



A Question of

Ethics

by Natalie and Marty Dillon, 3Fish

Natalie and Marty Dillon explore the rise of ethical consumerism; whether it translates to ethical sourcing at a corporate level and its sustainability amongst the backdrop of a global financial crisis.

It seems that all that is old is new again, again. It is not just about the design of material elements, but is reflected in the ever-changing fabric of our lives. We're getting back to basics. Cooking, gardening, and that which is local is cool. Community is back in fashion.

However, thanks to the rise and rise of globalism, the sense of community is spurning global communities. Perhaps the outpouring of local, state, national and global grief, support and charity in response to Victoria's recent bushfires is evidence of this. Hopefully, we are starting to see how much we are all alike rather than how much we differ. Hopefully, we finally understand that responsibility and consciousness extends not just to our immediate local community, but also to our global communities through our purchasing decisions. The big question is whether we will continue to put our hard-earned dollars where our principles lie.

Ethical consumerism means buying products and services that are made ethically. This may mean with minimal harm to or exploitation of humans, animals and/or the natural environment. Ethical consumerism is practiced through 'positive buying' in that ethical products are favoured; or through 'moral boycotts', that is negative purchasing and company-based purchasing.¹

Katie Patrick, Green Pages founder and Executive Director, cites terminology like 'free-range' and 'fair trade' becoming mainstream as evidence of the rise of ethical sourcing of products. "With rising concerns over health issues related to products from China, or

chocolate slavery issues in West Africa, companies are realising they need to make their ethical sourcing practices apparent. Three years ago, you were hard pressed to find fair trade or free range labels except in specialty stores. Now, they're readily available at your local supermarket," she says.

"Consumers are better educated and becoming more aware of the issues involved with ethical sourcing. Consumers feel empowered by information and the digital space allows them to take control and find out more about the products they're buying. We see it all the time. People who use the *Green Pages directory* are looking to find out about a company's 'green credentials; where do they get the raw materials from; where are the factories located? Shoppers are asking for the facts and figures. Businesses that want to survive, especially in these tough times, are going to respond to this growing demand as consumers become more cautious about the types of purchases they make."

Tommy Clarke, National Program Co-ordinator of retail label No Sweatshop also believes that "There is no doubt there is a growing base of 'ethical' consumers. The question is, how significant a market is it, at what rate can it grow and also what are companies doing to meet such a demand?"

He also notes "...an unfortunate level of 'white-washing' or 'green-washing,'" but takes some heart from the fact that, "...at least this is an indication that companies are aware that there are commercial benefits to targeting this group of consumers." He goes on to

hope that the next phase of this trend will be emergence of "... credible systems of certification or enforcements of standards [that are] recognised and, most importantly, embraced by companies so consumers can sort the wheat from the chaff."

"Ethical Threads", A Brotherhood of St Laurence report released in 2007 on the garment industry, found that the clothes Australians were buying were produced by companies that have been slow to embrace both mandatory and voluntary mechanisms to protect workers' conditions in this country and overseas.

Report co-author, Emer Diviney, said some companies believed there was no business case for ethical supply of the clothing they sold as most consumers didn't care how clothing was manufactured. "However, if Australia follows trends [set] in Europe, consumers will become more concerned about the social and environmental impact of their purchases," she said.

Now in 2009, Tommy Clarke believes that, "In relation to the Australian clothing industry, the latest round of announcements of large factory closures will leave a vacuum in the industry that I think – or perhaps hope, local and ethical companies will be well placed to fill. That is, if the local industry accepts that it's not going to be able to effectively compete directly with industries like those based in China and in other countries with abysmal standards in labour rights, it will have to work out what the defining feature of 'Australian-made' garments is. The No Sweat Shop label continues to argue that this unique feature should be the 'ethical' quality of Australian-made garments. Although creating and maintaining ethical textile, clothing and footwear (TCF) supply chains in Australia is a challenge, it is far more achievable than trying to do the same on an international level. So while much needs to happen to make Australian-made garments truly 'ethical', it is possible and we do have the mechanisms and systems to make it happen."

In actuality, there are international corporate social responsibility mechanisms. However, they are a labyrinth of organisations relating to standards, monitoring, compliance, and certification.

- SA8000 is a global social accountability standard for decent working conditions, developed and overseen by Social Accountability International (SAI). SA8000 is based on the UN Universal Declaration of Human Rights, Convention on the Rights of the Child and various International Labour Organization (ILO) conventions, and covers goals around issues like child labour, forced labour, workplace safety and health, discrimination and working hours.
- There are also intergovernmental standards; there are International Labour Organisation (ILO) (like a peak body for unions internationally) conventions which set minimum standards similar to SA8000 and there are OECD Guidelines for Multinational Enterprises which outline what OECD governments agree are the basic components of corporate conduct.
- The issue has spurred multi-stakeholder initiatives which are bringing stakeholders together to address the issues of monitoring and compliance such as the Ethical Trading Initiative (ETI) and the Global Reporting Initiative (GRI) which

provide a process for reporting on a company's social, environmental, and economic performance.

These standards are not universally adopted. Companies can voluntarily sign up to abide by them and governments do not monitor or enforce them. Amongst all this, the FAIRTRADE Label has become the most transparent, easily recognisable, international certification mark in relation to ethical sourcing.

Fairtrade certification is a product certification system designed to allow people to identify products that meet agreed environmental, labour and developmental standards. Overseen by a standard-setting body, FLO International, and a certification body, FLO-CERT, the system involves independent auditing of producers to ensure the agreed standards are met. Companies offering products that meet the Fairtrade standards may apply for licences to use the Fairtrade Certification Mark (or, in North America, the applicable Fair Trade Certified Mark) for those products. The FLO International Fairtrade certification system covers a growing range of products, including cotton, bananas, honey, oranges, cocoa, coffee, shortbread, dried and fresh fruits and vegetables, juices, nuts and oil seeds, quinoa, rice, spices, sugar, tea and wine.²

According to Cameron Neil, Certification and Labelling Manager for Fairtrade Association of Australia and New Zealand, business is now leading the consumer on sustainability and ethics and believes that this trend will continue and grow over the next 2 to 3 years and beyond.

"Business is not waiting for their consumers to demand that they stock ethical or green products - they are making the decision to do this based on their own ethics and values, on managing brand risk and risks in their supply chain, on attracting talented young workers who want to be associated with a company

that is doing good and offering meaningful work, and because they can see from examples set by fair trade businesses and other segment leaders that it is possible to make profit while looking after people and planet.", says Cameron.

Marty Dillon, Managing Director of 3Fish, a fairtrade licensee, certainly concurs with this point of view. "In establishing our company we wanted to create a business that reflected our own personal values, and that our children would be proud of. We also believed that there is a growing awareness that the cheapest anything invariably has hidden costs, either in compromised quality or the global effect of having to repair environmental or social damage created by unethical production. We believe there are corporate clients who now understand and are prepared to take responsibility for the end effects of their demand and are prepared to pay a reasonable price for a quality garment or promotional item which reflects an ethical supply chain." he says.

William Kestin, CEO APPA (Australasian Promotional Products Association) and Vice President IFPPA (International Federation of Promotional Products Associations) also believes that ethical sourcing of products will become a greater focus for businesses over the next two to three years, but highlights the global financial crisis as a significant hurdle.

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"For some unfortunate reason consumers want to protect human rights and support ethical sourcing, but only if they have the extra money to pay for it. The moment income constraints impact their personal situation; it's as if their conscience goes on auto-pilot. I do believe that larger corporations, now more than ever before, have the media to hold them to account on this issue, which is very promising. As long as the media truly investigates the issue and doesn't exploit the issue for sensationalist headlines", says William.

Encouragingly however, he does go on to note that "Larger corporations who are producing promotional products are being held accountable by their share holders and the media to ensure that ethical sourcing is a part of their purchasing process".

Scott O'Brien of Key Merchandise based in Queensland, has also noticed a rise in Corporate Social Responsibility and believes that ethical sourcing will garner greatest focus among companies developing their own CSR.

"It will become more prevalent no doubt, as large companies who are already protective of their brands realize that they can be linked to poor business practices. At the moment with the fear and downturn in the economy, price is the main determining factor and environment a secondary thought; however I think as the economy strengthens (hopefully this year) the focus will again become about doing products the responsible way. A few of our major clients are Universities and a couple of people have enquired about social practices of our products already. I think this will be a real growth area for ethically sourced products."

Brand protection has been and continues to be a large motivator for companies with vast investment in the integrity of their brand. It is well known amongst those involved in global sourcing of products that the companies behind uber-brands like Coke and Disney, with commensurate ability to invest in highly tuned procurement teams, have embraced ethical sourcing for many years. Their commitment to setting, monitoring and ensuring compliance with their ethical sourcing goals is widely considered to be among the best of the best. Indeed their endorsement of certain factories is now often worn as a badge of honor, and communicated as such to other prospective ethically minded clients. It is also encouraging to note some of the corporate program members of Social Accountability International (SAI); Gap, Otto Group, Tchibo, TNT, Carrefour, Timberland, Gucci, Billabong, Anvil and Eileen Fisher.

In isolation, it is also encouraging to note that as of June 30, 2008, roughly 900,000 workers are employed in 1700 facilities certified to SA8000, in 64 countries and 61 industrial sectors.³ Encouraging, until you come to realise that "globally it is estimated that 165 million children between the ages of 5 and 14 are engaged in child labour. Many of these children work long hours, often in hazardous conditions that cause ill health and chronic disease." And that "worldwide the ILO estimates that some 22,000 children are killed at work every year."⁴

Suddenly these statistics start to sit highly uncomfortably with the findings of the "Ethical Threads" report, whereby the report states that most small-to-medium enterprises, which account for four-fifths of the [garment] industry, believed that they were too small to ensure their clothes were manufactured ethically.

Peter Singer in his recent book "The Life you Can Save" highlights a sense of futility as one of the reasons why people don't give more to charitable organisations. This sense of futility could also be translated to why people become complacent about the source of the products they select. Can purchasing a fairtrade coffee really change the world? Can choosing organic cotton over conventional cotton really change the health outcomes of nations?

Perhaps these individual purchasing decisions won't change the world but they may make a difference to perhaps just one life and they will contribute to a much larger pool of ethical decision making. Even making a difference to just one life should be enough, but contributing to significant shifts in general consumer behaviour has the power to massively change production to more ethical means.

Whether you are walking the aisles of a supermarket, stocking your summer range, or negotiating your next corporate promotional spend, you do have ethical choices. All day, every day. Every dollar you spend has the power to evoke change. Ask the hard questions.

Marty and Natalie Dillon are the founders of 3fish, a fairtrade licensee and ethical merchandise company.

References

1. Wikipedia
2. Wikipedia
3. wikipedia
4. www.worldvision.org.uk



The advertisement for Niulife Extra Virgin Coconut Oil features a white background with a green and brown logo at the top. The logo consists of the word "niulife" in a lowercase, sans-serif font, followed by a circular icon containing a palm tree. Below the logo, the text "Extra Virgin Coconut Oil" is written in a bold, brown, serif font. Underneath this text is a photograph of several coconuts, some whole and some cut open to show the white flesh. Below the photograph, there is a handwritten-style quote in black ink: "Help make poverty history while enjoying the world's healthiest oil." This is followed by three paragraphs of text in a clean, sans-serif font. The first paragraph describes the product as certified organic and fair trade, highlighting its benefits for South Pacific producers and Australian consumers. The second paragraph encourages daily use for cooking and body-care, describing it as one of nature's most amazing health foods. The third paragraph identifies the product as organic coconut flour, a gluten-free, high-fibre alternative that tastes good. At the bottom, there is a call to action asking for products at local health stores or online at www.niulife.com, and providing contact information for Kokonut Pacific Pty Ltd, including a phone number, fax number, and website.

niulife 
Extra Virgin Coconut Oil

Help make poverty history while enjoying the world's healthiest oil.

Our certified organic and fair trade Niulife Extra Virgin **Coconut Oil** is bringing 'new life' to South Pacific producers and to Australian consumers.

Use it for your daily cooking and body-care needs and discover for yourself one of nature's most amazing health foods.

Our organic **Coconut Flour** is the gluten-free, high-fibre alternative that actually tastes good.

Ask for Niulife products at your local health store or **buy online at www.niulife.com** – books and skin care products too.

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