

OECD Roundtable on Global Instruments for Corporate Responsibility

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International Standards and Instruments

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I'd like to thank you for inviting me to speak here today. It has been interesting to hear about all the other initiatives, instruments and codes. I work for Société Générale de Surveillance (SGS), an international group of companies providing a wide range of testing, inspection and verification services to businesses and governments worldwide. My particular role over recent years has seen an increasing responsibility for social accountability services of one sort or another. I am a member of the US National Accreditation Program Council for Environmental Management Systems (ISO 14001) and I have also served as the auditing body representative on the SA8000 Advisory Board since its inception by Social Accountability International (SAI) in 1997.

I want to say just a few words about SA8000, as it hasn't received a lot of attention so far this morning. Unlike some of the other instruments that have been discussed, SA8000 was not primarily developed as a tool for multinational enterprises. SA8000 was developed more to empower the supplier-side of the equation; to enable the supplier organisations to gain recognition for their efforts in the area of social accountability. Invariably, because of the "political" situation, the nature of press allegations and the need for multinational enterprises to manage their risks, SA8000 has become a tool for multinational enterprises to further improve their own social accountability performance and that of their supplier base. This is not necessarily wrong, but, to repeat, SA8000 was developed to respond to supplier needs rather than those of multinational enterprises.

SA8000 was developed in 1997. It was put together by an advisory board convened by Social Accountability International (SAI). The advisory board comprises trade union representatives, local and international NGOs, "buying" businesses from the US and Europe, "supplying" businesses from the US and overseas, and representatives from the financial and auditing communities. Thus, there was full multi-stakeholder representation. The standard was developed rather quickly in order to address an urgent need.

Over the past 12 months, the standard has been undergoing a review. (In fact, there will be an advisory board meeting discussing the standard next week, at which it is hoped that amendments and updates to the standard will be voted upon and a new standard subsequently issued.) There are not to be major changes to SA8000. Most of the changes are clarifications. Some of the wording in the original standard has proved to be

confusing to some users and a little over-simplified in some areas. The one area where I anticipate that there will be an additional requirement will be the introduction of language to address management systems in relation to home working. This will be completely new.

I now turn to the question of international instruments and their influence. Over the years, we have been involved not only with SA8000, but also with a number of different company codes and other international instruments. Clearly these have had a major influence on the way that NGOs, unions, workers and corporations actually view their responsibilities in the social accountability arena.

There are, however, some challenges, particularly with SA8000 and the other instruments that focus on human and labour rights in the workplace. I want to highlight the most significant challenges. At SGS, an organisation operating in some 140 countries, we see two main problems. Firstly, there is an ineffective rule of law in many of those countries. Competitive forces, both in the developed and the developing world, continue to drive the “race to the bottom”. This has resulted in a large gap between the reality of the situation on the ground, (in developing countries in particular but also in developed countries in various industry sectors) versus the principles that are embodied in some of the international instruments. The reality of the situation is that the aspirations of the international instruments are a long way away from where companies are operating today.

The second challenge is basically one of the monitoring cost versus a company’s acceptable risk. Unlike many of the other standards, codes and instruments, SA8000 has a transparent accredited process for qualifying verifiers and managing, to some degree, the way that verifiers carry out their duties. However, the expectations of both industry and civil society are extremely high regarding the results and the effectiveness of the verification process. Ideally both would like a watertight process, such that the results can be relied on 100 percent. Of course, this is not reality. In striving to achieve that goal, however, verification organisations have to use extremely high-calibre personnel having a very high code of ethics and a substantial knowledge of the industry sector practices in which they will perform their work. This doesn’t come without a cost. Nor does the level of sampling or the degree of monitoring that has to take place to get the bottom of some of the issues. Here I have in mind issues that are endemic in certain sectors or certain countries (such as double or triple bookkeeping). So there is a real challenge in finding a balance between what is acceptable as a verification process and how much resource cost is associated with that process.

A couple of people today have brought up the idea of the plethora of codes and “cherry picking” the most advantageous. I think that this is worthy of further discussion, but my personal view is that all the codes, all the standards, all the instruments are valid and that anything that can be done to make a difference today is extremely important. Clearly, we are in a less-than-ideal situation at the present time. Efforts by national governments, trade unions and other traditional forms of oversight of compliance with requirements are not as effective as we would like them to be. Any initiative to improve matters, any effort, makes a difference.