

Codes of Conduct

- Objectives
- Materials Needed
- Key Questions

OBJECTIVES

AT THE END OF THE STUDY SESSION, PARTICIPANTS SHALL:

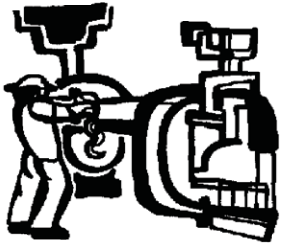
- understand how and why codes emerge
- comprehend why codes are “voluntary” and the elements of pressure that bring them about
- know the definition of a code of conduct
- have an idea of the different kinds of codes that exist
- understand the elements of a code
- understand the way codes function and are monitored
- be able to assess strengths and weaknesses of different codes

MATERIALS NEEDED:

- Global Supply Chain Chart (from Globalization section)
- 3 codes of conduct: one corporate issued (Levis, GAP), ICFTU/ITS code, and SA8000
- Code(s) from the participants’ workplaces

KEY QUESTIONS:

- How have consumers influenced the labor practices of companies that they buy their products from?
- What is a code of conduct and what does it contain?
- Which codes are the best kinds of codes and why?
- What codes are you familiar with? Does your company have a code? Does it protect the fundamental rights of workers?



■ Introduction

INTRODUCTION

Let's go back and examine our charts on the global chain of production. We saw there that many people are linked in this chain: factory workers, managers, brokers/buyers, retailer stores, multinational companies, consumers.

With globalization and the new communication and information technologies (TV, internet), information about what is happening at one end of the supply chain can rapidly reach the other end. Consumers who buy an item of clothing, for example, can find out under what conditions it was produced. If those conditions are bad (low wages, long hours, repression of unions, unsafe or unhealthy conditions), they can make demands and put pressure on those companies to improve them.

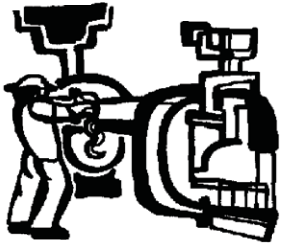
This pressure has been exercised in the form of

- letter-writing campaigns to companies, pressuring them to tell their suppliers to improve working conditions
- leafletting at the retail stores with information on the poor working conditions in the factories that make the clothing sold at those stores
- boycotts or threats of boycotts to the companies' products
- pressure on universities to source from factories that meet certain labor standards and to be proactive in promoting and verifying them.

Some of these groups that are doing this kind of campaigning are:

- IN NORTH AMERICA: Maquila Solidarity Network (MSN), United Students Against Sweatshops (USAS), Workers' Rights Consortium (WRC), National Labor Committee (NLC), Global Exchange.
- IN EUROPE: Clean Clothes Campaign (CCC), Women Working Worldwide (WWW).

Some of these groups coordinate efforts among each other, and with unions and their international affiliates, or other workers' organizations in the countries where the factories are. This is a good way to work (together), as it create potential for concerted efforts and cross-border coalitions. Unfortunately, it is not always the case.



■ Codes of Conduct

Some of these campaigns have targeted companies that make and sell clothes and sneakers. Some of the first examples of this kind of pressure were the campaigns against Levis and Nike. Consumers in the US found out that Nike was getting its shoes and sportswear from suppliers in Indonesia, China and Vietnam, where labor standards are deficient and free trade unions are weak or severely restricted or not allowed at all. Other campaigns have called companies on the employment of child labor and restrictions on unions in clothing factories in Central America. There have also been protests against certain brand names in Indonesia, Latin America and other places.

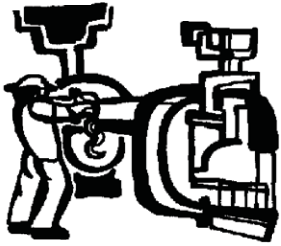
In response to this pressure, companies are adopting “codes of conduct”.

At first, some companies argued that they were not responsible for what goes on in their suppliers’ factories. But after continued pressure, they have had to adopt **codes of conduct** and promise to ensure that their subcontractors comply with them. So while codes are “**voluntary**”, in the sense that it is up to the company to draw it up or adopt it and make sure that it is in compliance, it is **not voluntary** in the sense that often the company is forced to adopt and comply with a code in order maintain a good image with its consumers.

If a company has a code, therefore, it is likely that it was the result of pressure that made it necessary.

WHAT ARE THESE NEW CODES OF CONDUCT?

A code is a written statement of policy — a **commitment** — adopted by a company, which states that it and its suppliers will meet certain legal and ethical standards for treatment of workers in the workplace. In other words, through the code, the company pledges to respect workers’ rights.



- Kinds of codes of conduct
- What do codes say?

There are several kinds of codes of conduct:

- Codes issued by the companies themselves: Nike, the GAP, Levis: all these companies have codes of conduct. More than 246 multinational corporations have codes.
- Codes put forth by workers' organizations (ICFTU/ITS).
- Codes put forth by multi-sector organizations (SA8000, FLA, WRC, CCC, ETI).

This has led to a proliferation of codes. There are many codes out there. Sometimes, one supplier can have several different codes, and this can be a problem. But even more serious is that workers may not even know of their existence and what the codes say.

One way to start to sort out these problems is to find out and understand what codes say, and then compare different codes to see which ones are better at protecting workers' rights.

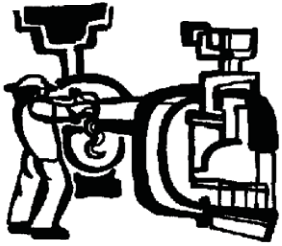
WHAT DO CODES SAY?

In the previous section, we saw that workers have a whole series of rights that are guaranteed in **international labor and human rights instruments** and **national labor legislation**. We also saw how in many places, these rights are not respected or enforced, for a variety of reasons. Codes, therefore, are another way in which these rights can be articulated.

Different codes address workers rights in different ways. Some are stronger than others in protecting workers' rights. Not surprisingly, the codes drawn up without trade union participation are the weakest.

These are the rights codes address, though not all of them address all these rights:

- Wages that are at least the legal minimum, overtime and benefits
- Non-discrimination on hiring, firing and treatment
- No use of child labor
- No use of forced labor, physical coercion or physical punishment
- Freedom of association and the right to organize
- A working environment that is healthy and safe.



- Exercise
 - Comparing corporate code with ICFTU/ITS code

Most codes draw at least these minimums. The strongest codes also include

- working hours
- living wage

EXERCISE

Break into groups. Read and compare corporate code (e.g. Levis) with ICFTU/ITS code. One group examines child labor; another, forced labor; another, compensation or working hours; another, discrimination, etc.



- How can we make sure that companies are doing all those things that the codes say?
- Monitoring

SO HOW CAN WE MAKE SURE THAT COMPANIES ARE DOING ALL THOSE THINGS THAT THE CODES SAY?

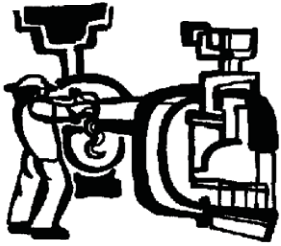
Here is where things can become a little complicated, because there is no consensus on how best to make sure that companies abide by their codes. But everyone agrees that workers should play a role.

Checking to make sure that companies are respecting what the code of conduct says can be called different things: **monitoring**, **auditing** or **verification**.

There are big debates about **who** should do the monitoring and verification, **how** it is done, **how** the reporting should be done, and **what should happen** afterwards to deal with findings.

WHO SHOULD DO THE MONITORING?

- Some companies issue their own codes and monitor it themselves
- Some companies hire outside commercial auditing firms or agencies to monitor their codes. Some of these forms are DVN, SGS, PricewaterhouseCooper, BVQI.
- Some companies have independent groups (like specialized NGOs) monitor their codes.



- What do monitors do and look for when they go into a workplace?
- Reporting

WHAT DO MONITORS DO AND LOOK FOR WHEN THEY GO INTO A WORKPLACE?

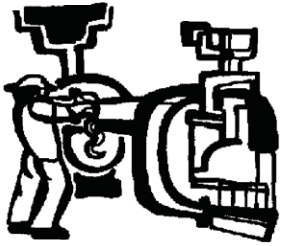
- Monitors or auditors should look for evidence that the code is being respected.
- They should talk to both management and workers and gather information about possible violations of the things in the code.
- They should examine financial records and pay stubs to make sure workers are being paid correctly.
- They should examine the workplace and the working conditions (and living quarters, if applicable) to make sure they are safe and sanitary.
- They should find out whether workers are free to form unions and choose their own representatives, and that they do not feel threatened to do so.

Trade unions should be consulted regularly as part of the monitoring process, but it is not their role to verify compliance with the code.

Local NGOs that have useful information about worker's rights and other issues about the workplace and the community where the workers live, should also be consulted by monitors or auditors.

REPORTING

Once monitors or auditors finish their visit of the factory, they must write a report on what they found. Who gets to see this report depends on the arrangement with the company. Clearly, this is agreed upon before the monitors go in. In some cases, the report goes to the company management who then is supposed to make the necessary changes if the elements of the code are not being met. In very few cases, the workers get to see the report. In other cases, the report is made public. Again, it is important to have an agreement about this between monitors and the company management. Ideally, everyone could see the report. But it would be difficult to get a company to agree to that.



- What to do with the findings:
- Important Questions About Codes

WHAT TO DO WITH THE FINDINGS

If only the management sees the report, then it is responsible for making the appropriate changes to meet the code. Some codes have mechanisms for pressing companies to make the changes fairly quickly. This is where certification is important. A company will not be certified, or will lose its certification, if its monitors or auditors find it does not comply with the code. Other codes have mechanisms for workers to file complaints. We will discuss these in the next section (*on how workers can benefit from codes of conduct*).

SOME WORKERS GROUPS HAVE RAISED SOME IMPORTANT QUESTIONS ABOUT CODES

Q. Why advocate codes of conduct instead of enforcement of national and international labor legislation?

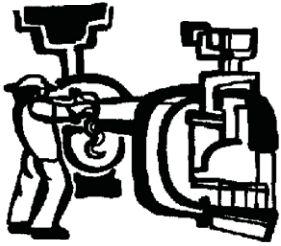
A. Codes are not an alternative to government regulation and national labor legislation. Rather, they are complementary instruments that fill current voids in the protection of workers. Codes are one attempt to address the difficulties of verifying labor conditions in the production chain of suppliers. Clearly, neither unions or NGOs can do this alone.

Remember the complexities of the global supply chain. The protection of workers rights within this enormous system requires many handles. Codes are one of these handles, which are implemented at the level of the company and its suppliers.

Q. What do codes of conduct have to do with collective bargaining?

A. Codes should not replace the collective bargaining process between unions and company management. But codes can promote collective bargaining by providing explicit provisions on the right of workers to form and join unions and to bargain collectively. Codes are **general**; they provide minimum standards. Collective bargaining agreements are **specific**, and address particular issues workers face in a factory.

An example: a code should state the number of hours a worker is required to work per day, making sure it is within legal limits, and with fair pay. A collective bargaining agreement can be made whereby workers are allowed to leave at a certain time, in order to pick up their children at daycare.



■ Case Study: SA8000

Q. How can workers participate more in drawing up codes and making them work for them?

A. This is a big challenge. Many codes are written by companies. Even if that is the only code in a factory, it is important that workers know about it and what it says. It should be posted in the workplace, accessible to workers and in their language. The codes with more worker input are those put out by workers' organizations themselves and those drawn up by multi-stakeholder organizations. These reflect workers' concerns more clearly, but it is more difficult to convince companies or pressure them into adopting them.

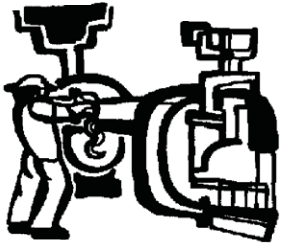
Case Study: SA8000

We have seen what codes are, how they come about, what they contain, how they are monitored, and some of the problems and limitations associated with them.

Let's now examine one code and its system of verification: SA8000. We think it is a good, strong code for a number of reasons:

- It is a multi-stakeholder code: it was drawn up by a group that represents several interest groups: unions, NGOs, businesses and human rights organizations.
- It is based on international standards for labor rights: the Universal Declaration of Human Rights, ILO conventions, the UN Convention on the Rights of the Child.
- It includes the right to free association; and where this right is restricted by law, it requires companies to facilitate worker association through parallel means.
- It includes a provision for a living wage, that is, a salary that covers basic needs and some discretionary income.
- It requires implementation at the level of the factory, with a process of certification and regular audits to make sure factories are in compliance.
- It has mechanisms for filing complaints.

SA8000 was developed in 1997, and there are already more than 200 facilities all over the world that have adopted it. More than 700 have used it for self-assessment. In most cases, this has resulted in an improvement in working conditions.



■ SA8000 Code

LET'S EXAMINE THE CONTENT OF SA8000 CODE MORE CLOSELY. THIS IS WHAT IS SAYS ABOUT WORKERS RIGHTS:

Child labor:

- Minimum age: 15, or higher if the local law sets minimum age higher; or 14 if the country meets developing country exemption under ILO Convention 138.
- Remediation and adequate support for dismissed child workers
- Children and young workers will not be hired to work during school hours or be exposed to hazardous condition

Forced labor:

- Prohibited. No deposit or withholding of workers' IDs.

Harassment or abuse:

- No corporal punishment, mental or physical coercion or verbal abuse
- No sexually coercive, abusive or exploitative behavior

Health and safety

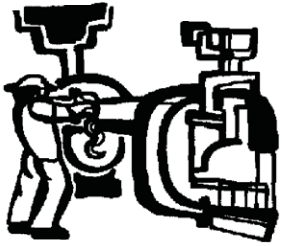
- Safe and healthy working environment required
- Appoint representative and establish system to safeguard health and safety
- Clean bathrooms, potable water and regular training required
- Living quarters, if provided, should be clean and safe.

Free association

- Respect the right to form and join union and collective bargaining
- If unions are restricted by law, shall facilitate parallel means to attain goals
- No discrimination against worker representatives
- Access to members in workplace required

Non-discrimination

- No discrimination in hiring, compensation, training, promotion, termination or retirement based on race, caste, national origin, religion, gender, sexual orientation, union membership or political affiliation
- No interference with exercise and practice



- SA8000 Code continued
- Exercise

Working hours

- Regular week hours, 48 hours a week or legal limits, whichever is less
- Overtime hours 12 hours per week; not required except for exceptional and short term circumstances
- One day off in seven

Wages and benefits

- Minimum wage: legal or prevailing industry wage; meets basic needs, provides discretionary income
- Overtime wages: remunerated at premium rate
- Benefits: deductions not made for disciplinary purposes. Wage and benefit composition clearly and regularly detailed. Wages and benefits rendered in cash or check. No labor-only contract. No false (unpaid) apprenticeships.

EXERCISE

Break into groups. Compare SA8000 with other codes, including codes from workers' factory. Each group takes on one section: child labor, working hours, etc. (This exercise may be combined with the previous one, comparing three codes).



IN THE NEXT SECTION, WE WILL SEE HOW WORKERS CAN USE CODES OF CONDUCT TO IMPROVE THEIR CONDITIONS AT WORK AND HAVE THEIR RIGHTS RESPECTED.