



Ethics

**A toolkit for
Welsh organic
businesses**

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About this toolkit

Organic Centre Wales (OCW) is running a three-year project called **Better Organic Business Links** to support profitability, sustainability and exemplary environmental performance in the organic sector. One of the aims is to help develop fair and ethical trading models. This means helping people to **do business ethically**, and supporting them in **getting a fair deal** with suppliers and customers.

OCW asked the Food Ethics Council to create this toolkit. It introduces businesses to key ideas in ethics and suggests a framework for ethical decision-making. It discusses some of the specific issues facing the organic sector, and explains how to find out more.

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Ethics refers to the values, principles and codes by which people live. Acting ethically means taking values seriously and asking 'what should I do, all things considered?'

Of course, we can't question everything we do. But, whether we notice it or not, our values often influence the decisions we make in our personal, social and professional lives. For centuries, philosophers have wrestled with how to do this better. While there are no easy answers, their advice includes:

- **Work out likely winners and losers** but remember, the future is uncertain and some things can be wrong irrespective of the benefits.
- **It isn't always about knowing right from wrong** – sometimes you need to tell right from right – the key is to ask right for whom?
- **Being fair is fundamental** – to feel what's fair, imagine you're in the biggest loser's shoes.
- **Be clear and open about your reasons** and the principles behind them – we have a tool in this kit to help.
- **Talk it through** – there's nothing like a good argument to help work things out.

Ethics is about trying to make good decisions. It is about how you do business, not just about what products you sell.





Five myths about business ethics

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Myth 1: Businesses should act ethically because of the rewards and the risks of not doing so.

FALSE: Ethical behaviour can boost profits and cut reputational and regulatory risks, but you cannot reduce ethics to self-interest. Business ethics is about good governance and meeting your responsibilities to all stakeholders.

Myth 2: Ethics is about niche brands for rich people.

FALSE: 'Ethical' brands are just the tip of the iceberg. Ethics has tools to help all businesses make better decisions. Research shows most people would like to eat ethically.

Myth 3: Ethics is only for marketing and public relations.

FALSE: Ethics is relevant to product development, supply chains, contracts, HR, business strategy and much more. Sometimes you can benefit by marketing products as 'ethical' but, remember, honest marketing is itself an ethical issue.

Myth 4: Businesses only have one responsibility – to their shareholders.

FALSE: Even the worst companies in the world argue they're doing the right thing – that they are duty-bound to make money for their shareholders, wherever that takes them. In practice businesses have other contractual and moral responsibilities, for example to their customers and workers.

Myth 5: Ethics simply means being good to other people.

FALSE: Animals and the environment come into the equation too, and not just because they're useful to humans: after all it might be stupid to kick a tractor in frustration, but it's wrong to do the same to a cow.

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Ethical consumers are people who **go out of their way to buy the right thing**, taking into account whether the people who made a product were treated fairly, whether it harmed animals or the environment, and a host of other issues.

Retail analysts at the IGD say 15% of UK shoppers are 'ethical evangelists', actively thinking about a number of issues when they shop. A further 64% are part-time or aspiring ethical consumers. In contrast to just a few years ago, the 21% of **people with no interest in shopping ethically are now the niche market**.

While there are lots of would-be ethical consumers, they don't buy much of their food ethically. The Co-operative has reported annually since 1999 on the size of the 'ethical market', and has seen it grow six-fold in the food sector over a decade. Yet, at **£6 billion a year, it still only amounts to 3.4%** of combined food, drink and foodservice sales.

The Co-op's index mainly counts accredited products including organic, Fairtrade, Rainforest Alliance, vegetarian foods, free range eggs and poultry, Freedom Foods and sustainable fish. But it also includes product boycotts, worth over £1 billion in 2008.

So ethical consumption isn't just about buying better – sometimes it is about not buying at all. Climate change and resource scarcity have made **consuming less** a rising priority for concerned consumers.





A fair trade?

Around £750 million was spent on **Fairtrade** food in the UK in 2009, and sales of products labelled under the scheme have weathered the recession. Certification assures consumers that products accord with the principles of 'fair trade', agreed by the organisations behind the idea to mean "a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade".

Many farmers in Wales have their own stories to tell about unfair treatment at the hands of large supermarkets and food businesses, and selling at below the cost of production. There is also evidence that the pressures on farmers are making life even tougher for farmworkers, often already in insecure jobs, with some even employed illegally.

This has prompted repeated calls for a 'fair trade' mark for British farmers, including one in 2006 from Caroline Spelman, who went on to become a Secretary of State at Defra.

The Soil Association have worked to address this problem, coming up with the **Soil Association Ethical Trade** mark. The certification covers the whole supply chain and assures the fair treatment of workers, a fairer return for farmers and a positive contribution to the local community.

Calon Wen, an organic dairy co-operative in Carmarthenshire, was the first dairy to join the scheme. **Co-operation** is one way farmers can increase their bargaining power and their clout in the marketplace.

What are the **challenges facing organic businesses** wanting to play their part in a fair, sustainable and animal welfare-friendly food sector?

Organic sales have been hit by the recession, with sales dipping during 2009.

Organic certified products may be losing out to foods with other 'ethical' credentials, for example that have been locally produced. Retail analysts at the IGD estimate that 10% of shoppers have found cheaper products that they believe offer the same benefits as organic.

The big marketing challenges for organic businesses are:

Make your food **accessible**. That need not mean rock-bottom prices – it's about offering good value for money and making your products easy to buy. We know it's possible, because low-income groups accounted for a third of organic sales in 2009.

Tell shoppers **what else good you do**. A team including researchers from the Organic Research Centre Elm Farm have produced a handbook on how to tell shoppers about your high animal welfare standards, your support for the local economy and environment, and the way you treat your employees and business associates. You can read it at <http://orgprints.org/17852/>.

Wider developments to watch include the level of provision under Glastir, debates over the role of grassland in managing greenhouse gas emissions, and rules on genetically modified food and feed.





Label logic

Labelling influences shoppers' buying decisions. Yet these decisions are hardly calculated exercises in totting up nutritional information, factoring in supply chain performance and then weighting these against taste and quality. Shopping is done on the hoof, with decisions made in mere seconds, and successful labels provide **beacons of trust in the mêlée**.

Organic, Fairtrade and Marine Stewardship Council labels are among those that enjoy high levels of consumer trust: where their meaning is understood they assure shoppers that the products check out, without drowning them in the detail.

Are you wondering whether to label your products? You might want to think about:

Benefits and costs. Getting external verification for what you are doing will help you make improvements to your business as well as earning customers' trust. But it carries a cost in fees and paperwork – try to put numbers on the pros and cons and see how they add up.

Is there a label? There may not be a scheme or even an agreed definition covering what you want to say. Say you want to tell people your food is local: research by the EU-funded CORE project found the best option is to be specific about where it was grown and made, so shoppers can make up their own mind about how 'local' it is.

Cacophony or clarion? Consumers already have too much information to digest. Will your label cut through it or simply add to the noise?

Choice matters. Shoppers like options and don't like being told what to eat.

So it is easy to play the choice card when you are pulled up on your environmental or social performance – by claiming that consumer demand, not corporate strategy, is the root of the problem.

But things aren't that simple. As a food business you exert a powerful influence on what we eat and want to eat, through what you put on the shelves and through how you promote different products and categories.

Real respect for consumer choice means meeting people's expectations about the high standards of your products and supply chains, and bringing your customers with you on the journey towards a food system where it is easy to eat a sustainable, fair and healthy diet.

It is getting harder to play the choice card. In fact, the trend is towards '**choice editing**' by retailers which could mean taking ethics into account when they make choices for their customers. This could entail taking the 'worst' products off the shelves. Research for Defra has found consumers are comfortable with this where it does not reduce their quality of life.

The plain fact is that most shoppers expect some choice editing – you hardly expect to be able to buy a threatened fish species or a product made with child labour.

Playing the choice card





Take the transparency test

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Some ethical issues seem pretty complicated. Take animal welfare, where indoor production systems that compromise the behavioural freedom of animals sometimes score better on indicators of disease or mortality. Then there are dilemmas over labour standards, where shutting down an illegal employer might push vulnerable staff out of work altogether, and into worse poverty.

If you're struggling with an ethical issue, try taking the transparency test:

Would your customers still eat your food or buy your product if they knew where it came from?

If you're not sure, then there's something wrong. If you don't know what to do about it, or you can't address it alone, then you can ask us or others for help.

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A lot more than profit is at stake in your business: people's livelihoods and health, the environment, animal welfare and even future generations. It is important to know who all your stakeholders are, even if you consider some more important than others. It can be helpful to think of anything that matters in its own right - a farm animal or even an ecosystem - as a stakeholder.





The table opposite is a tool to help with making ethical decisions. It works by taking three important ethical principles (respect for welfare, autonomy and fairness) and asking what they mean for different stakeholders or interest groups.

This tool is based on the Ethical Matrix, developed by Professor Ben Mepham. It is a general framework that can be used for scoping your responsibilities, thinking through difficult trade-offs and deliberating with stakeholders. It is designed to help you clarify issues and justify your decisions to others. You may also wish to test yourself against the four IFOAM principles for organic farming: Fairness, Health, Ecology and Care.

Try it yourself

Next time you face a **TRICKY DECISION...**

1. Draw a **GRID**.
2. Down the left, list **WHO** and **WHAT** the decision could affect.
3. Along the top list **HOW** the decision might affect them - will it help them to be well, free and fairly-treated.
4. Think what goes **IN EACH BOX** - what does each principle mean for each stakeholder.
5. This helps you map out the issues and think how to **WEIGHT** them.
6. **DISCUSS** with others.
7. Don't expect an **EASIER** answer but do expect a **BETTER** one.

To get more information on what **OCW** and the **BOBL project** are doing for organic producers please contact: Dafydd Owen, Project Manager for Better Organic Business Links on organic@aber.ac.uk or 01970 622248.

For further information about the issues in this booklet please visit:

www.organiccentrewales.org.uk

www.foodethicscouncil.org

www.soilassociation.org

