About FTA

The Foreign Trade Association (FTA) is the leading business association of European and international commerce, promoting values of free trade and sustainable supply chains. By uniting over 2,000 retailers, importers, brands and national associations, FTA pushes for a political and legal framework that is both sustainable and beneficial to trade. FTA offers members two kinds of services: advocacy, under our International Trade Policy (ITP) service, and operational, under FTA Sustainability. FTA Sustainability includes the Business Social Compliance Initiative (BSCI), which supports participants to improve working conditions in factories and farms worldwide, and the Business Environmental Performance Initiative (BEPI), to facilitate improved environmental performance in global supply chains.

FTA Membership in Numbers

1,989 Member companies + 15 Associations

2,004 MEMBERS

BSCI/ITP
1,951

BSCI/ITP (BEPI)
251

ITP only
39

Representing

39 countries across 4 continents

Contents

Preface 3

FTA turns 40! 4

FTA Advocates 6

International Trade and Sustainable Supply Chains
Main Achievements
FTA In Action 2016–2017
Environmental and Consumer Affairs
Sustainable Supply Chains
Trade Policy Outlook for 2017–18

FTA Sustainability: Further Integration of BSCI and BEPI 10

Business Social Compliance Initiative
Improving Working Conditions in 2016
Monitoring
Empowering
Engaging

Business Environmental Performance Initiative 16
Monitoring
Empowering
Engaging
FTA Sustainability Outlook for 2017–18

Going Global: Our Network 21
One New NCG, Four New Coordinators

FTA Networks: Key Events 22
FTA Conference 2016
FTA Informs

FTA Governance 25

Foreign Trade Association a.i.s.b.l. 27
Dear Readers

These are exciting times for FTA. This year, we are celebrating our 40th anniversary, a genuine landmark for us. We can take great pride from what we have achieved in those years, growing from just a handful of members in Europe into an international organisation with over 2,000 members and activities in five continents. Today, we are truly the leading business organisation for free and sustainable trade, offering an unprecedented level of support to companies, and actively engaging with stakeholders across the world to make the case that trade can be an engine for environmental and social progress.

It is right and proper that we take this opportunity to reflect on this remarkable success. This report will give an overview of FTA’s 40-year history. Collaborators from past and present share their opinions on the evolution of our association and you’ll be given an insight into what makes FTA tick.

It will also provide an overview of FTA’s 2016–17, a period in which we consolidated many of the tools and projects set in motion in previous years. We continued promoting the benefits of open trade during a year marked by rising protectionist measures and sentiment, most notably through our vision of an EU–China free trade agreement. We also underscored regulatory affairs as an increasingly important and challenging area for our members, and successfully advocated for clear and efficient chemical regulation.

FTA Sustainability initiatives, the Business Social Compliance Initiative (BSCI) and the Business Environmental Performance Initiative (BEPI), were brought yet closer together through shared objectives and greater collaboration. BSCI has taken important steps to build on existing tools, while the growth of BEPI is one of the great success stories of the year. Both initiatives extended their offering on the FTA Academy, our online learning hub, which now features more courses in more languages than ever.

Our global network also grew considerably as we welcomed new representation on the ground in Denmark, France, Spain, India, Turkey and the USA. FTA is now poised to rapidly expand its reach by proliferating our services throughout that network, that collaborated on many occasions in 2016.

We’ve long championed the benefits of approaching trade and sustainability holistically. By gradually consolidating our sustainability and trade services and integrating our global network, we’re proving to our members that this approach is best for business, workers and the environment.

But we live in a world of rapid change, and in order to continue supporting companies, we must look to the future. We are delighted to say that we will do so through implementing Vision 2030, our bold and ambitious strategy to build the pace and scale of responsible trade.

As of 1 January 2018, we will introduce a new name and a new identity – Amfori – a name directly inspired by the amphorae, containers used by traders to ship staples around the ancient world. They symbolise the pioneering spirit of early global traders and that trade is timeless, essential to our past and to our future.

Our Vision 2030 will ensure we are well placed to build on these successes and grow even larger and stronger in the years ahead, as we continue to support our members to create a future of trade with purpose.

Christian Ewert
FTA Director General

Tino Zeiske
FTA President

Christian Ewert
FTA Director General
**FTA turns 40!**

We began in 1977 as a small European association with a handful of members and a couple of employees. Now, 40 years later, we have grown into a dynamic, strong and international network which enables companies and associations to drive international trade and improve sustainability across supply chains.

A broad membership is an opportunity for collaboration. During our 40 years, we have come together to work towards more open trade, and, since 2003, how to improve social compliance and environmental performance across supply chains.

Since 1977, we have continually evolved to better serve the needs of our members. As the world changes and new developments shape how trade and business takes place, we will continue to adapt to meet changing needs.

To read more about our 40 year anniversary visit: fta-intl.org/content/fta-turns-40

---

**1980**
- FTA is founded with a handful of members (we now have more than 2,000!).

**1996**
- Several success stories in trade policy and anti-dumping.

**2000**
- Participated in the first World Trade Organization Ministerial Conference in Singapore.

**2003**
- Launch of our Business Social Compliance Initiative (BSCI) to address the need for better working conditions across supply chains.

**2007**
- Creation of the first National Contact Group (NCG), in Switzerland.

**2010**
- 1,000 members now trust FTA to improve international trade and sustainability issues across supply chains.
“As well as being an excellent source of information, FTA offers its members an invaluable network of expertise and a real voice in discussions with bodies such as the European Union. Those connections and that leverage are the critical benefits FTA offers Decathlon.”

Olivier Ganne, Customs Director, Decathlon

FTA Academy


Launch of the Business Environmental Performance Initiative.

BSCI celebrates its tenth anniversary; FTA representation in Hong Kong is established.

We launched the FTA Sustainability Intelligence Dashboard, an online platform that provides a single access point for all members’ supply chain performance information.

BSCI 2.0 is launched, together with a new code of conduct.

FTA turns 40!

We have 40 years of advocacy work in trade matters at EU level and beyond, working hand in hand with our members, holding open dialogues with stakeholders, and producing efficient communication and inspiring events. Total membership stands at over 2,000, and we now have representation in 13 countries.
INTERNATIONAL TRADE AND SUSTAINABLE SUPPLY CHAINS

The past year has proved a tumultuous one in the world of trade policy. Political change, particularly in Europe and the USA, has brought yet more protectionism and a significant amount of uncertainty. However, FTA stands firm in its belief that open trade, when combined with realistic and meaningful sustainability measures, is the greatest driver of economic and social change. In the past year, we have taken increased actions to promote our beliefs and to consolidate our offering. The result for our members is a more well-rounded, complete service that will continue to serve them well in the years ahead.

MAIN ACHIEVEMENTS

PROMOTING OUR VISION: STUDY ON AN EU–CHINA FREE TRADE AGREEMENT

Building stronger ties between Europe and China remains a top priority for us, given that China is home to more than 30,000 of our members’ producers. To explore potential outcomes of closer collaboration, we commissioned a full impact assessment of a possible EU–China free trade agreement by leading think tank, the Centre for European Policy Studies (CEPS). Delivered in the spring of 2016, the study was subsequently downloaded more than 1,200 times. The study’s findings on the benefits that could be generated by such an agreement were central to discussions at the FTA Trade Conference in Beijing in November 2016.

TRANSPARENCY IN ANTI-DUMPING INVESTIGATIONS

In 2016, we continued our campaign to achieve greater transparency in anti-dumping investigations. FTA firmly believes that the EU would greatly benefit from a system similar to that which exists in the USA, whereby, provided a ‘non-disclosure’ is signed, authorised persons can access confidential information on file. This would allow data received by the Commission, and subsequent calculations, to be independently verified. The EU’s current system prevents interested parties from accessing information most relevant to an investigation.

Our initial approach to European Commissioner for Trade Cecilia Malmström in early 2015 met with some success, when the idea was included in her strategy paper Trade for All. An impact assessment and/or public consultancy is scheduled for 2017.

FTA SUCCESSFULLY ADVOCATES FOR CLEAR AND EFFICIENT CMR RESTRICTION

We successfully engaged with the European Commission to reframe a 2015 proposal that could have restricted 248 substances in textiles articles in a fast-track procedure. The proposal will now focus only on those substances that require regulatory attention. FTA also insisted on the development of guidance documents to help economic operators understand the scope of the restrictions. The restrictions will now affect 58 substances and the European Commission has indicated the text will be accompanied by a non-exhaustive list of articles to be covered. This was a vital step for FTA members, as it set a clear and realistic regulatory framework for economic operators.

CONFLICT MINERALS: POLITICAL AGREEMENT REACHED IN LINE WITH FTA DEMANDS

The European Commission’s approach to trade in minerals must evolve in a way that is consistent with international trade and business realities. We therefore welcomed the Commission’s uptake of our recommendations when agreeing on a framework to prevent the financing of armed groups through conflict minerals. The regulation will focus on imports of commodities but not cover the ‘upstream’ or finished products, which FTA argued against, and carry clear obligations for smelters and refiners to source responsibly. The Commission will carry out several other measures, including the development of reporting tools to further boost supply chain due diligence by ‘downstream companies’. FTA has been actively engaged in this debate, specifically through high-level meetings and a joint letter with long-term collaborator EuroCommerce to Commissioner for Trade Cecilia Malmström.

Attendees of FTA’s November 2016 Beijing Conference on EU–China Trade Relations, hosted in collaboration with the China Council for the Promotion of International Trade (CCPIT).
INTERNATIONAL TRADE POLICY

SURGE IN PROTECTIONISM HURTS TRADE AND SUSTAINABILITY
Anti-trade rhetoric used throughout the US and European elections has made promoting the benefits of fair, open and sustainable trade once again extremely pertinent. Between October 2015 and May 2016, G20 economies introduced new protectionist trade measures at the fastest pace seen since the 2008 financial crisis, rolling out the equivalent of five per week, according to the latest World Trade Organization (WTO) report. The trend coincided with a slowdown in world trade, which has been at its lowest since 2009, according to World Bank figures.

We believe less trade would result in the EU losing leverage over the application of sustainability standards. What is more, at an operational level, companies will not be able to promote standards if they are not collaborating with factories in sourcing markets.

FTA SUPPORTS AMBITIOUS EU TRADE AGREEMENTS
Against a backdrop of rising protectionism and trade scepticism, the EU is trying to conclude several ambitious trade agreements. As well as negotiations with Japan that will result in better access for FTA members importing from that country, talks are also ongoing with Indonesia and the Philippines, two major ASEAN economies with huge potential for growth. We held regular meetings with chief negotiators from both Indonesia and the Philippines, and have been enthusiastically endorsing the talks within the trade policy community.

NEW MEMBER TOOL FOR UNDERSTANDING TRADE ARRANGEMENTS
We have created an easy reference tool that provides a handy summary of the current market openness and applicable rules of origin of the various trade arrangements the EU has in place with countries around the world. The tool, called the FTA Insight on Current Trade Arrangements in Place, also offers links to official documents, detailed tariff schedules and processing lists – everything members need to find precise information on specific products.

TRADE DEFENCE POLICY

FTA REJECTS PROPOSALS OVER MODERNISATION OF TRADE DEFENCE INSTRUMENTS
The end of 2016 saw EU Member States agree on a compromise over the application of the lesser duty rule, pre-notification of duties, and reimbursement of duties. The proposal provides the possibility for importers to reclaim duties paid during expiry reviews and suggests a four-week notification before provisional duties are imposed. All in all, we believe that the proposed package will be costlier for EU importers. We are therefore calling for the lesser duty rule to remain.

FTA has been closely involved in this exercise since its inception in 2011. We have maintained frequent contact with the EU Member States, the European Parliament rapporteur Christofer Fjellner, and the European Commission. In addition, as well as representing EU importers at the special hearings, we hosted a Round Table in March 2017 that brought together experts from Member States and different industry sectors for a lively debate on the matter.

MARKET ECONOMY STATUS FOR CHINA
The European Commission has recognised that it may no longer conduct anti-dumping investigations on the automatic assumption that China operates under non-market economy conditions. This recognition, in December 2016, is a response to the discussion about Section 15 of China’s Accession Protocol to the WTO. In principle, all investigations against WTO members will calculate normal values based on domestic prices. However, the new methodology provides that the Commission can conduct a study on the situation in a country to determine if the domestic market is distorted by the state. If this is proven the Commission will calculate the normal value based undistorted prices or benchmarks [which could be prices in third countries]. This method was suggested by FTA in our Position Paper To ME or not to ME: China’s status after 11 December 2016. However, the WTO recently ruled a similar system was acceptable “as such” but “as applied” was not. Therefore, the FTA believes the Commission will have to exercise great care in its application.

CUSTOMS

REX AND THE UNION CUSTOMS CODE: OUR ACTIONS AND CONCERNS
The principle aim of the Union Customs Code (UCC) is to simplify and speed up customs procedures, something we believe it will achieve once all IT applications are fully operational. Most concerns over changes are centred around the Registered Exporter Scheme (REX). Under REX, which came into force on 1 January 2017, for imports above €6,000 exporters from beneficiary countries needs to register with the relevant authority. They then receive a unique REX number, which will be logged on that country’s and the European Commission’s REX database. Once registered, an exporter can independently issue a statement of origin for all subsequent shipments. FTA has two main concerns with the new procedure – one related to the absence of a check by the competent authority for each consignment, and another in reference to the removal of the “good faith” principle. We will stay in close contact with the European Commission to work towards the improvement of the system.
THE FUTURE OF CUSTOMS IN THE EU – FTA THINKS OUT OF THE BOX

Given a free rein, FTA would make changes to the rules of origin and the Common Customs Tariff, as described in a concept paper circulated in May 2016. We believe that a greater simplification of the system will benefit importers and exporters alike.

Arguably, for the purposes of free trade agreements or preferential arrangements, the origin of a product is determined at the same time by both trade policy and protectionist considerations. For example, it can be based upon different added values or processing operations. Under the GSP system, textile products from the least developed countries require only one stage of processing, whereas from developing countries two stages are required. To ensure a transparent and legally certain system, the Harmonised Commodity Description and Coding System could become the sole criterion for determining origin, by changing the four-digit heading for the product.

The Common Customs Tariff contains a huge range of tariff rates – even within the same Chapter. FTA questions the necessity, and economic relevance, of multi-digit codes and such a range of tariff rates. We propose a major simplification: three different tariff rates (4%, 6% and 8%) based on the sensitivity of the product, with different rates appearing in the same Chapter only in exceptional circumstances.

EU–TURKEY CUSTOMS UNION MODERNISATION

There is still no sign that costly Turkish duties on shoes, and also now on an array of other products, will be removed. FTA has been urging the European Commission to include a dispute mechanism in the Customs Union since 2015, and last year we contributed to discussions that culminated in the Commission asking the Council for a mandate to begin talks with Turkey. Our suggestion, expressed in a position paper in October 2016 and at meetings in the European Parliament, that the country remove certain trade barriers before negotiations start was met with little enthusiasm from the Commission. Despite Turkey’s apparent openness to modernisation, recent political events suggest that negotiations may be severely delayed. We remain in close contact with key decision-makers and will work towards further progress.

ENVIRONMENTAL AND CONSUMER AFFAIRS

FTA INTENSIFIES POLICY AND ADVOCACY SERVICES: CLOSE LINKS WITH BEPI

Trade policy, both within and outside the EU, is increasingly about domestic market rules and technical barriers. Chemical regulations serve as a good example. REACH, the EU’s regulation on the production and use of chemical substances, is now fully implemented and, while similar regulations are appearing worldwide, the EU is moving ahead by regulating the presence of hazardous chemicals in a broad range of products.

To ensure our level of support evolves with the times, we have allocated extra resources to monitoring and advocating on the issues that are making compliance more complex and costly for all sectors. The upgraded services will work in conjunction with our sustainability initiatives, BSCI and BEPI, to ensure a holistic and suitable approach is taken to all activities.

PRIORITY: SUPPORTING FTA MEMBERS ON REACH

FTA has been supporting members on REACH for several years. In 2016, through a number of articles we kept members informed about developments, such as additions to the candidate list, updates in annexes, and the milestone court judgment on Substances of Very High Concern (SVHCs). This support will become increasingly important in the coming years. As well as a new guidance document on SVHCs and the expected review of REACH, FTA members will have to comply with the 2018 REACH registration deadline.
SUSTAINABLE SUPPLY CHAINS

PROMOTING SUSTAINABILITY IN TRADE POLICY

Chapters on sustainable development and environmental protection have become a must in all EU-negotiated trade agreements. FTA fully supports this practice and has taken an active role in the Civil Society Dialogues with the European Commission on increasing their effectiveness. Meetings with Members of the European Parliament allowed us to promote our vision, and present the Commission with issues raise by our stakeholders.

However, webinars we hosted on this topic proved particularly insightful in revealing the lack of knowledge about sustainability within current trade agreements. In the first, held in April 2016, about the EU–Vietnam free trade agreement, a live survey for participants on whether sustainability was appropriately covered in the agreement resulted in only 20% of the participants saying yes. The same question at the end of the webinar resulted in that figure jumping to 80%!

FRACTURED EFFORTS? EU GOVERNMENT-LED SUSTAINABILITY INITIATIVES

The spike in sustainability initiatives in the years following the 2013 Rana Plaza factory collapse is a clear sign that Europeans expect their governments to strongly promote CSR issues. Over the course of the past year, FTA compiled a list of the various government-led sustainability initiatives. Our initial analysis of that list shows fundamental differences between the scope and application of initiatives.

While FTA fully welcomes raising awareness of sustainability standards around Europe, we are wary that the sheer number of initiatives could lead to a fragmentation of efforts. We therefore actively support the fusion of such initiatives to ensure coherence, clarity and stronger collaboration. An EU-wide drive is essential for moving forward at the EU level.

TRADE POLICY OUTLOOK FOR 2017–18

Public debate about the nature, role and future orientation of trade policy has intensified in recent years. The subject is clearly of high importance for everyone from companies to political decision-makers and consumers, who rightly perceive trade as a powerful instrument for fostering economic and social improvements. We think the spotlight should also be on the way international sourcing is organised and the role of the different economic operators along the supply chain.

In the year ahead, we will continue to:

• Fight against protectionism and promote a seamless flow of goods in global value chains;
• Establish a strong and vocal position in Brexit negotiations in support of a fair deal and legal clarity;
• Support modern customs legislation that reflects economic realities and the growing digitalisation of trade;
• Promote the idea of an EU discussion on government-led sustainability initiatives to avoid a fracturing of national standards; and
• Push for smart and realistic regulation of chemicals to increase the protection of consumers and the environment, and legal clarity for economic operators.

Spotlight: Brexit – What does it mean and what can we do about it?

Following the result of Britain’s EU referendum, the UK government triggered exit negotiations in late March 2017. This being the first time a member state has opted to leave the Union, Brexit has plunged the EU into significant uncertainty. One thing is certain, however. Brexit could potentially have considerably negative effects on the business of FTA members and the trade sector. Here are some potential effects we foresee:

• Tariffs and border checks are likely to be imposed in future bilateral trade relations;
• The EU will lose a liberal voice in the UK, meaning a possible shift to more ‘defensive’ EU trade policy;
• Brexit is a severe setback for the European integration process, while efforts to reduce the influence of the EU are ongoing, potentially leading to more market fragmentation; and
• Brexit is likely to negatively impact economic growth – and consequently consumption – in the UK, the EU and the world.

Regarding the exit talks, FTA is preparing a sound strategy to mitigate negative impacts, promote possible opportunities and effectively represent the interests of members. The main difficulty will lie in achieving the highest possible level of market integration while avoiding a domino effect. Too good a deal may trigger similar requests from other EU member states.
FTA Sustainability

FURTHER INTEGRATION OF BSCI AND BEPI

Our previous Annual Report touched on the unification of our sustainability initiatives, the Business Social Compliance Initiative (BSCI) and the Business Environmental Performance Initiative (BEPI), under the banner of FTA Sustainability. Over the course of 2016, both initiatives were brought yet closer together in acknowledgement of the holistic approach needed for lasting sustainability improvements in global supply chains. Our objective remains to improve working conditions in factories and farms worldwide and to improve the environmental performance of producers. The way we work towards fulfilling our objective, however, has expanded in both scope and service offering in the past year.

MAIN ACHIEVEMENTS

We made significant strides in progressing our strategy in 2016, including:

• Improving the quality of audits and level of support provided to our members – such as the addressing of zero tolerance issues within 72 hours for rapid remediation;
• Launching industry-specific modules and expert reports to answer the unique needs of companies;
• Increasing the number of training and capacity building sessions for more meaningful and lasting impact when improving the sustainability of global supply chains; and
• Extending outreach through our global network of National Contact Groups (NCGs) and FTA Representatives, and through growing our membership.

In June 2016, FTA Director General Christian Ewert, President of China WTO Tribune Yu Zhi-hong, and Xie Wen-wu, Assistant to President of Zhejiang Province CSR Association signed a Memorandum of Understanding (MoU) to enhance the development of Corporate Social Responsibility (CSR) in Zhejiang Province.

“FTA, as a business association, has embedded the UN Guiding Principles into BSCI’s Code of Conduct since its very inception and continues to uphold human rights as a core value that underpins its activities and ensure sustainable supply chains.”
Dante Pesce, Chair of the UN Working Group on Business and Human Rights
**BUSINESS SOCIAL COMPLIANCE INITIATIVE**

**CONSOLIDATING AND EXTENDING THE REACH OF OUR SYSTEM**

Though BSCI experienced promising membership growth, 2016–17 proved a year of consolidation. Many of the tools launched in 2015 were strengthened and FTA’s expansion to new countries (see page 21), as well as promoting membership growth, made them readily available to a wider audience. The full introduction of BSCI 2.0 took our capacity to improve working conditions to a new level by placing renewed focus on key values that we believe hold the key to change at the lowest tiers of modern supply chains.

Fully launched 2016, BSCI 2.0 is the most recent upgrade to the BSCI system. It incorporates current international guidelines on business and human rights and a reinforced Code of Conduct. BSCI 2.0 asks that companies cascade BSCI values through their supply chain and stresses the importance of due diligence and grievance mechanisms in protecting workers’ rights.

The map below demonstrates the global impact of BSCI in 2016 through activities under its three pillars: monitoring through auditing, empowering through workshops and engaging through stakeholder activities.

**IMPROVING WORKING CONDITIONS IN 2016**

**A FORMULA FOR COMMITMENT**

FTA enables companies to improve social compliance in their global value chains. We take this commitment seriously, and we encourage our participants to do likewise. In March 2017, we launched a special tool designed to measure participants’ commitment to social improvements: the BSCI Commitment Formula and accompanying online Dashboard. The Commitment Formula measures participants’ performance against the BSCI Code of Conduct and Terms of Implementation. This formula reflects the values of BSCI and what we want to achieve: spreading our values deep within the supply chain, enabling people to learn, and improving working conditions. Results are displayed visually on the Dashboard in report-friendly formats, making performance easy to analyse and information requests from stakeholders easy to handle. Participants can now also compare their performance against that of their peers and redefine their implementation strategy as necessary.

The FTA secretariat will monitor participants’ performance on a quarterly basis, and require action from those performing below the minimum engagement requirements.
MONITORING

Audits are a key tool for BSCI participants and producers, as they are the starting point of their joint journey to improve labour conditions. These checks provide a good understanding of the current situation at a production site and of the level of compliance with the BSCI Code of Conduct, enabling participants and producers to work together on those areas where improvements are most needed.

MAINTAINING HIGH QUALITY STANDARDS

As audits form the basis for any follow-up action, their quality and accuracy are essential requirements of the BSCI monitoring system. In 2016, BSCI put in place additional measures to strengthen the Audit Integrity Programme of FTA:

• A NEW APPROACH TO MONITORING: SEMI-ANNOUNCED AUDITS
  Following a decision by the BSCI Steering Committee, as of January 2017 BSCI audits were set as semi-announced by default, instead of fully announced. This means production sites are given a four-week time frame in which the audit will take place, rather than the concrete date of the visit. This decision further contributes to improving the quality of audits; however, the options to conduct fully announced or unannounced checks are still available.

• NEW AUDITOR QUALIFICATION PROGRAMMES
  Important as it is to ensure audit reliability and quality, it is also critical to monitor auditors’ competences. In March 2016, FTA introduced new qualification requirements, ensuring all auditors conducting BSCI audits join a dedicated five-day BSCI training course, successfully pass an exam and take refresher courses on a regular basis. As of April 2017, 39% of all BSCI auditors have qualified through this programme. We also hold regular calibration meetings with auditing companies to make sure our standards are aligned and allow for best practice sharing.

EMPOWERING

Empowerment is one of BSCI’s core values. Member companies and their producers must be empowered to implement BSCI 2.0. A full understanding of the process, steps and techniques towards identifying social compliance risks and their root causes is fundamental in changing the sustainable culture of an organisation.

RAPID IMPROVEMENT UNDER ZERO TOLERANCE PROTOCOL

The Zero Tolerance Protocol came into force in 2015 following the establishment of BSCI 2.0. It sets out a clear process for producer, participant and the FTA secretariat to follow in the 72 hours following the discovery of a Zero Tolerance issue in order to remediate imminent social risks. In the past year, we’ve been able to improve the Protocol’s efficiency based on its first-year results. So far in 2017, 100% of Zero Tolerance cases to arise have been dealt with within 72 hours.

At the beginning of 2017, we launched a series of Zero Tolerance Success Stories, offering readers an inside look at the different kinds of supply chain issues our participants deal with, and the collaborative approach that we take to remediating them.

THE FTA ACADEMY

Launched in 2016, the FTA Academy is our online learning hub, featuring courses, webinars, tutorials and a host of other tools for BSCI participants and their producers. The FTA Academy allows BSCI participants to follow a specific learning path, assign courses to their producer and track their progress. Areas cover the basics of BSCI to practical reporting information. Producers are now also able to flag online courses they would like to follow, increasing their overall engagement.

The Academy also supports BSCI’s offline activities by allowing producers to sign up for workshops in their specific region. The tool compiles all course data to provide an overview of progress and areas for improvement. When used in conjunction with the FTA Sustainability Intelligence Dashboard, it enables participants to quickly highlight supply chain weaknesses and assign relevant training.

THE FTA ACADEMY IN NUMBERS
INDUSTRY-SPECIFIC: THE SUSTAINABLE WINE PROGRAMME

Given the diversity of industry sectors in which our participants are active, and the large variety of products they deal with, FTA thinks industry-specific programmes are vital to surpass due diligence and drive lasting improvements.

Our Sustainable Wine Programme, launched in May 2016, responds to the need for a unified approach to integrating sustainability in the wine industry. Through this programme, we’re empowering companies with the necessary operational tools to efficiently address industry-specific labour challenges, such as the protection of young workers and women, seasonality, freedom of association, injuries in the workplace and protection of the environment.

4 KEY GOALS
- Workers’ empowerment, with special attention to seasonal workers
- Strengthening of wine cooperatives
- Improved Occupational Health and Safety
- Water and soil management

“FTA combines the power of the many and this enables us to promote change and improvement in so many areas in which we as a single company do not have the leverage to.”
Maren Barthel, Corporate Responsibility Manager, Otto Group
ENGAGING

STRATEGIC PARTNERSHIPS TO ENHANCE SERVICES

Partnerships with like-minded organisations are as beneficial to our members as they are to global value chains in general. In the past year, we have strengthened partnerships and collaborations with UN bodies and other international organisations to broaden our multi-stakeholder network and increase our impact. Together, businesses and key influential actors can leverage collective strength to facilitate transformative change in global supply chains. Our global Network of National Contact Groups (NCGs) and Representatives, more on which is featured in our dedicated FTA Network Activity Report, facilitates engagement with local stakeholders. This section represents just some of the partnerships and collaborations we have engaged with in the last year.

RABOBANK: IMPACT LOANS FOR BSCI PARTICIPANTS IN NETHERLANDS

In June 2016, we unveiled a partnership with Rabobank, the largest green savings bank in the Netherlands. A direct result of strategic engagement by our Dutch NCG, this made the top 25% of Dutch BSCI participants eligible for a special ‘impact loan’ from Rabobank and the European Investment Bank (EIB). BSCI was chosen as part of the selection criteria for allocating shares of €100m of fresh lending to sustainable SMEs and mid-cap companies. It is the first time we’ve collaborated with a financial institution to acknowledge and financially reward sustainable business practices.

FORETICA: COLLABORATION OPENS DOOR TO SPAIN AND LATIN AMERICA

In June 2016, FTA signed an agreement with Forética, the leading association of companies and professionals in corporate social responsibility and sustainability in Spain and Latin America. In July, BSCI and Forética co-hosted an event on transparency and integrity in the supply chain. The day also marked the launch of a new FTA Sustainability National Contact Group (NCG) in Spain [see page 21].

SYRIAN WORKERS IN TURKEY: BSCI TAKES ACTION

The influx of Syrians fleeing conflict in their home country has introduced a huge population of working-age people vulnerable to exploitation. To date, only around 14,000 work permits have been issued to Syrians working across all sectors, leaving around 400,000 to work informally.

In July 2016, the FTA secretariat, along with the FTA Representative Turkey, drafted a guidance package on Syrian workers in Turkey. The package included first-hand insights into the status of Syrians in the country and clear guidelines on how best to mitigate exploitation in supply chains. A month after its release, the guidance was commended by UN Special Rapporteur Maria Grazia Giammarinaro [see quote].

In February 2017, Muge Tuna, FTA Representative Turkey, held a briefing session on the integration of the Syrian Nationals into the Turkish labour market. This event, held in Istanbul, was organised in cooperation with the United National High Commissioner for Refugees [UNHCR], the International, Middle East Peace Research Center (IMPR) and the Istanbul Textile and Apparel Exporters’ Associations [ITKIB].
In March 2017, we held a multi-stakeholder forum on the protection of Syrian labour rights in Turkey. Held in Hamburg, Germany, the forum brought together more than 70 influential stakeholders, including companies sourcing from Turkey, UN agencies, NGOs, associations and academics. Among those present were prominent experts on migration issues from the International Migration Institute, the University of Oxford, the Fair Labor Association, and the International Organization for Migration.

URGING THE BANGLADESHI GOVERNMENT TO END LABOUR UNREST
Protests over wages erupted across 50 factories close to Dhaka last December, resulting in the arrest of 11 union leaders and the firing of up to 3,500 factory workers. Issues of fair remuneration and decent working conditions are central to our work. We therefore signed a joint letter, along with 20 influential brands, urging the Bangladeshi government to take action through social dialogue and ensure the protection of the workers' rights.

BUILDING PARTNERSHIPS
In June 2016, FTA signed a Memorandum of Understanding (MoU) with the China World Trade Organization Tribune to further develop corporate social responsibility in Zhejiang Province. In September, FTA also signed an MoU with China Electronics Standardization Association (CESA) on the joint promotion of CSR in the Zhejiang Province.

FTA HOSTS PANEL SESSION AT THE UNITED NATIONS
In November 2016, FTA and BSCI led a joint panel session at the Fifth UN Annual Forum on Business and Human Rights. In collaboration with the Electronic Industry Citizenship Coalition (EICC) and UN Special Rapporteur Maria Grazia Giammarinaro, we addressed methods of combating forced labour and human trafficking. The oversubscribed event showcased the work of FTA, and particularly BSCI, within the business and human rights arena.

LABOUR CONDITIONS IN THAILAND’S FOOD AND FISHERIES SUPPLY CHAIN
In May last year, we collaborated with the International Labour Organization to host a roundtable event on improvising labour practices in Thailand. The country continues to combat unacceptable forms of work in the food and fisheries supply chain. The event was part of a project initiated in 2015, when 19 BSCI participants sourcing in the food sector joined forces to promote better hiring practices in nine selected Thai business partners.
BUSINESS ENVIRONMENT PERFORMANCE INITIATIVE

BEPI’s Growth Spurt

The past year has been a period of expansion and consolidation for BEPI as many of the tools and partnerships set in motion in previous years began bearing tangible results. The number of companies trusting BEPI to improve the environmental performance of their supply chain more than doubled to well over 200 by April 2017. The majority of our new participants represent the textile and footwear sector, but companies from the food, general merchandise and cosmetics sectors have also chosen to work with BEPI’s bespoke system.

COP22 Brings Hope

The historic Paris Agreement was ratified in October 2016, just before the latest round of global climate change talks (COP22, or Conference of the Parties 22), held on 7 – 18 November. More and more companies are using the Agreement – which aims to keep the global temperature rise this century to well below 2°C – as a base to set emission reduction targets that will impact many areas of their business operations.

We believe these targets and messages must cascade down the supply chain to reach local producers. The environmental impact of multinationals and SMEs is often mistakenly limited to that of their direct operations. It should also be taking into consideration their supply chain as a whole. BEPI offers companies a unique system applicable to all sectors and countries, as well as tailored recommendations to improve their producers’ environmental performance.

Scaling Up

- The BEPI Platform now supports producers in English, Bengali, Chinese, Hindi, Tamil and Turkish;
- The FTA Academy provides practical e-learning on BEPI for participants and producers in 12 languages;
- All 13 of our NCG Coordinators and FTA Representatives across the globe are now equipped to give BEPI workshops; and
- We now support producers across 42 countries, significantly more than the three countries back in 2015.

The BEPI Journey: From Risk to Opportunity

In the call for businesses to address environmental issues in their direct operations and their supply chains, transparency and due diligence are key. BEPI participants need to understand the environmental risks facing their often complex supply chains and recognise issues with the greatest relevance to stakeholders. We help participants build mature and resilient supply chains by reducing negative environmental impacts and showing them how to increase environmental performance.
**MONITORING**

BEPI helps participants and their supply chains shortlist the top five environmental issues, or hotspots, by location. This enables efforts to target specific issues, increasing overall impact.

The shortlist is arrived at after a process of prioritisation that includes (see right):

1. **A BEPI SELF-ASSESSMENT**: Producers will complete their producer profile and BEPI self-assessment online through the BEPI platform, providing comprehensive data across 11 environmental areas.

2. **GAP ANALYSIS**: Based on the answers given in the self-assessment, the BEPI platform provides a gap analysis showing strengths, weaknesses and level of environmental management.

3. **PRODUCTION PROCESSES**: Based on a detailed understanding of the on-site production processes, the main areas of potential impact are prioritised. The prioritisation method used is based on the International Reference Life Cycle Data System (ILCD) and highlights the four most relevant environmental areas per production process. A fifth area – environmental management systems – is always included, since good management of environmental areas is a fundamental part of BEPI.

**PRIORITISE TO MAXIMISE**

1. **Focused Improvement**

**A BEPI SELF-ASSESSMENT**

**GAP ANALYSIS**

**PRODUCTION PROCESSES**

**FOCUSED IMPROVEMENT**

Taken together, the gap analysis and prioritisation process provides a shortlist of the most relevant environmental areas per producer, allowing all actors to focus on what is really important.
ASSESSING PRODUCERS’ PERFORMANCE

The shortlisting of the most impactful environmental areas, or ‘hotspots’, allows for a focused analysis. The graph below shows the most commonly shortlisted hotspots and how producers scored on their self-assessment against these areas.

Percentage of BEPI producer’s hotspots* versus their self-assessment
A. Energy use, transport and GHG; B. Water use; C. Wastewater/effluents; D. Emissions to air;
E. Waste management; F. Pollution prevention and chemicals; G. Major incident prevention and management;
H. Contaminated land/soil and groundwater pollution prevention; I. Land use and biodiversity;
J. Environmental nuisances

The top five hotspots for 2016 were: energy use and greenhouse gases [GHG]; emissions to air; wastewater; waste management and pollution prevention; and chemicals.

CEPS TASK FORCE

BEPI keeps a close eye on industry developments and trends, both short and medium-term, so as to be able to respond proactively. In early 2017, we became part of the Centre for European Policy Studies (CEPS) Task Force on the role of business in the circular economy. We’ll participate in and learn from discussions about how business and government can contribute to the circular economy, and stress the importance of taking into account the reality of global value chains in policy recommendations.

Understanding the Circular Economy

The circular economy represents a move towards ‘closed loop’ production systems, primarily through greater recycling, reuse of secondary materials and rethinking traditional consumption models. Such a model has clear economic and environmental benefits, but making the transition from more linear models can be challenging for companies and will require initial investments from both business and government.

FTA’s Anouschka Jansen, far right, Senior Manager of Environmental Programmes, at a breakout session on Chemical Management at the FTA Sustainability Conference 2016.
EMPOWERING COMPANIES TO IMPROVE CHEMICAL MANAGEMENT

In May 2016, we were pleased to launch our Supply Chain Chemical Management (SCCM) module. The module is designed to help brands and manufacturers address chemical issues throughout all tiers of their supply chain. It is a highly effective combination of collaborative framework and common tools and standards.

SUCCESSFUL PARTNERSHIPS

The SCCM module was launched in collaboration with Intertek, a leading provider of quality assurance to industries worldwide and Zero Discharge of Hazardous Chemicals (ZDHC) programme. BEPI joined the ZDHC programme as an associate contributor to actively support the delivery of the ZDHC mission and roadmap. Working closely with the programme’s other contributors continues to be instrumental in informing the tools and best practices of the SCCM. In early 2017, we contributed extensive technical knowledge and expertise to ZDHC’s online training academy. This complements the training that FTA already provides to its members via the FTA Academy.

By supporting implementation at scale, we will spread a united, stronger message of sustainable chemical management throughout global supply chains.

INFLUENTIAL COMPANIES CHOOSE BEPI TO TACKLE DETOX

In February 2017, we were pleased to welcome German retailers Aldi North and Aldi South to our bespoke SCCM module to remain compliant with EU legislation and to work toward goals set by Greenpeace’s Detox campaign, an initiative to eliminate all hazardous chemicals from supply chains. Aldi will be in the company of other influential industry peers, such as Swiss industry leader Coop, an organisation actively engaged in the SCCM and instrumental in the shaping of BEPI (see the BEPI Task Force on page 20).

“In the past ten years FTA has undergone a remarkable development thanks to the Business Social Compliance initiative, and more recently BEPI in the environmental field. This step in the right direction has given the association the possibility to play a much stronger and influential role in international trade.”
RA Ralph Kamphöner, Director of Policy, Euro Commerce
ENGAGING AT THE SOURCE

China, home to 537 producers in the BEPI system:
We co-hosted a workshop, in Jiaxing, Zhejiang Province. It was the first joint sustainability activity since FTA signed a MoU with the Zhejiang Province CSR Promotion Association and the China WTO Tribune to develop CSR awareness in the province. Around 30 factory representatives attended the one-day workshop, which offered practical information on EU and Chinese environmental regulations, and why and how to use compliance tools such as BEPI.

India, home to 75 producers in the BEPI system:
We participated in a panel discussion at the Sustainability Standards Conference in New Delhi. The focus of discussions was global and national voluntary standards and their role in delivering the Sustainable Development Goals (SDGs). The event offered an opportunity for us to explain how the SDGs are a welcome component of FTA’s services, and are already built around existing frameworks such as the ILO Conventions, UN Guiding Principles on Business and Human Rights Business, Global Social Compliance Programme, Environmental Reference Tools and OECD Due Diligence Guidelines and Principles.

FTA SUSTAINABILITY OUTLOOK FOR 2017–18

The year ahead will be dedicated to getting our new participants up to speed, and making sure all our participants are taking full advantage of the services available to them. We will continue developing responses to challenges we foresee in the future.

• Continue helping participants drive sustainability deeper into their supply chain by developing the Sustainability Cascade Effect.
• Complete the full launch of the BSCI Commitment Formula Dashboard to support BSCI participants in visualising their sustainability efforts and performance against a set of concrete key performance indicators (KPIs).
• Remain a centre of intelligence and expertise in responding to our members’ evolving needs and current and future challenges. Matters such as migrant workers and responsible recruitment; environmental improvement under the Sustainable Development Goals (SDGs) and Paris Agreement frameworks; chemical management in global supply chains will remain at the top of our priorities.
• Continue enhancing our services, providing high-quality monitoring and increased capacity building activities, as well as issue-specific modules to support participants on current and future challenges.
• Further develop the FTA Dashboard to offer our members with innovative tools for supply chain management.

THE UN SUSTAINABLE DEVELOPMENT GOALS

In September 2015, countries adopted the UN Sustainable goals. A set of 17 goals to end poverty, protect the planet, and ensure prosperity for all as part of a new sustainable development agenda. Each goal has specific targets to be achieved over the next 15 years.

How the SDGs can be used by businesses and associations:
• As stress tests for an organisation’s strategy, through mapping the relevant SDGs and targets;
• Stakeholder outreach, by focusing on a common SDG or target;
• Relevant and material communication on activities and progress made in relation to Global Reporting Initiative (GRI) guidelines; and
• Identifying relevant local programmes and approaches, such as in India, while still being able to link them back into the global framework.

TASK FORCE

The BEPI Task Force provides guidance on the implementation of the BEPI system and activities under the supervision of the FTA Board. General management of BEPI is delivered by the FTA secretariat. The Task Force meets every three months.

• Chair: Anna Vetsch – Coop
• Pauline Keraudy – Groupe Beaumanoir
• Anna Leena Teppo – SOK Corporation
• Minna Saari – Kesko
• Federica Suess – Gries Deco
• Yves Sallé – Alsico
• Kristina Seidler Lynders – Esprit
• Delia García Gómez – El Corte Inglés
• Klaas Nuttbohm – Aldi Süd
Going Global: Our Network

FTA’s global network grew by six countries in 2016, meaning we now have representation in 13 countries across three continents. That representation is divided between Sustainability National Contact Groups (NCGs) and FTA Representatives.

FTA Sustainability National Contact Groups and Representatives are strategically placed in countries where our members are based and where they source from. NCG Coordinators are established professionals in the fields of business and sustainability, with a broad network of industry peers in their respective countries and beyond. Representatives hold country-specific expertise and boast close relationships with key stakeholders in sourcing regions.

Both NCGs and Representatives are well-versed in FTA Sustainability’s initiatives, BSCI and BEPI, and maintain close contact with our International Trade Policy team based in Brussels. As well as regional expertise, both also provide day-to-day support and guidance tailored to producers.

ONE NEW NCG, FOUR NEW COORDINATORS

FRANCE
In September 2016, global supply chain management consultancy ACTE International, based in Voiron, took on the role of National Contact Group France. Anne Le Rolland and Sylvie Thonnerieux were appointed coordinators and soon afterwards embarked on a ‘Tour de France’ to get French members back up to speed and engaged with FTA developments.

SPAIN
In July 2016, we launched our first-ever NCG in Spain. Based in Madrid, Isabel Castillo was appointed Coordinator and Delia Garcia, of El Corte Ingles, was later voted Chair at the NCG’s first official meeting in March 2017.

DENMARK
Jonas Schrøder was appointed the new Coordinator of NCG Denmark in May 2016. The NCG ended 2016 with a membership engagement level of 85%, the highest of all NCG countries, reflecting the benefits brought by establishing an in-country presence.

NEW FTA REPRESENTATIVES

USA AND CANADA
Establishing a satellite office in the USA was a logical step towards FTA’s ongoing ambition to serve our members wherever they and their operations may be. FTA membership in North America is growing, and many European members source from the region. Kelli Hoggle was appointed USA and Canada Representative in December 2016, and has since set about supporting existing and potential members with training and workshops.

TURKEY
Muge Tuna, the FTA Representative Turkey, was appointed in July 2016 to build on our increasing presence in the country. Based in Istanbul, Muge has spearheaded FTA’s response to the challenges facing almost 2,000 Turkish producers who supply our members, and played a key role in the development of our successful Guidance Package on Syrian Workers in Turkey.

INDIA
In June 2016, Natasha Mehta Majumdar was appointed as our FTA Representative India. As a sourcing country for FTA members, India comes second only to China. While trade is robust, sustainability efforts in the country are just getting started, and a representative on the ground is proving an invaluable resource of training and guidance for our membership. Natasha is gradually building up FTA’s visibility, engaging key local stakeholders and keeping a close eye on domestic policy developments.

NETWORK ACTIVITY REPORT

Read more on our global network in the specially dedicated Annual Network Activity Report. The report features details on the work of all NCGs and FTA Representatives in their respective countries.

“By reinforcing its presence on the ground in both member and sourcing countries, FTA’s reach has massively expanded. This was a necessary step towards our association’s global ambitions to serve members and support suppliers also at their local level.”
Lorenz Berzau, National Contact Group Coordinator Germany
FTA Networks: Key Events

FTA CONFERENCE 2016: THE POWER OF COLLABORATION

More than 300 participants attended the Members’ Day and FTA Sustainability Conference under the theme The Power of Collaboration. High-level keynote speakers included Dante Pesce, Chair of the UN Working Group on Business & Human Rights, Jonathon Porritt, Founder of Forum for the Future, and Runa Khan, Founder of Friendship, who discussed the role of business and what needs to be done to achieve a sustainable world. The two days featured hands-on breakout sessions exploring innovative solutions to make global sustainable value chains a reality.

“We are in need of more leadership and courage, where companies use their leverage to move forward, while also able to admit when they are not perfect, but that they are doing their best to fix the problems in a systemic way, all together.”
Dante Pesce, Chair of the UN Working Group on Business & Human Rights

STRENGTHENING TIES WITH CHINA

During a high-level mission to raise awareness about the association’s activities in the greater China region, FTA, along with the China Council for the Promotion of International Trade (CCPIT), hosted a trade conference in Beijing in November. As a follow-up to the previous FTA trade conference held in Brussels in April, the event focused on improving EU–China trade relations and a potential EU–China free trade agreement.

FTA’s Director of Trade Policy, Dr. Pierre Gröning, speaks at FTA’s trade conference in Beijing, November 2016.

Attendees at FTA’s trade conference in Beijing, November 2016.
FTA INFORMS

FTA THOUGHT LEADERSHIP WEBINAR SERIES

In 2016, FTA launched a series of webinars addressing hot topics in the trade and sustainability world, bringing together more than 200 participants and sharing the knowledge of thought leaders in the industry. During this series, FTA discussed four pressing issues:

- Labour brokers;
- Untangling the web of chemical legislation: issues and trends;
- Migrant workers in Turkey; and
- Sustainability in the EU–Vietnam Free Trade Agreement.

FTA MAKES THE TOP TEN!

FTA hit the charts this year, making it to the top ten! BEPI’s newly launched module on chemicals was recognised by Sourcing Journal, a trade publication for apparel and textile executives, as one of the top 10 sustainability moments of 2016. FTA Director General Christian Ewert was also listed among the top 10 leaders driving corporate social responsibility in China, according to the China World Trade Organization Tribune and Chinese consulting firm, Goldenbee.

FTA Thought Leadership
WEBINAR SERIES

"In the 13 years I’ve worked at FTA, I can look back on an incredible journey that’s seen the organisation diversify, expand and evolve into something I’m proud to be a part of.”
Dominique Barea, FTA Capacity Building Manager
Continuous Improvement
SECTOR-SPECIFIC PUBLICATIONS

We launched a series of publications entitled Industry Risk Assessments that provided members with insights into industries such as electronics, footwear, kitchenware, textiles and toys. We also launched a set of publications for the new BSCI Sustainable Wine Programme to promote its work towards improving labour and environmental conditions in wine production.

KEEPING OUR FINGER ON THE PULSE

In December 2016, we announced the launch of our new bi-monthly newsletter: FTA Pulse. It represents an evolution from three newsletters to one. In a sleek new design, the Pulse incorporates news that cuts across all our work, as well as providing member highlights and stories.

LOCAL WEBSITES GO LIVE

FTA revamped the websites for the FTA Sustainability National Contact Groups (NCGs) of Switzerland and the Netherlands, as well as its representation in China. The new design includes a powerful search engine and an interactive newsfeed made to be more user-friendly and mobile accessible. The information available reflects a holistic approach under one united forum, addressing both of FTAs sustainability initiatives in local languages.
FTA Governance

FTA is a business-driven organisation, actively shaped through a governance led by member companies and national trade associations. From the highest level of the FTA General Assembly, through to the various committees, members and participants are at the heart of our services.

The three-year term of our previous Board of Directors came to an end in June 2016, when our members elected a new Board at the FTA General Assembly. The Board’s role continues to be to drive forward FTA’s mission and values. See the next page for a full list of the Board and BSCI Steering Committee members.
FTA BOARD OF DIRECTORS

Tino Zeiske  
FTA President  
METRO Group – Germany

Herman Poelmann  
FTA Vice President  
Pole Group – Netherlands

Alfred Jakob Beerli  
Workfashion.com AG – Switzerland

Bernardo Cruza  
Chair of BSCI Steering Committee  
El Corte Inglés – Spain

Frank Dassler  
adidas Group – Germany

Christophe De Nays Candau  
Carrefour – France

Gerard Jansen  
Parnassia Holding b.v. – Netherlands

Pirjo Heiskanen  
BSCI Steering Committee  
Tuko Logistics – Finland

Lea Rankinen  
S Group – Finland

Åke Weyler  
Textilimportörerna – Sweden

BSCI STEERING COMMITTEE

- Chair: Bernardo Cruza – El Corte Inglés
- Vice Chair: Maren Barthel – Otto Group
- Monique Ansink – EXCELLENT Products b.v.
- Lary Brown – Esprit
- Anke Ehlers – Aldi Süd
- Anita Falkenek – Axstores, Ahlén’s
- Pirjo Heiskanen – Tuko Logistics
- Megan Hellstedt – Delhaize Group
### Summary Income Statement for the period 1 January 2016 to 31 December 2016

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2015 actual</th>
<th>2016 actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member contributions</td>
<td>7,828</td>
<td>8,629</td>
</tr>
<tr>
<td>Audit upload fees</td>
<td>1,327</td>
<td>2,028</td>
</tr>
<tr>
<td>Other revenues</td>
<td>52</td>
<td>148</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>9,207</td>
<td>10,805</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>2015 actual</th>
<th>2016 actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td>3,641</td>
<td>4,128</td>
</tr>
<tr>
<td>Travel</td>
<td>272</td>
<td>198</td>
</tr>
<tr>
<td>Capacity building</td>
<td>999</td>
<td>1,179</td>
</tr>
<tr>
<td>Stakeholder relations</td>
<td>158</td>
<td>121</td>
</tr>
<tr>
<td>Communication</td>
<td>272</td>
<td>382</td>
</tr>
<tr>
<td>Quality programmes</td>
<td>1,384</td>
<td>1,717</td>
</tr>
<tr>
<td>Systems</td>
<td>1,068</td>
<td>558</td>
</tr>
<tr>
<td>Office</td>
<td>1,262</td>
<td>1,200</td>
</tr>
<tr>
<td>Depreciation</td>
<td>134</td>
<td>253</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>9,190</td>
<td>9,736</td>
</tr>
</tbody>
</table>

| Net result                    | 17          | 1,069       |

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

The classification of the figures is done according to the internal management report.

The valuation rules follow Belgian GAAP.

### Summary Balance Sheet as of 31 December 2016

<table>
<thead>
<tr>
<th>Assets</th>
<th>2015 actual</th>
<th>2016 actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td>456</td>
<td>807</td>
</tr>
<tr>
<td>Long-term investments</td>
<td>42</td>
<td>42</td>
</tr>
<tr>
<td>Short-term assets</td>
<td>1,777</td>
<td>1,760</td>
</tr>
<tr>
<td>Liquidity</td>
<td>3,129</td>
<td>4,070</td>
</tr>
<tr>
<td>Deferrals</td>
<td>158</td>
<td>24</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>5,562</td>
<td>6,703</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Equity and Liabilities</th>
<th>2015 actual</th>
<th>2016 actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>4,079</td>
<td>5,148</td>
</tr>
<tr>
<td>Short-term liabilities</td>
<td>1,480</td>
<td>1,552</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td>5,562</td>
<td>6,703</td>
</tr>
</tbody>
</table>

### Comments on the Financial Statements as of 31/12/2016

The association continues to grow at a fast pace both in membership (+10% increase in 2016) as in audit upload fees (+53% increase in 2016), resulting in an overall revenue growth of 17% versus 2015.

This continued high growth enabled us to add extra resources to our activities.

Staff, capacity building, communication and quality programmes show a substantial increase versus 2015. Spending in travel, stakeholder relations, systems and office is substantially lower than the 2015 levels. The huge decline in systems is due to the extra work done in 2015 regarding BSCI 2.0.

At the bottom line expenses have increased by 6% versus 2015.