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| Author: P Scott | Social Accountability Accreditation Services | Issue: 1.0 |
| Approval: J Brookes | SAAS Procedure 201A: SA8000 Advisory 2023-1 | Effective: May 1, 2023 |



SOCIAL ACCOUNTABILITY ACCREDITATION SERVICES

To: All SAAS Accredited Certification Bodies

A. Subject

SA8000 Interpretation/Clarification (ISO/IEC 17021-1 5.2 SAAS Procedure 201A Annex A, Clause 5.2.): Management of Impartiality.

B. Background

Following a recent internal review of CB's ethical performance in 2021 and 2022 it has become apparent that some CBs may be conducting aspects of their business in an unethical manner. In some cases, this appears to be due to poor operational control over Foreign Critical Locations/Premises. In other cases, a lack of adequate resources, or adequate planning appears to be root cause.

Following its 2022 CB Annual KPI (Key Performance Indicator) Review, SAAS identified the need for, and has introduced an additional KPI (KPI#10 For Business Ethics & Business Integrity) to review the ethical performance of its CBs.

KPI#10 has five parameters that are monitored and measured on an ongoing basis by SAAS. These are:

1) No corruption or bribery (in any form)

Indicators

- a) No act of corruption, extortion, or embezzlement, as well as any manifestation of bribery, which encompasses, though is not restricted to, the assurance, proposition, provision, or receipt of any improper monetary or non-monetary inducement.
- b) No incentives to proceed with SA8000 certification in contravention of Clause 5.2.9 of ISO17021-1 ("...shall not be marketed or offered as linked with the activities of an organization that provides management system consultancy...")
- c) No inappropriate consultant relationships (adherence to SAAS Advisory #2022-1)

Note: This is a zero-tolerance issue: Any reliable indication(s) of any instance of bribery or corruption shall result in a critical nonconformity being raised and a recommendation for immediate suspension of SAAS Accreditation for all countries of CB operation.

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2) Non-availability or falsification of records needed to demonstrate conformity.

Indicators

- a) Precise, accurate, and credible records of operations, management system procedures, and achievements.
- b) Adequate auditor location and movement records (including travel and accommodation expense and travel invoices on behalf of direct and subcontract employees) needed to validate in-person, on-site participation
- c) Timely* release, upon request, of any/all record(s) needed to demonstrate adherence to relevant requirements (i.e. as above; legal; contractual; normative; SAI or SAAS; internal policy or process; audits; etc.).

Note: This is a zero-tolerance issue: Any falsification of process records, or any failure to produce requested integrity-related process record(s) in a timely* manner shall result in a critical nonconformity being raised and a recommendation for immediate suspension of SAAS Accreditation for all countries of CB operation.

**Under most circumstances, 'timely' means that the record(s) is made available immediately upon request. Under extenuating circumstances (determined at the sole discretion of SAAS) a requested record(s) may be made available within 8 hours of the original request and still be considered 'timely'.*

3) No misrepresentation of Accredited SA8000 Certification

Indicators

- a) CB Management and staff SHALL not engage in or support any form of SA8000 certification misrepresentation such as:
 - Providing a certificate with misleading (or ambiguous) operational scope
 - Issuing of an unaccredited SA8000 certificate or any other type (whether through the applicant/accredited CB itself, or through a related body).
 - Any other misrepresentation intended to deceive an SA8000 stakeholder

4) Preservation of information integrity (Communications and authorities)

Indicators

- a) Exercising prudence and vigilance in acquiring, employing, and managing personnel and client data, encompassing information obtained from employees, subcontractors, commercial associates, clients, and individuals within the CB's sphere of influence.
- b) Complaint and whistleblower processes compliant with SAAS Procedure 201A
 - Appropriately protect the confidentiality of the complainant/whistleblower

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- Ensuring that complaints and whistleblower allegations are not redacted, sanitized, or deleted from records.
- c) IT passwords (and similar authority mechanisms) are protected and used only by the authorized individual.
- 5) CB Staff Ethical Business Awareness**
- Indicators
- a) CB Management, staff and auditors are sufficiently familiar with and adhere to laws, policies, controls, programs, and measures in place to combat unethical behavior.

C. Normative Status & CB Response Requirements

This document is mandatory for all CBs and becomes effective May 1, 2023, as an ‘Advisory Supplement’ to SAAS Procedure 201A – “Accreditation Requirements For Use By Certification Bodies Performing SAAS Accredited SA8000:2014 Certification Audits”.

Guidance Note: The requirements of this document will be fully integrated with Procedure 201A requirements at the time of that document’s next revision.

D. Ethical Business Definition/Requirements

What is ethical behavior in business?

Ethical behavior refers to the moral principles, rules, and attitudes that organisations demonstrate in their conduct and dealings. Ethical behaviors are necessary for maintaining employee safety, adherence to law and regulation, and protection of the environment. Business ethics also include several specific principles and practices which help an organisation perform well as an enterprise but also with a sense of social responsibility.

What are the main principles of business ethics?

There are various principles that different individuals and organisations believe should underline business practices. For example, the Institute of Business Ethics has their own code which businesses can follow to guide behavior:

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| <p><i>Honesty</i></p> <p>Businesses should always be truthful in communications with customers and employees, as well as not misusing intellectual property or trade secrets for personal gain.</p> <p><i>Respect</i></p> <p>Businesses should recognize that all stakeholders and shareholders have rights but that so do suppliers, consumers, and society in general.</p> |
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Transparency

As mentioned above, organisations should be open about their activities. This includes explaining policy decisions, disclosing information about conflicts of interest too, and not concealing gifts offered or accepted to curry favor with a client, government official or regulatory board.

Responsibility and accountability

All businesses should be answerable for their actions and take responsibility for the consequences of any decisions.

Justice

Organisations should respect human rights such as labour laws and equal opportunities legislation where these exist. They should ensure that workers have safe working conditions, and always follow discipline and dismissal laws.

Fairness in dealings

Business should treat all parties fairly and not use undue influence to get a better deal for one side over another.

Respect for communities

Businesses should recognize the impact they can have on community well-being, whether it's through pollution or excessive noise levels.

E. Interpretive Requirement to be applied by CB and CB Auditors

Each accredited Certification Body (CB) is required to:

- i. Identify any past infractions against these requirements and ensure that corrective actions are:
 - o promptly completed; and
 - o verified as being fully effective.
- ii. Immediately consider global risks associated with this document – see particularly:
 - o Clause E – “Interpretive Requirement to be applied by CB and CB Auditors”
 - o Clause H - “Responsibilities/Requirements for a Certification Body”
- iii. Review, and where necessary update, existing business ethics assurance measures
 - o Reviewed by the CB’s Impartiality Committee and signed still valid and/or amended as necessary to address the requirements of this Advisory.

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- iv. Ensure that all staff and auditors are made fully aware of:
 - a. their individual responsibilities with respect to business ethics and business integrity; and
 - b. the consequences of failure to uphold business ethics and business integrity at both an individual and an organizational level.
- v. Ensure that its Audit Disruption Procedure addresses the requirements of SAAS Procedure 200 V4.2 Clause 11.2 and this Advisory.
- vi. Complete all required actions by December 31, 2023.

F. Interpretive Requirement to be applied by SAAS and SAAS Auditors

SAAS Auditors shall review their implementation of the requirements in this mandatory advisory document with immediate effect. A SAAS auditor identifying a CB's (or CB auditor's) breach of ethics (in accordance with the requirements of this document respecting the CB's implementation timeline, above) shall raise a Nonconformity in accordance with SAAS Procedure 201A: 2015 v1: October 2015: Accreditation Requirements for Use by Certification Bodies Performing SAAS Accredited SA8000:2014 Certification Audits.

G. Responsibilities/Requirements for an Applicant or Certified SA8000 Company

- 1) To report to SAAS any situation that it considers is unethical behavior by their chosen CB or CB Auditor for example:
 - Demands to use a certain consultancy company.
 - Not pay expenses directly to CB Auditors.
 - Demands for money by or gifts/benefits in kind by its auditors.
 - Not request the issuance an unaccredited SA8000 certificate to satisfy short term contractual or other needs.

H. Responsibilities/Requirements for a Certification Body

(To be fully implemented no later than December 31, 2023)

- 1) A CB and all its staff/auditors shall always comply with this mandatory advisory notice.
- 2) The CB, and all its staff/auditors shall always comply with SAAS Procedure 200 Advisory #2022-1 and 2023-1 .

I. Responsibilities/Requirements for SAAS

- 1) SAAS/SAI shall take appropriate steps to promote these Advisory requirements to all CBs.
- 2) SAAS shall perform Head Office Audits every year to ensure that this Advisory is being adhered to by all parties.
- 3) SAAS shall perform Market Surveillance Visits MSVs on a selection of CB clients every year to ensure that this Advisory is being adhered to by all parties.

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Guidance Note: See SAAS Procedure 201A for a definition of an MSV.

J. Indicators of an Inappropriate CB Performance.

The following are some example indicators of inappropriate CB ethical performance.

- 1) Falsification of type of audit performed e.g., audit stated as being on-site when in fact it was performed remotely.
- 2) Falsification of audit effort. e.g., stated as being 4 auditors being on site for 2 days when in fact it was 2 auditors for 1 day. (This is now also of high concern with CNCA/CNAS in China who now require real time auditor location monitoring).
- 3) CB head office staff logging on to the SAI Tool as an auditor and changing audit records.
- 4) Auditors reported to be in two locations on consecutive days when (unless a helicopter is used) it's impossible to travel between those two locations in the time stated.
- 5) CBs falsifying Auditor KPI and monitoring records.
- 6) KPI data being maintained but no analysis of said data.
- 7) CBs performing perfunctory auditor monitoring. "Friends auditing friends". COI between audit team members and between auditors and consultants.
- 8) CBs not performing thorough technical reviews and just paying "lip service" to the process.
- 9) Poor or nonexistent soft auditing/grading monitoring.
- 10) CBs deleting/hiding whistle-blower complaints from their stakeholders.
- 11) CBs Hiding complaints from their stakeholders.
- 12) Falsification of Subcontract Auditor Work Orders of expense payments.
- 13) Producing "workarounds" for the requirements of SAAS Accreditation Criteria.
- 14) Not entering the required information into the SAI Tool until after an audit e.g., Audit Planning not done until post audit. Audit teams changed at the last minute.
- 15) Subcontract auditors not raising the appropriate findings as they want an "easy life" – i.e., soft auditing.
- 16) The marking of documentation as "Confidential" to evade SAAS review.

_____ End _____