

Child Labour Resource Guide

Appendix 2 – From the UN to business: codes on corporate social accountability on child labour



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Appendix 2

From the UN to business: codes on corporate social accountability on child labour

As the concept of corporate social responsibility has become more established over the past decade, various voluntary initiatives have been developed by individual businesses and other institutions seeking to influence business practices on a range of issues, from child labour to general labour standards and the environmental impact of a company's operations.

Key among the issues emerging from the development of these codes is that they must be supported by a verification procedure in order to be meaningful.

General observations

None of the codes in this section deal exclusively with the question of child labour, although criticisms about the presence of children working in the supply chain have been the starting point for the development of some codes dealing with labour issues in general. A number of agreements concerning specific sectors or products, such as the manufacture of garments or the production of cocoa, have focused solely on child labour and are described in Appendix 3.

All of the codes are voluntary. A few are simply verbal commitments, while others require a company to initiate a series of procedures to audit its own practices and usually those of its suppliers as well, or are backed up by independent checks. Some require companies to consult or work closely with various organisations based in the same areas as their suppliers (or their suppliers' suppliers). In this case, they stress the importance of techniques and solutions that have strong local input in order to be sustainable, in contrast to solutions imposed from outside.

Implicit in the whole approach is that the standards established by codes and guidelines represent a minimum that the company concerned will accept. A great deal of emphasis is on the process of monitoring and verifying whether the standards are respected. In the case of child workers, this means devising techniques to search for children who may be working somewhere in the supply chain, albeit outside any formal work place.

Some of the techniques have proved very costly. If expensive investigations result in no child workers being detected, this may be a sign that the steps already taken to end the use of child labour have been effective, but may alternatively indicate that the investigative techniques being used are not appropriate. This approach (of setting standards and policing them) does not give much attention to the phase of change that a business has to go through before minimum standards are observed throughout its operations, nor does it help companies identify the ways in which they can work with the community supplying labour to change attitudes and practices.

Labour standards specified by codes

Virtually all the corporate social responsibility codes that are mentioned here include a prohibition on child labour as one of several minimum standards to be respected. Most codes have been influenced by the ILO's decision in 1998 to focus on four core labour rights which all

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governments belonging to the ILO are required to enforce, and hence are virtually universal. They cover:

- the right of workers to organise in trade unions (freedom of association) and the right to collective bargaining;
- forced or compulsory labour (the elimination of all forms);¹
- child labour (its effective abolition);
- discrimination in respect of employment and occupation (whether based on gender or race).

In 1999, ILO Convention No 182 on the “worst forms of child labour” was added to the core list.

Code provisions concerning children

Most codes refer explicitly to the ILO’s Convention No 138 as the international standard concerning the employment of anyone under 18 (see Appendix 1 for details). Alternatively, they may refer to it implicitly as part of the ILO’s “core” labour standards. In such cases, the main criterion for assessing whether children should or should not be employed is age.

The codes generally stipulate either 14 or 15 as the minimum age for any employee. However, a few codes refer only to ILO Convention No 182 on the Worst Forms of Child Labour. In these cases, the codes appear to condone the use of young child workers in the supply chain unless they are involved in the “worst forms”.

Many of the codes which mention ILO Convention No 138 and stipulate a minimum age for workers specify 15. This avoids any ambiguity that might exist in developing countries which have not actually ratified ILO Convention No 138, nor gone through the formal procedure by which governments can designate 14 as the minimum age for full-time employment, rather than 15.

Very few codes refer specifically to the possibility of employing children of 12 or 13 years of age in “light work”, even though ILO Convention No 138 allows for this in some cases. It seems to be viewed by businesses and others as either bad practice or else risky.

Some codes also deal with the conditions of employment for children who are above the minimum age but below 18. They mention that no-one aged less than 18 should be involved in hazardous work, or at least not without appropriate training, and sometimes also specify that no worker under 18 should be involved in night work.

Types of code

The many different codes mentioning child labour and related standards can be categorised in several ways. They are presented here as seven different types:

1. Guidelines issued by the UN or other inter-governmental organisations, namely the ILO and Organisation for Economic Co-operation and Development (OECD);
2. Guidelines and requirements issued by individual governments;

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3. Guidelines issued by business and business-backed organisations;
4. Codes issued by quality standard organisations requiring independent verification (known as “multi-stakeholder codes”);
5. Ethical trading and Fairtrade;
6. Trade union model codes;
7. Codes and guidelines issued by faith-based groups and non-governmental organisations (NGOs).

In addition to these generic standards, individual companies and trade associations have devised codes or standards of their own. Some of these are described in Appendix 3.

How strong are the standards?

The strengths of each of these standards depend largely on the perspective of the commentator. As far as children and young people aged less than 18 are concerned, it is not sufficient simply to ban children below a certain age from working. The standard should mention that all young people below 18 deserve special protection and that bans on children working below certain ages must be implemented carefully, with due regard to the best interests of the children concerned.

Consequently, a code which one observer regards as “strong” or “clear cut” on child labour may not be a good one when it comes to its implementation and impact on children. Many commentators have observed that the introduction of any code concerning standards for a business to observe on employment issues or other matters is likely to be more successful if:

- The board and senior management are directly implicated and take a leadership role in its introduction;
- The objectives and expectations are clear;
- The nature of the corrective action to be taken when breaches of the standards are detected is clear;
- The role and responsibilities of different actors in the company (and its suppliers) are spelled out;
- The introduction of new standards is accompanied by training for all those affected;
- The implementation of new standards is the subject of transparent reporting.

On the whole the implications are quite straightforward. At one end of the spectrum, it is possible to sign up to a standard (such as “no child labour”) which simply states what a business or its suppliers should not do.

At the other end of the spectrum, business can sign up to both a standard, a detailed interpretation of what that standards means in practice, and a set of procedures intended to enable the company to monitor and verify whether the standard is being respected.

Verification

For a code to be meaningful, there has to be some process to check

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whether it is being observed, both by an individual business and its suppliers. In addition to internal efforts to check that the minimum standards required are being respected (monitoring), many businesses seek independent confirmation (verification).

Verification that minimum human rights or environmental standards are being observed by a business is reminiscent of the process by which companies have reports on their finances checked by auditors, and is consequently referred to as “social auditing”. Details of some of the procedures involved can be found in Appendix 4.

Limitations on codes

There are limitations on what codes alone can achieve. A recent review of four different initiatives to promote labour rights (two focusing on child labour), observes that “Codes of conduct are but one among many private efforts that aim to eliminate sweatshop conditions and otherwise promote international worker rights.”²

It goes on to observe that:

Far more important than the words of a code may be, for example, the steps taken by companies to incorporate worker rights considerations into their supply chain practices. Such steps may include education programs (covering company personnel, management at supply chain partners, and workers at those facilities), monitoring programs (to determine whether supply chain partners comply with code provisions), incentive programs (to reward partners that comply with a code and punish those that do not) and remediation programs (to assist supply chain partners that have the desire but not the capacity to achieve compliance).

In one example, the Ethical Trading Initiative has its own “base code” of standards, but has concluded that it is important for businesses to work together with others in order to resolve problems connected with child labour in their supply chain, and that businesses are unlikely to find out whether their suppliers are exploiting children, let alone the most appropriate solutions when they do, without working closely with others. This involves companies collaborating with trade unions and NGOs in the country where they are based and also in the country where their suppliers are based.

Standards on child labour in seven categories of code

This section examines codes and guidelines issued by the following groups:

1. The UN or other inter-governmental organisations
2. Individual governments
3. Business and business-backed organisations
4. Multi-stakeholders
5. Ethical trading and Fairtrade
6. Trade unions
7. Faith-based groups and NGOs

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1. The UN or other inter-governmental organisations

In addition to the Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights, adopted by the UN in 2003, three other sets of principles or guidelines have been issued by inter-governmental organisations. They are:

- The UN Global Compact;
- The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy;
- OECD Guidelines for Multinational Enterprises.

A multi-stakeholder initiative that is linked to the UN Global Compact is also mentioned in this section.

The UN Global Compact

In an address to the World Economic Forum in January 1999, UN Secretary-General Kofi Annan challenged business leaders to join an international initiative – the Global Compact – that would bring companies together with UN agencies, labour and civil society to support nine principles concerning human rights, labour rights and the environment.³

Today the Global Compact describes itself as “a voluntary corporate citizenship initiative” with two objectives:

- Mainstream the nine principles in business activities around the world;
- Catalyse actions in support of UN goals.

Speaking in January 2004, Kofi Annan referred to his call for a Global Compact as:

A compact -- not a contract; not a code of conduct; not a set of regulations, or new system of monitoring, but a concrete expression of global citizenship. I was looking for something that would strengthen the economic openness that business needs to succeed, while also creating the opportunities that people need to build better lives... Today, more than 1,200 corporations are involved, from more than 70 countries, North and South, and from virtually every sector of the economy. Civil society organizations and the global labour movement have joined in the effort to make the Compact work. Governments are supporting the effort.⁴

A company that wants to commit itself to supporting the Global Compact has to send a letter of support to the UN Secretary-General and subsequently act in various ways that are consistent with it. However, there is no formal reporting requirement or verification process. A reporting procedure established separately by an independent organisation offers businesses a set of detailed standards on which they can report compliance (see the Global Reporting Initiative below).

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In April 2003, four well-known NGOs expressed concern that the Global Compact has no meaningful procedure for holding companies that announce their support for the Compact accountable. In reply, the UN said that the Global Compact was in the process of developing new procedures for doing so.

The Global Reporting Initiative (GRI)

Started in 1997 by the Coalition for Environmentally Responsible Economies (CERES), the GRI is technically a multi-stakeholder initiative. It became independent in 2002 and has a board of directors representing business and civil society from around the world. GRI has formal relations with the UN Environment Programme (UNEP) as an "official collaborating centre". It offers a set of standards for businesses seeking to take part in the UN Global Compact.⁵

The GRI's initial focus was on environmental issues and sustainability rather than labour standards. It offers businesses a set of standards on which to base their reports to the Global Compact or the wider public, but the reporting procedure is purely voluntary. It is currently developing a "Technical Protocol" on the issue of child labour, which is due to be made public in 2004. The GRI's "Sustainability Reporting Guidelines" for 2002 refer to ILO Convention No 138 as its minimum standard on the issue of child labour and requires a business using the Reporting Guidelines to adopt a policy on child labour and to report on this. The report is required to include:

[A] description of policy excluding child labour as defined by the ILO Convention 138 and extent to which this policy is visibly stated and applied, as well as [a] description of procedures/programmes to address this issue, including monitoring systems and results of monitoring.⁶

ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy

The Tripartite Declaration was adopted by the ILO's Governing Body in 1977. It was formally amended in November 2000. Paragraph 36 concerns the minimum age of employment that businesses regarded as "multinational enterprises" should observe:

Multinational enterprises, as well as national enterprises, should respect the minimum age for admission to employment or work in order to secure the effective abolition of child labour.

As a Declaration issued by the ILO, the reference here is to ILO Convention No 138 and the minimum ages for admission to employment that governments specify under this convention. The original Declaration envisages consultations within multinational enterprises between employers' and workers' representatives. In 1984, a procedure for the examination of disputes relating to the Tripartite Declaration was issued by the ILO's Governing Body.⁷

OECD Guidelines for Multinational Enterprises

The OECD represents the governments of the world's industrialised

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countries (20 countries in 1960; currently 30). OECD governments first issued guidelines for multinational enterprises in 1976: they are a voluntary framework of "principles of good conduct" for international companies to follow in their international business activities. The guidelines establish non-legally binding principles covering a broad range of issues in business ethics including employment and industrial relations, environment, information disclosure, competition, financing, corruption, taxation and science and technology. Although the guidelines are not legally binding, OECD governments are committed to promoting their observance.⁸

The OECD Guidelines, revised and reissued in 2000, contain a section (IV) on "Employment and Industrial Relations". Article 1 of Section IV urges respect for the "core" labour rights recognised by the ILO's 1998 Declaration, but without stipulating either a minimum age for employees or a process to follow for companies that identify under age children among the work force. Article 1 states:

Enterprises should, within the framework of applicable law, regulations and prevailing labour relations and employment practices:

- a) Respect the right of their employees to be represented by trade unions and other bona fide representatives of employees, and engage in constructive negotiations, either individually or through employers' associations, with such representatives with a view to reaching agreements on employment conditions;
- b) Contribute to the effective abolition of child labour.
- c) Contribute to the elimination of all forms of forced or compulsory labour.
- d) Not discriminate against their employees with respect to employment or occupation on such grounds as race, colour, sex, religion, political opinion, national extraction or social origin, unless selectivity concerning employee characteristics furthers established governmental policies which specifically promote greater equality of employment opportunity or relates to the inherent requirements of a job.

2. Individual governments

Industrialised country governments adopt legislation concerning labour standards and other standards for corporate performance in their own countries, but have generally been reticent about telling companies how to behave abroad. Appendix 5 presents information on laws adopted at national level while details are presented here on the government requirements imposed on companies based, or doing business, in their country.

Government requirements imposed on companies based – or doing business – in their country

In the EU and North America, governments have taken a number of steps to persuade businesses based in their countries to ensure that internationally recognised labour standards are respected by their

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subsidiaries and their suppliers.

In the US in the early 1990s, it appeared that Congress would adopt legislation to restrict the import of products manufactured with child labour. However, the legislation that was eventually adopted targeted forced labour and “indentured” child labour instead. In more recent years, legislation has been passed in several industrialised countries requiring businesses to report in substantial detail on the efforts they are making elsewhere in the world to ensure that internationally recognised labour standards are respected, in their subsidiaries and supply chain.

The US Clinton Administration of 1992 to 2000 went further than most in playing a proactive role. It facilitated agreements involving US-based companies on labour standards, both in the US and elsewhere, notably concerning the garment industry – see Appendix 3.

In recent years, the number of governments insisting that companies report publicly on the action they take on social and environmental issues has been increasing.

The UK Parliament passed legislation in 1999 (The Occupational Pension Schemes [Investment, and Assignment, Forfeiture, Bankruptcy etc.] Amendment Regulations 1999) requiring the Trustees of occupational pension funds to state their policy in their statement of investment principles on “the extent (if at all) to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments.”⁹

In 2001, France’s National Assembly passed legislation requiring major French companies to disclose what they were doing on specified social and environmental issues. A subsequent Decree requires companies to report specifically on the issue of sub-contractors and of what action they have taken to ensure that sub-contractors respect the core ILO conventions, including child labour.¹⁰

In Australia, a Bill has been under consideration (the Corporate Code of Conduct Bill 2000) which would impose reporting requirements on companies and require them to meet minimum standards throughout their operations in Australia and elsewhere. The standards would also apply to companies based elsewhere but which have subsidiaries in Australia.

3. Business and business-backed organisations

Businesses have taken the initiative to adopt minimum standards on a wide range of issues. The 1990s started with an emphasis on the environment. Shortly after, business leaders from industrialised countries began addressing the issue of corporate social responsibility across the board. As child labour received greater international attention, the International Organization of Employers (IOE), the employers’ grouping at the ILO, issued a handbook specifically addressing how businesses could respond to child labour. In several countries with significant numbers of children working below the

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minimum age, employers also launched initiatives of their own. The Abrinq Foundation – examined below – in Brazil is one such example. The examples presented here are the:

- Caux Principles for Business
- Prince of Wales International Business Leaders Forum
- Global Sullivan Principles
- International Organisation of Employers
- Abrinq Foundation

Caux Principles for Business

Adopted in 1994, the Caux Principles are not a code, and consequently have no enforcement procedure. Rather, they were “offered” to other businesses as a set of common principles that the authors felt would be useful “as a foundation for dialogue and action by business leaders in search of business responsibility”.

Principle 2, concerning the economic and social impact of business, observes that:

Businesses established in foreign countries to develop, produce or sell should also contribute to the social advancement of those countries by creating productive employment and helping to raise the purchasing power of their citizens.

With respect to stakeholders such as employees, the starting point in Principle 3 is “We believe in the dignity of every employee and in taking employee interests seriously”. In the ensuing comments about a business’ responsibilities towards its employees, there is no specific reference to children, but acceptance of 10 different responsibilities, including to:

- provide jobs and compensation that improve workers’ living conditions;
- provide working conditions that respect each employee’s health and dignity;
- avoid discriminatory practices and guarantee equal treatment and opportunity in areas such as gender, age, race, and religion;
- promote in the business itself the employment of differently able people in places of work where they can be genuinely useful;
- protect employees from avoidable injury and illness in the workplace.

The responsibility recognised with respect to suppliers and sub-contractors is rather more general. It is to: “seek, encourage and prefer suppliers and subcontractors whose employment practices respect human dignity.”

The Prince of Wales International Business Leaders Forum (IBLF)

The IBLF is an international non-profit organisation promoting responsible business practices and partnership action for sustainable development. Formed in 1990 on the initiative of HRH, The Prince of Wales and an international group of prominent business leaders, the

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Forum promotes awareness of the value of corporate citizenship and acts as a facilitator for partnership programmes in over 40 countries. It is an international leadership group and its corporate membership comprises over 60 companies from around the world: fewer than 25 per cent are British.

Globally, 11,000 business leaders have been involved in Forum activities, largely through its initiatives in brokering partnerships, particularly those between the private and public sector and NGOs in order to address the challenges of development in new emerging markets.

The IBLF has made the following recommendations for companies tackling the problem of child labour:¹¹

- take as a starting point, the UN Convention on the Rights of the Child, ILO Convention No 182 and ILO Recommendation No 190, both of the latter on the Worst Forms of Child Labour;
- consult widely with international and local NGOs and other community organisations on approaches to reducing and eventually eliminating the problem of child labour in the particular localities where the company is operating. Stakeholder consultation is an essential element of pre-investment assessment;
- incorporate company principles into all contracts with joint venture partners and sub-contractors, and build these principles into monitoring of business partners' practices;
- establish cross-sector partnerships with NGOs, private sector and government where possible to address the problems collaboratively. Local ownership of such initiatives is likely to make them more sustainable and successful. These initiatives may include flexible education provision for working children, childcare provision for working mothers, vocational training schemes for family members to boost employment opportunities for those of working age;
- consider joining an international alliance to combat the problem constructively, thereby publicly demonstrating corporate commitment and even leadership;
- seek company commitment at the highest level to advocate responsible business in the area of child labour. If the CEO is not willing to speak out about the company's position on this issue, NGOs and the media are likely to question the company's real commitment to tackling the problem;
- set up systems for regular internal and independent monitoring, verification and reporting;
- provide training for staff internally to be aware of how to tackle the challenges of child labour in a variety of situations, such as dealing with joint-venture partners, opposition from local authorities, criticism from local NGOs or pressure groups. Consider bringing in relevant NGOs and others to provide elements of the training or briefing.

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The Global Sullivan Principles

The Global Sullivan Principles of Social Responsibility were announced at the UN in 1999.¹² They grew out of an initiative taken by the Reverend Leon H Sullivan in the 1970s to influence US corporate conduct in apartheid South Africa. Reverend Sullivan intended the Principles to be formally endorsed by individual businesses, as well as others. By July 2002, 290 institutions, of which 192 were companies, had endorsed the Principles. Their objectives are:

- to support economic, social and political justice by companies where they do business;
- to support human rights and to encourage equal opportunity at all levels of employment, including racial and gender diversity on decision-making committees and boards;
- to train and advance disadvantaged workers for technical, supervisory and management opportunities;
- and to assist with greater tolerance and understanding among peoples; thereby, helping to improve the quality of life for communities, workers and children with dignity and equality.

There are eight separate principles. They start with a general commitment to:

Express our support for universal human rights and, particularly, those of our employees, the communities within which we operate, and parties with whom we do business.

The principle mentioning children is vague. Businesses (and others) endorsing the Principles will:

Promote equal opportunity for our employees at all levels of the company with respect to issues such as color, race, gender, age, ethnicity or religious beliefs, and operate without unacceptable worker treatment such as the exploitation of children, physical punishment, female abuse, involuntary servitude, or other forms of abuse.

Those endorsing the Sullivan Principles are asked (but not required) to submit an annual report on their efforts to apply the Principles. These reports are published on the Global Sullivan Principles website.

The International Organisation of Employers (IOE)

The IOE has not issued a model code of conduct for employers, but has committed itself and its members to eradicating child labour. In 1998, it published an *Employers' Handbook on Child Labour – A Guide for Taking Action*. This was revised and reissued in 2001.¹³

The handbook identifies what it considers to be good practice, in terms of preventing child labour and direct support by businesses for the removal of under age child workers from their jobs, followed by their rehabilitation. It focuses on initiatives by employers' organisations rather than individual businesses and describes initiatives that involve trade associations and companies importing similar commodities or involved in

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a specific industrial sector. Some of these are examined in Appendix 3. The handbook expresses a number of reservations about the effectiveness of voluntary codes of conduct in dealing with child labour, observing that:

While the intention of voluntary codes of conduct is laudable, such initiatives are often limited in their ability to address the root causes of child labour. This is due not only to their very general nature, but also to the difficulties encountered in their implementation and in the monitoring of their provisions. Corporate codes of conduct, whether they be broad codes of ethics or issue-specific codes focusing on child labour, generally do not reach the children who are working in the informal sector in the most hazardous conditions. However, through supply chains, the issue of child labour is now being addressed by many businesses which, without codes of their own, are being commercially required to conform to any code of a company for which they are a supplier.

The Abrinq Foundation (Brazil) – principles designed for an individual country

The Abrinq Foundation for the Rights of Children and Adolescents is just one example of a corporate initiative in a developing country to respond to child labour in a responsible way. It was established by Brazilian businesses in the early 1990s to end the abuse of children, in particular the exploitation of child labour.

Abrinq set up a “Child Friendly Business Programme” asking Brazilian companies to sign up to 10 promises. These cover the employment of younger and older children, and also concern the children of employees, maternity leave and related issues. By 2003, 818 companies in Brazil were reported to have signed the 10 promises.¹⁴ The first three promises cover issues of child labour and youth employment. They state:

- Say “No” to child labour, not employing young people under the age of 16, except in formal apprenticeships and only from 14 years of age onwards.
- Respect young workers, and do not employ anyone under 18 in night work, dangerous work or unhealthy work.
- Inform your suppliers, via a contractual clause or other mechanisms, that a complaint that they are using child labour could cause you to terminate your business relationship with them.¹⁵

In the mid 1990s, the Abrinq Foundation also helped negotiate a series of agreements involving Brazilian businesses operating in specific sectors, mainly export. These committed the companies concerned to action to end child labour in, for example, the footwear sector and in orange (fruit) production.

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Multi-stakeholder codes – codes issued by quality standard organisations requiring independent verification

These are sets of standards which require independent auditing, usually by certified auditors, so that a company can state publicly that it is respecting the standards concerned. The most explicit standard of this sort concerning employment is SA8000.

SA8000

SA8000 is an international standard for social accountability, modelled on International Standards Organization (ISO) systems for certifying assurance. It aims to be an “auditable” set of standards that can be applied across a wide range of business workplaces. SA8000 was developed initially by a US-based NGO, the Council on Economic Priorities, a corporate social responsibility research institute which set up Social Accountability International (SAI) in 1996.

After it was set up, SAI convened an Advisory Board to agree a voluntary set of standards to be respected in the workplace. The Board consisted of representatives from business, trade unions and NGOs.

SAI itself describes the strength of SA8000 as lying in “its rigorous requirements and in its clear, auditable language.” It attributes these to the diversity of the Advisory Group that developed the standards and verification procedures. According to its website:¹⁶

SAI works to improve workplaces and combat sweatshops through the expansion and further development of the international workplace standard, SA8000, and the associated SA8000 verification system.

SA8000 standard on child labour

SA8000 has provisions banning child labour, forced labour and discrimination, and guaranteeing freedom of association. It sets standards for performance in nine different areas.¹⁷ Wages paid for the standard working week (of no more than 48 hours) “must meet the legal and industry standards and be sufficient to meet the basic need of workers and their families”. The specific provision on child workers specifies that there should be no worker aged under 15.

The SA8000 definition of a child refers to:

Any person less than 15 years of age, unless local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age would apply. If, however, local minimum age law is set at 14 years of age in accordance with developing country exceptions under ILO Convention 138, the lower age will apply.

SA8000 refers to older children aged from 15 to 17 as “young workers”. It prohibits child labour, defining it as:

Any work by a child younger than the age(s) specified in the above definition of a child, except as provided by ILO Recommendation 146.

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SA8000 assumes that any children who are younger than the minimum age and who are found working will be dismissed. It requires "remedial action" to be taken on behalf of any worker whose rights have not been respected. In the case of children who are dismissed, appropriate remedial action is defined as:

All necessary support and actions to ensure the safety, health, education, and development of children who have been subjected to child labour, as defined above, and are dismissed.

SA8000 lists a series of requirements for companies to meet this standard. On the issue of child labour and young workers, it mentions four criteria. These are:

- 1.1 The company shall not engage in or support the use of child labour as defined above.
- 1.2 The company shall establish, document, maintain, and effectively communicate to personnel and other interested parties policies and procedures for remediation of children found to be working in situations which fit the definition of child labour above, and shall provide adequate support to enable such children to attend and remain in school until no longer a child as defined above.
- 1.3 The company shall establish, document, maintain, and effectively communicate to personnel and other interested parties policies and procedures for promotion of education for children covered under ILO Recommendation 146 and young workers who are subject to local compulsory education laws or are attending school, including means to ensure that no such child or young worker is employed during school hours and that combined hours of daily transportation (to and from work and school), school, and work time does not exceed 10 hours a day.
- 1.4 The company shall not expose children or young workers to situations in or outside of the workplace that are hazardous, unsafe, or unhealthy.

SA8000 contains a reference in criterion 1.3 to ILO Recommendation No 146 on minimum age for admission into employment, rather than to ILO Convention No 138. However, it is when governments ratify the Convention that they are required to specify whether the minimum age for entry into employment in their country is 14, 15 or 16 (see Appendix 1).

SA8000 and management systems

As well as specifying minimum standards for labour rights, SA8000 also sets standards for management systems. For example, every business seeking accreditation under SA8000 has to appoint, "a senior management representative who, irrespective of other responsibilities, shall ensure that the requirements of this standard are met". It also requires them to take action to ensure that their suppliers and sub-

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contractors can meet the same standard, effectively requiring a retailing business to extend its systems and standards right down the supply chain.

This starts with securing a written undertaking from suppliers and sub-contractors that they will conform to the standard; businesses then have to “maintain reasonable evidence that the requirements of this standard are being met by suppliers and subcontractors”.¹⁸ The standards in SA8000 have to be met by homeworkers who are working on a sub-contracted basis, as well as employees.

Verification procedures

SA8000 requires verification by an independent auditing body accredited by it. SAI accreditation is said to ensure that auditors have the procedures and resources needed to conduct thorough and objective audits. In November 2003, there were reported to be nine organisations accredited to conduct SA8000 certification. All facilities that have been audited and found to meet the SA8000 standard are listed on the SAI website.

AA1000

The London-based Institute of Social and Ethical Accountability (AccountAbility) developed AA1000,¹⁹ describing it as a “foundation standard” which includes basic principles and what it calls a set of “process standards”, covering:

- a) Planning
- b) Accounting
- c) Auditing and reporting
- d) Embedding
- e) Stakeholder engagement

AA1000 is not a certifiable standard. It places emphasis on engagement with “stakeholders” and involving stakeholders in setting standards for performance. It is backed up by a set of guidelines. In line with this approach, it does not require a business to commit itself to a specific standard, such as “no child labour”. Instead, it requires a business to go through the following twelve steps to agree its standards with stakeholders:

1. Establish commitment and governance procedures
2. Identify stakeholders
3. Define/review values
4. Identify issues
5. Determine process scope
6. Identify indicators
7. Collect information
8. Analyse information, set targets and develop improvement plan
9. Prepare report(s)
10. Audit report(s)
11. Communicate report(s) and obtain feedback
12. Establish and embed systems

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5. Ethical trading and Fairtrade

The “fair trade” movement has been active for several decades, working to ensure improved prices for producers in developing countries. Organisations associated with it have become involved in stipulating minimum employment standards for their suppliers.

In contrast, “ethical trading” is a more recent concept. In its wider sense, ethical trading refers to business practices that promote more socially and environmentally responsible trade. More narrowly, the term relates to a company’s responsibility for the labour and human rights practices within its supply chain. The Ethical Trading Initiative (ETI), a prominent exponent of ethical trading, uses the term in this sense.

Ethical Trading Initiative (ETI)

The ETI describes itself as “an alliance of companies, NGOs and trade union organisations committed to working together to identify and promote good practice in the implementation of codes of labour practice”.

It was established in 1998 as an independent, not-for-profit organisation. It was formed in an effort to bring together trade unions, labour rights organisations with international supply chains. The aim was to attempt to learn together how to make progress, rather than simply confronting each other in the media.

Its headquarters are in London and most of its alliance members are also UK based. It is funded by contributions from its members and a grant from the UK Department for International Development (DFID). By 2005, it had 34 corporate members with a collective annual turnover of over £100 billion.

The ETI sets minimum standards for the businesses supporting it to observe. They are similar to other codes based on internationally recognised labour standards, but the ETI is not an accreditation or auditing agency. ETI members aim to ensure that the working conditions of employees in companies that supply goods to consumers in the UK meet or exceed international standards.

Like other organisations, the ETI has a nine-point “base code” specifying minimum labour standards.²⁰ Point 4 of the base code states, “Child labour shall not be used”. The code further specifies that:

- 4.1 There shall be no new recruitment of child labour.
- 4.2 Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child; “child” and “child labour” being defined in the appendices [of the base code].
- 4.3 Children and young persons under 18 shall not be employed at night or in hazardous conditions.

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4.4 These policies and procedures shall conform to the provisions of the relevant ILO standards.

The standard here follows the provisions of ILO Convention No 138, and there is an explicit provision protecting young people who are old enough to be employed.

The standards adopted by the ETI are similar to international standards that have been adopted by others. However, its ways of working are different. Like others, it requires its corporate members to provide reports on their successes and failures in implementing the base code. However, ETI's focus is not on auditing but rather on sharing information about success and difficulties, learning what techniques work, and involving local organisations in areas where companies source their products.

When joining the ETI, companies make the following commitments:²¹

1. The company gives its membership of ETI, the code and its implementation process an informed and explicit endorsement.
2. This commitment is communicated throughout the company and to its suppliers and sub-contractors (including closely associated self-employed staff).
3. A member of senior management is assigned responsibility for the implementation of compliance with the code.
4. The code and the implementation process is integrated into the core business relationships and culture.
5. The company will ensure that human and financial resources are made available to enable it to meet its stated commitments.

In 2002, the ETI produced a Workbook, summarising its experience to date, as a practical guide for companies to develop and implement an ethical sourcing strategy. The ETI plans to revise this on a regular basis in order to incorporate the latest lessons being learnt. The Workbook can be ordered via the ETI's website.

Monitoring and verification

ETI members acknowledge that they have not yet found the most effective or most appropriate ways of detecting child labour in the supply chain. In order to improve their collective knowledge, the ETI is seeking to learn what monitoring and verification techniques prove most effective and to identify the most appropriate responses when cases of child labour are reported.

Fairtrade

Fairtrade Labelling Organizations International (FLO-International) is the worldwide Fairtrade standard setting and certification organisation. It permits more than 800,000 producers and their dependants in more than 40 countries to benefit from being labelled "Fairtrade". FLO

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guarantees that products sold anywhere in the world with a Fairtrade label, marketed by a national initiative, conforms to Fairtrade standards and contributes to the development of disadvantaged producers. The products sold include coffee, tea, rice, cocoa, fresh fruit, juice and honey.

A series of independent Fairtrade organisations operate in different industrialised countries – in France, for example, it is called Max Havelaar. Together they are FLO International.

FLO International has issued a set of Generic Fairtrade Standards for Hired Labour.²² A producer organisation has to be certified as respecting the minimum standards before it can sell produce to FLO International. On some issues, FLO International's Generic Standards set both minimum standards which all producer organisations must meet from the moment they join Fairtrade, or within a specified period, and “progress requirements” on which producer organisations must show permanent improvement and which should be developed according to a plan agreed by both the management and workers of the producer organisation. FLO also requires that producer organisations and companies always abide by national legislation. Furthermore, national legislation prevails if it sets higher standards on particular issues than FLO.

The Generic Fairtrade Standards for Hired Labour stipulate in section 1.3 that “FLO follows ILO Conventions 29, 105 and 138 on child labour and forced labour”. More specifically they require that:

- Children are not employed below the age of 15.
- Working does not jeopardise schooling or the social, moral or physical development of the young person.
- The minimum age of admission to any type of work which by its nature or the circumstances under which it is carried out, is likely to jeopardise the health, safety or morals of young people, shall not be less than 18 years.

Other standards have been issued for producers of specific products, such as cocoa, which include the same requirements. FLO Certification is run by an autonomous unit within FLO International. This Certification Unit coordinates all tasks and processes all information related to inspection of producers, trade auditing and certification. Operating independently from any other Fairtrade interests, it follows the ISO Standards for Certification Bodies (ISO 65). FLO regularly inspects and certifies about 420 producer organisations in over 50 countries in Africa, Asia and Latin America.²³

6. Trade union model codes

Countless trade unions exist at national level. At the international level, there are three main trade union federations which national trade unions can join. The largest of these is the International Confederation of Free Trade Unions (ICFTU), based in Brussels. At international level, trade unions also work together in industry, or sector-specific groupings known as the “International Trade Secretariats” (ITS), which are also closely linked to the ICFTU.

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When individual businesses and groups of companies importing much the same products began introducing codes concerning child labour and other labour issues in the 1990s, the trade union movement was initially hesitant about becoming involved. Once the ICFTU became involved in negotiating an agreement with FIFA (the Fédération internationale of Football Associations) about labour standards in the manufacture of footballs, however, the ICFTU, together with the ITS issued a "Basic Code of Conduct covering Labour Practices" in 1997. This is a standard agreement for individual companies to sign with the ICFTU or individual trade unions.²⁴

The provision of the code concerning the employment of children states:

Child Labour is not used. There shall be no use of child labour. Only workers above the age of 15 years or above the compulsory school-leaving age, whichever is higher, shall be engaged (ILO Convention 138). Adequate transitional economic assistance and appropriate educational opportunities shall be provided to any replaced child workers.

Again, like some other statements on standards, this one points to the obligation on an employer or business to make provision for children being removed from the workplace.

7. Codes and guidelines issued by faith-based groups and non-governmental organisations (NGOs)

Numerous codes on labour standards and other issues have been issued by a variety of organisations, either working alone or collectively with others. The number of codes and schemes organised in the US is particularly numerous. In some cases, the alliance of organisations involved cuts across the various categories listed here, involving, for example, businesses and an NGO, or trade unions working with others. This review is not complete, but refers to some of the best known sets of standards.

Faith-based groups:

The Principles for Global Corporate Responsibility "Bench Marks for Measuring Business Performance"

These were adopted in 2003 by a group of experts associated with Christian Churches, led by the Interfaith Center on Corporate Responsibility, a North American association of religious institutional investors, in conjunction with the UK's Ecumenical Council for Corporate Responsibility and Canada's Taskforce on the Churches and Corporate Responsibility.

The Principles are described as a set of comprehensive standards by which to measure responsible corporate action in the global economy. They offer businesses a detailed set of standards to adopt in their own codes, but do not specify a verification process in any detail.

Three faith groups published the first edition of the Principles in 1995 and circulated it widely for feedback. A second version was published in

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1998. A further conference in 1999 committed the faith groups involved to developing a partnership between Northern shareholder groups who have access to multinational corporations and Southern groups who are close to the impact of corporate practices on local people and communities. The Bench Marks document was revised in 2002 and reissued in 2003.

The authors describe the Bench Marks as:

specific reference points of measurement to be used in assessing the company's performance in relation to the Criteria. The Bench Marks [document] offers an ethical standard of measurement on which to base decisions about global corporate social responsibility as, for example, when policies about investment and the management of investments are being developed.²⁵

The Bench Marks for Measuring Business Performance set "principles", "criteria" and "benchmarks". The "benchmarks" are the specific instructions for what a business must do to abide by the standards set as "criteria". They make the following detailed requirements in sub-section 2.3d on child labour:

Principles:

2.3d.P.1 The company does not exploit children as workers.

2.3d.P.2 The company guarantees that neither it nor its contractors employ children in conditions that violate the rights of the child.

2.3d.P.3 The company:

- does not interfere with the right of a child to an education
- agrees to abide by minimum age requirements for admission of children to employment as stated in the International Convention on the Rights of the Child
- accepts appropriate regulation of hours and conditions regarding employment of children
- safeguards the health, safety and morals of child workers.

2.3d.P.4 The company does not employ persons under the age of majority as a means of avoiding the payment of the full adult wage for doing the same work.

Criteria:

2.3d.C.1 The company does not employ, in a full-time capacity, in its own workplaces or in that of its subsidiaries and suppliers, any child under the age of completion of compulsory schooling and, in any case, less than the age of 15 years. In countries where the economy and educational facilities are insufficiently developed, companies may, after consultation with the young workers, worker associations, and organizations concerned with children's rights, labour rights and human rights, initially specify a minimum age of 14 years.

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- 2.3d.C.2 The company, when it has taken advantage of the above exception to 14 years, has made a specific public declaration of the reasons for this exception and has determined a date by which it will cease to avail itself of the provisions of this policy.
- 2.3d.C.3 The company works with organizations concerned with children's rights, human rights and labour rights and within the country of production to ensure that young workers are not exploited.
- 2.3d.C.4 The company has a precise statement regarding the employment of children and young people. This policy is publicly available throughout the company and its suppliers in the languages of any and all workers. It is clearly communicated to all employees in a manner, which can be understood, and includes verbal communications for employees lacking adequate reading skills.
- 2.3d.C.5 The company has a clearly stated policy and monitoring programme in regard to the employment of children.

Bench Marks:

- 2.3d.B.1 The company has in place a monitoring and auditing programme to ensure compliance with its corporate code of conduct. This programme includes internal monitoring and auditing as well as independent monitoring.
- 2.3d.B.2 The company has a precise standard of recording and measurement in place, which enables it to monitor the significance of all exceptions to the pattern of child employment below the age of 15 years. In addition, the company has a precise standard and measurement of any exposure to a potentially hazardous environment for anyone aged 18 or below. These records are available for public scrutiny, especially by those groups responsible for human rights, labour rights and children's rights.
- 2.3d.B.3 If monitoring reveals that children are being exploited, immediate steps are taken to rectify the practice and to provide for the rehabilitation of the children involved. The company does not solve the problem by the dismissal of the children affected.
- 2.3d.B.4 The company regularly consults with country-specific knowledgeable organizations regarding programmes and practices to remove children from work sites and re-integrate them into home, school and community.

Other provisions stipulate the action required, verifying the standards and how the costs are to be borne. Principle 2.4.P.3 states that "The Company affirms the concept of joint responsibility with suppliers for the additional costs of compliance with ILO labour standards, national law and the company's code of conduct."

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The Fair Labor Association (FLA)

The FLA was set up in the USA initially under the sponsorship of the Apparel Industry Partnership, with the support of the Clinton Administration and the US Department of Labor. It is now an independent monitoring system that holds its participating companies accountable for the conditions under which their products are produced. To advance fair, decent and humane working conditions, the FLA enforces an industry-wide Workplace Code of Conduct, which is based on the core ILO labour standards.

The FLA represents a multi-stakeholder coalition of companies, universities and NGOs. At the end of 2003, 12 well known companies in the US were reported to be participating.²⁶ The companies committed themselves to a programme of Code of Conduct implementation, monitoring and remediation in order to bring their manufacturing sites into compliance with FLA standards. The Workplace Code of Conduct includes the provision that:

Child Labor

No person shall be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.²⁷

Like similar codes, it also includes provisions on other issues, such as workplace harassment and abuse, hours of work and other issues applicable to all workers.

Compliance

The FLA publishes an annual Public Report, the first of which was issued in June 2003, reporting on the FLA's first year of operations. It reported on 185 monitoring visits, in 48 of which companies were found not to be complying with one or other aspect of the FLA Code. The FLA's manual on Monitoring Guidance, available from its website, suggests how particular labour standards, such as child labour, should be monitored and verified. In the case of child labour, it points out the importance of:

- Identification of methods of verifying workers' ages that are particularly useful or futile in the local area.
- Determination of whether there are local organizations that can offer assistance in verifying workers' ages locally, should the need arise.
- Commonly used techniques in the region or country for presenting false proof of age.
- Interview techniques or questions that may be particularly useful in verifying workers' ages.

The FLA also publishes "Tracking Charts" of individual factories, which detail the non-compliance findings of FLA-accredited independent monitors and track the progress of participating company remediation in these factories. This information is updated periodically.

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Amnesty International Human Rights Guidelines for Companies

Although this well-known human rights NGO has not issued a code or set of standards of its own, it has called on companies to make respect for human rights an integral component of their business dealings. Amnesty International has stated that it believes companies should produce their own codes of conduct to enable them to evaluate the impact of their operations and policies in a human rights framework.²⁸

Worker Rights Consortium (WRC)

The WRC is a US-based not-for-profit organisation created by college and university administrations, students and labour rights experts. It aims to promote socially responsible initiatives by universities and colleges, and by businesses which use the indicia of these universities and colleges, for the improvement of working conditions and labour standards in domestic and global production of their merchandise. More than 100 colleges and universities in the US are affiliated to the WRC.

The WRC's mission includes keeping its affiliate colleges and universities informed about conditions in the factories producing the goods that bear their names and logos; and working with its affiliates to end worker rights violations wherever they are identified. It grants licences to individual businesses which agree to abide by its Code of Conduct and its reporting requirements. The WRC Code of Conduct echoes ILO Convention No 138:

Licensees shall not employ any person at an age younger than 15 (or 14, where, consistent with International Labor Organization practices for developing countries, the law of the country of manufacture allows such exception).

- 1 See Appendix 2 for definitions of forced and bonded labour.
- 2 Eliot J Schrage, Promoting International Worker Rights Through Private Voluntary Initiatives. Public Relations or Private Policy? A report to the US Department of State by the University of Iowa Center for Human Rights. UI Center for Human Rights Global Workplace Research Initiative. January 2004. Available at: http://www.uichr.org/content/act/sponsored/gwri_report.pdf
- 3 The nine principles are:
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and
Principle 2: make sure that they are not complicit in human rights abuses.
Labour Standards
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labour;
Principle 5: the effective abolition of child labour; and
Principle 6: eliminate discrimination in respect of employment and occupation.
Environment
Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies
Full information on the Global Compact can be found at:
<http://www.unglobalcompact.org/Portal/Default.asp>
<http://www.unog.ch/news2/documents/newsen/sg04002e.htm>
- 4 The Global Reporting Initiative "Sustainability Reporting Guidelines, 2000" can be downloaded from its web-site: <http://www.globalreporting.org>
- 6 Global Reporting Initiative, Sustainability Reporting Guidelines, 2002, "Social Performance Indicators HR6".

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- 7 For the ILO's guide to implementation of the Declaration see:
<http://www.ilo.org/public/english/employment/mult/download/guide.pdf>
- 8 More information can be obtained from government departments responsible for trade issues. In the UK this is the DTI see <http://www.dti.gov.uk/ewt/ukncp.htm#1>
- 9 See <http://www.legislation.hmso.gov.uk/si/si1999/19991849.htm>
- 10 Decree 2002-221 (Décret no 2002-221 du 20 Février 2002 pris pour l'application de l'article L. 225-102-1 du code de commerce et modifiant le décret no 67-236 du 23 mars 1967 sur les sociétés commerciales), Article 1 (9o) of which states : " Il indique l'importance de la sous-traitance et la manière dont la société promeut auprès de ses sous-traitants et s'assure du respect par ses filiales des dispositions des conventions fondamentales de l'Organisation internationale du travail. Il indique en outre la manière dont les filiales étrangères de l'entreprise prennent en compte l'impact de leurs activités sur le développement régional et les populations locales. " ^a From the website of the Observatoire de la Certification et de la Communication Environnementale et Sociale : <http://www.occes.asso.fr/fr/comm/nre.html>
- 11 Information from: <http://www.iblf.org/csr/csrwebassist.nsf/content/a1a2a3f4.html#3>
- 12 Available on <http://globalsullivanprinciples.org/principles.htm>
- 13 It can be downloaded from http://www.ioe-emp.org/ioe_emp/pdf/childlabour1.pdf
- 14 Information on the companies is available at:
<http://www.fundabrinq.org.br/index.php?pg=empresas>
- 15 Original text in Portuguese:
 1. Dizer não ao trabalho infantil, não empregando menores de 16 anos, exceto na condição de aprendizes e só a partir dos 14 anos.
 2. Respeitar o jovem trabalhador, não empregando menores de 18 anos em atividades noturnas, perigosas ou insalubres.
 3. Alertar seus fornecedores, por meio de cláusula contratual ou outros instrumentos, que uma denúncia comprovada de trabalho infantil pode causar rompimento da relação comercial.
- 16 <http://www.sa-intl.org/>
- 17 The nine areas are:
 - Child Labor – no workers under the age of 15; minimum lowered to 14 for countries operating under the ILO Convention 138 developing-country exception; remediation of any child found to be working
 - Forced Labor – no forced labor, including prison or debt bondage labor; no lodging of deposits or identity papers by employers or outside recruiters
 - Health and Safety – provide a safe and healthy work environment; take steps to prevent injuries; regular health and safety worker training; system to detect threats to health and safety; access to bathrooms and potable water
 - Freedom of Association and Right to Collective Bargaining – respect the right to form and join trade unions and bargain collectively; where law prohibits these freedoms, facilitate parallel means of association and bargaining
 - Discrimination – no discrimination based on race, caste, origin, religion, disability, gender, sexual orientation, union or political affiliation, or age; no sexual harassment
 - Discipline – no corporal punishment, mental or physical coercion or verbal abuse
 - Working Hours – comply with the applicable law but, in any event, no more than 48 hours per week with at least one day off for every seven day period; voluntary overtime paid at a premium rate and not to exceed 12 hours per week on a regular basis; overtime may be mandatory if part of a collective bargaining agreement
 - Compensation – wages paid for a standard working week must meet the legal and industry standards and be sufficient to meet the basic need of workers and their families; no disciplinary deductions
 - Management Systems – facilities seeking to gain and maintain certification must go beyond simple compliance to integrate the standard into their management systems and practices

The full text of the SA8000 standard is at <http://www.sa-intl.org>
- 18 SAI also offers a second tier for businesses wishing to improve further, the SA8000 Corporate Involvement Program (CIP), which involves businesses issuing an annual progress reports that have been verified by SAI.
 1. Establish commitment and governance procedures
 2. Identify stakeholders
 3. Define/review values
 4. Identify issues
 5. Determine process scope
 6. Identify indicators

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7. Collect information
 8. Analyse information, set targets and develop improvement plan
 9. Prepare report(s)
 10. Audit report(s)
 11. Communicate report(s) and obtain feedback
 12. Establish and embed systems
- 19 AccountAbility 1000, 1999. From: <http://www.AccountAbility.org.uk>
- 20 Available at <http://www.ethicaltrade.org>
- 21 From "Principles of Implementation":
http://www.ethicaltrade.org/Z/lib/base/poi_en.shtml
- 22 January 2003 version available from <http://www.fairtrade.net/>
- 23 Information from <http://www.fairtrade.net/sites/certification/explanation.html> on 10 March 2005.
- 24 <http://www.icftu.org/displaydocument.asp?Index=990917146&Language=EN>
- 25 Steering Group of the Global Principles Network, Principles for Global Corporate Responsibility: Bench Marks for Measuring Business Performance, 2003. Available from <http://www.bench-marks.org>
- 26 These were Adidas-Salomon, Eddie Bauer, GEAR for Sports, Joy Athletic, Liz Claiborne, Nordstrom Nike, Patagonia, Reebok, Phillips-Van Heusen, Polo Ralph Lauren and Zephyr Graf-X.
- 27 <http://www.fairlabor.org/all/code/>
- 28 Amnesty International, Human Rights are Everybody's Business, London, 2002.
[http://web.amnesty.org/aidoc/aidoc_pdf.nsf/Index/POL340082002ENGLISH/\\$File/POL3400802.pdf](http://web.amnesty.org/aidoc/aidoc_pdf.nsf/Index/POL340082002ENGLISH/$File/POL3400802.pdf)