

# Report Addendum: Fire Safety in Pakistan and Worldwide



Prepared by Social Accountability International (SAI)

*This document is a supplemental addendum report from SAI - 'Fire Safety in Pakistan and Worldwide' that details the process that SAI and SAAS took, in their respective roles, to determine the major changes to the SA8000 system. The Report Addendum explains the 'why' and the 'how' behind the certification - not just for Ali Enterprises, but also the implications for the entire SA8000 certification system and the adoption of substantial measures to improve the process, reliability and usefulness of certification to SA8000.*

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## List of Acronyms

BSCI	Business Social Compliance Initiative
CBs	Certification Bodies
CSOs	Civil Society Organizations
CSR	Corporate Social Responsibility
ESG	Environmental, Social, Governance
UN GPs	United Nations Guiding Principles on Business and Human Rights
ICCO	Interchurch Organisation for Development Cooperation
ILO	International Labour Organisation
MACs	Multi-Stakeholder Advisory Committees
MSIs	Multi-Stakeholder Initiatives
OSH	Occupational Safety and Health
PIP	Pillars in Practice Project
RAGS	Responsible and Accountable Garment Sector Project
RRI	Rapid Results Institute
SAAS	Social Accountability Accreditation Services
SAI	Social Accountability International

## Introduction

Throughout 2012, a series of fatal industrial fires in Bangladesh and other Asian countries shocked the world and garnered global news coverage. On September 11, 2012, nearly 300 workers perished in a factory fire in Karachi, Pakistan. The factory, Ali Enterprises, was one of thousands of manufacturers producing for Pakistan's major export garment market. What circumstances could have led to such a tragedy, at a factory that had been the subject of numerous audits and had just been certified to SA8000? SAI and SAAS have sought to answer many difficult questions like this one, with the ambitious purpose of identifying root causes and designing system improvements to reduce the incidence of fatalities from industrial fires and improve the reliability of certification throughout our systems.

The actions now being rolled out worldwide – as well as others still on the drawing board – draw from investigations of the details behind the tragedy and of the risks of fires and other emergencies at all the SA8000 certified factories in Pakistan.

For 16 years, SAI has been endeavoring to improve working conditions around the world with the understanding that decent work can secure basic human rights while benefiting business. It is with immense sympathy for the victims, their families, and the injured workers that we seek to revitalize and strengthen our systems, so that we can affirm that all of SAI's work, including the use of the SA8000 standard, leads to good conditions for workers.

The SAI systems encompass a broad array of tools and capacity building programs to improve working conditions, embed collaborative human resource management systems and protect and promote freedom of association. These programs include the SA8000 Standard, Social Fingerprint® and the 'Pillars in Practice' program to implement the UN Guiding Principles for Business and Human Rights. SA8000 certification is an effective management tool, one element in a system of change, and it is a valuable one.

Certification can provide external verification of an organization's commitment and use of management systems for human rights at work, but alone it does not bring about decent work or build capacity. By analogy, it is said of auditing that "you can't fatten a pig by weighing it". Audits can never enforce labor legislation or replace freely elected trade unions or negotiate collective agreements – but can provide assurance of commitment to and appropriate use of the principles found in the ILO conventions.

The tragic fire in Pakistan has set off the adoption of responsive certification system upgrades and entailed the suspension and withdrawal of certificates. It has also triggered the introduction of new training, guidance and other capacity building tools and definitions.

For SAI, this tragedy was a watershed moment that resulted in a series of productive improvements in SA8000's health and safety performance element specifications to

improve emergency preparedness and fire safety. This report addendum outlines the process that SAI took to determine these changes and provides more detail on the ways the system has been strengthened.

### Fires in South Asia

Ali Enterprises may have been the first report of a fatal fire in an SA8000 certified workplace, out of some 4,500 facilities certified over 15 years, but industrial fires are regrettably common in many countries, enabled by the deadly combination of lack of awareness, lack of statutory or regulatory enforcement, widespread corruption and woefully inadequate infrastructure. Nevertheless, major loss of life is eminently preventable.

The loss of hundreds of lives in a fire is a grim reminder of the need for governments and all relevant parties to ensure basic life-saving measures such as effective evacuation procedures, sufficient safe exits, clear, unblocked and unlocked evacuation routes, and, fundamentally, an effective risk assessment system with appropriate corrective actions to address any weak areas of health, safety and emergency preparedness. From SAI's perspective, these actions need to be coupled with proper, open communication channels between workers and managers on actions to take in the event of a disaster and they need to actively involve workers in identifying and minimizing hazards.

Developing, calibrating and implementing high quality risk assessment and fire safety norms continues to be a major issue throughout South Asia, especially in the apparel export sectors. Garment factory fires in South Asia are a dolefully frequent occurrence, recognized as a 'distinctly South Asian tragedy'.<sup>1</sup> On November 24, 2012, a devastating fire in Bangladesh at the Tazreen Fashion factory killed 112 workers.<sup>2</sup> Within just three months of the Tazreen factory fire, 39 additional industrial fires have been reported in Bangladesh, several causing deaths of workers.<sup>3</sup>

These tragedies echo the Triangle Shirtwaist factory fire in New York City in 1911.<sup>4</sup> The Triangle Shirtwaist fire not only horrified the United States, but also set in motion the widespread introduction of workplace safety and fire prevention measures, and served as the impetus for first New York State, then federal U.S. worker protection laws and their enforcement. Statistically, the incidence of deaths from industrial fires has trended steadily downward throughout industrialized countries.<sup>5</sup> This watershed moment in South Asia presents an opportunity for stakeholders to coalesce for equivalent changes.

<sup>1</sup> <http://www.economist.com/blogs/banyan/2012/12/garment-factory-fires>

<sup>2</sup> <http://www.nytimes.com/2012/11/26/world/asia/bangladesh-fire-kills-more-than-100-and-injures-many.html>

<sup>3</sup> [http://articles.washingtonpost.com/2013-03-01/world/37360633\\_1\\_tazreen-garment-factory-garment-makers-labor-rights](http://articles.washingtonpost.com/2013-03-01/world/37360633_1_tazreen-garment-factory-garment-makers-labor-rights)

<sup>4</sup> <http://www.dol.gov/shirtwaist/>

<sup>5</sup> <http://www.usfa.fema.gov/downloads/pdf/statistics/internat.pdf> - p.5



These disasters call for broad international cooperation and rapid reforms in government enforcement of labor laws. They call for employers to take – at minimum – immediate steps to ensure worker awareness of their rights, and to provide mandatory safe evacuation and regular fire drills. They call for brands, retailers and industry associations to encourage such steps throughout their supply chains and among their business partners. They call for the same brands and retailers, as well as donor nations and international agencies, to provide capacity building and technical assistance towards these ends. They call for multi-stakeholder initiatives (MSIs) to renew their efforts, to cooperate, and to give more attention to occupational safety and health. They call on auditors to strengthen the quality of their work, including effective remediation. They call on all these entities to help eradicate corruption and minimize conflicts of interest.

The ready-made garment sector in Pakistan and Bangladesh, as well as across South Asia, continues to be a precarious industry to work in, a critically important focus for all stakeholders— trade unions, NGOs, government agencies, brands and retailers, factories, industry associations and civil society organizations. Collaboration is of critical importance. International brands and retailers as well as trade unions and other organizations, together with government authorities and social partners in Bangladesh, are currently crafting cooperative approaches to improving worker safety in the country's garment industry.

### **Roles: SAI & SAAS**

The SA8000 Standard has been widely used as a benchmark for labor codes, and cited as a 'best practice'.<sup>6</sup> Pioneered in one of the first genuine multi-stakeholder processes, SA8000 is credited with raising the bar for labor standards, especially in the use of ILO Conventions as the key reference point for such systems, and the integration of management systems. SA8000 addresses eight performance elements for decent working conditions— 1) child labor; 2) forced and compulsory labor; 3) health and safety; 4) freedom of association and the right to collective bargaining; 5) discrimination; 6) disciplinary practices; 7) working hours; and 8) remuneration. Establishing a process for implementing the eight performance elements is demonstrated through SA8000's ninth element – management systems – whereby a company must have a management system in place to demonstrate its compliance and ability to stay compliant.<sup>7</sup>

SA8000 management systems include for the means to identify non-compliances – including their root causes – to correct them, and to put in place policies, procedures, training and communications to prevent recurrence. When a certified company has had a breakdown in its management systems and no longer complies with all of the

<sup>6</sup> <http://www.consumersinternational.org/news-and-media/publications/checked-out-are-european-supermarkets-living-up-to-their-responsibilities-for-labour-conditions-in-the-developing-world->

<sup>7</sup> <http://www.sa-intl.org/sa8000>

elements, it is given time to correct those non-compliances, establish preventive action, and come back into compliance.

SAI, the owner of the SA8000 Standard, has retained SAAS to serve as the oversight accreditation body for the SA8000 certification system. Their respective governance and oversight responsibilities fall into two separate categories. This separation is critical because the purpose of the separation is to minimize potential conflicts of interest and maintain independence in the decision-making system.

The roles are explained below to clarify the process behind the investigation that followed the Ali Enterprises tragedy.

#### SAI

SAI, a nonprofit organization registered as a charity in the U.S., is the creator and owner of the SA8000 Standard. With the motto of "Human Rights at Work", SAI was established in 1997 and began by convening an international, multi-stakeholder Advisory Board composed of business and non-business members (non-governmental organizations, trade unions, socially responsible investors). The purpose of the Advisory Board is to guide and advise SAI in the most important and effective strategies to assure decent work worldwide, using a consensus-based approach.

The majority of SAI's work leverages its capacity building and training for workers, auditors, managers, supply chain managers, buyers, and labor ministry inspectors, with the clear aim of promoting workers' rights, good business, and responsible sourcing practices. This work includes a range of projects and initiatives, including, at present:

- SAI's Responsible and Accountable Garments Sector (RAGS) Project in India to reduce gender discrimination in the ready-made garment sector
- Multi-stakeholder advisory committee (MAC) meetings that focus on various issues and/or sectors (most recently SAI jointly convened a MAC in China that focused on fire safety)
- SAI's Worker Engagement Program in Brazil, focusing on Rapid Results worker/manager teams to enhance health and safety
- Corporate Programs membership promoting responsible supply chain management, utilizing SAI's online Social Fingerprint® Program to help companies understand and measure their social impact, then improve it and measure again to ascertain the effect
- Trainings and resources to guide businesses in implementing the UN Guiding Principles for Business and Human Rights in their own operations and supply chain

- Handbooks to guide implementation of the IFC's Performance Standards on labor and working conditions

SAI currently utilizes a third-party accredited certification system for SA8000 implementation in workplaces. Accredited independent auditing organizations deliver the assurance services, consisting of audits and certification decisions conducted by third-party CBs.

#### SAAS

SAAS is a nonprofit organization registered as a charity in the U.S. SAAS develops rigorous evaluation and quality assurance systems through third-party assessment and accreditation services. SAAS provides accreditation oversight of the SA8000 certification system and of other established systems, such as the Business Social Compliance Initiative (BSCI) Code of Conduct and the Magen Tzedek certification standard. Oversight and accreditation is provided by SAAS to independently assess the certification bodies (CBs) and evaluate their skills and competence to carry out SA8000 audits. There are currently 23 accredited certification bodies (CBs) – most operate globally.

For any Standard or Code, a framework for quality assurance must be put in place. 'Assurance' can be defined as having demonstrable evidence that specified requirements of the SA8000 system are being fulfilled. The SA8000 system is structured so that SAAS-accredited CBs are the 'fulfillment providers'. As SA8000 is a workplace standard, the CBs assess workplaces – e.g. factories, farms – against the elements of SA8000 and, if the workplace is deemed in compliance with requirements, the CB issues an SA8000 certificate and conducts periodic surveillance audits every six months during the three-year term of certification.

SAAS provides the oversight for the SA8000 system by developing verification and monitoring programs of the accredited CBs. This process includes observing and evaluating the conduct of SA8000 audits and a regular schedule of office audits to ensure that the approved CBs continue to meet the required policies and audit procedures. SAAS operates these accreditation activities in compliance with generally recognized international accreditation requirements (ISO/IEC 17011:2004). To confirm best practices and appropriate use of requirements, SAAS in turn undergoes regular assessments against these requirements through a series of internal audits, management reviews and external evaluation. These activities are administered using a management system designed to establish impartiality, corrective and preventive action and continuous improvement. SAAS participates in an evaluation system created by the ISEAL Alliance, and as a member of ISEAL, has demonstrated its compliance with the ISEAL codes of good practice.

Statistics on SA8000 certifications and lists of all certified facilities are compiled on a quarterly basis from certification bodies' reports and are publicly available on the SAAS



website.<sup>8</sup> Detailed information about SAAS' assessment and accreditation processes, including arrangements for granting, maintaining, extending, reducing, suspending and withdrawing accreditation are also publicly available on its website.

SA8000 audits are conducted on a confidential basis between the CB and the audited workplace, with access by SAAS as part of the oversight system. This confidentiality is extended across all components of the auditing process. The identity and interviews of workers who speak out during audits, as well as other stakeholders with information about working conditions that can benefit workers, are kept confidential to enable information to be shared freely and without fear of retribution. Confidentiality promotes a greater willingness of factory owners and others to engage positively to improve working conditions for workers. As the system is voluntary, SAAS and the accredited CBs have no legal power to force an employer to allow access for an audit nor to make improvements- if an employer is no longer committed to the system and refuses access or compliance with the process, the company's certificate is suspended and withdrawn.

## Process

The information contained herein gives an overview of SAI process and actions taken in response to the Ali Enterprises tragedy. Figure 1 describes the three-stage process that SAI and SAAS undertook (both cooperatively and separately) to take an extensive and deep look at the entire certification system, policies and expectations in response to the Ali Enterprises tragedy.

<sup>8</sup> <http://www.saasaccreditation.org/certifacilitieslist.htm>

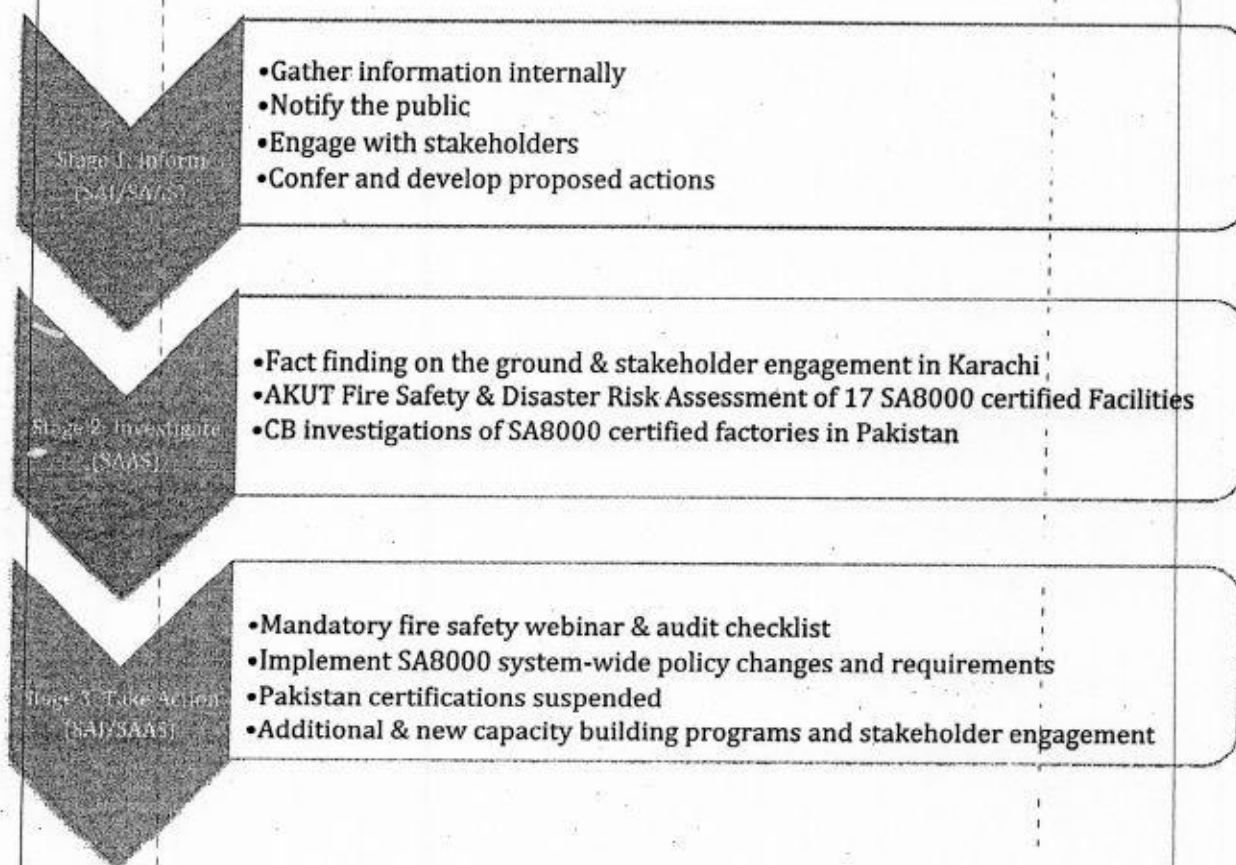


Figure 1– SAI and SAAS’ three-stage process behind the Ali Enterprises tragedy. As indicated above, the actions taken by SAI and SAAS varied depending on their respective role.

### Stage 1: Inform

At Stage 1, SAI informed the public, stakeholders and Advisory Board members about the situation to raise awareness, gather information internally and consider swift actions based on verified information. With the rush of news reports and inquiries during the weeks following the fire, it was critical to systematically confront this situation with due diligence.<sup>9</sup>

#### Timeline

On September 12, the day following the fire, SAAS was informed by one of its accredited certification bodies, RINA, that RINA had granted SA8000 certification to Ali Enterprises on August 20, 2012. SAAS immediately required RINA to develop its own investigation plan, identify what took place and provide as many details as possible including audit reports, evidence of the assessment process and supporting records and documentation.

<sup>9</sup> See Annex 3- the table of public documents that SAI published on Ali Enterprises

Information on the certification at Ali Enterprises had not previously been received at SAAS nor posted on the SAAS website under 'SA8000 certification statistics,' as the certification lists are submitted quarterly to SAAS. RINA subsequently posted sections of the audit reports and photos on its website for the public.<sup>10</sup>

SAAS immediately conferred with SAI about the situation and issued a joint public statement on September 16, 2012 to inform the public about the factory's certificate, which had not yet been disclosed by the media.<sup>11</sup> The statement was also shared with representatives at SAI and SAAS boards, IndustriALL Global Union, and various NGOs.

Many media reports in the days and weeks following the fire contained inconsistent information such as whether or not the doors were locked, the number of workers that had perished and the number injured. A New York Times article also contained several inaccuracies, which were pointed out in a public SAI document.<sup>12</sup> To address the inevitable confusion during that time, SAI developed an extensive 'Question & Answer' (Q&A) document that was based on verified information and was regularly updated as more verified information came in from the field.<sup>13</sup>

On October 9–11, 2012, SAI's Advisory Board met in Bologna, Italy. For three days, this multi-stakeholder Advisory Board replaced its prior agenda to focus instead on the Ali Enterprises fire and its implications for the SA8000 system, with three specific goals:

- Fact finding, including root causes
- Definition and prioritization of action items to understand how Ali Enterprises was certified
- Identification of numerous ways to improve SAI's work, tools and systems as well as those of SAAS in its activities as accreditation agency for SA8000 certification

At the meeting, five key areas for improvement to the SA8000 system were defined and prioritized:

1. Fire safety training and capacity building to enhance auditor competency
2. SA8000 audit quality control
3. Auditor competency and training
4. Stakeholder engagement
5. Minimizing the risk of corruption

<sup>10</sup> [http://www.rina.org/en/Rina\\_Details/Ali\\_Enterprises\\_certificates.aspx](http://www.rina.org/en/Rina_Details/Ali_Enterprises_certificates.aspx)

<sup>11</sup> <http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&PageID=1341>

<sup>12</sup> [http://www.sa-intl.org/\\_data/n\\_0001/resources/live/SAINYTimescorrections.pdf](http://www.sa-intl.org/_data/n_0001/resources/live/SAINYTimescorrections.pdf)

<sup>13</sup> <http://www.sa-intl.org/alienterprises>

Following the Advisory Board meeting, SAI asked SAAS to take action in response to the SAI Advisory Board recommendations for system changes in the five key areas. The full list of changes made to date by SAAS is listed below on pages 21-22 and was posted to SAI's website on March 11, 2013.<sup>14</sup>

#### **Immediate Actions Taken**

On November 8, 2012, SAAS announced a number of steps undertaken in response to the tragic fire, including the initiation of a countrywide factory fire safety investigation of certified factories in Pakistan.<sup>15</sup> These steps were determined after intense deliberation with the SAAS Board of Directors and taking into account requests from SAI, based on advice from the three-day SAI Advisory Board meeting.

Prior to the fire at Ali Enterprises, SAAS had already begun a process to review and revise its accreditation and certification methodology, improving and clarifying the requirements for the SA8000 system, as part of its continuous improvement system. However, the outcomes and learning from the investigation required more immediate action.

At the outset of this process, **all new activities in Pakistan, by RINA, the CB that issued the Ali Enterprises certificate, were immediately suspended by mutual agreement until the internal investigations, independent assessments of the audit process, and outcomes were completed. As of December 2012, RINA's scope of accreditation was reduced by mutual agreement to exclude Pakistan.**

RINA is therefore no longer accredited to deliver SA8000 audit services in that country. As of April 1, 2013, **all SA8000 certificates issued by RINA in Pakistan have been withdrawn and are no longer valid except for those accepted for application to transfer by another accredited CB in Pakistan.** The transfer process requires demonstration of compliance in a 2-stage on-site assessment including a strong focus on health and safety and fire safety preparedness.

SAAS also immediately notified all CBs active in Pakistan that **no new SA8000 certificates are to be issued until SAAS can conclude its analysis and make any related changes to its accreditation and certification procedures.** SAAS has also issued a notification to all other accredited CBs that they may not undertake any SA8000 activity in Pakistan until further notice.

SAAS has also **temporarily suspended consideration of all new accreditation applications worldwide due to the ongoing investigations and the anticipated revisions** and changes to accreditation and certification methodology. These revisions include an increase in the number of unannounced SA8000 audits in 'high-risk' and 'highest-risk' countries, requirements for more in-depth stakeholder consultations

<sup>14</sup> <http://www.sa-intl.org/sa8000revisionsfiresafety>

<sup>15</sup> <http://www.saasaccreditation.org/news.htm>



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and involvement, and more rigorous requirements for health and safety and management.

These immediate actions taken by SAAS led into the Stage 2 investigations.

### **Stage 2: Investigate**

Stage 2 focused on the investigations on the ground to understand the circumstances surrounding the certification and subsequent fire at Ali Enterprises and assess the quality of SA8000 certificates in Pakistan relative to auditor competence and fire and disaster preparedness at a sampling of factories. The Stage 2 actions were carried out by SAAS and AKUT, reporting regularly to SAI, to inform actions to be taken for Stage 3.

It is important to note the context of the investigation. The SA8000 Standard is a human rights-based workplace management system standard with 8 corresponding performance elements. Each is complex to implement and to audit for conformity. The investigation in Pakistan exclusively and intently looked at the SA8000 management system requirement and Health & Safety performance element - through five different angles, to determine any shortcomings and find areas to strategically improve fire safety and the value of certification audits. SAAS, working with the Turkish NGO AKUT Search and Rescue Association, developed criteria far more specific than SA8000 explicitly required, and in some aspects more demanding than any fire-specific occupational health and safety guidance or local law. [See Figure 2]. These five angles are:

- Evacuation (the factory's capacity for fast, efficient and safe evacuation)
- Fire safety (the factory's risk of fire and fire-fighting capacity)
- Documentation (the factory's training records and proof of training)
- Management (the factory management's capacity and awareness of SA8000 elements)
- Health & safety (the factory's capacity for this, e.g. cleanliness, exposure to chemicals and storage/use of personal protective equipment)

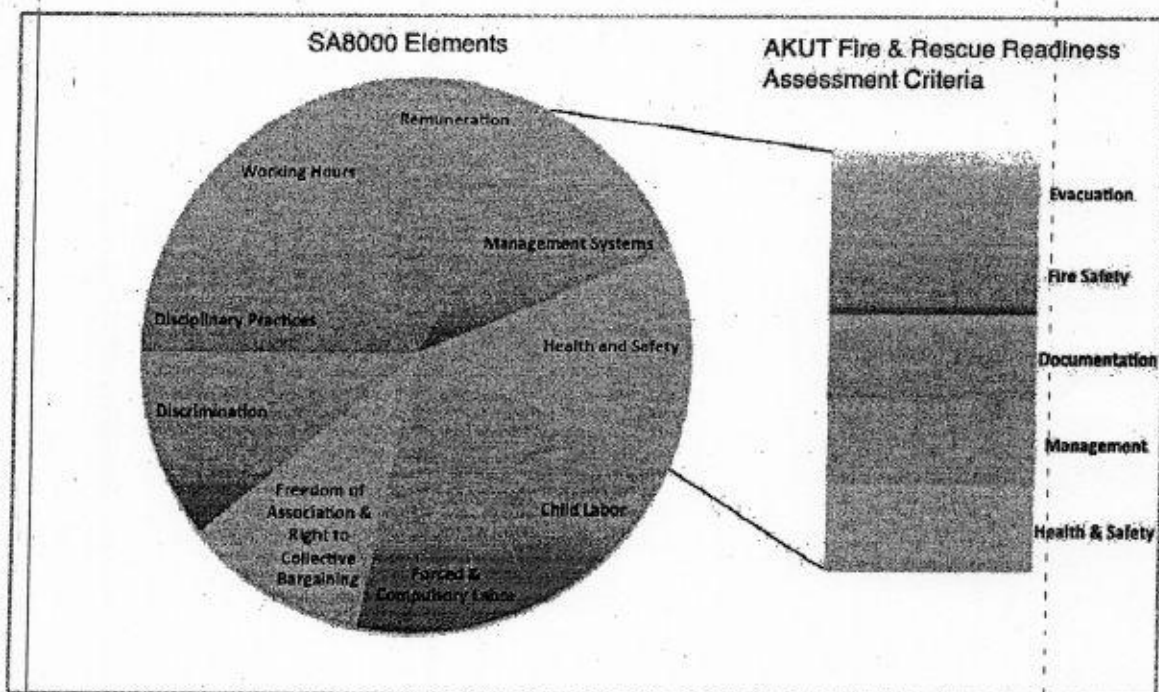


Figure 2. SA8000 Performance Criteria & Scope of AKUT Fire & Disaster Readiness Assessment used during the AKUT Assessment in November 2012

#### a) Preliminary Fact Finding Mission

In October 2012, SAAS sent a Lead Auditor and public safety expert, Dundar Sahin, to conduct an on-site investigation in Pakistan consisting of fact finding, a visit to the remains of the factory, and stakeholder engagement. Mr. Sahin is an expert in fire safety and disaster management—he is a long time volunteer with the Turkish NGO AKUT Search & Rescue, and has over a decade of experience in supporting global disaster relief efforts on the ground.<sup>16</sup> At the same time, SAAS collected all of the audit reports, pictures, documents and files related to the certification process of Ali Enterprises.

Ali Enterprises was certified by the accredited CB RINA in August 2012, based on audits carried out two months before the fire. Media reports indicated a number of discrepancies with what was reported by the auditors throughout the certification process: details about the structure of the building, information about fire and safety inspections and worker training on evacuation, the number of employees and employment conditions and the audit process itself. Based upon these items, SAAS embarked on several different paths to investigate, triangulate, and seek to determine the actual circumstances surrounding the certification of Ali Enterprises, the SA8000 assessment process and common practice in labor conditions in Pakistan.

Mr. Sahin undertook extensive analysis in an effort to determine the possible cause of

<sup>16</sup> <http://www.sa-intl.org/dundarsahin>

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the fire, the pathway of the fire, the evacuation routes and the structure of the building. Unfortunately the government of Pakistan restricted all access to the remains of the factory and all forensic evidence, limiting access and information from first-hand evidence. However, Mr. Sahin conducted meetings with various organizations and individuals in order to understand what happened the day of the fire, and the working conditions prior to the fire. Specifically, Mr. Sahin met with, in person and/or via phone:

- Karachi All Garment Workers Association
- Hosiery Garment Textile Workers Union
- Pakistan Institute of Labour Education and Research (PILER)
- Five former workers from Ali Enterprises
- Karachi Media and Journalist Club
- Singh Industrial Trading Area (SITE) Fire Brigade Commander
- SITE Police Investigation Office
- Secretariat of the Labor Department in the Government of Sindh
- Auditor from RINA's subcontractor, RI&CA

#### Findings from the Investigation, Ali Enterprises

Through these interviews and engagement with organizations and individuals in Pakistan, a number of concerns and outcomes were identified as a result of the investigations:

1. On the day of the fire, there were hundreds more workers in the factory than reported in the audit a few months prior. It is possible that the **number of workers may have been undercounted** during the certification audit, including uncounted temporary, contract, and/or unregistered workers. It is also possible the factory employed and contracted for far fewer workers at the time of the certification audits, staffing up suddenly for an order received subsequent to the audits.
2. The factory allegedly had an **elevated wooden mezzanine**, used for the temporary workers, leading to unsafe conditions. According to the auditor, the audit team did not see a mezzanine, as it was presumably located in an area that was not accessible.
3. The **main entrance and floor doors were kept locked** at Ali Enterprises before and during the fire. Workers entered through a single main door – the fire blocked

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the exit and there was no secondary exit available except the roof. The door to the roof was locked and workers seeking to escape could not unlock it.

4. **Documentation attesting to factory fire inspections and training** was not substantiated by the auditors. These documents were found to have been issued by a company that appears to not exist. No such company was registered with the government. It was not, and had not been in recent years, located at the address listed on the document that the auditors relied upon. The certificates issued under the corporate name claimed to deliver training on first aid and firefighting, and attested to the conduct of fire drills. Workers, however, reported they had not been trained nor had there been fire drills, and that they were not aware of emergency planning.

**b) Broader Fact-Finding Mission: AKUT Search & Rescue Investigation on Fire Safety and Disaster Readiness Assessment in Pakistan**

Following the preliminary fact-finding mission, SAAS undertook an investigation of fire safety and disaster readiness assessments at a sample of certified factories to identify the root causes of the fire in Pakistan and understand key risk factors that could lead to such an event. The principal aim of the assessment was to identify the possible opportunities for improvement in the SA8000 certification system relevant to fire and personnel safety. Another aim of this assessment was to provide information to calibrate expectations for fire and personnel safety in Pakistan and other countries.<sup>17</sup>

In November 2012, SAAS coordinated a set of independent, unannounced fire safety visits at a sampling of SA8000 certified companies in four locations in Pakistan, bringing in qualified assessors from the non-profit organization AKUT Search and Rescue Association. Mr. Sahin led a team of four people from AKUT Search & Rescue Association on behalf of SAAS to assess these facilities in Karachi, Lahore, Sialkot and Faisalabad. 24 were selected but security considerations, travel conditions and time restrictions on the ground led to a reduction to 17 factories.

Based on the AKUT Fire and Disaster Readiness Assessment criteria, the results gave an overview of fire safety, emergency management and response capacity of selected workplaces in Pakistan. The targeted random sample selection mirrored the distribution of SA8000 certifications in four regions by the three CBs authorized at the time to conduct SA8000 certification audits in Pakistan: RINA, SGS and BV.

The assessments looked at the factories' fire and disaster risk based on five categories, building on an ILO-developed checklist for fire safety<sup>18</sup>:

1. Evacuation (the factory's capacity for fast, efficient and safe evacuation)
2. Fire safety (the factory's risk of fire and fire-fighting capacity)

<sup>17</sup> See Annex 1 – Fire & Safety Assessment: Risk Categories & Ratings Scale

<sup>18</sup> [http://www.ilo.org/safework/info/publications/WCMS\\_194782/lang-en/index.htm](http://www.ilo.org/safework/info/publications/WCMS_194782/lang-en/index.htm)



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3. Documentation (the factory's training records and proof of training)
4. Management (the factory management's capacity and awareness of SA8000 elements)
5. Health & safety (the factory's capacity for this, e.g. cleanliness, exposure to chemicals and storage/use of personal protective equipment)

These were selected to help find the incidence of fire hazards and root causes. [See Figure 2 and further details in Annex 1].

AKUT staff also confirmed the number of employees that had been reported by the certification bodies (CBs) for consistency and to evaluate the appropriateness of the health and safety systems. The visits included a confirmation of the following:

- The location of the certified facility.
- Background and history of the facility.
- The facility's production and business.
- The number of employees, male/female ratio, and other employee indicators.
- The number, location, availability and appropriateness of fire extinguishers.
- The number, location, availability and appropriateness of fire exits.
- The status of fire alarms and emergency systems.
- The location and use of emergency lights.
- The availability and appropriateness of first aid boxes.
- The use and location of chemicals and proximity to possible flammable materials.
- The location of emergency assembly points.
- The presence of risk factors which may lead to a fire (as possible cause of electrical fires).

In an interview published in SAI's December 2012 newsletter, Mr. Sahin, noted:

*"The biggest problem is awareness at all staff levels in a factory. Second is that control – such as government to enforce laws – it is quite weak. These two are huge – knowledge and control. If you can just establish awareness – for example at the executive level you have awareness trainings and commitment, for mid-level managers you train on technical skills [such as the example in the previous question about safe wiring], and with workers you train on awareness and disaster planning [e.g. response and evacuation]. This is really important.*

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*The third is a design problem. Push-bar fire exit doors like you see in the U.S. and Europe are not common in Pakistan, and doors are often locked with padlocks. The sliding exit doors [accordions] can also act like a chimney in a house, so if there is a fire, the air will feed in from the ground and make the fire even bigger. The good thing is, with occupational health and safety, compared to the other elements of SA8000 such as remuneration, it is the least expensive to prepare for, and these can all be resolved faster than other issues."*<sup>19</sup>

#### **c) Broader Investigation – CB Fire Safety Visits of SA8000 Certified Facilities in Pakistan**

SAAS required the two accredited CBs still operating in Pakistan – only Bureau Veritas and SGS remained after RINA's accreditation to continue in Pakistan was withdrawn – to undertake a thorough fire safety assessment of all of their SA8000 certified workplaces in Pakistan. The purpose of these visits was to carefully review and ascertain whether or not those companies have a safe and effective system to identify and manage risk factors that might lead to life threatening emergencies, fire and inefficient evacuation, including those identified in the ILO-developed checklist, and meet Pakistan fire safety laws. Most importantly, there is a clear expectation that a system be in place for safe evacuation in the event of a fire and that workers' lives and health are not at risk.

Following the AKUT visits, Bureau Veritas and SGS carried out assessments from November 2012 to February 2013 at all 68 of their SA8000 certified facilities in Pakistan. The certification bodies were given the ILO-developed checklist and a very detailed list of questions with which to conduct their visits, comparable to the ones used by AKUT.<sup>20</sup> The questions covered evacuation, fire safety, documentation, management and health and safety. Details assessed during these visits included:

- The process for fire risk assessment
- Fire alarms
- Fire exit doors
- Escape routes
- Emergency lighting
- Fire extinguishers
- Assembly points
- Fire training and drills
- Hazardous materials

#### **Findings from the AKUT & CB Fire Safety Visits**

The assumptions and conclusions of these visits are based on documents, physical site tours and information gathered from workers and management representative

<sup>19</sup> <http://www.sa-intl.org/dundarsahin>

<sup>20</sup> [http://www.ilo.org/safework/info/publications/WCMS\\_194782/lang-en/index.htm](http://www.ilo.org/safework/info/publications/WCMS_194782/lang-en/index.htm)

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interviews on the day of the assessment. As is true of all certification systems, actual status of the threat, danger, risk or hazard may be different on any given day.

These visits of both AKUT and the CBs show that weaknesses exist in some of the certified facilities in Pakistan, leading to an increased fire risk. Results show that it is a strong possibility that certified companies may not stay in compliance long past the certification audit and improvements are needed to meet basic fire and health and safety expectations. Common risks that were identified in the factories visited were in two categories:

- a **Evacuation**— conditions in the factory that would hinder efficient evacuation, such as emergency exit doors lockable with keys or other tools that may be kept at a location remote from the door (such emergency exit doors are permitted by the Pakistani government); blocked evacuation routes; and blocked emergency exit doors.
- b **Fire Safety**— conditions in the factory that would increase the risk of fire, such as unsafe electrical wiring and/or installations; dirty and dusty workplaces; and lack of gas leak sensors around certain gas-using equipment.

In response to the two common risks identified in factories, SAI has mandated issuance of four new advisories to all accredited CBs conducting SA8000 certification audits that will directly address the issues of evacuation and fire safety. They will be included in SAAS Procedure 200— the SA8000 audit methodology, which is required for all CBs for gaining and maintaining accreditation by SAAS to conduct SA8000 audits.<sup>21</sup>

These Advisories address the following areas:

- 1 **Additional training requirements for SA8000 auditors** (effective January 31, 2013)
- 2 **Implementation of a country risks assessment process** (effective April 30, 2013)
- 3 **A ban on outsourcing (subcontracting of audits) in the highest risk countries** (effective April 30, 2013)
- 4 **Development of performance criteria and risk assessment methodology for clarification to health and safety requirements in the SA8000 Standard** (effective April 30, 2013)

Given the new requirements to the SA8000 Standard with the four advisories, all certified factories in Pakistan that demonstrated significant fire safety risks are required to demonstrate compliance against the new health and safety criteria for the

<sup>21</sup> <http://www.saasaccreditation.org/docs/Procedure%20200,%20December.2007.pdf>

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SA8000 Standard by July 1, 2013. Should they be unable or unwilling to do so, their certificates will then be suspended and withdrawn.

### Stage 3: Take Action

#### SAI Actions Taken

These four advisories are immediate changes, and mark the beginning of a set of procedural changes that are required for all CBs for gaining and maintaining accreditation by SAAS to conduct SA8000 audits.<sup>22</sup>

As preliminary reports from the investigations in Stage 2 started to come in, SAI took prompt action through its training and capacity building programs to raise awareness and performance on fire safety. An overview of these actions is listed below.

#### Training

##### Fire Safety Webinar & Auditor Checklist

On February 6, 2013, SAI released a fire safety training webinar and supplemental audit checklist for all current SA8000 and Business Social Compliance Initiative (BSCI) auditors.<sup>23</sup> This webinar is compulsory for SA8000 and BSCI auditors who had until May 1, 2013 to complete this webinar free of cost in order for their qualifications as SA8000 auditors to remain valid. After May 1, a modest registration fee for the course is charged to cover the costs of webinar hosting.

The webinar was developed by SAI Director of Field Services Doug DeRuisseau and Mr. Dunder Sahin to enhance the skills and knowledge of SA8000 and BSCI auditors. It also provides guidance that is far more detailed than in the past on how to audit against the occupational health and safety requirements of the SA8000 Standard and BSCI Code. The webinar covers the following material:

- Fire prevention as part of SA8000 and BSCI health and safety requirements
- Fire evacuation planning as part of SA8000 and BSCI requirements
- Management systems required for fire prevention and evacuation to meet SA8000 and BSCI performance criteria
- Identifying 'high-risk' situations
- Identifying false documents

Since the webinar was released in February, over 3,000 individuals have taken it: [www.sa-intl.org/SA8000firesafety](http://www.sa-intl.org/SA8000firesafety)

#### Stakeholder Engagement: Multi-Stakeholder Advisory Committees

Multi-stakeholder Advisory Committees (MACs) aim to connect local and global stakeholders to promote understanding of the goals and to achieve effective implementation of social standards. MACs provide a forum for dialogue about specific

<sup>22</sup> <http://www.saasaccreditation.org/docs/Procedure%20200,%20December.2007.pdf>

<sup>23</sup> [www.sa-intl.org/sa8000firesafety](http://www.sa-intl.org/sa8000firesafety)



labor issues in a particular economic sector and geographic area, designed to lead to the development of responsible, competitive and sustainable businesses. They aim to drive collaboration among standards and code systems, to develop dialogue among global and local stakeholders, and to disseminate consensus-based strategies to improve industrial relations, labor conditions and business competitiveness. In late 2012 and early 2013, SAI jointly with its MAC partners convened two MACs, in India and China.

**Shenzhen, China: January 23, 2013**

On January 23, 2013 more than 30 participants from a wide range of stakeholder groups met in Shenzhen, China, to continue the China Multi-Stakeholder Advisory Committee (MAC) dialogue and consultative process that began in 2012. It was organized by SAI, BSCI, Worldwide Responsible Accredited Production (WRAP), and the China National Textile and Apparel Council (CNTAC). Due to the heightened awareness of fire and occupational safety and health issues in supply chains, including in China, the partners agreed to discuss occupational safety and health and the importance of improved audit oversight and management systems. This discussion also included an examination of the root causes of fatal factory fires and a consideration of potential strategies for addressing these problems that can be embedded into various social standards and applied by factories in China's context. A preliminary report on the meeting outcomes is available on SAI's website and was published in SAI's February 2013 newsletter.<sup>24</sup>

**Chennai, India: November 30, 2012**

On November 30, 2012 SAI and Cividep-India convened a multi-stakeholder electronics sector roundtable to engage in a dialogue on industry challenges and to improve implementation of workplace standards. The meeting sought to build the capacity of all stakeholders to understand the underlying challenges of the sector and to find collective solutions. Over 20 participants representing different stakeholder groups attended, including trade unions, civil society organizations, companies and certification bodies.

The roundtable discussion addressed several points:

- The need for social dialogue (which included a discussion about Ali Enterprises)
- Stakeholder mapping
- Priorities of the sector
- Voices of workers -- including a guest speaker employed in a major manufacturing unit near Chennai
- Contract labor issues

<sup>24</sup> <http://sa-intl.org/index.cfm?fuseaction=Page.ViewPage&PageID=1433>

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- UN Guiding Principles on Business and Human Rights
- Special economic zones

The report on the meeting outcomes is available on SAI's website and published in SAI's January 2013 newsletter.<sup>25</sup>

#### **SA8000 System-wide Policy Changes by SAAS**

After an extensive and deep look at the SA8000 certification system, policies and expectations, SAI has identified numerous revisions and changes to improve reliability and confidence in the revised accreditation and certification methodology. Several key areas of improvement to the SA8000 system relate to performance criteria for fire safety, evacuation and training. In addition to legal requirements, the new policies may go above and beyond what the law requires in a number of locations.

This section outlines the specific changes made by SAAS in response to SAI's request to take action as a result of the SAI Advisory Board recommendations for system changes in five key areas:

1. Fire safety training and capacity building to enhance auditor competence
2. SA8000 audit quality control
3. Auditor competency and training
4. Stakeholder engagement
5. Minimizing the risk of corruption

These changes, responding to each category, are being integrated into SA8000 system-wide policy changes through the revision of the SA8000 audit methodology and specify performance criteria in auditing the health and safety requirements in the SA8000 Standard. These changes are added into a comprehensive revision that had been underway for several years, as a result of the continuing learning and oversight of the SA8000 system.<sup>26</sup>

<sup>25</sup> <http://www.sa-intl.org/emacs>

<sup>26</sup> "SAAS Procedure 200 specifies requirements regarding accreditation to conduct audits and the certification of organizations to social standards. The systems set out in Procedure 200 are binding to CBs accredited by SAAS for performing SA8000 and other social standard certifications. Procedure 200 includes requirements for certification body audit processes, auditor qualifications, procedures and issuance of certificates."

<http://www.saasaccreditation.org/apply1.htm>

**1. Implement Fire Safety Training and Additional Performance Criteria:**

- a Completion of SAI's fire safety webinar is required of all SA8000 auditors by May 1, 2013 in order for auditors to maintain their qualifications for SA8000 and BSCI.<sup>27</sup>
- b Requirements for a CB to check and verify a company's legal incorporation and fire and safety inspections during audits have been developed by SAAS and issued as part of the Advisories to the CBs.
- c SAI has developed and issued a fire safety checklist for SA8000 auditor use.<sup>28</sup>
- d Development of performance criteria and risk assessment methodology for clarification to health and safety requirements, specifying criteria for fire safety, evacuation, training and emergency preparedness.
  - o Certified companies are required to undertake a documented, effective emergency preparedness and health and safety risk assessment with the intent of identifying and fixing risks to human life and related hazards.
  - o Exterior doors and doors to exit hallways and staircases are required to open in the direction of travel and be readily opened by any worker without the use of keys or tools.
  - o Emergency exits and pathways are required to be clear and unblocked.
  - o Personnel in every certified company are required to be trained in safety hazards, fire extinguishing and emergency evacuation.
  - o As part of the SA8000 audit, auditors are to witness a fire drill to assess the evacuation readiness and training of personnel in the highest risk countries.

**2. Improve the audit quality for SA8000 certification.** To improve the implementation and oversight of the SA8000 certification process, a series of changes to the audit requirements have been established:

- a Activities by the CB for oversight of the SA8000-certified facilities:
  - i Required maintenance of on-site audits every six months for SA8000 certified companies in 'high-risk' and 'highest-risk' countries.
  - ii Increased frequency of unannounced SA8000 audits in 'high-risk' and 'highest-risk' countries.
  - iii Incorporation of off-site worker interviews during all SA8000 audits.
- b Oversight of the SA8000 audit system by SAAS:
  - i Implementation of a country risk assessment process for determining increased oversight and certification processes based on the World Bank Governance Indicators.

<sup>27</sup> <http://www.sa-intl.org/sa8000firesafety>

<sup>28</sup> <http://www.sa-intl.org/sa8000firesafety>

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- ii Increased frequency of SAAS oversight through evaluation and assessments of certification bodies (CBs) in 'high-risk' and 'highest-risk' countries.
- iii Expanded use of alternative accreditation oversight methods, e.g 'Market Surveillance Visits', duplicate audits, unannounced audits, element-specific inspections to confirm
- iv Prohibition of SA8000 activity in countries where no accreditation audit teams can travel.

**3. Increased Requirements of Auditor Competency & Training:**

- a Increase requirements for oversight within each certification body of its own auditors and audit systems, requiring additional evaluation methods for qualifying and maintaining auditor qualifications. CBs will be required to consistently increase evaluations of the competency of SA8000 auditors by undertaking reviews of documents and reports, observing auditors assessing SA8000-certified companies and conducting on-site internal audits of all SA8000 offices.
- b Prohibition of outsourcing any SA8000 activity to subcontracted organizations in highest-risk countries
- c Prohibit certifications in countries where CB senior management are unable to regularly travel.

**4. Stakeholder Engagement in the SA8000 System.** CBs will be required to take additional steps to keep their 'ear to the ground' by engaging with local stakeholders such as NGOs and trade unions in countries where there are certifications. Required activities will include:

- a Documented face-to-face meetings, especially with appropriate trade unions and worker representatives.
- b Annual meetings.
- c Engagement during initial, recertification and surveillance audits.

**5. Identify and Minimize the Risk of Corruption related to Oversight and activities.** Requirements of the CB audit process will include:

- a Demonstrated implementation of an Anti-Corruption policy through documented procedures.
- b Anti-bribery and corruption declaration and ongoing training.
- c A risk assessment process, by country, to describe bribery and corruption detection.
- d Required rotation of SA8000 auditors to reduce conflict of interest and potential for corruption.



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### **Risk Assessment**

In 2011 and early 2012 the SAAS SA8000 Advisory Committee began exploring and testing on the ground ways that it can jointly learn how effectively the SA8000 Standard is being applied in countries where governments may lack the capacity to effectively enforce labor laws, corruption is common, and intractable special issues have been identified. Under the guidance of the Committee, SAAS conducted a new series of targeted "market surveillance" audits in India to develop and test one such method.<sup>29</sup> SAAS has also conducted similar pilots of duplicate audits with the BSCI program for mutual learning and evaluation.

In response to the tragic fires in Pakistan and Bangladesh and the numerous issues being raised about working conditions in Pakistan and other countries, SAAS has developed and applied a country risk assessment process. This process allows the SA8000 system to require more oversight in higher risk countries than in those determined to be lower risk. The use of risk-based systems allows increased efficiency and the ability to better allocate resources and focus. SAAS also previously developed and uses a targeted sampling system that includes a risk assessment of the CBs, using a number of indicators including: 1) the incidence and severity of non-conformities; 2) the structure and location of the management decision-making; and 3) and level of SA8000 activity.

In this context, SAAS addressed the question of how to rank countries by examining several alternative approaches, and selected the World Bank Governance Indicators as its base. Currently, no public institution produces a single qualitative score, index or ranking directly related to labor conditions. Therefore, SAAS has taken the 6 World Bank Governance Indicators and combined them to provide a single numerical rank. This evaluation allows the process to vary by country at several levels, depending on the risk presented:

- The amount of oversight of and activities by the CB for the SA8000 client (the certified company)
- The amount of internal oversight of and activities by the CB (within its own structure)
- The amount of oversight of and activities by SAAS for the CB (the number of accreditation audits and related oversight activities)

See Annex 2 – Country Risk Assessment Methodology for more information.

### **SA8000 Audits in Pakistan**

At the time of the fire, three CBs were active in Pakistan: Bureau Veritas, SGS and RINA. RINA was initially accredited by SAAS in October 2001 and began SA8000 activity in Pakistan in 2008. RINA quickly expanded its activities there, certifying more than 90

<sup>29</sup> <http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&PageID=1320>

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companies in Pakistan within a 4-year period. By 2009, due to travel restrictions between Pakistan and India, RINA's certification audits in Pakistan were outsourced to a separate organization, RI&CA, with certification decisions made by RINA's management office in Italy. Bureau Veritas and SGS operate in Pakistan with their own offices and staff.

As part of its accreditation process, SAAS has continuously assessed the 3 CBs active in Pakistan, with several office audits and witness audits per year. The most recent assessment of RINA's SA8000 services in Pakistan indicated a lack of adequate management by the head office in Italy over the activities in Pakistan, with corrective actions required. The proposed actions were set to occur at the end of September - however, prior to the implementation of the corrective actions, the fire in Karachi occurred. After the fire at Ali Enterprises, RINA's activities in Pakistan were suspended.

At the conclusion of the series of investigations and related audits, RINA's scope of activities was reduced, and, in December 2012 all of its SA8000 activities in Pakistan ended. All certified factories that had been certified by RINA in Pakistan were suspended; they were given 90 days in which to apply for a transfer, with auditing and certification responsibilities to be transferred to Bureau Veritas or SGS, both still accredited for SA8000 certification activity in Pakistan and active there.

One of the learnings for SAAS from the tragic Ali Enterprises fire is that audit and certification outsourcing in 'highest-risk' countries carries too high a risk of error for oversight. Therefore, SAAS will prohibit outsourcing of certification-related activity in countries where this risk can be considered as particularly high.

## Conclusion

In the coming months, SAI will undertake additional steps and programs that focus on health and safety.

## Next Steps

### SA8000 Standard & Guidance Document Revision

The SA8000 Standard and its Guidance Document are being reviewed, updated, and amended in 2013-2014, as they are every five years. SAI will gather stakeholder advice from the interested parties and the public, and deliberations from SAI's multi-stakeholder Advisory Board on various related elements of the SA8000 Standard. The Health and Safety element of the SA8000 Standard will be a key focus. The Guidance on occupational safety and health (OSH) will also be more specific, especially taking into consideration the four new advisories issued by SAAS to the CBs. More specific OSH Guidance is already drafted and will be available on SAI's website by the end of May: 2013 [sa-intl.org/SA8000resources](http://sa-intl.org/SA8000resources).

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### **Fire Safety Training Course**

Building on fire safety training courses previously carried out in Bangladesh in 2011<sup>30</sup> and 2012<sup>31</sup> (a joint project with the former ITGLWF, now part of IndustriALL), an expanded occupational health and safety course for managers will be offered in 2013. It will largely build on the information in the fire safety webinar but focus on how to establish communication channels and cooperation between workers and managers on fire safety to prevent disaster. It will also build on the Rapid Results Institute's 100-day 'Rapid Results Approach' used in SAI's Brazil Worker Engagement program through its partnership with the Rapid Results Institute.<sup>32</sup> The course will raise awareness and guide implementation of management systems to improve fire prevention and evacuation procedures. Like prior SAI fire safety courses, it will highlight the need for worker engagement and worker-manager communication channels on fire safety to prevent disaster.

### **SAI Capacity Building Programs**

SAI has and continues to carry out a wide variety of capacity-building projects, some of which focus on occupational health and safety and fire safety.

### **Social Fingerprint<sup>33</sup>**

Social Fingerprint is a program of ratings, trainings and tools to help companies measure and improve their implementation of labor standards management systems and performance. The program is code-neutral and in wide use in various industries. It helps companies to build capacity and improve workplace conditions. Key features include worker involvement and engagement and establishing complaint effective management and resolution systems.

SAI Corporate Program members are required to take the self-assessment on their supply chain management, and these are then validated by SAI. SAI follows up with annual assessments, validations and custom advice to each of its members on supply chain management and reports in our annual report on the aggregate scores and distribution in these areas, with some best practice cases highlighting some best practice cases. Summary information on the baselines and progress of our members can be found in SAI's 2011 Annual Report, and the forthcoming 2012 Annual Report.<sup>34</sup>

### **Worker Engagement Program to Improve Health & Safety Issues<sup>35</sup>**

Launched in late 2012, this program in Brazil aims to address root causes of health and safety issues. With funding from the Walt Disney Company, the program partners

<sup>30</sup> <http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&PageID=1071>

<sup>31</sup> <http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&PageID=1092>

<sup>32</sup> <http://www.sa-intl.org/brazilworkerengagement>

<sup>33</sup> [www.sa-intl.org/socialfingerprint](http://www.sa-intl.org/socialfingerprint)

<sup>34</sup> <http://www.sa-intl.org/ar2011>

<sup>35</sup> <http://www.sa-intl.org/brazilworkerengagement>

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with the Rapid Results Institute, the Cahn Group and Labor Link to carry out activities. Among the activities are internal team building and effective change management techniques that emphasize the workers' role in helping to ensure health & safety and administering surveys through mobile technology. Fifty factories will be chosen from a pool of applicants to participate in the program, free of cost, representing various industries in the São Paulo region. It will work in phases to reach key outcomes:

- Listen to workers' voices
- Establish complaint management and resolution systems and communication channels needed to sustain the improvement process throughout and after the program's conclusion
- Generate immediate and sustainable measurable improvements in occupational health and safety
- Form and empower an Internal Social Performance Team at each factory, consisting of workers and managers to manage future improvement projects

#### **Pillars in Practice Program<sup>36</sup>**

The 'Pillars in Practice' (PiP) Program of SAI and the Danish Institute for Human Rights is building the capacity of civil society organizations (CSOs) in Bangladesh, Nicaragua and Zimbabwe, to engage with and train on the UN Guiding Principles on Business and Human Rights (GPs). Funded by the U.S. State Department, the main goal of the program is to activate a strategic alliance by establishing the training capacity of CSO partners in each of the three countries to sustainably promote and assist in the implementation of the GPs by local and multi-national companies, government agencies and other local CSOs.

Over an 18-month period, the program will target different industrial sectors and issue areas per country. In Bangladesh, the garment sector will be the main focus, and fire safety will be one of the issue areas. At the national level, the PiP program is working with the CSR Centre Bangladesh. The first multi-stakeholder roundtable is scheduled for May 2013 in Dhaka.

#### **UN Guiding Principles for Business & Human Rights**

SAI is convinced that a broad multi-faceted approach is required to dramatically reduce the risk to human lives from industrial fires in countries where the incidence is highest, such as Pakistan, Bangladesh, and in major export markets where it is high, such as India, China.

SAI will continue to leverage its partnerships to promote and enshrine human rights at work, in alignment with the UN Guiding Principles for Business and Human Rights' three-pillar framework for business to 1) protect, 2) respect and 3) remedy:

<sup>36</sup> <http://www.sa-intl.org/brazilworkerengagement>



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- **"Protect"** – to help strengthen government's capacity to protect workers from health and safety, fire safety and emergency preparedness issues in high risk sectors.
  - **"Respect"** – to help develop and strengthen companies' capacity to respect the human rights of workers, with a focus on health and safety, fire safety and emergency preparedness issues.
- "Remedy"** – to increase awareness of and access to provisions of remedy of adverse human rights impacts by workers and their families, trade unions and civil society.

Since the 2012 release of SAI and the Interchurch Cooperative for Development Cooperation's (ICCO) handbook on how business can implement the UN Guiding Principles, SAI and ICCO have been conducting training courses, starting in the Netherlands, India, Belgium, and Brazil.<sup>37</sup> As in the SA8000 auditor training courses, representatives from NGOs & trade unions receive complimentary seats.

## SA8000 Certification and the Role of Auditing

SA8000 certification is a tool— a means, not an end. Social standards, auditing, certification, campaigns, government inspection, training and technical assistance programs have improved conditions at myriad workplaces, but none are a guarantee against such variables as poor management, accidents, fraud and corruption. By nature, audits are a sampling exercise and a snapshot— audit findings are extrapolated to draw conclusions about conformity to a specific set of requirements at the time of the audit. Audits can identify and provide a basis for how to address non-compliances, increase the prevention of recurrence and address root causes. Audits alone do not create change but can provide data and structure for change by the workers and managers in an organization.

SA8000 certification is one of several approaches at the core of SAI's work to promote positive change. Capacity building and responsible sourcing are most central and form the bulk of SAI's work and budget. Certification is not an alternative to government regulation nor a substitute for freely elected trade unions or freely negotiated collective bargaining agreements. It serves to support both government enforcement and the workers' right to organize, join and form unions. In the SA8000 system, capacity building, certification and engendering a culture of compliance are complementary instruments that address huge voids in the protection of workers and of their human rights at work. In many countries and sectors, neither unions nor government can do this alone. Certification is a process, with regular surveillance during the three-year term of certification and tracking of actions addressing problems.

<sup>37</sup> <http://www.sa-intl.org/unguidingprinciples>

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Is certification a guarantee? No. It is a report that an organization was evaluated against a specific and consistent set of criteria, at a specific point in time, with identification of and follow up on shortcomings. It requires ongoing investment in better work and a structure for recognition of those employers who invest in their workforce and workplace, often in places where indifference is the norm. What certification can offer is some degree of accurate reporting on a workplace; a high degree of reliability of that report is what SAI and SAAS seek to deliver and are now taking numerous steps to improve. SAI, its partners, members and SAAS remain committed to this mission, and will strive for continual improvement of the usefulness of the SA8000 Standard for human rights at work.

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## Annex 1 – Fire & Safety Assessment

### Risk Categories & Ratings Scale

During Stage 2 of the investigation, AKUT on behalf of SAAS visited and evaluated 17 certified companies. The companies were evaluated using 5 risk factors, on a scale of 1-5, as described below:

	Group	Risk Category	Description
	A	Evacuation	This category explains the facility's capacity regarding with fast, efficient and safe evacuation. Conditions of emergency exit doors, emergency exit routes, assembly area, missing or malfunctioning alarm systems etc.
	B	Fire Safety	This category explains the facility's risk regarding with fire occurrence and fire fighting capacity such as fire extinguishers capability, fire prevention mitigations, unsafe electrical wirings and etc.
	C	Documentation	This category explains the facility's capacity regarding with documentation management, such as training records, proof training, exercise and drill records and proof of exercise.
	D	Management	This category explains the facility's capacity regarding with management commitment. Assessment of management if they are aware of SA8000 Certification performance criteria, and if management representative available and have adequate information about factory's overall health and safety. Coaching of workers is considered under this category
	E	Health and Safety	This category explains the facility's capacity regarding with overall health and safety such as house keeping, cleanness and hygiene, exposure to chemicals, storage and usage of protective personal equipment (PPE)

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Risk Category/Rating	1	2	3	4	5
Documentation	No document is available for review or inconsistent documents identified	Documents are available for review but incomplete or not signed	Documents are available for review but are out of date. No information available for accreditation	Documents are acceptable but needs improvement	Facility has an acceptable document management systems
Evacuation	Most of the emergency routes are blocked and doors are padlocked or able to lock	Alarm system is functional but not covering the entire building	Alarm system is not connected to the back up energy source	Workers are not aware of emergency procedures	Facility has an acceptable evacuation system
Fire Safety	No fire mitigation is identified, fire may start at the facility anytime	Some Fire extinguishers and hydrants are blocked or either out of date	Fire Hydrant system is not pressurized or chemical storage area is located in production floor	Fire extinguisher type mismatching the class of fire	Facility has an acceptable Fire Safety System
Health and Safety	General workplace safety, hygiene, dirty and untidy working environment, PPE's and etc. are not acceptable	House keeping system should be revised to eliminate the excessive dust and flocks on electrical engines.	PPE's are identified but they are not accurate or in correct type.	Workers are not aware of health and safety procedures	Facility has an acceptable Health and Safety System
Management	Workers are directly coached and no signs of management commitment identified.	Management is not aware of SA 8000 or Health Safety System	Management review system needs improvement.	Management system is functional but there are some areas to be improved.	Facility has an acceptable Management, Commitment and Review System.



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## Annex 2 – Country Risk Assessment Methodology

SAAS addressed the question of how to decide which country is lower risk and which is higher risk by ranking countries based upon the World Bank Governance Indicators. Currently, no institution produces a single qualitative score, index or ranking directly related to labor conditions. Using the World Bank Governance Indicators, SAAS has created a ranking of 217 countries. The ranking can be divided up in 2 ways: using 2 categories ('high-risk' and lower risk) or 3 categories ('highest-risk', 'high-risk', 'lower-risk').

WGI Indicator	Measures	Relationship to Labor Compliance (Examples)
Voice and Accountability	Extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media	Workers' ability to form unions and express concerns about their working conditions
Political Stability and Absence of Violence	Perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including domestic violence and terrorism	Unrest, protests, riots caused by unmet worker expectations and needs, e.g., minimum wage
Government Effectiveness	Quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies	Existence of a Department/Ministry of Labor and other relevant institutions that establish and maintain rules regarding working conditions and that provide work-related services
Regulatory Quality	Ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development	Promulgation of labor laws and related business laws

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Rule of Law	Extent to which agents have confidence in and abide by the rules of society, in particular the quality of contract enforcement, the police, and the courts, as well as the likelihood of crime and violence	Effectiveness of labor laws; ability to seek redress for non-compliance with labor laws
Control of Corruption	Extent to which public power is exercised for private gain, including petty and grand forms of corruption, as well as "capture" of the state by elites and private interests	Prevalence of bribes to government labor inspectors or private social compliance auditors

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## Annex 3 – SAI Public Documents

Action Timeline	Date(s)	Link
SAI/SAAS Public Statement	September 16, 2012	<a href="http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&amp;PageID=1341">http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&amp;PageID=1341</a>
SAI Q & A Document	September 20, 2012 (revised December 7, 2012)	<a href="http://www.sa-intl.org/alienterprises">http://www.sa-intl.org/alienterprises</a>
SAI Corrections to NY Times Article	September 21, 2012	<a href="http://www.sa-intl.org/data/n_0001/resources/live/SAINYTimescorrections.pdf">http://www.sa-intl.org/data/n_0001/resources/live/SAINYTimescorrections.pdf</a>
SAI Response to ILRF/CCC/WRC/MSN/NTUF Statement	October 15, 2012	<a href="http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&amp;PageID=1357">http://www.sa-intl.org/index.cfm?fuseaction=Page.ViewPage&amp;PageID=1357</a>
SAAS Statement: Status of Activities in Pakistan	November 8, 2012	<a href="http://www.saasaccreditation.org/news.htm">http://www.saasaccreditation.org/news.htm</a>
Interview with Dundar Sahin on AKUT's investigation of the 17 SA8000 certified factories	December 18, 2012	<a href="http://www.sa-intl.org/dundarsahin">http://www.sa-intl.org/dundarsahin</a>
SAI Checklist: Auditing for Fire Safety in the SA8000 and BSCI Systems	February 6, 2013	<a href="http://www.sa-intl.org/sa8000firesafety">http://www.sa-intl.org/sa8000firesafety</a>
SAI Public Report & Addendum: Fire Safety in Pakistan and Worldwide	May 3, 2013	<a href="http://www.sa-intl.org/firesafetypakistan">http://www.sa-intl.org/firesafetypakistan</a>