



Labour conditions at foreign electronics manufacturing companies in Brazil

Case studies of Samsung, LGE and Foxconn

Authors: André Campos, Marcel Gomes, Irene Schipper

December 2017



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Repórter Brasil was founded in 2001 by journalists, educators and social scientists. Its mission is to identify and address public labour and human rights violations in Brazil, as well as other kinds of social and environmental crimes. Its news, investigations, researches and educational methodology are used by leaders in the government, companies and also civil society organizations as tools to advance the protection of human rights.



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The Centre for Research on Multinational Corporations (SOMO) is a critical, independent, not-for-profit knowledge centre on multinational corporations and the impact of their activities on people and the environment. We provide custom-made services (research, consulting and training) to non-profit organisations and the public sector. We strengthen collaboration between civil society organisations through our worldwide network. In these three ways, we contribute to social, environmental and economic sustainability.



The GoodElectronics Network brings together trade unions, grass roots organisations, campaigning and research organisations, academia, and activists who are concerned about human rights, labour rights, and sustainability issues in the global electronics supply chain. GoodElectronics sees it as its mission to contribute to improving corporate and public policies and practices with regard to protecting and respecting human rights and the environment in the global electronics supply chain, with a specific focus on big brand companies.

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Contents

Acronyms	3
Summary	4
1 Introduction to the report	7
1.1 Background	7
1.2 Context	7
1.3 Methodology.....	10
1.4 Structure of the report.....	12
2 The Brazilian electronics manufacturing sector	13
2.1 The market.....	13
2.2 The sector.....	14
2.3 Unionisation	15
2.4 The labour law.....	16
3 Samsung	18
3.1 Company profile	18
3.2 Operations in Brazil	19
3.3 Violations of labour law based on inspections 2011-2015.....	20
3.4 Labour conditions 2015 based on interviews with workers.....	23
3.5 Company view: Samsung.....	28
3.6 Summary of findings: Samsung.....	31
4 LG Electronics	33
4.1 Company profile	33
4.2 Operations in Brazil	34
4.3 Violations of labour law based on inspections 2009-2014.....	34
4.4 Violations opposed by the unions.....	35
4.5 Labour conditions 2015 based on interviews with workers.....	37
4.6 Company view: LGE	41
4.7 Summary of findings: LGE.....	42
5 Foxconn	43
5.1 Company profile	43
5.2 Operations in Brazil	43
5.3 Violations of labour law based on inspections 2009-2015.....	44
5.4 Labour conditions 2015 based on interviews with workers.....	47
5.5 Company view of Foxconn.....	50
5.6 Summary of findings: Foxconn.....	51
6 Conclusions	53
7 Recommendations	55

Acronyms

CSOs	Civil Society Organisations
CLT	Consolidation of Labour Laws (Consolidação das Leis do Trabalho)
EICC	Electronic Industry Citizenship Coalition (now called Responsible Business Alliance)
EMS	Electronics Manufacturing Services
GDP	Gross Domestic Product
ICT	Information and Communication Technology
LGE	LG Electronics
MT	Ministerio Publico do Trabalho (Ministry of Labour)
NGOs	Non-Governmental Organisations
OECD	Organisation for Economic Co-operation and Development
PPB	Basic Productive Process
R&D	Research & Development
RSI	Repetitive Strain Injury
SOMO	Centre for Research on Multinational Corporations
TAC	Termo de Ajuste de Conduta (Conduct Adjustment Agreements)

Summary

In recent years, many multinational companies in the electronics sector have found their way to Brazil, where they enter into partnerships with local manufacturing companies or set up manufacturing facilities of their own. This movement has been driven by corporate interest in Brazil's large consumer market. By manufacturing in Brazil, companies can avoid the country's high import taxes and qualify for attractive tax breaks.

Some of the global electronics giants currently manufacturing in Brazil have already been scrutinised by GoodElectronics member organisations, and these investigations have resulted in several publications documenting violations of international labour standards around the world. This previous research has focused on labour conditions in low-cost production locations.

The Brazilian context

Brazil, however, is not a typical low-cost country. The country's labour legislation is considered to be one of the most comprehensive and complex in the world, and the oversight of labour law in Brazil appears to be well organised. Interestingly, Brazilian labour prosecutors are making use of an internationally unknown method to pressure companies to comply with labour law: Conduct Adjustment Agreements, or TACs. TACs are judicial agreements, signed with individual companies, that contain detailed provisions for compliance with labour law in areas where violations have been identified. Another contrast with low-cost countries is that Brazilian trade unions enjoy substantial leverage, and their position with respect to companies is protected and enforced by law.

This context makes Brazil an interesting country in which to research labour conditions. In particular, it is illuminating to examine companies that have already been studied in low-cost countries and to compare conditions in these countries to those in Brazil. Large manufacturing companies normally operate in low-cost countries with low minimum wages, where trade unions are non-existent or severely hampered in their functioning, and where authorities lack the capacity to properly implement labour laws.

The low-cost model exported to Brazil?

The underlying research question in this report is whether working conditions in the Brazilian factories of selected foreign electronics manufacturing companies correspond with working conditions in their factories in low-cost countries. In other words, were these companies able to export their low-cost manufacturing model to Brazil, and do violations of international labour standards subsequently also take place in Brazil? Or does the specific context of Brazil, as described above, prevent this from happening?

This report provides information about labour conditions during the period between 2009 and 2015 at three foreign electronics manufacturing companies operating in Brazil: Samsung, LGE and Foxconn. All three companies have signed Conduct Adjustment Agreements with labour prosecutors in order to avoid court cases and fines: Samsung in October of 2014, LGE in September of 2014 and Foxconn in 2011.

Substandard labour conditions

Our research shows that all three of the selected companies have been prosecuted and fined for violating Brazilian labour law, and that the associated substandard labour conditions were similar to those documented in low-cost production locations. These concerned:

- Excessive working hours.
- Irregularities regarding overtime.
- Forced overtime.
- Insufficient breaks.
- Denial of one rest day per week and holidays.
- Unhealthy working conditions such as ergonomic failures at workstations and high work pace in combination with repetitive work (leading to RSI and musculoskeletal disorders).
- The hiring of outsourced workers for routine activities.

In addition, the trade unions representing workers at Samsung, LGE and Foxconn have denounced the following practices:

- The illegal firing of employees (pregnant women or workers with occupational diseases).
- Harassment of workers.
- Anti-union practices.
- Mass layoffs of workers and their subsequent replacement with temporary workers at lower wages.

Local improvements

However, wages were well above minimum wage at all three companies in Brazil; this is a completely different situation to that in the low-cost production locations. Wages were about 1.5 times the minimum, and even up to 2.5 times the minimum in the case of Foxconn.

Furthermore, the field research that took stock of labour conditions during the summer of 2015 showed improvements on some critical issues: working hours, overtime, breaks and the hiring of outsourced workers.

Samsung workers reported a working week of 42 hours in Campinas and 44 hours in Manaus: the legal limit under Brazilian law. At Foxconn, the working week was 42 hours, and at LGE it was 44 hours. At LGE's production location in Taubaté, an agreement had been made with the local union to gradually reduce working hours from 44 to 40 hours per week by 2017. At the time of the field research, no overtime was encountered at any of the factories.

At Foxconn, following an 11-day strike, employees no longer had to work on Saturdays. Ten-minute breaks were introduced at LGE and Samsung as required by agreements between the companies and the prosecutors.

At Samsung, the percentage of outsourced workers had been significantly reduced by 2015, and at Foxconn an agreement with the union had restricted outsourced workers to 20 per cent of the total.

The Brazilian plants are among the few factories of Samsung, LGE and Foxconn worldwide where workers are represented by a genuine trade union. The companies must involve the unions in the case of dismissals and when concluding collective bargaining agreements, including wage negotiations. Together, the strong position of the union and the oversight provided by Brazil's comprehensive labour law seem to be effective in curbing excessive working hours, overtime hours and the inappropriate use of temporary labour, as well as in regulating breaks. This context also probably explains why wages are above the legal minimum.

An important side note is that at the time of the field research there was a decline in demand for labour due to the economic crisis in the country. This also could have been a decisive factor in the decrease of overtime hours and the use of temporary labour. Additionally, wages were still below a living wage for a family of four.

Persistent violations

In 2015, the most persistent violations concerned unhealthy working conditions. Despite the Conduct Adjustment Agreements, ergonomic failures in the workstations and fast and repetitive work were still leading to musculoskeletal disorders in the Brazilian factories of the three companies.

Workers also continued to experience harassment and a 'culture of fear'. According to respondents, employees with higher absenteeism rates were at greater risk of losing their jobs. As a result, apprehensive of dismissal and sanctions, they avoided going on medical leave.

Recommendations for the companies

The authors of this report have a number of recommendations concerning the Brazilian operations of Samsung, LGE and Foxconn.

Firstly, the companies must adequately address the unhealthy working conditions in their factories. They are obliged to comply with the relevant health and safety standards, which in practice means adapting their workstation layouts to workers' physical characteristics. This includes providing seating in the workplaces; adapting the pace of work; arranging activity rotations; and providing adequate protective equipment.

Secondly, the companies should adapt their management styles in order to discourage harassment. In particular, the practice of sanctioning workers who are suffering from occupational diseases must be put to an end.

Finally, while recognising that the companies pay above the minimum wage, they should work towards providing a living wage to all workers. Another important goal is to work towards gender balance in the higher positions.

The companies are furthermore urged to maintain compliance with standards regarding working hours, overtime hours and rest days when the demand for electronics increases and periods of peak production return.

1 Introduction to the report

1.1 Background

This report has been written by the Centre for Research on Multinational Corporations (SOMO) and Repórter Brasil under the banner of the GoodElectronics network. The research has been undertaken within the framework of a project entitled *GoodElectronics Network: Information, Capacity Building and Engagement with the Electronics Industry, for Sustainability and Human Rights*, which is financially supported by the European Commission.

The project aims to contribute to an electronics industry characterised by compliance with the highest international human rights and sustainability standards. The leading standards in this area are the UN Guiding Principles on Business and Human Rights¹ and the OECD Guidelines for Multinational Enterprises.²

The objective of the GoodElectronics research reports is to contribute through information to the empowering of Civil Society Organisations (CSOs), including trade unions, in order for them to play their designated roles as countervailing powers both on the local and international levels. The investigations were undertaken by SOMO in collaboration with the project partners and GoodElectronics member organisations.

This report provides information about labour conditions at foreign electronics manufacturing companies in Brazil through its case studies on three major companies: Samsung, LGE and Foxconn.

1.2 Context

In the past, GoodElectronics and SOMO have produced research reports documenting harsh working conditions in the factories of major international electronics manufacturing companies in low-cost global production countries.³ These include low-wage countries in Southeast Asia such as Malaysia, Thailand, the Philippines, Indonesia, India and China. However, low-cost production facilities have also been established in Latin America (e.g. in Mexico) to supply the US market, and in Central and Eastern Europe (Hungary, Czech Republic, Poland, Romania and Estonia) to supply the European market.

1 The Office of the United Nations High Commissioner for Human Rights (OHCHR), 2011, <http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf> (20 December 2017).

2 OECD, 2011, <<http://mneguidelines.oecd.org/guidelines>> (11 December 2017).

3 GoodElectronics, publications, <https://goodelectronics.org/research/?fwp_post_format=publication>; SOMO, research on electronics, <<https://www.somo.nl/topic/electronics>> (11 December 2017).

The following labour rights violations in low-cost production countries were identified by previous investigations⁴ conducted by GoodElectronics member organisations including SOMO:

- Low wages: the pay of factory workers is below minimum wage and/or insufficient to cover everyday needs.
- Mandatory overtime work: at times of increased production, workers are often obliged to work overtime. In some cases, they are made to work 12 hours per day and 7 days per week.
- Unpaid overtime: hours worked in excess of 8 hours per day and above 48 hours per week are often not paid at an overtime rate.
- Insufficient breaks and denial of one rest day per week.
- Obstruction of the exercise of trade union rights: many companies in the electronics industry impede the formation of trade unions. Workers who nevertheless attempt to organise labour unions often face discrimination, intimidation or dismissal.
- Excessive use of contract workers: electronics companies hire a growing number of their workers from employment agencies. Agency workers do not receive the same benefits, and can't exercise the same rights as the permanent workforce.⁵
- Fines: mistakes while working can result in wage deductions for labourers in the form of punitive fines. This is particularly the case in China.
- Health and safety problems: workers are often made to work with hazardous materials without adequate protective equipment; workstations are not ergonomically acceptable; and high work pace in combination with repetitive tasks results in RSI.
- Gender hiring practices: labourers working on the assembly line are mostly young women, who are regarded as less likely to stand up for their rights.
- Abuse of student labour: several companies employ trainees who are 16-18 years old. They are forced by their schools and the government to work in factories, although this is unrelated to their studies. They have to work night shifts and overtime just like the company's other employees, but for lower pay.
- Harsh management treatment and harassment: workers are made to work like machines under conditions of complete obedience and discipline; line managers yell at workers and punish them for mistakes.
- Illegal firing.

Most of these practices are violations of the UN Guiding Principles and the OECD Guidelines.

In recent years, several international electronics manufacturing companies (including Foxconn, LGE and Samsung) have set up business in Brazil. The briefing paper *Brazil, the new manufacturing hotspot for electronics?* published by GoodElectronics in August 2015 explains the motivation for these companies to come to Brazil.⁶

4 For example, "The Flex Syndrome: Working conditions in the Hungarian electronics sector", 2012, <<https://www.somo.nl/the-flex-syndrome/>>; "Nokia Disconnected, A corporate history from a workers' perspective", 2015, <<https://goodelectronics.org/nokia-disconnected/>>; "Samsung's sub-standard labour practices in India : A profile of Samsung Electronics in Tamil Nadu", 2017, <<https://goodelectronics.org/samsungs-sub-standard-labour-practices-in-india/>>; "Out of Focus, Labour rights in Vietnam's digital camera factories", 2011, <<https://www.somo.nl/out-of-focus/>>; "Foxconn and Apple Fail to Fulfill Promises", 2011, <<https://goodelectronics.org/foxconn-and-apple-fail-to-fulfill-promises/>> (20 December 2017).

5 The wages are lower, legally mandated benefits (paid sick leave, maternity leave and health insurance) are circumvented, and their rights to organise and collective bargaining are undermined.

6 Hans van Wetering, Marcel Gomes and Irene Schipper, "Brazil, the new manufacturing hotspot for electronics?", GoodElectronics, August 2015, <http://goodelectronics.org/publications-en/Publication_4227> (20 December 2017)>.

In short, the size of the consumer market for electronics is the main draw for international electronics companies to set up production in Brazil. Brazil has more than two hundred million inhabitants, and an expanding middle class wanting to buy televisions, computers, smartphones and tablets. However, the country's high import taxes make it unprofitable to export these electronic products to Brazil. In order for foreign companies to compete with domestic electronics companies, local manufacturing sites are necessary. Furthermore, foreign electronics companies are given various tax breaks and benefits in return for investments in R&D in this sector.

Many of the major international electronics manufacturing companies and ICT brands that have set up production facilities in Brazil, or have bought up existing ones, normally produce in low-cost countries. In these locations, wages are very low, genuine trade unions are non-existent or severely hampered in their functioning, and authorities do not ensure compliance with the labour laws. These factors all enable a low-cost manufacturing model. The key drivers of this model – low costs, speed and flexibility – all come at a cost for the workers.⁷ These include low wages, excessive working hours, mandatory (unpaid) overtime, the jeopardisation of workers' safety, and other infringements of workers' rights as listed above. The low-cost manufacturing model can be optimally pursued when workers' rights are not protected by well-functioning trade unions and labour laws.

However, Brazil does not fit into the picture of a typical low-cost country. Brazilian labour legislation is considered to be one of the most comprehensive and complex in the world; labour law oversight is better than in many countries; and trade unions have a strong position backed up by law. Thereby, Brazilian production is not intended for export and therefore does not face direct competition with cheap Asian production. Competing on low costs, speed and flexibility is thus perhaps not the best model for Brazil.

An interesting methodology that is not very known internationally is used in Brazil to pressure companies to comply with labour law. So-called 'labour prosecutors' undertake strong action to improve labour conditions in individual companies. They do this by signing judicial agreements with companies after ascertaining non-compliance with the labour law. These agreements are called Conduct Adjustment Agreements (Termo de Ajuste de Conduta, or TACs).

This context raises the question of whether the foreign electronics companies adjusted their manufacturing processes when they started up business in Brazil. In other words, did they adapt to the context of Brazilian workers and the laws that protect them? Or did they 'copy and paste' the low-cost manufacturing model they use for example in Southeast Asia on Brazil? If the latter is the case, a good indication would be if working conditions in their Brazilian factories are very much comparable to those identified by GoodElectronics member organisations in Southeast Asian factories. And finally, if this is indeed the situation, are Brazilian labour prosecutors and trade unions able to force foreign companies using such 'Southeast Asian style' low-cost manufacturing models to make adjustments in accordance with Brazilian labour laws?

7 Anthony Harris, "Dragging out the best deal", GoodElectronics, October 2014, <<https://goodelectronics.org/dragging-out-the-best-deal>>, (20 December 2017).

1.3 Methodology

To address these questions, SOMO and Repórter Brasil conducted research in Brazil in 2015.

The leading research questions were the following:

- Did labour rights violations take place in the Brazilian production locations of the three selected electronics manufacturing companies corresponding with those identified by GoodElectronics member organisations in the same companies' factories in low-cost production countries? (See overview on page 10).
- Did the management of the selected companies consider production in Brazil as different from production in low-cost countries?
- Did existing mechanisms to ensure compliance with Brazilian labour law, including the use of Conduct Adjustment Agreements, have a positive impact on the level of compliance by the individual companies?
- Did the position of trade unions in Brazil, which is considered to be relatively stronger than their position in many low-cost countries, have a positive impact on curbing labour rights violations?

In preparation for the field research in Brazil, Repórter Brasil carried out a mapping study in mid-2015. The study describes the electronics sector in Brazil, as well as national law and instruments for labour and environmental issues. It also lists the companies, CSOs and trade unions actively working on issues connected to the electronics industry. This study is summarised in the GoodElectronics briefing paper titled *Brazil, the new manufacturing hotspot for electronics?* published in August 2015.⁸ Chapter 2 of this report, 'The Brazilian electronics manufacturing sector', uses the data from the briefing paper to describe the consumer market, the sector, unionisation, and details about the labour law and its implementation.

On 4 August 2015, all of the CSOs identified through the mapping study were invited by GoodElectronics and Repórter Brasil for a regional network meeting to discuss the issue of labour conditions in the Brazilian electronics industry. Over 30 participants representing trade unions, NGOs, human rights organisations and labour groups met in São Paulo to 'link and learn'. Through various presentations, the main labour issues in Brazil were identified. The testimonies of trade unionists were used to cross-reference the outcomes of the field research.

The selection of Samsung, LGE and Foxconn for the case studies is based on the importance of these companies in the global electronics manufacturing sector; the fact that they mainly produce in low-cost countries; and the fact that they were the subject of inspections by the Brazilian authorities, which resulted in them signing Conduct Adjustment Agreements.

The research that took place in August and September of 2015 utilised two different methodologies. The first methodology entailed the collection of labour rights violations over a longer period of time based on inspection reports issued by the Ministry of Labour and labour prosecutors between 2009-2015, as well as interviews with auditors, prosecutors and union leaders.

The second methodology provides a snapshot of labour conditions at the three companies during the summer of 2015. It is primarily based on interviews with workers, although union leaders,

⁸ Hans van Wetering, Marcel Gomes and Irene Schipper, "Brazil, the new manufacturing hotspot for electronics?", GoodElectronics, August 2015, <http://goodelectronics.org/publications-en/Publication_4227> (20 December 2017).

industry representatives and free trade zone officials in Manaus (working within the SUFRAMA a public administration agency⁹) were also interviewed during the field research.

The use of these two methodologies covering a significant period of time should provide the data necessary for the detection of improvements or positive impacts from union interventions and/or labour prosecutors.

The number of interviewees varied from 13 to 23 workers per company. The profile of the interviewed workers is described per company in the case studies. In general, the interviewees were either currently employed at the factories, recently dismissed or on sick leave.

Contact with the workers was established through the trade unions. The in-depth interviews were conducted on the basis of a questionnaire and were recorded. The identity of the interviewed workers is confidential, although they are known to the researchers. Building upon Repórter Brasil's mapping study, it was decided to conduct the interviews with workers in the country's two main manufacturing hubs: the Metropolitan Region of Campinas and the Manaus Free Trade Zone.

Two researchers from Repórter Brasil, Marcel Gomes and André Campos, were responsible for conducting the research. SOMO researcher Irene Schipper participated in the field research in Manaus in August 2015, and was responsible for organising the interviews with management from the selected companies. The managements of Samsung and LGE cooperated fully, and received SOMO and Repórter Brasil for an interview with a delegation of Brazilian managers. An interview with the management of Foxconn was not possible due to lack of response. The management interviews included the following questions:

- What is the motivation to produce in Brazil?
- What makes Brazil different from other production locations?
- What is the impact of the Conduct Adjustment Agreements signed by the companies?
- Which standards and codes have been implemented and how, and is this different from the situation in other production locations?

The goal of these interview topics was to provide answers to the research question about whether the management of the selected companies considers production in Brazil to be different from production in typical low-cost countries for the export to international competitive markets, and if they acted upon that consideration.

The two interviewed companies were given the opportunity to review a draft of their case study and to provide comments and corrections of factual errors. Both Samsung¹⁰ and LGE¹¹ have reviewed the report extensively, and any factual errors have been corrected. Their comments directly addressing information in the case studies have been integrated into the report or included in the footnotes. More general comments such as policy commitments are summarised at the end of the respective 'Company view' sections in the case studies.

9 Superintendência da Zona Franca de Manaus (SUFRAMA) is a public administration agency affiliated to the Ministry of Development, Industry and Foreign Trade (MDIC). Besides promoting development strategies for Western Amazon, its mission is to manage and control the fiscal incentives granted to the companies established in the Manaus Free Trade Zone. Thus, it has the role of an investment promoting agency for the area. The Brazil Business, <<http://thebrazilbusiness.com/article/manaus-free-trade-zone>>, (20 December 2017).

10 Sangwoo Kim, Corporate Affairs Europe, Samsung, e-mail 8 December 2016.

11 ChangWoo, Yu, Manager HQ CSR team, LG Electronics, e-mail 8 December 2016.

Samsung commented in December 2016 that it is unfortunate that the field research does not reflect current working conditions in both Manaus and Campinas, as the interviews with workers were conducted in August and September 2015 and are therefore not up to date.¹² However, this report does not aim to reflect the current situation, but rather to provide an overview of labour conditions over a period of time based on inspections conducted between 2009-2015. Furthermore, it gives a snapshot of the situation during the fall of 2015 in order to detect the possible impact of interventions.

Foxconn reacted to the report by sending a “Response from the Technology Group” in which they noted that the SOMO/GoodElectronics report contained statements about Foxconn in Brazil “that are not supported by the facts”.¹³ The company chose not to comment directly on the information contained in the report, but instead to provide an overview of the standards and policies that guide their operations in Brazil. A summary of this overview can be found in paragraph 5.5 *Company view of Foxconn*.

1.4 Structure of the report

Chapter 2 of this report, ‘The Brazilian electronics manufacturing sector’, describes the Brazilian consumer market for electronics, the sector, unionisation, and details about the labour law and its implementation.

Each of the following three chapters contains a case study of one of the selected companies. Each case study starts with a short company profile and information about the operations of the company in Brazil. The results of the field research are subsequently presented per methodology:

- First, the collection of labour rights violations over a longer period of time based on inspection reports as well as interviews with auditors, prosecutors and union leaders;
- Second, the labour conditions at the three companies during the summer of 2015, primarily based on interviews with workers.

The labour conditions described include wages, working hours, health and safety, and harassment. The Samsung and LGE case studies each include a paragraph covering the interviews with the Brazilian management and the extra information sent by the companies during the review process. The case study of Foxconn only includes the extra information sent by the company. Each case study terminates with a summary of the findings.

The report ends with conclusions related to the research questions, and recommendations to the companies, the Brazilian Government, the unions, and the Electronic Industry Citizenship Coalition (EICC).

Note that this report reflects labour conditions in Brazil up until the summer of 2015, at which time Repórter Brasil and SOMO undertook the field research. It does therefore not necessarily reflect conditions at the time of publication (December 2017).

12 Sangwoo Kim, Corporate Affairs Europe, Samsung, e-mail 8 December 2016.

13 Martin Hsing, Foxconn Technology Group/Hon Hai Precision Industry Co. LTD, “Response from Foxconn Technology Group”, 8 December 2016.

2 The Brazilian electronics manufacturing sector

This chapter describes the Brazilian consumer market for electronics, the sector, unionisation, and details about the labour law and its implementation.

2.1 The market

In recent years, many multinational companies in the electronics sector have found their way to Brazil, entering into partnerships with local manufacturing companies or setting up manufacturing facilities of their own. A quick glance at the statistics illuminates the reason that these companies are interested in Brazil: the country has more than two hundred million inhabitants, and is the world's ninth largest economy in terms of Gross Domestic Product (GDP 2016).¹⁴ The sheer size of the consumer market for electronics holds great appeal to these multinationals.

However, Brazil has preferential treatment law for locally produced ICT hardware and software in order to protect Brazilian companies against cheap imports.¹⁵ High import taxes are another important tool for protecting the national industry, and domestic production enjoys several other tax advantages.¹⁶ Local manufacturing sites are therefore necessary for multinationals wanting to compete with domestic electronics companies.

In 2011, Brazil was the world's third largest market for computer sales, and the fifth largest market for mobile phones.¹⁷ However, the economic downturn of the Brazilian economy as a whole since 2013 has put the electronics sector under severe pressure. In 2015 alone, the PC market shrank by a third, with the result that Brazil dropped to eighth place in the worldwide PC market.¹⁸ Despite an 8.5 per cent decline in mobile phone sales compared with 2014, Brazil remained the fifth largest market in 2015.¹⁹

14 World Development Indicators DataBank, World Bank, 16 December 2016, <<http://databank.worldbank.org/data/download/GDP.pdf>> (21 December 2016).

15 Locally produced ICT hardware and software can win public tenders, even if it is more expensive than foreign imports (up to 20 per cent for hardware and 18 per cent for software), <http://goodelectronics.org/publications-en/Publication_4227> (20 December 2017).

16 Hans van Wetering, Marcel Gomes and Irene Schipper, "Brazil, the new manufacturing hotspot for electronics?", Good-Electronics, August 2015, <http://goodelectronics.org/publications-en/Publication_4227> (20 December 2017).

17 <http://economia.estadao.com.br/noticias/negocios,brasil-assume-3-lugar-na-venda-mundial-de-computador,80422e>, <<http://www.teleco.com.br/pais/celular.asp>> (20 December 2017).

18 According to IDC, source date September 2015, <<https://www.telecompaper.com/news/brazil-pc-market-to-shrink-by-a-third-in-2015-idc--1102853>> (20 December 2017).

19 Teleco World, Estatísticas de Celular no Mundo, Principais mercados de Celular no Mundo, 17 July 2016, <<http://www.teleco.com.br/pais/celular.asp>> (20 December 2017).

Selection of electronic hubs in Brazil



2.2 The sector

The Brazilian electronics manufacturing sector, which produces television sets, mobile phones, household appliances, computers and so forth, employed 174,000 people in 2014. With total earnings of US\$ 50 billion in 2014 it is still rather small in comparison with other major industry sectors, but its portion of Brazil's GDP grew 30 per cent in the last decade, from 2.3 per cent to 3 per cent of the total.²⁰

Since Brazil is a country of continental dimensions, the electronics industry isn't concentrated in a single production hub. Small but important hubs exist in different parts of the country, including São José dos Campos (aviation industry), Recife (software) and Curitiba. However, two major hubs stand apart: the Metropolitan Region of Campinas in the state of São Paulo, and the Manaus Free Trade Zone in the state of Amazonas, where an impressive list of tax breaks at the federal, state and municipal level have attracted major internationally-renowned technology companies since the 1970s.

It is important to mention the benefits offered to foreign companies: a 75 per cent reduction in income tax, an 88 per cent reduction in import duty, and a symbolic price of approximately US\$ 0.30 per square metre of land for new factories.²¹ These incentives are given with the expectation that foreign companies will invest in R&D and create high-quality jobs. To date

20 Regina Maria Vinhais Gutierrez, "Complexo eletrônico: Lei de Informática e competitividade", <<http://www.pedbrasil.org.br/ped/artigos/A864C4DD910AFFAA.pdf>>, Confederação Nacional da Indústria, A Indústria em Números, and <http://arquivos.portaldaindustria.com.br/app/cni_estatistica_2/2015/02/11/165/INDUSTRIA_EM_NUMEROS_mai2015_mobile.pdf?r=0.45080128177> (20 December 2017).

21 Egil Fujikawa Nes, "Manaus Free Trade Zone", The Brazil Business, 10 September 2012, <<http://thebrazilbusiness.com/article/manaus-free-trade-zone>> (20 December 2017).

however, the majority of the jobs created are low-skilled and the promised R&D investments have not materialised.

Top ICT brands including LG Electronics, Samsung, Microsoft, Panasonic, Dell, Intel, Toshiba, Sony, Philips, Sharp, Apple, Lenovo, HP, Acer, Brother, Canon, Epson, Hitachi, Ericsson, Motorola, STMicroelectronics, Qualcomm, Toshiba, Western Digital, Xerox, NEC, Nokia, Siemens, Cisco, and Huawei have set up new plants or expanded their production in Brazil in the last decade.

And in addition to Foxconn, other major international electronics manufacturing services (EMS) providers including Jabil and Sanmina have found their way to Brazil.

Brazil also has its own electronics giants, including consumer electronics producer Itautec and Positivo Informática, which is the tenth-largest computer manufacturer in the world. Positivo Informática controlled 16.7 per cent of the national PC market in 2013, although China's Lenovo was the market leader after its purchase of CCE, a big Brazilian PC manufacturer.²²

The larger foreign electronics manufacturing companies still design the products abroad before manufacturing them in Brazil with imported components. Rather than being exported, the products are sold on the domestic market. This dynamic is causing a remarkable export deficit. In 2014, the electronics industry imported US\$ 41.1 billion worth of products and exported only US\$ 6.5 billion, resulting in a deficit of US\$ 34.6 billion. Most of the imported products come from Asia (66.2 per cent). Most of the export goes to Latin America (56 per cent in 2013), 13.8 per cent to the EU, and 18.5 per cent to the US (2014).²³

2.3 Unionisation

In Brazil, an appropriate association or union is allocated according to the core business of the employer.²⁴ Thus, workers in Brazil's electrical and electronics industry are represented by metalworkers' unions. Metalworkers are among the best organised in Brazil. Their activities include ratifying individual dismissals and negotiating collective bargaining agreements. In the metropolitan area of São Paulo for instance, unions have their own daily newspaper and television station. When layoffs are announced, protests are quickly organised. According to government figures, about 20 per cent of Brazilian workers are unionised, and among metalworkers the total is at least 40 per cent.²⁵

22 <<http://www.baguete.com.br/noticias/11/11/2013/lenovo-lider-nacional-no-mercado-de-pcs>> (20 December 2017).

23 Hans van Wetering, Marcel Gomes and Irene Schipper, "Brazil, the new manufacturing hotspot for electronics?", Good-Electronics, August 2015, <http://goodelectronics.org/publications-en/Publication_4227> (20 December 2017).

24 Employees are not entitled to choose which union represents them, which in a way hampers their freedom of association.

25 Eric Ehrmann, "High Flying Apple Hits Turbulence In Brazil, Foxconn's Gou Calls Workers 'Animals'", Huffington Post, 7 February 2012, <http://www.huffingtonpost.com/eric-ehrmann/apple-brazil-foxconn_b_1463666.html> (20 December 2017).

It has happened that unions have been denied access to companies, or have been prevented from organising meetings. Incidents of private security firms banning unions from factory premises have also been reported.²⁶ But as a rule of law, access to companies must be provided, and any documents requested must be handed over. When a company refuses to cooperate, the police can force compliance.

2.4 The labour law

Brazilian labour legislation is considered to be one of the most comprehensive and complex in the world. The consolidation of Brazilian labour laws, known as Consolidação das Leis do Trabalho (CLT), was created in 1943.²⁷ It is the principal legislation regulating labour activities in the country, although the 1988 constitution also contains several labour provisions. The legal frameworks provided by the Constitution and the CLT are grounded in a series of specific regulations such as the Ministry of Labour and Employment's regulatory standards, construction codes, state and municipal health regulations, and collective bargaining conventions and agreements. Compliance with these regulations is mandatory for both private and public companies.²⁸

These are the provisions that are regulated by law, although this list is not exhaustive:

- Employee protection against dismissal that is arbitrary or without just cause, and payment of compensation.
- A minimum wage that covers the basic living needs of workers and their families.
- Irreducibility of wages.
- Participation in profits or results as defined by law.
- A regular work week not exceeding 44 hours, workdays preferably not exceeding eight hours, and overtime not surpassing two hours per day.²⁹
- Paid annual vacations worth at least one-third of normal wages.
- Advance notice of dismissal proportional to length of service.
- Premium payment for strenuous, unhealthy or dangerous activities.
- Retirement.
- Insurance against work accidents.

Furthermore, workers have the right to be paid for a 13th month; women are entitled to four months of maternity leave and men to five days of paternity leave; and employees are also allowed 30 days of paid vacation per year, company transport, and either meals or the provision of a space to prepare or heat food.³⁰

26 "Metalúrgicos da LG de Taubaté aprovam estado de greve", RedeBrasilAtual, 2 February 2012, <<http://www.redebrasilatual.com.br/trabalho/2012/02/metalurgicos-da-lg-de-taubate-aprovam-estado-de-greve>>, or worse: "Mais de 20 viaturas da PM atiram contra greve em Betim", Vermelho, 20 March 2007, <<http://www.vermelho.org.br/noticia/14324-8>> (20 December 2017).

27 "Brazilian Employment Law in a Nutshell", The Brazil Business, <<http://thebrazilbusiness.com/article/brazilian-employment-law-in-a-nutshell>>, (20 December 2017).

28 Hans van Wetering, Marcel Gomes and Irene Schipper, "Brazil, the new manufacturing hotspot for electronics?", GoodElectronics, August 2015, <http://goodelectronics.org/publications-en/Publication_4227> (20 December 2017).

29 "Brazilian Employment Law in a Nutshell", The Brazil Business, <<http://thebrazilbusiness.com/article/brazilian-employment-law-in-a-nutshell>>, (20 December 2017).

30 Andréa Novais, "Common Benefits in Brazil", The Brazil Business, 17 December 2013, <<http://thebrazilbusiness.com/article/common-benefits-in-brazil>> (20 December 2017).

Last but not least, oversight of the labour law is better in Brazil than in many other countries. It is performed by two groups of civil servants: labour auditors linked to the Ministry of Labour (MT), and labour prosecutors. The MT conducts regular factory inspections, and labour prosecutors take action in cases of illegalities in the labour sphere under the competence of Labour Justice, which oversees Brazilian law.

The labour prosecutors also undertake action to improve working conditions in given companies or sectors. They do this by signing agreements with companies after poor labour conditions or other work-related violations have been ascertained. These agreements are called Conduct Adjustment Agreements (TACs). TACs usually contain detailed provisions on compliance with the legislation in the areas where violations are identified. Details of sanctions in the case of violations are also stipulated. Companies often chose to sign a TAC in the interest of avoiding the publicity of a court case.

3 Samsung

3.1 Company profile

Samsung is a Seoul-based South Korean multinational company operating in several industries. These include electronic equipment, semiconductors, chemicals, construction, and production of naval vessels. In addition to these manufacturing activities, the conglomerate is also involved in financial services, fashion and design, tourism, and the health and safety businesses, among others.³¹

Samsung is one of the largest companies in the world, and is best known as an electronic goods giant. The company produces a wide range of own brand products, including TVs, smartphones, mobile phones, tablets, laptops, cameras, printers, and home appliances such as refrigerators, washers and dryers.³²

The Samsung Group started its activities in the 1930s, and its founders – the Lee family – keep control of the group through a complex corporate structure that includes circular and cross shareholding.^{33,34} The company has been active since 1969 in the electronics industry, and at the end of 2015 Samsung Electronics counted 199 operation hubs around the world. These included 38 manufacturing subsidiaries, plus sales subsidiaries, design centres, research centres and 15 regional head offices. In 2015, Samsung Electronics employed 325,677 people in 80 countries.³⁵ The in-house production rate is 90 per cent, which is very high compared with other major brands in the industry.³⁶

The company has global production locations in South Korea, China, Malaysia, India, Vietnam, Indonesia, Thailand, South Africa, Egypt, Hungary, Slovakia, Poland, Russia, Mexico, Brazil and the United States.³⁷

Samsung has been a member of the Electronic Industry Citizenship Coalition (EICC) since 2007, and joined the Global e-Sustainability Initiative in 2015. As member of the EICC, Samsung adheres to its Code of Conduct. In 2015, Samsung updated its Business Conduct Guidelines based on the United Nations Guiding Principles on Business and Human Rights.

31 Samsung, Affiliated Companies, <http://www.samsung.com/us/aboutsamsung/samsung_group/affiliated_companies> (21 October 2015).

32 Samsung Electronics, Business Area, <<http://www.samsung.com/uk/aboutsamsung/samsungelectronics/businessArea/businessarea.html>> (20 December 2017).

33 “Samsung’s founding family strengthens grip on group”, Financial Times, <<https://www.ft.com/content/0f7b9934-2c3f-11e5-8613-e7aedbb7bdb7>> (20 December 2017).

34 “Here’s the presentation a hedge fund billionaire is using to sway the Samsung family dynasty”, Business Insider Nederland, <<https://www.businessinsider.nl/elliott-management-samsung-presentation-2016-10/?international=true&r=US>> (20 December 2017).

35 Samsung Sustainability Report, 2016, <<http://www.samsungsdi.com/sustainable-management/sustainability/report/sustainability-report.html>> (20 December 2017).

36 Samsung Sustainability Report 2015, page 12, <http://images.samsung.com/is/content/samsung/p5/global/ir/docs/SAMSUNG_SUSTAINABILITY_REPORT_2015_ENG.pdf> (20 December 2017).

37 Samsung Business Report, 2015, <http://images.samsung.com/is/content/samsung/p5/sg/ir/docs/2015_business_quarter04.pdf> (20 December 2017).

3.2 Operations in Brazil

The South Korean multinational began its operations in Brazil in 1986, initially as a small office importing computer products.³⁸ Samsung's first factory in Brazil opened only a decade later, in 1995.³⁹ The chosen location was the city of Manaus, where since the 1960s the Brazilian government has maintained a free trade zone with tax incentives to attract industrial investment. In 2004, the company expanded its activities by opening another factory in the city of Campinas (in the State of São Paulo).

The factory in Manaus produces nine different product lines, including telecoms products like smartphones and tablets, digital cameras, audio and video products like televisions, screens, large format displays and sound systems, and also major 'white goods' and digital appliances such as air conditioners. In addition to smartphones and tablets, the factory in Campinas also produces notebooks and printers.⁴⁰

Samsung Electronics' manufacturing activities in Brazil focus primarily on product assembly, using components manufactured by third parties or imported from the company's other manufacturing plants. Between January and September of 2015, its affiliated Brazilian company imported goods and services in an amount equivalent to US\$ 2.4 billion. Samsung Brazil was the country's second largest importer during that period.⁴¹

Samsung Brazil closed 2014 as the 19th largest Brazilian company according to sales, with gross revenues of US\$ 6.1 billion (7.5 per cent up from the previous year).⁴² It is Brazil's leading company in the electrical and electronics industry.⁴³ Samsung Electronics' local operations mainly supply Brazil's domestic market, although when opportunities arise they sometimes serve other Latin American countries.⁴⁴

At the time of research in August 2015, Samsung had more than 5,000 direct employees in Manaus, and about 3,000 in Campinas. All together, Samsung employed around 10,000 people in Brazil at its two production facilities, its local headquarters, its regional structure, and two R&D offices in Campinas and Manaus.⁴⁵

38 "Resultados dos Investimentos em P&D", Samsung, <<http://www.tec.abinee.org.br/2011/arquivos/s313.pdf>> (22 October 2015).

39 Samsung Brazil, timeline, <<https://www.facebook.com/SamsungBrasil>> (22 October 2015).

40 Interview with Samsung management, Manaus, 4 August 2015.

41 Ministério do Desenvolvimento, Indústria e Comércio Exterior, Balança Comercial Mensal, <<http://www.mdic.gov.br/sitio/interna/interna.php?area=5&menu=1161>> (20 December 2017).

42 Revista Exame, Melhores e Maiores, 2015, <<http://exame.abril.com.br/negocios/melhores-e-maiores/2015>> (22 October 2015).

43 Ibid.

44 Interview with Samsung management, Manaus, 4 August 2015.

45 Interview with Samsung management, Manaus, 4 August 2015.

3.3 Violations of labour law based on inspections 2011-2015

As mentioned in the introduction to this report, labour law oversight in Brazil is performed by labour auditors linked to the Ministry of Labour (MT) and the Labour Prosecutors (MPT). The MT conducts regular inspections of enterprises. The Labour Prosecutors take legal action under the competence of Labour Justice in the case of illegalities in the labour sphere.

In August 2013, the Labour Prosecutor's Office in the state of Amazonas filed a public civil lawsuit against Samsung's Manaus unit, demanding R\$ 250 million (US\$ 76 million) in compensation.⁴⁶

This lawsuit was based on violation notifications issued by Ministry of Labour auditors following two inspections conducted at the plant in 2011 and 2013.

Fifteen days after the filing of the public civil lawsuit, the Court ordered Samsung Manaus to immediately discontinue workdays exceeding ten hours and to stop hiring outsourced workers for routine activities in its production line.⁴⁷ In December of 2014, the company accepted the demands as laid down in a Conduct Adjustment Agreement (TAC), and signed this agreement with authorities to put an end to the public civil lawsuit.

The conditions encountered during the inspections in 2011 and 2013 that were grounds for prosecution are described below.

Ergonomic problems and occupational diseases

Prosecutors found that in 2012 alone there were 2,018 requests for sick leave at the plant: cases of back injuries, tendonitis and bursitis, as well as other musculoskeletal diseases related to repetitive work.^{48,49}

To address these health impacts, the lawsuit filed by the prosecution demanded that Samsung Manaus integrate breaks in its production line – 10 minutes for every 50 minutes worked – to allow workers to recover from fatigue. This requirement is included in the TAC signed by Samsung, with the agreement that the breaks should gradually be implemented by January 2017. In their comment on the report, Samsung emphasised that the breaks and rests apply only to those parts of the manufacturing process that are really physical demanding.⁵⁰

46 "MPT processa Samsung em 250 milhões por condições de trabalho precárias", Labour Prosecutor's Office, <<http://www.prt11.mpt.mp.br/procuradorias/prt-manaus/494-mpt-processa-samsung-em-250-milhoes-por-condicoes-de-trabalho-precarias>> (20 December 2017).

47 The Court ruling can be found at <<http://Repórterbrasil.org.br/documentos/decisao-samsung.pdf>> (27 October 2015).

48 Ibid.

49 Samsung commented that under Brazilian law, granting sick leave is conditional upon the approval of INSS (Brazil's Social Security Institution). Therefore, the number of requests does not indicate the actual amount of sick leave taken by the labourers. Based upon INSS data, the total number of requests filed by Samsung workers for the approval of sick leave amounts to 292, and only 62 cases were ultimately approved by INSS. Sangwoo Kim, Corporate Affairs Europe, Samsung, e-mail 8 December 2016.

50 E-mail sent by Samsung, 8 December 2016.

Furthermore, auditors found through technical analyses that company employees performed up to three times more movements per minute than the limit considered safe by ergonomic studies.^{51, 52} According to the Ministry of Labour, the hectic pace and repetitive movements typical of production lines were exacerbated at the Samsung Manaus plant by failures in the so-called ‘workstation layout’ – such as the improper height for tables and lack of chairs for resting.⁵³ Consequently, Samsung also pledged to make ergonomic adjustments in its industrial plant.⁵⁴

The hectic pace and repetitive movements typical of production lines are worsened, according to the Ministry of Labour, for failures in the so-called “work station layout” – such as improper height of tables and lack of chairs to rest⁵⁵.

In January 2015, Samsung Manaus was once again inspected by the Ministry of Labour and fined for not complying with ergonomic and safety norms.⁵⁶ And again, the problems found included:

- The non-granting of rest breaks;
- Workstations designed for standing that should have been adapted for sitting;
- Equipment not suited to workers’ physical characteristics, such as tables at the improper height and a lack of chairs for resting.

In their comment on the report, Samsung claimed that they have officially disputed these audit results.⁵⁷

Excessive working hours

Other problematic cases found by prosecutors included several employees who had worked up to ten hours while standing, one employee who had worked more than 15 hours in one day, and another who had worked 27 days straight with no day off.⁵⁸ In 2013, the prosecutors also found employees in Campinas who had worked beyond the legal limit of two hours per day overtime.^{59,60}

51 “MPT processa Samsung em 250 milhões por condições de trabalho precárias”, Labour Prosecutor’s Office, <<http://www.prt11.mpt.mp.br/procuradorias/prt-manaus/494-mpt-processa-samsung-em-250-milhoes-por-condicoes-de-trabalho-precarias>> (20 December 2017).

52 In its comment on the report, Samsung doubted the accuracy of the technical analysis of the auditors, saying that an ergonomic analysis must be based on not only the number of actions, but also on other factors such as frequency, posture, stereotype, physical effort, recovery time, etc. E-mail sent by Samsung, 8 December 2016.

53 “MPT pede R\$ 250 milhões de Samsung por más condições de trabalho”, Repórter Brasil, <<http://Repórterbrasil.org.br/2013/08/samsung-e-processada-em-r-250-milhoes-por-superexploracao/>> (27 October 2015).

54 “Samsung concederá pausas de 10 minutos a cada 50 minutos de trabalho”, Labour Prosecutor’s Office, <<http://www.prt11.mpt.gov.br/procuradorias/prt-manaus/800-samsung-concedera-pausas-de-10-minutos-a-cada-50-minutos-de-trabalho>> (27 October 2015).

55 “MPT pede R\$ 250 milhões de Samsung por más condições de trabalho”, Repórter Brasil, <<http://Repórterbrasil.org.br/2013/08/samsung-e-processada-em-r-250-milhoes-por-superexploracao>> (27 October 27, 2015).

56 Consultation to Data on Violations, MT, <<http://consultacpmr.mte.gov.br/ConsultaCPMR>> (27 October 2015).

57 E-mail sent by Samsung, 8 December 2016. As of December 2016, the final decision of the Ministry was still pending.

58 “MPT pede R\$ 250 milhões de Samsung por más condições de trabalho”, Repórter Brasil, <<http://Repórterbrasil.org.br/2013/08/samsung-e-processada-em-r-250-milhoes-por-superexploracao>> (27 October 2015).

59 Ibid.

60 Samsung commented that the investigatory proceedings carried by the regional labour prosecutor regarding overtime were closed in December 2014 without a fine or other penalty being applied to the company. Samsung also noted that the “closure report” presented by the regional labour prosecutor clearly mentioned that the analysis of time cards disclosed by the company between January and August 2013 showed that the level of deviation was not significant and that it did not reach the level whereby a Public Civil Lawsuit would have been initiated. E-mail sent by Samsung, 8 December 2016.

Harassment

Even before the Manaus lawsuit, complaints had already been filed about physical and verbal abuse in the Campinas plant. Statements collected by the prosecutors indicated that workers were victim to shoving and name-calling.^{61,62} The investigation includes reports of people claiming to have been beaten and forced to work 15 hours per day to meet production targets. According to one employee, the factory's managers said that anyone not willing to work 15 hours could be fired because "there were a lot of unemployed people out there who wanted their places."⁶³

In September 2011, the company agreed to pay R\$ 500,000 (US\$ 152,000) compensation for harassment, and signed an agreement with the Regional Labour Prosecutors' Office to end the practice. That was the end of the lawsuit.

Statement by a Samsung worker to Brazilian authorities⁶⁴

"At 1:25 pm of May 10, 2011, the witness (...) Grazielle Botelho Silva was heard (...) She is a metal worker (...) who worked for Samsung (...) until her dismissal on January 4, 2011. (...) She used to see people pass by crying and listened to supervisors screaming, including Korean ones. There was a Korean man named Kim who was all the time after workers (...) saying "PALÍ PALÍ PALÍ" [sic], which is Korean for "fast, fast, fast". In addition to that order, they used to be slapped on their shoulders to meet [increase] production".

Outsourcing and temporary work

Another important finding by prosecutors and the Ministry of Labour in Samsung's Brazilian operations was the large-scale hiring of outsourced workers on a temporary basis. This is against the law in Brazil. A company is allowed to hire outsourced workers for its 'core business' (in the case of Samsung, electronics manufacturing) only in exceptional situations, such as peaks in demand. However, according to the prosecutors, in 2013 Samsung had an excessive number of temporary workers for its core business over long periods and without interruption.⁶⁵

In May 2013, MT inspectors fined the company for hiring 273 temporary workers – including people working on the production line – for core business activities at its plant in Manaus. Although significant, these figures represented less than 5 per cent of the company's local permanent workforce in Manaus. And there was a big difference in comparison with the

61 "Denúncia de assédio na Samsung de Campinas é monitorada pelo MPT", Repórter Brasil, <<http://reporterbrasil.org.br/2013/08/denuncia-de-assedio--na-samsung-de-campinas-e-monitorada-pelo-mpt>> (27 October 2015).

62 Samsung added to this that the agreement was settled with the Regional Labour Prosecutor in 2011 and since then there had been no fine imposed resulting from non-compliance with the agreement. E-mail sent by Samsung, 8 December 2016.

63 "Denúncias trabalhistas dominam as empresas asiáticas no Brasil", Revista Exame, <<http://exame.abril.com.br/revista-exame/edicoes/1015/noticias/denuncias-trabalhistas-dominam-as-empresas-asiaticas-no-brasil>> (27 October 2015).

64 Ibid.

65 "MPT quer que Samsung conceda pausas a trabalhadores", Repórter Brasil, <<http://reporterbrasil.org.br/2013/08/mpt-pede-que-samsung-conceda-pausas-a-trabalhadores-em-fabrica-de-manaus>> (20 December 2017).

inspection a few years earlier: in 2008, 786 temporary workers were found at Samsung Manaus, compared with 1,123 permanent employees.⁶⁶

3.4 Labour conditions 2015 based on interviews with workers

Profile of respondents

Between July and August 2015, the NGO Repórter Brasil interviewed 23 current and former employees of Samsung. The main goal was to evaluate working conditions as they were in 2015, taking into account several relevant aspects including working hours, health and safety, wages, harassment, employee turnover and gender issues.

Four of the employees interviewed worked at Samsung's factory in Campinas, and the others worked at the Manaus plant.

The group of respondents consisted of five active workers, six employees on sick leave, and 12 others who had recently been laid off (ten in August, one in June, and another in May 2015).⁶⁷ Contact with these workers was through the Union of Metalworkers of the State of Amazonas and the Union of Metalworkers of Campinas and Region.

The workers were mostly female (65 per cent), and most of them (74 per cent) performed the basic functions demanded in Samsung's assembly lines: supplying the line with the components to be assembled, assembling the equipment itself, and testing and packaging the final product. In addition, two immediate supervisors of these lines (so-called 'production leaders'), one engineer, and three quality inspectors were interviewed.

The workers ranged in age from 21 to 44, with an average age of 30. Eleven respondents had a high school education, five had not completed their college education, and three had college degrees. Twelve were single, and eleven were married or in stable relationships.

Wages

In Manaus, Samsung assembly line workers reported receiving wages between R\$ 1,100 (US\$330) and R\$ 1,300 (US\$390) per month.⁶⁸ The minimum wage in Brazil was R\$ 788 (US\$233) in 2015.⁶⁹

Every month, the Inter-Union Department of Statistics and Socio-Economic Studies (DIEESE), a research centre linked to Brazil's trade union movement, calculates the minimum wage needed to cover the basic expenses of a worker and his or her family for food, housing, health, education, clothing, hygiene, transportation, leisure and social security. The family as defined by DIEESE consists of two adults and two children. Between January and October 2015, this amount was on average R\$ 3,245.13 (US\$ 972).⁷⁰

66 Sixth Manaus Labour Court, <<http://reporterbrasil.org.br/documentos/decisao-samsung.pdf>> (20 December 2017).

67 Following other companies in the industry at the time, Samsung dismissed hundreds of its employees in Manaus throughout 2015 as a result of the recession in the Brazilian economy.

68 Samsung commented that they pay more than this amount (but did not specify how much). The company explained that the receiving wage of each employee can vary depending on their payment arrangements for in-house product purchases or for other reasons. E-mail sent by Samsung, 8 December 2016.

69 To calculate the conversion of Brazilian Real into USD the average yearly rate of 2015 is used which was 3.337664, <<https://www.ofx.com/en-au/forex-news/historical-exchange-rates/yearly-average-rates/>>, (21 December 2017).

70 Ibid.

Thus, according to these criteria, a hypothetical family headed by two Samsung assembly line employees would not be paid the living wage necessary for a family with children to live properly.

In its comment on the report, Samsung added that the wages established for the employees of Samsung Campinas and Manaus were negotiated with the labour unions, and that they are higher than the national minimum wage. Also, the salary paid by Samsung is above the average paid by other companies located in the same region.⁷¹

Working hours

Samsung's workers reported that their work week was 42 hours at the Campinas plant. In Manaus, employees worked 44 hours a week, the legal limit under Brazilian law.

By mid-2014, according to all respondents, overtime was common at Brazilian Samsung factories. Contrary to the law, it was imposed on workers. They reported being subjected to systematic coercion to stay in the plant after their working hours through veiled threats of dismissal. In addition, they often worked in excess of two hours overtime a day, contrary to Brazil's labour code (CLT).

But the situation had changed by 2015, at least for assembly line workers. They reported few cases in which they were required to work overtime in 2015,⁷² and pointed to two main reasons for this change:

- Tighter inspections by Brazilian authorities in factories; and
- Decreased demand for labour due to the economic crisis in the country, which had resulted in hundreds of layoffs and the closure of several production lines and processes.

That, however, was not the reality of the assembly line supervisors (so-called 'production leaders'). Several respondents said they still remained in the factories after the end of the workday to organise production lines for the next shift. This was confirmed not only by a production leader, but also by assembly line workers.

Statement by a production leader

"I punch the card and keep working. Almost every day it's two or three more hours"

71 E-mail sent by Samsung, 8 December 2016.

72 Samsung commented that overtime is duly performed according to legal limits, and that employees are never forced to do overtime. When there is a need for overtime, employees are informed about the necessity and are asked whether they are available to work an extra hour. Employees can certainly refuse the overtime request. E-mail sent by Samsung, 8 December 2016.

The same situation, reported by employees to Repórter Brasil, had already been publicly denounced by the Union of Metalworkers of Manaus in April 2015.^{73,74}

Health and safety

Interviews with workers revealed that musculoskeletal diseases – bursitis, tendonitis and back problems, among others – were a chronic issue at Samsung factories. Of the 23 respondents, 16 reported suffering or having suffered from physical distress caused by work at the company. Fourteen of them had even at some point obtained medical leave on account of their conditions. Employees’ statements revealed that many problems related to workers’ health identified by labour prosecutors in 2013 still persisted.⁷⁵

Respondents mentioned two main causes for the high rate of occupational diseases: the fast work pace, coupled with constant demand leading to repetitive strain, and the lack of ergonomically acceptable tables, chairs and other equipment used by workers.

Statement by assembly line worker

“I have only eight seconds to pack a product before starting the next one. It’s very fast”

Statement by assembly line worker

“The chairs are high and the table is low. You work really crooked”

According to the workers interviewed, most sick leaves are prescribed by private doctors rather than by Samsung’s own doctors. In addition to not identifying problems on their own, employees said that the company’s occupational health personnel do not adopt appropriate policies that adjust work activities to the needs of injured workers.

73 “Sindicato dos Metalúrgicos denuncia ‘trabalho escravo’ nas empresas do PIM”, Sindmetal, <<http://www.sindmetal-am.org.br/sindicato-dos-metalurgicos-denuncia-trabalho-escravo-nas-empresas-do-pim/>> (20 December 2017).

74 According to Samsung, the labour unions never addressed this problem directly with Samsung before August 2015. Samsung comments that overtime has been discouraged in the factories since August 2013. Production leaders are highly encouraged to finish their work within the working hours. There are internal policies and disciplinary measures for violators; a compliance training program is provided for line leaders and managers; and an HR system closely monitors the working hours of employees. Further, there is a system to check whether an employee stays in the building after punching his or her card. After registration on the punch clock, employees must also register their departure at the gates. If the system detects that an employee stays after punching the clock, department managers and leaders are immediately notified by e-mail and SMS about potential overtime violation and must establish immediate counter-measures. E-mail sent by Samsung, 8 December 2016.

75 See box “Prosecutors demand R\$ 250 million from Samsung as compensation for poor working conditions.”

Statements by Samsung workers to Repórter Brasil

"I've got tendinitis and bursitis. According to my personal physician, I should have an operation. I was on sick leave for two weeks and when I returned, in the second half of 2014, the company's doctor said that someone would stop by my workstation to make the necessary ergonomic adjustments. No one has appeared and I kept doing the same thing for another four months. There is no activity rotation. If they think you're okay there, you'll die there."

Worker

"I have bursitis, tendinopathy and spinal deviation. My personal physician gave me a note saying that I could not lift weight, but even so, I kept doing it."

Worker

Activity rotation – i.e. regularly changing the processes and movements performed by assembly line workers – helps to prevent the injuries caused by repetitive work. However, according to the workers interviewed, Samsung does not make use of this technique. Furthermore, workers have a clear impression that employees with high occurrences of health-related absences are prime targets in the company's layoff plans.

The workers' union in Manaus reported to Repórter Brasil the following cases of occupational diseases in Samsung:

Table 1 – Cases of registered occupational diseases at Samsung Manaus January-August 2015

Samsung	Diseases of the spine / disc herniation	Diseases of the shoulder / bursitis / tendonitis	Diseases of the wrist/ Carpal tunnel syndrome	Diseases of the knee and foot / synovitis	Total
2014	1	43	4	2	50
2015	6	29	5	4	44

Source: The workers' union in Manaus

Harassment

The Samsung employees we interviewed said that they had not suffered harassment, nor were they aware of cases of the harassment of workers by supervisors. This is a positive development in respect to past incidents in the company's factories in Brazil.

However, many reported that some supervisors still yelled and cursed at their subordinates. There was also constant pressure for assembly line workers to perform at a rapid pace.

Statements by Samsung workers to Repórter Brasil

"We have two 10-minute breaks during the day [plus a one-hour lunch break]. So you have to choose to eat something or go to the bathroom. It's complicated in the [assembly] line. The leader has to get a worker to replace you. If he doesn't find anyone, he'll tell you: 'Hang on, you can't go right now.'"

Worker

"Once I asked to go to the bathroom and I had to wait for four hours until I was allowed to. Some people can't stand that."

Worker

"I'm a leader, so when a worker of mine wants to go to the bathroom, I take his place in the line. But some leaders are more hard line."

Line leader

Statement by production leader

"A leader's job is to make the worker 'electric'"

One practice used by supervisors to stimulate higher productivity was the strict control of breaks – including bathroom visits – taken by workers during the workday.⁷⁶

Working outside the scope of employment

Several of the workers interviewed reported that they often performed duties beyond their job descriptions at Samsung. Among the 23 interviewed, six said that they had experienced this situation. They were told that they had been 'promoted' to perform activities different from those mentioned in their contracts, but their wages were not increased to correspond with these new positions.

This problem affected employees promoted to leader and production inspector positions for example: they remained registered as production operators (assemblers), and were still paid as such.⁷⁷

Precarious work

The vast majority (91 per cent) of the respondents worked under permanent contracts at the time of the interviews, or had been permanent employees of Samsung when they were dismissed.

76 Samsung claims that during working hours, employees have full access to bathrooms and rest areas. E-mail sent by Samsung, 8 December 2016.

77 Samsung says that in order to avoid such a situation, the HR team in Manaus has set up a process so that they are informed in the case of job deviation. E-mail sent by Samsung, 8 December 2016.

Only two were temporary workers, hired directly by the company to work at the Manaus unit, but through fixed-term ('probation') contracts.

The collective bargaining agreement currently in force for Manaus's electronics industry – signed between the workers' union and the employers' association – states that probation contracts are limited to 60 days.⁷⁸ Therefore, workers would have to be either hired or dismissed after that time. However, a later agreement between the union and the association allowed the establishment of fixed-term contracts for a period of up to six months in the industry (three months, renewable for another three months).

The respondents that were under temporary contract had been laid off in August 2015, after five months of work at the company. Such a small sample does not allow us to assess whether this same situation – not hiring workers on probation contracts – exists on a larger scale. However, these incidents are clearly of significant concern. In September 2015, the Sindmetal metalworkers union denounced the following situation: Samsung breached an agreement signed with the union by hiring workers under fixed-term contracts while firing its permanent employees.^{79, 80}

Gender issues

The three respondents (an engineer and two production leaders) who were paid the highest wages and held the highest-ranking positions were men. According to the workers, this reflects reality in Samsung's factories.

Both in Campinas and in Manaus, respondents said that the number of women employees decreases as the company hierarchy is ascended. Women form the majority in the assembly line, but the proportion of men increases in leadership positions, and they are a clear majority among managers and directors. In Campinas, female workers reported that they are more often taken out of their regular duties than men to perform cleaning activities at the plant.

3.5 Company view: Samsung

The interview with Brazilian management representatives took place on 4 August 2015 in Manaus. Participants included the Environmental, Health and Safety Manager from Manaus, the Employee Relations Manager from Manaus, the PR Manager of the Latin American headquarters, and a representative from the company's legal department.⁸¹ The four topics of the interview included:

- 1 What is the motivation to produce in Brazil?
- 2 What makes Brazil different from other production locations?
- 3 What has been the impact of the Conduct Adjustment Agreements signed by the company?
- 4 Which standards and codes have been implemented, and how? And is this different from other production locations?

78 Contrato Coletivo de Trabalho 2013-2015, Sindmetal, <<http://www.sindmetal-am.org.br/wp-content/uploads/2015/07/CCT-ELETRO%CC%82NICA-2013-2015.pdf>> (4 November 2015).

79 "Samsung tenta enganar trabalhadores amazonenses mais uma vez", Sindmetal, <<http://www.sindmetal-am.org.br/samsung-tenta-enganar-trabalhadores-amazonenses>> (20 December 2017).

80 Samsung says that their agreement with the union was that they would not hire more temporary workers than a maximum of 15 per cent of total employees, and that they stayed below 10 per cent. E-mail sent by Samsung, 8 December 2016.

81 Ana Carolina Silvestre Costa, PR Manager of Samsung LA HQ, Paulo Ariel, ER Manager Samsung Manaus, and Ricardo Turenko, EHS Manager Samsung Manaus.

Reasons to produce in Brazil

The size of the market was the main reason for Samsung to produce in Brazil. It was clear to them that they needed a local hub to serve the local market and to supply the Latin American region. Due to import taxes, it is necessary to have local production sites in order to be competitive. Logistics are also a difficult point in Brazil for imported products; local production sites help to supply the Brazilian and Latin American markets more quickly.

Characteristics of Brazil

According to Samsung, Brazilian labour law, which is considered to be one of the most comprehensive and complex in the world, causes neither substantial changes in the way the company operates nor does it create difficulties for them. Samsung claims to know the law, and how to comply with it, very well. The only issue is that Brazilian labour law is very old and covers all types of professions; this sometimes leaves room for confusion about interpretation.

Samsung states that the company is pretty well adapted to the restrictions of the labour law. There is an agreement between the different parties – the employees, the trade union, and the company – to have working days of eight hours and no overtime at all. Although the labour law allows up to two hours of overtime per day, this is not the case in Samsung factories. Samsung pointed out that this was easy to manage because of low demand due to the recession in Brazil at that time. But the eight-hour day will be maintained even during the high season; if necessary, an extra production line will be put in place with temporary workers with a contract for that specific period.

The management representatives did not know the exact number of temporary workers off the top of their heads at the time of the research, but said that this fluctuates with market demand. Temporary workers are hired directly by Samsung without the intermediation of a labour agency. During the contract period, temporary workers receive the same benefits as regular employees. There is an agreement with the union that whenever Samsung plans to hire temporary workers, the contract conditions are first agreed with the union before the temps sign the contract with Samsung.

The position of trade unions is quite strong in Brazil, and these agreements between Samsung and the union are part of the labour law. The law also specifies when the use of temporary labour is permitted: in the case of replacement due to maternity leave, or in the case of peak demand. The law does not however specify a maximum number of temps.

During the field research, the union in Manaus stated that Samsung was hiring temporary workers for fixed periods while firing permanent employees. Samsung management responded to this claim by explaining that the production site in Manaus is very complex: they are coordinating several factories that make different products with varying demand within the same location. For example, the demand for mobile phones is still rising, while the demand for televisions is decreasing. This results in the situation that while contracts end for employees assembling TVs, employees are at the same time hired to assemble mobile phones. According to Samsung, another aspect is that the turnover rate for the electronics industry is anyhow very high. An assembly worker position at Samsung is often a first job, and employees will leave when they find new opportunities.

This reported high turnover in the electronics sector was confirmed by SUFRAMA during the field research, and estimated at 30 per cent.⁸² The union however offered the explanation that the rapid turnover has to do with high levels of sickness in this sector. When employees become sick, their contracts are subsequently not renewed. Samsung did not react to this specific point. However, they argued that their biggest assets are their employees, and that they invest a lot in trainings and the qualification of the workforce. In this sense, the high turnover is not beneficial for the company due to the loss of skilled employees.

Samsung says that for these reasons they are investing significantly in benefits and packages to improve life quality and to minimise turnover. For instance, they are offering medical assistance and prevention visits to doctors, and are constantly working to make workstations more ergonomic.

Furthermore, every new employee receives a five-day integration training, which covers the history and vision of Samsung, day-to-day procedures, security and health aspects, the use of protective equipment, working hours, benefits and the code of conduct. New employees subsequently receive a 15-day manufacturing training in an experimental production area before moving to the actual production line, where they work under supervision for another 15 days.

About the signed agreement with the prosecutor

According to Samsung, the main goal of signing the Conduct Adjustment Agreement (TAC) in October of 2014 was to clarify some aspects of the labour law that were not clear. For example, the law doesn't specify the duration of breaks for the electronics sector. Thus, the main topic in the agreement is the clarification of the breaks, and the text specifies how many breaks are required, their duration, and a schedule to implement them. The agreement (signed with Samsung Manaus) also includes ergonomic suggestions. Overtime was also included, but was no longer really relevant as this issue had already been resolved at the time of signing. Implementation of the agreement went into effect in 2017.

Samsung has a positive view of the TAC as an instrument, as all parties profit from it. The agreement gives them clarification on standards, and they now have clear regulations on the basis of which they are checked. For Samsung, it is clear that there is no flexibility in the law regarding overtime as well as regarding the role of the union. This is spelled out in the law, and they will respect the law.

International standards and codes of conduct

The Samsung Global Code of Conduct is very much based on the EICC Code of Conduct. As a member of the EICC, Samsung must comply with this code. The company states that the Samsung code also respects International Labour Organisation standards and the UN Guiding Principles on Business and Human Rights.

Samsung (Global) has an internal audit team, managed from the headquarters, which conducts a four-week long audit every year. They check 120 items, of which 51 align with the EICC Code of Conduct. The trade union is not directly involved in the internal audit process, but if there are problems the audit team will discuss them with the union.

82 Interview with Renato Mendes Freitas, General Coordinator of SUFRAMA, August 2015.

Samsung has a lawyer who can be contacted by phone, by e-mail and personally as an internal grievance mechanism for employees. Complainants can remain anonymous if they so desire.

There is also an employee relations team, with five people covering the five plants, who randomly ask employees for feedback about working conditions. This feedback is given through internal communication channels, and is shown on displays in the factory.

General comments made by Samsung about the report to elaborate their policies

The first factory in Brazil to obtain an ergonomics certificate was a Samsung factory. This Conformity Certificate of Ergonomics Management System was issued by the Associação Brasileira de Normas Técnicas (ABNT) in May of 2016.⁸³

Since August of 2013, Samsung has made adjustments based on ergonomic standards. As of November 2016, the workstations have been redesigned in order to comply with point 14.1 of Occupational Repetitive Actions (OCRA). OCRA is an industry-wide acceptable threshold from an ergonomics perspective.

The factory in Manaus has its own health and medical staff of 17 professionals, who periodically examine every employee. They also provide prescriptions, medical statements and diagnoses. Employees who have returned from a sick leave covered by INSS (the institution covering sickness lasting more than 15 days) are placed at working stations commensurate with their health conditions and ergonomic abilities. Placement is confirmed only after an examination by in-house doctors has ascertained the employee's health status. The Manaus factory also has an ergonomics team – comprised of 11 staff members including physiotherapists and ergonomics engineers – to monitor all employees who have returned following INSS coverage.

Countermeasures to fight harassment practices include grievance mechanisms such as a hotline, and production leaders are also given training programs to ensure they understand labour laws and regulations and that they treat their colleagues with respect.⁸⁴

3.6 Summary of findings: Samsung

The conditions encountered during inspections in 2011 and 2013 that were grounds for prosecution were the following:

- Workdays exceeding ten hours; forced overtime; denial of rest days.
- Unhealthy working conditions; insufficient breaks; ergonomic failures in workstations; fast and repetitive work leading to musculoskeletal diseases.
- Large-scale hiring of outsourced workers for routine activities.
- Harassment; workers victim to shoving and name-calling. Claims by some workers to have been beaten and forced to work 15 hours per day.

In January 2015, Samsung Manaus was once again inspected by the Ministry, and fined for not complying with ergonomic and safety norms. The problems found included required rest breaks

83 Boletim ABNT, September/October 2018, <http://abnt.org.br/images///boletim/Boletim_ABNT_153_set_out_2016_completa_Net.pdf> (20 December 2017).

84 E-mail sent by Samsung, 8 December 2016.

not being granted; workstations that were designed for standing instead of sitting; and equipment not suited to workers' physical characteristics.

The field research carried out in the autumn of 2015 found the following situation:

- Wages were between 40 percent and 65 percent above minimum wage. However, this was still below a living wage for a family of four.
- In mid-2014, overtime in excess of two hours per day was common and was being imposed on workers. At the time of the 2015 research, no overtime was encountered among assembly workers. However this was a low-demand period, and production leaders were still working overtime.
- There was no harassment, as encountered in the past.
- There were few women in high positions.
- Unhealthy working conditions remained; there were still ergonomic failures in the workstations, and the fast and repetitive work still led to musculoskeletal diseases.

4 LG Electronics

4.1 Company profile

LG Electronics (originally Goldstar) was founded in 1958, and was the first company to produce TVs, radios, refrigerators and air conditioners in South Korea.⁸⁵ It has exported its products since the 1960s, but only established its first international production platform in 1982, in the United States.⁸⁶

The LG Group is divided into three business units: Electronics, Chemicals and Telecommunications & Services. The company employs approximately 225,000 people, more than half of whom (131,000) are based in South Korea.⁸⁷

The group's flagship business is LG Electronics, a publicly-traded company that employs 77,000 people in 125 locations worldwide. LG Electronics is divided into four segments: Home Entertainment (television, audio, video and computers), Mobile Communications (mobile phones and smartphones), Home Appliance & Air Solution (white goods) and Vehicle Components.⁸⁸

Today, LG Electronics is spread over 57 countries on every continent. Its plants are located in Asia (Kazakhstan, China, India, Indonesia, South Korea, Thailand and Vietnam), Eastern Europe (Russia, Poland and Turkey), Africa (Egypt and South Africa), North America (United States and Mexico) and South America (Brazil).⁸⁹

In 2015, the company had global sales of US\$ 48.8 billion. The LG Corporation holding company and LG Electronics are controlled by the founders, the Koo family, who still play an active role in management. The CEO of LG Electronics, Boon Joon-Koo – the 15th richest man in South Korea⁹⁰ – is the group founder's grandson.⁹¹

LG Electronics (henceforth referred to as LGE) joined the Electronic Industry Citizenship Coalition (EICC) in 2010, and the company's Supplier Code of Conduct is based on the EICC Code.⁹² LGE claims to adhere to the standards established by the UN, the ILO, the OECD and other international labour organisations, as well as Brazilian labour laws and regulations. The LGE labour standards are laid down in its Global Labour Policy, which has been distributed to all of its worksites throughout the world.⁹³

85 LG, History, <<http://www.lg.com/global/about-lg/corporate-information/at-a-glance/history>> (23 October 2015).

86 LG, 2015 Lighting LG Catalog, <http://www.lglightingus.com/Assets/2015_LG_LED_Lighting_Catalog_20150709133413.pdf> (23 October 2015).

87 LG Corp, Overview, <<http://www.lgcorp.com/about/overview.dev>> (23 October 2015).

88 LG, Company Information, <<http://www.lg.com/global/investor-relations/company-info>>> (20 December 2017).

89 LG, Global Operations, <<http://www.lg.com/global/about-lg/corporate-information/global-operations>> (23 October 2015).

90 "Korea's 50 Richest People", Forbes, <<http://www.forbes.com/profile/koo-bon-moo>> (23 October 2015).

91 LG, Board of Directors, <<http://www.lg.com/global/about-lg/corporate-information/executives/office-bios/bon-joon-koo>> (23 October 2015).

92 LG, Supplier Code of Conduct, <www.lg.com/global/pdf/business-partner/LGE_SCC_English_2014.pdf> (20 December 2017).

93 LG Labour Rights Protection, <<http://www.lg.com/global/sustainability/employee/labor-rights-protection>> (20 December 2017).

4.2 Operations in Brazil

LGE's operations in Brazil began in 1996 with the opening of two plants, one in Manaus (in the State of Amazonas) and the other in Taubaté (in the State of São Paulo).⁹⁴ Its local activities were initially focused on the production of TVs, computer displays and microwave ovens, but the company underwent major expansion from the 2000s onwards. Three more factories were opened in the same two cities, allowing for the diversification of locally-manufactured products.⁹⁵

Today, LGE sells about 350 different items on the Brazilian market, including TVs, audio and video equipment, computers, smartphones, air conditioners, large home appliances, and ICT for the business market.⁹⁶

According to LGE, its Brazilian business is the second largest among all those controlled by the company; only its North American operations are bigger.⁹⁷ In addition to factories, LGE also has a Research & Development Center at its São Paulo-based Brazilian central office.⁹⁸

Like Samsung, LGE imports many components from other countries and other units of the group before assembling them in Brazil. Between January and September of 2015, these imports totalled US\$ 1.3 billion. The company was the 9th largest Brazilian importer during that period.⁹⁹

Despite its focus on the domestic market, LGE Brazil also exports products to other countries in South America, including Peru, Ecuador and Argentina.¹⁰⁰ In total, the company employs about 6,000 people in Brazil, and most of the products it sells in the country are manufactured locally.¹⁰¹

4.3 Violations of labour law based on inspections 2009-2014

In September 2014, LGE signed a TAC in Manaus listing changes that needed to be implemented in order for the company to be in compliance with labour law. In short, they were obliged to implement the following:

- No overtime beyond the limit of two hours.
- A rest period of eleven hours between two consecutive working days.
- No working on Sundays.
- A weekly rest period of 24 consecutive hours.

94 The LG factory, located in the city of Taubaté, has been fully operational since 1996 and has generated around 10,335 direct jobs during its 20 years of existence. Chang Woo Yu, Manager HQ CSR team, LG Electronics, e-mail 8 December 2016.

95 LG, História, <<http://www.LG.com/br/informacoes-corporativas/visao-geral/historia>> (23 October 2015).

96 "LG participa da inauguração de uma unidade de cursos em Curitiba", LG, Press Release, 26 August 2015, <<http://www.LG.com/br/press-release/lg-participa-da-inauguracao-de-uma-unidade-de-cursos-em-curitiba>> (23 October 2015).

97 Ibid.

98 LG, História, <<http://www.LG.com/br/informacoes-corporativas/visao-geral/historia>> (23 October 2015).

99 Ministry of Development, Industry and Foreign Trade, <<http://www.mdic.gov.br/sitio/interna/interna.php?area=5&menu=1161>> (22 October 2015).

100 Ministry of Development, Industry and Foreign Trade, Exporting and Importing Companies, <<http://www.desenvolvimento.gov.br/sitio/interna/interna.php?area=5&menu=1444&refr=603>> (20 December 2017).

101 "LG participa da inauguração de uma unidade de cursos em Curitiba", LG, Press Release, 26 August 2015, <<http://www.LG.com/br/press-release/lg-participa-da-inauguracao-de-uma-unidade-de-cursos-em-curitiba>> (23 October 2015)

- Ten minute breaks following each 50 minutes of work in the case of physically demanding activities.
- The necessary security systems and protection placed near machinery.
- The provision of furniture enabling workers to sit; adequate lighting; adaptation of work-stations; etc.

In the second half of 2013, inspectors found employees in Manaus working beyond the legal limit of hours. And once again, in September 2014, inspectors found violations of the law in the company's working hours: irregularities in overtime, and the failure to grant at least one day off per week.

In reaction to this report, LGE commented that the company promoted mechanisms for control and awareness among managers and workers in order to adapt the procedures to the legal requirements. As a result, in 2016 there were no new violations regarding overtime in Manaus. In the case of LGE Taubaté, this production location set an agreement in 2014 with the Labour Prosecutor to stop illegal overtime. Since this agreement was made, there have been no new records of illegal overtime in the Taubaté factory.¹⁰²

4.4 Violations opposed by the unions

Excessive working hours

Back in 2005, the Union of Metalworkers of Taubaté and Region, which represents LGE's local workers, had already noted that the amount of overtime occurring had caused a large number of sick leaves and requests. They warned: "If the company continues with excessive overtime, the number of absences for health reasons is likely to increase."¹⁰³ Excessive overtime at the plant was also reported in 2014 by the Union of Metalworkers of the State of Amazonas (Sindmetal).

The work week at LGE Manaus is 44 hours, the maximum allowed by Brazilian law. In Taubaté, an agreement is currently in force between the company and the local union for a gradual reduction in working hours from 44 to 40 a week. The transition began in 2013 and should be completed by 2017.

Harassment

Allegations of harassment at LGE's factories date back to its early years in Brazil. In 1999, the Union of Metalworkers of Taubaté held a strike in which they denounced the mistreatment of employees. The organisation claimed that some employees had complained of being forced to work in unhealthy situations as punishment.¹⁰⁴

102 E-mail sent by LG, 8 December 2016.

103 "Excesso de Horas Extras prejudica saúde do trabalhador da LG", Union of Metalworkers of Taubaté and Region, <<http://www.sindmetau.org.br/site/index.php/component/content/2029.html?task=view>> (28 October 2015).

104 "Greve paralisa linha de montagem da LG Eletronics", Diário do Grande ABC, 5 October 1999, <<http://www.dgabc.com.br/Noticia/265638/greve-paralisa-linha-de-montagem-da-lg-eletronics>> (20 December 2017).

Statement by an LGE worker in Taubaté (2010)¹⁰⁹

João (not his real name) has worked for LGE for nine years. He reports that the relationship between the employees' and the Korean leaders is difficult. He says that one of the first things that new employees often do in self defence is to learn bad words in Korean in order to try to follow what executives say when they talk among themselves.

In March of 2009, João helped Mr. Ahn, the supervisor of another production line. He says that the supervisor was apparently unhappy with his presence, and cursed at him in Korean. *"He called me a S.O.B. I answered that I knew that he was saying something about my mother, and was ready to beat him up. I cried with anger. I thought about my mother who brought me into this world. What is she, a whore?"*

João went to the company's health department, took a sedative, and requested that action be taken. Mr. Ahn had to apologise to him formally. João tried to file a lawsuit, but could not proceed due to the lack of witnesses. He still wonders about Mr. Ahn's mental health. *"Is he bipolar? They say he tossed a notebook on the floor last week, in a moment of rage."*

In 2005, the union again denounced harassment practices at LGE, saying that employees were being pressured into higher productivity and more overtime.¹⁰⁶ Four years later, in 2009, the union organised a one-day "It's Enough!" strike at the plant to address the pressure imposed on workers.¹⁰⁷ Again, at strikes held by LGE workers in Taubaté in 2010¹⁰⁸ and 2012,¹⁰⁹ an end to harassment was one of the main demands.

Anti-union practices and pregnant women

In 2012, the Union of Metalworkers of Taubaté reported that LGE employees linked to the union had received threats from the management after presenting records of harassment practices and layoffs at the factory to Brazilian authorities. The union also reported that employees were being intimidated by the company's private security guards during their assemblies. According to the union, the guards carried weapons including shotguns to intimidate workers.¹¹⁰

105 "Assédio assombra a LG", O Estado de São Paulo journal, <<http://www.estadao.com.br/noticias/geral,assedio-assombra-a-lg,507902>> (20 December 2017).

106 "Sindicato constata assédio na LG", Union of Metalworkers of Taubaté and Region, <<http://www.sindmetau.org.br/site/index.php/component/content/1965.html?task=view>> (28 October 2015).

107 "Trabalhadores na LG aprovam horas extras ZERO e 'DIA DO BASTA!'", Union of Metalworkers of Taubaté and Region, <<http://www.sindmetau.org.br/site/index.php/component/content/2963.html?task=view>> (28 October 2015).

108 "Trabalhadores protestam contra a LG Electronics no Centro de Taubaté", Union of Metalworkers of Taubaté and Region, <<http://www.sindmetau.org.br/site/index.php/component/content/article/49/1024-trabalhadores-protestam-contra-a-lg-electronics-no-centro-de-taubate.html>> (28 October 2015).

109 "Metalúrgicos da LG de Taubaté aprovam estado de greve", Rede Brasil Atual, <<http://www.redebrasilatual.com.br/trabalho/2012/02/metalurgicos-da-lg-de-taubate-aprovam-estado-de-greve>> (20 December 2017).

110 "Metalúrgicos da LG de Taubaté aprovam estado de greve", Rede Brasil Atual, 2 February 2012, <<http://www.redebrasilatual.com.br/trabalho/2012/02/metalurgicos-da-lg-de-taubate-aprovam-estado-de-greve>> (20 December 2017).

As with other companies in the industry, female labour is prevalent in LGE's assembly line. The conditions imposed on pregnant women is another matter that the union has addressed historically. Additionally, it has come to light on several occasions that LGE has fired pregnant workers.¹¹¹ In 2012, through union intervention, LGE rehired a six-month pregnant employee who had been arbitrarily fired by the company.¹¹² In its comment on this report, LGE said that in the meantime they have adopted as a general rule if they receive notice that a recently dismissed employee is pregnant, the dismissal is annulled and the employee is immediately reinstated.¹¹³

4.5 Labour conditions 2015 based on interviews with workers

Profile of respondents

The NGO Repórter Brasil interviewed 13 current and former LGE employees between August and September of 2015. Eleven of them worked at the company's industrial plant in Manaus, and the other two were employees of the factory located in Taubaté.

Seven men and six women were interviewed. Eight of them were still working, three were on sick leave, and the other two had been dismissed in May of 2015. Seven were either currently working, or had been until recently, at LGE's assembly line. Two were supervisors of assembly line workers, one worked at the maintenance area, and one had office functions. Contact with most of those workers happened through the Union of Metalworkers of the State of Amazonas.

The average age of respondents was 36 (the youngest was 25 and the oldest 46). All workers had completed high school, and two of them had college degrees.

Wages

The respondents who worked at LGE's assembly lines in Manaus – so-called production operators – reported being paid between R\$ 1,066 and R\$ 1,131 (US\$319 to US\$ 339).¹¹⁴ As already stated, the minimum wage in Brazil was R\$ 788 (US\$ 236) at the time of research.¹¹⁵

The amount is significantly lower than the living wage as calculated by the Inter-Union Department of Statistics and Economic Studies (DIEESE), a research centre linked to the Brazilian trade union movement. Every month, DIEESE calculates the minimum wage needed to cover the basic expenses of a worker and his or her family for food, housing, health, education, clothing, hygiene, transportation, leisure and social security. The family as considered by DIEESE consists of two adults and two children. Between January and October 2015, the total amount needed per family was an average of R\$ 3,245.13 (US\$ 972).

111 According to Brazilian law, pregnant women cannot be fired.

112 "Sindicato conquista reintegração de gestante demitida na LG Electronics", Union of Metalworkers of Taubaté and Region, <<http://www.sindmetau.org.br/site/index.php/component/content/article/49-releases/11778-sindicato-conquista-reintegracao-de-gestante-demitida-na-lg-electronics.html>> (28 October 2015).

113 E-mail sent by LG, 8 December 2016.

114 The wages in the export processing zones of Manaus are significantly lower than in other regions in Brazil. In its reaction to the report, LG added that the wages in Taubaté belong to the metalworkers category of Taubaté Group 2, with an average salary of R\$ 2,105.00 (US\$ 638), considering only production operators. E-mail sent by LG, 8 December 2016.

115 To calculate the conversion of Brazilian Real into USD the average yearly rate of 2015 is used which was 3.337664, <<https://www.ofx.com/en-au/forex-news/historical-exchange-rates/yearly-average-rates/>>, (21 December 2017).

Statement by an LGE worker in Manaus

"I've been off work since 2014. I have RSI (repetitive strain injury), bursitis and tendonitis. After so many years working for LGE, I got to a point where I couldn't even write anymore."

"When I went to the company's health department I never got any treatment. They'd just give me painkillers and send me back to the production line."

"There is a room where injured employees work. That's the 'social security' room. These workers are treated with disdain by production leaders."¹¹⁶

"Today I spent over half of my salary (R\$ 1500 / US\$ 450) on health care. It's about 380 reais (US\$ 113.8) per month on medicine and 600 reais (US\$ 180) on hydrotherapy. I survive only because I have two daughters who help with household expenses."

"My last job was as product tester in the assembly line. I used to test eight devices at the same time. It was very demanding."

Statement by production leader

"I've worked 190 hours of overtime in a single month. I barely stayed home. My daughter called me neighbour"

Working hours

Regarding overtime, the situation reported by LGE workers is similar to that described by the Samsung employees interviewed by Repórter Brasil. Until mid-2014, overtime was the rule rather than the exception on the shop floor. It was imposed through veiled threats of dismissal, and often exceeded the legal limit of two hours per day.

The situation changed dramatically in 2014, with employees reporting few cases in which they were required to work overtime. As in the case of Samsung, workers pointed to two main reasons for that change: tougher inspections by Brazilian authorities in the factories, and a decline in the demand for labour due to the economic crisis in the country.¹¹⁶

Health and safety

According to workers' reports, musculoskeletal diseases such as bursitis, tendonitis and back problems are common in LGE's assembly lines. Seven current and former employees interviewed by Repórter Brasil said that they had already obtained medical leave for health problems acquired within the company.

¹¹⁶ In November 2015, Brazilian Central Bank projections indicated a reduction of approximately 3 per cent in the country's Gross Domestic Product (GDP) during that year.

Statement by production operator about the current reality at the Manaus factory

“The pressure has not changed. The pace of the production line had not changed either”

Statement by production operator

“They slow down the treadmill when there is some inspection”

Workers at the Manaus plant reported that the current workday includes three ten-minute breaks and labour gymnastics before work. The agreement signed with labour prosecutors in 2014, however, provided for four ten-minute breaks to be implemented in 2015. This means that at the time the interviews were conducted (August and September 2015) there should be four breaks but there were three.¹¹⁷

Despite these recent changes in working hours to include breaks and a reduction in overtime, workers still complain about the fast pace. This is exacerbated by the constant repetitive tasks, and the ergonomically insufficient tables, chairs and other equipment used by workers. Employees also reported that their activities are not sufficiently rotated, and that most work is still performed standing up.

The metalworkers' union of Manaus claims that there were 13 separate cases of occupational disorders in the period between January and August 2015. The union reports the following cases of occupational disorders in LGE:

Table 1 – Cases of registered occupational diseases at LGE Manaus, January-August 2015

LG	Diseases of the spine / disc herniation	Diseases of the shoulder / bursitis / tendonitis	Diseases of the wrist/ Carpal tunnel syndrome	Diseases of the knee / synovitis	Total
2014	4	24	5	1	34
2015	1	10	2	0	13

Source: The metalworkers' union of Manaus

¹¹⁷ LG states that they have fulfilled the agreed timeframe related to the breaks as included in the TAC. E-mail sent by LG, 8 December 2016.

Three workers describe the ‘culture of fear’ at LGE

“I have problems in my wrists, elbows and shoulders, and I began to suffer harassment when I got occupational diseases. My production leader changed my work area as punishment because I got a sick leave. My husband also worked at LGE, and he was fired when the union helped me to get social security to recognise that I was suffering from an occupational disease.”

LGE employee in Taubaté

“I had to have a simple surgery to remove a wart. I told my supervisor and asked him to give me vacations in that period. I didn’t want to have absences in my record. But I guess he thought it was something serious, something that could put me on leave. I think that’s why I entered the company’s layoff list.”

Assembly line worker in Manaus, fired in May 2015

“In 2011, when I began to feel pain, I went to see a private doctor. He tested me and found that I had developed bursitis and tendonitis. He gave me a sick note requiring absence from work, but I did not submit it to the company’s doctor; they will just dismiss you as soon as the leave prescribed by the private doctor ends. I kept working for another two years, when my shoulders began to swell a lot. I did more tests and the private doctor found that the problem had worsened. This time I took it to the company’s doctor and social security put me under code 91.”¹¹⁹

Assembly line worker in Manaus

Harassment

In addition to overtime imposed through the threat of dismissal, something common until recently, restriction of access to bathrooms is another form of harassment reported by LGE employees. According to respondents, this happens on a daily basis on the factory floor.

Harassment also happens through sanctions on – and the embarrassment of – workers who are the victim of occupational illnesses. According to respondents, employees with higher absenteeism rates are seen as less productive and therefore are more likely to lose their jobs. This explains the ‘culture of fear’ on LGE’s shop floor, which results in many sick workers refraining from taking medical leave so as not to risk losing their jobs.

Medical examinations by the National Institute of Social Security (INSS) often fail to recognise the causal link between labour activities and the musculoskeletal diseases presented by Brazilian industry workers. When this connection is not made, the job security of employees is jeopardised.

118 “Type 91” INSS (Social Security) benefits are granted to employees unable to work due to accidents at work or occupational diseases. They are entitled to job security for one year following the end of the sick leave.

4.6 Company view: LGE

The interview with the Brazilian management of LGE took place on 11 August 2015 in Manaus. The participants included the CFO, Mr Sookyong Kim; the General Manager, Mr Mario Yoshio Bepu; the HRM Manager of LGE São Paulo, Mr Josineide Passos; and a representative of the Legal Department, Mr Amadeu Neto.

The four topics of the interview included:

- 1 What is the motivation to produce in Brazil?
- 2 What makes Brazil different from other production locations?
- 3 What has been the impact of the Conduct Adjustment Agreements signed by the company?
- 4 Which standards and codes have been implemented, and how? And is this different from other production locations?

Reasons to produce in Brazil

LGE produces in many countries, and market opportunities are always the main reason to set up production facilities. Similar to Samsung, the size of the domestic market was the main reason for LGE to invest and produce in Brazil. The content of the labour laws and wage levels were not relevant in the selection of Brazil, according to LGE.

Characteristics of Brazil

Having that said, Mr Kim, LGE's CFO in Brazil, told SOMO and Repórter Brasil that Brazilian labour law has among the most highly developed employee benefit regulations he knows, for example concerning overtime. When he first came to Brazil, he was not aware that employees can work only two hours overtime per day. In South Korea, much more overtime is allowed. Profit sharing was also new; this does not exist in Korea.

About the signed agreement with the prosecutor

According to LGE's attorney, Mr Amadeu Neto, the inspections of LGE executed by labour prosecutors were part of a 'study' of the company's working conditions in Manaus. He said that the results of the TAC will be analysed in 2016, but that there are already positive signals.

International standards and codes of conduct

When LGE enters a new country, it studies the national laws extensively. In every country in which it operates, the company pledges to comply with local laws and regulations. According to Mr Kim, the national laws matter the most; international guidelines such as those of the OECD, UN or ILO are subordinate to national laws. Mr Kim was not familiar with the EICC Code (although LGE has been a member of the EICC since 2010, and therefore must also use the EICC Code as a standard for compliance).¹¹⁹

In their reaction to the report, LGE management added that the company has a basic principle entitled "Respect Human Dignity and Creation of Value to the Customer", internally known as "Jeong-Do Management: Do it right". In accordance with Jeong-Do Management, LGE prohibits any type of discriminatory actions, including on the basis of gender, ethnic background, religion, and so forth.¹²⁰

119 Interview with LG management in Brazil, 11 August 2016.

120 E-mail sent by LG, 8 December 2016.

4.7 Summary of findings: LGE

The following violations were encountered during inspections carried out between 2009 and 2014:

- Excessive working hours, illegal overtime, and the denial of one rest day per week. By mid-2014, overtime in excess of two hours per day was still common, and was being imposed on workers.
- Work stations designed to work standing that should also have been adapted for sitting.
- Work stations not suited to workers' physical characteristics.
- Machines lacking proper safety systems.
- Lack of breaks during the working day.

The LGE unit in Taubaté has a history of violations, and was notified 31 times – mainly regarding ergonomic problems and excessive working hours – by authorities between 2009 and 2013.

Focus of interventions by the unions

The illegal firing of employees who are pregnant or suffering from occupational diseases is a problem that has been denounced by the trade union on several occasions in recent years. Following interventions by the union, the Labour Court recently ordered LGE to rehire a pregnant employee, and on another occasion to rehire an employee with an occupational disorder.

Furthermore, in agreement with the union, the LGE working week of 44 hours will be further reduced to 40 hours.

The trade union has fought against harassment practices in LGE factories for years. Strikes against harassment and intimidation took place in 1999, 2009, 2010 and 2012.

The intimidation of the union by the LGE's private security guards after its 2012 interventions against harassment and illegal firing were clearly anti-union practices.

Following the field research in the fall of 2015, the following picture of LGE results:

- Salaries are well above the minimum wage (between 35 percent and 44 percent higher). This is still however below a living wage for a family of four.
- At the time this research was undertaken in 2015, no overtime was encountered among assembly workers. According to workers, this is due to tougher inspections by Brazilian authorities coupled with a decline in demand.
- The workday included three 10-minute breaks in mid-2015, which should be four, according to the interviewed workers. According to LGE however, this is in line with TAC requirements (working towards a total of six breaks per day in 2016).
- Harassment is still perceived in some situations; for example access to the bathroom is upon occasion restricted, and sanctions are still imposed on workers with occupational diseases;
- Unhealthy working conditions continue to lead to RSI and musculoskeletal disorders, despite the reduction in working hours.

5 Foxconn

5.1 Company profile

Foxconn, founded in Taiwan in 1974, initially manufactured components for TV sets. Its business model aims to provide “the lowest ‘total cost’ solution to increase the affordability of electronic products for all mankind”.¹²¹

Hon Hai Precision Industry, Foxconn’s parent company, is currently the world’s largest manufacturer of electronics and computers. It is also the second largest employer in the world, behind only Walmart. Approximately one million employees work for the group,¹²² and its customers include many of the leading global technology companies.

Foxconn has more than 200 subsidiaries and branch offices in Asia, the Americas and Europe. Its factories are mainly concentrated in China, where the vast majority of the group’s employees work. In 2014, the company accounted for 3.5 per cent of the country’s total imports and exports.¹²³

Fortune magazine lists Hon Hai Precision Industry as the 31st largest corporation on the planet by revenue.¹²⁴ In 2015, the group’s total sales were US\$ 141.2 billion.¹²⁵ Foxconn founder Terry Gou is still the company’s CEO, and with an estimated personal fortune of US\$ 6.2 billion he is Taiwan’s second-richest person.¹²⁶

5.2 Operations in Brazil

Foxconn’s activities in Brazil were initiated in 2005, with the manufacturing of mobile phones in the Manaus Free Trade Zone (State of Amazonas). The following year, the company opened another plant in Indaiatuba (State of São Paulo), also dedicated to the making of mobile phones.¹²⁷

In 2007, Foxconn opened a third manufacturing plant in Jundiaí (State of São Paulo), which is currently its largest factory in Brazil. The Jundiaí location makes computers, notebooks, netbooks and motherboards. That same year, the company also started to manufacture digital cameras in Manaus. Since 2010, Foxconn has also controlled an electronic components manufacturer – Fênix Indústria de Eletrônicos – in Santa Rita do Sapucaí (State of Minas Gerais). In total, the company currently has six facilities in Brazil.

121 Foxconn, Group Profile, <http://www.foxconn.com/GroupProfile_En/GroupProfile.html> (20 December 2017).

122 “The world’s 10 largest employers”, Fortune, 12 November 2014, <<http://fortune.com/2014/11/12/worlds-largest-employers>> (20 December 2017).

123 Foxconn, 2015 Corporate Social Responsibility Report, <http://ser.foxconn.com/javascript/pdfjs/web/viewer.html?file=/upload/CserReports/9ffe1e2d-b00f-47f9-942d-e6dd1841c022_.pdf&page=1> (1 December 2016).

124 Fortune Global 500, <<http://fortune.com/global500/hon-hai-precision-industry-31>> (20 December 2017).

125 Foxconn, 2015 Corporate Social Responsibility Report, <<http://ser.foxconn.com/downloadAttachment/8a3f98e655e2e50a01568cca51bf005c/2015+Foxconn+CSER+Annual+Report.pdf>> (1 December 2016).

126 “The World’s Billionaires”, Forbes, <<http://www.forbes.com/profile/terry-gou/?list=billionaires>> (20 December 2017).

127 Foxconn, Foxconn Brasil, <<http://foxconn.com.br/site/>> (20 December 2017).

Foxconn has a history of supplying other electronics multinationals in Brazil. Its customers include Xiaomi,¹²⁸ HP,¹²⁹ Sony,¹³⁰ Dell¹³¹ and ASUS.¹³² And like the local operations of Samsung and LGE, Foxconn Brazil is also an important buyer of components from abroad. The company imported the equivalent of US\$ 576 million worth of products between January and September of 2015.

In 2011, during President Dilma Rousseff's visit to China, the Brazilian government announced an agreement to grant tax incentives to Foxconn with the goal of producing iPads and iPhones in Brazil. This would be the first operation of its kind outside China. Foxconn announced that US\$ 12 billion of investments would be made by 2015; furthermore a new factory would be constructed and 100,000 direct jobs created in the country. This figure would almost double the workforce employed in Brazil's electronics industry.¹³³

This operation did indeed start to assemble iPhones and iPads in Brazil, but on a significantly smaller scale. The new plant remains an unfinished project, and only a portion of the planned investment has been made. In total, Foxconn created about 5,000 jobs for this scheme.¹³⁴ In addition to assembling electronic products – the company's core business in Brazil and the world – local Foxconn operations also provide their customers with support in product development. Foxconn's revenues in Brazil in 2014 were US\$ 789 million.¹³⁵

5.3 Violations of labour law based on inspections 2009-2015

Irregular working hours, diseases and pressure for overtime

Similar to Samsung and LGE, Foxconn's units in Brazil have been systematically scrutinised by the Ministry of Labour (MT). The main problems found include irregularities related to working hours.¹³⁶

128 "A chinesa Xiaomi chega ao país com smartphone de R\$ 499 para conquistar os brasileiros", *Época Negócios*, 28 September 2015, <<http://epocanegocios.globo.com/Informacao/Acao/noticia/2015/09/chinesa-xiaomi-chega-ao-pais-com-smartphone-de-r-499-para-conquistar-os-brasileiros.html>> (20 December 2017).

129 "HP reorganiza operação e aposta em produto mais barato", *Valor*, 23 April 2014, <<http://www.valor.com.br/empresas/3523412/hp-reorganiza-operacao-e-aposta-em-produto-mais-barato>> (20 December 2017).

130 "Destaques", *Valor*, 1 November 2013, <<http://www.valor.com.br/empresas/3324252/destaques>> (20 December 2017).

131 "Como a Foxconn fabrica iPhones e iPads no Brasil", *Veja Digital*, 29 August 2012, <<http://veja.abril.com.br/noticia/vida-digital/como-a-foxconn-fabrica-ipads-e-iphones-no-brasil>> (20 December 2017).

132 Interviews with Foxconn employees.

133 "Apple e Foxconn vão produzir iPad no Brasil, diz Mercadante", *G1*, 12 April 2011, <<http://g1.globo.com/economia/noticia/2011/04/apple-e-foxconn-vaio-produzir-ipad-no-brasil-diz-mercadante.html>> (20 December 2017).

134 "Investimento em iPhone no Brasil fica aquém das promessas", *G1*, 13 April 2015, <<http://g1.globo.com/economia/negocios/noticia/2015/04/investimento-da-foxconn-em-iphone-no-brasil-fica-aquem-de-promessas-20150413104506660543.html>> (20 December 2017).

135 *Revista Exame, Anuário Melhores e Maiores 2014*, <<http://exame.abril.com.br/negocios/melhores-e-maiores/2014/lg-sp>> (23 October 2015).

136 Ministry of Labour, Consultation to Data on Violations, <<http://consultacpmp.mte.gov.br/ConsultaCPMR>> (28 October 2015).

Pressure and fast work pace¹³⁸

“From the outside, it’s one thing. Inside, it’s a whole different world”, an employee of Foxconn in Jundiaí whispers to newspaper Folha de São Paulo. In April, the Asian giant announced an investment of US\$ 12 billion to produce iPads in Brazil.

Workers on the production line of the world’s largest supplier of electronic components complain of coercion to work overtime, pressure to meet targets, a very fast pace of work, multiple probation contracts and high turnover.

“They say they need people for Saturday and Sunday. If we say that we can’t, they ask: ‘Why? What do you have to do?’ They talk very close to you, like this [indicates face-to-face proximity]. We feel coerced.”

Erazê Sutti, a lawyer with the local union of metalworkers, says there are problems across the industry, but that Foxconn has grown very quickly and erratically. *“Because of the demand for labour, with overtime, they caused injuries to workers in six months, something we never imagined.”*

One of the main complaints, Sutti says, is occupational diseases. *“You have to adapt to the workstation; they don’t think about employees’ bodies,”* one worker complains.

In 2011, the company’s unit in Manaus signed a Conduct Adjustment Agreement with prosecutors in which it pledged to meet the following labour law provisions or face a US\$ 800 fine per violation or per injured worker:¹³⁸

- Overtime must not be extended beyond the legal limit of two hours per day.
- Overtime must not be demanded on a regular basis.
- A minimum of 11 hours of rest between two days of work and one day off per week must be provided, and the company must refrain from having employees work on national and religious holidays.

Two years later, in 2013, the Union of Metalworkers of the State of Amazonas continued to report excessive overtime and a workday of over 10 hours at Foxconn.¹³⁹ That same year, after the company was found to have broken the agreement, prosecutors applied a R\$ 16,000

137 “Operário da Foxconn se queixa de pressão e ritmo de trabalho”, Folha de São Paulo, 8 May 2011, <<http://www1.folha.uol.com.br/fsp/mercado/me0805201108.htm>> (20 December 2017).

138 TAC (agreement) no. 211/2011, available at <<http://www.prt11.mpt.gov.br/transparencia/termos-de-ajuste-de-conduta>> (28 October 2015).

139 “Foxconn entra na alça de mira do Sindicato dos Metalúrgicos”, Sindmetal, <<http://www.sindmetal-am.org.br/foxconn-entra-na-alca-de-mira-do-sindicato-dos-metalurgicos>> (20 December 2017).

(US\$ 7,412)¹⁴⁰ fine.¹⁴¹ Yet again, in February of 2015, another inspection conducted by the Ministry of Labour in Manaus found the same problems.

The situation was no different in the company's factories in Indaiatuba and Jundiá. Over recent years, the company was fined in both cities, either for irregularities related to overtime or for not granting breaks as prescribed by law (a minimum of 11 hours between two working days; at least one day off per week; and holidays).¹⁴²

In March of 2015, Foxconn's operations in Manaus were fined by the MT due to the lack of equipment adapted to workers' physical characteristics and benches and desks allowing for a good work posture.¹⁴³ These fines join an extensive list of violations of ergonomics standards – annually between 2009 and 2012 – in the company's Manaus factories.¹⁴⁴

Employee turnover

In recent years, strikes and protests have taken place at Foxconn in Indaiatuba due to the company's periodic mass layoffs. The last one happened in August 2015, according to the union, following an announcement by the company of its plan to dismiss 94 workers.¹⁴⁵ Similar situations had led to strikes and other workers' protests in 2009¹⁴⁶ and 2010.¹⁴⁷

In 2015, an anonymous source at the Union of Metalworkers in Jundiá, which represents Foxconn's employees in the city, declared that high turnover is company policy. "So every year there is at least one strike," he said.¹⁴⁸

The situation is not unique to Foxconn; it is a fact that the electronics industry is characterised by high labour turnover. According to several union leaders, companies generally aim to exclude workers who are sick or who earn more in order to hire others at lower wages.

Adoption of large-scale forms of cheaper and more flexible hiring is common within the industry: for example outsourced labour, temporary labour or workers under fixed-term contracts. The legality of such practices is sometimes questionable, depending upon the context within which they are used.¹⁴⁹

140 To calculate the conversion of Brazilian Real of this amount into USD the average yearly rate of 2013 is used which was 2.158557, <<https://www.ofx.com/en-au/forex-news/historical-exchange-rates/yearly-average-rates/>> (21 December 2017).

141 "MPT intermedeia doação à Casa Vhida", MPT, <<http://www.prt11.mpt.gov.br/procuradorias/prt-manaus/429-mpt-intermedeia-doacao-a-casa-vhida>> (20 December 2017).

142 Ministry of Labour, Consultation to Data on Violations <<http://consultacpmr.mte.gov.br/ConsultaCPMR/>> (28 October 2015).

143 Ministry of Labour, Consultation to Data on Violations <<http://consultacpmr.mte.gov.br/ConsultaCPMR/>> (28 October 2015).

144 Ibid.

145 "Greve barrou demissões na Foxconn", Union of Metalworkers of Campinas and Region, 6 August 2015, <<http://www.metalcampinas.com.br/index.php/2015/agosto-2015/item/2119-greve-barrou-demiss%C3%B5es-na-foxconn>> (20 December 2017).

146 "Ato dos trabalhadores da Foxconn contra demissões", Union of Metalworkers of Campinas and Region, 11 February 2009, <<http://www.metalcampinas.com.br/index.php/2009/fevereiro-2009/item/841>> (20 December 2017).

147 "Foxconn: após demissão em massa, trabalhadores paralisam a produção", Union of Metalworkers of Campinas and Region, 10 December 2010, <<http://www.metalcampinas.com.br/index.php/2010/dezembro-2010/item/1064>> (20 December 2017).

148 "Anunciada como um dos maiores investimentos chineses no país, Foxconn está longe da promessa", O Globo, 11 February 2009, <<http://oglobo.globo.com/economia/infraestrutura/anunciada-como-um-dos-maiores-investimentos-chineses-no-pais-foxconn-esta-longe-da-promessa-16219692>> (20 December 2017).

149 See chapter on Samsung.

Temporary labour

Foxconn's establishment in Indaiatuba was accompanied by several problems. First, the company tried to impose Asian policies and production systems. And in addition to the exploitation to which it exposed workers, it did not respect our rights and hired most workers through temporary contracts. The company would even call the police to restrain our demonstrations. That's when our fight was strengthened.

To stop work on Saturdays, we held a difficult and tiring 11-day strike, but we came out with a victory. Another victory of our struggle to end temporary hiring was an agreement in which Foxconn was prohibited to replace permanent workers by temporary ones, and the number of workers under temporary contracts was limited to 20 per cent .

Source: The newspaper of the Union of Metalworkers of Campinas and Region, November 2013

In 2007 for example, prosecutors identified workers at the Foxconn plant in Indaiatuba who were under temporary contract though they were actually permanent workers of the company.¹⁵⁰

5.4 Labour conditions 2015 based on interviews with workers

Repórter Brasil interviewed 15 Foxconn employees between July and August of 2015. Nine of them were employed at the factory located in Indaiatuba, and the other six worked at the company's two industrial plants in Jundiaí. Our contacts with most of those workers were established through the Union of Metalworkers of Campinas and Region and the Union of Metalworkers of Jundiaí, Várzea and Campo Limpo.

Among the respondents, 87 per cent were women. Most (80 per cent) were also production workers in charge of supplying the line with components, assembling equipment, and testing final products. The average age in the group was 33; the youngest respondent was 21 and the oldest was 49. All of them had completed at least high school.

Wages

Workers in Foxconn's production lines reported receiving monthly wages of between R\$ 1500 (US\$ 450) and R\$ 2000 (US\$ 599). These salaries are significantly higher than the payments received by the LGE and Samsung employees interviewed by Repórter Brasil: between R\$ 1,100 thousand and 1,300 thousand (US\$ 330 to US\$ 390) more.¹⁵¹

150 "Foxconn é flagrada com pelo menos 21 trabalhadores ilegais; outros 185 têm contratação irregular", Union of Metalworkers of Campinas and Region, 31 August 2007, <<http://www.metalcampinas.com.br/index.php/2007/agosto-2007/item/641>> (10 December 2017).

151 To calculate the conversion of Brazilian Real into USD the average yearly rate of 2015 is used which was 3.337664, <<https://www.ofx.com/en-au/forex-news/historical-exchange-rates/yearly-average-rates/>>, (21 December 2017).

The difference can be explained by geographical factors. In the case of Samsung and LGE, the respondents generally came from industrial plants in Manaus, which is one of the poorest regions in Brazil.¹⁵² The agreed wage with the local union representing the Foxconn electronics workers in Jundiaí and Indaiatuba is significantly higher than that in Manaus.

Again, according to the aforementioned Inter-Union Department of Statistics and Economic Studies (DIEESE), the average living wage needed to cover the basic expenses of a worker and his or her family with food, housing, health, education, clothing, hygiene, transportation, leisure and social security was R\$ 3,245.13 (US\$ 972) between January and October 2015. The family as considered by DIEESE consists of two adults and two children.

Working hours

Foxconn in Indaiatuba has a 42-hour, Monday to Friday work week. In Jundiaí, according to respondents, working hours are the same, but some employees reported that some departments still required work on Saturdays. This situation led to discontent, according to respondents.

Regarding overtime, the same scenario described for Samsung and LGE was repeated at Foxconn. Overtime used to be frequent, and was imposed on workers until 2014, but the situation changed significantly in 2015. Most respondents either said that they had not worked overtime that year, or that they had worked less than an hour overtime per month. The only exception was an employee at the Indaiatuba unit who said that she had been asked to work overtime for 12 days in a row in July of 2015.

Health and safety

The accounts provided by Foxconn workers echo the scenarios already described by Samsung and LGE employees when it comes to health and safety. Many workers suffer from repetitive strain industry (RSI) and work-related musculoskeletal diseases, and the companies neglect to identify and correct the underlying problems. Once again, the fast pace in production lines and flaws in the organisation of the work environment are seen as the main causes behind employees' ailments.

At both the Indaiatuba and Jundiaí plants, employees reported that there was insufficient rotation in the processes carried out by assembly line workers. Rotation is advocated by many union representatives and labour prosecutors as an important way to prevent occupational illnesses among workers. This entails periodic changes – in the equipment being assembled and in the assembly steps for example – with the aim of avoiding repetitive movements over long periods of time. As a result of this rotation, repetitive strain related injuries are potentially minimised.

In addition, workers interviewed by Repórter Brasil said that the Taiwanese multinational restrains the actions of the workers' representatives in charge of ensuring the safety of people on the shop floor. Members of the Internal Commission for Accident Prevention (CIPA)¹⁵³ of one of Foxconn's

152 Marta Castilho, Marta Menéndez, Aude Sztulman. Poverty and Inequality Dynamics in Manaus: Legacy of a Free Trade Zone?. G-MonD Working Paper n°43. 2015. <<https://halshs.archives-ouvertes.fr/halshs-01245394/document>>, (21 December 2017).

153 The committee known as CIPA is mandatory in certain companies under Brazilian law. Its members include an equal number of representatives appointed by the employer and elected by the workers. CIPA aims to prevent work-related accidents and illnesses.

Foxconn's targets

"The pace is very hectic and it undermines workers' health. You have to meet targets, a number of pieces per hour. If you don't, you are put in different positions. Injured workers who can't produce more are sort of left aside and then they're just fired."

Assembly worker, Foxconn Indaiatuba

"When they establish a new line, a young man passes with a chronometer marking the time to define what the production target will be. And he always sets the target based on the employee who is doing it faster than the others. I tell people (assembly line workers) to take things easy then. But there are always those who want to show off. Targets provoke competition and fights between assembly line workers, because they depend on each other's work. And targets only increase. I think the psychological pressure because of that is even worse than the physical problem."

Assembly worker, Foxconn Indaiatuba

"Two months ago, I joined a new assembly line. At first we used to make 180 pieces per hour. Today it's 240."

Line supplier, Foxconn Indaiatuba

Statement by Foxconn assembler in Jundiaí

"The union advocates rotation of workers, but leaders and production supervisors don't want it in order to avoid increasing manufacturing defects"

factories¹⁵⁴ reported that local management did not allow CIPA members to access the logistics department at the facility. According to respondents, accidents happen there more frequently than in other areas.

The Ministry of Labour's guidelines regulating the work of CIPA says that its members "should conduct periodic checks on working conditions and environments in order to identify situations that may pose risks to workers' health and safety". Foxconn's alleged non-welcoming stance thus disregards the health and safety standards in force in the country.

Harassment

According to workers' reports, the push for targets and results generates stressful relationships between workers and production line supervisors. According to the Foxconn employees interviewed by Repórter Brasil, even a chat between assembly line workers is commonly prohibited.

154 The unit in question will not be mentioned in order to protect workers' identities.

Statement by a Foxconn assembler in Indaiatuba

“You can’t talk. It’s ‘hush’ all the time”

Statement by a Foxconn assembler in Jundiaí

*“(Production) leaders ask us not to talk during work.
We are pressured not to do so”*

According to one employee, a common punishment applied by leaders is to change an employee’s position or work shift without negotiation and against his or her will. Another employee reported that a female colleague was punished by being reassigned to a heavier task involving handling a drill, a job usually done by a man. One official reported that two supervisors and a coordinator were dismissed by the company in 2015 after allegations of harassment.

Gender issues

The Foxconn workers interviewed, both in Indaiatuba and in Jundiaí, reported that women form the majority among assembly line workers and their immediate supervisors (the so-called ‘production leaders’). However, men prevail in all of the higher functions.

Among the respondents from Foxconn in Jundiaí were two women who became pregnant and gave birth while working for the company. Both said that they did not suffer any discrimination. Foxconn employees in Indaiatuba, however, reported a different reality, in which working mothers were viewed as less productive and were often fired at the end of their maternity leaves.

5.5 Company view of Foxconn

During the field research it was not possible to arrange an interview with the management of Foxconn in Brazil. In its response to the report, Foxconn did not comment directly on the content, but instead referred to all of the relevant laws and standards the company is committed to. The following section summarises the standards, laws and commitments that Foxconn mentioned.

In its reaction to the report, Foxconn stated that the six facilities in Brazil are guided by the company’s Social and Environmental Responsibility Code of Conduct. This Code of Conduct is communicated to all employees, and sets out Foxconn’s standards related to business ethics, labour and human rights, health and safety, and the environment. The company is regularly audited in order to ensure compliance with all relevant national and local laws and regulations and the EICC Code of Conduct.

Foxconn Brazil claims to engage temporary employees based on the manufacturing cycles of its customers and its business needs, and in compliance with the law. The company states that temporary employees make up a small percentage of the workforce, and that the company works with appointed contractors to ensure that these temps receive wages and benefits that exceed the statutory requirements. According to Foxconn, these employees also have valid, written employment contracts with the relevant contractors in order to safeguard all employee rights under Brazil's labour laws.

Foxconn claims that any overtime work is voluntary, and that company policies and practices comply with Brazilian labour law and the EICC Code of Conduct.

In keeping with these commitments, the rights of all workers to the freedom of association are fully protected, according to Foxconn.

Occupational health and industrial safety policies are outlined in Foxconn's Code of Conduct, and these policies and standards meet applicable international and local laws and regulations. These include OHSAS 18000, an international occupational health and safety management system, and SA8000, an auditable social certification standard for decent workplaces across all industrial sectors.¹⁵⁵

5.6 Summary of findings: Foxconn

The Foxconn unit in Manaus signed a Conduct Adjustment Agreement (TAC) in 2011.

The following violations were encountered during inspections in Manaus in February 2015:

- Excessive working hours, exceeding ten hours per day, and illegal overtime.
- The non-granting of the breaks prescribed by law; the denial of one rest day per week and the lack of time off on national and religious holidays.
- Workstations not adapted to workers' physical characteristics.

The situation is no different in the company's factories in Indaiatuba and Jundiaí. During the period between 2012 and 2016, the company was fined in both towns, either for irregularities related to overtime or for not granting breaks as prescribed by law.

The trade union organised several strikes between 2009 and 2015 as a response to the company's periodic mass layoffs to cut wage costs. Workers who are sick or who are entitled to higher wages are replaced by others on temporary contracts at lower wages. In 2007, prosecutors identified workers with temporary contracts who actually should have been permanent employees.

¹⁵⁵ Response from Foxconn Technology Group, 8 December 2016.

The field research carried out in the autumn of 2015 found the following situation:

- Wages are well above minimum wage (between 90 per cent and 150 per cent higher than the minimum). This is however still less than a living wage for a family of four.
- At the time of the field research in 2015, no overtime was encountered among assembly workers. The working week was 42 hours, from Monday to Friday. In mid-2014, overtime in excess of two hours per day was still common and imposed on workers.
- Unhealthy working conditions leading to repetitive strain injury (RSI) and musculoskeletal disorders were common.
- Workers experienced a stressful working environment due to pressure to meet targets, the ever-increasing pace, the ban on talking, and the use of punishment in the case of failed targets or sickness.
- Members of the Internal Commission for Accident Prevention (CIPA, whose work is regulated by the MT) were denied access to one area in the facility.
- There are few women in higher positions.

6 Conclusions

All three of the foreign electronics manufacturing companies that are the subject of this research – Samsung, LGE and Foxconn – were prosecuted and fined in recent years for more or less the same violations of Brazilian labour law. These violations concerned the following: excessive working hours; irregularities regarding overtime; forced overtime; insufficient breaks; denial of one rest day per week and holidays; unhealthy working conditions such as ergonomic failures in the workstations; high work pace in combination with repetitive work leading to RSI and musculoskeletal diseases; and hiring outsourced workers for routine activities.

In addition to the above findings of inspectors during audits, the trade unions representing the workers of Samsung, LGE and Foxconn have fought against the following issues in recent years in connection with one or more of the companies: the illegal firing of employees (pregnant women or workers with occupational diseases); the harassment of workers; anti-union practices (intimidation); and mass layoffs of workers who are then replaced by temporary workers at lower wages.

These are violations of international standards, as described in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. They also violate the RBA Code of Conduct (formerly the EICC Code of Conduct). They correspond to the working conditions documented by GoodElectronics member CSOs in low-cost global production locations in many of their reports.

This makes it tenable to conclude that the foreign electronics companies, mostly operating in low-cost countries, and known for using a ‘Southeast Asian-style’ low-cost manufacturing model, indeed actually ‘copied and pasted’ this model to Brazil, and that this has subsequently led to a situation in which the same violations of international labour standards have also taken place there.

The next question is whether the existing mechanisms to ensure compliance with Brazilian labour law, including the use of Conduct Adjustment Agreements (TACs), have had a positive impact on the level of compliance by individual companies. The answer is affirmative in relation to the curbing of overtime hours and the introduction of breaks at Samsung and LGE. The TAC has given them clear regulations on these issues on the basis of which they are checked and fined, and the companies have realised that there is no flexibility in the law regarding overtime.

Furthermore, the implementation of breaks at LGE, as stipulated in the TAC, is confirmed by the interviews with workers. Overtime seems more persistent at Foxconn. Although the company signed a TAC in 2011 in which overtime was clearly limited to two hours a day, it was later fined by prosecutors for breaching this agreement, and inspections in Manaus still reported illegal overtime in 2015. However, none of the interviewed workers reported overtime at any of the factories of the three companies at the time of the field research in July and August of 2015. One explanation is the tighter inspections by the Brazilian authorities (based on the TACs), and the other is that there was simply decreased demand for labour due to the economic crises and lower demand in Brazil for electronics.

The TACs are less successful when it comes to improvements regarding compliance with ergonomic and safety norms. The ergonomic failures in the workstations and the fast and repetitive work are still leading to RSI and musculoskeletal diseases.

The question whether the position of trade unions in Brazil, which is considered to be stronger than in many of the low-cost countries, has a positive impact on curbing labour rights violations can also partly be answered affirmatively. At all three companies the wages are well above minimum wage, which shows a completely different situation from the low-cost production locations. Wages are about 1.5 times the minimum, or even up to 2.5 times (Foxconn). The fact that wages are highest at Foxconn can be explained by a geographical factor; in Manaus, where Samsung and LGE are located, the wages are in general significantly lower than in Jundiaí and Indaiatuba where the Foxconn respondents worked.

At Samsung there is an agreement with the union that whenever temporary workers will be contracted, the conditions of the contracts are first agreed with the union. At Samsung, the percentage of outsourced workers has been significantly reduced (from 70 per cent in 2008 to 5 per cent in 2013); at Foxconn there is a 20 per cent limit agreed with the union.

The factories in Brazil are among the few factories of Samsung, LGE and Foxconn worldwide where the workers are represented by a genuine trade union. The position of the union is backed-up by law, and the companies have to involve the union in the case of dismissals and for the conclusion of collective bargaining agreements. The position of the union seems at the very least to have a positive effect on curbing the inappropriate use of temporary labour and the wage levels. However, the wages are still below a living wage for a family of four.

7 Recommendations

To the companies (Samsung, LGE and Foxconn):

- **The companies should adequately address the unhealthy working conditions in their factories.** The most persistent violations throughout the years at all three companies must specifically be corrected. Ergonomic failures in workstations and fast and repetitive work still lead to RSI and musculoskeletal diseases. The companies should comply with the applicable health and safety standards; in practice this means that they must adapt workstation design in order to conform to the physical characteristics of the workers. This also includes modifying the workplaces for sitting, adapting the work pace, arranging activity rotations, and providing adequate protection equipment.
- **The companies should adapt their management styles in order to avoid harassment of the workers.** Allegations about harassment and stories about the culture of fear date back to the early presence of these companies in Brazil, and still happen in the daily routine. In particular, the practices of sanctioning workers for absenteeism and the harassment of workers with occupational diseases should be put to an end.
- **The companies should pay a living wage.** While recognising that the companies covered in this research pay above the legal minimum wage, according to the Inter-Union Department of Statistics and Economic Studies (DIEESE) these wages are not enough to be considered a 'living wage'. A living wage is the minimum required for a family with two children to cover basic expenses for food, housing, health, education, clothing, hygiene, transportation, leisure and social security.
- **The companies should work towards gender balance in the higher positions.** Further, they should take measures to prevent, condemn and punish any type of sexual harassment.
- **Respect international human rights and labour rights instruments.** Companies must not only focus to work in full compliance with the laws, rules and regulations of the countries in which they operate (in this case Brazil); they also need to respect human and labour rights as recognised in international instruments (including the UN Guiding Principles on Business and Human Rights and the fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work). Companies should comply with the national or international standards that offer the best protection for workers.
- **The companies are urged to maintain their compliance, as was reported by workers in August and September 2015, with standards regarding overtime hours, forced overtime and rest days.** This is particularly important when there is a renewed demand for electronics in Brazil and the need for peak production returns.

To the Brazilian Government:

- **Ensure sufficient capacity for regular labour inspections by independent and qualified inspectors.** The instruments used for labour law oversight, the inspections by the labour auditors linked to the Ministry of Labour, and the legal and extrajudicial actions (the Conduct Adjustment Agreements with the companies) appear to be successful in curbing overtime hours and implementing sufficient breaks. More inspections are needed to ensure compliance with the Conduct Adjustment Agreements, and especially to book progress regarding unhealthy working conditions.
- **Apply substantial fines when companies fail to comply with the Conduct Adjustment Agreements (and thus violate Brazilian labour law).**
- **Provide for a policy change at the National Institute of Social Security (INSS)** in order to place the burden of proof of work-related sick leaves on the employer. In other words, the worker does not have to prove that the sickness is work-related, but rather the employer is obliged to prove that the sickness is *not* work-related.

To the unions:

- **More cooperation, information exchange and strategising on the national level between the unions representing electronics workers.** This is particularly important between those unions that represent workers from the same company but at different locations.

To the EICC:

- **The Responsible Business Alliance (formerly the EICC) should check whether Validated Assessment Process (VAP) audits are conducted in Brazil, and whether Corrective Action Plans (CAPs) are submitted, completed and verified.** The companies in this research, which are all members of the RBA, violated not only the Brazilian labour law but also the RBA Code. Not all of the companies were aware of the RBA membership requirements.



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