Ethical business
A framework for social responsibility

Serena Lillywhite
Project Manager, Ethical Business
Brotherhood of St Laurence
May 2002
## Contents

**Introduction**
- Purpose of the document 1
- Background 1
- Defining ethical business: what it means to the BSL 1
- BSL ethical business principles: what are they? 2

**Framework for social responsibility: pursuing social justice**
- 1. International principles 3
- 2. Labour standards: a human rights perspective 3
- 3. Environmental standards: a matter of social justice 4
- 4. Model of Engagement: beyond a code of conduct 5
- Qualifications to the framework for responsibility 6

**Implementation: putting the framework for social responsibility into practice** 6
- Operating principles 6
- Appendix 1: Codes of content—their role and limitations 8
- Appendix 2: Selected web resources related to ethical business principles 10
- Appendix 3: International labour standards 11
- Appendix 4: The nine principles of the Global Compact 13
- Appendix 5: Ethical Business in practice—examples to stimulate discussion 14
- Appendix 6: The Mod-Style story 15
Introduction

Purpose of the document
This document will form part of the Code of Ethics to be developed by the Brotherhood of St Laurence (BSL), and is a mechanism to assist BSL staff, the organisation overall and BSL suppliers to contribute to an Australia free of poverty. The document encourages improved operation and service delivery within a framework of social responsibility; and recognises the organisation’s increased participation in global production networks and a growing responsibility to respond to globalisation and related poverty issues.

This document is not a code of conduct; it is a statement of the organisation’s commitment to ethical business practices and global responsibility. It contributes to an organisational culture of engagement and stakeholder dialogue and should be read in the context of the ‘spirit of intent’ rather than as a checklist of criteria. For further information on codes of conduct see Appendix 1. Examples of how people in the organisation can embrace ethical business practices are listed in Appendix 5.

Background
Since July 2000 the Brotherhood of St Laurence has been considering ethical business practices and what this means for the organisation. The acquisition of Mod-Style, a commercial enterprise that imports and wholesales optical frames, has contributed to this thinking. Mod-Style sources many of its frames in China, where almost 90 per cent of the world’s frames are produced.

The organisation’s involvement in global business carries a responsibility to ensure that the vision and values of the organisation, as well as international standards, are being considered. The Ethical Business project was established by the BSL Board to understand Mod-Style’s supply chain in China, with a particular emphasis on labour and environmental issues. It has assisted the BSL to consider how a framework of social responsibility can contribute to an Australia free of poverty and shape an organisational commitment to ethical business practices, both internally and amongst suppliers and contractors of goods and services.

The vision of the Brotherhood of St Laurence: Australia free of poverty
A commitment to ethical business practices and the development of a framework for social responsibility contributes to the vision of the BSL:

- The Brotherhood of St Laurence will work with others to create:
  - an inclusive society in which everyone is treated with dignity and respect;
  - a compassionate and just society which challenges inequity;
  - connected communities in which we share responsibility for each other; and
  - a sustainable society for our generation and future generations.

Defining ethical business: what it means to the BSL
Ethical business practice is about ensuring that the social, environmental and economic implications of our operations are considered and planned for in order to contribute to a sustainable society. It includes the development of an organisational culture that is committed to delivering services within a global framework of social and environmental responsibility.
BSL ethical business principles: what are they?
The BSL is developing, implementing and promoting ethical business practices throughout the organisation and with its suppliers and contractors. This involves ethical business principles that are both stated and aspirational. The following principles have been developed by the BSL:

- support for, and active contribution to, improved compliance with international labour and environmental standards and principles
- recognition and contribution to an understanding that labour rights are human rights
- recognition and contribution to an understanding of the links between environmental management and social justice
- recognition of the organisation’s responsibility to understand the social and environmental impact of suppliers of goods and services
- support for improved compliance with local labour and environmental laws where goods and services are sourced
- development of a culture of engagement and stakeholder dialogue
- commitment to continuous improvement as the most meaningful indicator of ethical business practice
- support for ethical business practices that encourage and promote worker participation, empowerment and self-determination, both internally and externally
- support for a global perspective that embraces environmental protection and social justice
- recognition that environmental protection and social justice are fundamental to the prosperity, security and sustainability of Australian society and the international community.

Framework for social responsibility: pursuing social justice
The BSL is actively pursuing the establishment of a framework for responsibility, which is based on ethical business practices, triple bottom line reporting and an organisational culture of engagement that contributes to sustainable development.

The framework for social responsibility aims to:

- promote ethical business practices
- promote the organisation as an empowering community enterprise that recognises the importance of occupational health and safety, equal employment opportunity, learning and development, ethical management practices and leadership
- promote an organisational culture and philosophy that creates opportunities for all staff to participate in and embrace ethical business practices
- promote good labour and environmental practices in all BSL operations, supply chains and contractual arrangements, both locally and internationally;
- promote the ‘model of engagement’ (see p.7) in all trading and operational activities as a best practice mechanism to support compliance with appropriate labour and environmental standards
- create opportunities for commercial enterprises within the BSL to contribute to the organisation’s vision of an Australia free of poverty
• promote the importance of relationships and engagement in purchasing and supply chain management

• encourage and assist other organisations to pursue and implement the model of engagement as best practice

• enhance the BSL’s reputation and community standing.

The BSL framework for social responsibility encompasses:

1. International standards and principles
2. Labour standards
3. Environmental standards
4. Model of engagement

1. International principles
The organisation supports and will actively contribute to improved compliance with, the following international standards and broad principles embodied in them:

• International Labour Organization Declaration on Fundamental Principles & Rights at Work, Geneva 1998
• OECD Guidelines on Multinational Enterprises
• United Nations Global Compact 2000
• United Nations Declaration on Human Rights 1948

Further details of these principles can be found in Appendix 2.

2. Labour standards: a human rights perspective
The BSL supports and undertakes to act in accordance (through continuous improvement) with the relevant labour standards defined by the conventions of the International Labour Organization (ILO).

The BSL accepts that in seeking to act in accordance with particular labour standards, such as freedom of association and the right to collective bargaining, it has minimal capacity as an organisation to determine national laws; but it will seek to influence national laws through its commitment to ethical business practices. This is the situation in China and in this regard the relevant labour standards are included in the BSL framework for responsibility as ideals.

The BSL endorses the following labour standards:

• Employment is freely chosen.
• No discrimination occurs in employment.
• Freedom of association and the right to collective bargaining.
• Child labour is not used.
• Working conditions are safe and hygienic.
• Fair wages are paid.
• Hours of work are not excessive.
• Regular employment is provided.
• No harsh or inhumane treatment is allowed.

Further details of these standards can be found in Appendix 3.
3. Environmental standards: a matter of social justice

The BSL Vision Statement promotes the pursuit of a sustainable society:

In keeping with our global responsibilities, we will work towards a society that balances social, environmental and economic benefits. In all our work, we will contribute to change that supports communities, protects the natural environment and promotes good governance. (BSL Vision Statement)

In pursuing an Australia free of poverty, the BSL supports the concept of an ‘environment-led economy’ in which commitment to environmental protection and regeneration plays a significant role in creating jobs and reducing unemployment, resulting in an improved quality of life for all Australians.

The BSL is committed to identifying and addressing the issue of our environmental impact as an organisation. In striving to contribute to a sustainable society it is important to recognise that sustainability is not about environmental management alone, it encompasses social justice and economic issues.

The BSL supports and undertakes to act (through a process of continuous improvement) in accordance (through a process of continuous improvement) with the environmental standards as outlined by the UN Global Compact. The nine principles of the UN Global Compact are identified in Appendix 4. In addition the BSL endorses the work of environmental organisations such as the Australian Conservation Foundation and embraces the recommendations contained in Natural Advantage: A Blueprint for a Sustainable Australia (see Appendix 2).

Australia is one of the least energy efficient countries in the developed world and a major contributor to greenhouse gas pollution and the subsequent environmental hazards associated with climate change. The BSL recognises the impact our organisation has on the environment and seeks to use energy more wisely and investigate the availability of renewable energy sources.

The BSL, working with its suppliers, will endeavour to improve their environmental practices and should, as a minimum, comply with all national statutory and other legal requirements relating to the environmental impacts of their business. Detailed performance standards may vary between organisational divisions and suppliers, but should address at least the following:

- **Waste management**
  Waste is minimised and items are recycled whenever this is practicable. Effective controls of waste are adopted to ensure clean water, clean air, and the protection of plants and animals and our own living space. In the case of hazardous materials, emergency response plans are in place.

- **Packaging and paper**
  Unnecessary use of materials is avoided, and recycled materials are used whenever appropriate.

- **Conservation**
  Processes and activities are monitored and modified as necessary to ensure the conservation of scarce resources, including water, flora and fauna and productive land.

- **Energy use**
  All production and delivery processes, including the use of heating, cooling, ventilation, lighting, IT systems and transportation, are designed to maximise efficient energy use and to minimise harmful emissions. This includes the number and size of motor vehicles and the type of fuel used.
4. Model of Engagement: beyond a code of conduct

The Model of Engagement is the BSL’s response to the complex issue of supply chain management and compliance with labour and environmental standards. It is founded on support for international principles and is a mechanism of organisational commitment that goes beyond a code of conduct.

Research undertaken as part of the Ethical Business project indicated that a code of conduct alone would do little to protect labour and environmental standards amongst the Mod-Style suppliers in China and BSL contractors and suppliers in general. A more innovative and creative approach is supported based on a Model of Engagement.

The Model of Engagement that has been developed advocates the building of long-term meaningful relationships with all contractors and suppliers to discuss innovative ways to improve supply chain management and protect workers’ rights. The Model of Engagement promotes education and training as the most appropriate mechanism to protect workers’ rights, and to encourage empowerment and worker self-determination.

This model is a dynamic process that requires a commitment to continuous dialogue, establishing partnerships and alliances, and progressively improving compliance with appropriate labour and environmental standards through activities that encourage worker participation and empowerment.

The Model of Engagement is applicable in both offshore supply chain management and local contractual arrangements. It is recognised that the outcomes of engagement will vary depending on the context and that ethical business practices do involve personal discretion. The commitment to engage and address ethical business considerations is nevertheless important.

This approach recognises the limitations of a ‘cut and run’ response when there is a lack of compliance with labour and environmental standards. When an organisation’s immediate decision is to opt out of supply chain and contractual arrangements when challenging ethical business situations are identified does little to protect workers’ rights, support sustainable development or contribute to poverty reduction strategies.

Elements of the Model of Engagement

The model of engagement incorporates:

- **research**—into labour and environmental issues as applicable to specific supply chains
- **development of an operational plan**—that promotes socially responsible business
- **identification of stakeholders**—factory owners and managers, trading houses, NGOs, brand name customers, all suppliers and contractors, industry associations, academics, trade unions, community representatives and consumers, as appropriate
- **stakeholder dialogue**—discussions with stakeholders to pursue ethical business practices and communicate the BSL’s commitment to improved labour and environmental compliance amongst suppliers
- **supply chain knowledge**—mapping and understanding specific supply chains, production networks and contractual arrangements
- **supply chain commitment**—the pursuit of stable long-term supply chains to encourage business relationships based on trust, mutual understanding and production security
- **partnerships**—establishment of strategic alliances and partnerships with appropriate stakeholders to contribute to ethical business practices and to optimise the resources available and experience gained through collaboration
- **continuous improvement**—identification of activities that will contribute to social change and are in keeping with the broad principles of the international treaties and conventions supported by the BSL.
monitoring and verification—identification of monitoring and verification processes to document progress towards continuous improvement. This should encourage opportunities for worker participation in both the identification of operational activities where improvement is desirable and monitoring progress towards improvement.

education and training—identification and implementation of education and training programs as the most appropriate mechanism to protect workers’ rights and encourage empowerment and worker self-determination.

Qualifications to the framework for responsibility
The BSL acknowledges that not all suppliers and contractors will be operating in accordance with the BSL’s framework for social responsibility. However, the BSL is particularly interested in working with and supporting organisations that can demonstrate a broad commitment and willingness to work, through a process of continuous improvement, towards greater labour and environmental compliance, and worker participation and empowerment.

Situations may arise when the only reasonable course of action is to withdraw from a relationship—when, for example, a supplier or contractor continually fails to comply with the spirit of the BSL’s ethical business principles, to engage in dialogue, and to seek continuous improvement. It is also important to recognise that there could be some suppliers and contractors that are extremely unlikely ever to fit with the BSL’s vision and values.

Implementation: putting the framework for social responsibility into practice
The implementation of ethical business practices throughout the organisation and amongst suppliers and contractors is a complex and challenging undertaking. Governments, the corporate sector and, increasingly, community organisations are meeting the task in a variety of ways and there is increased understanding that it cannot be achieved overnight. This is particularly so if it requires a significant change to the culture of the organisation.

The BSL framework for social responsibility recognises that while some desired ethical business practices are comparatively achievable, others are ideals for which to aim; so the framework is based on a process of continuous improvement. In addition, it avoids specific criteria, because the context will vary greatly (e.g. between Mod-Style and Hunter Gatherer) and successful implementation does require personal discretion. Of greatest importance is the implementation of the spirit of the ethical business principles and a commitment to the Model of Engagement.

Operating principles
The implementation of a framework of social responsibility for the BSL and suppliers will be a shared undertaking, informed by a number of operating principles, which will reflect best practice.

The BSL acknowledges that the successful development and implementation of ethical business practices requires an organisational culture committed to continuous improvement. The BSL will seek to:

- gain the full support of Executive and Board members in adopting ethical business practices
- create a designated senior position, Manager Ethical Business, within the organisation and appoint a skilled practitioner
- communicate its commitment to ethical business practices and the framework of social responsibility to employees, supporters, stakeholders, donors, as well as all suppliers and contractors of goods and services
- make human and financial resources available to meet its stated commitments
• develop methods and systems for independent verification and monitoring of the framework of social responsibility
• implement and deliver forums and workshops to inform staff about ethical business issues, and to facilitate continuous improvement as it relates to ethical principles across the organisation
• encourage all staff to participate in and contribute to the development and implementation of ethical business practices
• commit to maintaining an Ethical Business Advisory Group
• appoint at least one staff representative to the Ethical Business Advisory Group
• provide guidance and reasonable non-financial support to suppliers and others who genuinely seek to promote ethical business practices in their own businesses and in the relevant supply chains, within available resources
• seek to optimise the effect of the resources available and experience gained through collaboration with existing and new alliances among NGOs, the corporate sector, the community and academics
• include a statement of commitment to ethical business practices in all position descriptions
• include ethical business as a standing agenda item for all BSL staff meetings
• include information about the BSL’s commitment to ethical business practices in the induction program for all new staff
• commence triple bottom line reporting to report progress in implementing the framework of social responsibility
• develop a Code of Ethics for the organisation within which the framework of responsibility will sit
• continue to support family friendly work practices
• develop a BSL manual that identifies preferred contractors and suppliers of goods and services supportive of the organisation’s commitment to ethical business practices.
Appendix 1: Codes of content—their role and limitations

Introduction
Voluntary codes of conduct and company specific global manufacturing principles have become a common feature in an increasingly globalised economy. This is not an entirely new development, but has changed since the earliest examples, which included the Global Sullivan Principles of Social Responsibility for companies doing business in South Africa (see Appendix 2).

Codes of conduct are a by-product of globalisation and increased transnational activity and cross-border trade, where the role of national legislation in regulating business is unclear or inadequate. Many major corporations are recognising that their reputation for social accountability is important, that it can be a competitive asset and is an issue of risk management. Both corporate codes of conduct and the more generic codes, such as SA8000 are usually based on international principles such as those outlined in the International Labour Organization Declaration on Fundamental Principles and Rights at Work, Geneva 1998.

Social Accountability International—previously known as the New York based Council on Economic Priorities Accreditation Agency (CEPAA)—has developed the most recent and well-known code, the Social Accountability International 8000 (SA8000). This is a response to inconsistencies among workplace codes of conduct and claims to provide a standard for workplace conditions and a system for independently verifying factory compliance. See Appendix 2.

The Ethical Trading Initiative (ETI) is a United Kingdom alliance of companies, non-government organisations and trade unions committed to working together to identify and promote good practice in the implementation of codes of labour practice, including monitoring and independent verification of compliance. ETI aims to ensure the working conditions of employees in companies that supply goods to consumers in the UK meet or exceed international standards. The ETI philosophy supports mechanisms to empower workers. See Appendix 2.

Benefits
There are some benefits in developing codes of conduct, namely that they are based on international treaties and covenants and that they are a useful tool to assist an organisation think through the issues associated with developing a framework for social responsibility. However, a code of conduct cannot be relied on to protect workers’ rights or uphold environmental standards.

Limitations
Codes of conduct frequently look great on paper and claim to use independent monitors to verify compliance, yet labour rights and environmental standards are still compromised in workplaces operating under these codes. Too often organisations become complacent about their social and environmental responsibilities because they have a code of conduct. Managing complex supply chains and contractual relationships is hard work, and corporate and generic codes of conduct alone are inadequate in meeting this task. The major limitations of codes of conduct identified by the BSL are that such codes are likely to:

- be ineffective in protecting workers’ rights
- detract from efforts to ensure compliance with national labour laws, particularly in countries with inadequate or inadequately enforced labour laws
- be prescriptive to the point that the spirit and intent of the code is lost
be developed at ‘arms length’ and lacking involvement of and commitment from both workers and managers
be poorly promoted and understood within workplaces and factories, with workers often unaware of their existence
provide limited opportunity for workers to respond and raise grievances
present problems for monitoring, compliance and enforcement
be insensitive to local laws and customs
be the subject of false reporting
place too many demands on suppliers and contractors who increasingly may have to comply with numerous codes.
Appendix 2: Selected web resources related to ethical business principles


Appendix 3: International labour standards

The Brotherhood of St Laurence recognises the value of decent working conditions, and will be guided in its business practices and relationships by the principles of key international conventions, broadly summarised below:

**International labour standards expressed in various ILO conventions (summarised)**

*Employment is freely chosen*
There is no forced, bonded or involuntary prison labour (ILO Conventions 29 & 105). Workers will not be required to lodge ‘deposits’ or their identity papers with their employer and are free to leave their employer after reasonable notice has been given.

*No discrimination in employment*
All workers are to receive equality of opportunity and treatment including hiring, compensation, access to training, promotion, termination or retirement regardless of race, gender, religion, age, disability, marital status, sexual orientation, political opinion, union membership, nationality, social origin or other distinguishing characteristics (ILO Conventions 100 & 111).

*Freedom of association and the right to collective bargaining*
Workers without distinction have the right to join or form trade unions of their own choosing and to bargain collectively (ILO Conventions 87 & 98). Workers’ representatives shall not be discriminated against and should have access to all workplaces to enable them to carry out their representation functions (ILO Convention 135 & Recommendation 143). Employers should adopt an open attitude towards the legitimate activities of trade unions.

Where the right to freedom of association and collective bargaining is restricted under law, such as in the People’s Republic of China, the employer should facilitate, and not hinder, the development of parallel mechanisms for independent and free association and bargaining.

*Child Labour is not used*
There shall be no new recruitment of child labour. Only workers above the age of 15, or above the compulsory school-leaving age, whichever is higher, shall be employed (ILO Convention 138). Transitional economic assistance and educational opportunities shall be provided for any replaced child workers. Employers shall develop or participate in and contribute to policies and programs which provide for the transition of any child found to be employed to enable her/him to attend and remain in education until no longer a child. The effective abolition of child labour includes the complete rejection of the ‘worst forms of child labour’ (ILO Convention 182).

*Working conditions are safe and hygienic*
A safe and hygienic working environment shall be provided, in accordance with best occupational health and safety (OH&S) practices and the prevailing knowledge of the industry and any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as reasonably practical, the causes of hazards inherent in the working environment. All workers shall receive regular OH&S training. Employers shall develop OH&S committees with a minimum of 50 per cent worker participation. Workers shall have access to clean toilets and water, and if appropriate, sanitary facilities for food storage. Accommodation, where provided, shall be clean and safe and shall meet the basic needs of workers.
Ethical business

**Fair wages are paid**
Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmarks, whichever is higher. Wages should be high enough to meet basic needs of workers and their families and to provide some discretionary income. All workers shall be provided with written and easily understood information about the conditions in respect of wages before they enter employment and of the particulars of their wages for the pay period concerned each time they are paid. Deductions from wages as a disciplinary measure shall not be permitted.

Employers shall adopt a positive approach to performance appraisal and contribute to a process of continuous improvement and worker participation and or representation in all matters affecting their welfare.

**Hours of work are not excessive**
Hours of work shall comply with national laws and benchmark industry standards, whichever affords greater protection. In any event workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7-day period. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.

**Regular employment is provided**
Wherever possible work performed must be on the basis of a recognised employment relationship established through national law and practice. Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment. Nor shall any such obligations be avoided through the excessive use of fixed term contracts of employment.

**No harsh or inhumane treatment is allowed**
Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, verbal abuse and intimidation by the employer or other workers shall be discouraged.
Appendix 4: The nine principles of the Global Compact

At the World Economic Forum, Davos, on 31 January 1999, United Nations Secretary-General Kofi Annan challenged world business leaders to ‘embrace and enact’ the Global Compact, both in their individual corporate practices and by supporting appropriate public policies. These principles address issues related to human rights, labour and the environment:

**Human rights**
The Secretary-General asked world business to:
Principle 1: support and respect the protection of international human rights within their sphere of influence; and
Principle 2: make sure their own corporations are not in conflict in human rights abuses.

**Labour**
The Secretary-General asked world business to uphold:
Principle 3: freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and

**Environment**
The Secretary-General asked world business to:
Principle 7: support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Appendix 5: Ethical Business in practice—examples to stimulate discussion

In the absence of specific criteria in the BSL’s Framework for Social responsibility, examples of ethical business practices are included as a guide only. The appropriateness of these suggestions will depend on the context of each workplace. Successful implementation and participation is more likely if businesses can initially identify ideas and opportunities for improved operation that are supported by staff. In addition it is recommended that initial undertakings are not too onerous, can be achieved within a relatively short period of time, can be achieved within existing budgets and have outcomes that are easily identified.

An initial step could be to arrange a workshop or meeting to discuss a range of suggestions with staff.

**Key questions:**

- In this part of the organisation, are conditions of employment consistent with international and local standards?
- Who are our suppliers and contractors? Are there any issues relating to labour standards which we should discuss with them? Are we part of any international supply chains which could be explored?
- What impact do our activities have on the environment? What practices could we change to reduce pollution or waste?
- What impact do the activities of our suppliers or contractors have on the environment? What scope is there for discussing changes to harmful practices?

Examples of actions which groups might choose to take include:

**Labour**

- Purchase tea and coffee from suppliers that support fair trade;
- Identify contractors and suppliers of goods and services who pay award wages and appropriate employment entitlements to all staff;
- Ensure all uniforms and BSL promotional garments are made in accordance with the BSL’s accreditation as a No Sweat Shop Label manufacturer and retailer;
- Ensure consideration is given to OH&S and Equal Opportunity (EO) issues in keeping with BSL policy and best practice.

**Environmental**

- Commence paper recycling: encourage all staff to have a recycling box in their immediate work area and arrange collection services at the work place;
- Initiate improved waste management that includes collection of plastic and glass for recycling;
- Commence waste management of chemicals and hazardous goods in keeping with best practice;
- Place a tray of unwanted paper (but already printed on a single side) for reuse when printing non-essential documents such as emails, internet downloads and internal documents;
- Investigate the purchase of energy from suppliers that support renewable energy (such as Origin Energy Limited);
- Investigate the purchase of cleaning products and chemicals that have reduced environmental impact;
- Identify and support contractors that are willing to use chemical products that have a reduced environmental impact;
Appendix 6: The Mod-Style story

Mod-Style, a commercial enterprise that imports and wholesales optical frames, was purchased by the Brotherhood of St Laurence in 2000. At the time of the acquisition, most suppliers of the frames were based in China, a country that continues to supply almost 90 per cent of the world’s frames.

Cheap and compliant labour in China makes it a highly desirable location for foreign owned enterprises both large and small. Unemployment in China is estimated to be over 25 million in urban areas alone (China Labour Bulletin, May 2000). Although workers’ conditions are improving in some sectors, some human rights abuses continue to exist. Freedom of association and collective bargaining outside the centralised system are illegal in China. These combined factors make it very difficult, and at times quite dangerous, for workers to raise grievances and have disputes settled.

One of the aims of the Ethical Business project was to document the Mod-Style supply chain, so work was undertaken to establish where the individual components of the frames were coming from and what aspects of production were being outsourced. As China supplied most of the frames, a second aim of the project was to develop an understanding of labour conditions in China. A third aim was to contribute to improved labour and environmental standards in China.

In order to achieve these aims, the Ethical Business Project developed a ‘Model of Engagement’. This has been a way of establishing meaningful relationships with the optical manufacturers, other stakeholders and NGOs based in Hong Kong (the Asia Monitor Resource Centre [AMRC] and the Hong Kong Christian Industrial Committee [HKCIC]), in order to promote the protection of workers’ rights and environmental standards. This innovative approach promotes education and training as the most appropriate mechanism to protect workers’ rights, and to encourage empowerment and worker self-determination. It was also inspired by the failure of codes of conduct to protect workers’ rights. (Some limitations of codes of conduct are described in appendix 1).

The BSL’s involvement in China via Mod-Style has achieved success in undertaking visits to seven factories of various size and complexity, and in particular securing a meeting and factory visit between Mod-Style’s largest Chinese supplier and NGO representatives from the AMRC and HKCIC. This was a unique opportunity for the NGOs to visit and discuss labour rights issues with factory management. The factory management has agreed that the Brotherhood with support from the NGOs can undertake an occupational health and safety needs assessment, with workers’ participation and involving external occupational health and safety experts. This is quite an achievement towards improving working conditions in Mod-Style suppliers in China. In a similar vein to working towards ethical business practices within Australia, taking small steady steps towards change is the key.

The story of Mod-Style highlights the way in which the BSL can work creatively to promote ethical practices and ultimately put poverty out of business.