# Social Accountability International (SAI) and Social Accountability Accreditation Services (SAAS)

*Profile completed by [Erika Ito](#), [Kaylena Katz](#), and [Chris Wegemer](#)*
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## History of organization

In 1996, the Social Accountability International (SAI) Advisory Board was created to establish a set of workplace standards in order to "define and verify implementation of ethical workplaces." This was published as the first manifestation of SA8000 in 1997.[1]

The SAI Advisory Board was created by the Council on Economic Priorities (CEP) in response to public concern about working conditions abroad. Until the summer of 2000, this new entity was known as the Council on Economic Priorities Accreditation Agency, or CEPAA.[2]

Founded in 1969, the Council on Economic Priorities, a largely corporate-funded nonprofit research organization, was "a public service research organization dedicated to accurate and impartial analysis of the social and environmental records of corporations" and aimed to "to enhance the incentives for superior corporate social and environmental performance."[3] The organization was known for its corporate rating system[4] and its investigations of the US defense industry.[5]

Originally, SAI had both oversight of the SA8000 standard and accreditation of auditors. In 2007, the accreditation function of SAI was separated from the organization, forming Social Accountability Accreditation Services (SAAS).[6] The operations and governance of SAI and SAAS remain inexorably intertwined; SAI cannot function without the accreditation services of SAAS, and SAAS would not exist without SAI's maintenance of the SA8000 standards and training guidelines. They see each other as a "related body," which SAAS defines as "a separate legal entity that is linked by common ownership or contractual arrangements to the accreditation body."[7] Because of this interdependence, they are often treated by activists and journalists as a single entity.

## Purpose of the organization and services offered

SAI's publicized mission is to "advance the human rights of workers around the world" and to achieve their "shared vision... of decent work everywhere." The nonprofit organization takes a multi-stakeholder approach towards their goal. Their favorable attitude towards corporate participants is illustrated in the mission statement, by declaring that their aims are "sustained by

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[1] SAI Website, Envisioning change: How we got started page
[2] BMQR Website, SA8000 page
[3] MIT GSSD Database, Council on Economic Priorities page
[4] Chicago Tribune, *By Council On Economic Priorities,* 30 November 1995
[5] Western Goals. *The War Called Peace,* 1982
[6] SAI Website, Envisioning change: How we got started page
[7] SAAS Website, Related Bodies page

widespread understanding that decent work can secure basic human rights while benefiting business."[8]

SAI does not inspect or certify factories or brands. Neither does SAI provide accreditation to auditing firms which inspect factories. SAI "protect[s] the integrity of workers around the world by building local capacity and developing systems of accountability through socially responsible standards."[9] More precisely, SAI provides four main services. First, SAI maintains and periodically reevaluates the SA8000 standard, which is widely used and regarded as one of the highest standards in the industry.[10] Second, SAI provides self-assessment tools and guidance to dues-paying member corporations, including their "Social Fingerprint" service. Drawing on a database of information, this tool aims to assess, measure, and rank social impact of corporations.[11] According to the AFL-CIO, the creation of this service was a response to systemic inadequacies and tacitly "acknowledge[s] past failures of social auditing." The AFL-CIO continues that "Social Fingerprint merely emphasize[s] more 'worker-friendly' management and greater participation of workers, but still do[es] not clearly and proactively encourage freedom of association."[12] Third, SAI trains inspectors from auditing agencies ("Certification Bodies") so that they can qualify to use SA8000 certification.[13] (Note that SAI does not accredit auditing agencies; this is the function of SAAS.) Lastly, SAI organizes multi-stakeholder "capacity building" programs. These serve as case studies of the application of SAI's CSR strategies and are also used to provide member corporations with CSR guidance, training, and professional development.[14]

The mission of SAAS is to "evaluate, accredit, and monitor organizations that demonstrate competency to audit and certify organizations that conform to social standards" in order to "promote[ ] human rights in the workplace."[15] SAAS provides three main services. First, SAAS accredits auditing companies which allows them to use specific certification schemes, a process which includes "document reviews, office audits, observations of auditors, and ongoing monitoring."[16] SAAS offers accreditation in a number of standards: SA8000, BSCI Code of Conduct, GoodWeave International, Magen Tzdek, InterAction PVO.[17] This selection has increased over time, as originally SAAS only offered accreditation in the SA8000 standard. To receive SA8000 accreditation, members from the auditing team must complete an SA8000 training course, either from SAI or another certified Course Provider. (SA8000 Course Providers are also certified by SAAS.) As SAAS specifies, "the issuance of SA8000 certifications is available only through independent organizations accredited by Social Accountability Accreditation Services [SAAS]."[18] Second, SAAS maintains verification and quality assurance systems to try and ensure that standards are "being used consistently and appropriately."[19]

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[8] SAI Website, About SAI page
[9] SAI Website, About SAI page
[10] SAI Website, About SAI page
[11] Social Fingerprint "About" page
[12] AFL-CIO, *Responsibility Outsourced,* 2013
[13] SAI Website, SA8000 Auditor Training page
[14] SAI Website, Our Programs page
[15] SAAS Website, About SAAS page
[16] SAAS Website, Our Services page
[17] SAAS Website, Accreditation Programs page
[18] SAI Website, SA8000 Certification page
[19] SAAS Website, Our Services page

Lastly, SAAS engages in "capacity building" that offers "guidance and technical assistance in the development of social standards."[20]

**Members of organization**

SAI has a total of 18 dues-paying corporate members. The size of the company and the CSR services desired determine the amount of dues.[21] The "Signatory Level" is the highest level of corporate contribution and companies receive the full array of CSR services offered by SAI. These companies are Hewlett-Packard (HP), Eileen Fisher, Inc., Gap Inc., Switcher, Tchibo GmbH, Tex Line Associates Pte. Ltd., and The Timberland Company. (Note that all but one of these are apparel companies.) At the next level down, the "Explorer Level," are Beraca and The Walt Disney Company. At the lowest, "Supporter Level" companies are Billabong Int'l Limited, Chiquita Brands Int'l, Inc., Clif Bar & Company, Garnet Hill, General Mills, Inc., Gucci, OTTO Group, Private Label Manufacturers Assoc (PLMA), Rosy Blue, TNT.[22]

SAI also lists a large number of companies, governments, NGOs, unions that it considers partner organizations. Regulations for partner organizations are not specified, but it is presumed that SAI doesn't have formal requirements of these firms, only good working relations with each. These organizations are: AKUT Search & Rescue Association, Foundation for Peace and Democracy (FUNPADEM, Abt Associates), China National Textile and Apparel Council, Cotton Made in Africa (CmiA), ETI Norway, Electronics Sector Roundtable (Cividep India), Fair Trade USA, Bangladesh National Council (BNC, ITGLWF, MFA Forum), German Development Cooperation (GIZ)/Tchibo GmbH, Global Social Compliance Programme (GSCP), Interchurch Organisation for Development Cooperation (ICCO), International Finance Corporation (IFC), Rabobank Brazil, Fairtrade International (FLO)/GoodWeave, Magen Tzedek Commission; Social Accountability Accreditation Services (SAAS), Danish Institute for Human Rights, CSR Centre Bangladesh, Professional for Corporate and Social Auditing (PASE), Zimbabwe Environmental Law Association (ZELA), Center for Research and Cultural Support (CIAC), INCAP, Center for Human Development (CDH), Rapid Results Institute (RRI), Responsible and Accountable Garment Sector (RAGS), National Homeworkers Group, Responsible Jewelry Council (RJC), Business Social Compliance Initiative (BSCI), Norwegian Guarantee Institute for Export Credits (GIEK), UN Global Compact: Human Rights Working Group & Supply Chain Sustainability Advisory Group, UN Women Gender Equity Seal (UN GES), Transparency International USA (TI-USA).[23]

Through the use of SA8000 standards, SAI is also informally linked to auditing agencies ("certification bodies") and training programs ("accredited course providers") accredited by SAAS.

There are 23 auditing agencies ("certification bodies") that are accredited to give SA8000 workplace certifications. They are accredited by SAAS through a process that includes an evaluation of the monitoring company's written policies, procedures, and documentation and

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[20] SAAS Website, Our Services page
[21] SAI Website, SAI Corporate Programs page
[22] SAI Website, Corporate Program Members page
[23] SAI Website, Partnerships page

audit of their inspections and office procedures.[24] [25] (However, if a certifying body does inspections in new countries or has 4 or less SA8000 certifications in a country, no physical witness is required.[26]) The accreditation process typically takes between 6 months to 1 year.[27] The accreditation contract between auditors and SAAS is publicly available.[28] The accredited auditing agencies are: ALGI; APCER; BSI; Bureau Veritas; CISE; Centre Testing International; DNV; EUROCERT; GlobalGROUP; HKQAA; Institute of Quality & Control Ltd. (IQC); Intertek; IQNet Ltd; LRQA; LSQA; Level Works Certification Services; RINA Services S.p.A.; SGS-SSC; TUV NORD Group; TUV Rheinland Group; TUV SUD Group; and UL-Registrar.[29] While SAI and SAAS are nonprofit organizations, all of the accredited certification bodies are for-profit companies whose revenue depends on conducting factory certifications.

An auditor must take a training course from an SAAS approved "Course Provider" in order to do SA8000 certifications.[30] [31] There are six Course Providers (including SAI) that offer this training in the SA8000 standard: Bureau Veritas training, CISE, IFME, RINA Training Factory S.r.L., SGS Academy, SAI. The process for accrediting an organization as an SAAS-approved Course Provider includes a review of their teaching materials, an office audit, a witness audit, and payment of fees.[32] [33]

SAAS lists BSCI, GoodWeave International, Magen Tzedek, and InterAction as clients.[34] (The organizations presumably work closely together, as SAAS offers accreditation in the monitoring systems of these organizations.) SAAS is also a member of the ISEAL Alliance, which is advertised on their website.[35]

Both SAAS and SAI are link to factories which hold SA8000 certification. As of June 2013, 3,231 factories were certified SA8000 compliant in 69 countries across 65 industries, representing 1,829,766 workers.[36] The list of factories is publicly available.[37] To obtain the certification, the factory must pass inspection by one of the accredited auditing agencies listed above. SAAS recommends that facilities contact several SAAS-accredited certification bodies to receive a bid for certification services.[38]

**Governance**

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[24] SAI Website, FAQ page
[25] SAAS application checklist, procedure 408 - No longer publicly available on SAAS's new website, but can be shared by the author upon request
[26] SAAS Procedure 201, page 17
[27] SAAS Website, FAQ page
[28] SAAS Sample Accreditation Agreement Contract - No longer publicly available on SAAS's new website
[29] SAAS Website, Accredited Certification Bodies page
[30] SAI Website, FAQs for Training Courses page
[31] SAAS Procedure 203 - No longer publicly available on SAAS's new website, but can be shared by the author upon request
[32] SAAS Accreditation Requirements for Bodies Providing SA 8000 Auditor Training
[33] SAAS Procedures 250 and 251
[34] SAAS Website, Our Clients page
[35] SAAS Website, ISEAL Membership page
[36] SAAS Website, SA8000 certified factories list
[37] SAAS Website, SA8000 certified factories list
[38] SAAS Website, SA8000 Certification page

There are eight members of the SAI Board of Directors which oversee the organization:[39] Tom DeLuca, Dana Chasin, Jan Furstenborg, Dan Henkle, Joe Iarocci, Nicholas Milowski, Steven Newman, and Alice Tepper Marlin. Two of these members have corporate backgrounds. (Tom DeLuca was former VP of imports and compliance for Toys-R-US and Dan Henkle was Senior VP for Social Responsibility at GAP.[40])

SAI has an Advisory Board, responsible for reviewing the SA8000 standard.[41] (Before SAAS split from SAI, the Advisory Board also reviewed accreditation procedures and any challenges to accreditation of auditors; SAAS now takes these functions.[42]) The list of Advisory Board members is public; of the seventeen members, ten have corporate backgrounds (seven of these are from companies that are dues-paying members and one from an auditing firm that pays for SAAS certification, although this member does not vote).[43]

SAI also has a Founder's Committee, created to allow retired Advisory Board members to still have input into SA8000 revisions.[44] Committee members can attend Advisory Board meetings as non-voting members, serve as members on Advisory Board committees, and access all Advisory Board materials. The list of these board members is public; of the twelve members, six come from corporate backgrounds (three of these are from companies that are dues-paying members).[45]

The Council on Economic Priorities from which SAI originated, was founded by Alice Tepper Marlin, who remains president of SAI.[46] [47] SAI lists 18 staff members, three of which are located outside of the United States.[48]

SAAS is governed by a Board of Directors, which consists of Dana Chasin, Nigel Croft, Kenneth Giunta, Alice Tepper Marlin, Laura Chapman Rubbo, Colleen Von Haden, and Morton Winston.[49] Two of these members have corporate backgrounds. (Laura Chapman Rubbo worked for the Walt Disney Company and Colleen Von Haden worked for Timberland.) This board oversees an Accreditation Review Panel, which makes recommendations about whether to accredit certain organizations.[50] The members of this panel are John Brookes, Tom DeLuca, and Joe Iarocci. The SAAS Board of Directors is also assisted by an Advisory Committee "to assist in developing policies and recommendations to ensure best practices, continuous improvement and impartiality in the accreditation process."[51] Advisory Committees are convened when necessary and "consist of technical experts, stakeholders and representatives of the

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[39] SAI Website, Board of Directors page
[40] SAI Website, Board of Directors page
[41] SAI Website, SAI Advisory Board page
[42] Angelica Hagman, *Social Accountability International and the SA8000,* 2007
[43] SAI Website, SAI Advisory Board page
[44] SAI Website, SAI Advisory Board page
[45] SAI Website, SAI Advisory Board page
[46] SAI Website, Staff Members page
[47] Barry Meier, The New York Times, *A Consumer Who Uses Shopping To Try To Alter Many Corporate Policies,* 2 March 1991
[48] SAI Website, Staff Members page
[49] SAAS Website, Board of Directors page
[50] SAAS Website, Accreditation Review Panel page
[51] SAAS Website, Our Organization page

bodies that own the Standards" who participate on a volunteer basis.[52] Previous members of the committee are not disclosed. SAAS has three staff and thirteen lead auditors, overseen by Executive Director Rochelle Zaid, who manage day-to-day operations.[53]

SAAS attempts to distance itself from SAI, saying "SAAS maintains different top management and personnel than that of its related bodies [SAI is the only "related body" of SAAS], and decisions for accreditation are the sole responsibility of the Executive Director in consultation with an independent Accreditation Review Panel."[54] But there remains significant overlap between the governance of SAI and SAAS. Of the seven members of SAAS's Board of Directors, Dana Chasin and Alice Tepper Marlin also serve on the SAI board, and Morton Wilson is a member of SAI's Founders Committee. All three members listed on SAAS's Accreditation Review Panel (responsible for evaluating whether or not to accredit firms) serve in some capacity at SAI; Tom DeLuca and Joe Iarocci are members of the SAI Board of Directors and John Brookes is a member of the Founders Committee (which Tom DeLuca also chairs). The SAAS website was recently remodeled, and on the previous page, SAAS had disclosed the members of its Accreditation Advisory Committee: Dorianne Beyer*, John Brookes*, Ivano Corraini*, George Jaksch*, Eileen Kaufman, Andrew Kirkby, Prasun Kundu, Alice Tepper Marlin*, Olga Orozco*, Mike Patrick, Marina Piloni, Rossella Ravagli*, Achille Tonani, Luca Valli*, and Mort Winston*. Over half of the members of the committee also worked with SAI (denoted with an asterisk). The overwhelming large number of SAAS personnel who are (or have been) affiliated with SAI contradicts the notion that "the activities of any related bodies [SAI] do not compromise the confidentiality, objectivity and impartiality of its accreditation activity [SAAS]."[55]

**Geographical focus**

SAI operates and oversees its programs and trainings in 69 countries all over the world. It has no explicit geographical focus, although over half of the facilities with SA8000 certification are located in India and Italy (and Italy, India, and China constitute over half of the workers in SA8000 facilities).[56] [57] [58] The headquarters is located in New York City, New York, USA. Including the office of headquarters, SAI has offices in eleven countries.[59]

SAAS is also headquartered in New York City, New York. Although SAAS claims to conduct business independent from SAI, both of their office addresses and fax numbers match; it is unclear if they even have separate headquarter offices, as they are both located on the same floor of the same building.[60] [61]

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[52] SAAS Website, Accreditation Advisory Committee page
[53] SAAS Website, Staff page
[54] SAAS Website, Related Bodies page
[55] SAAS Website, Related Bodies page
[56] SAI Website, Where We Work page
[57] SAAS Website, Number of Facilities Pie Chart
[58] SAAS Website, Number of Employees Pie Chart
[59] SAI Website, Where We Work page
[60] SAAS Website, Contact Us page
[61] SAI Website, Contact Us page

The SA8000 standard is used across 65 different industry sectors.[62] The apparel sector has the largest number of SA8000 certifications with 11.0% of the total number of certified facilities, followed by textiles with 10.3%, and thirdly by construction with 9.4%. The list of all SA8000-certified workplaces is publicly available.[63]

**Finances and payment for services**

SAI is a US based charitable 501(C)(3) organization. SAI is funded by donors and foundations, governments and multilateral institutions, partner organizations, and companies (through membership, payment for services, public-private partnerships, and multi-stakeholder collaboration). A complete list of financial supporters is publicly available,[64] and because of SAI's tax status, its annual tax documents are also public.[65]

In 2011, SAI reported a revenue of $3.2 million, of which 40% came from grants, 16% from corporate programs, and 28% from training programs.[66] The remaining 16% comes from "other" sources, which are elaborated in the 990 tax form as $314,849 in "royalties," $142,000 in management fees ("Rel. EO"), and another "other" category of $101,064.[67] SAI also paid $11,269 in dues to SAAS.[68]

SAI's 2011 tax documents list the top grantees and the amounts given: J & L Foundation, $60,000; Lee B. Thomas, Jr., $40,000; Thomas Block, $26,000; US Dept of Labor, $356,391; Lioda Lewis, $14,850; Tchibo Gmbh, $15,748.[69] (Note that the US Department of Labor provided well over 10% of SAI's revenue.)

SAAS is also registered as a non-profit organization.[70] According to its 2011 tax documents, SAAS's annual revenue is approximately $1 million.[71] All of this revenue comes from payment for program services; SAAS does not receive donations or grants.

**Role the organization plays in monitoring, costs of inspection, and training of auditors**

SAI does not monitor factories or audit work conditions. As SAI states, "SAI does not conduct, or pay others to conduct, SA8000 certification audits."[72] (Despite their disconnect from the workplace and interactions with workers, SAI is responsible for creating and revising the SA8000 standard for the industry and training auditors to use it.) SAAS, which was formerly part of SAI, is responsible for giving accreditation to auditing companies. These accredited auditing

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[62] SAAS Certified Facilities by industry page
[63] SAAS Certified Facilities List
[64] SAI Website, List of Supporters page
[65] SAI Website, Financial Statements page
[66] SAI Website, Financials page Note: The percentages listed on this page are reasonably different than their tax form of the same year.
[67] SAI 2011 990 Tax Document, page 9
[68] SAI 2011 990 Tax Document
[69] SAI 2011 990 Tax Document, page 18
[70] SAAS Website, Financial Support page
[71] Guidestar, SAAS 2011 990 Tax Document
[72] SAI Website, SAI Responds to AFL-CIO's 'Responsibility Outsourced' Report page

companies then inspect the factories. In some instances, SAAS itself may conduct factory inspections.

Certified auditor companies are selected freely the companies desiring SA8000 certification. (It is implied that factories usually apply and pay for certification themselves, as brands and retail companies are not mentioned, although retail  brands seem free to contact auditing companies and arrange SA8000 inspections as part of their supply chain management. SAI and SAAS make no restrictions regarding clients, but leave it up to the auditing companies.) Costs of the inspection for certification "typically range between $500-$1,500 per day," depending on factors such as size, location, and industry type.[73] Initial inspections may take anywhere from two to twenty-two days, depending on the size of the factory.[74] SAI and SAAS are not involved in these financial transactions.

If an auditing company wishes to become accredited by SAAS as a "certified body," the costs are substantial and can exceed $40,000 for a single inspector.[75] An auditing company must submit an application, undergo an onsite audit by SAAS (lasting approximately a week), and attend an SAAS-approved training course. Also, the auditing company must pay an SA8000 annual royalty fee of $5,000 or 3% of gross auditing fees.[76] Accreditation lasts four years, during which semi-annual audits of the company are conducted by SAAS (and the auditing company is financially responsible for these visits).[77]

SAI offers training courses for which it receives payment. Online training courses cost between $50-$200 per participant, a 3 day auditor training class is approximately $1,000 (depending on location), and a 5 day auditor training session runs about $1,500.[78] SA8000 training is offered by five other organizations in addition to SAI; these are "Accredited Course Providers," which are certified by SAAS.

The training requirements of auditors vary depending on the accredited auditing company, but SAI sets the minimum of what is required for people who conduct the inspections. [79] (Nearly identical requirements are listed by SAAS.[80]) An audit requires both "lead" and "team" auditors. "Lead auditors" must be a lead auditor in ISO standards (as designated by any SAAS-approved certifying body), complete basic and advanced SAAS-approved courses, and participate in six audits (three SA8000 and three ISO). Team auditors are also required to have ISO credentials, training from an SAAS course provider, and participation in four audits (three ISO and one SA8000). SAAS also specifies a role for "technical experts," the only requirement being that "[t]echnical experts shall possess specific knowledge and skills as needed in areas such as: language, geographic region and/or industry-specific knowledge."[81]

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[73] SAAS Website, Certification Costs page
[74] SAAS Procedure 200, page 19
[75] SAAS Website, Accreditation Fees page
[76] SAAS Website, Accreditation Fees page
[77] SAAS Procedure 201: SA8000 Advisory 200-8
[78] SAI Website, Training Schedule and Registration page
[79] SAI Website, FAQs for SAI Training Courses page
[80] SAAS Procedure 203, pages 3-5 - No longer publicly available on SAAS's new website, but can be shared by the author upon request
[81] SAAS Procedure 203 - No longer publicly available on SAAS's new website, but can be shared by the author upon request

Implied is that lead auditors conducting SA8000 certifications do not have to be employees of the accredited certifying body, only "qualified" by a certifying body. Likewise, a "team auditor" may "be employed by or under contract to a SAAS accredited certification body *or working as an individual auditor*" (emphasis added).[82] Elsewhere, SAAS specifies that "[t]he certification body shall not subcontract SA8000 audits to another organization but may use auditor resources of partner organizations (under a contractual agreement) if the auditors conform to the certification body's rules and regulations."[83] [84]

About half of the auditors who attend a multi-day training course do not have background experience in auditing, yet each is graduated as an "advanced auditor" for the SA8000 standard. [85] A general outline of the material discussed in SAAS-approved training courses can be found in the documents used to accredit SA8000 course providers.[86]  In addition to training, "SAAS also ensures the satisfactory performance of the assessment by establishing a procedure (Procedure 203)," a collection of guidelines for auditing staff members.[87] [88]

**Standards and code of conduct**

SAI maintains the SA8000 standard, recently updated in 2014.[89] It is "a voluntary standard for workplaces based on ILO (International Labour Organization) and other human rights conventions" and it utilizes the "independent verification method… from the widely accepted quality management system certification in the International Organization for Standardization (ISO) programs."[90] SAAS also offers accreditation in standards maintained by Business Social Compliance Initiative (BSCI), GoodWeave International, InterAction, and Magen Tzedek.[91] The SA8000 code, overseen by SAI and administered by SAAS, is evaluated below.

**Wage requirements**

The SA8000 code requires that workers be paid be at least the "legal or industry minimum." The standard does not require a living wage, instead stating that firms "shall respect the right of personnel to a living wage" and that wages must be "sufficient to meet the basic needs of personnel and to provide some discretionary income."[92] Elsewhere, a "living wage" is defined as "one that enables workers, for their labour during a standard workweek, to support

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[82] SAI Website, FAQs for SAI Training Courses page
[83] SAAS Procedure 203, Certification Requirements Manual, pg 16 - No longer publicly available on SAAS's new website, but can be shared by the author upon request
[84] SAAS Procedure 200: SA8000 Advisory 200-17: Outsourcing
[85] Angelica Hagman, *Social Accountability International and the SA8000,* 2007
[86] SAAS Accreditation Requirements for Bodies Providing SA 8000 Auditor Training
[87] SAAS Procedure 201
[88] SAAS Procedure 203 - No longer publicly available on SAAS's new website, but can be shared by the author upon request
[89] SA8000 Standard, Side by Side Comparison
[90] SAI Website, Advisory Board page
[91] SAAS Website, Accreditation Programs page
[92] SA8000 Standard, Side by Side Comparison

half the basic needs of an average-sized family, based on local prices near the workplace."[93] SAAS states that it is the responsibility of each individual auditing company to calculate a living wage.[94]

SAI dedicates a page of its website to discussion of a "living wage."[95] Here, SAI claims to have been the first organization to adopt a living wage as part of its code of conduct. Despite the fact that a living wage is not required by SA8000, SAI maintains that "[t]he concept of a living wage is central to the SA8000 standard." SAI again defines a living wage, differently than its other documents:

> A living wage is: The remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs including provision for unexpected events.[96]

SAI discusses obstacles to implementation of a living wage more than the solutions, particularly citing establishment of a definition and methodology as the largest obstacle. Their analysis seems to ignore a wide body of research on the subject and the approaches that already exist in the field, instead stating that establishing a system for a living wage will be a very "long-term process." The following parties are collaborating on this living wage project: "Richard Anker, former Senior Economist at the ILO, and Fairtrade International, Forest Stewardship Council (FSC), GoodWeave, Sustainable Agriculture Network/Rainforest Alliance (SAN/RA), Social Accountability International (SAI) and UTZ Certified."[97]

SAI defines "basic needs" and suggests how a wage that meets these needs could be calculated. Their analysis is reproduced below in its entirety:

> Wages paid for a standard working week should enable workers to meet their basic needs such as food, clean water, clothes, shelter, transport, education, and a discretionary income. There is no universally accepted method of calculating wages. However, there are two broad approaches adopted by living wage advocates: qualitative and quantitative analysis. Qualitative analysis emphasizes consultation with workers and their representatives. Quantitative analysis relies on available economic indicators, such as poverty line and market basket data, and usually adopts certain formulae to calculate basic needs. SAI recommends the use of a quantitative approach to obtain an initial point of reference, but the focus should be on the consultation with workers to gain a real understanding of whether workers' wages are sufficient to meet basic needs for themselves and their dependents. Quantitative analysis, no matter how well defined, could only partially reflect real needs and could only serve as a starting point to fully assess the situation. Workers, whenever possible, should be the

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[93] SAI Consolidated Guidance, June 2013
[94] SAAS Website, SA8000 Accredited Certification Bodies page
[95] SAI Website, Living Wage page
[96] SAI Website, Living Wage page
[97] SAI Website, Living Wage page

most important source of information to determine basic needs.[98]

Elsewhere, SAI generally outlines a methodology:

> [T]he living wage is estimated by adding up: the cost of a low cost nutritious diet that is appropriate for food preferences and development level of a country, plus the cost of decent housing in the area, plus other costs for essential needs, which are assessed through a method of extrapolation. A small margin above the total cost is then added to help provide for unforeseen events such as illnesses and accidents to help ensure that these events do not easily throw workers into poverty. This total per capita cost is scaled up to arrive at the cost of a decent standard of living for a typical family and then defrayed over a typical number of full-time equivalent workers per household.[99]

SAI provides a case of what it considers to be "notable example of how to implement a living wage to ensure employee retention." The Rosy Blue Diamond factory in Thailand specializes in cutting diamonds. Unlike other factory work, diamond cutting "is a highly skilled craft," so one may naturally expect wages to be higher than minimum.[100] To calculate a living wage, a formula "specific to the factory" was developed. The price of a basic food basket (no description of how this was calculated provided) was divided by the average household income spent on food. This total was then multiplied by ½ (presumably assuming there are two full-time breadwinning adults in each family). Finally, an extra 10% is added for "discretionary income."[101]

This method is flawed for too many reasons to comprehensively list here. Most glaringly, the entire "living wage" is based only on food expenditures. There is no mention of how the food basket was constructed or its nutritional value. Instead of attempting to ascertain the price of other goods required to survive (shelter, clothing, etc), these other expenses are simply taken as proportional to food costs. This is based on what the average family spends, which only reinforces the status quo and does not consider that other arrangements may be healthier or more desirable. The report stated that the factory developed the method, with no indication of input from workers. Included in the total wages are benefits that the factory gives workers; these should not be included as wages, as workers have no control over spending these funds. According to a study by the Center for American Progress and the Worker Rights Consortium,[102] this factory's average monthly wage of 10,500 bhat (including factory-valued benefits) falls far short of a living wage of 16,270 bhat. A worker just starting at the factory, receiving 215 bhat per day, would only take home 6,020 bhat per month, assuming they work a full 6 days per week. This is below the prevailing wage of 7,026 bhat in the garment sector, which is presumed to be less skilled than diamond cutting. While these issues remain unaddressed, the report spends

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[98] SAI Website, FAQ page
[99] SAI Website, Living Wage page
[100] Rosy Blue Report to Society 2010-2011, Section 7: How Rosy Blue is Progressing
[101] Rosy Blue Report to Society 2010-2011, Section 7: How Rosy Blue is Progressing
[102] Center for American Progress, *Global Wage Trends for Apparel Workers, 2001-2011*, July 2013

much time boasting that workers receive "welfare and benefits" of subsidized transportation, subsidized meals, and holidays off.[103] [104]

In May 2014, SAI (in conjunction with Fairtrade International) released a report calculating a living wage for banana farmers in the Dominican Republic.[105] The living wage calculation involved in this report is much improved over the analysis involved in the Rosy Blue Diamond factory case, but still has a number of faults, most notably including deductions for benefits and lack of input from worker representatives. The report concluded that a living wage would be RD$13,869 (a take-home pay of RD$11,966 after "in-kind" benefits have been deducted). Because of the presence of the unique Alta Gracia factory which has successfully implemented a worker-driven living wage, a living wage for the Dominican Republic has been well-documented by a number of sources and continually evaluated by the Worker Rights Consortium.[106] The estimate of SAI sharply disagrees with the Center for American Progress and the Worker Rights Consortium, which found a living wage for the Dominican Republic to be RD$21,237 in 2011. When adjusted for inflation between 2011 and 2013, this amounts to over $23,000, which is more than double what SAI considers a take-home living wage.

Beyond the above examples, there is no evidence that SAI has attempted to calculate wages required to meet the "basic needs" of workers, much less implement mechanisms of enforcement. SAAS requires that each auditor document calculations of a "basic needs" wage, but none of this information is publicly released.[107]

**Attitude towards unions, freedom of association rights, and worker input**

The SA8000 standard protects freedom of association and collective bargaining in section 4 of the code.[108] In countries where organizing is prohibited, factories are still required to allow workers to elect representatives.

SA8000 designates a role for an "SA8000 worker representative," a "worker chosen to facilitate communication with senior management on matters related to SA8000."[109] It is emphasized repeatedly that this is not a replacement for unions, stated in such a way that it is presumed revisions to the code were necessary because the worker designation was seen as (or perhaps criticized as) a replacement for unionized representation or allowing managerial involvement in unionization. SAI requires the creation of a Social Performance Team "to implement all elements of SA8000," and further states that this team "shall include a balanced representation of worker representative(s), freely selected by their peers, and management."[110]

Section 9 of the SA8000 standard specifies that factories must "establish a confidential, unbiased and non-retaliatory grievance procedure, allowing personnel and interested parties to

[103] Rosy Blue Report to Society 2010-2011, Section 7: How Rosy Blue is Progressing
[104] Rosy Blue Report to Society 2010-2011, Section 7: How Rosy Blue is Progressing
[105] Report: Living Wage for Rural Dominican Republic with Focus on Banana Growing Area of the North, October 2013
[106] John Kline and Edward Soule, *Alta Gracia: Work with a Salario Digno*, 2011
[107] SAAS Procedure 200, page 5 and 6
[108] SA8000 Standard, Side by Side Comparison
[109] SA8000 Consolidated Guidance, Freedom of Association and Right to Collective Bargaining
[110] SA8000 Standard, Side by Side Comparison

make comments, recommendations, reports or complaints concerning the workplace" without intimidation."[111] SAI recommends that auditors inform workers that "there are mechanisms available for workers to lodge confidential complaints outside the factory – through the auditors or other local organizations."[112] SAAS protocols require that any grievances of workers be taken to a designated worker representative and then to factory management.[113] If the issues are not remediated, then the worker representative may contact the auditing company which gave the SA8000 certification. SAAS suggests that the auditing company be contact via mail, and that the "address of that CB ["certifying body," the auditing company] will be on the facility's posted SA8000 certificate, or it can be obtained from the elected worker representative and/or management-designated SA8000 representative."[114] The auditing company is required to submit all worker complaints to SAAS every six months. The workers bear the burden of reaching out to SAAS and proving their case, as they "must include documented evidence demonstrating that the facility did not comply with one or more specific provisions of SA8000."[115] If any response is given, it is unlikely to come in a timely or effective manner, given the bureaucratic nature of the process and timeframes noted. The auditing company bears responsibility of investigating any complaints (including potentially costly visits to the factory, which the company has no financial incentive to do). Neither SAAS nor SAI hold any responsibility for remediation in worker grievance process and only require that auditing companies keep them informed.

SAI has declared that "SAI continues to believe that independent trade unions and strong, enforced, national labor legislation are the best means to achieve decent work,"[116] but there is no evidence that the SA8000 standard has been used as a tool to help workers organize or that the SA8000 has been successful in protecting freedom of association. The only case specific to worker organizing referenced by SAI is a sample exchange between SAI and an auditor regarding a union in Colombia, where SAI replies to the first question that "[i]t is not the role of the SA8000 auditor to encourage worker elections of representatives."[117]

**Monitoring protocols**

SAI does not do monitoring and thus does not have monitoring protocols. They do publish a document which makes recommendations for monitoring.[118] SAAS accredits SA8000 training sessions; the requirements of these training sessions give insight into the perspectives and methods of the auditors.[119] A snapshot of the conversations that SAI/SAAS is having with auditing firms over monitoring protocols can be seen in their meeting notes.[120]

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[111] SA8000 Standard, Side by Side Comparison
[112] SA8000 Consolidated Guidance, Freedom of Association and Right to Collective Bargaining
[113] SAAS Procedure 304, Section 6
[114] SAAS Procedure 304, Section 7
[115] SAAS Procedure 304, sections 6 and 7
[116] SAI Q & A: Ali Enterprises Fire in Karachi, Pakistan
[117] SA8000 Consolidated Guidance, Freedom of Association and Right to Collective Bargaining, page 14
[118] SAI Consolidated Guidance, June 2013
[119] SAAS Accreditation Requirements for Bodies Providing SA 8000 Auditor Training
[120] SAAS - SA8000 Program Managers Calibration Meeting - No longer publicly available on SAAS's new website, but can be shared by the author upon request

SAAS records a number of protocols in a collection of "procedures" documents. Procedure 200 governs the auditing process and requirements for an auditor to maintain accreditation.[121] Procedure 201 regulates the process of auditor accreditation.[122] Procedure 406 specifies annual fees and fees for assessments.[123] Procedure 304 governs the process for complaints and appeals.[124] The SAAS accreditation contract with auditors is also available.[125]

SAI recommends a combination of onsite/offsite interviews, but leaves it up to the discretion of the auditor. SAI gives strategies for interviews for each aspect of the worker experience.[126] SAI goes so far as to state that "[o]ffsite interviews are strongly recommended to ensure effective and confidential interviews."[127]

In the actual monitoring protocols and requirements overseen by SAAS, offsite interviews are clearly de-prioritized. SAAS specifies that "at least 30% of the on-site audit time shall be used to conduct worker interviews for all audits" and that these interviews "shall include both individual and group interviews." Later, SAAS states that the auditor should only "conduct offsite worker interviews where [when] appropriate."[128]

The following is the extent to which SAI recommends unannounced visits: "SAI recommends unannounced monitoring visits as a highly effective tool for verifying compliance of suppliers/subcontractors and sub-suppliers; nevertheless, the company should respect the privacy of home workers and their family members, and obtain approval from (or at least inform) those workers of an acceptable format for such monitoring activities."[129] SAAS requires that each accredited facility must undergo at least one unannounced audit in a three year certification cycle (consisting of at least six audits, as inspections are required twice a year).[130] SAAS also states that "[t]he second surveillance audit will be the mandatory unannounced audit," which may give savvy managers an indication of when the unannounced audit will occur. According to SAAS protocols, the duration of the initial audit depends on the number of employees, from 2 days for up to 10 employees and 22 days for up to 10,700 employees (less time is required for repeat audits).[131] Certified factories must be audited at least once every 6 months.

SAI gives detailed but non-binding protocols for noncompliance remediation in each of the inspection categories.[132] SAAS loosely addresses both factory and auditor noncompliance.[133] All instances of factory noncompliance are required to be reported by the auditor and cannot be resolved during the same audit. If auditors do not resolve reported instances factory noncompliance within 90 days for major violations (120 days for minor ones), the auditing firm

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[121] SAAS Procedure 200
[122] SAAS Procedure 201, page 6
[123] SAAS Procedure 406
[124] SAAS Procedure 304
[125] SAAS Sample Accreditation Agreement Contract - No longer publicly available on SAAS's new website
[126] SAI Consolidated Guidance, June 2013
[127] SA8000 Consolidated Guidance, Freedom of Association and Right to Collective Bargaining
[128] SAAS Procedure 200, Certification Requirements
[129] SAI Consolidated Guidance, June 2013
[130] SAAS Procedure 200
[131] SAAS Procedure 200, page 19
[132] SAI Consolidated Guidance, June 2013
[133] SAAS Procedure 200

can lose accreditation. Auditors may have their accreditation suspended or revoked at the discretion of SAAS for non-compliance with monitoring protocols.

The only power the auditor has to motivate remediation and achieve enforcement of standards is to threaten the factory with the loss of SA8000 certification. The only power that SAAS has over accredited auditors (the only mechanism to motivate compliance with monitoring protocols) is to threaten suspension of SA8000 accreditation. Thus, auditors (whose income is primarily based on giving certifications) have a strong incentive to underreport noncompliance and factories have an incentive to hide violations. (Interestingly, accreditation can also be revoked if the auditor does not complete at least 15 SA8000 certifications in the first year as an accredited body, which incentivizes giving SA8000 certifications.) SAAS has protocols for internal nonconformities within their own organization.[134]

**Transparency**

Because of SAI's convictions that they are an organization effectively advocating for social justice and working towards securing rights for workers around the world, they openly display information regarding their processes. Their financial transparency appears to be motivated by the same socially responsible attitude, although their nonprofit status legally requires it. SAI does collect a database of company, factory, and social impact information, but instead of making this information public, it sells this as services to companies, most notably through their "Social Fingerprint" tool.

As for SAI, the same is true for SAAS. SAAS discloses a list of all factories which have been certified SA8000 compliant; this includes date location, and auditing agency employed.[135] Because SAAS deals directly with the auditors and SAI does not, SAAS is responsible for collecting information about factory audits. SAAS lists the information that auditors must keep which SAAS must be allowed access to, notably: "basic needs" wage calculations, all records from audits, qualifications of individual auditors (employees and those subcontracted by the auditor), and all complaints from any party (including workers) and all actions taken to resolve them.[136] It is unclear whether SAAS requires financial information of which companies pay for (or are involved in) the auditing process (in the event that a brand retailer organized inspection of a factory). Files must be kept for a minimum of three years.[137] SAAS does not make any of these records public, stating: "SAAS safeguards the confidentiality of information obtained in the course of its accreditation and other activities at all levels of the organization... information about a particular applicant or accredited body shall not be disclosed to a third person without the written consent of that body."[138]

In a recent remodeling of their website, SAAS has dedicated a new page to transparency. However, SAAS only lists their internal and external activities which aim to make their services consistent and accountable (such as internal audits, management review, and corrective action

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[134] SAAS Procedure 201, sections 5.5 to 5.7
[135] SAAS Certified Facilities List
[136] SAAS Procedure 200, pages 5 and 6
[137] SAAS Procedure 201, page 10
[138] SAAS Procedure 201, page 8

requests); ironically, the information involved almost all of these is not made public.[139]

      While SAI and SAAS are transparent in some respects, they are completely opaque in the most crucial areas that are necessary to hold auditors (and the entire third-party auditing system) accountable. This lack of transparency is deemed necessary by SAI/SAAS for legal reasons and to ensure the involvement of corporations in the multi-stakeholder process. From another perspective, the lack of transparency is needed to sustain SAI/SAAS's business model and to insulate a flawed, and very profitable, regime of monitoring. The value of the SA8000 system is based entirely on the reputation of SA8000 and firms' voluntary participation; because of this, it cannot sustain scrutiny and still exist in its current function. (SAI implicates factories as the primary reason for the lack of transparency, stating: "as SA8000 is a voluntary system, in order for auditors to gain access to facilities they must agree to confidentiality."[140])

**Track record**

Ali Enterprises factory

      The most spectacular failure of the SA8000 standard (and its keeper, SAI) was the tragic Ali Enterprises fire in Karachi, Pakistan that killed nearly 300 workers just weeks after it received SA8000 certification. This tragedy drew much scrutiny to the system of monitoring.[141] In the wake of this fire, neither SAI nor SAAS released information regarding the auditors, brands or the factory that may have been useful to hold parties accountable or assist in government investigations; the corporate interests were protected at the expense of workers. RINA, the accredited auditor responsible for the certification, had subcontracted its auditing functions to another firm in Pakistan. RINA had also been offering training (at a price) to managers of factories in Pakistan so they could more easily gain certification. After the fire, RINA refused to release their audit records to the public. Despite this unethical behavior and the failure of their monitoring function, RINA did not lose its SA8000 accreditation.[142] The reaction of SAI and SAAS to the tragedy was shockingly underwhelming; they reasserted the effectiveness of the monitoring regime and instead only made superficial adjustments. SAI committed to reevaluating fire safety the next time the SA8000 standard was due for editing (in 2014).[143] SAAS prohibited any auditors from giving any new SA8000 certifications to factories in Pakistan and conducted several unannounced fire safety audits in the region.[144]

Dolefil case

      SAI and their SA8000 program had failed to preserve the workers' right to free

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[139] SAAS Website, Transparency page

[140] Social Accountability International (SAI) Response to AFL-CIO 'Responsibility Outsourced' Report

[141] Declan Walsh and Steven Greenhouse, The New York Times, *Inspectors Certified Pakistani Factory as Safe Before Disaster*, 19 September 2012

[142] AFL-CIO, *Responsibility Outsourced*, 2013

[143] SAI Q & A: Ali Enterprises Fire in Karachi, Pakistan

[144] SAAS Procedure 200: SA8000 Advisory 14, SA8000 certifications in Pakistan

association in the Philippines.  "[F]ailures in SAI's nonbinding complaint and remediation processes allowed Dole's Philippines subsidiary (Dolefil) to remove the workers' chosen union while occupying a seat on the SAI board and holding SA8000 certification for its Philippines operations."[145] Internal complaints were filed against Dole, but it was more than a year before Dole resigned from the SAI board and the Philippine division lost SA8000 certification.[146] Instead of leading to a remediation of the violations, SAI's complaint system only caused each party (Dole, the auditor (SGS) and SAAS) to blame each other and avoid accountability. (After this, Dole simply moved on and had their operations certified by WRAP in the same year.[147])

Fiber & Fabrics International factories

        SA8000 certifications were given to several factories in India in the midst of a labor dispute.[148] The worker unions of Fiber & Fabrics International factories had exhausted all pathways to have their grievances addressed, but to no avail. They appealed to western NGOs (the Clean Clothes Campaign and the India Committee of the Netherlands), who took up their case, verifying and and directly reporting findings to SAI. SAI balked and over 18 months passed before the SA8000 certifications of the factories were suspended (with no mention of remediation of violations).[149] Had the worker union not been strongly organized and well-connected (a rarity in the industry) and had activist organizations in the west not pressured SAI, the factories may have retained their SA8000 status. This case not only shows the weakness of SA8000 certifications, but exposes the absence of worker involvement from the certification process.

        In each of the above cases, SAI had denied responsibility for enforcement of the SA8000 standards. Because of the complex outsourcing of monitoring functions, responsibility for enforcement of worker rights is distributed between auditors, sub-contracted auditors, brands, SAAS, and SAI, so that none of them are effectively accountable for any violations. By nature, voluntary programs lack binding remediation strategies. The only means of enforcement is the threat of suspending factory certification or auditor accreditation, which is rarely done; auditor accreditation is necessary to sustain the business model of SAAS/SAI and factory certification is necessary for the profits of the auditors. SAI uses the relatively strong wording of the SA8000 code as proof of its effectiveness rather than the actual impact on workers.

        A frequent criticism of SAI is that a substantial portion of their revenue (and governance) depends on corporate and auditor stakeholders. Besides causing SAI to be sensitive to pressure, such dependence naturally (and it can be argued, falsely) inclines them to view such parties as positively influencing their venture to protect worker rights. At the very least, this financial arrangement, combined with the wide use of SA8000, makes SAI hesitant to push for

[145] AFL-CIO, *Responsibility Outsourced,* 2013
[146] ILRF, *Working for Scrooge,* 2011
[147] Dole Food Company, *Corporate Responsibility & Sustainability,* September 2011
[148] AFL-CIO, *Responsibility Outsourced,* 2013
[149] SAI Complaint #019: CCC and ICN Against Certification of FFI/JKPL factories

changes in the monitoring regime. There is also no financial incentive for any party to report violations (factories, auditors, brands, or SAI/SAAS). One may think that SAI/SAAS would have a financial interest in maintaining the reputation of the SA8000 by ensuring the standard is upheld, but even suffering one of the worst factory disasters in the industry history did not seem to cause the value of SA8000 to drop, illustrating that the value of SA8000 is not correlated with the safety of workers. Perhaps one of the tacit motives behind SAAS's split from SAI was to further insulate the SA8000 standard from criticism and distance SAI from factory violations.

With SAI's system of monitoring, we clearly see a network for outsourcing social responsibility functions. (This is not unlike a supply chain, as value added is greatest towards the top, where SAI is the prime branding entity.) There are layers of monitoring, from SAI to SAAS, from SAAS to accredited auditors, from accredited auditors to sub-contracted auditors, and from sub-contracted auditors to factories. At each step, accountability is lost and superficial enforcement mechanisms become more labyrinthe. Even SAAS itself allows for subcontracting of its audits of accredited auditors. ("SAAS does not subcontract its accreditation activities but does contract external individual auditors and experts to undertake accreditation audits."[150]) SAAS neither certifies factories nor brands, and this separation enables SAAS (and SAI) to avoid direct responsibility for anything that happens to the factories or brands. SAI and SAAS leave the vast majority of inspection methodology and policy-setting open to the discretion of each auditor. A snapshot of the conversations that SAI/SAAS is having (and hints of which standards are not being enforced uniformly) with the auditors is seen in their meeting notes.

The structure of the SA8000 industry causes all entities to become disconnected from the input of workers. Despite the fact that they do not regularly interact with workers and are not experts on workplace safety or labor rights, SAI has graciously chosen themselves to take on responsibility for creating standards with the central purpose of "advanc[ing] the human rights of workers around the world."[151]

These critiques of SAI are in addition to the recurring criticisms of the auditing industry. The lack of effectiveness of brief (and mostly pre-announced) audits and the ease with which factories can hide violations has been documented frequently by labor advocacy groups. SAAS considers the SA8000 standard to be the "gold standard" of the industry, but also touts the effectiveness of current auditing systems and Corporate Social Responsibility:

> [E]ffective social accountability programs are characterized by transparency, engagement with stakeholders, and a long-term, systematic approach leading to improvement in the lives of workers. Both SA8000 and these other systems [other auditing standards and CSR initiatives] provide a positive impact in the lives of those individuals affected.[152]

After the evaluation presented here, it is difficult to see how SAAS can justify such a statement.

Perhaps the most disheartening is the lack of reflexive or critical thinking on the part of SAI. In reacting to criticism from the Pakistan tragedy, SAI remarked that they were "disappointed by the harsh criticism of SAI, FLA and the entire multi-stakeholder approach."[153] SAI does not

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[150] SAAS Guidance Document - No longer publicly available on SAAS's new website
[151] SAI Website, About SAI page
[152] SAAS and Verification Audits
[153] Social Accountability International (SAI) Response to AFL-CIO 'Responsibility Outsourced' Report

attempt to measure the effectiveness of the SA8000 certification system or its methods of implementation and enforcement. There is no evidence that SAI thinks that their accountability system has been anything other than successful.