

THE DARK SIDE OF CYBERSPACE

INSIDE THE SWEATSHOPS OF CHINA'S COMPUTER HARDWARE PRODUCTION



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Executive Summary

English:

This report describes the working conditions at the supplier factories Compeq Technology (Huizhou) and Excelsior Electronics (Dongguan), which manufacture electronic products in Mainland China. Both factories produce printed circuit boards (PCBs) and other components for brand-name companies including Fujitsu Siemens Computers, Dell and Lenovo. The findings are based on corporate research and interviews conducted by the Hong Kong-based Organisation SACOM (Students and Scholars Against Corporate Misbehaviour) from June to December 2008. Violations of the Chinese Labour Law, the Core Labour Standards of the International Labour Organisation (ILO) and the corporate codes of conduct of the brand-name companies are documented in the two case studies.

The key findings are:

- Workers don't obtain their working contracts
- Excessive working hours (up to 380 hours a month)
- No paying of the statutory minimum wages
- Enforced and underpaid overtime work
- Health risks and problems, above all because of insufficient or non existing protection while working with chemicals
- Authoritarian factory regulations

The European campaign "ProcureITfair - for sustainable purchasing of computers" derives from the results of the report demands from the brand companies and public institutions, who consume a great amount of IT products. A summary of the brand companies' reactions to the study is included in this report.

Deutsch:

Die vorliegende Studie beschreibt die Arbeitsbedingungen bei den Zulieferunternehmen Compeq Technology (Huizhou) und Excelsior Electronics (Dongguan), die auf dem chinesischen Festland Elektronikprodukte herstellen. Beide Unternehmen produzieren Hauptplatinen, Leiterplatten und andere Komponenten für Computerkonzerne wie z.B. Fujitsu Siemens Computers, Dell und Lenovo. Die Ergebnisse der Studie basieren auf Untersuchungen und Interviews, die Mitglieder der Hong Konger Organisation SACOM (Students and Scholars Against Corporate Misbehaviour) von Juni bis Dezember 2008 vor Ort durchführten. In beiden Unternehmen wurden Verstöße gegen chinesisches Arbeitsrecht, die Kernarbeitsnormen der Internationalen Arbeitsorganisation (IAO) sowie gegen Verhaltenskodizes der Unternehmen festgestellt. Zu den schwerwiegenden Verstößen zählen:

- Keine Aushändigung des Arbeitsvertrages
- Exzessive Arbeitszeiten (bis zu 380 Stunden/Monat)
- Keine Zahlung des gesetzlichen Mindestlohns
- Erzwungene und zu gering bezahlte Überstunden
- Gesundheitsrisiken und -probleme: unzureichender oder fehlender Schutz bei der Arbeit mit Chemikalien
- Autoritäre Fabrikregeln

Die europäische Kampagne „ProcureITfair – für den fairen öffentlichen Einkauf von Computern“ leitet aus der Studie Forderungen an die Markenunternehmen und an öffentliche Einrichtungen als Großverkäufer von Computern ab. Die Reaktionen der Markenunternehmen auf die Studienergebnisse sind zusammengefasst im Report enthalten.

Francais:

La présente étude analyse les conditions de travail dans les usines sous-traitantes Compeq Technology (Huizhou) et Excelsior Electronics (Dongguan), qui fabriquent des composants électroniques en Chine continentale. Les deux usines produisent entre autres des cartes mères et des circuits imprimés pour des multinationales comme Fujitsu Siemens Computers, Dell et Lenovo. Les résultats de l'étude sont fondés sur les recherches et les interviews effectuées sur place par l'organisation SACOM (Etudiants et Scientifiques contre les mauvaises conduites entrepreneuriales) de juin à décembre 2008. Dans chacune des deux usines, on a pu constater des violations du Droit du Travail chinois, des Conventions fondamentales de l'Organisation Internationale du Travail (OIT) ainsi que des Codes de déontologie des entreprises fournies.

Parmi les violations les plus graves, on a pu constater les faits suivants:

- Le contrat de travail n'est pas remis au salarié
- Nombre d'heures de travail excessif (jusqu'à 300 heures par mois)
- Le salaire minimum légal n'est pas respecté
- Les ouvriers sont forcés à effectuer des heures supplémentaires peu payées
- Problèmes et risques pour la santé: Pas de protection ou protection insuffisante en ce qui concerne les travaux avec ces produits chimiques.
- Règles et fonctionnement de travail autoritaires

Au vu de l'étude, le projet européen "ProcureITfair" - pour l'achat public équitable d'ordinateurs - fait part de ses revendications aux grandes entreprises du secteur informatique et aux services publics en tant qu'acheteurs d'ordinateurs. Les réponses des entreprises concernant les résultats de cette étude sont résumées dans ce rapport.

Dutch:

Dit rapport beschrijft de arbeidsomstandigheden bij de fabrieken Compeq Technology (Huizhou) en Excelsior Electronics (Dongguan), die elektronische producten vervaardigen in China. Beide fabrieken produceren moederborden, Printed Circuit Boards (PCB's) en andere onderdelen voor grote computermerken als Fujitsu Siemens, Dell en Lenovo. De bevindingen van het rapport zijn gebaseerd op desk research en interviews afgenomen door de organisatie SACOM (Students and Scholars Against Corporate Misbehavior) uit Hong Kong tussen Juni en December 2008. In deze fabrieken werden overtredingen geconstateerd van de Chinese arbeidswet, de fundamentele arbeidsnormen van de Internationale Arbeidsorganisatie (ILO) en de gedragscodes van de grote computerbedrijven. De belangrijkste overtredingen zijn:

- De werknemers kregen geen kopie van hun arbeidscontract
- Buitensporige werkuren (tot 380 uur per maand)
- Geen betaling van het wettelijk minimumloon
- Gedwongen en onderbetaald overwerk
- Gezondheidsrisico's door onvoldoende of ontbrekende bescherming tijdens het werken met chemicaliën
- Autoritaire gedragsregels

„ProcureITfair“, een Europese campagne voor de duurzame inkoop van elektronica door overheden, formuleert een aantal eisen in het rapport richting de computer bedrijven en openbare instellingen, die veel elektronische producten verbruiken. Een samenvatting van reacties van de computer bedrijven op deze studie is meegenomen in het rapport.

Czech:

Tato zpráva popisuje pracovní podmínky v dodavatelských továrnách na výrobu elektroniky Compeq Technology (Huizhou) a Excelsior Electronics (Dingguan). Obě se nacházejí v pevninské Číně.

Obě továrny vyrábějí základní desky, desky s tištěnými obvody a další komponenty pro značkové firmy jako Fujitsu Siemens, Dell a Lenovo. Závěry zprávy vycházejí z výzkumů a rozhovorů realizovaných na místě organizací SACOM (Students and Scholars Against Corporate Misbehaviour) v období od června do prosince 2008. Porušení zákona bylo zjištěno v obou továrnách. Konkrétně se jedná o porušování čínského pracovního práva, základních standardů Mezinárodní organizace práce (ILO) a etického kodexu samotných značkových firem Fujitsu Siemens Computers, Dell a Lenovo.

Klíčové závěry:

- pracovníkům není vystavována pracovní smlouva
- nadměrné množství pracovních hodin (více jak 380 hodin za měsíc)
- nedodržení zákonné minimální mzdy
- vynucená a neplacená přesčasová práce
- zdravotní rizika a komplikace, především z nedostatečné nebo neexistující ochrany zaměstnanců při práci s chemikáliemi
- autoritářské řízení továrny

“ProcureITFair” je evropská kampaň pro udržitelný nákup počítačů, jejímž cílem je spoluvytvářet nátlak na veřejné instituce ve směru sociálně a ekologicky udržitelnějších nákupů IT produktů. Kampaň vychází rovněž z výsledků této zprávy. Souhrn reakcí značkových firem je součástí této zprávy.

Chinese:

本報告描述兩家電子工廠的勞動狀況，它們是華通電腦(惠州)有限公司和東莞柏能電子廠，主要替富士通西門子、戴爾和聯想生產印刷電路板和相關電腦零件。是次調查是由香港民間組織「大學師生監察無良企業行動」在2008年6月至12月透過工人訪談及個案分析及所得。調查發現這兩家代工廠均嚴重違反了中國勞動法、國際勞工組織核心勞工標準和企業行為守則。

報告重點如下：

- 工人沒簽定勞動合同
- 加班工時極長，旺季時高達380小時/月
- 工資低於法定最低標準
- 職業安全及健康培訓不足，個人防護設備欠奉
- 工廠管理制度嚴苛，罰則罰款並不合理

我們發表是次的調查報告，旨在推動各國公營機構改善其電腦採購模式，尊重勞工權益。與此同時，我們要求電腦品牌企業跟其供應廠緊密合作，立刻正面解決問題。

Map: Guangdong Province, China



Guangdong Province
On the southern coast of China

Foreword

This report is part of the “ProcureITfair¹ – Campaign for sustainable purchasing of computers.” Next to the European campaign, ProcureITfair is also a growing coalition of global NGOs with the same aim. Beginning in January 2008, WEED – World Economy, Ecology & Development (Germany) has taken the coordinating role to advocate for social and ecological procurement and to pressure global computer companies to improve working conditions in their entire supply chains. Its seven project partners include SOMO (Centre for Research on Multinational Corporations - Netherlands), Ecumenical Academy Prague (Czech Republic), Südwind Agentur (Austria), CES (Center for Environmental Studies - Hungary), KARAT (Poland), SETEM (Spain) and SACOM (Students and Scholars Against Corporate Misbehaviour – Hong Kong & China).

In this report we document in-depth the working conditions in Compeq Technology (Huizhou) and Excelsior Electronics (Dongguan), two supplier factories of computer brands in the Guangdong Province in southern China. Our objective is to connect fact-finding on labour conditions in the information technology (IT) hardware production chain with concrete demands to public institutions like universities and municipalities, which are important customers for personal computers. We believe that public institutions like universities and municipalities could leverage their buying power over computer brands to promote fair labour practices.

We notice that this is not the first time nongovernmental organizations (NGOs) expose substandard conditions at Compeq Technology. In February 2007 Greenpeace International published a report entitled “Cutting Edge Contamination” and highlighted the serious problems of environmental hazards and pollution, for example, the discharge of waste water by Compeq in the neighbourhood community in Huizhou.² The tested samples are found containing a high level of concentration of heavy metal such as copper, tin, nickel and zinc, and toxic brominated flame retardant such as Tetrabromobisphenol A.

While the present study focuses on labour and working conditions, we would like to draw an intimate link between environmental standards and workers’ health. On the shop floor, assembly workers are often adversely affected by toxic chemicals they use every day in the manufacturing process. Until the end of 2008, all Compeq workers who had been interviewed, suffered from skin allergies and other sicknesses as a result of applying chemical solvents without adequate protection. Similarly, Excelsior Electronics in Dongguan report numerous cases of workers’ health problems. The major causes are poor workplace ventilation, absence of specialized safety training, and unreasonably high speed of production. Soldering workers have to pay for their own medical treatments in nearby clinic.

The IT hardware industry is one of the fastest growing industry sectors and has a modern and clean image. But in fact the working and ecological conditions in this industry are appalling. Brand companies with the exception of Fujitsu Siemens Computers and a few other companies are members of the Electronic Industry Citizenship Coalition (EICC) and have signed a common code of conduct for the sector. However, the code is weak by its content and there is no evidence of real improvement resulting from the activities of brand companies. Thus, we are convinced that more public pressure on brand companies is needed to push them forward.

1 “ProcureITfair”- website at <http://procureitfair.org/>.

2 Greenpeace International, 2007, “Cutting Edge Contamination: A Study of Environmental Pollution during the Manufacture of Electronic Products.” The research on Compeq Technology in China was conducted between 2005 and 2006. Report downloadable online from: <http://www.greenpeace.org/raw/content/international/press/reports/cutting-edge-contamination-a.pdf>.

We call on public institutions to promote a sweatshop-free purchasing practice. Public procurement describes the purchasing of works, products and services by all public bodies, including central government, local authorities, fire and police authorities and so on. Public purchasers should use their (buying) power to demand compliance with international labour rights and ecological standards in the global supply chain of computers. We support them by developing standards for computer-related spending in the public sector to be adopted into their purchasing practices. Furthermore, we are campaigning on universities and other public institutions to reinforce request for sustainable public spending.

ProcureITfair

ProcureITfair is a coalition of global NGOs that intend to raise awareness of the working conditions and environmental pollution in the production of computers and asks politicians and public purchasers to use their (buying) power to demand compliance with international labour rights and ecological standards.

This report 'The Dark Side of Cyberspace' is the second in a series of publications addressing issues of public procurement, environmental and labour rights in the IT Hardware production.

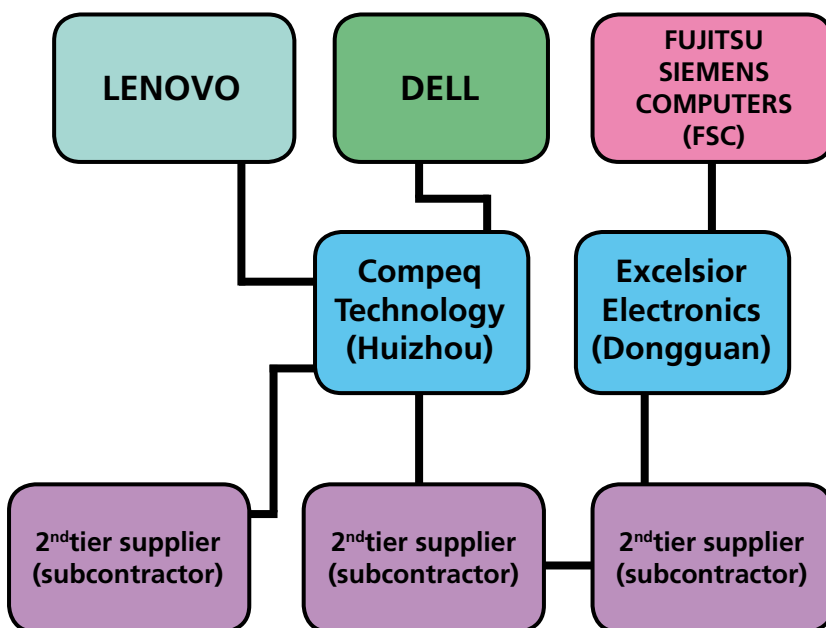
WEED – World, Economy, Ecology & Development
Berlin, December 2008

1 Introduction

China is currently the world's largest producer of electronic products. Its exports increased by 27% to US\$230 billion in 2005, following growth rates of 44% and 53% in 2004 and 2003, respectively.³ By product segment, in 2007, a total of 150 million square meters of printed circuit boards (PCB) were produced in the country, making up nearly 30% of the world's total. The production value of PCB of Chinese origin hit US\$15.5 billion in 2007.⁴ In the southern China, the greater Pearl River Delta (PRD), including mainland cities and counties in the Guangdong Province⁵ as well as cross-border Hong Kong and Macau Special Administrative Regions, makes up the leading manufacturing and sourcing base, consumer and services market, logistics hub and investment destination in the world. The transformation in electronics has been characterized by rapid upgrading from low-cost consumer goods to higher-technology items. Today, IT is predominant – for example, the manufacturing of personal computers (PC), cell phones, MP3, and game consoles.

Excelsior is a first-tier supplier to Fujitsu Siemens Computers (FSC), while Compeq is a direct manufacturer of Dell and Lenovo.

Simplified supply chains of FSC, Dell, and Lenovo, 2008 (SACOM and WEED).



By market segment, PC shipments in Western Europe totaled 17.2 million units in the 3Q of 2008, an increase of 24.3% from the same period in 2007 (see Table 1).⁶ Mini-notebooks or netbooks, mobile PCs with screen sizes of only five to 10 inches, are growing impressively. The PC market worldwide, however, will possibly weaken going into fourth quarter and 2009.

3 Data from Reed Electronics Research, e-market forecasts. <http://www.rer.co.uk/emf/China04.shtml>.

4 Research and Markets, March 2008, Statistics from the China Printed Circuit Association (CPCA). See also: http://www.researchandmarkets.com/research/b41e92/china_pcb_industry.

5 The Pearl River Delta (PRD), also referred to as the "Factory of the World" encompasses 13 cities and counties in Guangdong Province in southern China: Guangzhou, Shenzhen, Zhuhai, Zhongshan, Dongguan, Foshan, Jiangmen, Huidong County, Boluo County, Gaoyao, Sihui and the urban districts of Huizhou and Zhaoqing.

6 Gartner Research, November 12, 2008, "Gartner Says Western Europe PC Market Grew 24 Per Cent in Third Quarter 2008." See also: <http://www.gartner.com/it/page.jsp?id=798212>.

Table 1: Western Europe, PC Vendor Unit Shipment Estimates for 3Q, 2008 (Thousands of Units)

Company	3Q, 2008 Shipments	3Q, 2008 Market Share (%)	3Q, 2007 Shipments	3Q, 2007 Market Share (%)	3Q08-3Q07 Growth (%)
Acer	4,296	25.0	2,614	18.9	64.3
Hewlett-Packard	3,548	20.7	3,167	22.9	12.1
Dell	1,985	11.6	1,792	13.0	10.7
ASUS	1,101	6.4	373	2.7	195.5
Toshiba	928	5.4	755	5.5	23.0
Others	5,310	30.9	5,110	37.0	3.9
Total	17,168	100.0	13,811	100.0	24.3

Note: Data includes desk-based PCs and mobile PCs. Source: Gartner (November 2008).

One of the important criteria for sustainable computer procurement is that workers' rights should be respected. The primary goal of this research is to inform individual and institutional consumers to adopt responsible purchasing practices that enhance labour and environmental standards when buying PCs. In particular, public institutions such as universities and municipalities are encouraged to leverage their consumer power to improve working conditions in supplier factories. Respect for the core ILO Conventions and for national labour laws should become a basic condition for any business wishing to access public markets.

The current global financial crisis has exacerbated hostility to labour protections in China. Factory owners and foreign investors protest that new labour laws intended to provide Chinese workers with a minimum of protection raise "production costs," and so they pressure government officials to shelter their business from the inconvenience of law enforcement. At the same time, an increasing number of factories, well including Excelsior and Compeq, are announcing layoffs to cut expenses. Chinese migrant workers – who have only "temporary residential rights" tied to their waged work in the city – then become unemployed and left on their own. Despite the support of local governments to the ailing industrial sector, such as providing cheap loans and tax breaks, workers express their worries.

In these difficult times, WEED and SACOM urge the surveyed brands to push their suppliers to implement fair labour practices.⁷ Electronic Industry Citizenship Coalition (EICC) members such as Dell and Lenovo⁸ and non-members such as FSC should take specific measures to shield workers from the negative effects of the crisis.

⁷ See also "Electronics sector hit by economic crisis – Companies to take responsibility", a public statement issued by GoodElectronics – an international network on human rights and sustainability in electronics, November 20, 2008, <http://goodelectronics.org/>.

⁸ The EICC is a group of companies working together to support implementation of the Electronic Code of Conduct throughout the Electronics and Information and Communications Technology (ICT) supply chain. The member list is available online at <http://www.eicc.info/membership.html>.

2 China's Electronics Industry: Migrant Workers on the Line

The global logistics management of computer and IT products is more or less the same as in the dairy business: "Inventory... is 'fundamentally evil'... If it gets past its freshness date, you have a problem," commented Apple's chief operating officer.⁹ To prevent the decline in commodity value by 1% to 2% a week in normal times – even much faster in tough times like the present¹⁰ – many leading PC companies have adopted a flexible, build-to-order mode of production. They have long pulled themselves out of labour-intensive manufacturing altogether, closed their factories and warehouses around the world, and have instead established relationships with contract and sub-tiered manufacturers, in China and other countries. Through outsourcing and subcontracting, they have retained revenue for higher valued-added research and development (R&D) but pressed for faster cost-cutting down their global supply chains.

On the factory assembly lines at both Excelsior and Compeq, the majority are young, single, female Chinese migrant workers aged between 16 and 25 years old. As wage labourers of rural household registration, no matter how long they have been working in the cities, they are not permitted to stay permanently. Marriage, childbearing, children's schooling, retirement, and physical or mental rehabilitation in case of serious industrial injuries or occupational diseases are presumed to be taken care of only in their home communities. The host governments have shifted the hidden cost of labour reproduction but reaped the fruits of economic growth generated by them.

In the booming industrial cities, local capital accumulation – a complicated web of power among enterprises, government officials, and trade unions – renders enforcement of labour laws and regulations weak or non-existent. The state-controlled All-China Federation of Trade Unions (ACFTU) has a monopoly on trade unionizing in China and the creation of competing or independent unions is illegal. In other words, workers of state-owned or privately-run enterprises have the right to join and organize unions, but they must be part of the ACFTU. As a tool of the government, ACFTU has been seen as bowing to the government-cum-capitalist pressure for economic growth and not as defending workers' rights. Workplace-based unions are overly interested in mediating labour disputes and hence resuming normal production order, than representing workers effectively.

Lower courts are subject to the funding and hiring decisions of local governments, in spite of recent judicial reforms. Local judges lack autonomy and independence to uphold the law, especially in cases where outcomes are contradictory to powerful interests. Despite the fact that the lower courts are increasingly reaching out to other courts of equal rank for guidance in making difficult legal decisions - an impressive development of "horizontal networking" between the courts in fostering legal innovations - extensive external interference from higher courts and party officials persists. Not surprisingly, workers' rights often end at the courtroom door.

Under the just-in-time, race-to-the-bottom global production system, workers at the outsourced supplier factories share deep-seated grievances at work. Although it is the suppliers' responsibility to follow Chinese Labour Law, the pressure that computer multinationals exert on prices and production schedules leaves Chinese suppliers with little room for respecting workers' rights. FSC, Dell, and Lenovo, according to interviewed production workers, push Excelsior and Compeq to deliver computers on tighter schedules with ever lower prices, resulting in suppliers' violations of the law, corporate codes of conduct, and the ILO Conventions.

9 Tim Cook of Apple Inc in Fortune Magazine, November 10, 2008, "The genius behind Steve".

10 Tim Cook of Apple Inc in Fortune Magazine, November 10, 2008, "The genius behind Steve".

3 Research Methodology

Between June and December 2008, SACOM conducted 45 interviews with factory workers from various departments at Excelsior Electronics (Dongguan) and Compeq Technology (Huizhou) in the Pearl River Delta industrial region, Guangdong.

The rise of the local minimum wage was supposed to come into effect on April 1, 2008 and we aimed to document the changes of workers' wages and benefits. Employing an open-ended interview strategy, we approached production workers (with staff cards and factory uniforms) during meal breaks and off-work hours at nearby parks, food stands, and job agencies. To supplement the interviews, some workers were willing to provide copies of employee handbooks and other documents. Most of the photographs we obtained were taken by workers themselves.

We choose to interview workers because we feel this is the best way to gauge the effectiveness of implementation of laws and corporate codes of conduct at the workplace level. In China, social audits - onsite factory inspections undertaken by the brands' in-house corporate responsibility teams or commissioned by third-party auditing agencies - are increasingly common. And yet an alarming rise in "audit fraud," which renders ethical trade audits ineffective, is perhaps most worrying.¹¹ Factory owners and managers have generally adopted an array of fraudulent practices that are designed to hide the truth about labour practices from auditors' eyes. Preparing fake payroll records and coaching of workers to lie to auditors are obvious examples. We recognized the serious problems and did not approach suppliers for meetings or site visits. Instead, we talked to workers freely, without informing either the management or the security guards.

Interviewed workers from Excelsior and Compeq were able to give us precise information about their labour contracts, monthly basic wages, overtime compensation, assignment to hazardous or physically demanding work positions, participation in safety and health training, regular health check-ups or lack thereof, and employer-employee communication. Each of these is a major indicator that allows us to assess working conditions.

Between December 4 and 17, 2008, WEED and SACOM shared a summary report of key research findings with the surveyed brands for their responses and comments (see Table 2).

Table 2: Brands' Feedbacks to WEED-SACOM Joint Research

Company	Supplier Relationship based on the WEED-SACOM research	Brand's feedback
Fujitsu Siemens Computers	Excelsior: direct supplier Compeq: supplier	FSC confirmed that Excelsior is its direct supplier. "FSC needs more time to investigate its relationship with Compeq."
Dell	Compeq: direct supplier	Dell confirmed the relationship
Intel	Excelsior: direct supplier	Intel rejected the relationship
Lenovo	Compeq: direct supplier	No reply
Apple	Excelsior (MP3): supplier Compeq (Mobile Phone): supplier	No reply
Sony	Excelsior (MP3): supplier	Sony confirmed the relationship
Motorola	Compeq (mobile phone): supplier	Motorola confirmed the relationship
Nokia	Compeq (mobile phone): supplier	Nokia confirmed the relationship
AMD	Excelsior: direct supplier	No reply

¹¹ The widespread problem of "audit fraud" has driven Ethical Trading Initiative corporate members to discuss possible ways to tackle the growing crisis in ethical trade auditing. Ethical Trading Initiative, 2007, "Getting Smarter at Auditing". See also: <http://www.eti2.org.uk/Z/lib/2006/11/smart-audit/eti-smarter-auditing-2006.pdf>.

3.1 Excelsior Electronics (Dongguan, China)

Excelsior is a computer and digital electronic products manufacturer owned by Hong Kong firm, PC Partner Limited. It produces computer display cards, main computer hardware and peripheral parts for several customers, including Fujitsu Siemens Computers, Apple, Sony, Intel and AMD. From Shenzhen to Houjie Town in Dongguan City, a direct coach takes about 1 hour and 15 minutes.

The SACOM research team interviewed 25 workers from the surface-mounting department, PCB processing units and the packaging workshops. The surface-mounting device is in operation non-stop for 24 hours. Workers are rotated in shifts to maintain its daily operation. The production cycle consists of several key steps: components mounting on the circuit boards, soldering, PCB cleaning with thinners and chemical solvents, screws driving, fans installing, quality control testing, and packaging.

The organizational chain-of-command at the production department is order as follows: managers, supervisors, foremen, team leaders, assistant line leaders, and assembly workers.



The factory location of Excelsior Electronics ,Dongguan, China.

Source: PC Partner http://www.pcpartner.com/manu_whereweare.php.



Source: SACOM (2008).



Company.

Source: <http://www.pcpartner.com/about.php>.



Intel and AMD PC chipsets.

Source: <http://www.pcpartner.co>.

Headquarters: Hong Kong

Manufacturing beginning from: 1997

Factory Address: Santun Management Zone, Houjie Town, Dongguan City, Guangdong Province, China

Workforce: Around 4000 workers

Products: PC motherboard (the main circuit board) & chipset (a group of integrated circuits, or chips), graphics card

Buyers: Fujitsu Siemens Computers¹², Apple¹³, Sony¹⁴, Intel¹⁵, AMD¹⁶

Website of PC Partner Limited and Excelsior Electronics: <http://www.pcpartner.com>

Email contacts: PC Partner Limited (Hong Kong): hr@pcpartner.com; Excelsior Electronics (Dongguan, China): Mr. Alex Wong Alexwong@exceltl.com or per@exceltl.com

12 Fujitsu Siemens Computers (FSC), headquartered in Germany, awarded PC Partner and its Dongguan-based Excelsior Electronics the Award "Preferred Supplier 2007" for delivering high quality components with the unmatched reliability. Company news dated November 19, 2007, see also: http://www.pcpartner.com/news_detail.php?belongsID=0&newsID=20071121155119-549041. The company continues to work with Hong Kong-owned PC Partner as a strategic partner in 2008. For FSC's global supplier list, released in June 2008, see: <http://www.fujitsu-siemens.com/Resources/195/1704477914.pdf>.

13 According to the interviewed workers, Apple's MP3 is made of Excelsior electronic components.

14 According to the interviewed workers, Sony's MP3 is made of Excelsior electronic components.

15 According to the interviewed workers, Intel's MP3 is made of Excelsior electronic components.

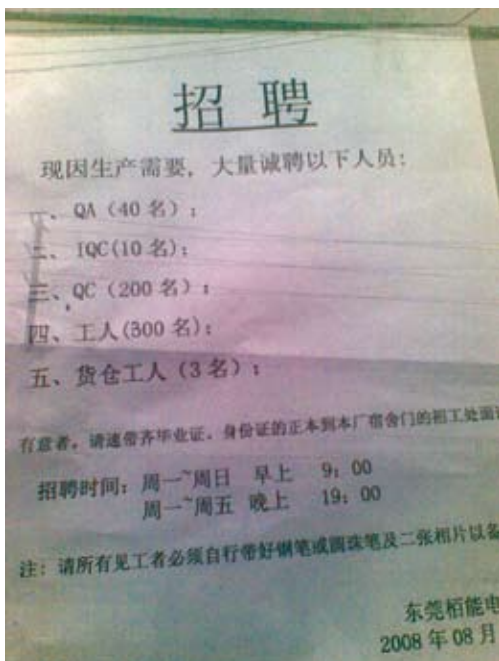
16 According to the interviewed workers, AMD's MP3 is made of Excelsior electronic components.

SACOM Researchers identify severe Labour Rights Violations at Excelsior Electronics:

(1) Labour Contracts – Violation of Article 16, China's Labour Contract Law

Excelsior workers do not receive a copy of their labour contract. The Labor Contract Law, which came into force on January 1, 2008, however stipulates that employers should sign contracts and provide employees with copies (Article 16).

During the interviews, Excelsior workers also expressed that they would like to have copies of their contracts. In this way, they would be able to prove their working relationship and protect themselves in the event of a labour dispute.



Excelsior job ad dated August 2008 – Excelsior recruits f.e. 200 Quality Control Workers, 300 Assembly Workers and 3 Warehouse Workers. Recruitment time: Monday to Sunday (at 9:00) and Monday to Friday (at 19:00). Source: SACOM.

Worse yet, Excelsior's management does not permit workers to resign during high production periods, even if they do so according to the proper legal procedure. For example, workers will not get refunded from their e-meal cards, and hence they are discouraged to quit.

(2) Discriminatory Hiring by Gender

Young women are more likely to be hired than men. When applying for a job at Excelsior, male interviewed workers report that they had to try several times while women easily got the job. When applying through human resource agencies, men need to pay 200 yuan while women only pay 100 yuan.

(3) Working Hours – At least 10 Hours a Day, 6 to 7 Days a Week

a) Excessive Working Hours

In China, by law, working hours should normally not exceed 8 hours a day and 40 hours a week. Overtime work should not exceed 3 hours a day. In total, overtime should not be more than 36 hours a month. The Chinese Labour Law also stipulates that at least one day of rest should be provided in any seven day period (Article 28).

Table 3: Day-shift Work Timetable at Excelsior plant

Time of Day	Working hours	
Morning	08:15 – 12:15 pm	4 hours
Lunch	12:15 – 01:15 pm (1 hour)	
Afternoon	01:15 – 05:15 pm	4 hours
Dinner Break	05:15 – 06:45 pm (1 hour and 30 minutes)	
Overtime Work	06:45 – 08:45 pm (or until the end of the shift)	2 hours (or up to several hours)

However, Excelsior routinely imposes 10-hour work days during peak seasons. Workers are not allowed days off when meeting production deadlines. In total, workers report that to receive the highest amount of monthly salary, which is 1800 yuan, they toil up to 370 hours a month. That includes almost 200 hours of overtime, or more than double the normal working hours (8 hours x 21.75 days = 174 hours, plus as many as 196 overtime work hours in the month).

One of the interviewed workers stated that she feels like being kept in a prison, not in a factory. She explained:

“Although my co-workers and I want to take rests, our boss rarely allows us to have holidays. I’ve found no way change this. I think our factory looks like a prison. Everyday we repeat the same work. When we get off from work, we feel like being released from the prison. We’re very tired. After returning to the dormitory and taking showers, we almost go to sleep straight away.”

b) Forced Overtime Work

The Excelsior management imposes overtime work onto assembly workers. When workers are ready to leave by 5 or 6 PM after finishing their shift, they are ordered to do overtime work at night to meet the deadlines. Workers are not consulted and have no right to decline. This also explains why most interviewed workers share the bad feelings of being trapped - without their leisure and private time.

c) Involuntary Day/Night Work-Shifts System

Work-shifts arrangement at Excelsior is a source of grievances. Production workers are involuntarily swapped from day to night shifts on the 16th of every month, and vice versa. Workers experience physical exhaustion and difficulties to sleep as a result of the involuntary swap.

d) Shortened Meal Time

An hour for lunch is often cut short to accommodate the work schedule. One of the interviewed workers explained the problem:

“We need to queue up for around 5 minutes to punch out our time cards, 3 minutes to change our clothes, 3 minutes to walk to the canteen, 5 minutes to wait for the set-meal, 20 minutes for eating, and then 5 to 10 minutes to go to the toilet and so on. We are always in a hurry – running back and forth between the shop floor and the canteen. We actually end up with no time for tasting the food, let alone resting during the break.”

(4) Wages and Overtime Premiums – Below the Statutory Minimum

In Dongguan City, effective since April 1, 2008, the legal minimum wage is 770 yuan¹⁷ for 174 hours per month (i.e. 4.43 yuan per hour). The Chinese Labour Law requires overtime premiums of at least 150% for overtime during the workweek, 200% on the weekends, and 300% on national holidays.

Excelsior assembly-line workers currently receive 1,200 to 1,600 yuan a month, a figure which includes overtime premiums (100-plus hours a month) and other allowances. .

Example 1: A female quality control worker received 1,800 yuan in one month – the highest amount she had ever got during her six months at work in Excelsior – but she was forced to do overtime work for 200 hours in that month. By calculating the overtime premiums at 1.5 times the normal hourly rates (overtime work from Monday to Friday), she should have received 1,330 yuan overtime premium (200 hours x 4.43 yuan x 1.5), plus basic wage at 770 yuan, making the total of 2,100 yuan. In other words, she was paid 300 yuan less than the legal rate – only 85.7% of the legal minimum wage.

Example 2: A veteran worker did 140 overtime hours in a month but only received 1,400 yuan. According to the law, he should have received 1,700.3 yuan in total, i.e., including the basic wage of 770 yuan and overtime premium of 930.3 yuan (140 hours x 4.43 yuan x 1.5). Excelsior fails to pay him 300.3 yuan for the month.

Workers report that their wages are too low to cope with their everyday needs in the big city. A quality-control worker shared with us:

“My expenditure in a month includes: food and drinks for at least 400 yuan; mobile phone service fee 100 yuan; clothes around 50 to 100 yuan on average; shopping for sundry items and daily necessities 200 yuan... I almost left no money for remittance back home.”

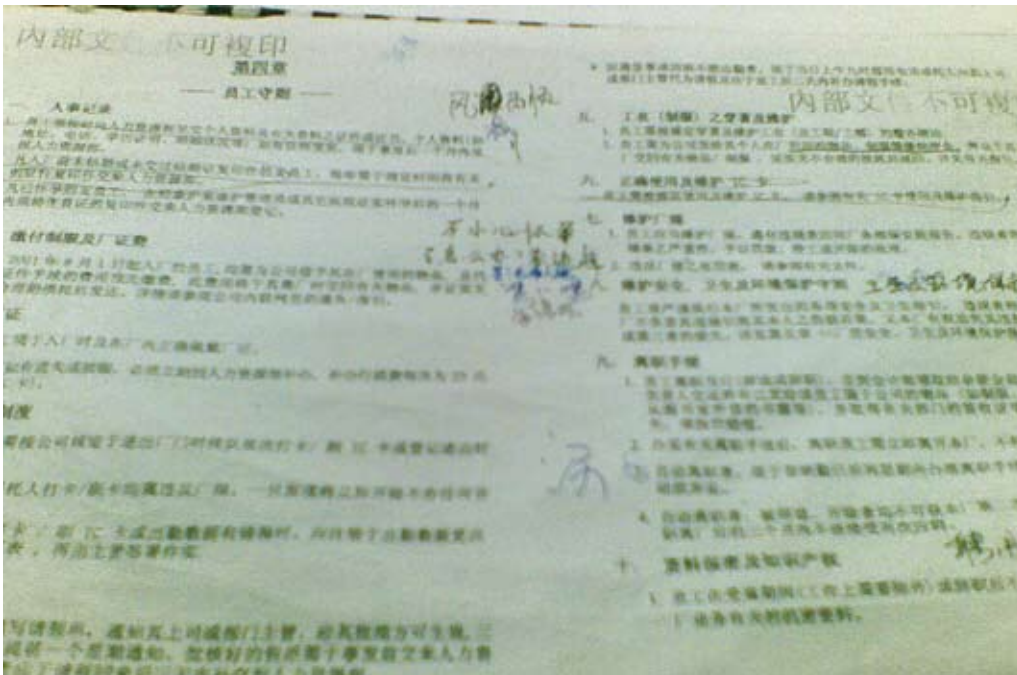
(5) Labour Management and Control of Workers

Excelsior workers are required to obey numerous rules. They report for example that they will be scolded by their supervisors if they compare their wages with others, even when they have doubts about their payments. With the researchers they further discussed the factory rules and regulations, which are restrictive to their personal freedom:

1	Workers are prohibited from bringing mobile phones and MP3 players to the shop floor. When they get off from work, they are occasionally body-searched by security guards.
2	Workers are not allowed to talk to each other at work.
3	Workers are required to sit straight throughout the entire work shift.
4	Workers are required to put on their work uniforms, including a whole set of shirts, caps and shoes.
5	Workers are required to carry with them their staff cards all the time, on the shop floor and in the dormitory.
6	Workers are required to punch in and out at work strictly on time.
7	Workers have to ask for approval before going to the toilet. They need to present their off-duty permits to the concerned security guards or supervisors, and get back to work in no more than 10 minutes.

Source: SACOM's interviews.

17 The Current exchange rate is approximately 1 Euro = 9.8 Yuan. In other words, the minimum monthly wage in Dongguan is around 78 Euro.



The Regulations for Employees.
Source: SACOM.

(6) Social Insurance – Workers Do not Have Insurance Benefits

Excelsior does not provide workers with mandatory retirement pensions and medical insurance. According to Article 73 of the Chinese Labour Law workers shall enjoy social insurance benefits under the following circumstances: retirement, illness or injury, disability caused by work-related injury or occupational disease, unemployment, and childbirth.

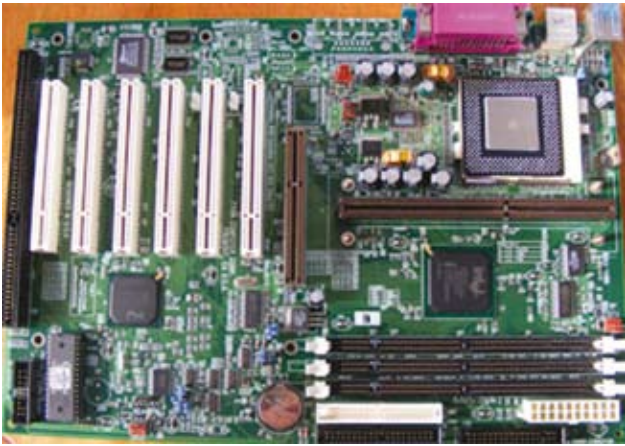
(7) Health and Safety – Prolonged Exposure to Toxins

Excelsior workers report that the chemical odours of industrial alcohol, cleaning agent and thinner cannot dissipate for hours at the PCBs processing department. Shop floor ventilation facilities are inadequate. For example, a male worker observes that the windows of his production department were all shut throughout the year, sometimes making him feeling very uncomfortable.

In another work department, when PCB cleaning workers finish their 10-12 hours work shift, their fingers - putting on fingerstalls - become all “whitened.” Some suffer serious skin problems. A female worker describes her work experience:

“Every day I clean PCBs with a kind of detergent. I use the cleaning solvent from the morning to the night. There’s no label clearly displayed for illustration. I don’t know of the precise chemical composition but it smells very bad. Anyway, I’ve got used to it... who cares? Our supervisor sees it unnecessary to provide us with protective equipments; he simply doesn’t bother.”

Soldering workers mention that their hands have been burnt by the soldering tool, especially when they sped up to reach the high production quota.



A PC motherboard (http://webopedia.internet.com/quick_ref/motherboards.asp).
Source: SACOM.

Above all, Excelsior management does not provide workers with specialized occupational health and safety training. Not surprisingly, all interviewed workers have got minor injuries or burns and sicknesses as a result of working for long hours.

(8) Factory Canteen & Dormitory – Unhygienic Conditions

a) Canteen

Excelsior workers angrily report, “There are hairs and insects found in the vegetable!” Still, the management deducts 3.5 yuan (the cheapest meal option available) from worker’s wages.



Excelsior canteen.
Source: SACOM.



A female worker who has been working at Excelsior for half a year comments that the food is prepared without any oil:

“Everyday we get cabbage and turnip and they are merely boiled in water, which is tasteless! If I had money, I would not eat these vegetables at all.”

In comparison, the office workers are well served with a wide variety of dishes in a separate canteen.

Apart from the poor food quality, the canteen environment is considered very bad. A male worker said that he has only used 30 yuan out of his stored 200-yuan e-meal card thus far. He explained:

“I am very hungry but once I step into the canteen, I lose my appetite. I feel I don’t want to eat any more because the canteen hall smells strongly.”

b) Dormitory

The Excelsior workers' dormitory and the manufacturing plant are located within the same geographic region. This spatial arrangement enables the management to flexibly extend the working hours through the night to meet the production target.



Excelsior worker's dormitory

Source: SACOM.

An Excelsior dorm room houses a maximum of 14 male adults. Basic facilities, on top of the seven double-bunk bed, are inadequate. Workers share communal bathrooms and toilets at the far end of the corridor. They find the living environment noisy and dirty.

(9) Knowledge of Corporate Codes of Conduct

Excelsior workers did not demonstrate any knowledge about their labour rights as described in the corporate codes of Fujitsu Siemens Computers, Apple, Sony, Intel and AMD.

Concluding Remarks

Excelsior is a preferred supplier of high-quality motherboards, chipsets, and graphic cards to Fujitsu Siemens Computers and other IT multinationals. The labour standards, however, are not measured up to its proclaimed corporate ideals.

One of the most serious problems is the non-provision of labour contracts to Excelsior workers. According to the 2008 Labour Contract Law, a contract must be negotiated and consented to by both the worker and his or her employment unit. The employer and the worker shall each obtain a copy of the labour contract. Excelsior workers, nevertheless, are not given their copies.

During peak production periods, Excelsior forces assembly workers to do overtime work. Furthermore Excelsior pays them much less than the legal requirements. Worse still, workers are exposed to dangerous chemicals without adequate protective equipments such as masks and gloves. And when they become sick, they are not insured, which is a violation of the chinese social insurance regulation. Last but not least, workers' living conditions at dormitories are far from satisfactory.

We therefore conclude that corporate monitoring and self-governance is a failure at Excelsior, where fundamental workers' rights are not safeguarded.

3.2 Compeq Technology (Huizhou, China)



Compeq Technology is a PCB manufacturer owned by the Taiwanese publicly listed company, Compeq Manufacturing Co., Ltd.. Compeq's PCBs are used in computers (notebooks, servers and peripherals), telecommunication (mobile phones and base stations), networks (switches, routers and storage devices) and other consumer electronics products.



Compeq Factory in Huizhou, Guangdong.
Source: SACOM.

Headquarters: Taiwan

Manufacturing beginning from: 1995

Factory Address: No. 168, Huguang Road, Huzhen Town, Boluo County, Huizhou City, Guangdong Province, China

Workforce: around 7,000 workers

Products: printed circuit boards

Buyers: Dell¹⁸, Lenovo¹⁹, Fujitsu Siemens Computers²⁰, Apple²¹, Motorola²², Nokia²³

Website: <http://www.compeq.com.tw/english/english-home.htm>

Email contacts: Mr. Chung Ruei-Hua, Compeq HR Director: rhchung@compeq.com.tw; Mr. Aricss Ying: aricssying@compeq.com.tw

Tel: 886-3-323 1111 Ext. 2200

Fax: 886-3-323 5566

18 Compeq PCBs bear the logo of DELL, see the pictures taken by SACOM on page 23.

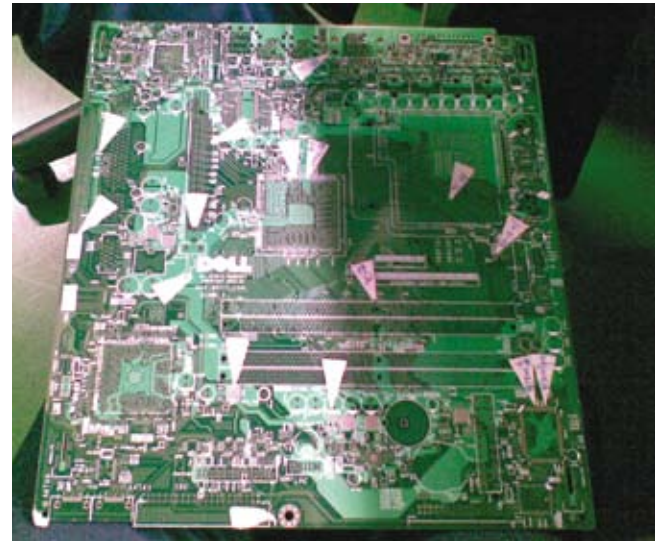
19 According to the interviewed workers, Compeq produces PCBs for Lenovo.

20 According to the interviewed workers, Compeq produces PCBs for Fujitsu Siemens Computers.

21 According to the interviewed workers, Compeq produces PCBs for Apple to make mobile phones.

22 According to company documents, Compeq produces PCBs for Motorola to make mobile phones.

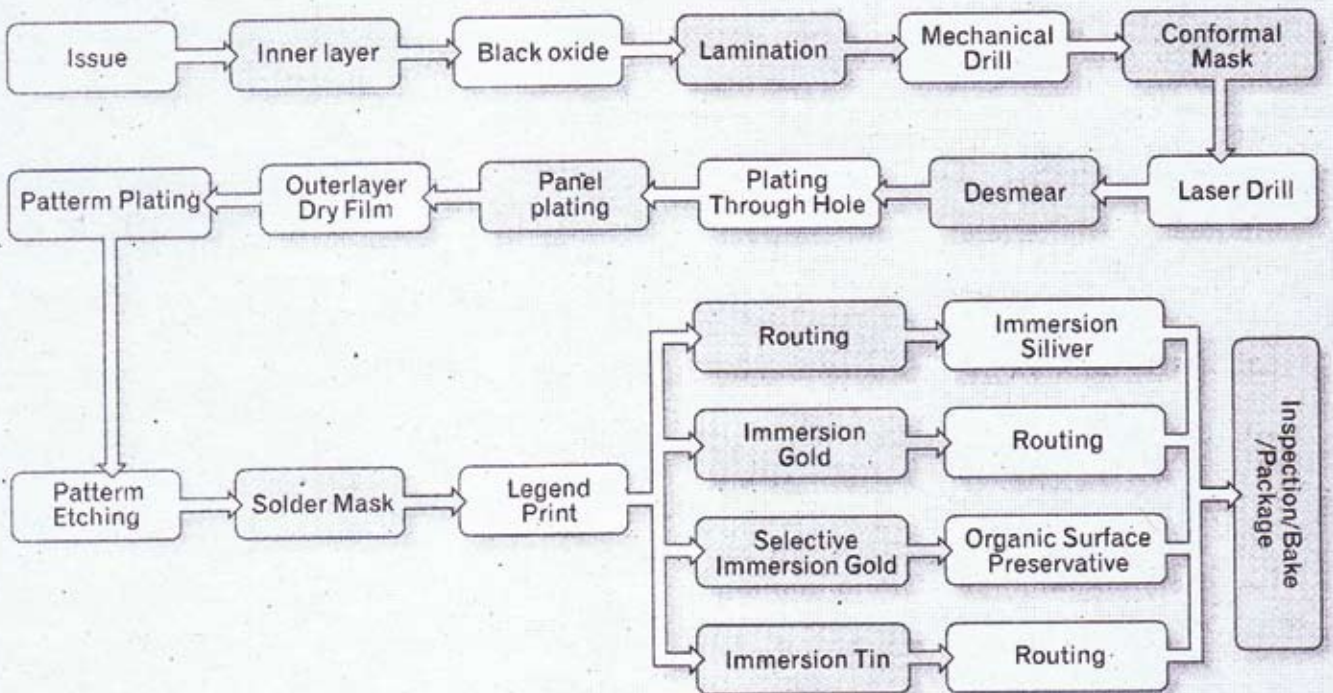
23 According to company documents, Compeq produces PCBs for Nokia to make mobile phones.



Compeq printed circuit boards for DELL.
Source: SACOM.

b. Manufacturing process of the major products

The major products of Compeq are printed circuit boards (PCB). The basic production process for rigid PCBs is shown as below.



Compeq Annual Report 2007, page 21.
Source: <http://www.compeq.com.tw/english/download/download-all.htm>.

SACOM Researchers identify severe Labour Rights Violations at Compeq Technology:

(1) Labour Contracts – Violation of Article 16, China’s Labour Contract Law

Compeq workers do not receive a copy of their labour contract. According to Article 16 of the Chinese Labour Contract Law employers should sign contracts and provide employees with copies.

(2) Working Hours – Overtimework of 4 Hours per Day; Meal Break only 30 Minutes

a) Forced Overtime Work

Overtime work at Compeq is mandatory. An average Compeq worker does four hours of overtime work after dinner, in addition to the 8-hour shift, 5-6 days a week.

Compeq day-shifts last from 8:00 am to 9:20 pm or even later at night. Workers are given two short breaks in the morning and afternoon (each 10 minutes), a 30-minute lunch break, and another 30-minute session for dinner. In other words, workers toil for 12 hours in total in one shift, and they are kept in the factory building for 13 hours and 20 minutes.

Night-shift workers toil from 9:00 pm to 8:20 am the next morning; with only 10 minutes rest and a 30-minute break for snacks in the middle. Feeling exhausted at work is a shared experience of Compeq workers.

班别	出勤时间	休息时间	用餐时间
日班	08:00-21:20	10:00-10:10 14:00-14:10	1.午餐时间 半小时 2.晚餐时间 半小时
夜班	21:00-08:20	04:00-04:10	夜宵时间 半小时

Source: Compeq day-shift and night-shfit work timetable (extract).

Compeq managers require workers to work long hours of overtime through the weekends without days off during the peak season. Naturally, workers need rest. However, workers are punished severely if they miss work without permission. For example, workers suffer deductions of 3 days' worth of wages equivalent to 87 yuan (3 x 29 yuan) if they miss one day of work. In August 2008, worse yet, the labour contract of a female worker in the C60 production unit was terminated for "falling asleep during work time."



*Compeq workers get too tired during the night shift.
Source: SACOM.*

A 23-year-old woman worker remarked,

“Sometimes when I was queuing up for my turn to take a shower, I fell asleep on my bed. I was so tired. Suddenly it was the next morning and I went straight to work.”

Another 19-year-old Guangxi girl who has worked in the factory for a year said,

“I work like a machine and my brain has rusted.”

Though there is a basketball court and a room with internet access at the factory, these facilities are actually inaccessible to workers given the long hours they must work. “I’m tired and exhausted. I’m planning to quit,” states a Hunan worker.

b) Involuntary Work-Shift Swapping

Compeq workers are swapped from day to night shifts after one month and vice versa. This work system badly disturbs the living rhythm of human beings. A female assembly worker shared with us that she could not get used to frequent swapping of the work shifts.

Worker: My whole body seems to be turning upside down. I feel like my head is very heavy and my legs are light.

Interviewer: Why?

Worker: Whenever I have to switch from the day to the night shift, I cannot adjust myself to the drastic work time changes in the first couple of days.

Interviewer: That’s why you feel so uncomfortable.

Worker: Yes.

(3) Wages and Overtime Premiums – Illegal Underpayment

a) Probationary Workers are Paid Below the Legal Minimum – Not Protected by China’s Labour Contract Law

In Huizhou City, effective since April 1, 2008, the legal minimum wage in Boluo County is 580 yuan²⁴per month.

According to Article 20 of China’s Labour Contract Law, “the wage amount of a worker during his or her probationary period shall not be less than the local minimum wage standard.” At Compeq,

²⁴ The current exchange rate is approximately 1 Euro = 9.8 Yuan. In other words, the minimum monthly wage in Boluo County in Huizhou City is around 59 Euro.

however, during the three-month probationary period, workers receive a basic daily wage of only 26 yuan (monthly wages = 26 yuan/day x 21.75 days = 565.5 yuan), and not the regional legal minimum of 580 yuan.



Compeq workers waiting.
Source: SACOM.

b) Overtime Wages Underpaid

Compeq assembly-line workers, who have successfully passed their probation, currently receive a daily wage of 29 yuan for 8 hours of work (monthly wages = 29 yuan/day x 21.75 days = 630.75 yuan). Including overtime premiums (routinely over 100 hours of overtime work per month during peak season) and other allowances, workers earn 900 – 1,400 yuan a month.

Compeq workers, however, attest that the overtime premiums on national holidays of 300% of the normal wage rates are not paid.

Our interviewees confirm that they contribute 78.56 yuan per month to their insurance accounts (regulated by the local government in accordance with the law), which is deducted from their wages. As a result, many workers express that their disposable income is very low, not even enough to meet their medical needs when they are ill.

c) Late Payment of Wages – Workers under Financial Pressure

According to China's Labour Law, Article 50: "Wages shall be paid to labourers in the form of currency on a monthly basis. The wages payable to labourers shall not be deducted or delayed without reason."

At Compeq, however, wages are paid on the 20th of the following month, i.e., production workers get paid only after around 50 days of work. Employees who do not have personal savings are anxious about late wage payment. Many of the interviewed workers have borrowed money from their friends and relatives to meet urgent needs.

(4) Fines and Punishments – Harsh Factory Rules and Regulations

The atmosphere of fines and punishment is a source of enormous stress for Compeq workers.

A 24-year-old Henan male worker said,

“My nerves become tensed as I step onto the shop floor... There’s no use watching out for yourself. You will definitely be fined for violating one or another of these irrational rules!”



Compeq managers control discipline on the shop floor through a system of strict rules and fines. Source: SACOM.

On Compeq’s employee handbook as many as 37 rules and regulations are about “termination of labor contracts”, 31 on “serious demerit for wrongdoing” (from the perspective of management), 22 on “minor demerit” and 19 on “warning”.

For example:

- * workers are dismissed if they miss work for three days without permission (Compeq Rule 1-9)
- * smoking outside the designated areas will result in “one serious demerit” (Compeq Rule 2-1)
- * alcohol drinking will result in “one serious demerit” (Compeq Rule 2-2)
- * disobedience of directives or supervisions will result in “one serious demerit” (Compeq Rule 2-3)
- * unauthorized assembly in the facility will result in “one serious demerit” (Compeq Rule 2-15)
- * wastage of water or electricity will result in “one serious demerit” (Compeq Rule 2-27)
- * bringing in outsiders into the facility without permission will result in “one minor demerit” (Compeq Rule 3-9)
- * disturbing the others, making noises, or creating nuisances at work will result in “one minor demerit” (Compeq 3-18)
- * anyone making public areas dirty or unhygienic will be given a warning (Compeq 4-1)
- * anyone posting or distributing unauthorized articles on the shop floor will be given a warning (Compeq 4-7)
- * anyone in improper attire at work (shirt, trousers, cap, gloves, shoes, etc.) will be given a warning (Compeq 4-17)

Punishment is deeply embedded in the Compeq system of management. Fines range from 50 to 200 yuan.

COMPEQ

Outside the factory, workers could walk in two lines, aligning with right side

行——厂房外可单人成行，也可以双人成行，靠右行走



不正确
Incorrect

正确
Correct

COMPEQ

Short, Clean and Tidy Haircut style, Non-dyded, Straight Hair

1. 干净整齐的发式，不染黑色以外的头发，不烫卷发
(男生:前不过眉,侧不遮耳,后不过衣领; 女生:梳理整齐,不束怪发)



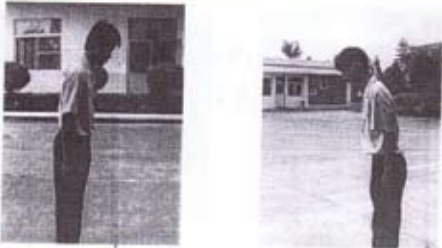
Incorrect

Correct

COMPEQ

Bowing: Workers bow down at 15 degree with two arms lying down when meeting customers, supervisor and the elderly

2. 颔首: 行进中身体前倾15度, 手臂自然下垂。
(时机: 与客人/长辈/主管在厂房外相遇)



Source: Company training manual (extract), 2008.

(5) Health and Safety – Risks and Hazards

According to Article 54 of Chinese Labour Law, “The employing unit must provide workers with occupational health and safety conditions conforming to the provisions of the government and necessary articles of labour protection, as well as provide regular health exams for workers engaged in work with occupational hazards.”



*Chairs do not support Compeq workers' backs.
Source: SACOM.*

a) Ergonomical hazards

Workers at Compeq suffer from pains in the neck, shoulders, back, etc. 12 long hours of work in fixed sitting positions day after day, results in repeated strain injuries and other ergonomical problems for workers. The chairs do not support their backs. This problem requires engineering solutions as fixed work stations and seats easily aggravate strain on the back and elbows.

Managers fine workers if they violate the ‘proper’ sitting posture. The stress of this management discipline contributes to the sleeping disorders of some workers.

b) Eye problems

Quality control workers at Compeq commonly suffer from eye problems. They are required to do eye-intensive inspections of the semi-finished PCBs for long hours without rest. Managers fine workers for quality issues that go unnoticed. As a result, quality control workers generally suffer from stress, eyestrain, and short-sightedness over time.



Source: SACOM.

c) Chemical poisoning

Compeq workers need to apply dangerous chemical agents including copper sulfate, sulfuric acid, nitric acid, paint, cleaning-machine solvent, thinner, industrial alcohol and gold-coating agent. Many interviewed production workers suffer skin problems such as rashes. Protective equipment and specialized training is yet inadequate, from the users' point of view.

(6) Food and Accommodation

Compeq workers either consume their meals in the factory canteen or at nearby street stalls. Food provided at the factory canteen is perceived poor by the workers.



Compeq workers are having their lunch.
Source: SACOM.



A Compeq female dorm room houses 8 - 12 workers. There are wardrobes and lockers for personal use.



Compeq 5-storey workers' dormitory and a dorm room for female workers.
Source: SACOM.

Between 11:00 pm and 6:00 am, Compeq workers are not allowed to go out of the dormitory and the room light must be switched off.

(7) Knowledge of Corporate Codes of Conduct

Compeq workers did not demonstrate knowledge of their labour rights as described in the corporate codes of Dell, Lenovo, Fujitsu Siemens Computers, Apple, Motorola, and Nokia.

Concluding Remarks

Compeq supplies PCBs to Dell, Lenovo, Fujitsu Siemens Computers, Apple, Motorola, Nokia and other brand-name companies. However, neither new nor veteran workers are effectively protected by the Labour Contract Law and other laws and regulations.

Compeq workers demanded that their management strictly follows the law in terms of both basic and overtime wage payment. They also expressed the urgent need for occupational health and production safety training (e.g., learning about chemical hazards in PCB manufacturing), shortening the number of work hours spent in one shift, and improving the management system (not always resort to punitive fines and punishments).

From November 22, 2008 onwards, layoff-affected Compeq workers were given only 300 yuan each, not considering their years of service for the company. According to the Chinese Labour Law, the company should pay economic compensation that takes into account the worker's seniority. A worker who has served for a year should be compensated one month's income. A month's income is calculated on the average of the three months' income prior to the revocation of the labour contract (i.e. around 900 to 1,400 yuan). This is a serious violation of the law.

4 Appeal to Computer Multinationals

WEED and SACOM argue that global computer brands, while pursuing excellence in product design and technological innovation, have squeezed suppliers and prices no matter what the effects on production line workers are.

This report points out that there exist serious violations of Chinese Labour Law and international labour rights, as defined by the International Labour Organisation (ILO, in the supply chains of Fujitsu Siemens Computers, Dell, Lenovo and other identified brands. Furthermore the working conditions reported above are also violations of the companies' code of conducts and the EICC Code of Conduct. It is evident that the brands either do not monitor their suppliers or do not give suppliers sufficient incentives to meet their own defined code of conduct requirements. Without effective monitoring and enforcement code of conducts do not contribute to changes on the ground. The brand companies are responsible to ensure decent working conditions for workers throughout their entire supply chains.

To improve working conditions throughout the sector we refer to the Good Electronics demands. Good Electronics is a global network of civil society organisations that work together to improve working and ecological conditions in the electronics sector.

In particular, we raise the following demands to multinationals that aim to improve the lives of electronics workers and their families in global supply chains:

(1) Corporate Transparency

Transparency in the IT hardware production is necessary in order to improve working conditions throughout the supply chain.

In the concrete case of this report at a minimum, Fujitsu Siemens Computers, Dell, Lenovo and other corporations should respond constructively to the two specific factory cases in the report: give concrete information about their supplier relationship, share audit reports and detailed corrective action plans. They should not ignore the problems or react by running away from the problems and turning immediately to alternative suppliers. They need to recognize their responsibility for the entire supply chain and their leverage over the working conditions in supplier factories.

(2) Workers' Rights Training

Fujitsu Siemens Computers, Dell, Lenovo and other corporations should engage in pilot labour rights training programs for workers at their supplier factories. Chinese non-governmental organizations (NGOs) will provide workers with participatory training. The aim is to establish a representative, elected workers' committee to protect the legal rights, health and safety, and welfare of workers, in accordance with Article 4 of the Labour Contract Law (i.e., elected worker representatives should be able to exercise their right by commenting "work rules" that have a direct bearing on the interests of workers). Including workers in the day-to-day monitoring process is the key to promoting workplace democracy in China's globalized political economy.

(3) Ethical Purchasing Practices

Brand companies are responsible for the very harsh price competition in the computer sector. The pressure on prices and delivery time are traded down in the supply chain. Effects are felt at the weakest part of the chain. Fujitsu Siemens Computers, Dell, Lenovo and others must change their sourcing strategy. They have to raise the price of its manufacturing orders to account for reasonable labour and production costs. In peak seasons they should acknowledge that short lead times are not to be achieved on the back of workers who would be pushed by mandatory and extreme overtime work.

Last but not least, illegal layoffs at Excelsior and Compeq must stop today. Brands and their suppliers are obliged to follow the law, despite the global financial crisis and its impacts on the real economy.

5 Appeal to Public Institutions and Political Decision Makers

Public institutions in Europe spend huge amounts for IT products. In Germany, for instance, public institutions spent a total of 17 billion Euros on the procurement of IT in 2006 and in the Netherlands ICT products and services account for approximately 17% of all central government purchasing.

Public institutions have a responsibility for how they spend public money – their purchasing practice should set a standard for individual buyers and other institutional consumers. Institutions should use their buying power in order to push brand companies for an improvement of working conditions throughout their global supply chains. Thus, this report does not only appeal to the companies of the IT sector but also to public institutions, especially universities and municipalities.

- (1) Central governments should create laws that commit procurement bodies to include sustainability criteria in their buying decisions. Additionally, they should develop action plans and specific guidance for public buyers in order to ensure the implementation of public tenders for computers that include environmental and social criteria.
- (2) Local governments and university boards should publicly commit to including social and environmental criteria into their IT procurement practice and ensure instruction of their staff into the practical issues of sustainable procurement.
- (3) Procurement bodies should use all legal possibilities in order to include social criteria such as the ILO core criteria into public tenders.

In the fall of 2009, WEED and SACOM are going to analyze the workplace improvements committed by the brands and factory managements and share the information with the concerned public. In the long term, we will build an online wiki-style corpwatch database to promote democratization in global economic governance and sustainable procurement.

APPENDIX

ProcureITfair – Campaign for sustainable purchasing of computers is a coalition of NGOs from various European countries that intend to raise awareness on the working conditions and environmental pollution in the production of computers and asks politicians and public purchasers to use their (buying) power to demand compliance with international labour rights and ecological standards in the global supply chain of computers.

www.procureitfair.org

SACOM - Students and Scholars Against Corporate Misbehavior, a Hong Kong-based non-profit organization founded in June 2005, aims to bring concerned students, scholars, labour activists, and consumers together to monitor corporate behavior and to advocate for workers' rights. SACOM originated from a student movement devoted to improving the working conditions of cleaners and security officers under various universities' outsourcing policies. The movement created an opportunity for students to engage in activism surrounding local and international labour issues. SACOM is a steering committee member of GoodElectronics, a global network on human rights and sustainable production in the electronics industry.

www.sacom.hk

WEED - World Economy, Ecology & Development was founded in 1990 and is an independent Non Governmental Organisation. Main topics of WEED's work are world trade, financial market and Corporate Accountability. Since 2005 the project PC global of WEED engages in the improvement of labour rights and environmental justice in the global supply chain of the computer industry. Since 2008 WEED coordinates the European campaign „Procure IT Fair“. WEED publishes researches and education material, organizes workshops, seminars and lectures and intervenes in political decision making processes

www.weed-online.org / www.pcglobal.org

SOMO - Centre for Research on Multinational Corporations (SOMO), established in 1973, is a non-profit Dutch research and advisory bureau. SOMO investigates the consequences of Multinational Enterprises' (MNEs) policies and the internationalisation of business worldwide. SOMO's expertise lies in the field of international guidelines, treaties and codes of conduct for MNEs, and it conducts research on compliance with related norms. Focus is placed upon research on labour conditions in the global South and cooperation with local organisations and trade unions.

www.somo.nl

The Ecumenical Academy Prague (EAP) is an independent non-governmental non-profit organisation that is engaged in the field of adult education. The EAP organises seminars, conferences and workshops of issues in the field of culture, politics, church and society, social justice, sustainable development, North-South gap etc. In some cases the EAP also takes part in campaigning and lobbying or it undertakes research activities. The EAP started its work in 1995 and is a member of OIKOSNET, EURODAD, a founding member of NGDO's Czech Forum for Development Co-operation (FoRS), of Czech Association for Fair Trade and of the Czech Antipoverty Campaign.

www.ekumakad.cz

Südwind Agentur was founded in 1997 in Austria as a non-profit NGO engaged in PR, information and educational work in the field of international development. Südwind is committed to environmentally, economically, and socially sustainable development, and campaigns for a narrowing of the gap between North and South. Südwind works in the area of international development education, in the production of international development media, in the introduction of international development issues and concerns into civil society initiatives, and in the compilation of studies on global issues. The work also includes lobbying relevant political figures and decision-makers about their concerns.

www.suedwind-agentur.at

Find out more at:

www.procureitfair.org

www.pcglobal.org / www.weed-online.org

www.sacom.hk



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