is our bold and ambitious strategy to build the pace and scale of trade with purpose. It’s taking our organisation forward with a strong mission and a clear set of priorities, to enable us and our members to be future-fit. In the 2017–18 period, we implemented new by-laws, which allowed us to develop a more flexible governance structure that serves our lofty ambitions. We also built a new brand that embodies the forward-thinking nature of our association and inspires action.

1. **Build our organisation to be fit for the future**
2. **Support our members through insight, experience and influence**
3. **Inspire action around the world**
4. **Grow high-performing people to become the leaders of a sustainable tomorrow**
5. **Prosper by contributing to the SDG’s and increasing human prosperity for all**

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**Mission**

To enable each of our members to enhance human prosperity, use natural resources responsibly and drive open trade globally.

**Values**

- **Leadership**
  - We will be a leading force to create positive change.

- **Collaboration**
  - We will foster collaborative networks that empower our stakeholders to achieve a common vision.

- **Excellence**
  - We will deliver the best in everything we do.
Good governance is key to the delivery of Vision 2030, so in January 2018 we launched a new simpler governance structure and decision-making process to help us operate more efficiently.

The new structure now includes a Member and Stakeholder Advisory Council, which provide advice on strategic issues and trends to the Board of Directors. It also includes Local Networks and Project Groups. Local Networks offer advice and insights on strategic and operation matters from a local perspective, while Project Groups are made of ordinary amfori members wishing to contribute their expertise to specific amfori projects.

For a profile of our Board of Directors, please see: www.amfori.org/amfori-board-directors
Global contribution

Embedding the UN SDGs into our work

The UN Sustainable Development Goals (SDGs) serve as a common framework to drive positive social and environmental change. They represent a universal development blueprint that applies to the entire international community – public organisations, businesses and the civil society.

If the SDGs need businesses, businesses also need the SDGs. Companies will not be successful in the medium or long term if they have to operate in an environment characterised by volatility, instability or even conflict, where skilled labour is hard to find or where the ecosystem is impaired by climate change. The SDGs can serve as framework to better align our members’ sustainability strategies with their business priorities. They can also help members communicate and report on how these strategies allow them to contribute to the sustainability and prosperity of people and planet.

In late 2017 and early 2018, we began defining the link between each SDG and amfori’s activities. We will continue this process into 2018 so we can better understand and express how our members participation in amfori BSCI, amfori BEPI and amfori Advocacy is directly contributing to the fulfilment of the SDGs and safeguarding a prosperous and sustainable future.

Relevance and influence of the SDGs on our work

SOCIAL
Supporting companies to drive social compliance and improvements within their global supply chain helps to address social issues and develop communities.

ENVIRONMENTAL
Supporting companies to manage and improve the environmental performance of their global supply chain increases supply chain visibility and helps to address pressing environmental challenges.

ECONOMIC
Protecting and improving international trade interests is crucial to sustainable development, inclusive economic growth and human prosperity.

Putting ideas into action 08
When we introduced amfori at the beginning of 2018, we also introduced the four new pillars around which we would base all of our work.

amfori believes that it’s only through an all-encompassing approach that companies can improve the sustainability of their supply chains. We support our members with a holistic set of tools that enables them to monitor their supply chain, improve the social performance of their business partners through training, increase awareness through engaging key stakeholders and shape a policy environment where companies can trade openly.

Local Networks for global support

With the unveiling of amfori in 2018, we also announced a restructuring of our global network. National Contact Coordinators and FTA Representatives are now known as amfori Representatives. Collectively they represent our 13 Local Networks. Local Networks are key platforms for members to exchange views and insights from a local perspective, discuss current challenges and get local support tailored to their needs and language. In 2017, we also established a new office in Bangladesh and added to our teams in India and Greater China to make sure we are offering our members and their producers the kind of support they need wherever they operate.

Read more about our Local Networks in the dedicated amfori Local Networks Report 2017–18
Our updated offer

New tools.
New membership category

On 1 January 2018, we launched our new website: www.amfori.org

Our members and stakeholders (321,699 of them in 2017) access the website for updates, tools and resources, so we understood the importance of having something that both represents our new branding and is easy-to-use. Our newsletter, the amfori Pulse, also received a makeover at the start of 2018. With over 3,000 subscribers, it provides the amfori membership and beyond with exclusive trade policy, sustainability and service updates.

In November 2017, we announced an extension to our membership offering. Companies can now become affiliate members of amfori.

This new category allows companies that have their own sustainability programme in place to become amfori members. It will benefit ordinary amfori members by significantly reducing the number of audits conducted. It will also diversify our membership base.

Country Due Diligence Tool
Due diligence is about understanding your company’s supply chain and managing any potential risks it presents. The complexity of working across global supply chains includes dealing with the unique set of circumstances that each country brings. Changing risks and evolving contexts make conducting due diligence challenging. Over the course of 2017, amfori developed the Country Due Diligence Tool. Launched in March 2018, the Tool will help members make smarter decisions and manage risks efficiently. Its two main features, the Country Risk Classification and Country Indicators, will enable our members to access country-specific data on social, environmental and trade performance all in one place, and map and manage risks for specific countries.

External Grievance Mechanism
In November 2017, we launched the amfori External Grievance Mechanism to provide a platform for individuals or organisations to submit concerns about perceived or real instances of wrong or unfair treatment. The Mechanism operates according to the principles of accessibility, transparency, dialogue and continuous learning. Since its launch, 6 grievance cases have been accepted, with investigations completed for 4 of them. The External Grievance Mechanism not only contributes to a culture of openness and trust, it also enables us to learn about risks linked to the implementation of services and improve guidelines for partners and service providers.
amfori BSCI

Improving social performance in global supply chains

amfori BSCI enables companies to drive sustainability by monitoring and improving working conditions in their supply chains. In a global marketplace, supply chains are becoming increasingly complex.

It’s now more necessary than ever for companies to improve visibility over their production – and to drive improvements across their supply chains wherever possible. Since 2003, amfori BSCI has enabled companies to trade with purpose by improving social performance in their supply chain.

21,220
amfori BSCI audits conducted in 2017

42
countries amfori BSCI is active in

52,934
producers active on the amfori BSCI platform

6,790
professionals trained at amfori BSCI workshops

81
Zero Tolerance cases

Top 3 issues identified in audits:
1. Occupational Health and Safety
2. Social management systems and cascading of values to business partners
3. Decent working hours

Top 3 sectors amfori BSCI is active in:
1. General Merchandise (excl. food)
2. Garments/Textiles (excl. home textiles)
3. Household Goods
Due diligence is about understanding your company’s supply chain and managing any potential risks it presents. Due diligence can greatly reduce the likelihood of those risks becoming real issues. Though a key component of all amfori BSCI activities, the following have at their core the aim to improve a businesses’ ability to conduct due diligence:

**Setting the bar for audit quality**

amfori is the only organisation on the market with an audit integrity programme that drives continuous improvement. We encourage our members and their producers to strive towards continuous improvement because we believe in incremental progress over rigid rules that punish mistakes. High quality audits are the cornerstone of responsible due diligence and the key to unlocking continuous improvement throughout a supply chain. Over the course of 2017, we focused our efforts on bringing recommendations from an independent assessment to life through our new Audit Integrity Programme.

The Audit Integrity Programme, launched on 1 January 2018, has at its core three pillars:

- **Audit Integrity Programme**
- **Audit Company Acceptance Criteria**
- **Audit Qualification & Training Scheme**

KPMG is amfori’s audit quality partner that ensures the objectivity of evaluation and reporting. In this role, they monitor auditing companies, analyse data trends and provide recommendations.

**Helping producers recruit responsibly**

Many labour issues are rooted in the recruitment process. Workers can be exploited before they even enter a factory or set foot on a farm. In August 2017, we launched a Responsible Recruitment module to consolidate amfori BSCI’s response to this global issue. We developed practical training and guidelines that feature a step-by-step approach to identifying, preventing and remediating recruitment abuses. So far, we’ve held workshops for over 100 people and over 200 have benefitted from our amfori Academy training about forced labour.

**Responding to calls for modern slavery guidance**

The British government introduced the UK Modern Slavery Act in 2015 to tackle slavery within any organisation conducting business in the UK. Last year, we responded to calls from amfori members to provide specific guidance on the Act, especially on how to draft its obligatory Slavery and Human Trafficking Statement. The Statement should demonstrate the actions a company is taking to prevent slavery and human trafficking. We provide:

- Step-by-step guidance to prepare and publish the Statement
- Practical tips on how to formulate the Statement
- Indications on how to integrate the data available on the amfori BSCI Platform

**Zero Tolerance for more effective remediation**

2017 represented the second full year in which our Zero Tolerance Protocol has been in operation. Its purpose is to respond accurately and efficiently to flagrant human rights violations found during an amfori BSCI audit. The Protocol allows producers to better understand why certain practices represent Zero Tolerance issues and how to prevent their reoccurrence. In 2017, 81 Zero Tolerance cases were initiated, which means a conference call between members and producers was setup within 72 hours of an alert being triggered and remediation pursued within 10 days.
Case study:
Developing a culture of sustainable business practices in Thailand

In September 2017, we embarked on a 12-month project with the Ministry of Commerce of the Royal Government of Thailand. Our aim was to improve the lives of workers and boost Thailand’s potential as a responsible sourcing country. The project has involved giving workshops to middle and top-level management on:

• Conducting due diligence over suppliers
• Occupational Health and Safety
• Implementing responsible recruitment practices
• Raising awareness about businesses’ responsibility to prevent, detect and remediate human rights’ abuses

As the project progresses, on-site coaching will support each company in developing and implementing the remediation plans drawn up after the different training sessions.

Why Thailand?
Since 2013, amfori has worked alongside governmental and non-governmental organisations on matters revolving around responsible recruitment in China and Southeast Asia. In this time, the government of Thailand took steps to understand and eliminate abuses occurring within its factories and farms, and our long-standing relationship culminated in an opportunity to launch a project that will further improve sustainability performance.

400+ amfori members source from over 400 Thai producers

“This initiative provides a great opportunity for Thai companies as it aims to increase expertise on sustainable business practices across company structures.”

Anne Stemmer
Corporate Responsibility Manager, CLAMA
**Project developments**

- **September 2017**
  - Multistakeholder Forum in Thailand. Attendees were amfori members, inter-governmental organisations and food associations
  - Official sign-off of the partnership agreement with Ministry of Commerce of Thailand

- **October 2017**
  - *Flyer on responsible recruitment practices* to promote awareness on a companies’ responsibility to respect workers’ rights in the recruitment process
  - *Guidelines for amfori members* with a step-by-step approach to identify, prevent and remediate such abuses
  - *A handout for producers* to assess risks linked to a recruitment model and practical steps on how to make improvements

- **November 2017**
  - Responsible recruitment awareness raising workshop for company top-level management
  - 38 attendees
  - 25 Thai producing companies

- **December 2017**
  - Responsible recruitment workshops for middle management related to social management system, OHS and sourcing practices
  - 130+ attendees
  - 25 Thai producing companies

- **March 2018**
  - 2nd round of workshops with top and middle management
  - 130+ attendees
  - 25 Thai producing companies
amfori BEPI enables companies to drive sustainable trade by monitoring and improving environmental performance in their supply chains.

Founded in 2013, amfori BEPI provides a comprehensive range of services that enable companies to drive focused environmental improvements in their supply chain and to trade with purpose.

20+ sectors & 50+ countries represented on the amfori BEPI platform

3,000+ producers active on the amfori BEPI platform

Double-digit growth since the start of 2015

Top 3 producer countries
1. China
2. India
3. Bangladesh

Top 3 sectors
1. Clothing
2. Footwear
3. Household & furnishing

Top 3 environmental areas for improvement
1. Environmental Management Systems
2. Energy Use, transport and greenhouse gases
3. Emissions to Air
Knowing where and how to start can be challenging for any organisation looking to improve environmental performance.

amfori BEPI supports our members and their business partners in assessing, understanding and managing the most important environmental areas for a specific site. In March 2018, we created starter-kits for amfori BEPI producers that include how-to guides across 11 environmental areas. Each guide outlines a description of a specific environmental area, offers practical advice on how to make improvements in that area and explains the benefits of doing so. We also translated them into eight languages so they’re accessible to producers in amfori BEPI’s top sourcing countries.

The starter-kits will be available in the amfori BEPI platform, after completion of the Self-Assessment Questionnaire (SAQ) – the mandatory first step for any producer in the BEPI system. Completion of the SAQ guides members and their supply chain partners and helps them prioritise next steps by providing:

- A comprehensive overview of the environmental management at the site
- Environmental data covering the last three years
- An analysis of strengths and weaknesses per area shown in an easy-to-read graph
- The carbon footprint of the site, calculated in line with the GHG protocol requirements
- A shortlist of the five most relevant environmental areas (hot spots), based on an analysis of the production processes carried out on-site
- Access to a starter-kit for the shortlisted environmental areas

450 people tuned in to amfori BEPI webinars

2,000+ people trained on amfori BEPI and a range of environmental performance topics

5 amfori BEPI-specific Project Groups engaging members on key issues
With more than 3,000 producers now active in the amfori BEPI platform, we’ve boosted our training activities to match this growth. In the past year, we held over 40 face-to-face workshops, reaching more than 700 people, offering guidance where members and producers needed it most.

**Fast tracking producer progress**
This year we organised face-to-face workshops on ‘Getting Started’ with amfori BEPI and an introduction to environmental management systems in China, Bangladesh and India. This type of training helps producers get started with environmental improvements and understand how they can use their participation in amfori BEPI to reduce their negative environmental impact and operate more efficiently. For amfori BEPI participants, this means that their producers will experience faster onboarding and show greater progress.

**Reacting fast to regulatory compliance in China**
In 2017, China got serious about enforcing its Environmental Protection Law. The responsible ministry reported that 40,000 enterprises in the Beijing-Tianjin-Hebei region were in violation of regulations. In the weeks that followed, we reacted by holding five workshops across China to train members and producers on regulatory compliance. We also provided a guidance document and gathered leading experts to host a webinar for our members, which informed over 250 live listeners about the nuances of the regulatory framework and the responsibility of producers. Together with Joyce Chau, amfori Representative China, and her team in Hong Kong, we have continue to provide regular updates on the situation.

“Participating in amfori BEPI is not a law, but a process of self-discipline and self-improvement. Changing from passive to active is beneficial to the economy and beneficial to the environment.”

**Producer feedback from an amfori producer workshop**
Chemicals are an unavoidable element of supply chain management. Knowing how to manage them properly and understanding the rules and regulations that determine their usage is important for all companies.

amfori BEPI’s Supply Chain Chemical Management (SCCM) module is designed to support amfori members in addressing supply chain challenges relating to chemicals.

In April 2016, we became an associate contributor of the Zero Discharge for Hazardous Chemicals (ZDHC) to help push for common tools and standards across the footwear and textiles industry. In May 2017, we helped ZDHC launch an online portal for chemical management training, tools and a list of accredited training providers.

**Understanding Chemical Management**

In November, we launched an introductory course on the EU’s Restricted Substances List (RSL) and Manufacturing Restricted Substances List (MRSL). The course has been accessed by over 100 members and producers and is helping them to understand the role of RSL and MRSL in production facilities and how such tools help improve chemical management. In December, we sponsored two Chemical Management workshops in Dhaka, Bangladesh through the Zero Discharge of Hazardous Chemicals (ZDHC) group, giving attendees a great introduction to better management of chemicals at factory level.

**Partnerships that enrich our service**

We forged several key partnerships in the past year. The first, established in May 2017, was with Swiss non-profit myclimate and is helping amfori members measure and mitigate their supply chains’ carbon emissions with the carbon calculator built into the amfori BEPI platform.

In June, myclimate helped us deliver a climate neutral annual conference. This partnership comes at a time when the global community is uniting through global frameworks, such as the UN Sustainable Development Goals and the Paris Agreement, in an attempt to put a stop to global warming and drive climate change mitigation and adaptation.

In December 2017, amfori signed a Memorandum of Understanding (MoU) with the German Partnership for Sustainable Textiles (Textilbündnis), formalising our commitment to collaborate towards achieving sustainable chemical and environmental management in textiles supply chains. amfori BEPI actively participated in the Textilbündnis working groups on chemicals and chemical management training throughout 2017. We also formed partnerships with two leading Chinese Universities this year, Nanjing University in the North and Sun Yat Sen University in the South. Through expert trainers from the Environment, Health & Safety (EHS) centres of the two universities we are now offering producer workshops on topics such as environmental management systems (EMS), environmental regulatory compliance, air pollution management and water management.
The beginning of 2018 saw our former International Trade Policy service become amfori Advocacy. amfori Advocacy enables members to shape a policy environment that supports the success of their business and the sustainability of their operations.

We have incrementally extended the scope of our advocacy work to include greater support for members on regulatory affairs, sustainability policy and targeted stakeholder engagement.

We have also bolstered our Advocacy team with experts in these areas and have extended our regional scope by growing our existing teams in China and Bangladesh. In 2017/18, we have both held and attended more events and meetings than ever, to advocate on behalf of amfori members.

**Speaking out on the issues that matter**

We take pride in standing up for our values of open and sustainable trade whenever and wherever they are being threatened. In doing so, we engage with both governmental and non-governmental stakeholders across the globe. The following are some of the key issues that we spoke out about in the past year:

**Sri Lanka’s GSP+ status reinstated**

Thanks in part to our longstanding engagement with the Sri Lankan authorities, the country’s GSP+ status was reinstated in May 2017. This resulted in customs duties on 66% of tariff lines being removed entirely. We estimate that this translates to a saving of almost €180m on apparel alone – though we expect imports levels will increase as a consequence of the GSP+ reinstatement. This was a great example of the power of amfori’s advocacy work but we fully support the EU Commission’s initiative to monitor the progress made by the Sri Lankan government in the area of human rights.

**Promoting responsible business practices in Asian supply chains**

On 3-4 October, we held a symposium in Colombo, Sri Lanka. The event brought together over 80 key regional stakeholders from the United Nations and international organisations, governments, trade unions and civil society. Interactive discussions led by expert panels defined solutions to complex supply chain issues with an aim to creating long-term transformational change in Sri Lanka and across Asia.
Global influence

Amplifying our members’ collective voice

In April 2018, we reacted to growing concerns that the ratification of the EU-Vietnam Free Trade Agreement (EVFTA) was being pushed back for political reasons, by issuing a joint statement to the European Commission, Council and Parliament.

The statement, signed by 18 other large business associations, urged the EU to take into consideration its reputation, competitiveness and the promotion of sustainable development by not delaying the deal’s ratification. We met with officials close to the EU and Vietnamese negotiating teams throughout 2017 to provide amfori members with regular progress updates and we will continue to do so throughout 2018.

REX: giving a voice to members at the EU Commission

Since January 2017 the European Union has implemented a new system of certification for the origin of goods applying to Generalised System of Preference (GSP) and beneficiary countries. The system, called the ‘Registered Exporter Scheme’, or REX, dictates that relevant exporters should be registered so that they can independently issue statements of origin. We have stayed in close contact with the Commission over the past year to relay issues our members are having with the system and make suggestions for improvements. As a result, on 18 April, at a special dedicated session for amfori members at the Commission’s Directorate on Customs and Taxation (DG TAXUD), amfori members Celio and Metro presented practical problems they had been facing with the REX system.

Case studies:

Promoting workers’ rights

Thailand is an important sourcing country for hundreds of amfori members. We’re proud to say that we have been at the forefront of implementing responsible business practices in the country through our on-going amfori BSCI project with the Thai Ministry of Commerce. In the past year, we’ve used our long-standing dialogue with the Thai government to raise our concern about the case involving 14 migrant workers and the British human rights activist Andy Hall. In June last year, we urged the government to respect freedom of expression and seek peaceful and constructive dialogue.

Cambodia is another large sourcing market for amfori members, 135 of whom source from 300 factories across the country. In early March 2018, United Nations officials warned of the Cambodian government’s growing disregard for civil liberties following the dissolution of the leading opposition party and the imprisonment of its leader. The government also failed to come good on its promise to revise its minimum wage law and pledge to ensure workers are protected from any reprisal or prejudicial action. In March, we joined five other organisations in stressing our collective concern about the situation, through a joint letter to the Cambodian government.
amfori platforms

Setting the agenda

Speaking out on issues also means utilising the convening power we have as a large business association to start the conversation and invite those with expertise to have their say. The following are some of the ways in which we provided a platform for our members and stakeholders to address the issues that matter:

‘Striking A Balance: How Much Sustainability in EU Trade Policy?’
On 12 March 2018, we hosted our third trade forum to address the often-perceived conflicting worlds of business and sustainability. We presented our vision of open and sustainable trade to an audience of over 120 people from the public and private sector and explained the crucial role that businesses have in contributing to the UN SDGs. The event gave a platform to figures from within and outside the EU. Cecilia Malmström, European Commissioner for Trade, was the event’s keynote speaker but all speakers stressed that a future of trade and sustainable development lies in closer cooperation between all stakeholders.

Seminar: helping members prepare for REACH
The European Union’s Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulation set a deadline of 31 May for chemicals manufacturers and importers to fulfil their registration obligations. To help amfori members understand the nuances of this complex regulation and prepare them for the looming deadline, we held a REACH seminar on 15 November. Key speakers from the European Chemicals Agency and Commission gave 30 of our members insights on the restriction process and guidelines for specific substances. Following the seminar, amfori launched three guidance papers on REACH, biocides and sectoral regulations respectively and launched a course on chemical management on the amfori Academy.

As one of the strongest voices for trade in Brussels, amfori has, through many years in the Parliament, provided me with the necessary expertise in a policy area which is consumed by politics, but full of technicalities”

Christofer Fjellner
Member European Parliament

Image above
European Commissioner for Trade Cecilia Malmström speaking at amfori’s Trade Forum in March 2018
Comments on the financial statements as of 31/12/2017
The association continues to grow at a fast pace with regards to membership. The membership revenue increased by 13% compared to 2016, with membership numbers reaching 2,149 on 1/1/2018, a net growth of 263 members during 2017.

The audit upload fees decreased by 15% in 2017 compared to 2016, due to the high number of full audits made in 2016 following the introduction of amfori BSCI 2.0. In total the association’s revenue increased by 8% to €11.6m.

This continued high growth enabled us to add extra resources to our activities. To cope with the high growth in membership and the on-going development of our service offering, additional staff members were hired, resulting in an increase in staffing expenses by 12% compared to 2016.

The increase in stakeholder relation expenses is due to an increased activity level and extra resources put into the annual conference, celebrating the 40th anniversary of the association. The increase in communication and office expenses is due to the rebranding from FTA to amfori. The increase in quality programs expenses is a result of the introduction of a completely new quality assurance program operated by KPMG Banarra.

The amfori network has been substantially enlarged both in Europe and in the rest of the world by an increased presence in China and a full year representation in Turkey, USA, France, Denmark and Spain after having started up a representation in these countries in 2016. At the bottom line, expenses have increased by 22% versus 2016 of which 6% point is due to the rebranding exercise.

The net result of the year shows a deficit of €240k. The amfori balance sheet shows an equity of €4.9m with a cash position of €4.2m. A substantial part of this cash will be used to invest in the new amfori platform, which is being built in 2018.

Summary Income Statement for the period 1/1/2017 to 31/12/2017
(in euro x 1000)

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<th>Revenues</th>
<th>2016 actual</th>
<th>2017 actual</th>
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<tbody>
<tr>
<td>Member contributions</td>
<td>8,629</td>
<td>9,786</td>
</tr>
<tr>
<td>Audit upload fees</td>
<td>2,028</td>
<td>1,717</td>
</tr>
<tr>
<td>Other revenues</td>
<td>148</td>
<td>145</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>10,805</td>
<td>11,648</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>2016 actual</th>
<th>2017 actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td>4,128</td>
<td>4,620</td>
</tr>
<tr>
<td>Travel</td>
<td>198</td>
<td>195</td>
</tr>
<tr>
<td>Capacity building</td>
<td>1,179</td>
<td>1,232</td>
</tr>
<tr>
<td>Stakeholder relations</td>
<td>222</td>
<td>527</td>
</tr>
<tr>
<td>Communication</td>
<td>281</td>
<td>450</td>
</tr>
<tr>
<td>Quality programs</td>
<td>369</td>
<td>489</td>
</tr>
<tr>
<td>Network</td>
<td>1,348</td>
<td>1,826</td>
</tr>
<tr>
<td>Systems</td>
<td>558</td>
<td>619</td>
</tr>
<tr>
<td>Office</td>
<td>1,200</td>
<td>1,521</td>
</tr>
<tr>
<td>Depreciation</td>
<td>253</td>
<td>409</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>9,736</td>
<td>11,888</td>
</tr>
<tr>
<td>Net Result</td>
<td>1,069</td>
<td>-240</td>
</tr>
</tbody>
</table>

The reported figures are derived from the audited statutory accounts as deposited with the National Bank of Belgium (www.nbb.be).

The classification of the figures is done according to the internal management report. The valuation rules follow Belgian GAAP.
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