

# SA8000 The First Decade

**IMPLEMENTATION, INFLUENCE, AND IMPACT**



EDITED BY **DEBORAH LEIPZIGER**

A **Greenleaf Publishing** Book



## **SA8000: The First Decade**



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# Foreword

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## ***Partha Sengupta***

Vice President Corporate Services and SA8000 Management Representative,  
Tata Steel Limited, India

The social accountability movement in its first ten years is coming of age just as the world learns and unlearns ways to address the many challenges facing us in the pursuit of peace, prosperity, and security in the midst of rapid change.

In our journey of a hundred years of excellence and emergence as the world's sixth largest steel producer, some facets of Tata Steel have remained constant. These have much to do with the way we perceive our larger purpose and our belief that growth must be attained not by any means, but guided by ethical and sound business principles of integrity, understanding, excellence, unity, and responsibility. The notion of social stewardship is integral to our business endeavors in areas where we operate. Ethics and responsibility are interwoven in the daily course of Tata Steel business and, directed by corporate policies and our Code of Conduct, extend to our stakeholders as well.

It is with these aspirations toward standardization, continual improvement, and innovation, and to enhance our legacy of labor practices implemented within the company ahead of the law of the land, that Tata Steel approaches SA8000. The Social Accountability Policy, which came into effect in 2003, marks a paradigm shift in how we understand our corporate commitment. While, up to this point, we had looked at our own responsibility toward our stakeholders, we are now guided to *positively influence our partners to do their share for their stakeholders*. Tata Steel



aims to engage especially with suppliers and vendors in ensuring workplace rights and dignity for all who associate with us either directly or throughout our supply chain.

Today we may be among a handful of large corporations in this part of the world in demanding in very explicit language the basic workplace conditions of our partners for their employees, sub-contractors, and so on, and as such a cultural exception for those we engage. Yet I believe we have made positive progress in this direction. In time to come, the ripple effect of this small step in an otherwise long journey will lead like-minded enterprises to join in and create a larger social wave that lifts the quality of life in our communities.

We in Tata Steel, the flagship enterprise of the Tata Group, in the second century of our existence, have the opportunity to work with diverse communities and stakeholder groups in the 26 countries where we are represented. SA8000 is an implementation tool in our vision: *to be a global benchmark in value creation and corporate citizenship*.

In being called upon to write the foreword to *SA8000: The First Decade*, I wish the movement continued success going forward.

# Introduction

## Open-eyed management

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***Alice Tepper Marlin***

President, Social Accountability International, United States

***John Tepper Marlin***

Principal, CSRNYC, and Adjunct Professor, New York University Stern School, United States

As we survey the trail of government and business errors that have laid waste the global economy, this book provides an important message. At the heart of recent failures of capitalism was a disregard for past laws and conventions plus blind faith in the phony magic of black boxes marked “trust me.” These black boxes hid unprecedented risk, fraud, and deceit. The end of illusion has meant a worldwide suspension of trust.

This book offers a way out of the maze of mistrust in the job-anxious world of post-illusion 2009. It is about a sustained effort by high-minded but practical people to develop and implement global standards in multi-stakeholder meetings that are inclusive and open. It is about managers, workers, and community leaders working together on hard-nosed management and performance systems to implement real improvements in the work lives of people the world round. This book is about practical problems and clear-eyed solutions.

There is no magic about the procedures described in this book, but there is magic in the process and the outcomes when people undertake it with sincere commitment. Implementing a decent work standard and redesigning human resource systems can transform workplaces, enabling

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workers to produce the same volume of output during normal working hours, and ending excessive overtime. Workplaces can be made safer, workers can become more confident that their voices are being heard and their concerns addressed, and managers can see the bottom-line benefits.

This book is important because it provides real-life stories, factory by factory, of how these workplaces have become more humane and more productive. Executives will find inspiring examples of how workplace improvements can accrue to the bottom line. Consumers will find ways to buy from brands, retailers, and producers working hard to eliminate sweatshops and child labor. Governments will find a culture of compliance with their labor laws, enabling them to more efficiently deploy their enforcement resources. Workers will find practical ways to improve the quality of their work life.

As the current deep recession continues to bring tighter credit, budget cuts, and lay-offs, some ask: "In these times, is a responsible workplace an unaffordable luxury? Must such a lofty goal for the time being be given up?"

By and large, programs for decent work and environmental improvement do not seem to have taken more than their share of the pervasive cuts. Yes, companies have cut back on spending for corporate social responsibility (CSR) programs, just as they have other aspects of their business. But the goal of reaching higher labor or environmental standards and the relevant tools seems at long last to be regarded as intrinsic to business plans and operations.

U.S. President Barack Obama's first steps have been intensely focused on creating jobs and improving the environment. He wants to create five million new U.S. green jobs. Yet he is also concerned about environmental goals and labor conditions all over the world. The employers and brands in this book are doing their part, showing by example how companies can prosper while advancing step by step to reach and meet both legal requirements and additional aspects of Social Accountability 8000 (SA8000), such as basic needs wage and a management system.

SA8000 is still a very young standard, with the resource limits of youth, but also the advantage of vigor and the goodwill of a broad extended community of stakeholders.

Voluntary standards were established because governments alone seemed unable or unwilling to assure decent work on a global basis. Clearly the private and the public sectors need to work together to reach

this goal. Guides that rate corporate cultures and achievements, such as *Shopping for a Better World* (Tepper Marlin *et al.* 1988), have had demonstrated impact. Consumers have begun to respond to CSR labels that they trust. Coffee shops increasingly sell ethically traded coffee. Consumer response to the “No Dirty Gold” campaign spurred the jewelry and mining industries to undertake significant new programs. Recent studies by Harvard Professor Michael Hiscox show that consumers offered real online choices among tee shirts or coffee beans will pay a 15–25% premium for those that are labeled ethically traded or SA8000. Voluntary programs are no substitute for government regulation, but they can play a crucial supportive role, fostering a “culture of compliance.” The International Labour Organization, the UN’s oldest agency, has embraced voluntary standards with its “Decent Work” program.

This is the time to implement voluntary company standards. The time for a book like this has arrived.

So it is an honor and a pleasure for us to introduce this feast of stories that together say loud and clear that the SA8000 workplace standard is improving the lives of workers. One million people work in fully compliant facilities (independently verified). Millions more are in facilities that are seeking compliance to the standards. Some management teams in nearly every country choose to do so simply because of the reputational and bottom-line benefits. Others respond to the efforts of global brands that are members of Social Accountability International (SAI)’s Corporate Programs to recognize and reward improvements, especially certification to SA8000. Still others are among the 240-plus retailer members of the Business Social Compliance Initiative of the Foreign Trade Association of Europe step-by-step program and tools. Some of the most far-reaching approaches to scaling up are innovative public–private initiatives, partnered by standard setters, ministries of labor, development agencies, trade associations, unions, employers, and non-governmental organizations.

This practical, easy-to-read book is written primarily by practitioners themselves:

**Executives** report on a variety of ways in which they approach the same overarching goal of implementing the SA8000 standard. A clothing retailer like The GAP Inc has a different challenge from a fruit grower like Chiquita. Gucci and TNT have quite different supply chains and business models. Yet they all require and develop messages that will reach and motivate their management staff and the workers who produce their

goods and services. Their reports show that they implement in different ways, based on different philosophies, pursuing different journeys, and facing varied challenges and constraints. Yet all of these companies are making progress that amply demonstrates their substantial commitment. Their stories show how flexible the SA8000 standard can be, as implemented in retail stores, in factories, on banana farms, and in delivery services. And they show that the journey can be as important as the destination.

**Industry associations** have a major role to play in the all-important mission of scaling up. Individual company case studies provide inspiring examples, but true progress is achieved when entire industries embrace the standard, in cooperation with their stakeholders. In Europe, more than 220 retailers (supermarkets and hypermarkets) are working through the Business Social Compliance Initiative to evaluate their suppliers against SA8000 (their “best practice”), then step by step to remedy deficiencies.

**Researchers** are finding out how SA8000 helps companies perform. For example, in workplaces where other management system standards are already in effect, the addition of SA8000 has been found to reinforce the management system in place and cut implementation costs. A group of faculty members led by Michael Hiscox, Clarence Dillon Professor of International Relations at Harvard, are seeking better ways to evaluate the effectiveness of standards and certification programs. They call for measuring outcomes and facilitating comparisons by introducing control groups and increasing sample sizes. They have begun research on the impacts at a Central American garment factory implementing SA8000, with technical assistance from SAI.

**Trainers** are developing curriculum materials and books for disseminating the SA8000 standard. Deborah Leipziger and Rossella Ravagli are among those who have led the way with books. At SAI, Doug de Rouisseau, Craig Moss, Martin Ma, Judy Gearhart, Jane Hwang, Eileen Kohl Kaufman, and Elena Arengo have contributed mightily to developing a wide range of training programs and documents such as the SA8000 Guidance document.

This book speaks in the voices of practitioners themselves, describing how SA8000 is implemented on-site, how the monitoring tools are used, and how third-party certification makes the job of supply-chain management easier and more transparent.

The writers cover:

- Implementation at a single company
- Implementation in the supply chain to a brand
- Industry-wide scaling up in a shared stepwise program
- Government as a partner and beneficiary

Professor John Ruggie in his report to the United Nations is impatient with the speed of the implementation of voluntary standards, urging voluntary programs to get up “to scale” and governments to step in to issue incentive plans and/or regulations. The International Social and Environmental Accreditation and Labelling (ISEAL) Alliance has published a set of informative case studies on government advancement of voluntary standards.

In many ways this book is a landmark. This is the first time a voluntary social standard celebrates its first decade, providing a wide range of experiences and lessons learned. A great deal has happened since Deborah Leipziger first published *SA8000: The Definitive Guide to the New Social Standard* in 2001.

With her wealth of knowledge on codes of conduct and social standards, Ms. Leipziger is the ideal editor for this book. Deborah has been involved in SA8000 since its creation, guiding the original process that led to its creation, and observing the first pilot audits and its implementation in Europe, Asia, and Latin America. In her capacity as adviser to many social standards and guidelines, companies, and UN agencies, Ms. Leipziger places the first decade of SA8000 in perspective.

Thank you, Deborah Leipziger.

*Alice Tepper Marlin and John Tepper Marlin*  
January 25, 2009

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Part 1  
**Implementation**



# 1

## TNT and SA8000

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***Mike Patrick***

TNT Express

### **Background**

In 2003, TNT recognized the importance of market differentiation to ensure its survival in a highly competitive market. Demonstrating leadership in corporate sustainability was one part of our strategy to achieve overall industry leadership. We also recognized that corporate social responsibility (CSR) encompassed not only what we did with our profits, but also how we went about making them. We said that it went beyond philanthropy and compliance to addressing how we managed our economic, social, and environmental impacts, as well as our relationships with our stakeholders.

A key part of our CSR strategy is to actively engage in stakeholder dialogue. There are two main reasons for this. First, stakeholder dialogue provides a vehicle for obtaining information on key issues for stakeholders and, where discrepancies or issues arise as to current policy, for entering into discussions on possible solutions. Second, taking into account the reputation of the transport sector, we believe that, if our business is able to enhance our reputation among stakeholders, then we will automatically enhance our own reputation (and that of our sector?).

TNT is above all a service organization. This means that the motivation and well-being of our staff are critical to our operations and our ability to deliver a differentiated service to customers. Engaging employees in corporate sustainability was considered an opportunity to instill pride and genuinely inspire them, in particular in commitments that extended beyond compliance.

Actively seeking new ways to help the world opens the door to new and innovative initiatives. This has a positive impact on our employees and drives their willingness to operate at the peak of their abilities.

In November 2001, our Chief Executive Officer, Peter Bakker, was reading an article during a flight to Singapore. It quoted the appalling statistic that a child dies from hunger every few seconds. Bakker says:

It also noted that there was enough food in the world for everyone. It's just that we're not getting it to the places where it's needed most. That got me thinking that hunger is essentially a logistics issue on a global scale. It seemed to me that TNT was in a unique position to be able to make a contribution to solving this problem. In our company we have the skills, systems and people that could do something to help.

In December 2002, the United Nations World Food Programme (WFP) and TNT launched a ground-breaking partnership aimed at a single common goal: fighting world hunger. It was called "Moving the World."

Kofi Annan, the former United Nations Secretary-General, made the following comment: "The partnership between TNT and WFP is an excellent example of the way private corporations can cooperate with United Nations agencies to do vital life-saving work."

TNT aims to manage its business with respect for its impact on society and the environment in all the communities in which it operates. Ultimately, this means taking its share of responsibility by doing all it can to preserve and improve the world for future generations.

More than anything else, we want to be a well-respected and trusted organization that demonstrates accountability not only to customers and shareholders but also to our employees and the world at large. Since 2002 we have started to integrate our sustainability initiatives and approaches to ensure that our policies and practices effectively reflect our vision. We now have a clearly defined three-step approach toward sustainability:

1. We are implementing various international standards in order to retain our license to operate

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2. We aim to enhance our sector's reputation by engaging in stakeholder dialogue and by implementing sector key performance indicators
3. We measure, benchmark, and report on our performance, and we lead the industry by initiating unique commitments, beyond compliance

Our approach is to progressively implement these goals throughout our business areas. We recognize that the key to success in sustainability is the willingness to take responsibility and to be accountable for everything we do.

This was stated in our first Corporate Sustainability Report in 2004. A key part of our reporting is transparency about our progress. So the 2004 report formed the basis from which we continue to improve both our reporting and our impact on the world in which we live. Our mission statement includes the following key aspects of our approach to CSR:

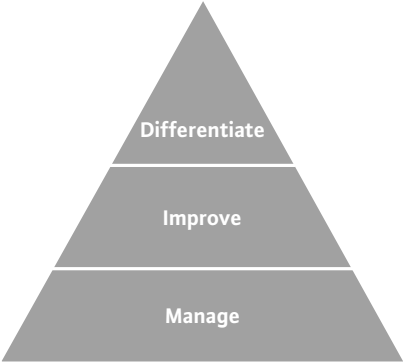
- Our mission is to exceed customers' expectations in the transfer of their goods and documents around the world
- We deliver value to our customers by providing the most reliable and efficient solutions in distribution and logistics
- We lead the industry by
  - Instilling pride in our people
  - Creating value for our shareholders
  - Sharing responsibility for our world

TNT wanted to demonstrate its commitment on three levels. Our approach can be thought of as a three-stage pyramid shown in Figure 1.1, with our standards at its base, industry-related initiatives in the middle, and TNT's unique approach to sustainability at the top.

We also wanted to build sustainability into our business processes, so we recognized that reporting against the Global Reporting Initiative (GRI) would help us develop when refining our data and reporting systems for our future reports.

So what did we mean by "manage"? By the end of 2007 we wanted 100% coverage of the management systems throughout fully owned operations, so this meant achieving Occupational Health and Safety Advisory Services (OHSAS) 18001, International Organization for Standardization (ISO) 9001 and 14001, Social Accountability (SA)8000 (for countries outside the

**FIGURE 1.1** TNT’s commitment to CSR



Organization for Economic Cooperation and Development [OECD]) and Investors in People standards.

TNT also had growth ambitions to continue to move into non-OECD countries such as Brazil, China, India, and Russia. Globally, in the non-OECD countries, we wanted to comply with the standards of various regulatory agencies such as the United Nations, the International Labour Organization (ILO), and the World Bank.

Acquisitions were also part of our growth strategy. We wanted to be in a position to ensure that newly acquired TNT entities also adhered to our social responsibility policies and practices.

**FIGURE 1.2** Management: the standards

Management: the standards		
<p><b>Manage</b></p>	Meet corporate governance code	
	Ensure operational excellence	ISO 9001
	Ensure a safe place to work	OHSAS 18001
	Ensure a responsible impact on our world	ISO 14001
	Enable people to grow	Investors in People
Demonstrate social responsibility	SA8000*	
Report our sustainability performance	GRI	
<p>Status: sustainability standards to be implemented within three years in fully owned operations.                      * Compulsory in non-OECD countries</p>		

**TABLE 1.1 TNT stakeholder dialogue since 2004: results**

The results show substantial difference between top five expectations from each of the stakeholder groups. Despite the variation, there is clear agreement that the dominant concerns are compliance with legislation, social aspects, and reducing emissions.

	Customers 2004	Subcontractors 2005	Employees 2005	Investors 2005	Suppliers 2006	Customers 2006/07
Civil society 2004	Reducing CO <sub>2</sub> emissions	Child labor in the supply chain, especially second and third tier	Increasing alternative fuels and energy in vehicles and buildings	Reducing environmental footprint	Compliance with legislation especially where enforced weakly in developing countries	Employee health and safety
	Compliance with legislation especially where enforced weakly in developing countries	Child labor in the supply chain, especially second and third tier	Accountability and transparency relating to strategy and management decisions	Assuring security and safety of transportation	Reducing CO <sub>2</sub> emissions	Reducing CO <sub>2</sub> emissions
	Child labor in the supply chain, especially second and third tier	Compliance with legislation especially where enforced weakly in developing countries	Pensions and retirement benefits for employees	Achieving recognized excellence by customers	Discrimination: equal fair treatment of all employees	Fair and reasonable terms of employment
	Compliance with code on social issues	Anti-competitive behavior associated with price-fixing and profit implications	Compliance with legislation particularly where enforced weakly in developing countries	Implementing good governance and risk management	Accidents in the workforce: driving and in warehouses	No child labor
	Implementing environmental management systems	Reducing CO <sub>2</sub> emissions	Ensuring good work-life balance as essential to well-being and quality of life	Implementing international codes of conduct and labor standards in globalized operations	Bribery, corruption, and conflict of interest	Compliance with legislation
	Partnerships with local and international organizations	Bribery, corruption, and conflict of interest				

