



# International Labor Rights Forum

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## Roadmap for Ethical Product Certification and Standard Setting Initiatives

Any certification program for ethical products must truly tackle the root causes of factory and farm sweatshop conditions in global supply chains. These programs should address the power imbalance inherent in current sourcing relationships that lead to rock-bottom product prices, contractor non-compliance, and poverty wages for workers. Credible certification systems should incorporate as basic and starting principles: a living wage for workers, independent worker organization, and fair pricing for contractors. Below is a summary of the International Labor Rights Forum's main concerns and our recommendations for improvements to existing "fair" or "sustainable" certification and labeling programs and standard setting initiatives.

**Workers' freedom of association and workplace organization** is the most crucial part of the solution to factory and farm sweatshop conditions. It is essential that union representatives have access to the workers and that worker participation is included in the factory or farm certification process. A grievance procedure, non-discrimination policies against workers who organize and labor rights training should all be in place in a certified workplace. We recommend that any ethical product program explicitly require some form of genuine democratic worker organization and the existence of a freely negotiated collective bargaining agreement. In practice, this would mean either a trade union organization, worker cooperative, or some other organizational form pertaining to troubling cases like China, where Freedom of Association is technically absent. It is also essential for standards and certification to exist in consultation and negotiation with trade unions.

**Fair Pricing.** What matters more than occasional auditing is that factories and farms are immersed in a sourcing system that requires **ethical sourcing** practices. Without fair pricing, there is simply no incentive for contractors to participate in good faith. They can get the same rock-bottom prices from Wal-Mart, without the compliance requirements of a certification system. Compliance costs money, even beyond the extra money that must go to workers as a living wage, and buyers must pay for this. Furthermore, this issue is inseparably linked to the living wage and worker organization issues discussed above.

**A living wage** is a fundamental and central component of any genuine standard where workers' rights are advanced. It is disappointing that most programs mandate merely the minimum wage, as do most corporate codes of conduct. Programs with premiums to be distributed to broader sustainable community development can not take the place of a living wage for the workers, or income that meets basic needs.

**Workers are the best “monitors” or “auditors” of their workplace,** and any certification system should rely on and reinforce this system rather than try to supplant it. Even under programs where assessment is carried out by independent and qualified organizations, an auditing scheme that inevitably relies on occasional and brief visits simply cannot ensure that factories and farms are compliant on an ongoing basis. With a living wage standard, worker organization/collective bargaining, and fair pricing in place, occasional factory monitoring can serve a useful purpose as a back-up check on the factories and farms within a fair system.

Such monitoring must be at least as transparent as the best of those of the competing multi-stakeholder and civil society monitoring systems, which would mean public disclosure of the names and addresses of all factories and farms making ethical products, monitoring reports, corrective action plans, and the status of remediation. In addition, the worker and third-party complaint system would also require the same level of transparency.

**Buyer certification.** The factory certification process should be reconceived so that it also focuses seriously on “buyer certification” and behavior as well. Currently, the only requirements for buyers in most programs are essentially to use certified suppliers and to pay a premium in certain cases. This is a good start, but the obligations of buyers should not end there, and a much more specific intervention in sourcing practices is needed. Any strong certification system or standard must include a structured process whereby contractors and buyers negotiate fair prices that will pay for compliance. It is also critically important, as we have stated above, that the majority of production in any certified factory or farm be under ethical terms. This imposes obligations on the contractor to seek and maintain this business, but equally important, it also imposes obligations on buyers and the ethical system as a whole to manage their sourcing so that the certified factories and farms are appropriately supported.

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