

Behind the Labels: Responsibility Codes in a Commodities World

Judy Kuszewski



Judy Kuszewski
kuszewski@sustainability.com

One of the biggest technical challenges for CSR in the commodities field comes from the growing requirement for more information about products and ingredients: what they contain, where they came from, and the conditions under which they are produced. The need for 'traceability' affects a range of social and environmental initiatives, but it is incredibly important for more mainstream applications as well.

In the food sector, traceability is required to ensure products are free from contamination (with, for instance, common allergens like nuts or fish) and comply with trade laws. It is this issue which, more than any other, has vexed efforts to regulate genetically modified organisms: because all commodity products get mixed together, GMOs are rendered indistinguishable from non-GMOs. The effort required to label and track these items poses a challenge to the basic structure of commodities markets.

But more and more producers are choosing to have their products certified to internationally recognised standards — and thereby, opt out of the commodities model altogether. Products certified 'Fairtrade', 'organic' or 'dolphin-safe', to name a few, are thought to have added value above and beyond their non-certified equivalents, and have direct access to a significant — and growing — market worldwide.

But not all codes are created equal. In her recent book, *The Corporate Responsibility Code Book* (Greenleaf Publishing, 2003), Deborah Leipziger cites seven hallmarks of an outstanding standard:

- **Clarity and conciseness:** A code shouldn't seek to do too much, and should be easily understood by the people it is aimed at.
- **Flexibility and dynamism:** Codes need to be flexible and responsive to changes in needs and abilities of users.
- **Written with implementation in mind:** A standard should clearly define what constitutes compliance and how compliance is to be achieved.
- **Reference to key standards:** Codes are most useful when placed in context of key framework agreements or norms (such as the Universal Declaration of Human Rights).
- **Stakeholder support:** Successful codes are developed with the involvement and buy-in of key stakeholders, including the private sector.
- **Complaints and dispute resolution:** Standards need to address formal procedures for addressing complaints and resolving disputes — alas, few actually do.
- **Desire to change:** A good code helps underpin a company's genuine desire to change, but cannot and does not seek to solve the company's problems alone.

Leipziger goes on to cite a number of codes, particularly those that address labour rights, among the list of outstanding standards, namely SA8000, plus initiatives sponsored by the Fair Labour Association, the Ethical Trading Initiative and the Clean Clothes Campaign. Notably absent from this list are the multitudinous 'Fairtrade' and 'Organic' standards worldwide. Their absence is due to the fact that there are simply so many of them that identifying a single exemplary one – with global reach and relevance – is not possible or useful. In the US alone there are nearly 40 different organic certifying bodies in operation.

For certification to be a viable, realistic option for multinationals, convergence of standards is a *sine qua non*. The International Federation of Organic Agriculture Movements (IFOAM) seeks to promote shared understanding and common standards for organic agriculture around the world – so that 'organic' in one place means 'organic' in another. This is a massive undertaking, and a politically sensitive one, as standards will tend to have arisen through protracted debate between various stakeholder groups.

'As a result,' says Leipziger, 'there are important cultural, historical, sectoral and/or geographic nuances to each code that make it unique. These different points of departure can be barriers to convergence.' Most significant, however, is the fact that IFOAM is part of the broader ISEAL Alliance – the International Social and Environmental Accreditation and Labelling Alliance – which seeks to create convergence between all manner of Fairtrade, social accountability, labour rights, organic agriculture, and sustainable fishing and forestry initiatives. This process of convergence will ultimately mean that different standards can recognise relevant aspects of other standards, thus reducing duplication of efforts and strengthening the overall relevance of each.

The main objective is a common methodology for social and environmental accreditation procedures and, in the future, joint training programs. When that happens, certification will come into its own – not just the feel-good efforts of a few, but a winning proposition for major global businesses.

With respect to these various codes, Leipziger believes that 'the first decade of the 21st century will be known as the age of convergence.' If she's right, the future impacts on major commodities markets will be tremendous. *JK*

More and more producers are choosing to have their products certified to internationally recognised standards – and thereby, opt out of the commodities model altogether.

17%

Fall in the sugar price caused by the EU sugar regime. Mozambique, one of the world's most efficient sugar producers, cannot compete against EU subsidised sugar.