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How to achieve a living wage in your supply chain?

Contribution by the GoodElectronics Network

Wage issues and precarious work in the global electronics supply chain



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SOMO

SOMO has been researching the electronics sector since 2006

SOMO is hosting the [GoodElectronics Network](#)

From 2008-2013, SOMO coordinated the makeITfair project

SOMO is one of the drivers of the [Electronics Watch initiative](#)

SOMO participates in the Made with Care working group of Fairphone

SOMO and GoodElectronics have been part of the Reflection Group of the [IDH Electronics Programme](#)



The GoodElectronics Network

Consists of some 90 trade unions, grass roots, campaigning and research organisations, academia, and activists, that are concerned about human and labour rights, and sustainability issues in the global electronics supply chain, including:

- SACOM, Globalization Monitor, Labour Action China, AMRC, IPE, in **China**
- Cereal, CETIEN, in **Mexico**
- Reporter Brasil, in **Brazil**
- Cividep, Toxics Link, **India**
- Workers Hub for Change, regional trade unions, in **Malaysia**
- Thailand: the GoodElectronics Thailand Network, factory unions, in **Thailand**
- FSPMI and labour groups, in **Indonesia**
- MWAP, WAC, CTUHR, CBBRC, Kaliksan, and other groups, in the **Philippines**
- SHARPS, APIL, in **South Korea**
- CDI, in **Vietnam**
- **Etc.**



The GoodElectronics Network

Also has international, European and US-based organisations among its members, including:

- IndustriALL Global Union
- Greenpeace Internat.
- International Campaign for Responsible Technology
- Worker Rights Consortium
- International Labor Rights Forum
- Clean Clothes Campaign
- FNV, Netherlands
- Friends of the Earth Netherlands, Netherlands
- People & Planet, UK
- WEED, Germany
- etc.



GoodElectronics' vision

GoodElectronics has a vision of a global electronics industry that follows the highest possible international human rights and sustainability standards.

Following this vision, labour rights and environmental norms would be protected and respected throughout the entire electronics value chain,

- from the mining of minerals,
- to the manufacturing phase,
- and the recycling and disposal of electronics waste.



GoodElectronics' demands

GoodElectronics has formulated the **Common Demands on the electronics industry**, calling for the implementation of international standards, in particular the Universal Declaration of Human Rights, Core Labour Standards and Additional Standards of the International Labour Organization.

In 2015, together with ICRT GoodElectronics has formulated a **Challenge** to the electronics industry with regard to the **responsible management of hazardous chemicals**.

- GoodElectronics is currently carrying out a 5-year programme funded by the EU with 2 million euro.



GoodElectronics' views on living wages

GoodElectronics does not have its own definition of a living wage or method to calculate a living wage.

Electronics Watch defines a living wage as follows:

A “living wage” means a “take home” or “net” wage (excluding any taxes, bonuses, allowances, or overtime wages) earned during a country’s legal maximum work--week (not exceeding 48 hours), which is sufficient to pay for the basic needs (housing, energy, nutrition, clothing, health care, education, potable water, childcare, and transportation) of a family of four people, and includes an additional 10% of the cost of basic needs as discretionary income.



GoodElectronics' views on living wages

The **Asia Floor Wage Alliance** has defined the **Asia Floor Wage**.

The Asia Floor Wage is calculated in PPP\$ - Purchasing Power Parity \$, which are an *imaginary World Bank currency* built on the consumption of goods and services by people, allowing standard of living between countries to be compared regardless of the national currency.



GoodElectronics' views on living wages

Fair Labor Association (FLA) Workplace Code of Conduct

“Every worker has a right to compensation for a regular work week that is sufficient to meet the worker’s basic needs and provide some discretionary income. Employers shall pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law or contract. Where compensation does not meet workers’ basic needs and provide some discretionary income, each employer shall work with the FLA to take appropriate actions that seek to progressively realize a level of compensation that does”.

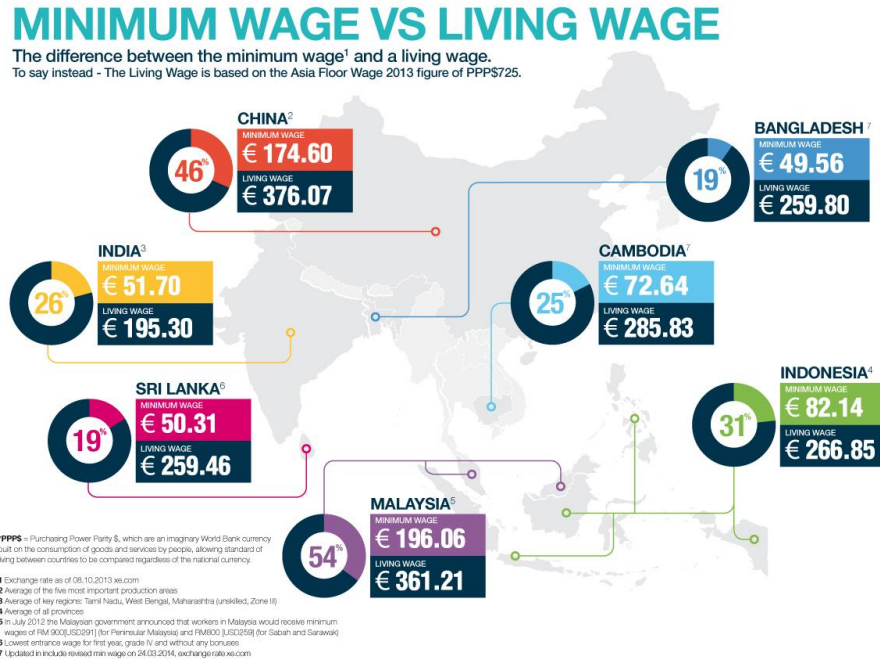


FAIR LABOR
ASSOCIATION[®]



GoodElectronics' views on living wages

The **Clean Clothes Campaign** points out how legal minimum wages (for the garment industry) in Asia fall short of living wages:



Precarious work in the electronics industry

Jenny Holdcroft, of IndustriALL Global Union, in a keynote speech at the Amsterdam GoodElectronics and makeITfaire round table in May 2012:

- Overall, 60% of electronics employment is **outsourced** to agencies
- Electronics workers are **repeatedly fired and rehired** to avoid employment obligations
- Companies may use up to 3 **different agencies**
- Companies may outsource **up to 90%** of their workforce

http://goodelectronics.org/publications-en/Publication_3892/at_download/fullfile



What is precarious work

Precarious work in all its forms is **undermining workers' rights, their pay and their working conditions** throughout the world. But for workers trapped in **triangular employment** relationships, officially employed by an agency or contractor, but actually working for another company, there is often little chance to join a union and no chance to bargain collectively on their terms and conditions of employment. These workers are effectively trapped between the agency and the company they work for, with neither taking responsibility for their fundamental human rights.

Jyrki Raina, General Secretary of IndustriALL Global Union, on 7 October 2015

[http://www.industrialall-union.org/sites/default/files/uploads/documents/Triangular Trap/agency_work_final.pdf](http://www.industrialall-union.org/sites/default/files/uploads/documents/Triangular_Trap/agency_work_final.pdf)



GoodElectronics' findings with regard to wages and precarious work

In the course of the years, in reports commissioned by GoodElectronics and through research undertaken by its members and others, **relevant data and analysis** have been brought together.

Main points of concern:

- Over the past decades, electronics production has been outsourced to low wage countries and regions
- When wages go up, production is relocated to cheaper places, like the inner provinces of China, to Vietnam, Cambodia. In Asia, Myanmar is likely to be next
- Not all electronics production countries have a minimum wage
- Legally minimum wages are generally low and do not reflect the regional costs of living
- Within countries, legally fixed minimum wages differ from region to region
- When minimum wage levels go up, the implementation may lag behind
- Without overtime wages are standard below living wage levels



GoodElectronics' findings with regard to wages and precarious work

- Agency labour has been on the increase for the past year
- Temporary contracts are rampant
- Student labour is on the increase
- Migrant workers have a precarious social and legal position. This is true for cross-border migration (e.g. Malaysia) and internal labour migration (e.g. China)

- Workers, in particular young workers and migrant, are badly informed about their rights
- Workers do not have a good idea of what wages and benefits they are entitled to
- Workers are often not provided with a copy of their contract
- Wage slips are not always correct
- There are a lot of disputes about calculations, work schedules, overtime rates and benefits



GoodElectronics findings on precarious work and wages

GoodElectronics' findings with regard to wages and precarious work

- Extremely low levels of unionisation
- No space for independent unions (China, Vietnam, Mexico)
- Difficulties to register a union
- Union leaders are discouraged and harassed
- No collective bargaining for compensation
- No collective action when wage agreements are not respected
- Migrants, women, young workers, students, temporary workers can often not join unions
- Agency workers, temporary workers, student interns are not covered by collective agreements



Overtime rate is not respected, at Lens Technology

“Throw Away the Bad Apple – Investigation of Lens Technology”, September 2015

by **SACOM**

Lens Technology is a supplier to **Apple**

Research:

- Carried out between January and June 2015
- In Lens factories in Shenzhen, Liuyang and Langli
- Undercover in-house investigations
- Off-site interviews with over 60 frontline workers

Findings related to wages:

- Wages are withheld for 15 to 30 days, before payment is effectuated
- Forced and excessive overtime
- Overtime rate not respected
- Introduction of piece rate system (instead of hourly rate) – the harder you work, the more you earn



Abuse of student interns, at Wistron

“Servants of servers. Rights violations and forced labour in the value chain of ICT equipment in European universities. A journalistic investigation”, October 2015

by **Danwatch** (published by GoodElectronics and others)

Wistron is a supplier to **Dell, HP, Lenovo**

Research:

- Carried out between June and July 2015
- At Wistron Corporation Zhongshan
- Interviews with 25 intern workers, regular workers , line managers, and Wistron recruitment agent

Findings related to wages:

- Student interns are put to work as regular workers
- Students do not get insurance or bonuses like regular workers
- Students are technically not employed by Wistron, Wistron takes no responsibility for them
- Wage without OT does not cover basic expenses like food, water and electricity
- Forced and excessive overtime; mandatory night shifts
- Students are uncertain about what wage they are entitled to
- Students are paid by their teachers; part of the wages are withheld until the internship is finished



Basic pay is not a living wage, at Pegatron

“Something's Not Right Here: Poor Working Conditions Persist at Apple Supplier Pegatron”,
October 2015

by **China Labor Watch**

Pegatron is a supplier to **Apple**

Research:

- Carried out in September and October 2015
- Undercover research by a CLW investigator who was hired at Pegatron as a production line worker
- Calculation of data from 127 pay stubs
- Dozens of interviews with Pegatron workers

Findings related to wages:

- Basic pay (without overtime) is at the local minimum wage of \$318 per month. This is not a living wage
- Forced and excessive overtime
- Workers are made to attend daily meetings without getting paid

<http://www.chinalaborwatch.org/report/109>



Workers starts hunger strike for better wage, at Foxconn

October 16, 2015 Labor News Mexican Foxconn Workers Stage Hunger Strike

Employees of a Foxconn Scientific Atlantic plant in Ciudad Juarez escalated a protest this week **for better wages** and dignified treatment.

Setting up camp underneath a tent, worker Carlos Octavio Serrano initiated **a hunger strike** in front of the factory located in the Intermex Industrial Park. Twenty one other workers said they would join Serrano in refusing to eat until their grievances were addressed.

Involving more than 300 employees, the **Foxconn Scientific Atlantic** protest movement became public last August when scores of workers staged a demonstration against low wages.



What does the industry say?

Industry body EICC

- Is comprised of more than 100 electronics companies,
- Brands: Apple, HP, Dell, Samsung, Microsoft, Philips, etc. Manufacturers : Foxconn, etc.
- With a combined annual revenue greater than \$3 trillion,
- Directly employing over 5.5 million people.

EICC code on Wages and Benefits

“Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. In compliance with local laws, workers shall be compensated for overtime at pay rates greater than regular hourly rates. Deductions from wages as a disciplinary measure shall not be permitted. For each pay period, workers shall be provided with a timely and understandable wage statement that includes sufficient information to verify accurate compensation for work performed. All use of temporary, dispatch and outsourced labor will be within the limits of the local law.”

Individual corporate codes may have stronger language, but not one corporate code mentions living wage, only living wage.



What does GoodElectronics want the industry to do?

**In 2014, Apple carried out audits at 663 supplier factories.
In 28% of the audits, non –compliances were found with
regard to compensation.**

Corporate accountability

- Apply Due Diligence, respecting the ‘Cause, Contribute, Link’-concept
- Risk analysis
- Better codes, better implementation
- Worker-led improvements



What does GoodElectronics want the industry to do?

Supply chain transparency, share information about:

- Suppliers
- Wages levels
- Purchasing practices, pricing policies
- Composition of the labour force in the supply chain (directly hired or agency workers; regular contract or short terms contracts, etc.)

Take action

- Bring down the level of agency labour (following the 2013 EICC Guadalajara recommendations)
- Facilitate unionisation
- Ensure living wages are paid throughout the supply chain
- Use tools as 'Wage Ladder', worker bonuses, worker welfare funds
- Lobby for higher legal minimum wages



What does GoodElectronics want governments to do?

The Dutch Government

- has identified a number of high risk sectors, including the electronics industry
- Low wages are seen as part of the problem
- Acknowledges the need for an active role for the local and Dutch governments to ensure adherence to labour rights standards
- China has been identified as a high risk country

“Een voorbeeld is de schending van arbeids- en mensenrechten in de elektronicasector. Bij elektronicafabrieken in China is er sprake van overtredingen van arbeidsnormen, zoals lange werkdagen, **lage lonen**, blootstelling aan giftige chemicaliën, gedwongen overwerk en misbruik van kwetsbare groepen als migranten. Alhoewel er binnen de sector verschillende initiatieven lopen om de problemen aan te pakken (zoals de EICC, de Electronics Industry Citizenship Coalition), blijft het lastig om resultaten te boeken zonder dat daarbij ook (Nederlandse en lokale) overheden en andere sectoren betrokken worden, zodat strenger op naleving van wetten en op bescherming van fundamentele rechten kan worden gecontroleerd.

<https://www.rijksoverheid.nl/binaries/rijksoverheid/documenten/rapporten/2014/09/01/mvo-sector-risico-analyse/mvo-sector-risico-analyse.pdf>



What does GoodElectronics want governments to do?

The Dutch Government:

- Act upon available analysis and research
- Bring socially responsible public procurement of ICT products to a higher level
- CSR diplomacy
- Policy coherence – implement the UN Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises

Governments of electronics production countries:

- Respect human and labour rights
- Ratify ILO conventions
- Transpose the UNGP into national law
- Allow for independent trade unions



Thank you!



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