Social Accountability International (SAI) Response to AFL-CIO ‘Responsibility Outsourced’ Report

SAI has been asked to respond to the AFL-CIO’s April 23 ‘Responsibility Outsourced’ report. While certain parts of the report contain constructive criticism that we welcome and will consider, many of the sections contain errors of fact and substantially mischaracterize SAI’s work partnering with stakeholders and successfully implementing programs that have improved the lives of workers around the world. SAI and SAAS are highly receptive to the recommendations to reform social auditing listed on page 53. We welcome discussions with the AFL-CIO on these and on the changes already decided for the SA8000 system.

SAI is one of many organizations working in a greater movement to improve workers’ lives and enable people to break the cycle of poverty, a movement that includes the important role of trade unions such as the AFL-CIO, which have had more than 50 years to achieve our shared goals. Therefore, we are disappointed by the harsh criticism of SAI, FLA and the entire multi-stakeholder approach. Below we have listed SAI’s response to these recommendations, and hope to engage with the AFL-CIO to discuss how we can integrate discussion and consideration of these into the SA8000 standard revision and system improvements. SAI has already reached out to the AFL-CIO with a request for discussion.

Although we asked to review the report prior to publication to check for accuracy, AFL-CIO refused to grant that opportunity. Had we done so, we would have provided a list of factual corrections for their consideration. The list is available at: http://bit.ly/SAI_AFLCIO_Correctionslist. Overall, this list is secondary in comparison to the major changes and collective efforts that are desperately needed to improve workers’ lives in global supply chains. As we’ve seen recently with the devastating Rana Plaza building collapse in Bangladesh, there is a lot of collective work that needs to be done as these issues are far greater than all of our organizations combined.

One of the major misperceptions in the report pertains to SAI’s funding model. SAI is a nonprofit organization; its diverse revenue sources, both restricted and unrestricted, are monitored and publicly available through its IRS 990 form that is available on SAI’s website: www.sa-intl.org/financials. SAI’s work, like that of the Ethical Trading Initiative (ETI) and the ILO’s Better Work, consists primarily of partnering in training and capacity building, to promote sustainable ILO-compliant practices that also meet the requirements of labor laws. The training has been supported by a mix of grants (from sources as varied as the European and US government agencies, the Ford Foundation and the Rockefeller Foundation and individuals) and appropriately, by those seeking to be trained. This training is variously directed to workers, managers, government labor inspectors, supply chain managers, auditors, and civil society organizations. Since SAI began 16 years ago, many of our training programs have been done in partnership with unions, especially the ITGLWF. (See corrections: http://bit.ly/SAI_AFLCIO_Correctionslist)

SAI does not conduct, or pay others to conduct, SA8000 certification audits. Corporate funding of SAI work is not related to the certification bodies’ work for SA8000; instead it funds capacity building, improvement of management systems, building more responsible purchasing practices, and increasing worker participation. The vast majority of SAI’s funding, including corporate funding, is restricted – the funding is specifically used to pay for needed improvements in managing a company’s supply chain through training or capacity building programs. It is appropriate for business to pay for this, as all parties understand that is a type of
investment in human capital that is key for both human and economic development. Furthermore, this model is in alignment with the programs supported by the AFL-CIO that were listed on page 50-51 of the report.

We are receptive to the seven recommendations to reform social auditing listed on page 53 of the report. Five out of seven of the report’s recommendations are germane to current practices and recent changes SAI and SAAS have already made. One recommendation has been put to SAI that we wish to explain our disagreement with, and the last is inapplicable to SAI’s model. Below, please find the recommendations followed by our responses.

• **Governance structures of MSIs must include a proportionate number of workers’ representatives, who shall be on an equal footing with members with regard to decision making.**

The above recommendation is integral to our governance structure. Officials from global trade union confederations are, and have always been part of, SAI’s Advisory Board (AB), and this is enshrined in our procedures and practice. Currently, a trade union seat is occupied by Ivano Corraini, from the Italian La Federazione Italiana Lavoratori del Commercio, Alberghi, Mense e Servizi (FILCAMS-CGIL), and Jan Furstenborg, former the head of UNI Global Union’s predecessor, FIET, sits on our Founders Committee and Board of Directors. Founder Committee members are invited to all AB meetings, are encouraged to contribute to AB discussions, and receive all information sent to AB members. Information on the Founders Committee is available on the SAI web site [http://www.sa-intl.org/advisoryboard](http://www.sa-intl.org/advisoryboard)

This year, we are accepting nominations to fill vacancies in corporate, NGO and trade union seats on our advisory board and welcome trade union representatives. Several AB candidates will be nominated by the AB Membership Committee at our upcoming spring AB meeting. Likewise, we heavily involve the advice of trade union representatives with specific experience in geographic areas and industrial sectors where the right to freedom of association and collective bargaining are often infringed upon by employers.

• **Before being certified or accredited as compliant, social auditing schemes must publicly disclose to local relevant authorities and workers that a facility, brand or retailer is seeking such certification, opening a period for public comment by those regulatory authorities and workers that can result in facilities or brands being blocked from certification until violations and grievances are remedied.**

First, we will consider the recommendation to alert relevant authorities that a facility is seeking certification. Currently, this practice informally comes up when Certification Bodies consult local authorities for information about local intelligence and document this process, a requirement of SA8000 Certification Methodology.

Secondly, workers are informed that the facility in which they work is undergoing SA8000 certification. Election of worker representatives or involvement of existing worker representatives is a requirement of the standard. A new requirement provides that during audits these representatives must participate during opening and closing audit meetings, enabling worker direct access to all audit findings and plans for remediation.

Finally, SA8000 Certification Methodology requires facilities to remedy major violations before they may be certified and the worker representative is integral to this process. As the AFL-CIO may be aware, large organizations often have a constant inflow of grievances that must be kept open until they are investigated and resolved. Frequency of the filing of complaints is often a sign of an effective system in which workers have
confident. It is more proactive than requiring facilities to remedy all current grievances before certification to require facilities to have a robust grievance management system in place at their factory in order to develop and sustain an internal process for complaints, and to demonstrate to auditors through documented evidence and employee interviews that the system is functioning.

- **Inspection methodologies must be dramatically improved, including:**
  a. inspections must be without notice;
  b. inspectors must talk to workers, off the company premises in interviews arranged by groups workers trust, such as representatives of in-plant unions, other local unions or activists identified by workers and reputable third parties; and
  c. inspectors should talk to the community to better understand the local context and practices of employers.

  a., b. & c. We agree. Unannounced audits, offsite interviews and interviews with regulatory agencies, trade unions, local stakeholders and community are already a part of SA8000 Certification Methodology. This is disclosed in SAAS Procedure 200 - [http://www.saasaccreditation.org/apply1.htm](http://www.saasaccreditation.org/apply1.htm).

- **Rather than drafting unilateral and voluntary remediation plans, social auditing schemes must submit to an independent conciliation and arbitration process that includes unions in any workplace where they exist.**

Unilateral and voluntary remediation plans are not part of SA8000 Certification Methodology. Auditors are prohibited from defining remediation plans, which is considered to be consulting and therefore a conflict of interest for auditors to engage in. Management and worker representatives involved in certification audits are presented with all nonconformities and must submit root-cause analysis and evidence of systemic corrective action for each nonconformity issued. An independent conciliation and arbitration process capable of operating in a fair and unbiased manner does not exist in many areas where remedial actions are planned and take place. The certification process for remediation plans is not unilateral, but proposed by the facility seeking to qualify for or maintain its certification and must be approved by the third party audit organization.

- **Social audits must be released to workers and the relevant authorities.**

There are two elements to this comment: 1) as noted above, by worker representative participation in the audit opening and closing meetings, they are informed of the audit results. 2) In general SAI supports that social audits are sent to relevant authorities. However, as SA8000 is a voluntary system, in order for auditors to gain access to facilities they must agree to confidentiality. As stated above, where manageable nonconformities are found, management and worker representatives involved in certification audits are presented with all nonconformities and must submit root-cause analysis and evidence of systemic corrective action for each nonconformity issued.

- **MSIs must work with global brands to discuss how their purchasing practices impact the ability of the supplier factories and subcontractors to respect international standards and domestic law and should seek agreements with such brands to ensure their practices facilitate rather than undermine compliance.**

We agree. This is a central part of SAI’s Corporate Programs and improvement programs. SA8000 is just one part of SAI’s broadly based program, which includes capacity-building, training and responsible purchasing. The majority of SAI’s work focuses on capacity-building and training at both producers and buyers, with the clear aim of promoting workers’ rights and improving working conditions. Our current training program based on
the UN Guiding Principles for Business and Human Rights calls for and explains the reason for a mutual buyer-supplier code of conduct.

- MSIs must encourage global brands to consolidate their supply chain to reward compliance with greater volume and longer-term relationships and to sever ties with noncompliant factories.

SAI is in complete agreement with this recommendation and currently does engage in this practice. Most global companies are in the process of reducing their supply chain and SAI works with these companies to use improved social responsibility as one of the criteria that suppliers must meet in order to be retained as a supplier. We advise that the global brand should set a measurable target and give the supplier time to meet the improvement goal, rather than terminate them, possibly costing jobs. In addition, SAI advises global companies to set social performance requirements, or hurdles, that new suppliers must meet in order to be considered. These strategies help global brands to elevate the overall quality of social performance in their supply chain.