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 **Öko-Institut e.V.**
Institut für angewandte Ökologie
Institute for Applied Ecology

eco@work

Sustainable reading from the Öko-Institut

Consumption futures

Equitable and clean

New principles
Capturing the social impacts
of products

Dear readers,

Welcome to a new edition of our e-paper eco@work. This time our "Big Issue" section tackles the question of consumption patterns for the future. In theory we are well aware that we need to make a few changes to our habitual behaviour as consumers. But in practice there are all kinds of snags. We show you the reasons, and how to address them more effectively. And we outline better methods for analysing and understanding the social impacts of products in future. Read more about it in our main article. You will also find a range of other articles on current projects and research findings from the Öko-Institut. By the way, on 5 November 2009 the Institute will be convening its international annual conference in Brussels. Please make a note of the date in your diary today!

Wishing you happy reading, and a pleasant summer.

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„Our approach gives due credit to products with positive social impacts“

For many years the international Life Cycle Initiative of UNEP, the United Nations Environment Programme, and SETAC, the Society of Environmental Toxicology and Chemistry, has been working towards international harmonization of the methodological principles for life-cycle assessment of consumer goods. SETAC published the first, groundbreaking "Guidelines for Life-Cycle Assessment: A Code of Practice" back in the 1990s.

But these referred only to environmental impacts. Now the Initiative has joined forces with the Öko-Institut and other partners to develop a new set of methodological guidelines, which incorporate social indicators for the first time. An interview with the project's co-manager, Sonia Valdivia.

Ms. Valdivia, there are already many proposals for different ways of assessing the social impacts of products. Why do we need yet another set of guidelines?

That's right. But in most cases, past approaches have been limited to certain aspects of social sustainability analysis only. For example, they only address one stakeholder group, such as producers, or just one phase of the product life cycle but not the entire value chain. In this respect, our approach goes a step further.

Can you expand on that?

Fundamentally, we consider all the major phases in the product life cycle, from the extraction of raw materials, through manufacturing and transportation, to use and disposal. We also address five groups of stakeholders: consumers, employees, local communities around a factory, the "value chain actors" such as suppliers, and society

as a whole. And we've defined around 35 social indicators; for example the age of employees, in order to expose child labour.

But defining indicators is not really a new approach, is it?

No, but interpreting and applying these indicators in practice is incredibly difficult. Let's stay with child labour. It can be defined in a whole multitude of ways. Depending on the difficulty of the work and the status of the economy, the minimum working age under the ILO core convention ranges from twelve to eighteen years, for example. Or take the indicator of "employee satisfaction". In Europe, an appropriate criterion for this would be "paid holiday". Contrast that with China or India, where achieving reasonably decent wages would be the equivalent. Another example: in Europe, pressure of workload could be assessed via "sickness absences". That doesn't work in China or India, where sick people

still go to work because otherwise they won't earn any money. Methodological approaches in the past haven't been able to take sufficient account of these different societal contexts.

And the guidelines make that possible?

We hope so. But for greater certainty we need solid case studies. Initially, we think of the guidelines as a new methodological framework.

How does your venture benefit consumers?

In the long term, the aim is to put comparable and readily comprehensible product information at their disposal, which they can refer to when making their purchasing decisions. Experts have yet to reach agreement on the ideal format for presenting this kind of information. Furthermore, the procedure we are proposing might spur companies on to launch more sustainable products onto the market. Our approach not only assesses the negative social impacts but also gives due credit for positive social effects.

What are your next steps likely to be?

We want to carry out exemplary assessments of a few products. We haven't yet decided which ones. Some possibilities might be a foodstuff in Brazil, or a mobile phone or a car already on the market in the EU or the USA. We have interested parties in both Belgium and Brazil.

Many thanks for the interview!

Interview conducted by Katja Kukatz.



Sonia Valdivia, staff member of UNEP-DTIE in Paris and co-manager of the project "Integration of social criteria into LCA" under the UNEP/SETAC Life Cycle Initiative.



Consumption futures



For people and the environment, a lot depends on what we consume and how. In theory we are well aware of this, but in practice there are all kinds of snags when we try to choose sustainable alternatives. How can these issues be addressed more effectively?

Marion and Peter are expecting a new arrival. Rita is busy packing removal crates. Anneliese and Walter have a good enough financial cushion to make a fresh start at 50-plus. All these people have something in common. Their life circumstances are changing and that means their priorities are changing, too. Suddenly they are acutely aware of things to which they previously gave little thought. For instance, the parents-to-be may take more care over the quality of foods; Rita has to shop for new domestic appliances; and Anneliese and Walter are looking for housing that is not only convenient but also cost-effective in the long term.

“Drastic interruptions to the normal routine are a huge opportunity to improve sustainability,” says Dr. Bettina Brohmann of the Öko-Institut. “Because these are phases in which old habits can be shaken up. A good opening for us, if we are aiming to change conventional patterns of consumption.” The necessity of this aim can no longer be in doubt. Consumption by private households is responsible for more than a quarter of all greenhouse gas emissions in Germany – and that figure does not include the production of goods. For the climate, then, a lot depends on what we consume and how. Consumers are becoming increasingly conscious of their role.



But everyday practice can be full of contradictions. Some advocates of a sustainable lifestyle think nothing of driving their sports car to the health food shop. And when specific purchasing decisions have to be made, environmental issues and social aspects are rarely given sufficient weight. Despite any number of initiatives, campaigns and laws to promote sustainable consumption, so far none of them has proved equal to the challenge of fundamentally changing this fact.

Why not? That is what Bettina Brohmann is keen to understand. “Of course we have to seek the reasons on all levels, from the policy framework to the choices offered by business and industry and the ways in which consumers make their decisions,” she says. On that particular point, until now, far too

little attention has been paid to the actual factors that influence the selection or rejection of a product. But one thing is clear: only in the rarest cases are choices based on rational considerations alone. Bettina Brohmann is therefore investigating which other aspects come into play.

With colleagues from three of the Institute's divisions, she is studying the catalysts that make people readier to reform their old habits. The principal aim is to derive new policy strategies from the findings, in the European research project "EUPOPP - Policies to Promote Sustainable Consumption Patterns", for example, or in "seco@home", in which a group of research partners from Germany and Switzerland are exploring how households make decisions about their energy mix.

But even having prompted a basic willingness to think about ecological and social criteria when purchasing consumer goods, that is not the end of the dilemma. "I want to but I can't" - is how the researcher sums up the problem that many consumers face. "Either I don't have sufficient information

or time to spend researching it at length, or I have too much and can't make sense of it, ten or more product labels for example. Or I'm put off by the high price of the sustainable option, and can't judge whether the outlay will be offset by the cost savings from lower power consumption in use. Or I can't seem to find qualified retailers and tradespeople who are well versed in the sustainable product options and able to give knowledgeable advice on their merits," says Bettina Brohmann.

We need to generate more transformative knowledge.

Bettina Brohmann is convinced: "What people lack is the knowledge that empowers them to do the right thing. If we analyse why sustainable patterns of consumption are not becoming effectively established, ultimately we always come back to the same conclusion."

"Consumers aren't the only ones," adds her colleague from the Öko-Institut, Kathrin Graulich. "In politics and business, this transformative knowledge is often in short supply," she says, speaking from experience, as an expert involved particularly in implementation-oriented projects. So policymakers always have to begin - for example, when working on the European Ecodesign Directive - by laboriously getting up to speed with latest research, in order to have a sound basis for decision-making on new laws or support programmes. In Kathrin Graulich's view, framework conditions are bound to change in the medium to long term in ways that will eventually force business and industry to rethink their approaches, whether in response to scarcer resources or stricter statutory regulations. Companies which are quicker to recogni-



Looking ahead to a sustainability label?



Consumers wanting to opt for sustainable consumption are still largely bereft of guidance. While there are product labels in abundance, generally these only reflect subcomponents of sustainability, usually environmental rather than social aspects. Information on benefits, quality and costs is usually conspicuous by its absence. But is it actually feasible to develop a comprehensive sustainability label and establish it in the marketplace? This is what the Öko-Institut has been commissioned by the German Federal Institute for Agriculture and Food (BLE) to investigate.

Is an entirely new label the right approach? Or is full-scale or partial integration of existing labels a more logical alternative? Or is it worth considering an umbrella label which endorses product-group-specific labels for the relevant dimensions in each case? "We will carry out an open-ended review of these different options on the basis of the available measurement and evaluation schemes," explains project leader, Dr. Jennifer Teufel of the Öko-Institut. Initially the scientists will focus their attention on three product groups: food, toys and financial services.

ze this will be ahead of the pack. "We will have to persuade the others with solid facts and good arguments."

But even companies that are already seriously interested in bringing environmentally and socially sustainable products to market are reaching a stalemate. On the one hand, because of protracted political processes and delays in launching incentive programmes, there is widespread uncertainty as to what standards the legislator might impose on products in future. On the other hand, because managers often have no idea which phases of the product life cycle have the greatest impacts on people and the environment, and miss opportunities to reduce these comparatively easily. With analysis tools like PROSA, life cycle assessments and carbon footprinting, it is possible to reveal this information.

develop them continuously and harmonize them internationally. "That's important if we want to assess products and compare them with one another," emphasizes Kathrin Graulich. "These kinds of analyses must produce reliable guidance." But – it seems – this is becoming harder rather than easier. "Unfortunately, the various measures to promote sustainable consumption have been much too uncoordinated so far. This is more confusing than helpful." Instead, information should be pulled together meaningfully, to make it easy to choose a sustainable product, Kathrin Graulich demands. A good example is the approach pursued by the Öko-Institut in its EcoTop-Ten consumer information campaign.

"But we also have to make sure that consumers don't choose sustainable products just to save their consciences, but because they recognize their merits and value the contribution they make to a better quality of life. Opting for the fuel-economy of a small car instead of a SUV is a good way of keeping stress levels down, because the car is no impediment. However, this alternative way of communicating quality of life only works if retailers and manufacturers get on board and are prepared to invest in attractive marketing for sustainable products," says Kathrin Graulich. *Katja Kukatz*



Tried and trusted, soon to be updated

The Blue Angel is one of Germany's most familiar product labels and has designated environmentally friendly consumer products since 1978. Now there are plans to establish it as a climate protection symbol, too. The Federal Environment Ministry, the Federal Environment Agency and the Environmental Labelling Jury therefore initiated the "Top 100" project on ecolabels for climate-relevant products.

Within this scheme, the Öko-Institut is developing concrete label-award criteria for the most important energy-intensive products.

Piecemeal information is more confusing than helpful. People want clear guidance.

The Öko-Institut supports companies in applying these methods and endeavours to

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Not just environmentally sound, but ethical too

New guidelines support better analysis and understanding of the social impacts of products.



How many hours of forced overtime went into your notebook computer? How poorly paid were the workers who assembled your mobile phone? Does the Eastern European supplier of your washing machine manufacturer allow unionization of its workforce? How safe and healthy are working conditions for the women employed on battery production lines in China? Will Indian children dismantle your scrapped computer equipment and be exposed to contaminants? Consumers are becoming increasingly sensitive to questions of this kind. But rarely if ever can they find out the answers.

As yet, few products, mostly selected foods and textiles, have been designated with social labels such as the Fairtrade mark. Why is this?

One of the reasons, according to Siddharth Prakash, an Öko-Institut expert in social standards, is that "globally operating corporations are increasingly acknowledging their environmental and social responsibility but not yet integrating it into all aspects of their corporate policy." However, there are methodological obstacles as well: the certification of products presupposes that

their ecological and social impacts can be reliably traced, documented and assessed – for the full duration of the product life cycle. For environmental impacts this is already possible, using the internationally standardized and recognized life cycle assessment (LCA) method. "But when it comes to social aspects, we are trailing at least five to ten years behind. Despite intensive efforts, experts have yet to agree on the finer points of what constitutes the most appropriate methodology," says Siddharth Prakash critically.

For the assessment of social impacts is incomparably more difficult. "The problems start with the rudimentary data basis. They stem from the ever-growing complexity of the manufacturing and trading structures for numerous consumer goods. And they culminate in a situation where, for cultural reasons, ethical values are defined and perceived very differently in different parts of the world. Admittedly, there has long been an international consensus on themes like child labour and forced labour. But subtler issues such as overtime and codetermination rights are still subject to varied interpretations." Thus Siddharth Prakash summarizes the key points. As a result, the debate has got stuck.

"But now it could be advanced by a significant step," the researcher hopes. For five years, an international expert group coordinated by the UNEP / SETAC Life Cycle Initiative has been engaging with the difficult question of how social criteria can be integrated into the LCA method. The outcome is a complete manual of "Guidelines for Social Life Cycle Assessment (S-LCA) of Products", in the writing of which Siddharth Prakash has played a substantial part. "With S-LCA, our aim was to harmonize previous approaches and devise a universally applicable method, which we can use in future to capture the social impacts of products in a comparative form," he explains. The approach now proposed is compatible with the standards for the LCA method, ISO 14040 and 14044.

Based on an analysis of existing guidelines and standards, for example the planned ISO 26000 ethical standard, the recommendations of the Global Reporting Initiative and the OECD Guidelines for Multinational Enterprises, the experts also produced a comprehensive list of social indicators. For each indicator they developed "methodological sheets" with which the indicators can be measured in practice. "The lessons learned from PROSA, a method developed by the Öko-Institut for assessing the sustainability of products, were very valuable for the development of the guidelines," adds Siddharth Prakash.

"Now we have to work on gaining international recognition for this new methodological framework as a basis for ongoing development of Social Life Cycle Assessment."

The scientists also point out areas where further research is needed. "Above all, we need sound databases which are reliably

We still lack robust databases.

maintained and monitored," the expert explains. "The relevant data are difficult to obtain, and can only be gathered via case studies on the ground."

Even though all the methodological challenges are far from resolved, Siddharth Prakash is sure of one thing: "Social Life Cycle Assessment can contribute to improving the well-being of people in emerging economies and developing countries, because it helps to identify the social 'hotspots' of products. Then possible courses of action can be derived in response. We are convinced that our guidelines provide responsible companies with a tool with which they can systematically carry out impact assessments along the supply chain of their core business."

To give minimum social standards a firmer foothold in the value chains of global enterprises, Siddharth Prakash vests his hopes not only in voluntary commitment but also in state regulation. "We can learn a lot from the experience gained in the environmental sphere. Banning certain hazardous substances in electrical and electronic devices (RoHS), the registration of harmful chemicals (REACH), the involvement of manufacturers in the organization of electronic waste disposal (WEEE) or implementation of the Ecodesign Directive on the more eco-friendly design of energy-using products are all successful outcomes of regulatory control. For example, in relation to production and trade in the Special Economic Zones in China or India, stringent state regulations are indispensable."

Similarly, consumer demand from the public sector offers enormous scope for interventions, "which we should utilize much more systematically," he asserts. In Germany alone, the 30,000 procuring bodies of the Federal, Länder and municipal authorities spend around a billion euros per day on



One of the best known ethical product labels is the Fairtrade mark.


Defined trade criteria are a key tool for improving living and working conditions for disadvantaged producers in Africa, Asia and Latin America. But when products – like notebook computers, for instance, – are assembled from 1800 to 2000 components, by almost as many firms and factories worldwide, so far it has proved difficult if not impossible to apply such criteria.

For complex products, the Öko-Institut therefore suggests beginning by concentrating on what are known as "hotspots". This refers to phases in the product life cycle which pose particular risks to people and the environment; for example, in the case of computers, the extraction of raw materials, the production of electronic components and the disposal of scrap electronic equipment.

supply, construction and service contracts. Thanks to the reform of public procurement law, it is now possible to stipulate social and environmental requirements for the performance of the contract, although only as "can" criteria.

"I would hope to see the day when we no longer need labels because environmentally and socially sustainable products define the mass market, and have become the norm," says Siddharth Prakash, with an eye to the future. "But until companies have incorporated this goal into their core business, we have no alternative but to keep showing them new and innovative ways forward."

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