Ethical Consumer Manifesto, 2007

Six years on

The 2001 manifesto has been widely reproduced and translated into several languages.

In July 2007, after ten years of Labour government in the UK and with Tony Blair handing over power, we looked again at which recommendations had made it into policy, which areas were progressing and which areas saw no movement. Below is an edited version.

Positive Moves

1. Government Purchasing

In 2004 the European Court of Justice clarified the EU Procurement Directives, designed to provide value for money, protect against corruption and integrate environmental considerations into public procurement procedures.

The UK Government established a business-led Sustainable Procurement Task Force to bring about a "step-change" in public sector procurement practice, which published its report, "Procuring the Future", in April 2006.

In January 2007 the government formally responded with the Sustainable Procurement Action Plan, which set out the goal of achieving "a low carbon, more resource efficient public sector" with climate change mitigation and natural resource protection stated as the highest priorities. These measures will influence £60 billion of central government spending. Before all this, government procurement was constrained by very narrow definitions of "value for money."

The new Plan defines sustainable procurement as "a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment".

Whole life costing means, in theory, that public departments can buy low energy lightbulbs, instead of having to buy the cheapest incandescent product every year.

While ECRA called for ethical procurement, what the government is planning is sustainable procurement. As is worryingly often the way, while environmental principles are applied there is no concern expressed for workers' rights or other issues in the supply chain.

However, there is quite a bit of grassroots activity on ethical procurement. The Fairtrade Town Initiative now has over 240 local authority members. In each, the local council has passed a resolution supporting Fairtrade.

Cultural change has led to a position where no-one is now prepared to stand up and argue, as they did in the Thatcher era, that ethical procurement is a pernicious obstacle to free trade.

While it is encouraging to see how the plans for ethical procurement are evolving, we are still some way from our goal of making it a requirement of, rather than just a possibility for, all public sector purchases.

2. Information

1) Labelling

In 2001 we called for better product labelling to enable ethical purchasing decisions. There has been very little positive movement in this area. However, growing public concern about climate change has prompted the development of schemes to measure the carbon footprint of products.

The Carbon Trust is trialling a carbon label this year with Walkers, Boots and Innocent. For products to carry the label, companies first have to complete a carbon analysis of their supply chains and "significant" emission reductions. The label carries a figure for the product's carbon footprint but, more significantly, to retain the label the company must commit to reducing that footprint within two years. Carbon offsetting in the supply chain is excluded. In theory, in the future consumers will be able to compare the embedded carbon of products.

Tesco also announced plans to measure and label the carbon footprint of all products the company sells. Greenpeace UK described the scheme as "a major step forward" although we were less enthusiastic about the prospect. Concerns have also been expressed that 'low carbon' labelled products may be mistaken for "environmentally-friendly," whilst other serious environmental issues in the production process are not measured. Tesco and M&S have also announced labelling of air-freighted products.

2) Disclosure

Social, environmental and ethical (SEE) reports are a key tool for rating companies. In 2001 we called for companies of all sizes to be obliged to produce publicly available SEE reports, and for larger companies to submit to independent auditors and set five measurable targets for improvement. In addition we called for the doctrine of 'commercial confidentiality' to be replaced by a 'right to know'.

In 2006 the Companies Act, the biggest reform of UK company law for 150 years, was made law after a process that began in 1998. A mass campaign, co-ordinated by the Corporate Responsibility (CORE) Coalition and the Trade Justice Movement (TJM), saw over 750,000 people call directly on the Government "to make laws that stop big business profiting at the expense of the people and the environment"[6]. 226 MPs supported amendments to the bill proposed by CORE and TJM.

Despite all this lobbying on SEE reporting and auditing, the requirements of the Act are weak. Publicly listed companies, but not large private firms, are required to report on the following issues, but only where that area is deemed to have a bearing on the company's performance or constitute a financial risk:

- Environmental matters and impact
- Company's employees
- Social and community issues
- Risks in the supply chain

There is also much discussion of mandatory CSR reporting at the European level. Unsurprisingly perhaps, Brussels, like London, has currently opted for the voluntary approach.

Legislation on reporting is therefore lagging behind the pressure of the market, where a good reputation for CSR has come to be seen in many sectors as a crucial element of brand value.

Also in the area of disclosure, we called for a European inventory of toxics releases. The European Pollutant Emission Register of industrial emissions into air and water gives access to information on the annual emissions of 12,000 installations reported since 2004.

A more comprehensive register will be available from autumn 2009, to implement the UN Pollutant Release and Transfer Register Protocol, signed in May 2003 by 36 countries and the EU.

Education

In 2001 we called for socially responsible consumption to be required learning. In 2004 consumer rights and responsibilities and fair trade were incorporated into teaching citizenship for Key Stage 4 (Year 10-11).

3. Finance

Tax

The only area of our tax proposals that saw positive movement was the introduction in 2003 of the Community Investment Tax Relief (CITR) scheme. Under this scheme tax relief of up to 25% is available to individuals and companies that invest in accredited intermediaries, which in turn invest in enterprises benefiting disadvantaged communities.

3. Regulation

Energy Labelling

Despite the success of the EU Energy Label in driving energy efficiency in white goods, it is disappointing that the scheme has not been extended to other appliances as we proposed. An energy label for gas ovens is not expected until 2008 at the earliest.

Where the lower rated D to G products have been removed from the market, this has been brought about voluntarily by manufacturers. Since 2004, A+ and A++ energy ratings have been in use for fridges and freezers to distinguish between the increasing numbers of A-rated models.

Building Regulations

We also called for higher minimum environmental standards for energy conservation in new buildings. New building regulations came into force on 6th April 2007 with a minimum energy efficiency standard for all buildings. Legislation requires that all house builders display energy efficiency standard (SAP) ratings of all new homes.

owever, a 2004 survey of the top 13 house builders by the WWF found that only 3 developers (Berkeley Group, Countryside Properties and George Wimpey) reported their SAP ratings. These minimum standards leave considerable room for improvement.

The voluntary Eco Homes code offers stricter standards and is likely to be the basis of further revisions to the regulations proposed in 2010 and 2015. There has also been progress in removing some planning permission requirements for installing micro-renewables.

Producer Responsibility

The principle of "producer responsibility," where producers should be made financially responsible for the disposal and/or recycling of both products and packaging at the end of a product's life, was a key proposal in 2001.

Implementation of the EU Waste Electrical and Electronic Equipment (WEEE) Directive, delayed since 2003, has been scheduled to be fully in place in the UK by 1 July 2007. WEEE will make producers responsible for financing the collection, treatment and recovery of waste electrical equipment, and oblige distributors to allow consumers to return their waste equipment free of charge.

Recycling

We called for a statutory requirement for local authorities to implement a national doorstep recycling scheme. The Household Waste Recycling Act 2003 falls far short of that but does require English authorities to collect at least two types of recyclable waste from all households and sets statutory recycling targets at 30% by 2010 and 33% by 2015.

Again, this is an area where legislation falls far short of consumer demand, and local communities and social enterprises have been accelerating the pace of change.

5. Controlling Corporate Power

Advertising

We called for a "right to reply" to TV advertising that would overturn the ban on campaign groups advertising on radio and TV, without introducing the political party advertising found in the US.

Currently Nuclear Electric or BP are permitted to advertise their green credentials on TV, whilst Friends of the Earth or Greenpeace are prevented by law from questioning these claims, creating a huge cultural bias in favour of the corporate voice.

In July 2006 Animal Defenders International (ADI), with the support of Amnesty and the RSPCA, challenged the law in the High Court, after having been told it could not advertise on TV against the use of primates by commercial companies for advertising. The cost of justice can be prohibitive for campaign groups and the Government had asked for costs to be awarded against ADI.

A representative of ADI reported, "In a remarkable turn of events the High Court waived costs, arguing the case was in the public interest and cleared the way for an appeal directly to the

House of Lords. Also, for the first time ever, the Government was unable to certify the legislation as compatible with the European Convention on Human Rights."

The Strasbourg court recently declared a similar ban in Switzerland in breach of article 10 of the Convention and campaigning groups can now advertise freely in most European countries.

The manifesto also called for the banning of all advertising or marketing directed at children under 12. Such a ban has existed for TV advertising in Sweden since 1991. Some progress has been made in the UK, with new rules introduced in April 2007 banning adverts for food and drinks high in fat, salt or sugar from broadcast in programmes aimed at four to nine-year-olds. From 2008 the restrictions will be extended to shows aimed at children up to 15 years old and adult programmes watched by a large number of children.

Directors' Responsibilities

In 2001 we called for company directors to serve a wider range of interests than shareholder value, and to be made to take account of all ethical considerations that could reasonably be regarded as appropriate to the responsible conduct of business.

We welcome therefore the new duties on UK company directors, laid out for the first time in the Companies Act, to consider the social and environmental impacts of businesses. It remains to be seen how these duties will be implemented.

However a 2007 European Parliament CSR resolution, if made law, would strengthen these duties by requiring directors of companies with more than 1,000 employees to minimise any harmful social and environmental impact of their companies' activities.

Lack of Movement

Many of the proposals we made in 2001 have not seen the light of day, from a Minister for Outgoing Sustainable Tourism to the abolition of the World Trade Organisation.

Key proposals that have not come to fruition include:

- Mandatory disclosure by all financial institutions of all shareholdings worth over £1 million and of SRI policies
- Mandatory disclosure of the ratio of highest to lowest earners within a company and of the lowest 10 pay grades

•Government-backed environmental performance indicators, accessible online, and containing information on companies and their products

•All outstanding import duties on externally-verified fairly traded produce should be immediately lifted

•Tax incentives for ethical investments

•Reduced corporation tax for corporations meeting certain social and environmental reporting standards

•Tax breaks for renewable energy providers, financial incentives for organic conversion and domestic renewable energy generation

•Taking back the charter - continued incorporation should be refused where the interests of management do not coincide with the public interest

•Reform of the UK Human Rights Act so that companies are no longer given all the rights pertaining to individual human beings.

•A 'Tobin Tax' on international currency speculation should be implemented

•Any company group with subsidiary companies located in tax havens should be refused permission to trade

Key areas in which there has been a disappointing lack of movement include:

Labelling

The lack of country of origin and ingredients labelling on all products from TVs to clothing still restricts consumer access to basic information.

We also called on retailer own-brands to carry a code number enabling identification of producers.

In Europe, own-brands now account for about 45% of products sold in supermarkets] and, with the exception of the Co-op, consumers are still unable to trace own-brand product histories.

Tax

We called for a number of tax changes to prohibit companies from avoiding liability for the true social and environmental costs of their activities and therefore redress the market distortion against more socially and environmentally benign products and services.

These included: a carbon or energy tax; balanced transport taxation, ending road subsidies and introducing aviation fuel tax; and a pollution tax representing full environmental costs.

Perhaps most notably instead of a carbon tax we have seen instead the introduction of carbon trading in 2005 in the EU Emissions Trading Scheme. Phase One of the ETS has failed to drive emissions reductions and it remains to be seen whether Phase Two, beginning in 2008, will achieve significant reductions.

Animal Welfare

We called for the EU requirement that all new substances be tested on animals to be lifted, and not extended. In June 2007 the EU Regulation for the Registration, Evaluation and Authorisation of Chemicals (REACH) will come into force.

According to the European Coalition to End Animal Experiments, although mandatory sharing of animal test data will reduce the number of experiments required, around 8-12 million animals will be used in painful experiments.

We proposed that "best advice" for financial products should be legally required to include ethical issues. With encouragement from the UK Social Investment Forum, a number of positive measures have been introduced.

Socially responsible investment (SRI) has been included in new best practice standards and the financial advisor exam syllabus. Child Trust Funds are also required to have disclosure regarding SRI issues.