Computer Connections
Supply chain policies and practices of seven computer companies

Introduction

Only 15 years ago most families in the Western world did not own even one PC. Nowadays, in many European countries we find multiple computers per household, with even individuals sometimes owning more than one PC. The recent production of small and relatively cheap notebooks, like the Acer EEE PC, is contributing to this trend.[1] The number of personal computers in the world surpassed one billion units in 2008[2] and expectations are that this number will double by 2015.[3] According to Datamonitor reports, the global computer hardware market grew by 5.6% in 2007 to reach a value of $399.8 billion.[4] The US market grew 4.4 % to $102.4 billion[5], the European market grew 4.2 % to $124.1 billion[6] and the Asian market 6.5% to $138.4 billion, in 2007.[7]

The influence that the economic crisis that started in 2008 will have on this pattern in the next years remains to be seen. There are concerns that in order to deal with the anticipated decrease in customer demand prices will fall and companies will put more pressure on the contract manufacturers further down the production chain to offset (part of) the losses. This may lead to even more pressure on the suppliers lower in the chain of production, which will have an unfavourable effect on bringing about improvements of environmental and labour conditions. In the last few years attention has increasingly been directed towards the environmental and labour issues involved in the manufacture of computers and computer parts.

In 2004 SOMO started researching labour issues in the supply chains of computer companies. This resulted in the publication of SOMO's research report *CSR Issues in the ICT Hardware Manufacturing Sector* in 2005, providing information on working conditions in the Philippines and China, and, in the same year, the publication of company profiles on Acer and Fujitsu Siemens Computers. Next SOMO published research reports on the Philippines written by the Workers' Assistance Centre (WAC) and

on China by the Students and Scholars Against Corporate Misbehaviour (SACOM) in 2007 and a report on working conditions in Thailand, *Hard (disk) labour*, also in 2007. SOMO furthermore produced company profiles on eight computer brands, detailing labour issues in their supply chain and policies dealing with the improvement of supply chain responsibility. SOMO has stayed in contact with these computer brands, asked the companies to review the research findings and company profiles, and asked companies to give feedback on how they followed up on the issues as reported by SOMO and other organisations.

Now, two years after the various research projects were carried out and four years after sending the first study results to the different companies to review the findings, SOMO is looking at how companies have improved their policies and practices. In what way have companies taken up the issues that were brought to their attention? What efforts have they made to remedy the poor labour conditions found in the factories that are producing (parts of) their computers? How transparent are companies about the labour issues and remediation efforts in their supply chains? SOMO sent a questionnaire to eight companies that were part of SOMO's research on computer brands in recent years. Seven of the eight companies replied to the questionnaire and their answers are the basis for this briefing document. Find information from HP, Apple, Sony, Acer, Toshiba, Dell and Fujitsu Siemens Computers[8] here. The 8th company, Packard Bell, has in the meantime been taken over by Acer and therefore did not answer the questionnaire.

The basis of this briefing document is the information from the questionnaires filled out by the different companies. These questionnaires asked for their policies as well as their reactions on the research projects done by SOMO, SACOM, WAC and desk research. The briefing will discuss labour issues in the supply chain of computer companies; for environmental issues we refer to other reports.

Involvement of manufacturers

Behind the consumer brands, which are widely known, the manufacturing sector is dominated by large production companies that are hardly known to the public. Hidden giants like Flextronics and Foxconn are playing an important economic role, producing for all the major computer brands. In the hard disk market for example, a market where companies deal with billions of Euros, there are only a few main companies that are large global players. For example, Western Digital manufactures about 34% of all computer hard disks, Seagate about 22%.[9] An increasing number of these companies have adopted their own codes of conduct, detailing their responsibilities, and they have become members of companies' sustainability initiatives such as the Electronic Industry Citizen Coalition (EICC) or the Global e-Sustainability Initiative (GeSI).

In view of the fact that some of the computer brands are also manufacturing components for other computer brands an interesting picture emerges in which we find companies in different tiers of the supply chain committing to different responsibilities. We are no longer looking at a classic example of supply chain responsibility with one company at the top of the pyramid working down the tiers, but it more resembles a web with spiders weaving from different knots. The picture stays, however, blurred as so far there is not much transparency to be obtained from the different knots in the supply chain, and only a few companies even publish a list with their first-tier suppliers. Connecting companies to their suppliers and to working conditions thus is a conundrum worthy a Sherlock Holmes, with obvious consequences for supply chain responsibility.

During the review process before the publication of *Hard (disk) labour*, SOMO was contacted by another global player, Seagate, one of the hard disk producing companies, to discuss the findings of the research. Seagate verified the information with its suppliers and forwarded the reactions from the component suppliers to SOMO in 2007. The common reaction of the component suppliers was to deny the reported working conditions. HP, however, worked with its direct suppliers (Seagate among others) to audit the sub-tier suppliers and subsequently sent SOMO the summaries of audit findings, corrective action

plans (CAPs) and follow up audits, in May 2008. Some of the allegations were confirmed and were, according to the information provided by HP, in the process of being amended by the suppliers at this point in time. An intensive process of communicating expectations, auditing and working on CAPs, as well as the involvement of the brand company together with the first-tier supplier, clearly resulted in more information on labour rights violations and promoted activities to correct these.

Labour issues

In all factories that assemble and/or produce computer parts, research findings show severe labour rights violations. These range from excessive compulsory overtime as well as the non-payment of this overtime, to discrimination of contract workers to practices to keep unions outside factories and industrial zones. In China the working hours are often in excess of the hours allowed by Chinese law. In the Philippines, Thailand and China the working hours can amount to 12-hour working days and weeks without a free day. The minimum wages paid for normal working hours become in fact a ceiling and keep workers in a poverty trap, under which conditions they will want to work every extra hour that they can. If they would want to refuse working overtime, however, they run the risk of being punished. Excessive and unjust wage reductions are applied in China as punishments for mistakes made, starting work minutes too late, etc. Workers in different countries are not inclined to use the health and safety equipment, when they do get them, as it can slow them down and they will not be able to reach their targets. In China there is no freedom of association in the factories in policy nor in practice, while in the Philippines there is a no union – no strike practice in the economic zones where most of the electronics producing factories are.

Supply chains, codes and responsibility

In the last decades companies have increasingly been put under pressure to make sure that the products they sell are made under good social and environmental conditions.

And not only should they do so for their own companies but also make sure that the companies that supply them adhere to the same principles. They should communicate these standards – which are called codes of conduct, standards of engagement, suppliers standards, etc – clearly, and monitor and verify how suppliers are implementing them.

Standards should be based on conventions and recommendations from the International Labour Organisation (ILO) to meet internationally accepted standards. The ILO is the international tripartite (employers, governments and workers' representatives) organisation responsible for setting labour standards. None of the over 180 Conventions or 190 recommendations are ratified by all governments, but what are called the core labour standards should always be practiced, even when they are not ratified. When asking companies to implement good labour standards in their supply chain most organisations and trade unions focus on the core labour standards – freedom of association, right to collective bargaining, no discrimination of any kind, no forced or slave labour, a minimum employment age – and several other generally accepted labour standards – health and safety measures, a maximum working week of 48 hours and voluntary overtime of 12 hours maximum, a right to a living wage and the establishment of an employment relationship.[10]

Supply chain responsibility in this sector is pretty recent. Several of the electronics companies started efforts to include labour conditions in their supply chain around the year 2000. For some companies this came several years after starting to work on environmental issues. Sony published environmental reports from 1994 on and included social issues in its 2002 report[11], for example. In recent years companies have changed their codes, have worked on implementation, and have published public commitment towards CSR efforts.

Box 1: GeSi[17] and EICC[18]

Fujitsu-Siemens and HP are part of GeSI, the Global e-Sustainability Initiative. GeSI was established in 2001 to promote sustainable development in the ICT sector. GeSI has established a number of working groups including a Supply Chain Working Group which signed a Memorandum of Understanding with the EICC to jointly develop a strategic plan. The objective of this group is the development and deployment of a consistent set of tools and processes to measure, monitor and improve labour, environment, and health and safety in the supply chain as well as ethical performance across the ICT sector.

Of the companies we looked at, HP, Apple, Sony, Acer, and Dell are part of the EICC, the Electronic Industry Citizenship Coalition which is a coalition of 45 companies (in December 2008)[19] in the ICT sector. These companies have come together to voluntarily improve working conditions and environmental stewardship throughout the electronics supply chain. This group is aligned around a common code of conduct that covers expectations for performance across a range of issues including labour, health & safety, environmental practices, ethics and management systems. The EICC is an initiative carried by companies only and the code of conduct has been unilaterally drawn up by these companies. The code refers to issues like forced and child labour, minimum wages, working hours, non discrimination and freedom of association. Review processes on the code have been carried out with input from civil society organisations. So far this has not led to improvements and the EICC code is falling well short of what is considered to be the threshold standard of a code; the EICC code does not include the full right to freedom of association and

collective bargaining, a living wage and a clear cap on normal working hours and overtime hours. Furthermore it is not based on international standards such as the ILO conventions; the code only refers to sources for the code, which includes the Universal Declaration of Human Rights and the Ethical Trading Initiative.

Until recently membership of the EICC did not necessarily mean that companies had to take steps to improve conditions down their supply chain. In 2008, however, the EICC developed a new membership structure in which member companies can migrate from applicant to full member status. The prerequisites for this upgrade is to, within 2 years of application, actively participate in the organisation, complete a Self Assessment Questionnaire (SAQ), use the EICC code as a base code, communicate the code to its first-tier suppliers (but implementation is only encouraged), 'using the risk assessment, SAQ, audit checklists, participating in joint audits (where available), use of E-TASC, and training when available' and contribute data to the annual progress report of the EICC. Although joint audits are being done – these are few – follow up is not coordinated, which means that it is left to the individual companies to each come up with a corrective action plan – or not – and does not require working together on it.

Interestingly, a substantial number of contract manufacturers are also part of the EICC, which adds another dynamic to implementation efforts to the extent that the brand name companies find a considerable number of their suppliers already committed to the EICC code.

Toshiba[12] established its procurement policy in 2005, and it was updated with respect to human rights, labour conditions and health and safety in May 2008. The policy is rather thin, it is referring to the law and prohibits suppliers

to use forced and child labour, inhumane treatment and discrimination, while overlooking important labour issues by asking suppliers to consider the payment of appropriate wages, regulation of working hours, and respect for freedom

of association. Fujitsu-Siemens Computers[13] refers to fundamental principles in its supplier code of conduct and asks its suppliers to respect freedom of association and collective bargaining, elimination of forced and child labour and discrimination; thus only the core labour standards.

The five companies in SOMO's research that are part of the EICC (HP, Dell, Sony, Apple, Acer) adhere to the EICC code (see box 1). Dell and HP have added the right to collective bargaining and the possibility of alternative measures if trade union and bargaining rights are restricted by law to the EICC code. Apple's code reports the rights of workers to bargain collectively, and prohibits discrimination based on pregnancy test results. Apple also added to the code that third party labour agencies should be compliant with the law in both the sending and receiving country. They also make suppliers responsible for payment of all the fees and expenses migrant workers have to make to be employed that are in excess of the amount equal to one month of the worker's anticipated net wages. This last addition came after Apple's audit revealed excessive payments by migrant workers.

In all codes before March 2009, standards such as a cap on working hours and overtime hours and living wages are absent, and some of the codes do not mention freedom of association, or define freedom of association very narrowly, and moreover do not include the requirement of collective bargaining. The code is the basis for a company's policy and these are the standards that the company expects from their suppliers. Not having freedom of association in the code and no cap on working or overtime hours sends a clear message to the suppliers that this is therefore not expected.

First tier and beyond

So far the influence of the brand name companies beyond their first-tier suppliers stays minimal. All companies stress their responsibility for the first tier of production but most feel that the first-tier supplier has the responsibility for the sub-tier suppliers' implementation of the code and will therefore not monitor beyond the first tier.

Sony[14] reports that the first tier, approximately 4,000 companies, can be influenced most easily and can be effectively managed.[15] Acer[16] reports that starting in 2008 it will adopt a broader CSR policy that will take the whole supply chain into account. It will start with its first-tier suppliers, making proactive efforts such as audits and

Box 2: HP Supplier Meetings

In 2007 HP organised a supplier meeting in Thailand – one of the most important hard disk producing countries – where it invited its suppliers in Bangkok as well as SOMO, local NGOs and trade unions. During the meeting the NGOs and trade unions talked about the labour issues in the electronics industry in Thailand, and the research results from the 2007 SOMO research and review process. Different suppliers commented on the results. HP explained HP's social and environmental programme and what it expected from its suppliers. The meeting ended with an action list containing dates for self-assessments, 3rd party audit reports, and corrective action plan. As a follow up HP reported it will 'work with each of these suppliers to correct non-conformances', it engaged third-party audit firms ERM and Verité to audit the first-tier suppliers, and has been working with specific suppliers on the corrective action plans and held another forum with 3 HP suppliers and sub-tier suppliers. It engaged with IDEMA, the International Disk Drive Equipment and Materials Association, to develop a training programme to 'ensure compliance with the EICC', to be run by Verité.

monitoring, focusing especially on the 'fellow EICC members who are bound by the same EICC rules'. The 2nd and 3rd tier suppliers will be involved through the influence exerted by Acer 'through its 1st tier suppliers who will be in turn encouraged to participate in such CSR initiatives'. Several companies will require the responsibility in writing; Fujitsu Siemens Computers states that the CSR annex attached to contracts references the Supplier code of conduct and in the contract the responsibility in terms of auditing their suppliers is communicated and is 'part of their commitment to us'. Dell[20] requires suppliers to sign a letter in which they commit to develop 'infrastructure, training and systems to implement the EICC Code of Conduct in their own operations' and develop a plan to cascade the code into their supplier chain.

Only a few companies are auditing beyond the first tier. Toshiba will ask first-tier suppliers to implement their policy with respect to sub-tier suppliers. One example given on their website details Toshiba Information Equipment (Philippines), Inc. (TIP) conducting CSR audits of existing suppliers and secondary suppliers in 2007.[21] Apple reports that it has audited some of its direct suppliers and confirmed that they perform regular audits – about every two years – on their suppliers. In its 2008 Supplier Responsibility Progress Report[22] Apple reported that it has expanded its compliance programme to the second tier and that it audited 34 companies 'that provide components to our final assembly suppliers'. HP's[23] approach is to train their first-tier suppliers to implement the EICC requirements and to monitor their progress. When it receives complaints about sub-suppliers HP will audit them, involving the first tier in the process. HP reports that it works in South-East Asia with its first tier through IDEMA (see box 2) in a year-long training programme for all the sub-tier suppliers. This is following a similar initiative in Central Europe[24].

Both Dell and HP are taking more actions on involving sub-tier suppliers and are organising workshops for suppliers. In 2008 Dell requested first-tier suppliers that were attending their workshops to bring one of their key suppliers, to emphasise their ownership of the following tier. Dell

stresses however on its website that its 'principles do not vary regardless of the level of supplier', but that its 'focus on communicating and reviewing performance against those standards is at our target supplier list'.[25] HP is organising supplier forums and training courses where it invites sub-tier suppliers. HP organised supplier meetings and training programmes in China, Thailand, Malaysia, and Central Europe (see box 2), for example. HP reports that it will train first-tier suppliers to audit second-tier suppliers and will train with its first-tier suppliers the second-tier suppliers to manage their suppliers.[26]

Implementation

Although there are quite a few differences between companies in terms of policy, the companies' paths diverge even further when looking at the implementation of this policy. Some of the companies have very minimal programmes, without any actual monitoring, auditing or any other efforts towards implementation. Or they leave auditing only to efforts within the EICC context, efforts that are thus far quite unsubstantial, relying largely on self-assessment forms and a few audits that have been done so far in China. For further information see box 1.

Acer says it will approach implementation through the EICC, so as to work with other EICC members that share the same suppliers in order to avoid 'costly and duplicate efforts'. Sony reports that from 2007 on Sony has started using self-assessment questionnaires for suppliers, targeting 4,000 suppliers and has also started joint audits with the EICC in China, which came to a total of 18 in April 2008. At a conference organised in Taiwan by Acer, Sony[27] answered to questions that it was not developing any audits on its own. In its CSR report Sony reported that it will continue 'to work in partnership with our suppliers to help them improve their activities'.[28] It introduced a supplier self-assessment programme and also held seminars for suppliers and see as the findings from self-assessments 'conducted in the Japan and China regions in fiscal 2007 that suppliers are generally in the process of developing the organizational infrastructure, including the

establishment of labor and ethical management systems, needed to fully and consistently comply with the code of conduct standards'.[29]

Toshiba has been conducting CSR surveys since 2006 and on its website reports audits of major suppliers and secondary suppliers undertaken in the Philippines. It further writes that it monitors the status of CSR management of ongoing suppliers at manufacturing sites at the time of quality audits and requests improvements and provides guidance as necessary.[30] Fujitsu Siemens Computers does biannual reviews of its suppliers which cover more than 80% of the purchase volume, and in 2007 started having random audits done by independent organisations, 'through dialogues on different levels within their suppliers'. The Supplier Code of Conduct is a key element in the recruitment process of new suppliers, working hand in hand with procurement.

Dell implements its Code through collaboration, making use of EICC joint audits, onsite visits, training of suppliers through workshops, onsite engineers that communicate with the CSR team on issues identified and quarterly business reviews with the suppliers, requiring them to submit evidence that they are implementing processes to achieve alignment with the EICC code. Outside of the EICC audits Dell reported that it made its own supplier visits to 15 key suppliers and 17 sites to assess EICC compliance and sent letters to 80 first-tier suppliers. It reported excessive working hours as a challenge.

In 2007 Apple focused on the Mac, iPod and iPhone final assembly suppliers – which it audited in 2006 after media reports detailing the bad labour conditions at its iPod final assembler came out. Also in 2007, it focused on audits of companies in lower tiers. In 2008 Apple audited 83 facilities – including re-audits of final assembly as well as component manufacturers – and reports that it required suppliers to commit to the Supplier Code of Conduct as a contractual obligation. It has a monitoring programme that includes factory audits, corrective action plans, and verification measures. After an audit the supplier will produce a CAP,

which has to be concluded within 90 days. The CAP is overseen by Apple and verification will be done. In 2008 it found most of the violations were committed with respect to working hours, wages and benefits, less frequently in discrimination and environmental permits and reporting. It found only 1% violations of freedom of association which is remarkable seeing that this is a frequently reported problem, also in SOMO's research on suppliers producing for Apple. Apple reports that education that empowers workers is a critical factor and expanded on its training programme. It reports that it trained 27,000 people in 2008.[31]

HP reports that it has implemented the code with the majority of its direct first-tier suppliers and 'audited most of our high-risk suppliers and has corrective action plans in place' and also has organised EICC training programmes in Mexico, China, Central Europe and South-East Asia. HP conducted 129 audits in 2008, of which 99 were follow-up audits to monitor progress on non-compliance issues. It reports furthermore in its 2008 report that major noncon-formances have been reduced substantially since it began auditing but that the 'two sections with the greatest

Box 3: Migrant labour

Apple reports in its 2009 Supplier Responsibility Progress Report that through audits it revealed a 'complex labor supply chain, whose recruitment practices may result in workers-paid fees in excess of applicable legal limits'. They found a web of agencies and sub-agencies and that some of the workers may have needed to incur debt to pay these fees and had to work to pay them off which Apple classifies as a 'core violation of voluntary labour rights'. Suppliers are asked to reimburse fees that exceed the limits of either the hiring country or country of origin. Apple holds suppliers responsible for the whole recruitment practices of the labour agencies and requires them to 'limit worker-paid fees to the equivalent of one

number of major nonconformances – health and safety and labor – have improved less than other areas'.[32]

HP has done three training programmes with suppliers in China on issues such as productivity, working hours, wages etc. They worked with SACOM, a Hong Kong based NGO, on a workers training programme.

EICC

Sony, for example, has joined a trial from the EICC on conducting audits in Mainland China. Regarding EICC audits in general Sony remarked that 'Sony also finds that it is a common issue that Labor and Labor & Ethical management system section tends to be relatively weak comparing with other sections'. Dell emphasises that it 'believes that the best way to drive compliance is to drive one industry-wide code to the supply base by leveraging the collaboration with the EICC member companies.' Acer intends to exert influence within its supply chain through the EICC.

As mentioned the EICC is working on joint audits and has among others worked with the Business for Social Responsibility (BSR) and the Foreign Investment Advisory Service[33] to 'test strategies and activities that would improve social and environmental conditions while also providing business benefits to the supply chain. Several pilot projects were conducted in China with suppliers.'[34]

Overall there is a perception that companies can easily hide behind the efforts of the EICC and so not take any steps themselves on code implementation and monitoring or on making sure that policy translates into changes in the work place. So far efforts taken by EICC on monitoring and evaluation as well as other steps to ensure compliance are few and seem insufficient.

Stakeholder involvement

Civil society organisations have relentlessly asked companies to ensure the involvement of trade unions and other civil society organisations in monitoring, audit and training efforts in the production countries. For a code to be implemented in such a way that it will have effect on the work place, companies have to work with local organisations and trade unions So far only HP works, in some cases, with civil society organisations.

Overall Stakeholder involvement is understood by most companies as involving stakeholders on a level of discussing the code of conduct, companies' policy or general CSR issues. Perceived as stakeholders are share-holders, customers, employees, suppliers etc. Most companies do not consult local NGOs or trade unions on the specific labour situation in the countries where they produce, their factories or suppliers.

Fujitsu Siemens Computers reports that it sought stake-holders' views while developing its Suppliers Code of Conduct in a two-way dialogue to make sure that the standards truly reflect society and interests of those groups its business impacts upon. Sony felt that stakeholder involvement is done through the EICC, which engages NGOs, Social Responsible Investors (SRIs) and other stakeholders to 'solicit opinions and pursue capability development'. Toshiba reports that with the establishment and the review of the procurement policy ideas and opinions, which it received through dialogues with stake-holders at the sites in each region, are taken on board. Fujitsu Siemens Computers reports communicating its CSR initiatives with its shareholders, customers, employees, suppliers and industry partners, among others. For the audits there is no mention of stakeholders. Dell says that stakeholders 'advise on all areas of corporate responsibility efforts from supplier standards to environmental perform-ance'. Dell reports on its website that it will engage with third parties and NGOs 'as it deems necessary' so as to ensure implementation and oversight of its principles. Dell reports that it met with SACOM and other stake-

holders in Hong Kong in January 2008 and in the meeting focused on efforts to cascade EICC requirements through the supply chain, partner with first-tier suppliers to achieve continual improvement and work with stakeholders in setting global policies for supplier performance. Acer reports that it intends to involve stakeholders in the future through audits and other measures within the EICC and its working groups. Apple reports to be open to dialogue with stakeholders but does not answer questions concerning involvement of local stakeholders in auditing, monitoring and complaints mechanisms.

Only HP has worked with different organisations to develop projects to improve conditions. HP reports suppliers trainings and several pilot projects in China, during which it worked with NGOs with regards to different suppliers.

Transparency and disclosure

Several of the companies did not respond at all to the question of disclosing information on their suppliers. Toshiba referred to the policy on confidentiality regarding business competiveness. Acer and Apple report nondisclosure agreements with their direct suppliers. Dell reports that relationships with suppliers are competitive differentiators. Fujitsu Siemens Computers and HP have disclosed their first-tier suppliers. Both of the brands give the names of the suppliers and state that this handles 'procurement expenditures for materials, manufacturing and assembly'.[35]

HP also gave information on its supply chain in relation to specific questions from SOMO and disclosed information from audits and remediation.

Reactions on labour conditions found in the supply chain of the computer companies

As described in this paper SOMO and its partners have reported on serious labour rights issues. Most companies did not respond to the questions asked on the labour conditions in their supply chains with specific information,

referring instead to their policy and confidentiality agreements. Some of the companies answered with explanations of their general policy, instead of reacting to labour issues that were brought forward.

Sony ignored the questions completely. Toshiba said, a considerable while after it was first approached, that it was asking their first-tier suppliers to check their suppliers about the labour conditions and if there would be 'any' problems to solve them. Acer reports that it cannot comment on the labour conditions found as the researched factories are not Acer's direct suppliers and therefore Acer said 'it was not possible to verify the results of your case studies'.

Fujitsu Siemens Computers reported that it cannot disclose the number and names of its suppliers (although it did later disclose a general list of first-tier suppliers) nor any detailed information, so it did not confirm any of the relationships with the factories brought forward by SOMO, 'due to our company policy and also for legal reasons'. It reported that it would investigate wherever problems arise or reliable information reaches the company. Apple reports that its supplier contracts stipulate confidentiality for each party so it cannot comment on the issues in the field study. It added that when it discovers deficiencies it requires corrective actions with a focus on prevention and systematic solutions. It did audit several of the factories that were mentioned in SOMO's report that were supplying Apple's direct suppliers as part of the auditing programme and was planning to audit several more in 2008.

Dell does not want to respond to each supplier case separately but emphasises policies on managing all its suppliers. It will follow up on cases with first-tier suppliers and will require them to follow up with their sub-tier suppliers. Dell only commented on the issue of under-age workers in one of its suppliers in China and reported that it did not find under-age workers and had insufficient business to address under-age labour. Dell requested from its first-tier supplier to work with another supplier until this issue was addressed. When asked again about actions taken Dell reported that in the meantime Dell had exited

the television business and did no longer need this type of supplier.

HP reports in their Global Citizens Report 2007 that from 'May through September 2007, HP engaged Environmental Resources Management (ERM) and Verité to conduct verification audits of 18 suppliers in China and Thailand, including those suppliers identified in NGO reports as having poor standards. Each facility was audited for compliance with HP, Electronic Industry Code of Conduct (EICC), Verité, ERM, ISO, OHSAS and ILO standards. Policies, procedures, systems, and implementation were evaluated pertaining to labor rights, compensation and hours, health and safety, and the environment'.[36] Only HP has commented extensively and transparently to SOMO on the issues brought forward in the various reports and how it worked with its first-tier suppliers on audits and remediation. HP responded with an extensive overview of the audits done, sent summaries of audits, follow up audits and remediation. HP commented on SOMO's findings as well as reported other issues that the auditors discovered, gave information on the suppliers' response as well as reporting the follow up of HP. HP carried out an extensive programme in Thailand and the Philippines – which included supplier meetings. These activities were held in countries where, before the research reports, it was not developing much activity as it felt that the labour law provided enough protection and no problems were reported.

Conclusions

Most codes fall considerably short of what is viewed as the threshold standard for codes of conduct. As mentioned previously, codes of conduct provide guidance to suppliers on what the computer brands are expecting their suppliers to implement. Not having certain provisions in the codes sends the message that these labour standards are not expected. Codes should therefore be adapted to include further standards. The EICC code, which is used as a base code by the five companies that are a member of the EICC, should take a lead in this. Nonetheless, it is encouraging

that in the last years several of the companies have adapted their codes to include further provisions on freedom of association and collective bargaining. Specific notice should be taken of the addition to the code on migrant workers by Apple.

There are many differences in implementation, as can be concluded from the above. There are quite a few companies who make very meagre to mediocre efforts to implement their code of conduct. Some of the companies only carry out reviews, while others rely on paltry industry efforts. The absence of civil society organisations in almost all the recorded efforts stands out. Only HP has worked with NGOs in China on implementation and workers trainings. Most of the companies are not auditing beyond the first tier or are expecting their first-tier suppliers to implement the code down the supply chain, sometimes without further training and mostly without any further auditing, and thus without influencing labour conditions further down the chain.

On the other hand there is a trend among several of the companies to work more intensively with the suppliers, through training of the management and through suppliers forums. Companies report that they are training their suppliers to commence auditing of their suppliers and to carry the responsibility.

It is difficult to assess the efforts taken by companies to improve the situations in the researched factories. Only HP has been transparent in sharing their efforts in this respect with SOMO. None of the other companies has provided information and several are ignoring questions on this issue or referring to confidentiality agreements.

Endnotes

1   IDC press release, ' PC Market Continues To Resist Economic Pressures With A Boost From Low Cost Portable PCs, 10 September 2008 < http://www.idc.com/getdoc.jsp?containerId=prUS21420408> (02-12-2008)

2   Gartner Inc, Press release, 23-06-2008 < http://www.gartner.com/it/page.jsp?id=703807> (02-12-2008)

3   Simon Yates, Executive Summary 'Worldwide PC Adoption Forecast, 2007 To 2015' 06-06-2007 < http://www.forrester.com/Research/Document/Excerpt/0,7211,42496,00.html> (02-12-2008)

4   Datamonitor, 'Global Computer Hardware, Industry Profile', February 2008, p. 6

5   Datamonitor, 'Computer Hardware in the United States, Industry Profile', February 2008, p. 8

6   Datamonitor, 'Computer Hardware in Europe, Industry Profile', February 2008, p.8

7   Datamonitor, ' Computer Hardware in Asia-Pacific, Industry Profile', February 2008, p.8

8   Although Fujitsu Siemens Computers recently ceased to exist as a joint venture and Fujitsu integrated the company, we will in this paper still refer to the policy of Fujitsu Siemens Computers as it did respond to the questionnaire and had the policies in place. It remains to be seen if and how its policies will change now.

9   <http://www.isuppli.com/marketwatchdetail.aspx?ID=12859> <http://www.digitimes.com/systems/a20080424PR204.html> <http://www.anandtech.com/storage/showdoc.aspx?i=3061> <http://www.tgdaily.com/content/view/32690/118/> (07-04-2009).

10 Based on J. Wilde, E. de Haan, The high cost of calling. Critical issues in the mobile phone industry, SOMO, November 2006, page 66

11 Sony CSR report 2008, <http://www.sony.net/SonyInfo/Environment/issues/report/2008/pdf/CSR2008E_all.pdf> (29-03-2009)

12 Information on Toshiba is based on a reaction of Tomoko Sasaki, CSR Division Toshiba Corporation, 31 May 2008, in answer to a questionnaire of SOMO and the website of Toshiba.

13 Information on Fujitsu Siemens Computers is based on a reaction of Judith Raddatz, Corporate Relations of Fujitsu Siemens Computers, 14 May in answer to a questionnaire of SOMO and the website of Fujitsu Siemens Computers

14 Information on Sony is based on a reaction of Asako Nagai from the Corporate Social Responsibility Department in answer to a questionnaire from SOMO and the website of Sony

15 <http://www.sony.net/SonyInfo/Environment/liability/code/index.html> (29-03-2009)

16 Information on Acer is based on a reaction of Genghiz Chen from Acer's legal unit, 6 June 2008 in answer to a Questionnaire from SOMO and the website of Acer

17 GeSI website at <www.gesi.org>

18 EICC website at <www.eicc.info> and the Electronic Industry Citizenship Coalition 2008 Annual report

19 From the Electronic Industry Citizenship Coalition 2008 Annual report

20 Information on Dell is based on a reaction of Tod Arbogast, director of Dell Sustainable business on 15 May 2008, to a questionnaire of SOMO and the website of DELL

21 Toshiba Group CSR Report 2008

22 <http://images.apple.com/supplierresponsibility/pdf/SR_2008_progressreport.pdf> (07-04-2009)

23 Information on HP is based on 'answers to SOMO questions from April 23, 2008', 15 May 2008 the website of HP

24 Through the Central Europe Supplier Responsibility Program (CESR), <http://h41131.www4.hp.com/uk/en/citizenship/CSR_practice.html> (23-02-2009)

25 <http://content.dell.com/us/en/corp/d/corp-comm/cr-supplier-global-citizen-overview.aspx?c=nl&l=nl&s=corp&redirect=1> (02-04-2009)

26 <http://www.hp.com/hpinfo/globalcitizenship/gcreport/supplychain/proactive/suppliers.html#china> (07-04-2009)

27 Hidemi Tomita at Acer Forum in Taiwan 17 December 2009

28 <http://www.sony.net/SonyInfo/Environment/issues/report/2008/pdf/CSR2008E_all.pdf> (07-04-2009)

29 <http://www.sony.net/SonyInfo/Environment/liability/code/index.html> (07-04-2009)

30 <http://www.toshiba.co.jp/csr/en/procure/index.htm> (31-03-2009)

31 Information from Apple Supplier Responsibility Progress Report (SRPR) 2009

32 <http://www.hp.com/hpinfo/globalcitizenship/gcreport/supplychain/auditresults.html> (10-04-2009)

33 Since 1992, Business for Social Responsibility works with its global network of more than 250 member companies to develop sustainable business strategies through consulting, research, and cross-sector collaboration.

34 Electronic Industry Citizenship Coalition 2008 Annual report

35 <http://ts.fujitsu.com/Resources/195/1704477914.pdf> and <http://www.hp.com/hpinfo/globalcitizenship/environment/supplychain/supplier_list.pdf> (07-04-2009)

36 <http://www.hp.com/hpinfo/globalcitizenship/07gcreport/pdf/hp_fy07_gcr.pdf> (07-04-2009)