

Public buyers take action for workers' pay



Brand: Apple

Products: iPhone 13, 14, and 15 models

Factory: Foxconn Hong Hai Technology India Mega Development Pvt Ltd

Location: Sriperumbudur Special Economic Zone, Tamil Nadu, India

Foxconn in Sriperumbudur is a rapidly growing iPhone assembly hub, and one of the most important outside China. With an estimated 40,000 workers as of April 2024, Foxconn has nearly tripled in size in just two years. In September 2023, a group of workers at the Foxconn Sriperumbudur factory reported not having received their annual bonuses. Following an intervention from a public buyer working group facilitated by Electronics Watch, most eligible workers received bonus payments.

Monitoring and findings

Following the grievance about the non-payment of annual bonuses, Electronics Watch began surveying Foxconn workers to learn more. Initial findings from 86 workers indicated that engineers and technicians had received their bonus for 2022, but most machine operators, whether permanent or contract workers, had not.

According to India's Payment of Bonus Act 1965, anyone who has worked at least 30 working days in the accounting year is eligible for the statutory minimum bonus. This is equivalent to 8.33% of a worker's wages during the accounting year and is calculated by a state-derived formula. For minimum wage workers, the bonus is equivalent to one month's salary (Rs. 13,572 or €151).

Remediation process

Electronics Watch serves as the secretariat for a public buyer working group whose members collaborate to address specific human rights concerns in their Apple supply chains. In mid-November 2023, Electronics Watch informed the group about preliminary evidence of the overdue bonuses at Foxconn. ^[1]

The nonpayment of bonuses at Foxconn Sriperumbudur was cited in letters sent to Apple by the group's members as an example of the type of risks that they are unable to mitigate without improved transparency in the brand's supply chains.

Soon after the first batch of letters were sent, Foxconn informed workers that the overdue bonuses would be paid with their November salary on a pro-rata basis commensurate with their attendance.

To verify the payments, Electronics Watch surveyed 101 workers, 17 of whom had not received any bonus by February 2024. However, repayment of the outstanding overdue bonuses was made by Foxconn during February and March 2024, respectively.

^[1] Because the facility cannot be linked to its affiliates via factory disclosures, this case is not subject to the Terms of Engagement between Electronics Watch and the Responsible Business Alliance (RBA). However, Electronics Watch informed the RBA that the working group would engage Apple directly on the identified issues.

Electronics Watch conducted interviews with 84 workers during February and March 2024 to ensure that all those owed bonuses received payments in the correct amounts. 47 of those interviewed had worked for 12 months or more during the fiscal year and

were therefore entitled to the full bonus.^[2] By the end of March, all of the 84 interviewees had received a bonus, but only 18 of the 47 eligible workers reported having received the full amount owed to them.

Key takeaways

➤ Heavy reliance on contract labour contributes to precarity and prevents effective compliance monitoring

Collecting additional evidence to verify workers' accounts proved difficult. Some affected temporary workers had already left the factory. Payslips of the consulted workers who did receive a bonus did not reference the bonus amount.

➤ Fear of retaliation inhibits accountability

Electronics Watch asked affected workers to share screenshots of their bank accounts. Most declined to do so, expressing concern that it would allow them to be identified and could result in retaliation by the employer.

➤ Building trust with workers is key to effective grievance mechanisms

Regular interaction with workers in their communities and on their terms builds trust. This relationship can make workers feel safe enough to raise concerns that might otherwise be missed by regular audits.

➤ Collaboration gives individual public buyers more leverage with common suppliers

While it is difficult to prove causation, the sequencing of events in this case suggests that the working group's intervention may have prompted the repayment of bonuses by Foxconn. When public authorities act as one, their impact is multiplied.

Electronics Watch will continue to support its affiliated public buyers to pursue remedy on this case.

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[2] Section 14 of the Payment of Bonus Act 1965 clearly states that "working days" includes paid leave, absence due to temporary disability, and maternity leave.