Statements and answers from HP, Dell, Lenovo and Wsitron to Danwatch questions

Danwatch presented Wistron, HP, Dell and Lenovo with the investigation findings and questions arising from it. Only Dell replied directly to Danwatch’s specific questions. Wistron and HP responded with statements, while Lenovo responded with a general statement, which did not respond to the specific findings or questions presented and posed by Danwatch. Danwatch had a chance to interview HP and Dell over telephone, while Wistron and Lenovo declined the request for a telephone interview.

Dell
The Following answers were sent from Dell on August 19 2015:

Danwatch: The definition of forced or compulsory labour according to ILO is: “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 voluntarily”. What is the difference between forced labour and the forced internships described by students working at your supplier Wistron Zhongshan at the moment?
Dell: Through the EICC (Electronic Industry Citizenship Coalition) audit we look for evidence of forced labour such as withholding of passports, disciplinary fines or not being able to terminate their own employment. We will investigate the practices at Wistron to be sure these requirements are being met.
Danwatch: Danwatch’s findings show a series of violations of national and international law, including the ILO conventions against Forced Labour. The documentation from the Wistron Zhongshan facility is also contradictory to your company’s CSR principle of not using forced labour. What is your overall comment to Danwatch’s specific findings?
Dell: Dell does not tolerate forced labour and we will address any findings immediately. Dell was not presented with any documentation or specific facts (names, dates, copies of contracts, payroll records, etc.) so we are going out to the site, unannounced, and will review all the documents to determine the severity of the situation.
Danwatch: The described issues about forced internships have been reported by the media, academia and NGOs for the past five years. What have you done to solve the problem according to the principles of Due Diligence and Active ownership?
Dell: Last year Dell and Apple partnered with Stanford University’s Rural Education Action Program (REAP) to investigate the condition in which students work at electronic factories in the Hunan province in China. From that work an assessment tool was created to help suppliers assess their school partners and determine if the school was considered a quality school with good teachers, high graduation rates and proper oversight for interns. In addition, 155 schools were assessed in person by the Stanford team each was given a performance score. We shared the scores and the assessment tools with the Electronic Industry Citizenship Coalition (EICC) membership. From that work, in 2015 the EICC launched a pilot VET school credentialing program with annual audits to ensure students are
treated fairly, paid appropriately and given the necessary oversight. Dell is leading the EICC working group on this effort around student workers.

Danwatch: This specific issue keeps coming back. What will it take for Dell to stop a collaboration with a supplier that again and again violates workers rights?

Dell: We have fired suppliers for not complying with our SER requirements (Social and Environmental Responsibility), but we do this with a heavy heart. When we terminate a supplier, it is the workers in that factory that suffer because nothing will change and they will go on being mistreated and forced to work. Instead we go in and hold the supplier accountable to making change. We come back again and again to see that they are making progress. If they are making progress, we will continue to work with them and continue to apply pressure. Only when they stop making progress or refuse to adhere to our code of conduct do we terminate the relationship.

We terminated three suppliers in 2014 and one in 2015 for not meeting our SER requirements. It is our objective to drive meaningful change in our supply chain, so we would prefer to work with a supplier and help them improve the working conditions for their employees.

We recognize that there are issues in the ICT supply chain. We are working with our suppliers, our peers in the industry and even our competitors to improve the conditions and ensure that the workers involved in building a Dell product are treated with dignity and respect, paid appropriately and that the environment is respected as well. This will take time but we are making steady progress.

Hewlett-Packard (HP)

HP sent the following two statements to Danwatch on 20 August 2015 and 25 August 2015.

20 August 2015

HP has a strong history of ethical and responsible supply chain labor management practices and in 2013 launched an industry-first initiative to protect student and dispatch workers. We take all allegations seriously and conducted an unannounced audit of the facility the next business day after learning of the details of these allegations. Our rigorous on-site evaluation found no evidence to support the presence of involuntary internships, forced overtime, illegal or unethical wage practices, denial of sick leave or systematic inhumane treatment related to HP manufacturing. However, the investigation did identify concerns such as the facility’s lack of proper controls over student working hours and gaps in implementing their responsible student management policies. We will further investigate and institute corrective actions as required.

We will continue to aggressively investigate to ensure this and other facilities in our supply chain are following HP’s high industry-leading standards and will ensure that swift corrective action is taken where required. Suppliers that do not meet HP’s standards will be required to correct their practices with urgency and may be subject to remediation programs and risk discontinuation of business with HP.

25 August 2015
HP’s unannounced, on-site audit was limited to HP’s production, where HP found only 10 percent of the workers were student workers – well below our industry leading standard of no more than 20 percent.

HP’s original statement for your reference:
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Our rigorous on-site evaluation found no evidence to support the presence of involuntary internships, forced overtime, illegal or unethical wage practices, denial of sick leave or systematic inhumane treatment related to HP manufacturing. However, the investigation did identify concerns such as the facility’s lack of proper controls over student working hours and gaps in implementing their responsible student management policies. We will further investigate and institute corrective actions as required.
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Lenovo
The following statement was sent from Lenovo on August 29 2015:

General Statement on Lenovo’s Compliance with Standards for Fair Labor Practices
Lenovo is strongly committed to treating its employees with respect and fairness, and protecting their health and safety. We insist that our suppliers embrace these values as well. Lenovo currently is and has been a member of the Electronics Industry Citizenship Coalition (EICC) since 2006 and works to comply with all requirements in our own internal operations and externally with our suppliers. We have made significant progress in the implementation and effectiveness of our programs and continue seeking new ways to improve.
We enforce supplier compliance with the laws and regulations where we do business through the terms and conditions of our contracts and purchase orders. Additionally, we enforce compliance with labor and other sustainability standards with separate and formal EICC agreements with the majority of our suppliers. In addition to our own compliance with the EICC Code, including annual assessment and reporting using EICC tools, and biennial audits by EICC-approved third-party auditors, our agreements also require suppliers to do the same.
Demonstrating Lenovo’s commitment to enforcing fair labor standards, about 75% of the company’s procurement spend today is with EICC and/or Global e-Sustainability (GeSI) members. Further, direct suppliers currently accounting for 95% of Lenovo’s total spending have completed
assessments for EICC compliance – and 93% of these suppliers have been audited by independent, EICC-approved auditing firms. In addition, we also conduct annual Occupational Health & Safety audits at all supplier factories that produce Lenovo products. While this leaves room for improvement, we are proud of the progress that we have made in the years we’ve been working on these issues. Through these compliance efforts, Lenovo has taken appropriate actions to ensure adherence to labor and other sustainability standards in our supply chain. The effectiveness of this policy is reflected in Lenovo’s reputation as a good company to work for and leading global supply chain as indicated by independent sources. Finally, our policies and practices are consistent with the International Labor Organization’s (ILO’s) Declaration on Fundamental Principles and Rights at Work, and Lenovo fully supports the spirit and intent of this declaration.

Wistron
On August 21 2015 Wistron sent the following statement:

School Arranged Student Employment Summary of Related Activities
Document purpose
This document is provided in response to questions sent to Wistron Corporation regarding student employment. Document addresses issues such as types of students, “forced” labor, salary, communication with students, and human resource rules. Company hopes information provided clarifies the relationship between schools, students, and Wistron regarding students’ choice of employment at Wistron.

Company general comments
As our company receives input from various organizations we will look for any improvements which will enhance the well-being of our staff. We appreciate any comments and suggestions received which help us implement employee related improvements at all levels of our company. For those students highlighted by DanWatch, students seem to have a misunderstanding of their choices regarding school programs and work at Wistron. For any misunderstanding by students we will continue to educate them about their choices offered by their schools. We will also continue to ask for their feedback to confirm their willingness to join any programs at our company. Meanwhile, for those students that come to our company we will inform them clearly about all grievance communication channels. With these actions and any future enhancements to our staff related programs we hope all employees are comfortable and satisfied with their time at our company.

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According to company data, students from four schools are at Wistron Zhongshan Technology Park. One school’s students are participating in a “Social Practice” class and the other students are working during their vacation period to earn money. Both are not internship programs.
According to the school managements’ feedback, Social Practice class is different from an internship program. The purpose is to instruct students to learn social adaptability in order to increase personal qualities and any student may take this course. The school seeks qualified companies or organizations for students’ Social Practice class, if students have no interest in the selected organization that they can search for an organization by themselves, but needs to get school’s approval. Based on the school’s feedback, there is no forcing students in the arrangement, but students need this class to graduate due to class is part of course curriculum. Maybe students have a misunderstanding of the situation.

Since Oct 2014 we check the willingness of all school students upon their arrival at our company. In addition, we instruct them regarding our resignation process. Only one process is different from regular non-student employees—students should notify their resident teachers before they complete their resignation form. This process helps to confirm that schools know students’ status as they are arranged by schools.

According to data in Human Resource Department (HR) as of August 17, from the four schools 134 students have resigned (120 resigned without notice and 14 used formal resignation process). Among Social Practice students, 63 have resigned (58 resigned without notice and 5 used resignation process). This data illustrates that schools and Wistron are not forcing students to work at our company, students are free to decide to stay or leave. As for students earning money during their vacation period, this situation has no connection with course arrangements. The schools contact companies to seek opportunities for their students and let them freely register. If they work or do not work does not affect their school class arrangements.

On August 14 and 15 we met with students to understand what they mean by “forced to work” and reconfirmed their willingness, just as we confirmed when they arrived. Some of them stated they are arranged by schools but they do not want to take the class as they feel will not learn and will work hard. We explained again the relationship between the school, students, and our company which means they can apply to leave depending upon their own decision regarding their willingness. However, Social Practice class status needs to be communicated with the school as they need to seek a company or organization approved by the school if they wish to arrange by themselves (no need to join Wistron only). After our meeting, until now, 15 students have raised their resignation application, others chose to stay.

Wistron Zhongshan adds company rules into documents for new employee training, leave application, overtime management, and pay issues to ensure everyone is aware of the rules. For example, Wistron’s rule is that sick leave should be taken for any illness if anyone provides doctors’ diagnosis certificate, students follow the same process. All production activities are based on production schedules. For schedules needing overtime on normal working days or rest days, the company rule is management needs to first check workers’ willingness. Although some workers express willingness but do not come to work, the company cannot take any disciplinary actions, we only can ask others about their availability. Regarding night shift work, due to all students are 18 years old and the purpose
is for Social Practice or earning money during school vacation, production line management are able to arrange some work in the night shift.

In addition, we inform all new employees that if any management breaks the rules or uses inappropriate communication (e.g. threats) the employees can file a grievance. We provide grievance channels, such as an Employee Hot Line: 6114 to HR and/or the Employee Representatives of ER Promotion Committee (i.e. we show their photos and contact mobile numbers during the new employee training and post at the cafeteria and dormitory). Of course they may utilize e-mail and the GM Comment Box in each building for anonymous method.

Although the company takes such actions, possibly a few first line management personnel use inappropriate communication. After investigation we take disciplinary actions, for serious cases, they will be transferred to non-management positions.

Wistron’s payroll is handled by the HR Department utilizing a banking system that remits monthly pay into employee’s’ bank accounts. All new employees’ bank cards are applied by HR and received by individual employees upon signature receipt. Banks come to campus before payday and new employees need to lineup to get their bank card password by themselves using their identification card. After receiving password they then activate card at ATM or Bank. Under this situation it is not possible for school management to be involved in company payroll.

Wistron starting pay is higher than the minimum wage of Zhongshan and all students are paid the same as regular workers. Upon joining the company student’s first month pay may not be a full month as pay is prorated to match days worked. All regular pay is on monthly bases, we do not delay salary payments.