



# NATIONAL WALK FOR VALUES SYDNEY

**Saturday, 12 April 2008 – Sydney**

**Values and Ethics in Business**

**Speech given by**

**Ms Julie Owens,**

**Federal MP for Parramatta**

Thank you for your attendance today on this Walk for Values and for staying to hear the speeches. I've been given 10 minutes to speak on "Values and Ethics in Business" and while it would be easy for me to simply say there are no ethics in business and the only value is the profit that is made for shareholders and company owners, that would hardly fill my ten minutes.

Thankfully, it would also be inaccurate. There are many businesses that operate in an ethical and sustainable manner and who share the values we all do.

Employers who treat their employees with respect and realise that the greatest way to achieve productivity increases is to have a happy and stable workforce

- Who aren't grumbling about their wages or conditions;
- Who aren't fearful of accidents because occupational health and safety is taken seriously;
- Whose skills are utilised and expanded upon with training and positive reinforcement.

There are many companies that use environmentally sustainable practices, utilising renewable energy, recycling, and not polluting our creeks and rivers with their waste and by-products.

These are companies that deserve our support, they deserve our custom. Businesses that act in an unethical manner do not.

Many companies are engaged in charitable or community based work through their foundations - Ronald McDonald House for example; the ANZ Staff Foundation which has given away over \$1.5 million in small grants to community based charitable organisations; the ING Foundation which not only gives money to charitable organisations but where employees are encouraged to donate their time and skills through fundraising and volunteering programs.

The Coles group Community Fund gives around \$800,000 each year through their Community Grants Program and has set up a Workplace Giving Program where employees can donate to any one of 26 charities directly from their pay and the Fund will match those donations up to \$1 million each year.

BHP Billiton, Fosters, AMP, Graincorp, Macquarie Group, Myer, the National Australia Bank, Toyota, Telstra, Shell, Westpac and Pfizer - just to name a few - are all examples of companies that engage in corporate philanthropy, giving back to the communities that support them.

This needs to be encouraged and broadened. More companies should be involved in community programs – Does the company that you work for have a community foundation? Are you involved?

But what of those companies that don't care for ethics or values? What can be done with them?

We live in a consumer driven society where the claim is that the customer is always right. If a business loses customers, or a company loses investors because of the way they conduct their business, then they deserve what they get.

We as customers, as consumers and as investors have a responsibility to ensure that our purchases or investments are ethically sound.

- Don't buy the coffee table made from the deforestation of Brazil or Malaysia.
- Don't buy clothes or shoes made in third world sweat-shops.
- Don't invest in a mining company that destroys the natural environment of Papua New Guinea or poisons the rivers in Hungary.
- Don't invest in a pharmaceutical company that offloads their out of date and dangerous drugs to developing countries in Africa or Asia.
- Don't support companies that deal with dictators.

It's a simple consumer choice. If we care nothing for the ethics of the business in question, then they will care nothing for ethics in their search for a better bottom line.

Our task, as members of the public, as consumers, is to make the bottom line better for companies who act in an ethical manner.

Ethical investment is a rapidly growing area of the stock market. According to the Responsible Investment Industry Association of Australasia, the total amount of money under management by SRI funds increased by about 3,500 percent between 2001 and 2007.

Socially Responsible Investment utilises two main methods - negative screening, or values based investment as it is sometimes called -where the investment seeks to exclude, or screen out companies and investments inconsistent with the values of the investor - industries like pornography, gambling, alcohol or tobacco for example.

The second is positive screening, or value seeking investments where you actively seek out companies engaging in socially and environmentally sound practices to invest in.

Growth in managed responsible investment portfolios in Australia alone, for the 2007 financial year was \$17.1 billion, up 380% from \$4.5 billion in 2004, with a total figure for broad responsible investment amounting to nearly \$53 Billion in 2007.

In the US and in Europe the figures are even more encouraging. In the US around 10% of the investment assets under management - or some \$2.5 trillion dollars are managed using some form of social or ethical screening process.

European markets have over a trillion dollars in Socially Responsible Investments.

In 2006 the United Nations published its Principles of Responsible Investment setting the global benchmark for responsible investing.

The Principles compliment the UN Global Compact which asks companies to embed in their strategies and operations a set of 10 universal principles in the areas of human rights, labour standards, the environment and anti-corruption.

Over 4000 organisations from 116 countries, among them trade unions, non-governmental entities and private sector firms have so far subscribed to the Global Compact and its 10 principles.

To quote Ban Ki-moon, the Secretary General of the United Nations - "We need business to give practical meaning and reach to the values and principles that connect cultures and people everywhere."

When investing, even through managed funds, make sure your investments are ethically sound.

You should ask if your financial planner is a member of the Responsible Investment Association of Australasia.

There are a plethora of websites to help you determine which companies have ethical business practices -just type "ethical investments" into Google and you'll get over 400,000 sites to help you out.

There is a Corporate Social Responsibility Index published every year by the St James Ethical Centre in Sydney that grades companies based across a wide range of criteria looking at their management practices, corporate strategies, performance and impact.

There is enough information out there to help you invest in ways that match your own set of values and beliefs.

Even if you are not investing, these sites help you identify which companies rate well for social responsibility and that can help you settle on your purchasing choices because ethical investment is only one way the consumer can influence the ethics and values of the corporate world.

Being an active and discerning consumer is the other way.

It is the money from our wallets and purses that determine a business' success or failure and if we, as consumers, purchase wisely then we can challenge the unethical and reward the ethical.

We have seen mass consumer movements working to change our world for the better. Without consumer boycotts and campaigns

- Fur would still be an acceptable fashion item;
- Burgers at McDonalds would still be sold in polystyrene containers;
- Nestle would still be engaged in practices leading to the malnutrition and death of thousands of African babies; and
- Ninety Percent of South Africans would still not be allowed to vote.

These companies and others are acting more ethically as a result of the consumer's demands - your demands – because ultimately it is up to you; it is up to all of us, to ensure that business is not rewarded for acting unethically.

The challenge is to bring society around to the point where it becomes a matter of course for business people to act ethically - and the way to do that is straight through their bottom line.

Affect that, and you're halfway there. Businesses have only been getting away with acting unethically because we've let them get away with it.

The next time you buy coffee - buy fair trade coffee. Go to a cafe that doesn't use styrene cups. Order recycled paper with your next stationary request, sign up to Green Power with your electricity provider and demand that the products you buy are not manufactured by child labour or as a result of some other form of exploitation.

The market place will respond. It is responding, as evidenced by the number of companies signing up to the United Nation's Global Compact or the growth in Socially Responsible Investments.

If a business can make more money by acting ethically, they will—that's the bottom line—theirs and ours.

Thank you very much.