

Affiliate Exchange for Impact

17 – 18 NOVEMBER 2022

Twenty-one public sector organisations and seven civil society monitoring organisations from 13 countries convened in Barcelona, Spain for the event, *Affiliate Exchange for Impact*. By facilitating learning and exchange, this event increased awareness about public buyers' collective leverage and how can be strengthened to protect the rights of workers in global supply chains. This document provides a redacted summary of the key takeaways and can be shared publicly.¹

CELEBRATING ACHIEVEMENTS

Electronics Watch and its affiliates have accomplished a lot over the last few years. This session highlighted a selection of those achievements, as summarised below.

Growth in number and diversity of affiliates

Electronics Watch has 994 affiliates, of which 58 are directly affiliated and 936 are affiliated through a purchasing consortium, network or framework authority. Affiliates represent the higher education sector, national, regional and local public bodies in 11 countries, and one international organisation. In 2022 alone, 10 new organisations affiliated to Electronics Watch. This growth speaks to the increasing appreciation for public procurement as a tool for social and environmental aims, and to a commitment to use that leverage to support global supply chain workers.

Impact on transparency

More affiliates are soliciting factory disclosures than ever before, and suppliers are increasingly providing the requested data. To-date, 50 affiliates have solicited factory disclosures, including purchasing consortia on behalf of their members. Tier 2 factory data is becoming more common place with some brands, like HP and Dell, consistently providing both Tier 1 and Tier 2 data. The uptick in disclosures has allowed us to link over 400 product models and components to specific factories.

Affiliate support

At the onset of the pandemic, we began conducting on-on-one update calls with affiliates. These serve to help us understand individual affiliate needs and how Electronics Watch can tailor its support, including by identifying targeted opportunities to coordinate with and learn from other affiliates. Then, in 2021, we introduced the monthly [Affiliate Update](#), which provides timely information on activities, organisational development and engagement opportunities. Together with our more detailed monitoring reports, the Affiliate Update informs affiliates' due diligence work.

Tools & education

Electronics Watch developed a new [Supplier Engagement Q&A tool](#) to support the integration of sustainability issues into affiliates' existing supplier dialogues, or to establish supplier engagement on sustainability, where a regular dialogue isn't already in place. This is a process-oriented tool that helps to build rapport with their suppliers. Electronics Watch and partners also co-hosted six webinars in the series '[Delivering Due Diligence in Public Procurement](#).' This series addressed different due

¹ Some of the linked documents are confidential and are only accessible on the affiliate intranet.

diligence considerations (i.e., purchasing practices, remedy, enforcement, measurement, scope, and implementation support) and highlighted the connection between public buyers' effectiveness in delivering due diligence and improved outcomes for workers.

Expansion of monitoring capacity

In addition to maintaining our existing manufacturing monitoring services in China, Czechia, India, Indonesia, Malaysia, Mexico, the Philippines, Poland and Vietnam, we expanded the geographic scope of this work to Hungary and Taiwan. The latter is critical to the semiconductor industry, which is a new area of focus. Electronics Watch also extended its monitoring into the mining sector in Bolivia (tin), the Democratic Republic of Congo (cobalt), Indonesia and the Philippines (nickel). Minerals and semiconductors are important inputs to both electronics and battery supply chains. We now conduct monitoring in 14 countries.

Monitoring training

Electronics Watch provided training on its Worker-Driven Monitoring Methodology to all six new monitoring partners, as well as seven supplemental trainings for existing monitoring partners.

Remote monitoring methodology

Monitoring partner the Economic Rights Institute helped us to develop a remote monitoring methodology that has now been piloted in seven factories in China. It will allow Electronics Watch to sustain its work in insecure environments and increases the evidence base used to prioritise monitoring targets.

Terms of Engagement with the RBA

In 2021, Electronics Watch and the Responsible Business Alliance (RBA) [signed Terms of Engagement](#) to support structured and consistent work with the electronics industry to drive improvement in specific factory cases. A revised version of the Terms is expected to be approved by year-end 2022. Negotiated improvements include a fast-track process for urgent cases, a wider set of investigative tools for the RBA, a meeting between the Electronics Watch monitoring partner(s) prior to RBA audits or investigations, a more collaborative

approach to corrective action, and consequences for delays.

Direct supplier engagement

The use of letters of concern by affiliates has helped to advance the remediation process in several cases, particularly when the process with the RBA has been stalled. Three examples of this are: (1) a case in Czechia where direct affiliate engagement led to improvements in 11 Electronics Watch Code areas, including significantly improved access to workers by the trade union; (2) a case in Poland where direct affiliate engagement resulted in the remediation of discrimination against migrant workers, who did not have equal access to an employee financial reward programme; and (3) a case in China where direct affiliate engagement with a brand led it to pressure its sub-contractor into agreeing to a follow-up RBA-led investigation.

Collaboration with trade unions

We have begun working with trade unions to support monitoring and remediation in five countries. In some countries, this development occurred organically and in others (Indonesia, Malaysia, the Philippines), we provided training in our methodology to facilitate collaboration. Work with trade unions in Malaysia, coupled with industry engagement via the RBA, helped to halt a union-busting campaign at a factory in Malaysia.

Contributions to other initiatives

Electronics Watch became a member of the Clean Electronics Production Network (CEPN), a multi-stakeholder organisation dedicated to phasing out toxic chemicals from electronics manufacturing. We support the CEPN's efforts to pilot factory committees that give workers a greater voice on occupational health and safety. In 2022, Electronics Watch [prepared research](#) for the Global Electronics Council (GEC) on how to improve the EPEAT ecolabel's ESG Performance Criteria. Two members of the Board of Trustees and one affiliate (LUPC) are represented on the GEC Technical Committee tasked with developing new criteria.

MONITORING FOR CHANGE

The examples shared by monitoring partners in this session illuminated certain challenges that are common across countries and work sites. Chief among these were forced labour, lack of freedom of association, labour flexibilization (e.g., shifting to more informal, temporary employment contracts), health and safety issues, and job insecurity. For example, panellists emphasised that forced overtime for a minimum wage should be considered forced labour. Many of the experiences shared pointed to increasing power imbalances between workers and private sector interests. The discussion focused in particular on the prevalence of business models that are dependent on keeping labour costs below a level that would enable employers to meet their obligations to workers. Such models, and the associated purchasing practices, encourage firms to scale up their use contract labour to circumvent labour laws and take measures to prevent workers from organising independently to advocate for their rights and interests.

In both Mexico and the DRC, so-called yellow unions inhibit workers' ability to freely and independently organise themselves, with factory management either buying or appointing union leaders who don't upset the status quo and negotiate "protection contracts" that benefit the company. In the Philippines, the right to organise is effectively prohibited in the Special Economic Zones. Trade union leaders and labour rights defenders have been the targets of extrajudicial killings under recent regimes. In many mineral rich countries, the cooperative mining model constitutes a system of self-exploitation. Artisanal mining is common in areas where the capital investment needed to render a mine profitable is higher than the potential return expected by investors in large mining companies. In Bolivia, where cooperatives fall outside the employer-employee relationship regulated by law, the miners who co-own cooperatives cannot benefit from normal labour protections. In order to ensure some (meagre) remuneration for their labour, they are obliged to forego basic health and safety measures.

Monitoring partners also highlighted context-specific differences in the prevalence and severity of risks to workers, and the most vulnerable groups among them. For instance, while migrant workers make up a large proportion of the electronics workforce in both Hungary and Malaysia, their experiences of exploitation are quite distinct. In Malaysia, migrant workers often targeted by deceptive recruitment schemes wherein agencies collect excessive fees for job placements and withhold workers' identity documents. In Hungary, vulnerable refugees take low-paid contract labour, and may be dependent on the recruitment agent for jobs, housing and transportation. High turnover of staff due to temporary contracts, lack of solidarity between migrant and local workers and language barriers are obstacles to workers advocating for their rights.

Monitoring partners also shared positive developments, including how improved access to information can empower workers. Among these reflections were examples of how raising workers' awareness about their rights and how to leverage national legislation can help to strengthen their agency and increase their interest and engagement in trade unions. Experiences from Malaysia, Mexico and the DRC spoke to legal opportunities to be seized and how specific court cases have served to address injustices. In Bolivia, providing information about the market value of minerals mined by workers empowered them to negotiate with buyers and intermediaries.

BREAKOUT SESSIONS ON NEW PROGRAMMES

Low Emission Vehicles (LEV) Programme

This session provided an update on the programme—including its rationale, progress to-date, and plans for the future. The three-year programme was set up to advance sustainable vehicle procurement as a systemic answer to the climate crisis by extending the Electronics Watch impact model into the automotive sector. It has four dimensions: worker-driven monitoring, public buyer capacity development, industry engagement, and civil society engagement. Programmatic work thus far comprises the expansion of the organisation's monitoring into semiconductor and the minerals sectors, and the consultation and surveying of programme participants to better understand needs, LEV purchasing practices, and procurement structures. Next steps include developing and testing procurement tools, developing the expertise and relationships necessary to expand industry engagement into the minerals sector, adding lithium mining to the scope of monitoring and, tentatively, battery assembly in China, Hungary, and Poland.

The session facilitators also interviewed representatives of two current participants, Barcelona City Council and the Greater London Authority (GLA), about their interest in and aspirations for the programme. Barcelona City Council hopes that participation in the LEV programme will help to address the city's climate mitigation plan and specific objectives related to the Sustainable Development Goals, as well as feeding into its broader innovation strategy. For GLA, it provides an opportunity to get more transparency into parts of their LEV supply chains, to engage other stakeholders, like bus operators, in their due diligence work, and to leverage both London's LEV infrastructure strategy and the Modern Slavery Act to mitigate human rights and environmental risks.

Innovation Programme

This session introduced the purpose of the innovation programme, which is to explore whether and how the Electronics Watch impact model could be expanded into other sectors, and to solicit feedback on the possibility of expanding into the food sector in particular. Participants agreed that there is a need to leverage public procurement to protect the rights of workers in other sectors, and that public buyers would benefit from an organisation that could provide the expertise and tools to help them exercise that leverage. However, there were different opinions about whether Electronics Watch is best suited to fill such a role and, if so, how and in which sectors such an expansion should occur. Many points were raised, but some of the most common themes addressed were:

- **Leverage:** Other sectors/categories in which Electronics Watch and its affiliates have significant leverage, based on overlap in suppliers, purchasing volumes, trade union maturity, and industry structure;
- **Monitoring capacity:** The extent to which current Electronics Watch monitoring partners are able and willing to carry out monitoring in other sectors/categories;
- **Structure:** How the make-up of affiliates and governance of Electronics Watch might need to change as a result of expansion;
- **Role & added value:** The comparative advantages of Electronics Watch in other sectors/categories and how these might shape its role (.e.g. changing its role from implementer to facilitating strategic partnerships) ;
- **Risks and benefits:** The expansion paths which offer the greatest benefits—to workers as well as affiliates—while minimizing risks, and the opportunity cost of expansion relative to deepening or broadening work within and beyond the electronics sector;
- **Resources:** The capacity to generate the resources necessary to enable expansion.

KNOWLEDGE EXCHANGE HUBS

These small group discussions generated a wide range of ideas and solutions. The following highlights some of these without attempting to provide an exhaustive record.

Responding to external crises

This theme explores challenges that external crises can pose to public buyers in relation to pursuing responsible procurement. It considers the implications for different stakeholders and their work, information needs, and response timelines, as well as the opportunities inherent in crisis situations.

- Risk mitigation and management strategies serve to enable a timely and effective response, when crises arise.
- Rights-holders needs should be central to responses, including the remedy of any rights violations.
- Preparing a communications plan in advance, including the information you will need to solicit and relay to different stakeholders (e.g., politicians/senior management, legal adviser, regional partners, suppliers, general public), the sequencing and the format of those communications, will ensure that you are prepared.
- Seek remedy rather than dropping the supplier in question. You lose your leverage when you cancel the contract and you can worsen the situation of workers.
- Consider what contract clauses you should have in place to ensure that you have the evidence you need to respond and can oblige your supplier to provide remedy.

Internal influencing

This theme explored challenges to driving socially responsible public procurement within one's own organisation and how they might be addressed. It considered the structure of procurement teams and related functions, communication practices and information flows within and between groups, decision-making practices, and means of demonstrating the relevance of the social dimensions of sustainability in both absolute and relative terms.

- Define the desired outcome and make a roadmap with short, medium and long-term steps towards it.
- Map out where decisions on related issues are made and by whom. Evaluate what motivates these internal stakeholders.
- Consider how to frame the 'ask' in different ways (e.g., in terms of value, risks, as an investment), depending upon their priorities.
- Identify allies and champions among internal stakeholders. Employ 'honey' (i.e., flattery, opportunities to contribute) or 'fire' (i.e., potential consequences) to inspire their constructive engagement.
- Consider how external stakeholders (e.g., politicians, students, staff, investors, framework buyers, general public) could increase pressure on internal decision makers, and whether and how you could build awareness to empower them to do so.
- Identify and learn from past changes processes that succeeded, including those in other domains (e.g., environmental).
- Raise awareness about the interdependence of the social and environmental aspects of sustainability.

Disclosures

This theme explored challenges associated with soliciting and making use of factory disclosures. It considered the importance of supply chain transparency to responsible procurement, the role of contractual obligations in facilitating disclosures, obstacles to obtaining complete and accurate data, and approaches to incentivising increased transparency among suppliers.

- Consider contract clauses that require updated disclosure information and that enable the sharing of disclosed data as widely as possible (e.g., all affiliates, others who procure the same products) within legal constraints.
- Be somewhat flexible about deadlines – it's better to get factory disclosures late than not at all.
- Use transparency requirements as an incentive for framework/contract extensions with suppliers.
- When positive incentives don't work, penalties for noncompliance are often effective.

Responsible procurement tools & methodologies

This theme explored responsible procurement tools and methodologies beyond those provided through Electronics Watch affiliation. It considered responsible procurement needs that can be satisfied through external tools and methodologies, the suite of tools and methodologies available and their respective uses and limitations, how to evaluate the credibility and transparency of these services, and how to overcome any inherent information gaps and deficiencies.

- Educating purchasing teams and suppliers about the relevance of different social criteria and contract conditions, and the type of evidence necessary to assess compliance is key.
- Ecovadis, EPEAT, TCO Certified, and various emissions calculators are commonly used among affiliates. These provide value by verifying the minimum due diligence requirements, even if they are less useful assessing labour rights risks, or by saving time by aggregating data from multiple sources. What differentiates Electronics Watch from these is the 'on-the-ground' perspective and their own influence over the tools and services available.
- Award criteria themselves can be used as a tool for shaping the market, when the social criteria make up at least 8% of the total. In some cases, AI could be used to prepare criteria and evaluate bidders.
- Additional tools/methodologies may be necessary for high-risk categories.
- Using a variety of tools can be useful when they meet different needs, and it sends suppliers a message that sustainability and social responsibility are priorities.
- Rankings are attractive to small procurement teams with limited resources, even if their confidence in the ranking is low. There is often a trade-off between time and credibility.
- A costing tool, to assess the cost of effective due diligence, would help to ensure that appropriate resources are allocated to implementing responsible procurement.

Supplier engagement strategies

This theme explored challenges to developing and implementing effective supplier engagement strategies. It considered how to establish a regular dialogue, the identification and prioritisation of sustainability-related issues, follow-up procedures, how to create an environment that encourages honesty, transparency and continuous improvement, and approaches to managing unsatisfactory supplier engagement.

Supplier dialogue

- Consider joining up with other public buyers who have the same suppliers to increase leverage.
- Regular meetings help to address systemic issues, including human rights. Conversation should be based on facts.
- It is best to have an interactive format that facilitates joint problem solving.
- Be open to discussing purpose of and rationale for contract conditions and challenges suppliers face in implementing them. The dialogue should build trust between both parties.
- Point to how Electronics Watch monitoring reports are a due diligence resource for your suppliers, rather than a liability. Emphasize the need for continuous improvement.

Market engagement

- It's important to understand that the local representatives who participate in these meetings may not have the knowledge or power to influence contracts.
- When pushing for greater transparency in an upcoming tender, discuss the timeline and, for less mature markets, ask suppliers to consider what they need to plan for delivery. Mention that Electronics Watch can provide training for contractors post-award, if useful. Try to understand what tools and sources of evidence suppliers are using to understand risks in their supply chains.
- You can use market engagement events to take suppliers' temperature on other issues, like willingness to engage trade unions in remedy of rights violations. Try to assess the issues for which there is enough traction and maturity to set new or more stringent expectations.

CLOSING

We invite all participants to continue to reflect on the themes explored during the event, and to share their ideas. We hope that all affiliates, monitoring partners and members of the Board of Trustees will be able to join us at the 2023 Electronics Watch Annual Conference. Information about the dates and location is forthcoming!