

ETHICAL PRODUCTION



Training notebook of Manual 11: Educational Objectives & Key Messages



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FOR SUSTAINABLE DEVELOPMENT OF
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ETHICAL PRODUCTION

Training notebook of Manual 11

Training leaflet 1: Companies and the demands of ethical production

Training leaflet 2: Companies and the new ethical production regulations

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Training leaflet 1

Companies and the demands of ethical production

Educational Objectives

On completion of this training sequence, the participant must be able to:

- Define the concept of sustainable development.
- Distinguish between various notions relating to sustainable development.
- List and briefly describe the requirements of sustainable development for companies.
- Explain the difference between ethical production and fair trade.
- Describe the consequences that applying a given standard may have on the life of a company.

Key Messages

1) Origins and key concept - Sustainable development

- Sustainable development is defined as “*development that meets the needs of the present without compromising the ability of future generations to meet their own needs*”. It is a result of balanced interactions between Environment (ecology) - Economy - Social.
- On top of these 3 aspects comes the transversal challenge, indispensable for the implementation of policies and actions related to sustainable development: governance. Governance implies the participation of all key players (companies, NGOs, citizens,...) in the decision-making process.
- Two opposing visions of sustainability have emerged: *weak sustainability* (substitution between artificial capital and natural capital) and *strong durability* or *sustainable development* (the natural capital and the artificial capital are complementary and can not be substituted). These two visions are expressed differently in the agreements, codes of conduct, standards and benchmarks proposed to the companies.

2) The main outlets of these concepts

- A significant number of standards and labels have emerged mainly on the basis of private initiatives. Given the lack of European regulations, the private sector has established the rules in the field of ethical production and sustainable development.
- The Global Compact, an international pact, is a “Code of Conduct” made up of 10 principles that companies undertake to observe: two principles concern human rights, four labour standards, three the environment and one concerns the fight against corruption.
- Corporate Social Responsibility (CSR) means that companies decide, on their own initiative, to contribute to improving society (e.g.: training of personnel, job creation, etc.)





Training leaflet 1

and cleaning up the environment. This investment presents a competitive advantage and results in internal and external benefits.

3) Ethical production

- Ethical production concerns the operating method and the moral value applied within companies. Ethical certification relates to the production process and not to the product.
- The concept of ethical production must be distinguished from the principles of fair trade, which above all is concerned with returns to producers, which vary according to market conditions.
- The Ethical Trading Initiative is a set of ethical production principles applicable to companies. Its code of conduct includes international standards in the field of labour practices, such as the United Nations Universal Declaration of Human Rights, the International Labour Organisation (ILO) standards, etc.

Personal Notes & Reference Material

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Training leaflet 2

Companies and the new ethical production regulations

Educational Objectives

On completion of this training sequence, the participant must be able to:

- Explain the difference between Law and *Soft Law*.
- Categorise the various sets of ethical production regulations and list some examples for each category.
- Name the factors triggering the emergence of Soft Laws.

Key Messages

1) The Law vs. Soft Law

- Statutory obligations imposed on companies in the field of CSR (Corporate Social Responsibility) and production are limited in number (New Economic Regulations in France, Sarbanes-Oxley law in the USA, social clauses in public procurement contracts and international framework agreements).
- The regulatory framework of CSR is essentially based on codes of conduct or private benchmarks that represent the actual standards that companies must observe in the field of ethical production. The regulation of ethical production is based on the application of Soft Laws. These Soft Laws are often situated in a realm where the frontier between terms such as “non-binding” and “compulsory” is not clearly defined.
- Some Soft Laws have been enacted by international organisations (UN, OECD, ILO, etc.), others on the basis of private initiatives (NGOs, companies, etc.).

2) The factors triggering the emergence of *Soft Laws*

- The globalisation of companies and the development of subcontracting. A company wishing to optimise its production must adopt standards that are sufficiently explicit and coherent for its subcontractors.
- Consumer demands. The conditions in which certain products are manufactured are subject to increasing demands from consumers. Faced with these pressures, companies have had to respond rapidly to these new societal demands.
- Concern for the brand image. Companies no longer want to take the risk of damaging their “image capital”.

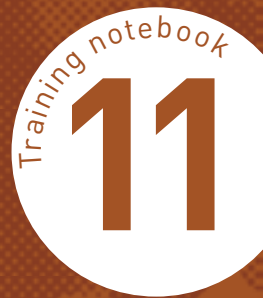
3) Regulations governing ethical production

- Corporate codes of conduct are designed to govern the conduct of employees (e.g.: Equator Principles, Clean Clothes Campaign).



Training leaflet 3

The methodological tools



Educational Objectives

On completion of this training sequence, the participant must be able to:

- Understand the methods for calculating the ecological footprint.
- Know how to assign global orders of magnitude and trends.
- List the indicators used to measure the progress of sustainable development programmes.
- List and briefly describe the fields of application specifically concerned with social responsibility processes.
- Define the concept of carbon footprint.
- List the reasons leading to the implementation of the concept of carbon footprint.

Key Messages

1) Calculating the ecological footprint

- The “ecological footprint” quantifies, for an individual or a population, the bio-productive surface area necessary both to produce the main resources consumed by this population and to absorb the resulting waste. The calculation produces a “footprint” translated into consumed bio-productive equivalent hectares.
- It can be measured in various ways (e.g.: the mathematical sum of the bio-productive surfaces [surface used for food production + the production of forestry products + energy production + environmental surface built]).
- In 2003 the available ecological footprint per inhabitant was 1.8 ha. However, the average for landowners is 2.2 ha with significant disparities between regions (North America: 9.4 ha, Africa: 1.1 ha). Conclusion: the environment is currently being over-exploited and planetary reserves over-consumed.
- This simple index gives each of us an idea of the share of the planetary surface that we are using to live or survive.

2) The development indicators

- The Global Reporting Initiative (GRI) standard helps companies to publish information on their economic, environmental and social performances. This document is designed to be regularly improved by a continuous process of reflection.
- The GRI proposes a reference system of 79 indicators that provide a comprehensive assessment of a company’s performance in terms of sustainable development.
- These indicators are particularly useful for certain fields of application such as purchasing, legal and financial aspects, information and communication systems.



