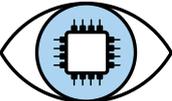


electronics  watch

Biannual Report: 2016-2017





Biannual Report 2016-2017

Electronics Watch was founded in 2015. It is incorporated as *Stichting Electronics Watch Foundation* in the Netherlands, a not-for-profit organisation. The purpose of the organisation is to combine the strength of public and semi-public agencies in Europe and elsewhere to develop and implement policies and practices of socially responsible public procurement (SRPP), to use SRPP as a means to achieve respect for labour rights in their Information and Communication Technology (ICT) hardware supply chains, and to do so more effectively and less expensively than any single public agency could accomplish on its own. Electronics Watch achieves its purpose through:

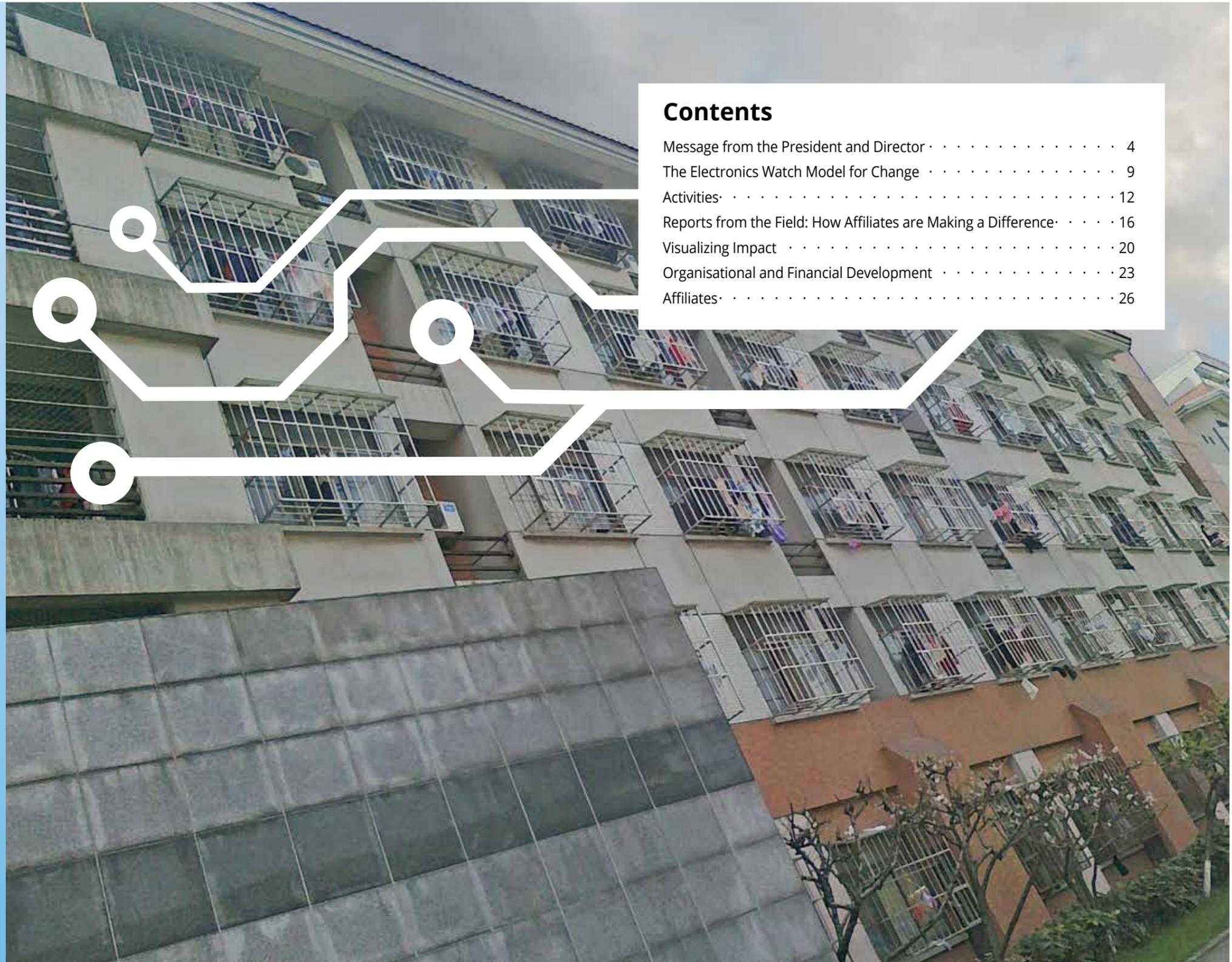
- Independent monitoring of labour and employment conditions in the ICT supply chains of public and semi-public agencies, including supply chain mapping and risk analysis; labour rights training and education; factory surveys; complaint investigations; and remediation and reform activities.
- Improving the knowledge and understanding of labour and employment conditions in ICT supply chains of public and semi-public agencies.
- Developing procurement tools to address labour and employment conditions in global supply chains, consistent with European and national legislation.

Electronics Watch

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Contents

Message from the President and Director	4
The Electronics Watch Model for Change	9
Activities	12
Reports from the Field: How Affiliates are Making a Difference	16
Visualizing Impact	20
Organisational and Financial Development	23
Affiliates	26

Dear reader,

Electronics Watch began with a simple idea: that public procurement—a large market in the global economy accountable to the public—could and should be a force for workers' rights and safety in factories that make the goods public institutions buy. Safety and labour rights problems are endemic in the global electronics industry; at the same time, public institutions are large consumers of ICT hardware products. Guided by the values of transparency and social responsibility, public institutions are in a position to make a difference for workers.

In 2015 Electronics Watch was formally launched as an independent monitoring organisation, led by a Board of Trustees of public sector buyers, civil society organisations in electronics production regions, and experts in human rights and public procurement.

Now, nearly two years after the start of monitoring activities, the Electronics Watch model for change is bearing fruit. Using worker-driven monitoring, guided by workers' needs and priorities, Electronics Watch detects problems in factories that workers experience, but of which companies and social auditors are often unaware. Such problems include the confiscation of migrant workers' identity documents in Thailand, the deterioration of the eye sight of workers who view screens under bright lights in a factory in China, and the lack of proper and complete payslip information to indirect workers in Eastern Europe. The combined market pressure of Electronics Watch affiliates have contributed to reinstatement of workers illegally fired

for union organising, guaranteed pay for temporary agency workers, and ended forced labour by students and migrants.

Electronics Watch has expanded capacity to monitor and address poor working conditions to eight countries. Public sector affiliates span seven countries and include more than 80 organisations that together influence a market of nearly €1 billion through direct purchasing and framework agreements. We are committed to grow, and create tools and capacity that allow more public institutions to practice socially responsible public procurement and combine their influence to improve working conditions in the global electronics industry.

But we also understand the challenges. Workers everywhere absorb the stresses of fragmented supply chains, just-in-time production, Neo-Taylorist work organisation, cyclical orders, low prices and ever shorter time-to-market requirements. They may work excessive hours of overtime for low wages and handle toxic chemicals without adequate protective equipment. The vast majority of electronics workers lack any effective associational rights, and many vulnerable groups, including students and migrants,

are at risk of forced labour. These problems stem, in part, from a business model that also generates large profits for leading electronics brands, and is expected to propel the industry at an annual growth rate of 15% to nearly US\$ 3 trillion in revenues by 2020.

In the next phase of development, Electronics Watch will continue to work with public sector buyers towards improving conditions in factories that make the goods they buy and also reforming the business model to make possible sustainable improvements for workers. We will invest in monitoring and research that probe the root causes of labour rights and safety violations and help develop workers' capacity to protect their own interests.

Finally, thanks to a new three-year EU-funded project, Electronics Watch will expand its reach from manufacturing to mining, to ensure responsible mining practices in the public procurement supply chain.

We do this work together, as a network of public sector organisations and monitoring partners spanning many different countries. We welcome you to read this report and contact us to learn more.

Onwards!

Sheung So, President, Board of Trustees

Björn Skorpen Claeson, Director

The global electronics industry

18 million workers¹ produce **20% of global imports**² and generate a **\$1.7 trillion trade**³ in electronics products. This trade is expected to grow at an annual rate of **15%** to reach nearly **\$3 trillion** in trade by 2020³. The industry yields **profit margins between 18%** (Samsung)⁴ and **26%** (Apple)⁵ for leading brands but only between **1-4%** for leading contract manufacturers⁶. Under pressure to cut prices, contract manufacturers squeeze labour costs, which can represent **40% of their manufacturing cost**, but, in the end, only **0,5% of the product end price**⁷. Cost-cutting results not just in low wages, but also in unsafe and abusive conditions. Because of flexible production demands, and **product life cycles only 3-18 months long**⁸, precarious employment is endemic. About **80-90% of the workforce are temporary contract workers** in some areas of China, Malaysia, Hungary, and Mexico during peak production periods⁹.

Public procurement

Public procurement generates more than **€2 trillion of public contracts** annually¹⁰ and drives **13% of GDP** in the EU¹¹ and **20% of GDP** globally¹². Directive 2014/24/EU on public procurement places social and environmental criteria on equal footing with transparency, equal treatment and non-discrimination for the first time. Thus, EU public procurement is now a market with both the size and rules to make a difference for workers. Electronics Watch affiliates, committed to these expanded criteria, influence a market of nearly €1 billion through supply contracts, purchasing orders, and framework agreements.

- 1 McFalls, Ricarda, "The impact of procurement practices in the electronics sector on labour rights and temporary and other forms of employment," International Labour Office, Geneva: 2016.
- 2 UNCTAD, "Trade in ICT Goods and the 2015 Expansion of the WTO Information Technology Agreement," 2015.
- 3 Persistent Market Research, "Consumer Electronics Market Revenues to Rake in at a CAGR of 15.4%, Smartphones to Continue Dominance over 2016-2020," December 23, 2016.
- 4 www.gurufocus.com
- 5 www.gurufocus.com
- 6 Foxconn, www.barrons.com; Pegatron, 2016 Annual Report; Jabil, www.nasdaq.com; Flex, 2017 Annual Report.
- 7 Harris, Anthony, "Dragging Out the Best Deal: How Billion Margins are Played Out on the Backs of Electronics Workers," Good Electronics, The Netherlands: 2014.
- 8 J. Burruss and D. Kuettner: "Forecasting for short-lived products: Hewlett Packard's journey", in The Journal of Business Forecasting Methods & Systems, Vol. 21, No. 4, Winter 2002/2003, pp. 9-14. Site: Ups and Downs in the Electronics Industry
- 9 McFall, Ricarda, ibid.
- 10 The estimate of total general government expenditures on works, goods, and services, excluding utilities, was 2015.3 billion euros in 2015. "Public Procurement Indicators 2015," DG GROW G4 - Innovative and e-Procurement, December 19, 2016.
- 11 Public Procurement Indicators 2014DG GROW G4 - Innovative and e-Procurement * February 2, 2016.
- 12 World Bank Group, "Benchmarking Public Procurement 2016: Assessing Public Procurement Systems in 77 Economies," Washington: 2016.



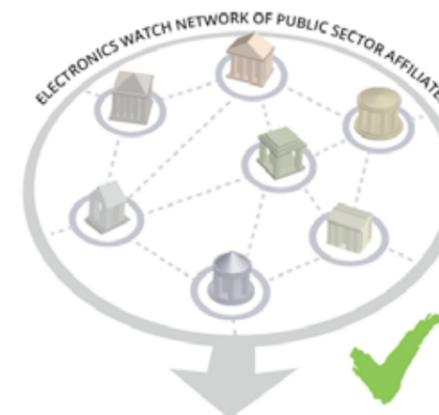
THE ELECTRONICS WATCH MODEL FOR CHANGE

Public Sector Collaboration

Electronics Watch is an independent monitoring organisation that helps public sector organisations work together to ensure respect for labour rights and safety standards in factories that make the ICT hardware they buy. By operating on an affiliations basis, Electronics Watch allows public buyers to share the cost of monitoring suppliers with the whole network of affiliates and combine efforts to remedy labour rights and safety breaches in supplier factories. Electronics Watch thus helps to lower the cost of socially responsible public procurement while maximising impact.

Electronics Watch operates as the “eyes and ears” on the ground for affiliated public sector organisations. An international network of expert civil society monitors, situated close to workers’ communities, detect, report, and address labour rights and safety problems in factories that make electronics goods affiliates buy. They are capable of acting on short notice, when needed to address urgent issues, and sustain engagement with workers and factories over a period of time when addressing systemic issues.

Electronics Watch Affiliation Model



Low cost and full access to monitoring data
Coordinated engagement with industry

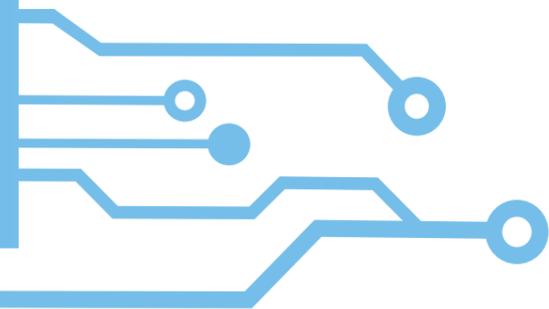
Individual Service Contracts Model



Costly and limited access to monitoring data
Individual engagement with industry

Think big, start small and make a step ahead every day. We want to create more socially sustainable supply chains and we encourage and inspire other organisations to join us in this effort for responsible procurement and delivery of ICT. Now is the time to act.

Menno Van Drunen, Procurement Service Centre North, at the signing ceremony where DUO/SSO-Noord, part of Dutch Ministry of Education, affiliated to Electronics Watch, July 12, 2017

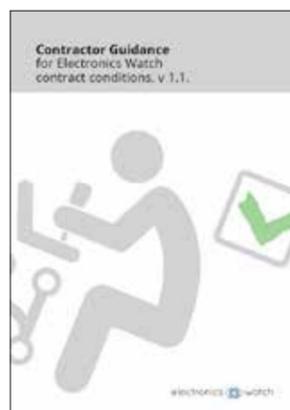


Worker-Driven Monitoring

Guided by workers' needs and priorities, Electronics Watch strives to give workers a platform to call attention to problems in their workplace and initiate investigations. Detecting the problems is only the first step. Finding ways to strengthen workers' collective voices to redress and prevent further violations is an indispensable part of the monitoring process. Engaging employers and brands while guaranteeing the centrality of workers' voices is also an integral part of the work.

Electronics Watch monitors use a range of complementary methods to cross check information. They include worker interviews in safe settings to reduce workers' fear of retaliation; onsite worker surveys to reach a larger number of workers and obtain information on the extent of a problem in a workplace; gathering of documentary evidence such as work contracts, pay slips, and digital communication; and focus group discussions with managers and workers.

Electronics Watch shares its findings with workers' organisations, brands, and factories and seeks dialogue to address breaches of labour rights and safety standards. Finally, Electronics Watch reports on the outcomes to affiliates and recommends actions if necessary.

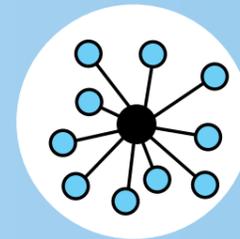


Directing Attention to Workers' Issues

Electronics Watch has developed the following system to classify monitoring findings in order to guide affiliates and ensure brand companies and suppliers direct their attention to the most important issues for workers.



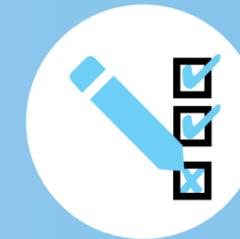
Issues that pose serious, ongoing, or imminent harm to workers' health, livelihood, or wellbeing and must be addressed urgently to mitigate or prevent such harm. Electronics Watch requests companies to initiate corrective action within 48 hours.



Core issues that cause or contribute to wider violations of labour rights or safety standards and/or unsafe and poor working conditions. Core issues include, but are not limited to, reprisals against workers who complain or seek to make their voice heard and violations of the ILO core labour standards.



Conditions and practices that breach legal requirements at the site of production.



Conditions and practices that harm workers, but are not illegal and usually do not violate a voluntary code of conduct. Attention to these issues is a key advantage of worker-driven monitoring.



Issues that have been identified in previous research or monitoring reports and appears to be uncorrected. Recurrent violations may indicate a systemic issue that needs attention.

Contractors' Responsibility to Protect Workers' Rights and Safety

Contractors to Electronics Watch affiliates are responsible for due diligence to ensure supply chain transparency, factory cooperation with independent monitors, and factory remediation of breaches of labour rights and safety standards. Electronics Watch has developed a detailed and comprehensive Contractor Guidance to help contractors comply. The Guidance moves beyond the obligation of process established by international soft-law instruments and national regulation to establish an obligation of result. The Guidance is available in English, French, and Catalan.

The most definitive and authoritative collection of operational guidelines for public sector buyers working with manufacturers and brands in the global electronics industry.

Andy Davies, Director,
London Universities
Purchasing Consortium, UK

Electronics Watch has developed state-of-the-art guidance for contractors to strengthen respect for labour rights and improve working conditions in factories that produce electronic products for public purchasers. The Electronics Watch guidance surpasses all other procurement standards by virtue of transparency, depth, leverage, and legal sophistication.

Robert Stumberg, Professor
of Law and Director, Harrison
Institute for Public Law,
Georgetown Law, United States

ACTIVITIES

Monitoring

Electronics Watch has engaged brands and their suppliers to improve factory conditions, and has produced:

- Regional Risk Assessments for electronics workers in China, India, Indonesia, Mexico, and the Philippines.
- Five Factory Compliance Investigations and Remediation reports.
- Two Worker Rights Alerts.

Affiliate Support

Electronics Watch country representatives in the UK, Netherlands, and Spain together support affiliates by answering questions and providing resources for engagement with contractors. Country representatives give Electronics Watch a local feel; they meet frequently face-to-face with local affiliates and other public sector buyers to discuss the Electronics Watch legal model and monitoring reports. Country representatives as well as Electronics Watch staff are also available to consult with local resellers and brand representatives to explain the due diligence requirements of the Electronics Watch contract conditions.

Guidance

Guidance and tools for public sector buyers and their contractors include:

- Model Contract Conditions for Supply Contracts and Framework Agreements.
- Contractor Guidance for Electronics Watch Contract Conditions.
- Disclosure Form for Electronics Watch Contract Terms.
- The “Chain Letter,” which affiliates’ contractors can send to their suppliers to request contractually required supply chain information.

- Briefing Note: Supporting Compliance with the UK Modern Slavery Act.
- Public Procurement & Human Rights Due Diligence: A Case Study of the Swedish County Councils and the Dell Computer Corporation.

The Electronics Watch Website and Affiliates’ Intranet

Electronics has developed a website in five languages (English, Dutch, German, Spanish and Catalan) which has received more than 11,000 visits from 125 countries in 2017. Affiliates have access to monitoring reports and other resources through a log-in intranet site.

Make ICT Fair: 2017-2020

The European Commission has granted three million euros funding for the three-year project Make ICT Fair: Reforming Manufacturing & Mineral Supply Chains through Policy, Finance & Public Procurement. Electronics Watch is one of 10 project partners, which also include the University of Edinburgh, an affiliate and founding member of Electronics Watch. The project will help Electronics Watch address responsible mining issues with affiliates.

Publications



Annual Affiliates Meeting and Conference

On 8 December 2016 the Business, Human Rights and the Environment Research Group (BHRE) hosted its third symposium on responsible public procurement, co-organised with the London University Purchasing Consortium (LUPC) and Electronics Watch. The day before Electronics Watch also organised a face to face meeting for affiliates and monitoring partners, in which 12 affiliates and five monitoring partners participated. On 7 December 2017 Electronics Watch held its second annual conference on the theme, Ending Precarious Labour: Public Buyers' Role in Protecting the Rights of Electronics Workers. The conference featured leading practitioners in the field of socially responsible public procurement, experts in international labour rights, and grassroots workplace monitors from electronics production regions around the world.

We need systematic action to make sure taxpayer money is not going towards labour abuse, exploitation, even death.

Ruth Freedom Pojman, Organization for Security and Co-operation in Europe, 2016 Greenwich Annual Symposium and Public Buyers Forum

A precarious workforce is vulnerable to job termination. Contract workers at Company D reported that when ten workers attempted to form a union to demand a raise, their employment was terminated.

Electronics Watch Regional Risk Assessment of the Electronics Industry in India, 2017

Workshop on Worker-Driven Monitoring in China

In April 2017, Electronics Watch co-hosted a workshop on worker-driven monitoring in China with the Labour Education and Service Network, the International Labor Rights Forum, and BHRE. More than 40 workshop participants explored current models of worker-driven monitoring, and learned skills in areas ranging from worker surveys and interview techniques to field notes and analysis of evidence.

Webinar Series on Precarious Work

Understanding the nature and impact of precarious work, such as subcontracting, temporary agency work, or student interning, is essential for procurement practitioners to strengthen social responsibility in electronics supply chains. When Electronics Watch asks workers what they would most like to change, precarious work is often at the top of the list because it so profoundly impacts their wages, security, and health and safety. Therefore, Electronics Watch launched a webinar series on precarious work in the electronics industry in 2017, and has featured presentations on China, the Czech Republic, India, Indonesia, and the Philippines.

We have to be in school to get accepted in the company. We are called On-the-Job Trainees but we do not attend lectures, because we are too tired after 12 hours of work every day. After one year, if we pass the evaluation, we can be hired as contractual workers. We are paid 75% of the minimum wage

On-the-Job Trainee in electronics factory in the Philippines, 2016



Getting the Word Out and Participating in Debates

Electronics Watch staff and country representatives speak frequently at conferences on socially responsible public procurement, human rights, and the electronics industry. In 2016-2017, those events included the UN Forum on Business and Human Rights, the Sustainable Purchasing Leadership Council annual summit in the U.S., Procurex Scotland, Collaboration in Action (organised by the LUPC and the Southern Universities Purchasing Consortium), Symposiums on Socially Responsible ICT Procurement in Germany, SRPP ICT Hardware Market Actor Meetings in the Netherlands, screenings and discussions of the film, Complicit, the annual EICC conference, and many more. Electronics Watch also participate in workshops and conferences on labour issues in the electronics industry, such as the Mobile Social Congress in Barcelona and Good Electronics Network international meetings.

We are especially grateful to many affiliates who speak at conferences, highlighting problems of labour rights and safety in electronics supply chains, and discussing what public buyers can do. These conferences include the Conference on University Purchasing in the UK, and the ZKI Conference on Hardware Procurement in Germany.

REPORTS FROM THE FIELD: HOW AFFILIATES ARE MAKING A DIFFERENCE

The following case stories of Electronics Watch monitoring and improvement work highlight prevalent and serious problems in the electronics industry, including forced labour and precarious employment. They also show how affiliates together have helped to improve conditions for workers and how brands have taken steps towards increased transparency and collaboration with civil society monitors. Yet, no case is “closed” as long as underlying systemic problems remain. Electronics Watch will therefore continue its engagement with these and other cases in the long run.

Case 1: Ending Forced Student Labour in China

In October 2015, Electronics Watch and its affiliates learned about a report on a large server manufacturer in China, which documented severe labour rights violations including forced labour. Some students were forced to perform an internship unrelated to their vocational aspirations as a requirement for graduation.

Electronics Watch responded by evaluating the evidence for the allegations and recommending specific actions for affiliates to take with their suppliers. UK higher education purchasing consortia that purchase the servers put the Electronics Watch recommendations into effect by contacting their account management representatives at each supplier. This action by affiliates helped spur action by the major brands that source servers

from the factory. All brands committed to temporarily halting student labour at the factory and ensuring compliance with the legal limits on student labour.

In August 2017, during a period electronics companies normally hire student interns, Electronics Watch conducted a follow-up onsite four-day assessment of the factory. One brand facilitated the onsite access for Electronics Watch monitoring, conducted by the Economic Rights Institute.

The assessment consisted of an in depth survey of 300 workers and worker-manager dialogue trainings sessions with 40 production line workers and a dozen representatives from upper, middle and front line management. Electronics Watch also reviewed the full list of employees including their length of tenure, job title, and type of employment, including whether or not the employee is a student intern, for the past two years.



Vocational School students, many of them 16 years of age, arrived at an electronics factory to begin mandatory “internships” which lasted from three months to one year. The photo is unrelated to this case. Photo: Jenny Chan

Electronics Watch found that the firm had implemented stricter student internship policies, and required the design of internships to fit with students’ course of study. When Electronics Watch monitors visited the firm in August 2017, the firm employed no students.

However, with student recruitment mostly ended, the firm sought other ways to accommodate flexible production demands. At the time of the Electronics Watch visit, 81% of the production employees had been employed less than six months, in part because of a recent recruitment drive to meet business growth.

Ending forced labour in the factory is a positive development. However, short-term employment have been associated with other harms to workers if management lacks commitment to long-term problem solving. In this case, senior personnel themselves expressed concern about poor employee retention. Yet, 26% of employees who offered suggestions to management reported they suffered reprisals from management or knew someone else who had suffered reprisals after expressing criticisms. These problems must be addressed not just through corrective action and remedies to workers, but also through improved production planning and purchasing practices, a key lesson of this case.

Case 2: Addressing Recruitment Practices in Thailand

In October 2016, Electronics Watch received intelligence from an Electronics Watch monitoring partner, the Migrant Workers Rights Network (MWRN), that migrant workers from Myanmar, working at an electronics factory in Thailand, were having their passports and other identity documents withheld. They were employed by subcontractors or through indirect brokers, and charged unlawful and extortionate recruitment fees.

When migrant workers are deprived of their own passports and personal identity documents and charged high recruitment fees, their freedom of movement is curtailed. They are therefore at risk of forced labour or debt bondage.

Upon receiving the information, Electronics Watch contacted a brand that is a customer of the factory and supplier to affiliates, recommending intervention to ensure the immediate return of all identification and personal identity documents to migrant workers and the prompt repayment of illegitimate recruitment fees. The brand responded quickly, conducting a third party assessment, and finding several major non-compliances at the factory. Soon thereafter MWRN reported that recruitment agents and subcontractors active at the factory had returned passports and work permits to the migrants workers and begun to compensate them for illegitimate fees and wage deductions. Moreover, the brand reported that the factory had hired 5,000 workers directly rather than indirectly through subcontractors or agents/brokers. Workers expressed initial satisfaction with the positive results.

However, in April and May 2017 workers again reported that brokers were charging them excessive recruitment fees and may even come to their homes in Thailand to demand repayment. As a re-

sult, Electronics Watch has initiated an in-depth research programme with MWRN to detect the extent of illegal and/or harmful recruitment practices, migrant worker abuse, and/or forced labour practices at the factories.

New and former subcontracted employees are now directly employed by the factory. They again report paying excessive recruitment fees and are charged for immigration, work permits, and documentation related services performed by their former subcontracting agencies.

By understanding workers' experiences Electronics Watch will seek to help develop best practices in recruitment and migrant worker management to decrease risks of forced labour and illegal and/or harmful recruitment amongst migrant workers employed in Thailand's electronics industry.

Case 3: Migrant Workers' Concerns in Eastern Europe

In February 2016 Electronics Watch received complaints of several potential breaches of labour standards at a factory in the Czech Republic, mostly relating to conditions of migrant workers from Eastern Europe, employed indirectly through a subcontractor. The factory makes products that several Electronics Watch affiliates buy.

Electronics Watch immediately conducted a factory risk assessment, highlighting the problem of precarious employment and income insecurity of the indirect workforce, their unpredictable working hours and late shift notifications, and their lack of information concerning their own wages and bonuses. One brand, a factory buyer and supplier to affiliates, was initially able to confirm four of the risk areas through its own investigations.

In late 2016 and early 2017 Electronics Watch worked with MKC Praha, o.p.s. to conduct a full compliance investigation based on in-depth, semi-structured interviews with both direct and indirect employees, documentary evidence, consultations with legal experts, and direct observations of workers' dormitory conditions. The research found evidence of improvements, such as expanded access to eight-hour shifts, which many workers prefer over the physically demanding 12-hour shifts. However, eight-hour shifts were only available to core workers and the main issues related to precarious employment remained.

Because of discrepancies between the findings of the brand buyer and Electronics Watch and continued concern of Electronics Watch affiliates, the brand arranged for a meeting between the brand, the factory, and Electronics Watch, and invited Electronics Watch to observe its audit. Unfortunately, the factory blocked access to Electronics Watch's local monitoring partner. Following the meeting the brand shared its findings and evidence with Electronics Watch.

One valuable outcome to date is the improved production planning between the brand and the factory, which has allowed the factory to reduce weekend work. In addition, a minimum income-guarantee for temporary indirect workers, independently of the number of hours they receive in a month, provides some security in the face of unpredictable hours. Yet, indirect workers also feared job loss and, indeed, experienced significant layoffs during periods of low demand. During peak production periods, indirect workers reported, and often welcomed, excessive working hours. At the time of this writing, their payslips still hid basic information about wages and deductions.

Because indirect workers' payslips did not include the legally required information Electronics Watch could not independently verify that the total compensation packet for indirect and core workers

were equal for comparable work. However, working hours, work leaves, holidays, and other conditions were not equal. Because the indirect employer was classified as a subcontractor, rather than a temporary work agency, this lack of equality was not illegal.

The indirect workers from Eastern Europe have been gradually replaced by Mongolian workers employed directly by the factory. One of their main worries is becoming pregnant during their first year of residency when they are ineligible for maternity and paternity benefits. They also report lack of access to sufficient health care. Without benefits they could not support themselves; without a job, they could lose their residency permit as well. Electronics Watch seeks to link community groups that service the Mongolian workers with the employer to address these concerns.

The planning of shifts changes every day. Sometimes I go to sleep during the day as I'm supposed to have a night shift and it's cancelled. You have to watch every hour. It was crazy in July.

Indirect worker,
Czech Republic, 2016

When orders are coming in, they make us work during the weekends. During the week they could cancel a shift and then plan it again. Just this week there's a day shift on Monday, night shifts on Tuesday and Wednesday ...and for Saturday [which was supposed to be off] there is now a planned shift.

Core worker,
Czech Republic, 2016

VISUALIZING IMPACT

Expanding Monitoring Capacity

The map below shows the countries where Electronics Watch has monitoring capacity as of the end of 2017.

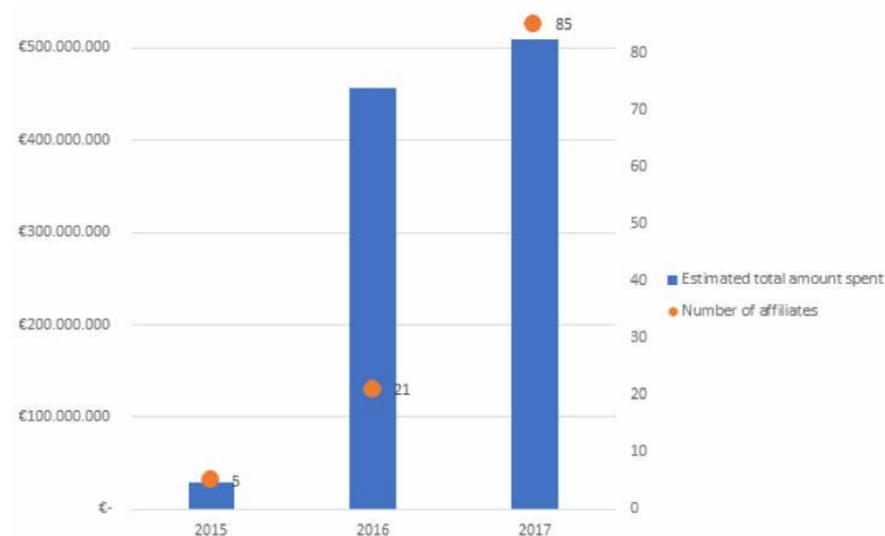


Expanding the Market and Influence of Electronics Watch Affiliates

In order to influence the behaviour of their suppliers, public buyers need to combine their market strength and have access to their own independent sources of information about working conditions in the supply chain. The Electronics Watch network includes 26 individual affiliates and 59 consortium affiliates in seven countries, with an estimated combined direct purchasing power of €500 million. Affiliates also lead framework agreements that together are worth several hundred million euros annually.

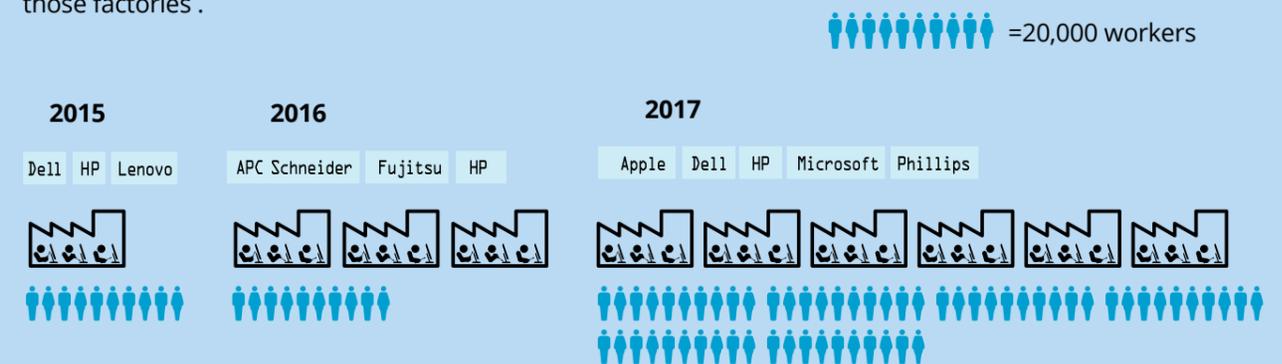
Electronics spend* and number of Electronics Watch affiliates

*The amounts in this graph include direct spending but not the value of framework agreements led by affiliates.



Helping to Improve Working Conditions

The diagram below shows the brands Electronics Watch have engaged, the number of factories investigated, and the total number of workers employed in those factories.



Electronics Watch and its affiliates have contributed to improvements in six factories, employing more than 100,000 workers. Improvements include:

- Ending forced student labour in a factory in China.
- Reimbursing recruitment fees and returning identity and work documents to workers in a factory in Thailand.
- Reinstating some workers illegally fired for union organising in a factory in the Philippines.
- Improving work shift scheduling and increasing pay for agency workers in a factory in the Czech Republic.

Driving Industry Transparency

Electronics Watch and its affiliates have together requested leading brands to disclose factories that make the goods affiliates buy, share their audit findings, and take other steps to improve supply chain transparency. As a result, some brands have:

- Disclosed factories and the products or components made in the factories.
- Disclosed audit findings.
- Provided factory access to Electronics Watch monitors.

Promoting Sustainable Development Goals

Electronic Watch helps public institutions advance international and national sustainability goals, such as the following:

- 1. The Sustainable Development Goals**, including Goal 12 on responsible production and consumption, and target 12.7 on promotion of sustainable public procurement; Goal 3 on health, and target 3.9 on reducing the number of deaths and illnesses from hazardous chemicals; and Goal 8 on decent work, and target 8.5 to end forced labour, modern slavery, human trafficking, and child labour.
- 2. The UN Guiding Principle on Business and Human Rights**, especially UNGP 6 which explains that states “should promote respect for human rights by business enterprises with which they conduct commercial transactions” including through public procurement.
- 3. Directive 2014/24/EU** on public procurement, which allows contracting authorities to introduce social considerations throughout the procurement stages and demand compliance with international labour standards during contract performance.
- 4. The ILO’s Decent Work Agenda**, which calls for promoting rights at work and social dialogue.
- 5. The 2016 International Labour Conference Conclusion 16 (c)**, which urges governments to “use public procurement to promote fundamental principles and rights at work.”
- 6. The UK Modern Slavery Act**, which requires commercial and public interest organisations, including universities, to publish a statement setting out the steps that the organisation has taken to ensure that slavery, forced labour, and human trafficking are not taking place in any of its supply chains or in any part of its own business. The Act applies to organisations with a turnover equal to or greater than £36m per annum.
- 7. The French Duty of Vigilance Act**, which requires companies to establish safeguards to ensure that labour rights and other human rights are respected in their supply chains.
- 8. Rules in the US Federal Acquisition Regulation (FAR) to strengthen protections against trafficking of persons in Federal contracts**, which requires federal contractors to ensure that their entire supply chain is free from human trafficking and forced labour and to maintain compliance plans.
- 9. The Dutch government’s requirement** that national government contractors conduct a risk assessment, and, if necessary, follow up with risk-mitigation, in relation to social conditions in their supply chains, including core ILO labour standards. This requirement applies to contracts with a value greater than or equal to European public procurement thresholds.

ORGANISATIONAL AND FINANCIAL DEVELOPMENT

The Group of Advisors

Advisors play a critical role in Electronics Watch. Informally, they enrich Electronic Watch’s work with their particular expertise. Formally, they help elect the Board of Trustees as each advisory group block nominates and elects their representatives to the Board. This group has been large and diverse since the founding of the organisation, but has grown and evolved, and now incorporates over 120 organisations and 18 individuals from 22 countries.

Block 1. Public sector buyers

Advisory group members may include any representative of a public sector buyer that buys ICT hardware products. This group currently consists of the Electronics Watch affiliates: more than 80 organisations from seven countries (including representatives of consortia).

Block 2. Experts in human rights, labour rights, and global supply chains

Advisory group members may serve in an individual capacity or as a representative of a trade union or NGO with particular expertise in areas such as public procurement and human rights, global

supply chains, or factory monitoring. This block currently consists of 19 organisations and 18 individual advisors from 12 countries.

Block 3. Representatives of civil society organisations from the regions of electronics production

Advisory group members may include any representative of a civil society organisation from a region of electronics production that advocates for or represents the interests of electronics workers. This block currently consists of 24 organisations from 12 countries.

The Board of Trustees

The Board of Trustees is responsible for fiduciary and programmatic guidance and oversight to ensure Electronics Watch achieves its mission and purpose and operates legally, ethically, and soundly. The Board approves the annual budget and seeks to ensure adequate finances to advance the Electronics Watch mission. It establishes broad organisational and financial policies and strategic goals and priorities. The Board currently consists of eight members, including two from Block 1, four from Block 2, and two from Block 3.



Electronics Watch Board of Trustees, staff, and country representatives at the University of Greenwich for the 2016 annual meeting. From left to right: Björn Claeson, Mike Kilner, Emma Nicholson, Martina Hooper, Sheung So, Pauline Overeem, Gopinath Parakuni, Jim Cranshaw, Olga Martin-Ortega, Harpreet Paul, Alba Trepas, and Eelco Fortuijn. Not pictured: Mingwei Liu.

Electronics Watch Staff and Country Representatives

Staff of Electronics Watch are responsible for implementing programs and reaching the strategic goals established by the Board. Staff members include a Director, a Director of Administration and Communication, and a Director of Outreach and Education. In addition, Electronics Watch works with country representatives (currently in the UK, the Netherlands, and Spain) to support and recruit affiliates.



Björn Skorpen Claeson
Director



Martina Hooper
Director of Administration and Communication



Peter Pawlicki
Director of Outreach and Education



Eelco Fortuijn
Representative of Electronics Watch in The Netherlands



Harpreet Paul
Representative of Electronics Watch in the UK



Alba Trepát
Representative of Electronics Watch in Spain

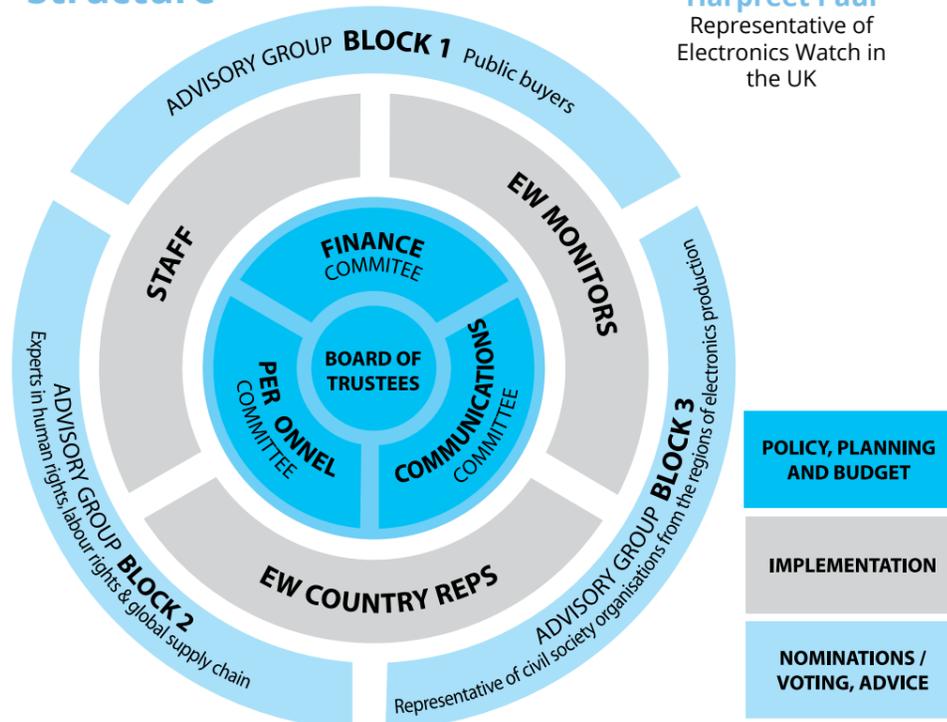


Nuala Keyser
Accountant

Electronics Watch Monitors

Electronics Watch works with experienced civil society organisations to conduct monitoring. These organisations can have no industry representatives involved in decision-making or in any capacity that could create a conflict of interest. Electronics Watch also does not work directly with unions or workers' organisations to conduct factory investigations as these organisations have a material stake in the outcome of the investigations. Electronics Watch currently works with monitoring partners in nine countries.

Organisational Structure



Strategic Planning Process

Electronics Watch has launched an ambitious strategic planning process in which more than 50 advisors and industry representatives have participated through surveys, focus group discussions, and one-on-one interviews. The planning process addresses issues such as, strategic factory monitoring, providing value to affiliates, maintaining democratic accountability, and thinking beyond factory cases to larger industry reform.

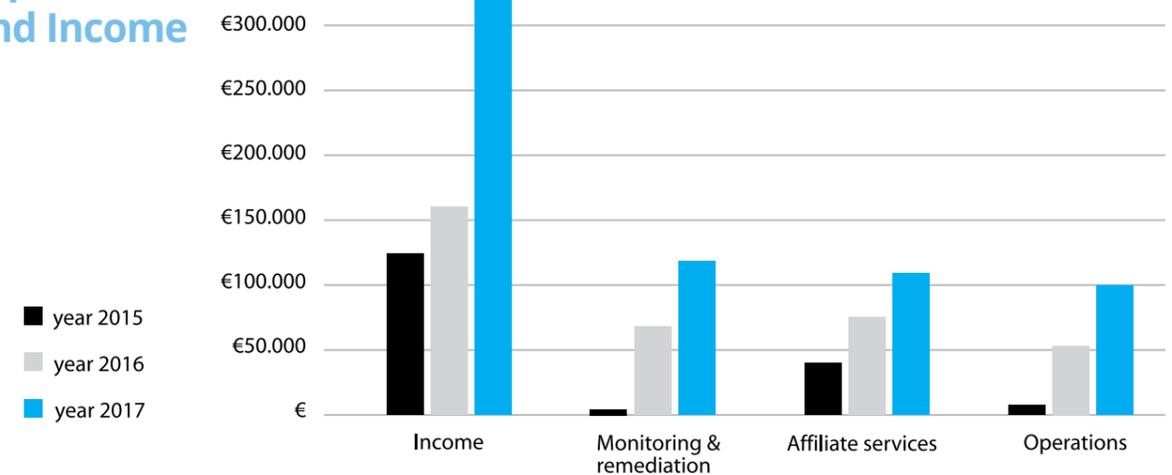
SMEs, government and non-profit organisations. In 2017 Electronics Watch completed its first audit, covering the combined financial years 2015 and 2016 since activity in 2015 was minimal. The net-income of 2015 and 2016 was €36, 578, which was added to the general reserve of Electronics Watch. A copy of the audit report is available on request. For 2017 the figures are based upon a combination of forecast outcomes and actual figures achieved up to and including the third quarter 2017.

Financial Report

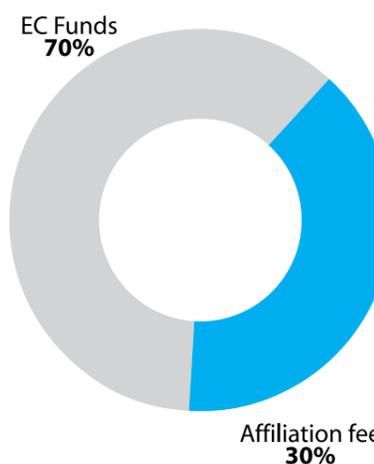
Electronics Watch is audited annually by the IPA-ACON Group in the Netherlands, which focuses on

The following charts show the distribution of income and expenses, 2015-2017. The expenses are divided into monitoring and remediation, affiliate services and operations.

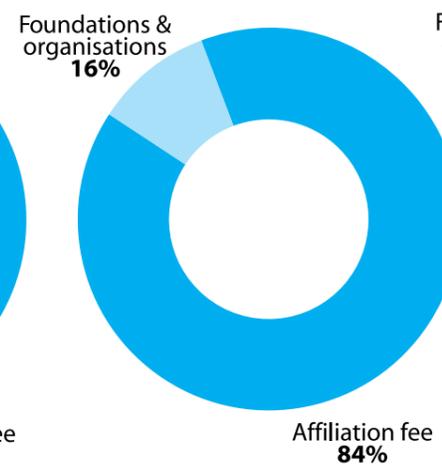
Expenditures and Income



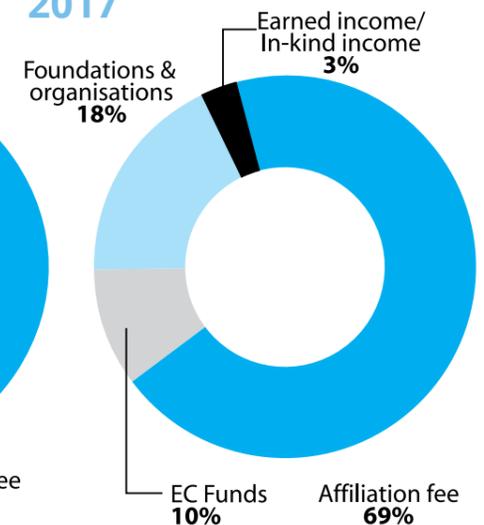
Income 2015



Income 2016



Income 2017



Financial Strategy

The financial strategy of Electronics Watch is simple: strengthen social responsibility in ICT hardware supply chains of public sector buyers who, in turn, share the cost of independent factory monitoring through annual affiliation fees. Because affiliates share the cost of monitoring the same suppliers, Electronics Watch is able to significantly reduce the cost to each individual affiliate. At the same time, affiliate network collaboration increases the impact of each affiliate.

The cost to each affiliate is based on the amount spent on electronics products. This is the most ac-

curate measure for the amount of monitoring that will be required, and the level of support each organisation will need, to effectively use Electronics Watch to ensure socially responsible supply chains.

Annual affiliation fees are the core of Electronics Watch financial sustainability. Electronics Watch also seeks outside support, such as funds from the EU and private foundations, to expand work into new areas or to undertake time-limited projects. Electronics Watch does not accept financial support from the electronics industry, including, but not limited to, brand companies, resellers, and factories.

Affiliates

Affiliates use the monitoring services of Electronics Watch to address labour rights and safety problems in the supply chains of the ICT hardware goods they purchase. They are leaders in the area of socially responsible public procurement.



Individual affiliates

Advanced Procurement for Universities & Colleges, United Kingdom
 Barcelona City Council, Spain
 Bournemouth University, United Kingdom
 DUO/SSO-NoordNetherlands
 Durham University, United Kingdom
 Ethical Culture Fieldston School, United States of America
 Hanze University of Applied Sciences, Netherlands
 ITSH-edu, Germany
 Kingston University, United Kingdom
 London South Bank University, United Kingdom
 London Universities Purchasing Consortium, United Kingdom
 Munich City Council IT@M, Germany
 Sant Boi City Council, Spain
 Southern Universities Purchasing Consortium, United Kingdom
 State of Vaud, Switzerland
 Stockholm County Council, Sweden
 Swansea University, United Kingdom
 The University of Edinburgh, United Kingdom
 Tower Hamlets London Borough Council, United Kingdom
 Transport for London, United Kingdom
 Unison, United Kingdom
 University of Aberdeen, United Kingdom
 University of Leeds, United Kingdom
 University of Leicester, United Kingdom
 University Medical Centre Utrecht (UMC-Utrecht), Netherlands
 University of Groningen, Netherlands
 University of Westminster, United Kingdom
 Utrecht City Council, Netherlands

Consortium Affiliates

Purchasing consortia are able to affiliate to Electronics Watch on behalf of their member bodies, who in turn become Consortium Affiliates to Electronics Watch, enjoying access to the same reports and tools at a reduced cost.

The following Further and Higher Education Institutions have become Consortium Affiliates of Electronics Watch via Advanced Procurement for Universities & Colleges (APUC), United Kingdom:

Abertay University
 Ayrshire College
 Borders College
 City of Glasgow College
 Dumfries and Galloway College
 Dundee and Angus College
 Edinburgh College

Edinburgh Napier University
 Fife College
 Forth Valley College
 Glasgow Caledonian University
 Glasgow Clyde College
 Glasgow Kelvin College
 Glasgow School of Art
 Heriot-Watt University
 Inverness College
 Lews Castle College
 Moray College
 New College Lanarkshire
 Newbattle Abbey College
 North East Scotland College
 North Highland College
 Orkney College
 Perth College
 Queen Margaret University
 Robert Gordon University
 Royal Conservatoire of Scotland
 Sabhal Mor Ostaig
 Scottish Association for Marine Science (SAMS)
 Shetland College
 South Lanarkshire College
 SRUC
 University of Aberdeen
 University of Dundee
 University of Edinburgh (Edinburgh College of Art)
 University of Glasgow
 University of St Andrews
 University of Stirling
 University of Strathclyde
 University of the Highlands and Islands
 University of the West of Scotland
 West College Scotland
 West Highland College
 West Lothian College

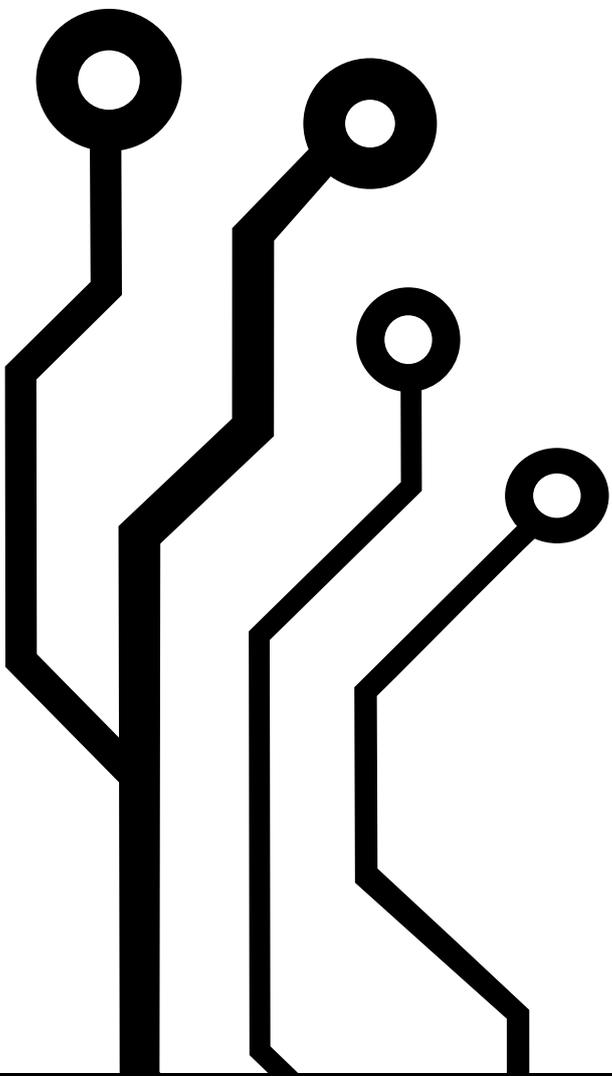
The following institutions have become Consortium Affiliates of Electronics Watch via ITSH-edu, Germany:

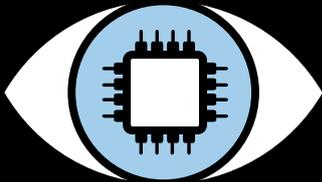
Christian-Albrechts-Universität zu Kiel
 Europa-Universität Flensburg
 Fachhochschule Kiel
 Fachhochschule Lübeck
 Fachhochschule Westküste
 GEOMAR Helmholtz-Zentrum für Ozeanforschung Kiel
 Hochschule Flensburg
 Institut für Weltwirtschaft
 IPN Leibniz-Institut für die Pädagogik der Naturwissenschaften und Mathematik
 Musikhochschule Lübeck
 Muthesius Kunsthochschule
 Studentenwerk SH
 Universität zu Lübeck
 ZBW Leibniz-Informationszentrum Wirtschaft

Thank you!

Electronics Watch gratefully acknowledges financial support from:

- Affiliates, for general monitoring activities.
- SOMO and Bread for All, for specific monitoring projects.
- The Business, Human Rights and the Environment Research Group at the University of Greenwich, London Universities Purchasing Consortium, Queen Mary University of London, Good Electronics, the University of Edinburgh, and Advanced Procurement for Universities and Colleges, for conferences and events.
- The European Commission, for the project, Make ICT Fair, 2017-2020.



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Responsible public procurement.
Rights of electronics workers.