



## **Working to Eradicate Forced Labor in the Electronics Supply Chain**

According to International Labour Organization statistics, approximately 21 million people worldwide are forced to work – a form of modern slavery. This affront to human rights exists in many countries and many industries within those countries.

Unfortunately, the electronics industry supply chain also sees incidences of forced labor, particularly in Asia via debt bondage and document retention. In a recent study of forced labor among foreign migrant workers in Malaysia’s electronics industry, international nonprofit Verité outlined issues of forced labor.

Members of the Electronic Industry Citizenship Coalition (EICC) are committed to this cause, regardless of where it exists in the world. Making a meaningful difference will require sustained and widespread efforts.

### **EICC: Leading Responsibly**

As the largest consortium of its kind across the electronics industry, the EICC has been working for more than a decade to support the rights and wellbeing of workers and communities worldwide affected by the global electronics supply chain.

While the [EICC Code of Conduct](#) explicitly bans trafficked and forced labor, completely eradicating it in the global electronics industry supply chain remains a challenge for everyone – including EICC members.

This document highlights what the EICC is doing to combat these issues, including its revised code for 2015 that adds more rigor to members’ supply chain management and auditing practices.

As a nonprofit coalition of electronics companies dedicated to electronics supply chain responsibility, our members commit and are held accountable to a common Code of Conduct and utilize a range of training and assessment tools to support continuous improvement in the social, environmental and ethical responsibility of their supply chains.

Today the EICC is comprised of more than 100 electronics companies, representing 17 different sectors from consumer brands to smelters, with combined annual revenue of approximately \$3 trillion, and directly employing over 5.5 million people.

In addition to EICC members, thousands of facilities in the electronics industry that are suppliers to member companies are also required to implement the EICC Code of Conduct.



## **Protecting Workers' Rights**

Forced labor is one of the most critical issues affecting our members' supply chains. It is both a complicated challenge and an opportunity for long-term impact on many lives. With a backdrop of multiple factors including multi-tiered brokerages and migrant workforces contributing to an already complex landscape, the EICC has led the industry by continually convening industry, government and NGO stakeholders, facilitating audit training, and promoting supply chain sustainability.

As there are many industry workers in Malaysia, the EICC has spent considerable time collaborating with organizations, local government officials, companies in the region, and representatives of the U.S. government there and in the United States, to try to improve the situation for workers. The issue of forced labor is not restricted to the electronics sector or Malaysia, however, we hope that the leadership of EICC will reverberate across other regions and sectors as well.

## **Improving Our Code of Conduct**

In 2014, EICC members voted to strengthen the EICC Code of Conduct in 2015 to expand protections for workers around freely chosen employment. These changes include:

- Being more specific on restrictions of worker freedom of movement, including the holding of passports;
- Defining "excessive fees;" and
- Adding requirements on issuing contracts at the time of hire, in the worker's native language, before they depart from their country of origin.

**EICC Code of Conduct: Freely Chosen Employment**

(Source: EICC Code of Conduct 5.0 – updated 2014)

Forced, bonded (including debt bondage) or indentured labor, involuntary prison labor, slavery or trafficking of persons shall not be used. This includes transporting, harboring, recruiting, transferring or receiving persons by means of threat, force, coercion, abduction or fraud for labor or services. There shall be no unreasonable restrictions on workers' freedom of movement in the facility in addition to unreasonable restrictions on entering or exiting company-provided facilities. As part of the hiring process, workers must be provided with a written employment agreement in their native language that contains a description of terms and conditions of employment prior to the worker departing from his or her country of origin. All work must be voluntary and workers shall be free to leave work at any time or terminate their employment. Employers and agents may not hold or otherwise destroy, conceal, confiscate or deny access by employees to employees' identity or immigration documents, such as government-issued identification, passports or work permits, unless the holding of work permits is required by law. Workers shall not be required to pay employers or agents recruitment fees or other aggregate fees in excess of one month's salary. All fees charged to workers must be disclosed and fees in excess of one month's salary must be returned to the worker.

**More Work to Be Done**

This revised EICC Code of Conduct, which goes into effect April 1, 2015, is clear recognition by our members that we need more stringent practices in place going forward. EICC members are stepping up their efforts to audit and improve labor conditions across diverse regions and complex legal environments.

Malaysia, for example, is a major sourcing country that attracts workers from multiple countries, including Vietnam, Bangladesh, Burma, Nepal, the Philippines, Indonesia and India. The challenges government and industry face in trying to protect workers were highlighted by the recent Verité report, which surveyed over 500 foreign migrant workers in Malaysia and found 32 percent working in conditions of forced labor. The Verité report concluded that factors that contributed to forced labor included reliance on third-party agents for recruitment, management and employment of foreign workers; unlawful passport retention; high and hidden recruitment fees leading to indebtedness; and inadequate legal protections.

EICC member companies in the region as well as the government have been proactively working to resolve these issues for some time. They and the Malaysian government are committed to improving workers' lives and are working together to find effective solutions.

## EICC in Action

The EICC's role as facilitator and convener between governments, companies, NGOs, and other stakeholders has proven critical. Through workshops, trainings, meetings and conferences, we regularly gather perspectives and expertise to support our members in their drive toward achieving the EICC mission and values of a responsible global electronics supply chain.

In the past 10 years we have seen that consistent auditing, clearer guidelines, greater transparency and a Code of Conduct can play important roles in addressing other areas such as student working hours, wages, health and safety gaps, and many others. We are applying those and other tactics to the issue of forced labor.



Some of the ways that we have been elevating the issue of forced labor include:

- Revising our Code of Conduct to reflect shifting market forces and the need for more proactive leadership on forced labor in our members' supply chains
  - Providing risk assessment tools to member companies to assess and audit labor agencies that are among their top suppliers
  - Raising member and supplier awareness through in-person and online trainings
- Forming an EICC taskforce against trafficked and forced labor to address further actions that we can take as an industry to effectively combat trafficked and forced labor in electronics industry supply chains
  - Facilitating ongoing dialogue on trafficked and forced labor at EICC meetings and conferences between industry, government and civil society groups in the U.S., Malaysia and around the world
  - Creating a taskforce to identify gaps and potential alignment with UN Guiding Principles on Business and Human Rights created by the UN Human Rights Council in 2011
  - Exploring partnerships with stakeholders to develop new models to tackle structural issues in the labor broker system

## Validated Audit Process

The Validated Audit Process is a signature component of the EICC's Code of Conduct and certifies members' commitments to be transparent and fair in their labor practices. It can also be a key tool in the fight against forced labor in the electronics industry. Established in 2009,



the VAP program has completed thousands of audits, conducted risk assessments on over 4,000 facilities around the world, finalized its fifth audit protocol, and released its first comprehensive findings report. These audits are often shared among members, many of which share suppliers and can benefit from benchmarking and collaborative practices.

The EICC also provides training for auditors and corporate audit program managers in VAP audits several times a year. Auditors are specially trained to spot hard-to-find audit protocol violations like instances of forced labor and are specialists in understanding contexts where some violations are more common, such as excessive working hours in areas with high migrant worker populations. Where VAP audits uncover non-compliances to the audit protocol, those findings are rated by severity as “minor,” “major” or “priority.” Remedy and prevention plans are part of corrective action plans.

### **Next Steps**

The EICC will continue to work closely with foreign and U.S. government officials, companies, NGOs and other stakeholders around the world to help reduce the incidence of forced labor in the electronics supply chain.

To help ensure the quality of supply chain audits in Malaysia in particular, the EICC will conduct shadow audits on the audit firms operating in Malaysia over the next few weeks. These shadow audits will aim to confirm that the EICC audit protocols are being strictly followed, particularly in the areas of trafficked and forced labor.

The EICC is also evaluating a number of other steps, including the development of pilot certifications for ethical brokerage models as well as increased audit activity and oversight.

We’re ready to shift from compliance to active impact. We have the collective strength, power and scale today to truly make a positive difference in the lives of workers and people in their communities worldwide affected by our industry.

“We have always had a strong stance against forced labor in all forms and all places where we do business. However, as the recent Verité report highlights, this is a very complex issue which is difficult to monitor and root out abuse. We are therefore continuing to evolve our approach as an industry to better protect these workers, including taking steps to strengthen our Code of Conduct and audit requirements as well as engage government and civil society groups to evaluate and address structural challenges in the systems of recruitment and management for these workers.” –Rob Lederer, Executive Director, EICC



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