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UNIDO Contract 98/197P
Project No. xp/glo/98/060
Activity Code: 330C21

Relative to UNIDO project

"Preparatory Assistance for the Development of Performance Norms and Benchmarks
for Industrial Processes based on the Life Cycle Concept"

FINAL REPORT
SUBMITTED OCTOBER 30, 1998

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CEPAA Final report UNIDO contract #98/197P

The following report summarizes the activities undertaken and completed pursuant to the terms of reference of this contract [attached as Annex A]. Activities described as undertaken by CEPAA pursuant to the terms of reference of this contract were conducted either by CEPAA or its subcontractor CEP [Council on Economic Priorities].

The terms of reference included six tasks designed to promote consultation about social benchmarking methodology and usefulness.

The public event, the London seminar, was considered, by the participants, to have been extremely useful. Participants expect to make use of the COMPARE software and look forward to its extension to more countries. Participants also expressed interest in continued collaboration among themselves.

Task 1: To inform UNIDO on SA8000 and to evaluate [in the form of a peer review] UNIDO's methodology developed by UNIDO under project XP/GLO/98/060 vis-à-vis the SA8000.

CEPAA staff, Alice Tepper Marlin, Deborah Leipziger, Malcolm McIntosh, and Teresa Fabian met with UNIDO staff, primarily Ritu Kumar and Yasuo Konishi, to share information about SA8000 and the UNIDO methodology.

The project manager, three weeks after receiving a copy of the report ["Responding to Global Standards: A Framework for Assessing Social and Environmental Performance of Industries"] and the software submitted a peer review on October 5, 1998, to UNIDO, attn: Yasuo Konishi. [attached at Annex B]

Task 2: To prepare a short background paper on corporate responsibility and disseminate to participants in the seminar.

Malcolm McIntosh researched and developed such a paper: "Globalisation, Standardisation, and Accountability". It was submitted to UNIDO on September 9, 1998 and disseminated to participants in the September 18 seminar. [attached at Annex C]

Task 3: CEPAA was responsible for the logistics of organizing a seminar in London on September 18.

The all-day meeting [agenda attached at Annex D] took place as scheduled, at the Royal Statistical Society, with 27 participants [attached at Annex E], some of whom were invited by UNIDO, and some by CEPAA. The participants came from the retail, wholesale and certification industries, and eight different countries.

Task 4: CEPAA ensured the participation of and bore the travel costs of three NGO participants who attended, presented at and participated in the seminar:

- 1 Mr. Pradeep Mehta, Consumer Unity and Trust Society, India
- 2 Mr. Hector Bernabe Recinos, Grupo de Monitoreo Independiente de El Salvador
- 3 Mr. Ebrahim Patel, South African Clothing and Textile Workers Union

Task 5-CEPAA ensured the participation of ten corporate and trade association representatives as follows at the seminar, including representatives of the FNV, Debenhams, the Body Shop, Pentland Group, SGS-ICS, BVQI, Eileen Fisher Inc., Leffman & Spenser, the Prince of Wales Business Forum, and the International Institute for Environment and Development.

Task 6-CEPAA has produced, published, and printed, 200 copies of the minutes of the seminar, including the background paper as an attachment. [The minutes only, are attached as Annex F, *the complete minutes, including presentations, are sent under separate cover, from CEP Europe, to Yasuo Konishi*] The complete minutes are also being sent to all participants in the seminar and the additional copies are available for distribution as UNIDO requests.

Annexes:

Annex A-Terms of Reference

Annex B-Evaluation of UNIDO's Methodology vis-à-vis SA8000

Annex C-Globalisation, Standardisation and Accountability

Annex D-Agenda of Seminar, London, September 18, 1998

Annex E-Attendance list at Seminar

Annex F-Minutes of Seminar [not including presentations and distributed material]

17 June 1998

XP/GLO/98/060
Terms of Reference

Under the overall supervision and guidance of UNIDO, the subcontractee (Council on Economic Priorities Accreditation Agency, New York, USA) will be required to perform the following tasks related to the preparation and organisation of the final seminar of the project on *Development of performance norms and benchmarks for industrial processes based on the life cycle concept* (XP/GLO/98/060):

- To inform UNIDO on the Standards on Social Accountability (SA 8000) developed by the Council on Economic Priorities Accreditation Agency (CEPAA), so that UNIDO is in a position to cite the standards to its clients. The subcontractee will be required to evaluate the methodology developed by UNIDO under project XP/GLO/98/060 vis-B-vis the SA 8000 and recommend improvements and changes if necessary. This would take the form of a peer review. ✓
- Prepare, in cooperation with UNIDO, a short background paper (3 to 5 pages) on corporate responsibility for good business practice, including environmental and social responsibility of companies in developing and developed countries. The paper should be ready by mid August 1998, to allow sufficient time for distribution to participants. The subcontractee will present this paper at the seminar to be held in London. ✓
- Be responsible for the logistics of organising the seminar at a suitable venue in London, including rental and administrative cost of the seminar site. ✓
- Ensure participation and bear travel costs of three participants of NGOs from Latin America, Africa and Asia. ✓
- Ensure participation of at least 10 of its corporate members and representatives of trade associations at the seminar. ✓
- Be responsible for the production, publication and printing of 200 copies of the minutes of the seminar, including background paper as an attachment.

Evaluation of UNIDO's Methodology vis-à-vis
SA8000

Submitted by CEPAA in partial fulfillment of Contract NO:
98/197P in service to UNIDO Project No: XP/GLO/98/060

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October 5, 1998

Introduction

As part of the cooperative project to facilitate benchmarking and Life Cycle Analysis by SMEs in emerging economies, CEPAA has conducted an evaluation of the use of SA8000 in the study "Responding to Global Standards" and the attendant self-assessment software, COMPARE.

The terms of reference of the contract between UNIDO and CEPAA describe this paper as the second part of the following item: "To inform UNIDO on the Standards of Social Accountability (SA8000) developed by the Council on Economic Priorities Accreditation Agency (CEPAA), so that UNIDO is in a position to cite the standards to its clients. The subcontractee will be required to evaluate the methodology developed by UNIDO under project XP/GLO/98/060 vis-à-vis the SA8000 and recommend improvements and changes if necessary. This would take the form of a peer review."

Thus, this paper reviews the use of SA8000 and makes some recommendations for improvement of the social performance evaluation system. Primarily these are technical suggestions for ways to expand the amount of social assessment information to be comparable to that elicited for environmental impact. It also makes some general comments on the report.

Evaluation

The "Responding to Global Standards" report and the attendant system for user self-assessment are very well designed and potentially extremely useful. CEPAA agrees with UNIDO, that many SMEs are reluctant to set forth on benchmarking and LCA efforts because they seem overwhelming. This package of questionnaire, social and environmental criteria, which allow a first-party evaluation of a firm's status, can help de-mystify the process. The process, of course, will help a firm identify the areas in which it needs the most improvement or in which it can focus efforts to attract customers and be more competitive. The COMPARE materials are very easy to use and clear in their presentation; it is a compact way of making a great deal of information accessible to a wide variety of users.

In developing the COMPARE software, self-assessment tool, UNIDO used SA8000 as one of three sample sets of social criteria. This methodology might be even more useful if the differences between the three sets of criteria and the social section of the questionnaire were dealt with slightly differently.

Social Performance Indicators: Criteria Delineation

We would recommend that there be more textual explanation of the differences between the ILO, IDEAL, and SA8000 criteria. The tabular presentation in the Annexes could usefully be supplemented by an explanation of why and where IDEAL differs from the other two criteria sets.

The table [Annexe 5: Social Data Analysis] could be explicit about a major distinction between SA8000 and the ILO and even IDEAL systems--the management systems and documentation requirements for non-environmental areas. Such management requirements, delineated in Section 9 of the SA8000 Standard, are key elements of the Standard, and might be so noted.

It would be helpful in the 'inferences' ['SA8000 compared to IDEAL', p.39] listed with the comparative bar chart if there were a fuller explanation of why the gap exists. For example, why does SA8000 not measure up completely to the ideal for the health & safety section. A reference to the tables in the Annex would not be as helpful as spelling out more completely why the IDEAL is ideal.

The missing requirement compared to the IDEAL, in SA8000, is 'what internal mechanism do you have to set up your own safety and health procedures--particularly in the context of having to meet foreign standards recognized and prescribed by your clients?' [Annexe, page 112] An example of such a procedure might be useful. Benchmarking would be expected to provide samples of each mechanism.

Questionnaire

Because this is a self-assessment tool, the questionnaire is very important. The items in it indicate the issues with which a firm might be concerned--thus showing they deserve priority. But, specific to self-assessment, the questions need to be more explicit and somewhat more detailed. With a second- or third- party audit, the auditor can follow up items which seem problematic with additional questions and investigation. Instead, a self-administered survey can use more detailed questions in some areas. The health & safety checklist has 16 items, and all the other categories a total of 20. The questionnaire, in its current form, does not delve very deeply into the elements of SA8000. The environmental performance and procedure questions are quite extensive, additional social questions might work toward making the social reporting comparable in thoroughness to the environmental. This can be done without changing the existing assessment categories.

For SA8000 to be most useful as a benchmark, the questionnaire could include more social assessment questions, for example:

1. For fuller understanding of occupational safety & health, add "Do you keep track of worker training and when refresher training is due?"
2. For fuller understanding of non-discrimination practices. The question in the section 'background corporate information' which deals with employees separated in the last two years is an excellent one, because focusing on the reasons for employee turnover can lead to development of ways to lessen it. Additional questions could be:
 - a. Are categories of workers represented equally in managerial and supervisory functions?
 - b. Do all workers have equal access to training ?
 - c. Do you have a system for workers to lodge complaints about sexual or other harassment? Do you keep track of such complaints?
 - d. Do men and women receive equal pay for equal work?
3. For fuller understanding of communication and the work environment, additional questions could be:
 - a. is there a social policy in the factory? Has it been communicated to the community?
 - b. Have there been any strikes or worker protests in the last two years? How were they resolved? Are the organizers/complainants still employed at the factory?
 - c. Have there been any votes or other activities to create a union? If so, what was the result?
 - d. What is the system for hearing worker concerns and ideas for process improvement?

4. For fuller understanding of working hours, additional questions could be:
 - a. What is the length of the normal work day? Work week?
 - b. Is overtime ever required? How frequently?
 - c. What day[s] off are provided each week?
 - d. Are workers housed in factory buildings? What percentage of the workers?

5. For fuller understanding of wages, additional questions could be:
 - a. What is your overtime rate?
 - b. In what form are workers paid--cash, cheque?
 - c. Do workers buy lunch at the factory? What's the cost?
 - d. Do you provide transportation or transport subsidies to workers?
 - e. Do you pay similar wages to those at similar factories? If not, how do they differ?
 - f. What is the typical weekly pay? How much overtime and how much straight time does that represent?

6. For fuller understanding of corporate training education and awareness programmes for workers, additional questions could be:
 - a. Have there ever been children working at your factory? If so, where are they now?
 - b. Do workers know how to complain about their supervisors, if they feel they have been subjected to inappropriate discipline?
 - c. Do workers know they are free to quit their jobs?

Adding these and similar data would enable a factory/firm to more clearly compare its performance to that described in SA8000.

In developing the Guidance Document to SA8000 auditing, CEPAA has convened stakeholders to suggest types of information to collect and ways in which to collect it. For each section of the standard there are sample questions and examples of objective evidence of conformance. There are also examples of best practices and will be more in future editions of the Guidance as data is gathered from SA8000 implementers.

Thus factories might look there for indications of the types of questions auditors would use in verifying conformance to SA8000.

Updating and expanding

There is a danger that the information in COMPARE will become outdated as national environmental and social legislation change.

This is also relevant to SA8000, since it requires compliance with local laws as well as with its own requirements--with the default being whichever is stricter. To

stay up to date with SA8000 conformance, therefore, there needs to be a system for updating the information in the COMPARE data base. Additionally, it would be desirable if there were a schedule for adding more countries. The convenience of accessing applicable regulations in the manner offered by COMPARE could dissipate if the data become outdated. Scheduled updates would be most useful. In addition, each set of national requirements can indicate the date of its posting for the convenience of COMPARE users.

Feedback from users of the system is important for continuous improvement of the assessment tools just as it is for improvement in factories. Explicit information helping UNIDO or self-assessors or other participants to fine tune and customize this system can be developed through further consultation by internet, and through more workshops, in diverse locations.

Another potential enhancement of COMPARE would be self-generating bar charts comparing factory performance to the various criteria. If the factory could input its data to spreadsheets containing the benchmarks, graphical descriptions would be produced. At present, the factory's effluent and emissions data are likely to be insufficiently precise to make this a useful option; but data on some of the social assessment elements, such as average hours and wages, might be displayed. When benchmarking is undertaken with the performance of other companies, graphical display could be a useful training aid.

Methodology

In stage 4 of the Framework for Assessing Industrial Processes [Section B2, p. 18], CEPAA recommends inclusion of additional information sources [as per Exhibit F]. Such sources are to be community consultations, with NGOs and trade unions. Attached below is the relevant section of the SA8000 Guidance document as an example of the types of information gathering which a business might conduct, or participate in, to learn about its impact on and reputation in the local community. Such consultation is useful to enlist interested and informed parties in the assessment process. Also, listing of consultations as an information source indicates to managers the importance of such community outreach.

Benchmarking

A high priority item for users of this system is identification of appropriate benchmarking partners. To begin with, the standards used in the study will serve as a proxy for such specific data. But implementation will be much easier with concrete examples of good practice. Appropriate benchmarking partners will change over time as a business' performance improves and also as different issues take priority at different times. This is certainly discussed in the report, in "Stage 3", on page 16. UNIDO can, going forward, seek and share feedback

from users can be sought about their experience in finding partners, and users can share their experience and suggestions for facilitating such partnerships.

Self-assessment questions can be adapted from those covered in the self-evaluations of benchmarking partners. And, of course, benchmarking partners will provide samples of ways to improve by addressing social criteria.

Conclusion

As a purpose of the project is to improve the international competitive position of SMEs in emerging economies, SA8000 and other direct comparisons to customer norms can be very useful. Internal auditing is a useful tool for businesses everywhere and this UNIDO project can work well to bring the technique to SMEs in emerging economies. The early identification of areas for improvement is likely to help factories be more competitive.

Attachment:

Section V-D, SA8000 Guidance Document, draft version 1998-III.

Tools For Social & Environmental Accountability

**UNIDO / Council on Economic Priorities Conference
18 September 1998 London**

Globalisation, Standardisation and Accountability

Malcolm McIntosh
Director
Council on Economic Priorities, Europe
September 1998

Introduction

In my local supermarket there is a choice of coffee from Kenya, Colombia, Brazil and the United States. The marketing companies are British, Dutch, German and American. In the last 2 years my choice of coffee has widened beyond brand and country of origin so that now not only can I choose between espresso, cappuccino, decaffeinated, dark roast and breakfast coffee but also between brands which are labelled organic or fair trade. In the UK the organic label is trusted because it is certified by a highly reputable organisation, the Soil Association. The fair trade label is certified by a number of reputable organisations including the FairTrade Foundation in the UK, and similar certifiers in other European countries.

Choice. The foundation of a successful market economy.

The bedrock of personal citizenship. I shop therefore I am!

I choose therefore I have freedom.

I vote for a certain sort of society, local and global, by choosing organic fair-trade coffee. In making my choice I hope that as an informed member of an affluent society I am minimising my environmental impact, contributing to a change in farming behaviour and significantly aiding economic and social development in a producing country.

Making Choices

In order to make an informed choice about my coffee preference there has to be an element of standardisation and accountability for products and services in the global economy. There has to be an element of reliability and consistency. As a purchaser I have to be sure that 'organic' relates to a shared concept and that my understanding of fairtrade is the same as the producer's. This requires global standardisation of the terms and concept of accountability procedures. The new Social Accountability standard SA 8000, pioneered by the Council on Economic Priorities Accreditation Agency and adopted by certification organisations SGS, DNV and BVQI, has been tackling just these issues. Similarly UNIDO's COMPARE is a tool which helps companies rate themselves on a range of social and environmental indicators.

SA 8000, based as it is on the fifty year old UN Universal Declaration on Human Rights, the UN Convention on the Rights of the Child and International Labour Organisation conventions is an obvious benchmark for international standardisation on labour issues. Or so you would think. Why then has SA 8000, and other ethical trading initiatives, not been adopted by every globally sourcing multinational company in the world today anxious to prove their credibility and ethics to supermarket shoppers?

The Global Economy

Perhaps the answer lies in the rapid growth of the global economy, its inherent financial instability and the organisation of the economic institutions that govern all our lives. These institutions are increasingly global companies: the largest 100 companies have annual revenues that exceed the GDP of 50 per cent of the world's nation-states¹; and, as Charles Handy relates, seventy corporations are bigger than Cuba. Why Cuba? Because, as Handy explains: "Cuba, like the corporations, is a centrally planned economy not answerable to anyone, even its own citizens"².

Back to my coffee purchase: Ten corporations control the world-wide food chain³.

The last few years have seen some companies changing their attitudes and beginning to take their social and environmental responsibilities seriously. Recently B&Q, the UK home repair and Do-It-Yourself chain, has sponsored the Forest Stewardship Council, Unilever has sponsored the Marine Stewardship Council, Avon Cosmetics has had one of its factories in New York State registered to SA 8000 and Shell and BP have produced significant social reports.

The continuing creation of vast global companies through international mergers is putting some distance between the world's largest companies and the next tier down. Pricewaterhouse merges with Coopers and Lybrand, Daimler-Benz with Chrysler, the Travellers Group with Citicorp, Monsanto with American Home Products and BP with Amoco. As John Elkington, from SustainAbility, has asked: will BP force Amoco to leave the Global Climate Coalition and join BP in acknowledging that burning fossil fuels causes global warming? And will Daimler-Benz encourage Chrysler to work on fuel cell vehicles as an alternative to fossil fuels?

What the examples of B&Q, Unilever, Avon, Shell and BP perhaps indicate is that some companies have acknowledged that there is enhanced corporate reputation to be gained through recognising that capitalism will be most successful when it cares for its customers, its producers, the environment and the communities in which it operates. The point is that given the size and power of the world's largest corporations it is possible to argue that we, as individuals in our local and global communities, have to rely on their corporations' internal values and hope that they are decent, honest and accountable. As Handy says: "This is the critical ethical challenge of the next century"⁵.

Accountability across the board

There are a few hopeful signs, but only a few. Just as environmental protection has given way to a more integrated understanding of environmental sustainability, with an acknowledgement of equity and futurity issues in decision-making, so business and governments are beginning to look at social impact indicators. For some this is the “triple bottom line”: financial, environmental and social accountability.

Companies may be looking at extending their reporting beyond the financial bottom line, but, just as there is a legal requirement to have their accounts independently audited so too environmental and social accountability requires third party independent verification if companies are to be believed. All companies want to be believed, but most of them are perhaps still rather apprehensive to allow external auditors to turn them inside out - to show that their internal operations are as ethical and socially responsible as their external image implies! But they should remember one of the key conclusions of the UK's Tomorrow's Company Report⁶ that, in an increasingly transparent global economy, companies must report with the same language, the same message and the same candour to all their stakeholders.

Alice Tepper Marlin from the New York-based Council on Economic Priorities has argued that “public awareness and outrage has grown steadily and corporate reputations are now at stake”. She cites the case of Nike, who in March 1998, announced a deteriorated financial position due, according to the Washington Post, to “resistance by consumers because of persistent allegations that the company mistreats its factory workers”⁷. Glen Peters of Pricewaterhouse Coopers highlights the future for successful corporations:

“Reputation with stakeholders is gained by the systematic application of values into everyday operations. . . . It's gained by changing corporate behaviour. . . . Its gained by linking values up to improving business effectiveness”⁸.

The Problem of Standardisation and Accountability

Some years ago I worked for the BBC's world famous Natural History Unit. One thing we could guarantee was that a programme which showed dying animals would receive more letters and feedback from viewers than programmes showing dying babies. Animal rights is a major issue in the UK and a few other countries, but arouses no passions at all in other countries. Similarly the subject of genetically modified food, being heavily promoted by the US company Monsanto, is of considerable concern in Europe but until Time magazine produced a ten page supplement in July 1998 was of little concern to North Americans. What was all the fuss about, they asked? As a British person working for a New York-based social responsibility policy research organisation different attitudes pertain to holidays - as a rule New Yorkers don't seem to take them, or snatch them in short burst. I'm a European and expect the whole of August off as well other weeks during the year. Oh, yes and I don't like hand guns!

The challenge of regulating for animal rights, genetically modified food and hand guns highlights the problem of establishing global standards across the world on a range of social and environmental issues. What may be important in Thailand or India may not be seen as important in England or Germany. Conversely the implementation of human rights benchmarks through fair-trade or social accountability standards may seem irrelevant to producers who are struggling to stay in business. How can the affluent North define the length of the working week or demand that trade unions be recognised in the workplace in countries where due to seasonal conditions it is the length of the working year in terms of annualised hours that matters and where trade unions are illegal?

Do benchmarks imposed by companies based in the North represent the highest values of human endeavour or punishment to struggling producers? Or is something more interesting happening to do with a recognition that supply chains can be monitored, that producers in the South should be helped to improve working conditions by affluent, powerful consumers and companies in the North. That then would represent a recognition that producers and purchasers are part of the process of global social development with the world's largest global companies having the lion's share of the power. Let us not forget that social development is necessary in all countries and in all sectors and that the partners for change have to include a full range of stakeholders in the community - including business, NGO's, trade unions and government - all those elements that go to make a healthy civil society.

Levi Strauss & Co. in the US and Marks & Spencer in the UK are testimony to proactive management on social issues, of learning to treat their workers as vitally important resources because the resulting benefits are increased productivity and higher quality products, better staff morale and enhanced corporate reputation globally.

Many companies, Levi Strauss & Co. and Marks & Spencer included, and all of those mentioned earlier, indulge in corporate philanthropy. In many cases this merely ameliorates the damage caused by rapacious global free market capitalism. But if companies acted as they wished to be perceived - as caring, honest, decent organisations with real concerns for local and global communities - there would be little or no need for philanthropy, which is, after all, the distribution of excess wealth after shareholders and others have been paid off.

Beyond philanthropy

The genuinely socially responsible company sees no need to distribute largesse to enhance its corporate reputation because it knows that it is an agent of beneficial social change. It is transparent in its operations, discloses on its financial, environmental and social performance and welcomes third party verification. Above all it recognises that it does not have a right to exist, but that it must earn its licence to operate. As Handy has commented: "Businesses and other organisations have a privilege denied to ordinary mortals - they don't have to die". This makes them especially responsible. |

do not know whether the clothing company Timberland lives up to its mission statement but I want to applaud it:

“We do not give money to charity. Instead we try to create a return. We create values for our customers, the community and the non-profit organisations we work with. The traditional notion of philanthropy is not adequate. It is not smart or wise to approach social problems with the financial leftovers of companies.”¹

The globalisation process has been made possible by technology shrinking distance and allowing inter-continental mass destruction, instant 24 hour communications and rapid global sourcing. The 1997 UN Human Development Report said “the main beneficiaries (of the development of the global economy) have been multinational companies. . . . There are winners and losers.” If the development of the global economy is to be a success there must increasingly be more winners than losers. The winners must be people and communities first, with global companies as servants of that desire, not vice versa. Standardisation and accountability are at the heart of the debate about the way forward, and how the world’s largest companies react to the debate could determine all or futures. The answer lies in dialogue with civil society and government. Healthy societies are those with democratic fora, strong civil institutions and responsible business. SA 8000 and COMPARE are signposts for the future. Both have been derived in partnership with business, NGO’s and trade unions; both provide benchmarks for accountability; SA 8000 with third party verification, COMPARE as an internal management tool.

A healthy, just, sustainable future lies in all organisations, business, NGO’s and government, being more transparent and more accountable to all their stakeholders.

¹ Malcolm McIntosh et al “Corporate Citizenship” Financial Times Management 1998.

² Charles Handy “The Real Challenge to Business” in “Visions of ethical business” Ed. Malcolm McIntosh, Council on Economic Priorities. Published by Financial Times Management, sponsored by Pricewaterhouse Coopers 1998.

³ McIntosh et al op cit.

⁴ John Elkington “Can Business Leaders Satisfy The Triple Bottom Line?” in “Visions of ethical business” op cit.

⁵ Charles Handy op cit.

⁶ The Tomorrow’s Company Report 1997 available from the Centre for Tomorrow’s Company, London.

⁷ Alice Tepper Marlin in “Visions of ethical business” op cit.

⁸ Glenn Peters “Reputation; the search engine of the future” in “Visions of ethical business” op cit.

⁹ Quoted in McIntosh et al op cit.

Tools for Social and Environmental Accountability

**United Nations Industrial Development Organisation (UNIDO)
Council on Economic Priorities (Europe)
Consultation on SA8000 and COMPARE
September 18th 1998
London**

- | | |
|-------------|---|
| 9:30-10:00 | Coffee/Registration |
| 10:00-10:05 | Welcome by UNIDO |
| 10:05-10:30 | Globalisation, standardisation and accountability
Malcolm McIntosh, Director, CEP (Europe) |
| 10:30-11:00 | COMPARE
Ritu Kumar, Environmental Economist
Yasuo Konishi, Special Advisor, UNIDO |
| 11:00-11:30 | An overview of SA8000 and the role of the CEPAA
Alice Tepper Marlin, President, CEPAA |
| 11:30-11:45 | Coffee |
| 11:45-12:45 | Corporate presentations on SA8000 and COMPARE
Mr David Zwiebel, Eileen Fisher Inc (to be confirmed)
Mr Mark Miller, SGS International Certification Services
Mr J Susanto, PT Argo Pantes
Mr Deepak Parikh, Managing Director, MH Mills (India) |
| 12:45-13:45 | Lunch |
| 13:45-14:45 | NGO presentations from Asia, The Americas, and Africa |
| 14:45-16:30 | Break into Group Discussions (with tea break)
<i>How relevant are the tools and how can you use them?</i>
<i>What modification or adaptations would you suggest?</i>
<i>What future actions need to be taken?</i>
Rapporteurs report back |
| 16:30 | Closing Remarks by Malcolm McIntosh |

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'Tools for Social and Environmental Accountability'

Minutes of Proceedings

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COUNCIL ON
ECONOMIC
PRIORITIES



CONTENTS

Introductions
Welcome Speaker: Yasuo Konishi, UNIDO, Special Advisor
Globalisation, standardisation and accountability Speaker: Malcolm McIntosh, Director, CEP (Europe)
COMPARE Speakers: Ritu Kumar, Environmental Economist Yasuo Konishi, Special Advisor, UNIDO Prasad Modak, Environmental Management Centre, India
An overview of SA8000 and the role of the CEPAA Speaker: Alice Tepper Marlin, President, CEPAA
Corporate presentations on SA8000 and COMPARE Speakers: Mr David Zwiebel, Eileen Fisher Inc Mr Mark Miller, SGS International Certification Services Mr J Susanto, PT Argo Pantes Mr Sankaram Vaideeswaran, Confederation of Indian Industry
Perspectives on Global Environmental & Social Standards Speakers: Mr Ebrahim Patel, South African Clothing and Textile Workers Union Mr Pradeep Mehta, Consumer Unity and Trust Society, India Mr Hector Bernabe Recinos, Grupo de Monitoreo Independiente de El Slavador
Discussion Groups
Participant Contact List

INTRODUCTIONS

Hector Recinos (HR):	El Salvador, Centra, Centre for Labour Studies in El Salvador – working on monitoring sweat shops.
Ritu Kumar (RK)	Worked for UNIDO until 2 months ago, but now with the Commonwealth Institute as an environmental economist.
Harriet Fletcher (HF)	Policy Co-ordinator for Prince of Wales Business Leaders Forum.
Sankaram Vaideeswaran (SV)	Confederation of Indian Industry, which is an industrial organisation working with COMPARE.
Prasad Modak (PM)	Environmental Management Centre and has been working with COMPARE.
Neibeul Gessesse (NG)	UNIDO Researcher.
Ramina Samii (RS)	Expert for UNIDO in Investment Promotion focusing on African countries.
Michael Flanagan (MF)	Offshore clothing investment company.
Wiwin Winiati (WW)	Textile research in Indonesia.
J Susanto (JS)	Argo Pantas: an Indonesian firm manufacturing clothing for such companies as Lacoste.
Pradeep Mehta (PM)	CUTS, an Indian consumer association.
Shrin Akter (SA)	Trade unionist, NGO, would like to know what UNIDO is doing!
Celia Usterman (CU)	University of Westminster, Latin American Studies
Sarah Roberts (SR)	International Institute for Environment and Development, dealing with trade issues, in particular sustainability.
Ebrahim Patel (EP)	SACTWU, dealing with business, government looking for common policy in trade and social issues.
Maureen Quigley (MQ)	Pentland Standards Office.
Mark Miller (MM)	SGS – ICS, an international auditing organisation.
Willy Wagenmans (WW)	Netherlands Trade Union (TU) which has been financing unions in developing countries and has a Fair Trade charter which makes producers-distributors responsible for suppliers.
Lesley Roberts (LR)	Advisor to Pentland; a clothing and shoes trader.
David Zweibel (DZ)	US clothing manufacturer.
Lewin Mombemurivo (LM)	Cleaner Production Centre, which is a UNIDO project, improving efficiencies in companies, and also working with COMPARE. Mr Mombemurivo wants to find out how SA8000 links to the environment.
Peter Branner (PB)	ILO, a UN body which has recently published a new declaration of rights of workers.
Alice Tepper Marlin (ATM)	President of the Council on Economic Priorities.
Yasuo Konishi (YK)	Technical advisor to the Director General on special issues.
Malcolm McIntosh	Director, Council on Economic Priorities Europe

UNIDO's COMPARE (Cleaner Operations and Manufacturing for Productivity and Resource Efficiency)

Speakers: Ritu Kumar, Yasuo Konishi and Prasad Modak

See attached transcript

Questions for the speakers:

Q. (MQ) What are the plans for development of the tool (COMPARE)?

A. (RK)

- (1) To distribute it to suppliers, in textiles & other industries using workshops and briefing sessions.
- (2) Adapt it to other sectors, initially other problem sectors, and then expand the knowledge base to include equipment information, contacts and so on.

Q. (WW) What are the criteria for selecting standards that have been outlined in the database (COMPARE)? Why ILO standards and SA80000? Why not other internationally accepted standards like the 'right to work'?

A. (RK) All standards could be included, but for this report the limits were set at ILO norms, because of specific areas under investigation.

A. (YK) The decisions depended on country or area. Some variables were selected because of the type of industry under investigation but other standards will be added for other things.

Q. (HF) Are companies reluctant to have this data published?

A. (RK) There is a confidentiality agreement; we can't identify companies.

(HF) So for example, there can be company descriptions, but with no names mentioned.

Q. (SA) How is COMPARE useful to trade unions?

A. (RK) As an information source about the requirements of international markets, neighbouring countries, how the Trade Union (TU) works with the corporate sector and also for raising awareness.

Comment: (PM) This is a very good initiative, especially the idea of having information at one's fingertips, but there is a fundamental flaw shown from looking at different levels of business. There are problems for small and medium-sized enterprises (SMEs). How can a tool like this be made effective for them? Then there are the problems of policy effectiveness which are well known, for example corruption is a problem. However, there have been attempts to help the situation, for example in India, the Supreme Court have recently had a crack down on child labour.



CORPORATE PRESENTATIONS ON SA8000 AND COMPARE

Speaker: David Zweibel, Eileen Fisher, Inc.

See attached transcript

Speaker: Mark Miller, SGS – International Certification Services Ltd

See attached slides

SGS is an certification firm for standards such as SA8000, ISO9000, ISO14000 and other national and international codes. Mark Miller focused on the experience of SGS with SA8000 and what changes SGS had to make when auditing against SA8000.

If SA8000 is to be applied on a global scale, the integrity of the standards has to be maintained, while at the same time allowing flexibility to different local conditions. In the garment industry the standards of the workers have not changed since the 1920's. Mark referred to conditions faced by his Grandmother working in London's East End.

In relation to SA8000 auditing SGS found the following aspects important:

- The need to change the CEPAA audit to be sensitive to job in hand and to look at improvement standards that are implemented within the company being audited.
- Use local staff who know the rules and customers of the country where the audit is taking place, especially as local laws are used as base line norms from which audit can proceed.

SA8000 Questions and Answers:

Q: Is 100% compliance needed for SA8000 certification?

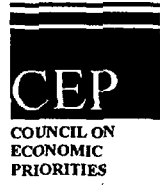
A: Certification is possible, when there are only minor non-conformance's. When certification firms return for the surveillance visit they will check that advances planned actually occurred.

Q: Is Liz Claiborne and Levi-Strauss using SA8000?

A: No, they have an internal code and internal auditors. This is useful but consumers do not have confidence in internal audits. Furthermore, internal auditing increases cost overall to both suppliers and retailers. With SA8000, only one audit is necessary to satisfy retailers. The benefits are amplified when retailers share suppliers, which is generally the case.

Q: What are the costs of the audit?

A: The costs of the audit is minimal, it is the cost of getting up to standard for poor performers which is high, but necessary. The cost is on par with ISO9000 and ISO14000 audits. Eileen Fisher for example, is happy to pay for these audits as it provides them with security and confidence. The figures are not large.



Speaker: J Susanto, PT Argo Pantes

See attached transcript

Speaker: Sankaran Vaideesh, MH Mills India

Mr Vaideesh talked about using the COMPARE tool from an Indian perspective especially for small and medium-sized enterprises (SMEs).

SMEs make up a large proportion of the Indian economy and contribute a lot to the country's general output. SMEs are found in clusters, which are unstructured and un-systematic. Many of these companies have major constraints such as technology and management structures. From these clusters companies were selected to be put into the COMPARE program. The priorities in terms of which companies to use were as follows: pollution, resources and social concerns.

Information was collected from a select few companies to process into the UNIDO COMPARE program. During this collection stage a number of problems were encountered.

- Managements were enthusiastic about COMPARE, but information on a company's performance on pollution is generally not easily available.
- Most information on the company's performance came from the rank and file working on the factory floor.
- UNIDO had to help companies collect and collate data.

Top management in the companies from which data was collected were happy to use industrial bench marking, but there was a lot of scepticism from the rank and file as to the validity and use of an international tool such as COMPARE.

Findings from the factories that used the COMPARE tool were:

- High water consumption,
- High waste,
- High use of energy.

Data came from data analysis and a projected view; there was little direct qualitative information from the factory.

Lessons from the use of COMPARE in India:

- The sample size of factories used was small with a large production mix, so it is hard to compare different factories in the same industry.
- COMPARE is set up so that it can be used as a model to determine the level of a factory against international industrial bench marking comparisons.

COMPARE is an information tool that can show how social and environmental improvements can affect a company. Looking forward, COMPARE should be made more analytical.

Speaker: Ebrahim Patel, South African Clothing and Textile Workers Union

The cumulative effects of deep restructuring globally are a sea change in mentality.

We now have:

- globalised production,
- new customer/supplier regulation,
- brand building, advertising, sponsorship, and the image industry,
- corporate culture, core-operation emphasis, down sizing, cost cutting, market forces, short-termism which has led to 'sweat shops', which cry out for social regulation.

The nation state is much weakened, left in a situation where the labour-force are offered at the most competitive rate i.e. the lowest cost, to investing multi-nationals to get the much needed cash. However, there are opportunities for raising the standard of living, the objective of economics now should be a steadily rising floor on social issues. The state helps to set national standards, with multi-lateral organisations, trade bloc agreements and so on.

We have to act globally to be effective locally, providing the right to associate and other basic rights. Consumers affect social standards positively and the explosion in communications puts new pressures on corporations to behave in a responsible manner. Shareholder pressure groups however are not well developed yet, but there is a valuable role for them; currently 30% of stock value is determined by stock image.

While codes of conduct definitely have a place, some codes are simply an attempt to deflect public opinion. The following are 10 areas that determine the efficacy of a code:

1. Instead of a proliferation of codes, there should be standard international codes.
2. The code should be a product of negotiation. NGOs are not appropriate as worker representation, the ILO is the ideal form.
3. The engine of the code is collective bargaining; the code activates better standards.
4. Independent verification of compliance is needed, and it also needs to cover sub-contractors and suppliers.
5. High transparency, though this is very difficult in practice.
6. The code should identify a clear role for TU, and a process of appeal.
7. Certification should be subject to withdrawal for breaches of the code.
8. The code should be capable of constant review.
9. There should be consumer consciousness campaigns to raise awareness about the code.
10. The code should be part of toolbox, a universal code is not sufficient on its own, it can even be a hindrance.

Strong organisations of worker representatives should be included and there should be social clauses in regional trade governance formed through regional/national dialogue.

Questions for Mr Patel:

Q. (MCI) Have you heard anything today that fits your criteria?

A. (EP) Yes, SA8000 is one of the best codes so far, though the appeal process is not perfect, and who has the ultimate ownership? It should be joint ownership preferably.

Pradeep Mehta, Consumer Unity and Trust Society, India

Mr Mehta opened his talk citing the famous book 'Circle of Poison' which describes the use of pesticides. A lot of pesticides are manufactured in developed countries, but used in developing countries despite being banned in developed countries. The common denominator behind this is poverty, 'poverty is also a polluter' (Gandhi). The damage resulting to the environment is really as a result of a deep-rooted socio-economic phenomena.

Following '72 Stockholm conference, people started thinking about the environment. What exists today should not be taken for granted, we need to ensure that it exists for future generations. However, economics has a power over the environment because of poverty problem.

A lot of countries are not of the same standard of development therefore we have to discuss these differing standards to see how these ideas can be disseminated. Where overseas development foundations are used, but we have a common responsibility to be vigilant with their use because of the existence of inequalities in resource use.

The trading system recognises standards are necessary and for the transfer of technological expertise we need to take a holistic approach.

For example: in the carpet sector there are two eco-labels, rugmark and kelim (one voluntary and the other government sponsored), a research shows that companies are not getting any more money for carpets if they do have eco-labels. A positive side that was revealed was clarification of the products.

It is an important point that it is difficult for SMEs to comply with SA8000. Mutual recognition and equivalence are impossible, even between Germany and Finland say. Representation of SA8000 should be balanced, currently there is no transparency in how it is financed. Backing from the UN, ILO, or ISO would boost SA8000's credibility and make it more long standing, CEPAA is simply not international enough.

Questions for Mr Mehta:

Q. (WW) Shouldn't we be creating a win-win situation? Mr Mehta's analogy of a boxing game implies one man will lose.

A. (PM) We are on the same wave-length, we both want a win-win situation, but we need to acknowledge differences as they were acknowledged at Kyoto, at the Montreal Accord, therefore we need a framework convention approach.

Response: (WW) There are ILO standards ratified worldwide and not just because of a US precedent on the matter.

Observation: (EP)

- The ways of setting the rules should be equal rather than just equalling the numbers.
- The issue of child labour in the EU is not that child labour isn't necessary, but it is because of social protestation that the EU no longer has child labour.
- With regards to the universality of standards, democracy is very complex, Africa struggles because its ethnicity is so complex. However, this doesn't challenge the necessity for democracy, we have to learn to expect complexity.

(ATM) response to (EP): Thanks for 10 points outlined in Mr Patel's speech, SA8000 fits into 8 of them and CEP needs to understand appeals panel issues more.

(ATM) response to (PM): A clarification regarding the size of pilot companies, some were small suppliers of larger companies. The question of transparency on fees is more appropriate for certification firms to answer, CEPAA decided not to set a fee for audits.

Q. (PM) What do you mean by holding a standard?

A. (ATM) There are no licence fees for SA8000.

Q. (PM) CEP should consider a licence fee!

A. (ATM) Please mention that there is no charge for standard.

Further response: (ATM) Thanks to (WW) for the comments on win-win situations. In the consultation on SA8000, developing members wanted the same basic rights as anyone else.

With regards to housing SA8000 at an international body, there are advantages to the credibility of an international body, but there are also negatives such as the standard possibly being less rigorous and the lengthy time scales required.

Q. (YS) With regards to the example of a facility with less than 30 people, is it \$5 or \$50000 for an audit?

A. (DZ) An audit for small (30-100) facility over 3 years is greater than \$1000 but less than \$10000 but that does not include the cost of compliance.

Speaker: Hector Bernabe Recinos – CENTRA, Grupo de Monitoreo Independiente de El Salvador

Mr Recinos expressed thanks for the invitation, a chance to meet old friends and make new ones. Mr Recinos chose to talk about his experiences with a monitoring group, Independent Monitoring Group – El Salvador (IMG-ES), a partnership for Human Rights of the Church, TUs and CENTRA, of which he is President.

CENTRA didn't ask to be part of IMG-ES, but were asked to be part of it during a labour dispute in a maquiladora (sweatshop) called The Mandarin Group. Concern arose when 400 workers and the Trade Union were dismissed from the factory which produced clothes for the American firm GAP. IMG-ES was introduced as a monitoring body and a strategy developed and negotiated upon with GAP in November '96 (the strike was in '96). Agreements were then signed for the workers that were dismissed, for the welfare of workers and reinstatement of TUs.

By '97:

- A new TU had been formed.
- 75 of the dismissed workers had been taken on again.
- Some of the restrictive measures were revoked, such as cardpunches every time the toilet facilities were used.
- Access to social security was provided, and time for medical visits allowed.
- A minimum wage implemented.

Now the workers are generally treated better and IMG-ES is in a better situation to facilitate the factories' contract with GAP being renewed. In fact, the factory has now relaxed so much that it got rid of security and there was a break-in! As a monitoring team, one of their concerns was the closure of the plant, which would be significant considering size of El Salvador. There were also concerns because the minimum wage in El Salvador is the highest after Costa Rica in the region; companies might go elsewhere where minimum wage is lower?

What has caused problems? The TU has been set up again with support of the company and previous members, but it only has minority support from workers at the plant. There are in effect two TUs, one acknowledged by the company and one with more support from workers. It has been important to take part in dialogue and gain confidence as a monitoring group, and all this hopefully means that we will help prevent any future conflicts.

Now it is a question of waiting to see how TUs in the plant get along with the management, each other, and whether production levels rise as a result? It is not easy monitoring; Mr Recinos' background is in a power workers union, in conflict resolution, however there are not many conflicts, which has resulted in Mr Recinos being accused of laziness! The monitoring team needs people that have credibility and honesty; they have to be able to adapt their work according to the time and place. The workers also need access to the group. IMG-ES meets weekly, mostly for evaluations, surprise visits are performed, and the group has a right to look at the payroll and other paperwork.

At the moment, the group is in the process of talks to extend to monitoring for other companies. The group has done a survey of situation in the export free zone of El Salvador.

IMG-ES thinks there are a couple of key elements in globalisation.

- Attitude to morality and ethics, ways of bringing people together and partnerships in production, producer and owner.
- De-regulation of labour markets is inevitable and organised labour relations not very strong, therefore it is up to civil society to rectify this. In a study of breakdown of profit of brand clothing in the US, 50% of profit is at shop level, 29% for the owner and 14% to the factory owner. The organisational and civil institutions have to organise furtherment of fair-trade, and government money is not currently forthcoming for this.

Questions for Mr Recinos

Q. (SR) Who pays for the group to carry on?

A. (HBR) We get money from religious institutions and TU.

Q. (ATM) If you thought of taking the process and making it widely available, what would be the funding mechanism?

A. (HBR) It is still a pilot, but we would like to broaden the availability and in that case, we would draw up a proposal for funding from NGOs.

Q. (LR) Has this experience been discussed in a wider situation? Is there a situation where you could amplify the experience in El Salvador?

A. (HBR) We have had some not exactly friendly meetings with Associative of El Salvadorian Industrialists, but we have recently finished a period of Civil War. US TUs funding of El Salvadorian Industrialists is not egalitarian, but we have talked to Ministry of Labour. Obviously NGOs are concerned with job creation, and 60000 jobs were created in export, so it is a tricky subject.

Q. (PM) What is the breakdown of population?

A. (HBR) 5.5 million, 2.5 million overseas.

Q. (PB) Have you experienced influence with other companies?

A. (HBR) The whole process is important, and an ability to denounce activities of plant. This led to Ministry of Labour and Social Security doing more, and opening contracts with other industrialists. In fact statistics show that social security is better in sweatshops, though this doesn't necessarily mean a minimum wage.

Response (MF) Mr Flanagan questioned the validity of the figures quoted from the report, and suggested that the US cost structure had been misunderstood.

DISCUSSION GROUPS

The groups came together to discuss three main points about COMPARE and SA8000.

- a. How relevant are these tools?
- b. What modifications may be undertaken?
- c. What future action needs to be taken?

The following points were brought up in the groups during the 30 minute discussion time:

Group A

Chair: Yasuo Konishi, UNIDO

(a) How relevant are these tools?

How accurate is the information used during the utilisation of COMPARE? All information collected is passed between the companies and the individuals using the COMPARE programme to ensure correct information is used.

(MF): Felt overwhelmed by COMPARE, hence commented only on SA8000. He was sceptical about the values of SA8000. It will only work if all those producers in the supply chain use the tool. This is not currently happening. At present SA8000 has a better use as a check list that purchasers may use when looking at present or new suppliers.

(SR): The perception of SA8000 is that it is a difficult tool to be used. The main reason for this is if one has a number of suppliers they are difficult to police. SA8000 also needs more time in the market place to find out its effectiveness and defects.

(JS): SA8000 is an international set of criteria. Companies operating in places such as Indonesia may be in the process of adhering to that countries standards which specifically address the needs in that country. SA8000 needs time to mature before companies are able to use it.

(JS): A good addition to the COMPARE Program would be information that would enable the user of the system to compare their specific manufacturing process with other industries. Also COMPARE needs more qualitative information enabling it to be used as a benchmarking tool, allowing users of the system to see where they stand in comparison to other manufactures.

(SA): SA8000 is very beneficial to workers as it gives workers the power of negotiation and bargaining. SA8000 should be used as an awareness training tool enabling workers to identify their rights.

(b) What modifications may be undertaken?

SA8000 could be re-packaged as an awareness instrument before being used as a certification tool.

(MF): There is great concern about the amount of money being made by certification companies in the western economies, when there is potentially large costs involved for developing world companies aiming to comply with SA8000.

(DG): Offset of the cost may come from the benefit of a potential increase of clients willing to purchase goods from the factory in question.

General comments: There is a need for SA8000 to coexist with other standards and recognise the fact that companies have other norms that they adhere to, which should be taken into account especially if SA8000 is to be used by western companies as a replacement for local codes and standards. For this to

happen SA8000 needs to recognise the local laws and customs of the country that a factory looking for certification operates in. There needs to be a measure of flexibility in SA8000.

(c) What future actions need to be taken?

CEPAA must work harder to certify local auditors as there seems to be a definite north/south divide when it comes to certification companies.

SA8000 should be directed more to the global corporate companies, as local producers look to the codes of the large corporations as a benchmark. Also, local manufacturers will comply with corporate codes that will enable them to sell product.

Discussion Group B

Chair: Malcolm McIntosh

For COMPARE the following feedback was received:

- It should be structured into CORE social standards e.g. CORE ILO conventions, with attempts to distinguish those that are most important.
- It needs to be updated regularly, at least every 6 months.
- Link it to a website and download from website as it grows and more countries are added onto web page.
- Need investment in the Third World in capital equipment such as computers to ensure access to it.
- Technology problems can be overcome for example, in Southern China there are internet cafes, however in Vietnam access to internet is denied.
- Language may also prove to be a barrier.
- COMPARE forms a system that can help a factory as guidance for self-audit.
- Data basis for them to improve upon.
- UNIDO should have the responsibility to send updated disk. The real cost is the maintenance of disk.
- Modules would be useful. First fire safety and then chemical safety.
- What assurance is there that data is reliable, subjective, up to interpretation?
- COMPARE does not have yes/no answers, therefore it can be subjective, so how do you take this measure and put across to factories?

In terms of SA8000 the following issues were raised.

Q: Is it like ISO 14000, continuous improvement?

SA8000 is not pass/fail, but looks at continuous improvement. It uses corrective action requests to drive this.

Q: How does one audit on discrimination?

It is difficult to prove discrimination particularly in factories. It is important to bring workers representatives into the system. Where trade unions exist it should be the trade union. The Guidance Document should specify that the trade union, where it exists, should be the workers representative. Arrangements should be made to meet TU on site. Where there is danger, meet off site. Where there is no union, a larger number of worker representatives should be chosen to give anonymity.

It was noted that many companies are using SA8000 to develop internal codes and using it as a good starting point to develop management system.

Group C:

Chair: Ritu Kumar

How relevant are the tools and how can you use them? Some discussion points:

- It is an institutionalising process. We have made an attempt to find solutions to the globalisation problems. There is however need for adaptation, flexibility. Norms and standards need to be adapted along the way.
- What are the consequences of the global deregulation? What is the right mechanism to negotiate with MNC regarding code of conduct?
- Balancing market demand and consumer requirements.
- Price and quality – the social aspect i.e. equal distribution of wealth.

How can one protect an under-structured labour force and ensure that the Labour Trade Unions are in fact reflecting the demands of the work force they are defending?

Workers should be involved with environmental issues and not only have their voices heard on social issues. Trade Unions should not be substituted.

As auditors what kind of problems do you face with workers?

Workers see us as part of the management. Trade Unions are crucial in the process of getting improvements for workers. It was noted that in El Salvador companies change operations and shape their management issues with the staff.

Comment: COMPARE is a useful tool for auditors and it would be good to extend it to other countries and sectors.

How does the Body Shop operate?

The Body Shop operates through trading agents. It has its own ethical code, a Community Trade Program sources raw materials and accessories. It maintains direct relations with representatives at the grass-roots levels. With mainstream purchasing, a set of systems for screening of purchasers is used for example products tested on animals are not supported. At the first instance ethical and environmental screening is done; if there is a need for further research, it will be carried out. Through site visits, direct contact with workers is maintained. These are usually planned.

Would COMPARE be used by trading agents?

It (COMPARE) needs to be verified.

How can we reduce the cost of auditing for small producer groups?

Perhaps the cost of auditing could be passed to the consumer, though this may push retailer out of the market. SMEs could group together and then be audited as a co-operative and share the cost of auditing.

Discussion Group D

Chair: Alice Tepper Marlin, CEPAA

Mr Mombemurivo shared his experiences from the Cleaner Production Centre (Zimbabwe):

He explained how initially 10 centres were set up in '94. Now there are 21 in-plant 'cleaner' projects. They are mostly in glass manufacture, food processing, textiles, foundry and breweries. The centres are focusing on the environmental aspects of dealing with raw material.

The Cleaner Production Centre became involved with COMPARE to get a clearer understanding on how to measure best practice and the results of audits in financial terms. Despite conducting research, there was no basis for benchmarking. Problems still exist in conducting full assessment of individual processes because of lack of data.

He noted some reasons for the lack of information. Legislation only started in Zimbabwe in 1977. The important issues then are now pretty irrelevant, and many issues were missed out. Even the changes are

outdated now. Fortunately, they've done quite a lot of work with government on development problems. To go through the evolutionary way is going to take too long therefore Zimbabwe needs to take frog-leap. To do this there is a need to know what other countries are doing.

Our audits of three sugar refineries found equipment that dated back to 1933 and therefore efficiency is non-existent. There is a need to change attitudes, involving people in awareness campaigns. Furthermore, work needs to be done with the legislature and government research institutions. There is a need to remove the colonial mentality.

Through focusing on Cleaner Production, change was seen in relation to health and safety and the environment.

Q. Willy Wagenmans (WW) Are you changing workers and management attitudes?

A. Lewin Mombemuruvio (LM): We are doing it through out.

Q. (WW) How are they responding?

A. (LM) SA8000 only just coming up, but ISC standards are well understood.

Response from Pradeep Mehta (PM) in reference to SA8000:

- (1) The contents are very good, but the process needs to be internationalised to give ownership
- (2) Concerns about a multiplicity of standards.

David Zweibel (DZ): Would like to have a single process, a common format of reporting to make auditing cheaper.

Lesley Roberts (LR): Commented that the standards are fine. The problem is how to get from the current situation to the end goal. The discussions on even the basics are only just getting started. It may be necessary to focus on just a few areas, say child-labour and toxic chemicals; some facilities have nothing, no systems at all. There is concern that it might be seen as a protection mechanism.

(PM): There was a huge lobby in India to bring trading standards into the system – this was rejected, perhaps because of fears of protectionism.

(WW): It is unavoidable, when faced with two questions within the system:

- (1) Taking responsibility for whole chain of health and safety.
- (2) Pressure for final product to meet quality standards.

How could the problems be addressed?

- (1) Developing a system to supply information to guarantee safety
- (2) SA8000 could be applied everywhere

At last a large part of the system can be used.

(LR): Noted that there was no problem accepting SA8000, the problem is persuading suppliers that this is a good thing, the institutional development is just not there in developing world. Support is needed to go forward with these sort of developments with suppliers and the institutions aren't there, whether public or NGO.

(DZ): Proposed shift in paradigm view. While agreeing with LR's analysis of the problem, it is possible to say that the problem is enlarged by focusing on one area, for example, Rugmark did nothing for whole problem because it only focused on child-labour. Is this going for the hot spots without putting out the fire?

(LR): But that is exactly the problem, as soon as you address child labour, problems of minimum wage arise.

(PM): A point to note; there are two sorts of child labour, bonded child labour and voluntary labour e.g. children learning the art of rug weaving from their parents.



COUNCIL ON
ECONOMIC
PRIORITIES



(DZ): How about putting the larger goals out into the arena and then look at the systems at just one facility.

(LR): But in order to get the buy-in in a sector, you have to address one area properly.

(ATM): Or take one part of the supply chain and then do the whole of the SA8000, then take the best practice as an example.

(WW): In the clothing sector, many companies have quality controllers at the suppliers to maintain product quality, why not link this to quality control of the social aspect. What are requirements for management for this? Are they trained in quality and social aspects?

(DZ): They have to do that by law in US.

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