



# Quality of jobs in question

Foxconn India Revisited

Author: CIVIDEP  
February 2018



# Colophon

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January 2018

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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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## Introduction

Foxconn – also known as Hon Hai Precision Industry Company – is the world’s largest multinational electronics contract manufacturer. Headquartered in Taiwan, it is best known globally as the producer of Apple’s iPhones and iPads.

Foxconn has had a significant presence in India since 2006 when it set up its first plant to supply Finnish multinational mobile phone manufacturing giant, Nokia. India is becoming Foxconn’s new manufacturing hub to supply the Indian market as well as the overseas markets of Africa and West Asia.<sup>1</sup> Barely six months after Foxconn suspended its operations in Sriperumbudur, Tamil Nadu in December 2014, CEO Terry Gou committed his company to setting up 12 new manufacturing plants in India and to employing one million people by 2020.<sup>2</sup> Foxconn India’s Managing Director Josh Foulger reaffirmed this commitment during the China-India Mobile Phone and Component Manufacturing Summit at the start of 2016. He confirmed the company’s intention to support Prime Minister Narendra Modi’s *Make in India* programme<sup>3</sup> by investing in several new production facilities across India, including a new plant in Maharashtra worth US\$5 billion.<sup>4</sup>

This report has been produced at a time when the state government of Tamil Nadu has sought the intervention of the Prime Minister for the support of the income tax authorities. This was a follow-up to his 2015 announcement in Parliament that his government would take “all necessary steps” to revive Nokia’s Sriperumbudur plant.<sup>5</sup> Nokia shut down its plant in 2014, forcing 15,000 workers into unemployment, due to a 210 billion INR (over €2,847 million) tax dispute with the government.<sup>6</sup> This forced its supplier plants, including Foxconn, to restructure or shut down their operations, leading to massive unemployment in the region. The state government’s instructions to the tax authorities to facilitate Foxconn’s ventures are pending the intervention of the Prime Minister; it is clear that the stakes are high. In December 2016, Nokia announced its 10-year branding rights and intellectual property licensing agreement with the Finnish conglomerate, HMD Global Oy (HMD).<sup>7</sup> This will collaborate with Foxconn as the producer of Nokia 3, 5 and 6 smartphones under the “Made in India” tag.<sup>8</sup> As Foxconn is slated to be the global force behind the Nokia brand and the linchpin of the Indian government’s Made in India programme, its employment practices are likely to become the litmus test of the ‘new’ India.

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- 1 PTI, “Foxconn to begin making mobiles at Navi Mumbai plant from August,” *Economic Times*, 12 July 2016, [http://economictimes.indiatimes.com/articleshow/53171481.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://economictimes.indiatimes.com/articleshow/53171481.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst); accessed on 17 November 2016.
  - 2 Debarghya Sanyal, “Foxconn to build 12 factories, employ 1 million in India,” *Business Standard*, 14 July 2015, [http://www.business-standard.com/article/companies/foxconn-to-build-12-factories-employ-1-million-in-india-115071400464\\_1.html](http://www.business-standard.com/article/companies/foxconn-to-build-12-factories-employ-1-million-in-india-115071400464_1.html); accessed on 17 November 2016.
  - 3 Make in India website, “About Us”, no date, <http://www.makeinindia.com/about>; accessed on 5 January 2018.
  - 4 PTI, “Foxconn to set up new facilities in India in 6 months,” *Economic Times*, 13 January 2016, <http://economictimes.indiatimes.com/tech/hardware/foxconn-to-set-up-new-facilities-in-india-in-6-months/articleshow/50567315.cms>; accessed on 17 November 2016.
  - 5 T. E. Narasimhan, “Foxconn submits preliminary plan to revive Nokia unit in Chennai,” *Business Standard*, 19 December 2016, [http://www.business-standard.com/article/companies/foxconn-submitted-a-preliminary-proposal-to-revive-nokia-facility-in-chennai-116121900909\\_1.html](http://www.business-standard.com/article/companies/foxconn-submitted-a-preliminary-proposal-to-revive-nokia-facility-in-chennai-116121900909_1.html); accessed on 17 July 2017.
  - 6 Ibid
  - 7 Nokia Press Release, 1 December 2016, [http://www.nokia.com/en\\_int/news/releases/2016/12/01/nokia-brand-licensee-hmd-global-is-now-the-new-home-of-nokia-phones](http://www.nokia.com/en_int/news/releases/2016/12/01/nokia-brand-licensee-hmd-global-is-now-the-new-home-of-nokia-phones)
  - 8 Kavita Iyer, “Nokia to make Nokia 3, 5, 6 in collaboration with Foxconn in India,” *Techworm*, 28 February 2017, <https://www.techworm.net/2017/02/nokia-make-nokia-3-5-6-collaboration-foxconn-india.html>; accessed on 17 July, 2017.

Government officials and the press tend to describe Foxconn's business expansion in India in terms of job creation and inward investment. The focus is predominantly on the number of jobs created in theory by the investment, while little attention is paid to the quality of employment generated. The main aim of this report is to analyse the working conditions in Foxconn's Indian operations. It is based on empirical and secondary data, including a close examination of the company's code of conduct (henceforth CoC) in relation to the findings in the field. Since Foxconn is a member of the Electronic Industry Citizenship Coalition (EICC), its CoC has been shaped by the EICC code of conduct.<sup>9</sup>

The first section of the report discusses the corporate profile of Foxconn in order to give some context to the company's history in India, which is then further discussed in the second section. The third section recalls briefly the working conditions in the closed factory in Sriperumbudur, based on secondary data, before examining the current situation in Foxconn factories through empirical research in two different locations – Sunguvarchatram, Tamil Nadu and Sri City, Andhra Pradesh. These two sites cover all of Foxconn's current operations in India.

Foxconn management was given an opportunity to comment on this report. The two-page statement from management does not refer specifically to the findings of the study, but generally asserts the company's position and practices with regard to some of its social responsibilities, as outlined in its code of conduct. The working conditions at Foxconn have been considered in relation to the management's statement as well as the company's CoC. The report concludes that Foxconn's past and present record of human resource management casts serious doubt on the quality of employment it generates in India, and its commitment to improve. With support for 'business as usual' from the state and national governments pending, Foxconn's compliance with national law and core international labour conventions cannot be ignored, but rather needs to be placed centre-stage of debates regarding industrial development and human rights in India and beyond.

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9 Foxconn Global Code of Conduct, [http://ser.foxconn.com/javascript/pdfjs/web/viewer.html?file=/upload/policyAttachments/af09cbca-d602-4867-ac52-306ae34d7dbe\\_.pdf&page=1](http://ser.foxconn.com/javascript/pdfjs/web/viewer.html?file=/upload/policyAttachments/af09cbca-d602-4867-ac52-306ae34d7dbe_.pdf&page=1); accessed on 4 January 2017.

# 1 Corporate Structure and History

Hon Hai Precision Industry Co., Ltd, better known by its trade name Foxconn, is the world's largest contract electronics manufacturer with US\$2.5 billion in revenues and a net income of over US\$300 million in 2016.<sup>10</sup> It is the anchor company of Hon Hai/Foxconn Technology Group and was founded in 1974 by Terry Gou with a capital investment of US\$7,500. The company's main business is providing design, development, manufacturing and assembly services for computer, communication and consumer electronics (3C) companies.<sup>11</sup> Among their customers are some of the most well-known brands such as Apple, Dell, Hewlett-Packard, Sharp, Sony, Samsung and Amazon.<sup>12</sup>

While the company's headquarters is in Taipei, most of its business, development and manufacturing operations take place in mainland China. As well as its operations in China, Foxconn also has a research and development cluster in the United States, and three design and manufacturing zones across Asia, the Americas and Europe. The workforce of the company comprises over one million people, who are employed in more than 200 subsidiaries and branch offices.<sup>13</sup> With its plan to employ another one million people in India alone, half of Foxconn's workforce will be concentrated in India, making the country's political and legislative framework significant to the company's success. Among the main shareholders are: Terry Gou (the CEO of Hon Hai); The Vanguard Group, Inc.; the Saudi Arabian Monetary Agency (Investment Management); BlackRock Fund Advisors; GIC Pte Ltd. (Investment Management); and Hon Hai Precision Industry Co. Ltd. (with 1.79% in repurchased shares).<sup>14</sup>

One of Foxconn Technology Group's subsidiaries is FIH Mobile Limited (previously Foxconn International Holdings). This subsidiary company is in charge of the vertical integration of handset and wireless communication devices, design, manufacturing and assembly. This subsidiary alone employs more than 111,000 people and its operations are spread across Europe, Asia and the Americas.<sup>15</sup> FIH Mobile is an exempted company with limited liability and was incorporated in the Cayman Islands in 2000.<sup>16</sup> It is listed on the Hong Kong Stock Exchange. Its total revenues are US\$7,451 million and it has a net income of US\$229 million.<sup>17</sup> Some of FIH's shareholders are Hon Hai Precision Industry Co., Ltd. (with 64.4%), Invesco Hong Kong Ltd and Norges Bank Investment Management.<sup>18</sup>

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10 Thomson Reuters Eikon, 7 July 2017.

11 "Group Profile", *Foxconn* (website), [http://www.foxconn.com/GroupProfile\\_En/GroupProfile.html](http://www.foxconn.com/GroupProfile_En/GroupProfile.html); accessed on 10 August 2016.

12 Thomson Reuters Eikon, 7 July 2017.

13 Foxconn, 2015 Social and Environmental Responsibility Report, June 2016,, [http://ser.foxconn.com/javascript/pdfjs/web/viewer.html?file=/upload/CserReports/63848384-c0cd-47b7-8835-33902cb8b464\\_.pdf&page=1](http://ser.foxconn.com/javascript/pdfjs/web/viewer.html?file=/upload/CserReports/63848384-c0cd-47b7-8835-33902cb8b464_.pdf&page=1); accessed on 17 November 2016.

14 "Hon Hai Precision Industry Co., LTD. (2317)", *4-traders* (website), <http://www.4-traders.com/HON-HAI-PRECISION-INDUSTR-6492357/company/>; accessed on 17 November 2016.

15 "FIH Profile", *FIH Mobile Limited* (website), <http://www.fihmb.com/about/FIHprofile.aspx>; accessed on 10 August 2016.

16 "Amended and Restated Memorandum and Articles of Association of Foxconn International Holding Limited", *FIH Mobile Limited* (website), <http://www.fihmb.com/about/OrgDownload.aspx?ID=45>; accessed on 10 August 2016.

17 "Fih Mobile Ltd (FW3:Frankfurt)", *Businessweek* (website), Bloomberg, <http://www.investing.businessweek.wallst.com/research/stocks/financials/financials.asp?ticker=FW3:GR>; accessed on 17 November 2016.

18 "FIH Mobile LTD (2038)", *4-traders* (website), <http://www.4-traders.com/FIH-MOBILE-LTD-1412618/company/>; accessed on 17 November 2016.

Despite Foxconn's membership in the Electronic Industry Citizenship Coalition (EICC) since 2005,<sup>19</sup> it has received significant media attention for the appalling working conditions in its factories, especially in China. Organizations such as the Fair Labor Association, a multistakeholder initiative, and civil society organizations have conducted independent investigations. These list human rights and labour violations such as 60 hour working weeks during peak periods, unfair compensation for overtime, poor safety working conditions, health and safety risks and excessive work targets.<sup>20</sup>

In 2010, 18 Chinese Foxconn workers attempted suicide, most of them by jumping out of factory buildings, resulting in 14 deaths and massive public outcry. These suicides are believed to have been triggered by the high work pressure imposed on workers to reach targets and the military discipline in the factories,<sup>21</sup> and brought Foxconn under heavy criticism of international bodies such as the International Trade Union Confederation (ITUC).<sup>22</sup> Foxconn responded to the suicides in 2010 by setting up suicide prevention nets.<sup>23</sup> Additionally, new employees now have to sign an anti-suicide pledge, assuring that if they kill themselves, the company will not be blamed or held liable for compensation.<sup>24</sup>

Recently, Foxconn has once again received media attention because the company is believed to have replaced 60,000 factory workers with robots. When asked for a response, Foxconn indeed confirmed that they are automating "many of the manufacturing tasks associated with our operations".<sup>25</sup> However, the management claims this will not result in long-term job losses. They argue that the robots will take over the repetitive tasks and that, with training, the employees will be able to perform higher value-added tasks in the manufacturing process.

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19 EICC website, "Members", *EICC Coalition*, Electronic Industry Citizenship Coalition, <http://www.responsiblebusiness.org/about/members/>; accessed on 14 November 2016.

20 Fair Labor Association website, "Foxconn Investigation Report", <http://www.fairlabor.org/report/foxconn-investigation-report>; accessed 14 November 2016.

21 Margaret Heffernan, "What happened after the Foxconn suicides," *CBS News*, 7 August 2013, <http://www.cbsnews.com/news/what-happened-after-the-foxconn-suicides/>; accessed on 17 November 2016.

22 "Foxconn Suicides: Governments and Companies Must Face Responsibilities," International Trade Union Federation, 28 May 2010, <http://www.ituc-csi.org/foxconn-suicides-governments-and?lang=en>; accessed on 14 November 2016.

23 Kate Bubacz & Mari Bastashevski, "24 hours at the Foxconn factory city," *Buzzfeed* (website), [https://www.buzzfeed.com/katebubacz/24-hours-at-the-foxconn-factory-city?utm\\_term=.nb8RzI9I6#.huYbpVXXM](https://www.buzzfeed.com/katebubacz/24-hours-at-the-foxconn-factory-city?utm_term=.nb8RzI9I6#.huYbpVXXM); accessed on 17 November 2016.

24 Margaret Heffernan, "What happened after the Foxconn suicides," *CBS News*, 7 August 2013, <http://www.cbsnews.com/news/what-happened-after-the-foxconn-suicides/>; accessed on 17 November 2016.

25 Jane Wakefield, "Foxconn replaces '60,000 factory workers with robots'," *BBC*, 25 May 2016, <http://www.bbc.com/news/technology-36376966>; accessed on 17 November 2016).



## 2 Foxconn in India: A Timeline

This section outlines a ten-year history of Foxconn in India from 2006 to the present.

### 2006-2007: Setting up Plants

Foxconn set up its first production plant in the Nokia Special Economic Zone (SEZ) in Sriperumbudur, near Chennai in Tamil Nadu in 2006 to supply Nokia (then its number one client). Only a year after, in 2007, the company set up its second plant in Sunguvarchatram, close to the Nokia SEZ.<sup>26</sup> The two facilities employed around 6,000 people at their peak, producing mainly mobile phone panels and casings.<sup>27</sup>

### April 2010: Recognition of the Labour Progressive Front (LPF) Union

After a strike in August 2009 and another one in January 2010, Nokia workers succeeded in convincing their management to recognize the Labour Progressive Front (LPF), a union affiliated to the political party DMK (Dravida Munnetra Kazhagam), which was then in power in Tamil Nadu.<sup>28</sup> Foxconn workers followed their example and asked LPF to represent them as well.

### 23-24 July 2010: Pesticide Poisoning Accident

Over 200 workers in the Sunguvarchatram plant had to seek medical help for symptoms such as fainting, breathlessness and coughing due to an incident involving pesticides. The inadequate investigation of the incident by the company, the government and the union contributed to growing unrest among workers and a loss of confidence in LPF. Part of the workforce sought representation by the Centre of Indian Trade Unions (CITU), the union affiliated to the Communist Party of India (Marxist), launching a long “spirited fight” over the terms of the collective bargaining agreement.<sup>29</sup>

### September 2010: Major Strikes and worker arrests

Growing disappointment with the LPF and the low wage levels led to a strike by more than 300 Foxconn workers in Sriperumbudur.<sup>30</sup> The workers demanded higher wages and recognition of CITU as their union. Foxconn argued that the strike was illegal, that workers were violating their standing orders and that they damaged company property. Consequently, strike participants

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26 Information retrieved from the Ministry of Corporate Affairs Company/LLP Master Data Database, CIN code: U31900TN2007PTC063024, <http://www.mca.gov.in/MinistryV2/homepage.html>; accessed on 11 August 2016.

27 Ferus-Comelo and Pöyhönen, *Phony Equality: Labour Standards of Mobile Phone Manufacturers in India* (Finnwatch, Cividep and SOMO, 2011), p.4, , <https://www.somo.nl/phony-equality/>; accessed on 17 November 2016.

28 Ibid, 41.

29 S., Dorairaj, “A spirited fight,” *Frontline*, vol. 27, no. 23 (November 2010), <http://www.frontline.in/static/html/fl2723/stories/20101119272303700.htm>; accessed 14 November 2016.

30 Ibid.

were arrested and imprisoned. Strikers who were taken back faced different forms of discrimination. Foxconn still refused to recognise CITU as the majority union.<sup>31</sup>

## October 2010: Three-year Wage Settlement

After the strikes, Foxconn signed a three-year wage settlement with LPF. The agreement came into effect retroactively in June 2010, covering 1,400 permanent workers and raising their monthly wages by 75-80% to 8,000 INR (€107) for confirmed workers with two to three years of experience and 9,500+ INR (€127+) for those with four or more years of experience. The salary of 5,000 INR (€67) per month for the contract workers remained the same.<sup>32</sup>

## 2011: ATS Recognised as Union

Soon after the political party All India Anna Dravida Munnetra Kazhagam (AIADMK) came into power to form the Tamil Nadu state government, Foxconn transferred union recognition from LPF to Anna Thozhir Sangam Peravai (ATS), the union wing of the ruling AIADMK. Meanwhile, workers continued to demand that Foxconn recognise the left union, CITU, as their representative due to their faith in an active, oppositional force rather than in a union that is affiliated to the state.<sup>33</sup>

## August 2010-December 2014: The Struggle for Union Elections by Secret Ballot

In August 2010, Foxconn management informed the Assistant Commissioner of Labour (henceforth ACL) that the company was willing to carry out a secret ballot to determine the majority union. However, even after major strikes in September and October 2010, the secret ballot was not held. CITU subsequently took the issue to the High Court of Madras.<sup>34</sup> On 4 January 2011, the Madras High Court ordered the ACL to hold the secret elections.<sup>35</sup> Instead of accepting the judgment, however, Foxconn appealed court judgments twice and even took the case to the Supreme Court of India, without success. On 8 August 2013, the Supreme Court ruled that the previous judgments were valid and that the ACL was to conduct elections and report on the process to the court. The election process started in October 2013 with nominations for candidates.<sup>36</sup> CITU was the only union that put forward candidates for nomination and therefore elections that were supposed

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31 Ibid.

32 Ferus-Comelo and Pöyhönen, *Phony Equality: Labour Standards of Mobile Phone Manufacturers in India*, 2011, p.31, <https://www.somo.nl/nl/phony-equality/>; accessed on 17 November 2016

33 Rajesh Chandramouli, "Unions vie for recognition at Foxconn," *The Times of India*, 26 November 2014, <http://timesofindia.indiatimes.com/city/chennai/Unions-vie-for-recognition-at-Foxconn/articleshow/45277791.cms>; accessed on 17 November 2016

34 "Supreme Court to decide the fate of union in Foxconn, Sriperumbudur," Thozhillar Koodum, 7 November 2013, <http://tnlabour.in/?p=1971>; accessed on 17 November 2016

35 Court case W.P.No: 24353/2010, Litigants: Podhu Thozhilalar Sangam (CITU) vs 1. State of Tamil Nadu, 2. Assistant Labour Commissioner, 3. The Management of Foxconn (India) Pvt.Ltd., from search engine for Indian law, Indiankanoon, <http://www.indiankanoon.org/doc/821031/>; accessed on 11 August 2016.

36 Rajesh Chandramouli, "Labour union showdown imminent at Foxconn," *The Times of India*, 26 November 2014, <http://timesofindia.indiatimes.com/business/india-business/Labour-union-showdown-imminent-at-Foxconn/articleshow/45277292.cms>; accessed on 17 November 2016

to be held in November did not take place.<sup>37</sup> In November, the ACL sent a letter to the management of Foxconn and CITU informing them about the situation. The ACL also reported back to the Supreme Court and asked the Court to make a decision.<sup>38</sup> Elections were held again in December and the management finally recognised CITU as the official union.<sup>39</sup>

## December 2014: Suspension of Production and Start of a Period of Protests

At the beginning of December 2014, Foxconn announced that it would suspend operations at the Sriperumbudur plant on 24 December and that it would eventually shut down the unit. Foxconn followed the example of its biggest client Nokia, which had shut down its facility in Sriperumbudur in November 2014.<sup>40</sup> The decision affected around 1,700 employees and sparked protests among the workers, who threatened to go on strike. In the meantime, the company introduced a Voluntary Retirement Scheme (VRS) package for workers. Despite the introduction of the VRS package, negotiations and tri-partite talks were held with the ALC, the unions and the management. The unions, the ALC and protesters demanded that the company should reopen the plant and provide work for the protesters. However, Foxconn rejected their demands and suspended production from 24 December.<sup>41</sup> At the end of December, nearly 200 Foxconn employees were arrested for trying to enter the plant to punch in to claim wages.<sup>42</sup> This action was supported by CITU, which stated that workers would continue to enter the factory every Monday to protest against the suspension of production and against pressure on the employees to accept the VRS.<sup>43</sup>

## 10 February 2015: Closing of Sriperumbudur plant

The Sriperumbudur plant was officially closed down on 10 February 2015. After many weeks of protesting, several rounds of tripartite talks in the presence of the ACL and even a hunger strike by workers, a settlement for severance was reached.<sup>44</sup> CITU negotiated on behalf of the workers and was able to secure a deal with more benefits for employees than the previous package. The new deal included an average sum of 326,000 INR (€4,350) as compensation, which amounts

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37 J. Venkatesan, "SC upholds order of HC on secret ballot to prove majority in trade union," *The Hindu*, 18 August 2014, <http://www.thehindu.com/news/cities/chennai/tu-majority-throug-secret-ballot-uphold-sc/article6328931.ece>; accessed on 17 November 2016.

38 "Supreme Court to decide the fate of union in Foxconn, Sriperumbudur," Thozhillar Koodum, 7 November 2013, <http://tnlabour.in/?p=1971>; accessed on 17 November 2016

39 Rajesh Chandramouli, "Labour union showdown imminent at Foxconn," <http://timesofindia.indiatimes.com/business/india-business/Labour-union-showdown-imminent-at-Foxconn/articleshow/45277292.cms>

40 Rajesh Chandramouli, "Foxconn says it will shut down India operations on December 24," *The Times of India*, 11 December 2014, <http://timesofindia.indiatimes.com/business/india-business/Foxconn-says-it-will-shut-down-India-operations-on-December-24/articleshow/45473215.cms>; accessed on 17 November 2016.

41 Aparna Ramalingam, "Foxconn employees' unions planning hunger strike outside Sriperumbudur plant," *The Times of India*, 24 December 2014, <http://timesofindia.indiatimes.com/city/chennai/Foxconn-employees-unions-planning-hunger-strike-outside-Sriperumbudur-plant/articleshow/45632916.cms>; accessed on 17 November 2016.

42 "194 FIH India workers held for trying to enter factory," *Business Standard*, 6 January 2015, [http://www.business-standard.com/article/companies/foxconn-s-194-workers-were-arrested-while-trying-to-gate-crash-into-the-factory-115010500421\\_1.html](http://www.business-standard.com/article/companies/foxconn-s-194-workers-were-arrested-while-trying-to-gate-crash-into-the-factory-115010500421_1.html); accessed on 17 November 2016.

43 Ibid.

44 PTI, "Foxconn confirms shutting down Chennai plant," *Times of India*, 16 February 2015, accessed 17 November 2016, <http://timesofindia.indiatimes.com/tech/tech-news/Foxconn-confirms-shutting-down-Chennai-plant/articleshow/46262890.cms>

to about three years of pay for permanent workers. The company also promised to prioritise hiring former employees when it decided to reopen the plant. During a general body meeting, CITU advised the workers to accept the package but added that, if workers decided to refuse the deal and take legal action, the union would support them. While most ex-employees accepted the compensation,<sup>45</sup> about 490 workers were not satisfied and insisted on re-employment.<sup>46</sup> In a focus group discussion held by the Bangalore-based NGO Cividep-India, workers explained that the settlement amount was not enough to start a new business or another form of livelihood.<sup>47</sup> The workers felt that settling for the severance deal instead of fighting to keep their jobs was against the wishes of the majority of the workers and they were unsatisfied with how the union had handled the situation. Both the workers who had signed up for the package before the company's deadline, and those who had not done so, received the settlement money in their accounts, the latter without their consent.<sup>48</sup> After losing their jobs, the workers faced problems getting hired elsewhere. According to their testimonies, this was mainly because they worked in a factory where there was a union and secondly, because they were already older than 25 years when they were fired by Foxconn. For many companies, 25 years is the age limit for hiring workers.<sup>49</sup> The plant in Sunguvarchatram remained in operation. However, it has significantly reduced the production level and the number of employees working in the plant.

### May 2015: Opening up of a new plant in Sri City, Andhra Pradesh

Barely three months after officially shutting down the Sriperumbudur plant in the Nokia SEZ, Foxconn set up a brand new plant in the integrated business city, Sri City in Andhra Pradesh. The investment for setting up the plant was 770 million INR (more than €10 million).<sup>50</sup> The company was registered with the Ministry of Corporate Affairs on 1 May 2015 under the name Rising Stars Mobile India Private Limited.<sup>51</sup> During Cividep's interviews with Foxconn's Sri City employees, the workers confirmed that it was the same company as Foxconn since all of the materials they use have Foxconn printed on them. It is an unlisted private company with its registered office at: 380 Belerica Road, Sri City Siddam Agrharam Village, Varadaiah Palem Mandal, Chittoor, Cuddapah, Andhra Pradesh. The paid-up capital is 1,985,499,000 INR (more than €27 million). Several basic Nokia models – Oppo Phones, Xiaomi phones and Gionee phones– are assembled in the plant.<sup>52</sup> The government of Andhra Pradesh has offered a range of incentives to Foxconn such as: a complete waiver of value-added tax for ten years; a ten-year

45 "Foxconn workers to accept larger severance pay by company," *Business Standard*, 13 February 2015,

[http://www.business-standard.com/article/companies/foxconn-workers-to-accept-larger-severance-pay-by-company-115021301570\\_1.html](http://www.business-standard.com/article/companies/foxconn-workers-to-accept-larger-severance-pay-by-company-115021301570_1.html); accessed on 17 November 2016.

46 BI India Bureau, "Not satisfied with severance pay, Foxconn ex-staff want their jobs back," *Business Insider India*, 29 July 2015, <http://www.businessinsider.in/Not-satisfied-with-severance-pay-Foxconn-ex-staff-want-their-jobs-back/articleshow/48265841.cms>; accessed on 17 November 2016.

47 Cividep discussion with former Foxconn employees, Focus group, 20 March 2016, Sriperumbudur. For more information on Cividep-India, see [www.cividep.org](http://www.cividep.org)

48 Ibid.

49 Ibid.

50 Gulveen Aulakh, "Make in India: Foxconn starts shipping Xiaomi, InFocus phones built in its AP plant," *The Economic Times of India*, 17 July 2015, [http://articles.economictimes.indiatimes.com/2015-07-15/news/64449823\\_1\\_manu-jain-xiaomi-foxconn-technology-group](http://articles.economictimes.indiatimes.com/2015-07-15/news/64449823_1_manu-jain-xiaomi-foxconn-technology-group); accessed on 17 November 2016.

51 Information retrieved from the Ministry of Corporate Affairs Company/LLP Master Data Database, CIN code: U31401AP2015PTC096605, from <http://www.mca.gov.in/MinistryV2/homepage.html>; accessed on 11 August 2016.

52 Cividep Interviews with Foxconn workers in Sri City, June 2016.

central sales tax waiver; and the promise to reimburse training costs up to 10,000 INR (€133) per employee.<sup>53</sup>

According to press articles, Foxconn has hired ex-staff from the Nokia plant in Sriperumbudur for its facility in Sri City. This was confirmed by an ex-employee from the Sri City plant. *The Times of India* also reported that the company has employed 2,000 workers who took voluntary retirement from Nokia's facility.<sup>54</sup> However, it has not been possible to verify the exact number of ex-Nokia staff members hired by Foxconn. When *New Indian Express* contacted Josh Foulger, Managing Director of Foxconn India, he refused to confirm the exact number.<sup>55</sup> In December 2016, Foxconn is reported to have four units in Sri City, which between them employ 8,000 workers.<sup>56</sup> More information on employment in the Foxconn plants in Sri City can be found in Section 3.

## 8 August 2015: MoU signed with Maharashtra Government

In August 2015, the government of Maharashtra signed a Memorandum of Understanding (MoU) with Terry Gou, Foxconn's Chairman, stating the aim of investing US\$5 billion in a manufacturing facility and in R&D with a promise from the state government to make available around 1,500 acres of land between Mumbai and Pune for the facility. According to Chief Minister Devendra Fadnavis, the facility will generate 50,000 jobs.<sup>57</sup> In order to attract Foxconn's investment, the state government offered an incredible package of incentives, including: 1,500 acres of land offered on a 95-year lease; a 100% exemption from stamp duty during the investment period; exemption from property tax, land tax and entry tax; subsidised electricity for the first ten years; an exemption from energy duty and water charges for 15 years; 20% capital subsidy; and provision of favourable working capital at a preferential interest rate for ten years.<sup>58</sup>

Almost one year after signing the MoU, Foxconn is still postponing investing in a new factory. It did, however, rent a 200,000-square foot facility in Navi Mumbai where production was expected to start in August 2016. In January 2017, Foxconn confirmed that operations in Maharashtra were to begin during that year. However, as of November 2017, there had been no indication that

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53 "AP gives 10-year VAT waiver to Foxconn facility," *Business Standard*, 8 January 2016, [http://www.business-standard.com/article/companies/ap-gives-10-year-vat-waiver-to-foxconn-facility-116010800979\\_1.html](http://www.business-standard.com/article/companies/ap-gives-10-year-vat-waiver-to-foxconn-facility-116010800979_1.html); accessed on 17 November 2016.

54 PTI, "Foxconn hires ex-staff of Nokia Chennai plant for AP unit," *The Economic Times of India*, 12 July 2016, [http://economictimes.indiatimes.com/articleshow/53177350.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://economictimes.indiatimes.com/articleshow/53177350.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst); accessed on 17 November 2016.

55 "Laid-off Nokia staff get jobs with Foxconn," *The New Indian Express*, 13 July 2016, <http://www.newindianexpress.com/nation/Laid-off-Nokia-staff-get-jobs-with-Foxconn/2016/07/13/article3526463.ece>; accessed on 17 November 2016.

56 "Hit Hard by demonetisation, Foxconn puts a fourth of its India works on bench", *The Economic Times*, 12 December 2016, <http://economictimes.indiatimes.com/tech/hardware/foxconn-puts-a-fourth-of-india-workers-on-bench/articleshow/55929675.cms>; accessed on 16 December 2016.

57 "Foxconn to 'Make in India', will invest \$5bn in Maharashtra," *Hindustan Times*, 8 August 2015, <http://www.hindustantimes.com/business/foxconn-to-make-in-india-will-invest-5bn-in-maharashtra/story-8NNM9g-8wqF5Nsj7XBgRxxL.html>; accessed on 17 November 2016.

58 Besta Shankar, "Foxconn to get 100% stamp duty exemption, subsidised power supply from Maharashtra," *International Business Times*, 31 October 2015, <http://www.ibtimes.co.in/foxconn-get-100-stamp-duty-exemption-subsidised-power-supply-maharashtra-652717>; accessed on 17 November 2016.

production had started.<sup>59</sup> The facility was deemed to be temporary as the government of Maharashtra still expects Foxconn to invest in a new multi-billion dollar factory,<sup>60</sup> despite signs that the latter may not happen.<sup>61</sup> Foxconn's plan for a new factory in Maharashtra may be delayed as long as tribal farmers continue to protest against the use of their land for industrialisation.<sup>62</sup>

## June 2016: Talks to Revive Nokia SEZ facilities

The state government of Tamil Nadu started talks with several companies, including Foxconn, to explore the possibility of reviving the manufacturing facilities in the Nokia SEZ.<sup>63</sup> In July, Foxconn put forward two demands that needed to be met before it bought or leased the Nokia SEZ facilities: (1) an exemption from the legal and financial liabilities that Nokia still faces in India; and (2) the conversion of (a part of) the SEZ into a Domestic Tariff Area so that it can also target the Indian market. Nokia has voiced its support for Foxconn's intentions, stating: "We are hopeful that the Indian government will approve and fully support, without delay, the legal transfer of the facility should an agreement be reached between Nokia and a suitable buyer."<sup>64</sup>

## October 2017: Foxconn former workers protest to get their jobs back in Sunguvarchatram<sup>65</sup>

In 2015, Foxconn suspended operations at its plant located within the Nokia SEZ in Sriperumbudur offering a voluntary retirement package to the workers. Some workers refused the severance and asked to keep their jobs instead, in the end coming to an agreement with the management that these workers would be re-hired when Foxconn re-starts operations in the area. During the second half of 2017, a company by the name of Rising Stars Mobile (Rising Stars) started operations very close to Foxconn's Sunguvarchatram plant. This company appears to be very closely related to Foxconn, yet it refused to re-hire the former workers. As a result of this 300 workers organised a protest on 11 October 2017 asking for their jobs back as well as the intervention of the Tamil Nadu government. When questioned through the Assistant Commissioner of Labour (ACL),

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59 Priyanka Kakodkar, "Maharashtra production expected to begin this year: Foxconn", *The Times of India*, 3 January 2017, <https://timesofindia.indiatimes.com/business/india-business/maharashtra-production-expected-to-begin-this-year-foxconn/articleshow/56303932.cms>; accessed 28 November 2017.

60 PTI, "Foxconn to begin making mobiles at Navi Mumbai plant in August," *The Economic Times of India*, 12 July 2016, <http://economictimes.indiatimes.com/tech/hardware/foxconn-to-begin-making-mobiles-at-navi-mumbai-plant-from-august/articleshow/53171481.cms>; accessed on 17 November 2016.

61 Sawant, Sanjay, "Foxconn likely to shy away from \$5 bn investment in Maharashtra; jolt to Modi, Fadnavis," *Firstpost*, 27 October 2016. <http://www.firstpost.com/business/foxconn-likely-to-shy-away-from-5-bn-investment-in-maharashtra-jolt-to-modi-fadnavis-3074688.html>; Accessed on 6 December 2016).

62 Manasi Phadke, "Maharashtra proposal to give tribal land to iPhone maker Foxconn sparks protests," *Hindustan Times*, 10 July 2017, <http://www.hindustantimes.com/mumbai-news/maharashtra-may-allot-tribal-land-at-palghar-to-chinese-firm-foxconn/story-uBvvXPnNw5Worn4yQ4r6OI.html>; accessed on 14 July 2017.

63 Bharani Vaitheesvaran, "Government rings up Foxconn for sale of Nokia's Chennai plant; talks held with Terry Gou 10 days back," *The Economic Times of India*, 14 June 2016 [http://articles.economictimes.indiatimes.com/2016-06-14/news/73767838\\_1\\_chennai-factory-foxconn-nokia-factory](http://articles.economictimes.indiatimes.com/2016-06-14/news/73767838_1_chennai-factory-foxconn-nokia-factory); accessed on 17 November 2016.

64 Gulveen Aulakh, "Foxconn wants to keep off Nokia's legal, financial issues," *The Economic Times of India*, 14 July 2016, <http://economictimes.indiatimes.com/tech/hardware/foxconn-wants-to-keep-off-nokias-legal-financial-issues/articleshow/53201778.cms>; accessed on 17 November 2016.

65 "Foxconn: Conning and rising", *Tozhilalar Koodam*, 8 November 2017, accessed 4 December 2017, <http://tnlabour.in/electronics-industry/6012>

Rising Stars denied any links with Foxconn and refused to employ the protesting workers. However, workers claim that many of the key personnel, including HR managers, are the same as from the old plant and that the address of Rising Stars is the same as that of the old Foxconn plant. Rising Stars also advertises as “Rising Stars Mobile India Pvt Ltd – Foxconn Technology” on its Facebook page and both companies have a common Director.<sup>66</sup> The workers filed a complaint with the ACL and a Right to Information (RTI) request to clarify the relationship between Foxconn and Rising Stars. In response to the RTI, the Labour office responded with details of Rising Stars while stating that they did not have any details on Foxconn. In response to the complaint, a meeting took place with a representative from Rising Stars management on 25 October 2017 at the ACL office. When asked why Foxconn workers could not be employed, he replied that he was not in a position to answer the question.

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66 Zaubacorp website, Director Profile, “Yang Shu Hui”, no date, accessed on 5 January 2018, <https://www.zaubacorp.com/director/YANG-SHU-HUI/07033991>; Site2 Corp website, “Foxconn Technology India Private Limited”, accessed on 5 December 2018, <https://site2corp.com/in/foxconn-technology-india-private-limited>

### 3 Working Conditions

This three part section first briefly summarises the working conditions at the Sriperumbudur plant before it shut down in early 2015. The first part is based on the 2011 *Phony Equality* report by Finnwatch, Cividep and SOMO<sup>67</sup> and the 2012 report *Shiny Phone, Paltry Pay* by Südwind and Cividep.<sup>68</sup> The second and third parts of this section are based on an empirical examination of current working conditions at two existing Foxconn factories in Sunguvarchatram, Tamil Nadu and Sri City, in the state of Andhra Pradesh, respectively. Foxconn managers have shared their perspective on the report, as noted below. In addition, the findings have been compared with the principles expressed in Foxconn's CoC.

#### Foxconn in Sriperumbudur pre-2015

The Foxconn workforce in Sriperumbudur was composed mainly of migrants from other parts of Tamil Nadu and young workers in their twenties living away from their families for the first time.<sup>69</sup> The proportion of permanent workers in the factory fluctuated between 40-60%. The rest of the workforce was made up of contract workers and trainees.<sup>70</sup> With no limit on the number of contract extensions at Foxconn, contract workers were kept in a precarious situation for years.<sup>71</sup> Similarly, the trainee status lasted up to 15 months, even though the actual training was almost never longer than a month. In addition, workers were not always assured a permanent job and the training could be extended or terminated at will.<sup>72</sup> Aware of their vulnerability, neither trainees nor contract workers wanted to get involved in unions or complain at the risk of losing their sources of income at any time.<sup>73</sup>

During peak production periods, workers were required to do overtime and even to work on their weekly day off. Some workers reported that occasionally they were asked to work two consecutive shifts without a break or to work up to nine days in a row.<sup>74</sup> Working days were extended by long commutes of over an hour each way, and resulted in chronic fatigue for many of the workers.<sup>75</sup>

Female workers reported that they felt an intense pressure to meet the daily production targets because, if they did not, they sometimes received written warnings or were made to clean the shop floor as a form of humiliation.<sup>76</sup>

Workers found that the statutory minimum wages they received were not enough to support their family or to put aside any savings. They believed that a monthly 'living wage' would be between

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67 Ferus-Comelo and Pöyhönen, *Phony Equality: Labour Standards of Mobile Phone Manufacturers in India*, 2011,; Ceresna-Chaturvedi, *Shiny Phone, Paltry Pay*, 2012. Available at: <http://www.cividep.org/2012/05/12/shiny-phone-paltry-pay-poorly-paid-mobile-phone-workers-south-india-try-make-ends-meet/>

68 Ibid.

69 Ibid, 19.

70 Ibid, 24 & 26.

71 Ibid, 35.

72 Ibid, 27.

73 Ibid 36 & Ceresna-Chaturvedi, *Shiny Phone, Paltry Pay*, 7.

74 Ceresna-Chaturvedi, *Shiny Phone, Paltry Pay*, p. 6.

75 Ferus-Comelo and Pöyhönen, *Phony Equality: Labour Standards of Mobile Phone Manufacturers in India*, 2011,, p. 20.

76 Ferus-Comelo and Pöyhönen, *Phony Equality: Labour Standards of Mobile Phone Manufacturers in India*, 2011,, p. 37.



9,000 and 15,000 INR (€143–€200). According to the Asia Floor Wage campaign, the minimum living wage for India at the time would be 7,967 INR (€106), which was far above the wages of contract workers and trainees.<sup>77</sup> Furthermore, despite doing the same work, the wages of contract workers and trainees were lower than those of permanent workers. This disparity violates the ‘equal pay for equal work’ principle enshrined in Article 39(d) and Article 14 of the Constitution of India, as well as the Equal Remuneration Act of 1976.<sup>78</sup>

Not all workers were aware of the leave policy of Foxconn or they found it difficult to take leave. Whether or not leave was approved depended on the production volume and the relations between the worker and the HR manager.<sup>79</sup>

## Sunguvarchatram, Tamil Nadu

This section is based on data gathered through interviews and focus group discussions (FGD) with fourteen workers in June 2016. The workers interviewed were between 26 and 33 years old; they had all been working for Foxconn for eight or nine years. All interviewees were permanent technicians and members of the United Labour Federation (ULF) union. Since contract workers, trainees or permanent workers who were not members of the union were not included in the FGDs, more research has to be done on their situation.

### The plant and the work environment

The Sunguvarchatram (SVC) plant was set up in 2007 and continues production, albeit at a significantly lower rate than before and with a small workforce, even after the closure of the plant in the Nokia SEZ in 2015. The SVC plant operates under the name Foxconn CNSBG (Communication and Network Solution Business Group) while the old factory functioned under the name Foxconn India Private Limited. It produces 3G and 4G panel boxes and battery boxes. Workers interviewed for the study reported that the boxes were supplied to Nokia Siemens and exported to the Netherlands. The components came from China.

The plant has several departments such as stamping (in which they cut big metal plates), painting, the warehouse, assembling and quality control. Workers rotate tasks and have to work at every department in turn. The interviewees described the work as very difficult because it involves huge machines that produce heavy boxes and the workers have to stand during the whole shift. Compared to the Sriperumbudur plant in which they assembled small and light products, the work in the SVC plant is much harder. The workers felt that the level of difficulty of the work was similar to that in the automobile industry.

### Composition of the workforce

The factory employs 147 people, of which 50 are management staff, 60 are permanent staff and the rest (37) are contract workers, trainees or apprentices. According to management, the company “engages temporary employees through accredited contractors based on the manufacturing cycles of our customers and our business needs, and in compliance with all relevant local laws

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77 Ibid., p. 33.

78 Ferus-Comelo and Pöyhönen, *Phony Equality: Labour Standards of Mobile Phone Manufacturers in India*, 2011., p. 31 & 32 & Ceresna-Chaturvedi, *Shiny Phone, Paltry Pay*, p. 2.

79 Ibid, p. 6.

and regulations”.<sup>80</sup> There is no accreditation system for contractors or labour market intermediaries in India. Hiring workers on a contract basis throughout the year for core functions of the business violates the Contract Labour (Regulation and Abolition) Act 1970. The workforce is composed only of technicians in the plant, no operators, due to the nature of the work. The contract workers are predominately migrants from other states and they stay in a dormitory on the factory premises.

The interviewees estimated that around 40 permanent workers from the old Foxconn plant in Sriperumbudur were transferred to the SVC plant due to their experience and skills. Most of the 40 workers were over 25 years old and had been working for Foxconn for several years. The workforce on the shop-floor is dominated by men and only five of the 50 management staff are women.

### **Working hours, breaks and targets**

The working hours and shifts have changed very quickly since the fieldwork was conducted. In May 2016, the SVC unit only had a general shift. At the end of July, second and third shifts were introduced. The first (general) shift is from 8am to 4pm; the second from 4pm to 12am (midnight) and a third, is the night shift from midnight to 8am. Night shifts are compulsory and cannot be declined. Workers get paid only 20 INR (€0.28) extra per night.<sup>81</sup> The lack of right to refuse night shifts is contrary to Foxconn’s CoC that: “All work must be voluntary” and it was not possible to verify if the working hours and shifts were specified in the “written employment agreement” that the code requires to be provided to workers.<sup>82</sup> Without this, there is a risk that night shifts can be perceived as forced labour since workers comply in the fear of losing their jobs.<sup>83</sup> Company management state: “Working hours and schedules at our facilities are in accordance with all relevant laws and regulations.”<sup>84</sup> Since July, the company has introduced overtime, which was not the practice earlier in May. However, according to the workers and confirmed by management, overtime is not compulsory and is compensated with the legally mandated double wages.

During the general shift, workers have a 40-minute lunch break. However, due to the time required to reach and get back from the canteen for meals that are paid for through wage deductions, they only have 20 minutes to have their lunch. They also have a five-minute break every two or 2.5 hours, but the management tells the workers that this is only for the machines and not for the workers. During the night shift they do not have a long break; they only have a five-minute break every two or 2.5 hours. Even if the length of the lunch and other breaks technically meet legal requirements, as management asserts in general, it does not meet the workers’ need for proper rest and nutrition.

Although the production target varies each day according to the product, it is on average around 1,500 units per day. The workers are expected to reach the target even if a member of the team

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80 Email correspondence with Dr. Martin H. J. Hsing, Executive Director of Foxconn Global Social and Environment Responsibility Committee (FGSC), 15 November 2016.

81 Source for all currency conversions as on 8 December, 2016: <http://www.xe.com/currencyconverter>

82 Foxconn Global Code of Conduct Policy, p. 5.

83 The International Labour Organisation’s (ILO) Forced Labour Convention 1930 (No. 29), ratified by India in 1954, defines forced or compulsory labour as: “all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself [sic] voluntarily.” From: [http://www.ilo.org/dyn/normlex/en/f?p=NO\\_RMLEXPUB:12100:0::NO::P12100\\_INSTRUMENT\\_ID:312174](http://www.ilo.org/dyn/normlex/en/f?p=NO_RMLEXPUB:12100:0::NO::P12100_INSTRUMENT_ID:312174); accessed on 8 December 2016.

84 Email correspondence with Dr. Martin H. J. Hsing, Executive Director of Foxconn Global Social and Environment Responsibility Committee (FGSC), 15 November 2016.

is absent. Sometimes the company deploys trainees or apprentices to help reach the target. If the target is not achieved, a meeting is held to examine whether it is due to machine or human failures. According to the workers, the management often wrongfully compares the permanent workers to the trainees when it comes to reaching targets. Workers felt that trainees who have just joined the company were able to reach higher targets because they were still fresh and had a lot of energy. The workers who had been working in the factory for a long time were worn out and could not compete with the trainees anymore. The management sometimes reprimanded the (permanent) workers for this and, when the workers told the management they could not reach the target, the supervisors made veiled threats. For example, in the words of one interviewed worker: “This guy is ready to be replaced; there are more people who are ready to join”. Under the freedom of association clause, Foxconn asserts that: “Workers shall be able to communicate openly with management regarding working conditions without fear of discrimination, harassment, intimidation, penalty, or reprisal.” Indirect threats about being ‘ready to be replaced’ not only challenge the company’s own stated values, but also builds resentment among workers and compromises the dignity of labour.

If monthly targets are not met, or if there is an abundance of orders, workers are required to work on Sundays. If permanent workers are repeatedly not able to achieve targets, they are shifted to other tasks like cleaning, which are considered to be a form of public humiliation. Additionally, according to the discussion participants, sometimes permanent workers do not get salary increases when they do not achieve targets. If they ask for a salary increment, the management tells them that they can join another company if they do not like working at Foxconn. The workers interviewed reported that some contract workers were fired because they did not reach the targets. Along with compulsory night shifts, short breaks or no breaks, and the culture of intimidation documented above, workers’ perspectives on what could be considered realistic targets and fair salary increments were also neglected. In contrast, Foxconn management states:

“Our company has always supported the rights of employees to express their views and clear channels have been established to enable them to provide feedback on any aspect of their employment with our company. In addition, representatives from the human resource department regularly engage with employees to understand their needs and reinforce the positive work environment.”<sup>85</sup>

This section has shown the gap that needs to be bridged between the company’s depiction of the model working atmosphere and workers’ experiences. In order to be able to highlight their needs and share feedback on their employment without fear of reprisals, workers need democratic representation and a genuine grievance procedure (see below).

### **Wages, raises and benefits**

The workers interviewed earn between 12,000 and 14,000 INR (€165-193) per month. They reported that their salary was not enough to support themselves and send money back home. In contrast, the monthly living wage calculated by the Asia Floor Wage Alliance is 18,727 INR (€264).<sup>86</sup> The interviewees also felt that they deserved a higher salary because the work they did was similar to the work in the automobile industry, which pays workers with the same experience approximately

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85 Email correspondence with Dr. Martin H. J. Hsing, Executive Director of Foxconn Global Social and Environment Responsibility Committee (FGSC), 15 November 2016.

86 Asia Floor Wage in local currency, <http://asia.floorwage.org/asia-floor-wage-in-local-currency>

20,000 to 40,000 INR (€275-550) per month, depending on their skill and grade.<sup>87</sup> Foxconn responded that: “We offer all employees wages and benefits that exceed statutory requirements and that are competitive with our industry peers.”<sup>88</sup>

It is not clear whether or not Foxconn’s “merit-based remuneration system”<sup>89</sup> that the company claims to offer is the same as the wage raise classification system described by workers. According to interviewees, the management divides the workers in different salary increment grade categories from A to D such that, for example, workers with an A grade get an annual salary raise of up to 1,500 INR(€21) whereas the workers in category D get zero increments. While the company may have set up these categories to reflect differences in workers’ performance levels, it appears that the logic of the categorisation was not adequately understood by all workers, who considered it arbitrary and immutable. The interviewees said that some of the people working in the same line as them, doing the same work and with the same experience, earned more than they did and got a higher wage increase. The interviewees also felt that the difference was due to their union membership and that only non-union members got a salary increment. One union member shared his experience of not getting a salary increment for two consecutive years. According to the interviewees, contract workers do not get annual salary increments. The contract workers did get a salary increase in June 2016, in accordance with the increased minimum wage prescribed by the government. In contrast, the management staff gets annual raises of up to 5,000 INR (€70), according to the interviewees.

All workers were registered for the Provident Fund. Both contract workers and permanent workers who earned less than 17,000 INR (€237) per month were registered for Employee State Insurance (ESI).<sup>90</sup> Workers who earned more than 17,000 INR (€237) per month were covered by a company insurance scheme.

### **Freedom of association and unionisation**

The United Labour Federation (ULF) – an independent union not affiliated with a political party – has 37 members in the SVC factory. The workers interviewed said that they formed the union because they felt that they were not getting paid enough and the management was not listening to their complaints. Although the old Foxconn factory had recognised CITU, this union covered workers in both Nokia and Foxconn. The union members felt that they needed a separate union for Foxconn workers. Both, the workers and a union officer who were interviewed for the study, reported that Foxconn, however, refuses to recognise the ULF or to negotiate with it. According to the interviewees, union members faced discrimination by the management, in direct conflict with Foxconn’s non-discrimination clause that specifies union membership as one of the grounds upon which the company will not discriminate. For example, union members are placed in the D category, as described above, with zero wage increases and earn less than non-union members doing the same work. Furthermore, a scenario still playing out as this report went into print,

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87 Interview with workplace union leader, 15 July 2017

88 Email correspondence with Dr. Martin H. J. Hsing, Executive Director of Foxconn Global Social and Environment Responsibility Committee (FGSC), 15 November 2016.

89 Ibid.

90 The Provident Fund (PF) and Employees State Insurance (ESI) are state-sponsored social security systems to which both employers and employees are required to contribute through wages according to the provisions of the respective Acts. ESI is a health insurance fund that covers sick leave compensation, medical expenses and hospital stay, while PF provides financial cover for unemployment and retirement. However, not all employers set up ESI and PF accounts.

paints a different picture of Foxconn's human resource management style than the company's assertion that "... the freedom of association rights of all workers are protected".<sup>91</sup>

### Box 1: Union members made to sit idle at work

Since 28 November 2016,<sup>92</sup> 17 workers (all union members) have been forced to sit idle at work without any explanation. They are being paid for coming in to work, but they do not know why they have been excluded from the production line. There are at least two possible explanations. One, that this was a form of disciplinary action, even though the cause was not clear. However, this would clearly violate Foxconn's CoC, which states: "Disciplinary policies and procedures ... shall be clearly defined and communicated to workers". The second, that workers had been 'laid off' temporarily due to a slump in production. At the Foxconn plants in Sri City, Andhra Pradesh, 1,700 out of 8,000 workers were forced to take leave for two weeks due to a slow-down in production caused by demonetisation<sup>93</sup> since 9 November.<sup>94</sup> Even if the 'benching' of workers in Sunguvarchatram was related to demonetisation, the main question is: why were only union members targeted? Furthermore, the workers who were sitting apart from the production line noticed that new contract workers and apprentices had taken their place. One year later, the workers are still made to sit idle, although the number has now come down to 15 as one worker was suspended and another resigned. As a result of this, the workers did not get any performance bonus and received very low increment of 300 INR (almost €4). When the workers asked the management the reason for low increment, the management responded by saying that the increment was based on performance and since they did not do any work, their performance could not be assessed. However, when the workers went to the shop floor to work, they received a warning letter from the management and were told not to come to the shop floor.

### Leave

According to the interviewees, contract workers do not get any paid leave. The permanent workers have 12 days of casual leave and 15 days of annual leave, the latter of which can be claimed after completing 12 months of work. However, despite having 27 days of annual leave entitlement in theory, workers are not allowed to take leave for more than three consecutive days in practice, even for their own wedding, due to management fears that the production will be adversely affected. This gap between theory and practice is not addressed in the management claims that: "Annual leave entitlement and medical leave policies are also in place for all

91 Email correspondence with Dr. Martin H. J. Hsing, Executive Director of Foxconn Global Social and Environment Responsibility Committee (FGSC), 15 November 2016.

92 This was still the case on 17 July 2017

93 Demonetisation refers to the Indian Prime Minister's decision to take 500 and 1,000 Rupee notes out of circulation, rendering them worthless after 31 December 2016. As a result, demand for consumer products like mobile phones, which are usually paid for in cash, has fallen, thereby affecting production cycles.

94 Gulveen Aulakh, "Hit Hard by demonetisation, Foxconn puts a fourth of its India works on bench", *The Economic Times*, 12 December 2016, <http://economictimes.indiatimes.com/tech/hardware/foxconn-puts-a-fourth-of-india-workers-on-bench/articleshow/55929675.cms>; accessed on 16 December 2016.

employees, and these policies are in line with relevant local and national laws and regulations and industry best practice.”<sup>95</sup>

There is no sick leave policy, but if workers take leave when they are sick, this is covered by the Employees State Insurance (ESI) in the case of workers who earn less than 17,000 INR (€237) per month.<sup>96</sup> For workers who earn more than 17,000 INR (€237) per month there is a company insurance scheme.

### **Food and transportation facilities**

The company provides lunch at a monthly cost of 150 INR (€2), which is deducted from the workers’ salary. One complaint from the workers was that the company does not provide healthy snacks during the night shift and the workers are also not allowed to bring their own snacks.

While the company provided workers with transport to and from home within a 60 kilometre radius of the old Foxconn plant, the management now provides transport facilities for only up to 20 kilometres radius from the factory. Transport facilities are the same for all workers, regardless of their employment status. If workers have to travel beyond the 20 kilometres limit, they have to arrange their own transport at their own cost, even for night shifts. Some of the workers reported that they had to sleep on the bus platform because they were not able to get a bus for the night shift.

### **Health and safety**

The company provides an annual health check-up. The union members felt that this was not enough and are, therefore, demanding to have a health check every six months. The management states that “employees receive free consultations at the 24/7 clinic” on the factory premises.<sup>97</sup> It is not clear why workers do not take advantage of these free health consultations in greater numbers, if they have been informed about their availability.

Despite the fact that the company provides workers with personal protective equipment (PPE) like masks, gloves, goggles, protective shoes and foam earplugs, the workers still face several uncomfortable, unhealthy and even dangerous working conditions. In the paint shop, they use dye powder instead of liquid paint for the panels. Despite the face mask, the workers felt that they were inhaling the powder that spreads around inside and outside the paint shop. There is also a lot of dust in the factory that the workers inhale.

Secondly, some of the machines were very loud and, according to the interviewees, they produced noise levels of around 150 decibels. The workers were provided with foam earplugs but they still experienced discomfort from the noise. Another complaint was that the company was not maintaining the surroundings of the factory very well. The overgrown bushes around the factory attracted a lot of insects, rodents and snakes. The snakes have occasionally entered the factory and required removal by experts.

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95 Ibid.

96 Under ESI, workers who need time off work for an illness can claim partial wage compensation with a doctor’s certificate. The compensation is typically up to half of the worker’s daily wage rate.

97 Email correspondence with Dr. Martin H. J. Hsing, Executive Director of Foxconn Global Social and Environment Responsibility Committee (FGSC), 15 November 2016.

The company insists that its “employee health and safety policies and standards meet all relevant laws and regulations. Our company abides by a ‘safety first’ policy and our focus is on putting in place proactive prevention measures to eliminate and reduce occupational risks, and provide a healthy and safe workplace for our employees.”<sup>98</sup>

Workers also reported that some of the machines were not safe. The machines are supposed to have a sensor that stops the machine immediately when something goes wrong. However, the workers said that a lot of these sensors do not work. In order for the sensor to work, the materials need to be placed at a certain degree angle in the machine. However, when the production changes or different materials need to be used, the sensor needs to be adjusted, which takes time and might affect the target. Therefore, the company decided not to turn on the sensors to save time. The participants reported a near-accident due to the malfunctioning of the sensor when a steel plate was cut and fell from the machine. The sensor would have detected this but since it was not on, the worker did not receive a warning; luckily, the plate fell away from the worker or he would have been severely injured. Foxconn claims that it conducts “proper and routine maintenance of machines, and enhancement of production flows.”<sup>99</sup> However, it is not evident that the improvement of operations automatically takes into account workers’ safety. Foxconn’s health and safety policy in the CoC also reiterates machine safety in the following words: “Production and other machinery is to be evaluated for safety hazards. Physical guards, interlocks and barriers are to be provided and properly maintained for machinery used by workers”. However, this does not address deliberate manipulation of safety mechanisms that speed up production, putting workers at risk.

Another accident took place a few months earlier when a worker dropped something in the oven and wanted to take it out but his shoe melted in the heat and his foot got burned. Foxconn paid for his treatment and for his leave. Although the company reports that it conducts “regular training and drills to reinforce employee awareness of safety policies and capabilities in areas such as handling hazardous materials, and promoting safe workplace practices among employees,”<sup>100</sup> it was not possible to verify this.

Most interviewees expressed the intention of changing jobs in the near future because they felt that they could not continue in such a tough job for much longer and they wanted to earn a higher salary. The interviewees thought that there were no promotion or career prospects for them in the Foxconn factory.

## Sri City, Andhra Pradesh

This section discusses working conditions at Foxconn in Sri City, Andhra Pradesh. It is based on interviews with 16 workers, some of which were conducted individually, and others with groups of two to four workers. All the interviews with workers took place in public places between June 2 and June 5, 2016. Of the 16 workers, 11 were female and five were male. Apart from two 26-year-old women, all the workers were between 20 and 25 years old. Besides five female workers from Nellore, the interviewees lived in different villages close to Sri City, among others: Kadovur, Lakshmpuram and Varadhaya Palem; a few were from areas near Nellore.

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98 Ibid.

99 Ibid.

100 Ibid.

Five of the 16 workers had completed ten years of schooling, five had completed 12 years, and three had college degrees. One even had a postgraduate degree. Two of the workers with degrees did not reveal their degrees to the company when they were hired for fear that they would be rejected for being over-qualified.

The 16 had worked at Foxconn Sri City as contract workers for five months to a year. For 13, the job at Foxconn was their first job. Of the three others, one had worked in the electronics industry before, whereas the two other had worked in other industries. Two of the interviewees had just resigned their job at Foxconn. Most female workers reported to have chosen Foxconn because approximately 70-90% of the workforce was female, and this made them feel safe. Furthermore, the company provided facilities like bus transport and food.

### **The factory and the work environment**

Foxconn was incorporated and registered in Sri City at the Ministry of Corporate Affairs on the 1 May 2015. Workers confirmed that Raising Star Mobile India Private Limited is the same company as Foxconn, because all of the materials they used had Foxconn printed on them. The Foxconn premises had two separate units within one compound wall and another plant was within a five-minute walk from the first two. Based on a press report, a fourth unit has been added since the field visit for this study.<sup>101</sup>

Foxconn in Sri City produces basic Nokia models, Oppo phones, Xiaomi and Gionee phones for the Indian market.<sup>102</sup> The different departments that exist in the plants are the assembly line, the warehouse, the packing section, the finished goods or outgoing section and the kitting department. Of the 16 workers interviewed, six were in the assembly department, four in packing, four in the warehouse, one was a line leader and the last interviewee was a security guard. Only men worked in the warehouse or as supervisors and managers.

The contract workers were hired through at least six labour agencies: Blue Ocean, BMS, SIMHO, Srimargo, VR Enterprises and Saptagiri. The security guards were contracted either by SA (for work inside the factory) or by ISS (for work outside the factory).

There is no union in the factory.

### **Composition of the workforce**

The total number of workers in the Foxconn plants was between 6,000 and 9,000, according to the interviewees, and was reported as 8,000 in the press.<sup>103</sup> Of these workers, around 400 men are estimated to work in the warehouse. According to the security guard interviewed, there were

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101 Hit Hard by demonetisation, Foxconn puts a fourth of its India works on bench, *The Economic Times*, 12 December 2016, <http://economictimes.indiatimes.com/tech/hardware/foxconn-puts-a-fourth-of-india-workers-on-bench/articleshow/55929675.cms>; accessed on 16 December 2016.

102 Debarghya Sanyal, "Foxconn to build 12 factories, employ 1 million in India," *Business Standard*, 14 July 2015, [http://www.business-standard.com/article/companies/foxconn-to-build-12-factories-employ-1-million-in-india-115071400464\\_1.html](http://www.business-standard.com/article/companies/foxconn-to-build-12-factories-employ-1-million-in-india-115071400464_1.html); accessed on 17 November 2016.

103 Hit Hard by demonetisation, Foxconn puts a fourth of its India works on bench, *The Economic Times*, 12 December 2016, <http://economictimes.indiatimes.com/tech/hardware/foxconn-puts-a-fourth-of-india-workers-on-bench/articleshow/55929675.cms>; accessed on 16 December 2016.



approximately 70 security guards in total. However, the Business Standard reports that there are only 2,500 workers in total.<sup>104</sup>

Workers interviewed gave the impression that the vast majority of the workforce in Sri City is composed of contract workers, with only a small number of the supervisors, line leaders and management staff employed on permanent contracts. No trainee was reportedly hired at these plants.

The interviewees reported that most line leaders were permanent workers from Tamil Nadu. Some of the supervisors were permanent and some contracted by labour agencies. There are both male and female supervisors. Most of the operators were from the state of Andhra Pradesh.

Some workers lived on their own in apartments in the vicinity of Sri City and some stayed in hostels. The hostel rooms cost around 2,500-3,000 INR (€35-42) per month. None of the interviewees lived in a hostel because they felt that their freedom of mobility was curtailed in them and that they were more expensive than renting an apartment. Whether or not the lease of the hostels is held by the labour contractors is a question that requires further investigation. In such cases, workers could be more severely restricted and the potential for abuse may increase.

### **Contracts and permanency**

None of the interviewees received a written contract, with only a verbal agreement between the contractor and the operators. This expressly contradicts Foxconn's CoC which states: "As part of the hiring process, workers must be provided with a written employment agreement that contains a description of terms and condition of employment." A group of four female workers claimed that the contractors get 12,000 INR (€169) from the company for each placed worker.

All interviewees reported that the contractor tells workers to take one week of unpaid leave after 11 months of work. After this week, the workers get re-hired and receive a new identity card. Workers further reported that contractors re-employ the same workers using a different company name (for instance, BMS became SMS) while the labour agent seems to be the same person. The men in the warehouse also have to re-join after 11 months of work. Moreover, if they did not behave well, according to the contractor or management, they could not come back. Workers who repeatedly asked for a bonus and wage increase or who asked about becoming permanent did not get re-hired after the week of unpaid leave.

There was no clarity among the interviewees about Foxconn's regularisation policy as they were told different things. Some workers were told that, if they did not take any leave and stayed for ten to 12 months, they may be confirmed in post. Some were not informed at all about this possibility nor did they know who to ask about this. One worker thought that the company would promote someone to a permanent contract based on his or her qualifications. Another worker thought that it would take up to three or four years before operators would be confirmed. None of the interviewees knew of any operators who had been promoted to permanent workers so far.

Workers have one week of training after being hired.

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104 "AP gives 10-year VAT waiver to Foxconn facility," *Business Standard*, 8 January 2016, [http://www.business-standard.com/article/companies/ap-gives-10-year-vat-waiver-to-foxconn-facility-116010800979\\_1.html](http://www.business-standard.com/article/companies/ap-gives-10-year-vat-waiver-to-foxconn-facility-116010800979_1.html); accessed on 17 November 2016.

### **Working hours, breaks and targets**

The company operated on three shifts in all departments, including security. The first shift was from 6am to 2pm; the second from 2pm to 10pm; and the night shift was from 10pm to 6am. It was compulsory to do two weeks of night shift every month. One worker said that she found it difficult to work night shifts for two consecutive weeks because she got very tired.

Most shifts were eight hours but there was also a ten-hour shift from 10pm to 8am. Some of the workers found it difficult to work a ten-hour shift; some got headaches or stomach aches during the ten-hour night shift. Four of the interviewees told us about an incident during which 60 people went to the factory clinic due to a headache during a ten-hour shift. Apparently, the company was considering only eight-hour shifts after multiple complaints by workers but this has not been confirmed. The workers in the warehouse did not have to do a ten-hour shift.

During the first shift, the workers have a 45-minute break of which the lunch break is 30 minutes. During the night shift, they have a break at midnight for tea and a break at 3.30am for a snack. When operators have to do a ten-hour night shift, they get dinner just before the shift starts and tea at 3am.

Sometimes, Sunday is a working day but this is not compulsory. However, workers earn more on Sundays – between 550-750 INR (almost €8-11) – than on regular days. Therefore, many workers decide to work on Sundays as well. This means that many work seven days a week, with no break, in order to earn wages that meet their needs.

The daily targets to be achieved vary according to the phone model. For assembly, it ranges from 2,000 or 2,500 for a phone with a touch screen to 4,000 for basic Nokia models. The interviewees said the supervisors or line leaders do not scold them if they do not achieve the target but sometimes they get a warning or a meeting is held to identify the cause. A few workers felt pressured by line leaders when the target was not met, even though this may be due to a lack of material or because the line leader couldn't motivate the workers enough to achieve the target.

### **Wages, increments and benefits**

The monthly salary of the interviewees who were operators was between 8,000-8,700 INR (€113-123) for eight-hour shifts, after deduction of PF (Provident Fund). The monthly salary is estimated to be around 10,000 INR (€141) for ten-hour shifts. The interviewees mentioned different figures on overtime wages, which ranged from 55-75 INR (78 cents to €1.06) per hour. One contract line leader earned 9,000 INR (€127) per month. According to her, permanent line leaders earned 11,000 or 12,000 INR (€155 or €169) per month. The workers estimated that supervisors earned approximately 15,000 INR (€212) per month. The men in the warehouse earned the same as operators, while the security guard earned 9,000 INR (€127) per month.

All the salaries mentioned above are far below the monthly living wage of 18,727 INR (€264), calculated by the Asia Floor Wage Alliance.<sup>105</sup> Most interviewees reported that their salary was not sufficient to support their family. After paying rent, buying food and sending money home, they were not able to save or pay for healthcare. Sometimes the money they were able to send home was also not enough for their family members. One interviewee who had two children said that,

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105 Asia Floor Wage in local currency,  
<http://asia.floorwage.org/asia-floor-wage-in-local-currency>

even with her husband's salary, they were not able to send their children to a good private school.<sup>106</sup> Several interviewees stated that 15,000 INR (€212) per month would be a better salary.

The company offers an attendance allowance of 550-750 INR (€8 - 11) per month. However, workers forfeit this allowance if they take even one day of leave. The workers didn't receive any bonuses.

The workers were registered for the Provident Fund but none of the interviewees was registered for ESI and they claimed that none of their co-workers was either, despite the existence of an ESI facility close to Sri City.

Contract workers did not receive casual leave, sick leave or maternity leave, but there were two forms of forced leave. They were forced to take unpaid leave when the company ran out of material. The other type was gender-based in order to avoid the legal and financial obligations of Maternity Benefit Act, 1961.<sup>107</sup> Workers can continue working for up to eight months during their pregnancy, if they file a request. If not, women are made to resign from their jobs at six months of pregnancy. Furthermore, the husband of a worker who had to resign due to her pregnancy shared that the stools were also not suitable for pregnant women to sit on. Although Foxconn's CoC affirms "protection against dismissal and discrimination based on maternity", Foxconn's pressure on female workers in Sri City to resign during pregnancy is a gross breach of clauses three and four, respectively, on the protection of maternity rights and the non-discrimination clause on the basis of gender and pregnancy. Furthermore, forced resignation due to pregnancy is illegal. The CoC rightly confirms that: "It is unlawful to terminate the employment of a female worker during her pregnancy or absence on maternity leave." This disparity between Foxconn's CoC and the law, on the one hand, and its practice on the shopfloor, on the other, needs to be addressed immediately.

### **Health and safety**

The factory premises were completely air-conditioned. However, one of the interviewees who had just resigned due to pregnancy said that she could not handle the heat given off by the machines. There is a clinic inside the factory, but it is not free. One consultation session at the clinic costs 150 INR (€2), which has to be paid out-of-pocket by workers, even when they feel sick at work. This is contrary to the management statement that: "Physical examinations are also provided for all employees, and employees receive free consultations at the 24/7 clinic located within our facilities."<sup>108</sup>

While workers on the assembly line are able to work sitting down, people in packing need to stand during the whole shift. Some of the workers found this uncomfortable. In assembling, workers received personal protective equipment (PPE) such as gloves, an apron and a mask for soldering.

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106 Government schools have a notorious reputation for sub-standard education that limits the chances for upward social and economic mobility for the next generation.

107 The Maternity Benefit Act protects the employment of working women during maternity and entitles them to fully paid absence from work. It was amended in August 2016 to increase the maternity leave from 12 weeks to 26 weeks, or six months. See: <http://www.thehindu.com/news/national/Paid-maternity-leave-increased-to-6-months/article14562560.ece>; accessed 19 December 2016.

108 Email correspondence with Dr. Martin H. J. Hsing, 15 November 2016.

### **Atmosphere on the shop floor**

There seems to be no direct contact between the operators and the company management. Workers have gone directly to the HR department of the company only in a few cases. When faced with a problem, workers are supposed to go to the line leader, supervisor or contractor. Most interactions about the terms and conditions of employment are with the contractor. Some of the workers mentioned that, when the contractor is asked about regularisation, the contractor tells them either to stay as a contract worker or to leave the job. Many interviewees refrained from complaining and simply obeyed the contract worker to avoid the risk of getting fired. One former warehouse worker mentioned that too many questions resulted in extra work. As in Foxconn's Sunguvarchatram unit, it appears that there are no "clear channels" for workers "to provide feedback on any aspect of their employment", as the management claims.<sup>109</sup> On the contrary, it seems that workers fear the consequences of raising any issues that need to be resolved. A proper grievance handling mechanism that workers can democratically engage with may help to improve the situation.

In general, the interviewees seemed to find the atmosphere on the shop floor during work to be acceptable but some workers did mention that the supervisors and line leaders sometimes got angry when workers arrived late.

Employees were not allowed to take mobile phones with them inside the factory. In case of an emergency in the family, a family member had to come to the factory with the news. Visitors were allowed to enter the factory only once they had been vetted as a member of a worker's family. Lastly, male workers were not allowed to talk to female workers and vice versa in the workplace, even if they were married to each other. Male supervisors were allowed to talk to female operators but only about work-related matters and only for a few minutes.

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109 Email correspondence with Dr. Martin H. J. Hsing, 15 November 2016.

## Conclusion

Major strikes and incidents like the pesticide poisoning in the past indicate that the working conditions in the old Foxconn Sriperumbudur plant were far from perfect. More than one year after closing this facility, however, the company has not improved the quality of employment in the Sunguvarchatram and the Sri City plants. A common problem faced by workers in both locations is the lack of appropriate communication channels to address grievances without the fear of humiliation and retribution.

Workers' right to freedom of association is adversely affected by the management's discriminatory attitude towards union members. Union members received lower salaries and were denied wage increases in comparison to team members who did the same work with the same level of experience. More importantly, despite the fact that almost half of the permanent workers were members of the United Labour Federation, Foxconn has not yet recognised the federation as the workers' representative. Without union representation in the workplace, workers in the Sunguvarchatram (SVC) factory face poor safety practices and occupational health and safety hazards. The risk of injuries is high due to disabled safety sensors and poorly maintained company grounds with snakes and rodents. Workers' health is also compromised by the presence of paint powder in the air and the constant noise of machines. Another condition that has worsened is the provision of transport facilities, which means that workers have to arrange their own transport, even during a night shift, at their own cost.

A significantly larger portion of the workforce in the new Sri City facility appears to be in a precarious employment situation, employed as contract workers, in comparison to workers in the Chennai plant. Permanency seems to be reserved for some supervisors, line leaders and management staff. The contract workers' future employment situation will most likely remain uncertain for an extended period of time for three reasons that amount to the explicit violation or circumvention of labour law: (1) a lack of an official appointment letter; (2) no clear regularisation policy and process; (3) a break in service every 11 months and change in the name of contractors. As a result of their precarious situation, the workers are not in a position to complain about their situation or to voice demands. Without any form of grievance mechanism, they are forced to accept the situation or to leave their job. Moreover, the salary of contract workers in Sri City is only 3,000 INR (€40) higher than the reported wages of contract workers in the Sriperumbudur factory five years ago.<sup>110</sup> As was the case in 2011, the monthly salary of 8,000-8,700 INR (€107-116) is still far below the living wage calculated by the Asia Floor Wage Alliance. Women are unable to access their entitlement to maternity leave and subsequently are excluded from the paid labour market.

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110 Ferus-Comelo and Pöyhönen, *Phony Equality: Labour Standards of Mobile Phone Manufacturers in India*, 2011., p. 30.

In summary, Foxconn is a long way from being a good employer. This study indicates that there are many areas in which Foxconn could make improvements in its conduct toward the workforce. Despite adopting a corporate code of conduct and assenting to an industrial code of conduct, Foxconn's practices in India are unsatisfactory for the workers who depend on the company for their livelihoods. Prolonged precarious work, verbal abuse, discrimination on the basis of gender and union membership, the lack of grievance mechanisms and sub-standard occupational health and safety conditions at Foxconn characterise poor employment quality. If the company plans to expand in India, as its press statements and correspondence express, then it needs to stop outsourcing its responsibilities as an employer to labour intermediaries, engage more directly and democratically with workers and promise transparency to the community.



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