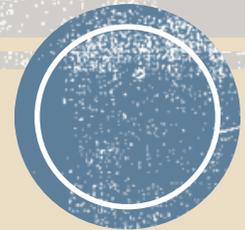


Ethics in Business

What is Ethics? How to see it in a Workplace? And How to make it measurable?



All business enterprises have the same responsibility to respect human rights wherever they operate, regardless of their size, sector, ownership and structure.



What does Ethics in Business Mean?

Ethical Business refers to the practice of managing operations and decision-making in a way that consistently upholds **human rights** and ensures **accountability** toward people, the planet, and sustainable & purpose-driven profit.

Referred to in some instruments as **Responsible Business Conduct**.



What Do We Mean by Human Rights in This Context?

- Human Rights and Basic Freedoms refer to internationally recognized human rights codified and expressed in **the International Bill of Human Rights** (consisting of the Universal Declaration of Human Rights (1948), the International Covenant on Civil and Political Rights (1966) with its two Optional Protocols, and the International Covenant on Economic, Social and Cultural Rights (1966)).
- As well as the principles concerning fundamental rights set out in the **International Labour Organization's Declaration on Fundamental Principles and Rights at Work (1998)**.



It affirms the obligations and commitments that are inherent in membership of the ILO, namely:

- 1. Freedom of association and the effective recognition of the right to collective bargaining;**
- 2. The elimination of all forms of forced or compulsory labour;**
- 3. The effective abolition of child labour;**
- 4. The elimination of discrimination in respect of employment and occupation; and**
- 5. A safe and healthy working environment.**

ILO Declaration on Fundamental Principles and Rights at Work (1998)



Is Business Ethics Regulated?

- ILO 1998 Declaration on Fundamental Principles and Rights at Work and its Follow-up.
- UN Guiding Principles on Business and Human Rights (UNGPs).
- Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises on Responsible Business Conduct.
- EU Corporate Sustainability Due Diligence Directive (CSDDD) - *pending implementation*.
- ISO 26000: Guidance on Social Responsibility.
- UN Global Compact.
- Other global, country-specific or industry-specific instruments.





Some Core Ethical Business Principles in Islamic Sharia Law

- **Halal (permissible) and Haram (forbidden):** The Sharia provides clear guidelines on permissible sources of income, prohibiting transactions involving interest/Usury (riba), gambling, alcohol, pork, and other forbidden activities.
- **Honesty and Transparency:** Traders must disclose product details including defects, avoid fraud, and ensure clarity in contracts. Concealing information or misleading customers is considered sinful.
- **Justice and Social Responsibility:** Wealth should circulate fairly in society. Business must contribute to social welfare, prevent monopolies, and avoid exploitation of vulnerable groups. Also, the concept of Zakat.
- **Fair Contracts and Fulfillment of Promises:** Contracts must be clear, consensual, and honored. Breaking agreements or exploiting loopholes violates Sharia ethics.
- **Profit with Purpose:** Profit is permissible but must align with ethical values. Islam encourages entrepreneurship that benefits society, not just personal gain.

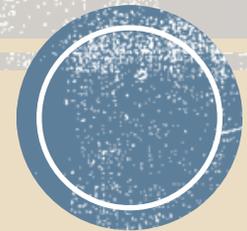
“When one of you does a job, one should perfect it.”



**Is Ethical
Business
Optional or
Essential
in Today's
Market?**



Examining Existing Parameters and Motivations



Faith-Based Requirement: Halal Products

Halal Products are those that meet certain standards according to the Islamic Sharia Law regarding its type, sourcing, production, and distribution. Decisions around halal compliance often overlap with broader corporate responsibility goals such as human rights, animal welfare, and sustainability.

- **Consumer Demand:** Muslim consumers alone are expected to spend **over \$3.36 trillion by 2028**. Halal products also attract non-Muslim buyers seeking ethical consumerism and sustainable economy.

[source](#)



The EU Corporate Sustainability Due Diligence Directive (CSDDD)

- The Directive was officially adopted on **24 May 2024**.
- **Implementation:** The directive is now in the process of being transposed into national law by EU member states, i.e. they need to incorporate it into their national legislation.
- **Application:** Companies will need to comply once the directive becomes applicable in their jurisdiction. It is preferable they start preparing now, as due diligence processes take time to establish effectively.
- **Purpose:** The directive introduces obligations for human rights and environmental due diligence across operations and business relationships.
 - **Original impact:** Companies with 500 employees and €150 million turnover
 - **Final impact:** Companies with 1,000 employees and €300 million turnover (after final negotiations)

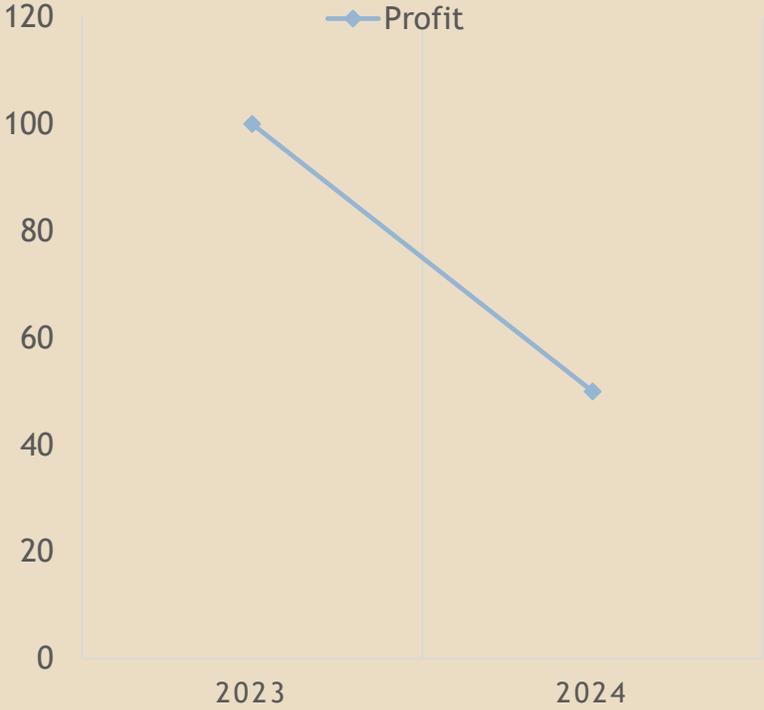
[source](#)



Customer Satisfaction as a Driver of Global Market Trends



MAJID AL FUTTAIM - (CARREFOUR) LOSS



To reflect on...

Business enterprises may be involved in unfavorable human rights impacts either through their own **activities** or as a result of their business **relationships** with other parties.



Business Activities and Business Relationships

- Business enterprise's **activities** are:
What It Does, and
What It Fails to Do
(Actions and
Inactions).
- Business **relationships** are all sporadic or contractual interactions inward toward staff and affiliate forces, and outward toward external stakeholders like customers, partners, investors, value chain entities, and state or non-state actors directly connected to its operations, products, or services.



Can Ethics in Business Be Profitable?

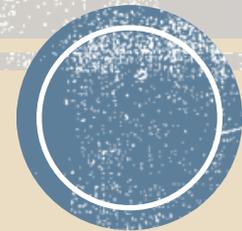


Global Trends & Insights Regarding Staff Retention, Loyalty & Innovation:

- According to Harvard Business Review Analytic Services (2021): **89% of executives** believe a strong sense of collective purpose drives employee satisfaction.
- In Deloitte Global Human Capital Trends (2021): Organizations that embed purpose into their culture see **30% higher levels of innovation and retention**. It also concluded that purpose-driven companies outperform peers in **employee engagement metrics**.
- Glassdoor Survey focused on the link between **mission & values clarity** and **employee satisfaction** (2019): Companies with clearly communicated missions and values score **higher in employee satisfaction ratings**, especially among Gen Z and Millennials
- [Article to read](#)



How can we incorporate Ethics in our Business?



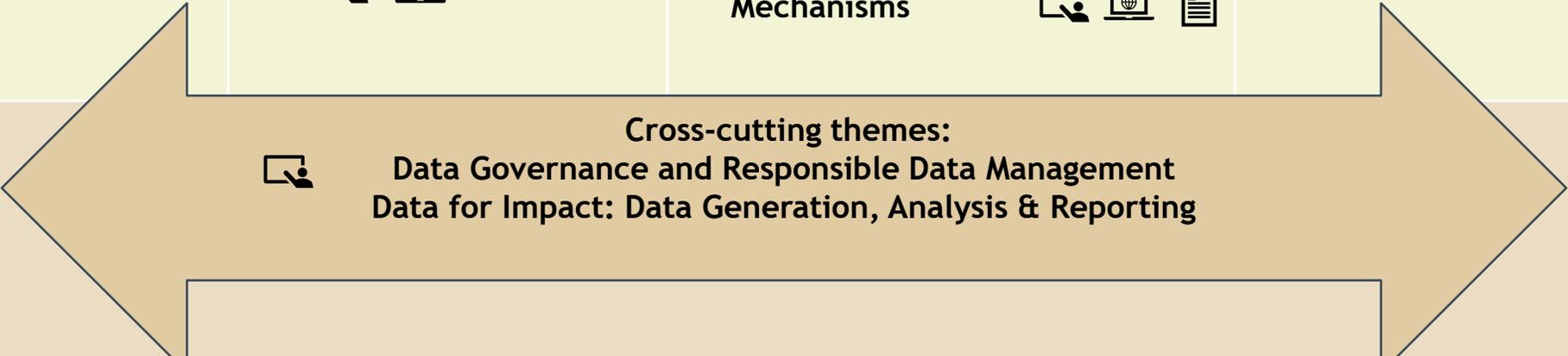
What is Ethical Intelligence?

- Ethical intelligence is a person's *moral compass*; it is the capacity to distinguish right from wrong and act with integrity.
- Ethical intelligence is the ability to evaluate everyday scenarios through principles of fairness, justice, and human rights, and following through with decisions and actions that align with ethical beliefs, even under pressure, ensuring that values are applied across personal, professional, and societal contexts.



Ethics in Business: What it Covers and How to Enhance Ethical Intelligence in a Workplace

Personal	Interpersonal/ Relational	Institutional	Structural
builds awareness and values, cultivating personal responsibility.	strengthens transparency and accountability in business relationships.	embeds ethics into organizational systems.	connects businesses to global market trends.
<ul style="list-style-type: none"> • Protection Mainstreaming • Corporate Social Responsibility • Accountability to Affected People 	<p>Grievance resolution mechanism/ non-judicial notification and complaint procedure:</p> <ul style="list-style-type: none"> • Complaints and Feedback Mechanisms  	<p>Policies, code of conduct, standard operating procedures, due diligence and compliance with relevant laws, thematic audits,</p> <ul style="list-style-type: none"> • Third-Party Audits • Monitoring and Evaluation Mechanisms • Institutional Learning Mechanisms   	<p>Aligning with global causes and justice initiatives visible through business activities (e.g. media campaigns) and through business relationships (e.g. choice of contractors and suppliers)</p>





YES!

**Can We
Measure
Ethics in a
Business?**



Lighthouse



Monitoring & Evaluation Tool

Sustaining ethics, one decision at a time.



Lighthouse: The Tool to Sustain and Measure Ethical Performance

- Lighthouse is a tool built to make the transition toward ethical business doable, measurable, and sustainable.
- As businesses grow or operate across borders, maintaining a consistent ethical compass becomes harder. Ethical commitments risk losing focus, and centralized decision-making is unrealistic. That's where Lighthouse steps in with its unique 15+ criteria covering all operational activities.



What if a Business caused or contributed to Human Rights Violation?



Even with the strong policies, businesses may still cause or contribute to unforeseen human rights impacts. When such situations arise, companies have a responsibility to actively engage in remediation; alone or with partners. While some violations could lead to sanctions and civil liability, nonetheless, effective **operational-level/ non-judicial grievance mechanisms** can provide a practical path to remedy actual or potential adverse violations or negative impacts.



Ethics in Business is a Journey, not a Destination



It is a Continuous Commitment!

