

INFLUENCING ETHICAL DECISION MAKING A FU⁺UREPLUS GUIDE



WHAT IS ETHICAL DECISION MAKING?

Ethical decision making is the process of **making choices that are consistent with ethical principles** (the standards for morally right and wrong behaviour). Ethical decision making can encompass both an environmental or social perspective, in terms of what is right for the planet and what is right for stakeholders.

Where to start?

The ability to influence ethical decision making depends to a large extent on your business model and operations. There are three main areas of focus:

- Your suppliers
- Your employees
- Your customers

SUPPLIERS

Influencing the decisions made by your suppliers can be difficult, especially if you are a smaller business, but change *can* happen if enough businesses demand it. Increasingly stringent rules and legislation around environmental and social impact is also helping to drive accountability and ethical practices within supply chains.

- Start by putting together a **Supplier Code of Conduct** outlining the processes and behaviours you expect your suppliers to adhere to. FuturePlus members have access to free guides and tools to help create guidelines around supplier conduct. Please ask if you would like some help.
- Make the code **publicly available** (a link from your website is a good place to start) and send it as an annex with any contracts you sign with suppliers.
- Check out the **policies** your current suppliers have in place and don't hesitate to follow up if something doesn't seem quite right. 'Red flags' to look out for are a lack of transparency around human rights and labour rights, anti-corruption, modern slavery, and any environmental concerns.



- Establishing a **chain of custody** for any natural materials you source is also important, particularly sensitive materials such as timber, cotton, coffee, seafood etc. If a supplier is not able to give you details of provenance, or if you have concerns your suppliers are not sourcing their materials ethically or sustainably, ask for more details. You can offer to work with suppliers to help them make changes, or look to move suppliers. FuturePlus can help with supply chain auditing processes, so please ask if you need guidance.
- At a minimum, ask your suppliers for their **scopes 1 and 2 emissions calculations** and make sure you are monitoring emissions intensity from individual suppliers over time. Details from parts of suppliers' **scope 3** emissions data, such as transportation and distribution, will also help you gather a more in-depth understanding of the emissions output of your operations. We can help with this!

EMPLOYEES

Ensuring ethical behaviour internally should start with putting in place a company **Code of Ethics** - a set of rules and principles designed to encourage ethical conduct at a company level.

An **Employee Code of Conduct** translates those principles into practical actions for employees to follow, and at a minimum should cover:

- Compliance with local laws
- Labour rights
- Human rights
- Fairness and transparency
- Anti-corruption and bribery
- Anti-harassment
- Safety and security (including data security)
- Anti-discrimination
- Environmental protection and accountability

If you need help writing a Code of Ethics or an Employee Code of Conduct, please ask: team@future-plus.co.uk



Influencing ethical decision making amongst customers is undoubtedly easier for organisations that have a strong ethical offering as their core product or service, for example, a debit card company that collects ocean plastic every time you spend. But there is plenty of scope for companies in all sectors to think about how they can influence their customers towards more ethical decisions.

Some things to think about:

- **Packaging**. There is increasing movement towards making packaging more sustainable. Would customers be more likely to choose your product or brand if it was sustainably packaged?
- Resources and materials. We would encourage any organisation involved in manufacturing, retail or product design to think carefully about the materials they are using and incorporate <u>Circular</u> <u>Economy Principles</u> into their business models, with an emphasis on repairable, reusable or recyclable products. In the **food and beverage sector**, consider local, seasonal produce. A scratch menu using leftover ingredients from yesterday's specials is a clever way of using up excess produce.
- Messaging. Influencing ethical consumer behaviour through advertising, marketing and labelling is achievable for any business. Start by ensuring you are providing transparent information about ingredients, materials or services, and encourage your customers to recycle or reuse any packaging and/or product at end-of-life. For organisations in the service industry, communicate ethical governance practices through making publicly available statements such as a Code of Ethics, or a Modern Slavery statement. Being able to prove such statements are taken seriously and adhered to throughout the organisation is also key.
- **Revenue percentage donations.** Many payment providers allow you to offer your customers the opportunity to donate a small contribution to good causes, or an opt-in for the business to donate a percentage of revenue.
- **Suppliers**. Communicate any efforts you have made to ensure ethical choices and principles within your supply chain. According to <u>Forbes</u>, 88% of consumers want businesses to help them make a difference.
- **Emissions**. Green delivery slots can be a good way of encouraging customers to club together with others in their local area to reduce emissions from distribution. Transparently communicating the emissions produced by your products and services and working hard to reduce them can also build trust with consumers.