

New Technology

Workers

REPORT ON WORKING CONDITIONS IN
THE MEXICAN ELECTRONICS INDUSTRY

Centro de Reflexión y Acción Laboral
CEREAL

Centro de Reflexión y Acción Laboral (CEREAL)

CEREAL is a project of Fomento Cultural y Educativo A.C. (*Cultural and Educational Promotion A.C.*), part of the apostolic works of the Mexican Province of the Company of Jesus, which for the last 35 years has been devoted to educating and organising Mexican popular sectors.

CEREAL provides legal assistance, labour rights training and organisational support for workers' groups; it also carries out research on working conditions in different productive sectors in the country and promotes public awareness campaigns with regard to workers' situation.

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“In fact, the purpose of a business is not simply to make a profit, but is to be found in its very existence as a community of persons who in various ways are endeavouring to satisfy their basic needs and who form a particular group at the service of the whole society”.

John Paul II

**Encyclical letter
Centesimus Annus,
1991**

Introduction.

Only recently have we started to understand the negative impacts of digital electronic equipment worldwide. Most of us, overwhelmed by the technological wonders that these devices are capable of, forget to ask ourselves 'How have they been made?' 'By whom?' 'Where?' 'Under what conditions?'

The increasingly faster and more versatile computers, appealing mobile phones, high-definition TVs, Internet, tiny music players, ingenious photo cameras, entertaining games consoles and even electronic pets give us the idea of a developed, pioneering and modern world. It is indeed a new era for many; but the dark side of this prosperous world reveals a very different reality, that far from taking us to the future, takes us back to a darker past.

The "Clean up your Computer" report, published by CAFOD early in 2004, showed the inhumane conditions faced by thousands of workers in developing countries like Mexico, China and Thailand. Supported by data and with the input of workers' true stories, CAFOD's research exposed the way in which workers are treated in the electronics industry supply chain.

Migration of high technology product factories to developing countries, in search of lower production costs, has put the world of the latest technological advances and the world of precarious working conditions into coexistence. From the US\$2 per day wages in China to the discriminatory and humiliating treatment in Mexico, through the outsourcing practices in Thailand; working conditions in the electronics sector are frequently unacceptable from a perspective of respect for human rights.

This report continues the work started by CAFOD's research; which included a section on Mexico and, in that sense, it intends to try and improve working conditions for workers in the electronics industry. It provides a study of changes that have been made to date and highlights the need for further action.

This document was carefully examined by the companies mentioned in this report. On 27 April 2006, in the city of Guadalajara, members of CEREAL, a group of seven electronics industry workers and a CAFOD representative met with corporate representatives from twelve electronics companies to discuss, among other issues, the cases presented. Over the following thirty days, companies had the opportunity to carry out their own research. As a result, out of the 78 cases included in the report, one was withdrawn for lack of evidence, another one was replaced by a more recent one (although of the same kind), a further three were modified based on new data provided by the companies and 73 stayed the same. The response of the companies to specific cases is included in the report.

Although it could seem atypical for a report on labour rights violations to include a description of the advances made by the very companies that allowed such abuses, we believe that the most important part of the problems are the solutions. Therefore, we see the companies' comments as no more than a public commitment to improve their corporate social responsibility practices. We hope, of course, that such pledges will be delivered and will continue to monitor the day to day working conditions for electronics workers in Mexico. This remains the real test of the companies' practices.

Chapter one offers a brief description of the electronics industry worldwide. Chapter two includes two case studies of violations of human rights in the workplace in the electronics industry, documented by CEREAL between January 2005 and March 2006 in Mexico. The third chapter is a brief explanation of the commitments made by 16 electronics companies worldwide in the Electronics Industry Code of Conduct, first published in October 2004 and updated in October 2005. Finally, chapter four calls on the companies to tackle the root causes of the problems in the electronics sector.

CEREAL appreciates the companies' willingness to talk about the problems identified; this, however, does not mean we believe everything has already been resolved. On the contrary, CEREAL will continue to carry out its research on working conditions in the Mexican electronics industry and plans to publish an annual update.

The report demonstrates that while some welcome progress has been made there is still a long way to go to ensure that the rights of Mexican electronics workers are respected. Ultimately CEREAL believes that the workers themselves need to have a much greater role in negotiating improvements in their own working conditions, in line with international labour organisation standards.

CEREAL would like to acknowledge in particular the courage of those Mexican workers whose testimonies are expressed in the following pages. We are aware that in speaking, they were overcoming their fears and hoping that in doing so, they would prevent others from going through the same experience. We are sure that as long as there are workers like these, abuses and violations will one day come to an end.

CEREAL June 2006

1: The Electronics Industry Worldwide

The most globalised of all industries

The electronics industry is one of the main drivers of modern economic development. Only in 2005, 230 million PCs¹, 795 million mobile phones² and 184 million televisions³ were manufactured worldwide. Furthermore, digital technology floods a vast range of objects we human beings use on a daily basis. Cars, photographic cameras, domestic appliances, audio players, medical and industrial equipment, personal organisers and even toys are part of the new digital era. The presence of these objects in modern life is undeniable, and there is no doubt they bring benefits to millions of human beings.

Increasing demand for digital technologies has helped the development of a rapidly growing industry. Electronics exports currently represent 15% of total traded goods worldwide; almost twice as much as other traditional sectors like chemicals, transport machinery and equipment, automotive, textiles and clothing⁴.

Over the last decade, the electronics industry recorded an average annual growth rate of 12.1% globally⁵; and PCs alone recorded a 14.1% increase⁶. These high growth rates are much higher than the recorded growth rate for global GDP; and easily double that of any other industrial sector. This is reflected in the fact that electronics companies have some of the most prominent places in the lists of most profitable businesses in the world. In addition, several of the richest men in the world owe their wealth to the development of this sector.

With all its explosive start, this is just a new business; according to some conservative estimates the industry will keep an annual growth rate of 9.4% until 2009⁷. However, and despite all the benefits it brings along, the electronics industry has also brought major injustices to workers in electronics factories in developing countries.

“The incredible momentum around all these new products and services shows that the digital lifestyle has truly gone mainstream this year. Now it’s time to bring together the devices, software and services in people’s lives and take all these experiences to the next level.”

Bill Gates
January 2006

TABLE 1
GLOBAL GOODS EXPORTS 2003 (MANUFACTURED GOODS)

SECTOR	VALUE THOUSAND BILLION US\$	AAGR 1990–2000
TOTAL MANUFACTURED GOODS	4,630	7.0 %
<i>Electronics Industry/1</i>	<i>1,129</i>	<i>12.1 %</i>
Chemicals	574	6.9 %
Other consumer goods	352	6.0 %
Other machinery /Transport Equipment	1,055	5.9 %
Automotive	571	5.9 %
Textiles and Clothing	356	5.3 %
Other semi-products	449	5.0 %
Iron and steel	144	3.0 %

Source: Mexican Treasury with WTO data

AAGR = Average Annual Growth Rate

1 / Includes office and telecommunications equipment, as well as some products classified as “Other Consumer Goods”

Rich companies in poor countries

In several parts of the planet, in the so called 'low-cost areas', there are thousands of factories of the global electronics industry. Mexico, India, China, Brazil, Malaysia and Philippines are part of that low-cost production chain, which takes on millions of workers from different and varied cultural backgrounds. This army of the humble strives day in day out to manufacture modern equipment to satisfy increasing world demand.

These nations, like a club, have seen themselves forced to compete against each other to attract the considerable resources of the electronics industry. As is well known, China is an example, in terms of low tax costs and cheap labour. Ironically, some of these poor nations, where vast amounts of capital are invested in electronic equipment manufacturing, have a very little access to digital technology; thus widening the gap between poor and rich countries.

At present, electronics exports take up the first places in several developing countries' trade balance; but many of the workers manufacturing computers have never used a computer and virtually none of them have one at home. One of the many Mexican workers interviewed for this report said "in the factory, I assemble five computer cards per minute. More than 3,000 cards in my 11-hour daily shift. But I have never used a computer myself, I don't know how to; what's more, I don't even know what the computers I make look like when finished".

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Mexican worker

TABLE 2
HOMES WITH INTERNET ACCESS (OECD COUNTRIES)

POSITION	COUNTRY	%	POSITION	COUNTRY	%
1	Denmark	64.2	12	Luxembourg	45.4
2	Netherlands	58.9	13	New Zealand 2001	37.4
3	Norway	55.3	14	Austria	36.2
4	United Kingdom	55.1	15	Ireland	35.6
5	Canada	54.5	16	Italy	30.9
6	Sweden 1001	53.3	17	France	27.8
7	Korea 2002	51.3	18	Spain	25.2
8	Germany	51.2	19	Portugal	21.7
9	United States	50.5	20	Czech Republic	16.4
10	Finland	47.4	21	Greece	16.3
11	Australia 2002	46.0	22	Mexico	8.9

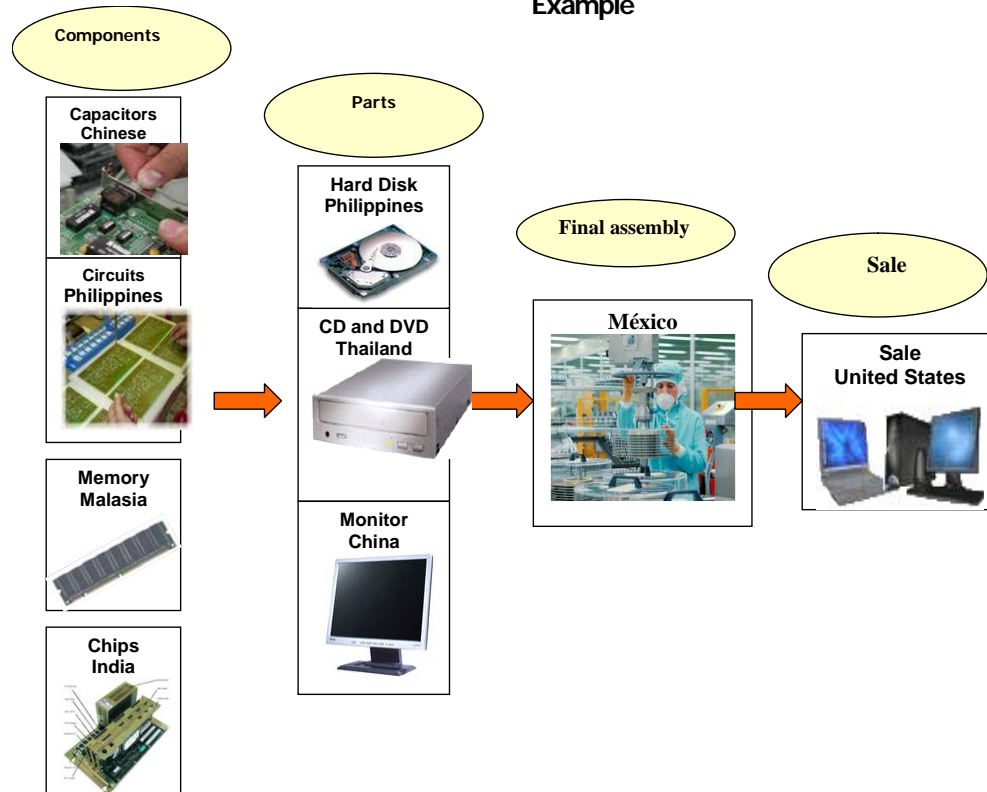
Note: 2003 statistics, except when indicated.
Source: *OECD Information Technology Outlook 2004*.

The supply chain

Although very few brands dominate the market (no more than twenty), an electronic product travels through a wide network of factories and companies before it can reach the market. This network is known as "the supply chain" and has opened way to the emergence of a number of large brandless companies; which are completely alien to the end consumer. In the industrial slang these companies are known as *Contratistas de Manufactura* (Contract Manufacturers); Flextronics, Solectron, Jabil, Foxconn, Celestica and SCI Sanmina are some of the main ones. They are real transnationals that have had a dramatic growth over the last decade, an annual average of 20-25%⁸, and developed in the shadow of prestigious brand companies.

A computer, for example, is manufactured in parts at several companies and in different parts of the world. Then it is finally assembled in a factory where it is packed and shipped to a specific market. The same applies to printers, mobile phones and TVs.

The supply chain Example



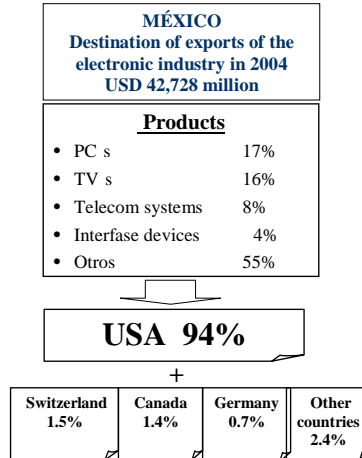
The Mexican contribution

Mexico is one of the main manufacturers of electronic equipment in the world. Exports in this area account for over 30 per cent of the country's total manufacturing exports, placing the electronics industry at the top of the Mexican exports sector. This is a result of a favourable geographic position (because of its proximity to the US), low production costs and more recently the signing of the Free Trade Agreement (NAFTA) between Mexico, the United States and Canada, which came into effect in January 1994.

All these factors have made Mexico an ideal place to invest in, and, as a result, almost all the large electronics multinationals have set up business in Mexico. The signing of the FTA with the US and Canada has triggered a fast growth in the electronics industry, but such growth has not spread to all links in the sector. Currently, Mexico is a big manufacturer of finished products, but not of consumables, of which the vast majority are still imported components⁹

The way in which the sector is shaped has turned Mexico into a manufacturing country where, too often, the key decisions are not made. Multinationals import the components they need to assemble a product in Mexico directly, with preferential or no tariffs at all, and then export it. An IBM worker in the city of Guadalajara points out "here in the plant we make IBM laptops, we assemble them here, but the parts come from different parts of the world, like China, Taiwan, Hong Kong, Malaysia and Japan".

Because of its privileged geographical location, Mexico has become a final assembly point towards the US. Millions of pieces of electronic equipment are assembled here every day for shipment to the US market, which is almost an exclusive market; 94% of all electronic products manufactured in Mexico are shipped to the US.

TABLE 3

Source:
Banco Nacional de
Comercio Exterior.
Mexico.

Nowadays, a typical electronics factory in Mexico does not produce only one piece of equipment at a time, as used to be the case, but manufactures several devices simultaneously: computers, telephones, printers, digital panels, washing machines, automotive units, etc. This is possible because production lines can be adapted to assemble different products. Such adaptability and diversification in production is not exclusive to Mexico; but particularly here, it was the result of a successful strategy that companies in the sector implemented to face the fall in the electronics market after 2002. At present, having almost overcome the crisis, the working method of factories in Mexico is characterised for its “large mix and small volume”; i.e. for producing a large variety of products in very small quantities.

Although Mexico has been affected by the migration of manufacturing companies to Asia and Eastern Europe, the electronics industry in Mexico is currently going through a marked recovery. Now, despite Mexico having a strong emphasis on manufacturing, part of the new investment is being diverted to more added value segments and more technological innovation. For example, although traditional TV set manufacturing has moved to Asia, Mexico is becoming more specialised in assembling the much more sophisticated plasma and LCD screens. In addition, around twenty electronic engineering design and software development centres have been set up in Mexico, generating better paid professional jobs. However, these new facets of the electronics industry in Mexico still account for a very small percentage of the whole industry, which is still being dominated by manufacturing activities.

This is how Mexico has become one of the factories of the electronic world. After the 2002-2003 crises, plans to re-organise this industry are being promoted. Local managers and some government departments are trying to move from “Made in Mexico” to “Created in Mexico” and become, within the next five years, one of the top five electronics exporters in the world ¹⁰

Notes

¹ IDC’s press release, 20 December 2005. <http://www.idc.com>

² Nokia’s press release, 26 January 2006. <http://www.nokia.com>

³ <http://www.elmundo.es/navegante/2006/03/01/esociedad/1141215563.html>

⁴ World Trade Organisation (WTO) data

⁵ World Trade Organisation (WTO) data

⁶ IDC’s press release, 20 December 2005. <http://www.idc.com>

⁷ Ibid.

⁸ Clean up your Computer. CAFOD. P 9. Quoting Luthje, Boy and Martina Sproll. Electronics Contract Manufacturing Networks of Transnational Mass.

⁹ According to CANIETI’s estimates, 90 per cent of consumables used in the electronics industry are currently being imported.

¹⁰ See “Programa para la competitividad de la industria electrónica y de alta tecnología” (*Electronics and High Technology Industry Competitiveness Program*). Mexican Treasury.

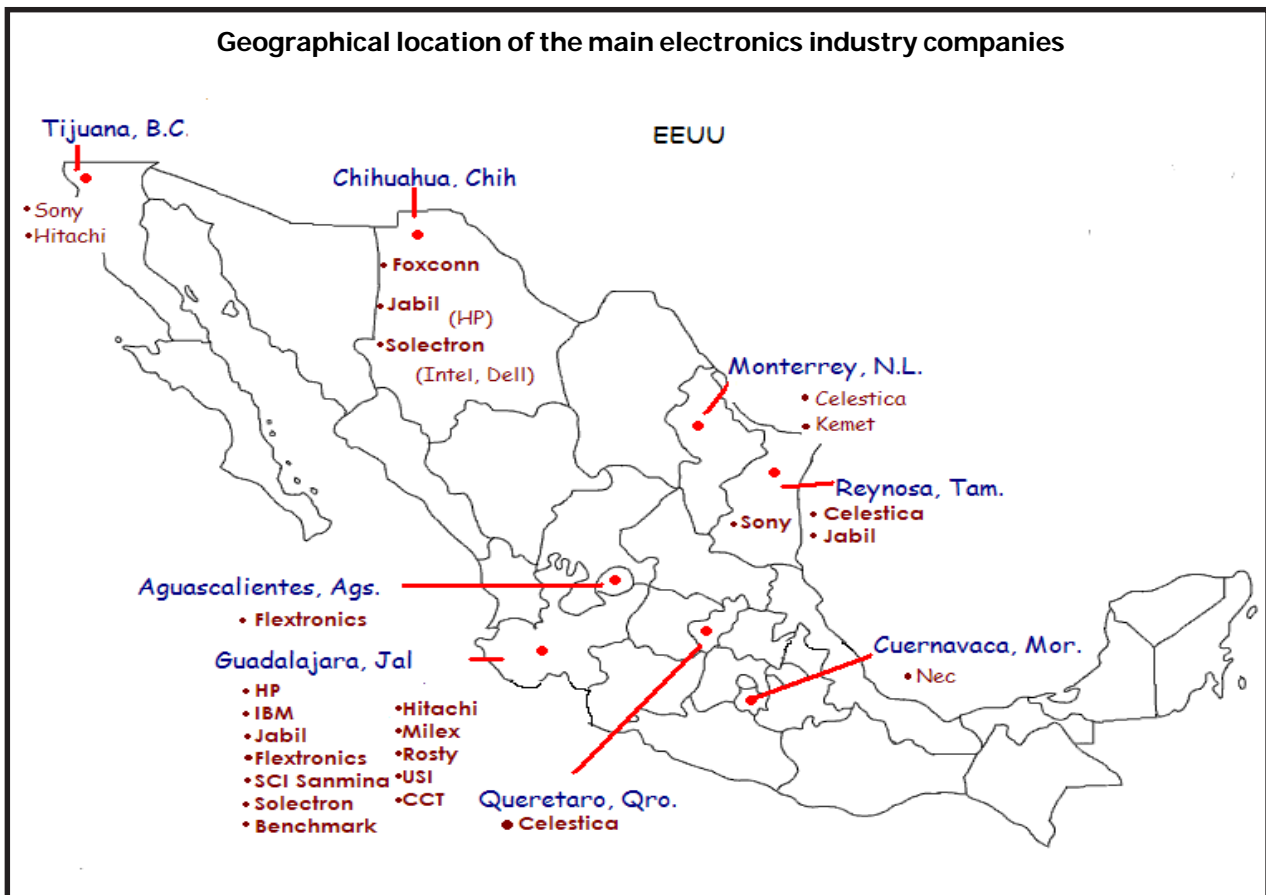
METHODOLOGICAL NOTE

Between January 2005 and April 2006, CEREAL provided legal advice to 580 workers who reported having been the object of some sort of violation of their labour rights involving electronics companies or their employment agencies. Of those, CEREAL researched and documented 78 cases, which were the basis for the research that makes up the main body of this report. It is worth clarifying that research into those 78 cases was not limited to the 78 original people, since several of these are group cases or led to other workers who were also interviewed.

Most workers' testimonials were recorded on audio and some were also recorded on video. All of them were transcribed into text. The testimonials contained in this document are literal transcriptions of their words. All facts were confirmed using strict documenting methods that meet international organisations' standards. These techniques include cross-examination, IMSS medical tests, in situ research carried out by CEREAL members themselves and data and document gathering (payrolls, legal files, public institutions records, official identifications, dates, places, people's names, etc.). In addition, said companies carried out their own enquiries in order to verify workers' claims.

For safety reasons, the real names of the workers have been changed, unless stated otherwise. Should it be necessary, all workers quoted are willing to corroborate their statements.

2. Working conditions in the electronics sector in Mexico



A top rank industry

There are around 1,300 electronics companies across Mexico, employing approximately 380,000 workers. Of those, 56% are maquiladoras¹, and they are the source of approximately 60% of employment in the electronics industry in Mexico. 20% of the total number of maquiladoras in the country belongs in the electronics sector.²

In 2005, the electronics industry in Mexico exported U\$44 billion³, accounting for a little over 20 per cent of the country's total exports. In the same year, foreign investment in Mexico amounted to U\$17.8 billion; U\$982 million went into this industry.⁴

In Mexico, the electronics industry imports around 90% of the component used in equipment manufacturing and exports 94% of the finished goods.

Wages, although they are higher than the minimum wage legally allowed in Mexico, are low.

According to data given directly to CEREAL by the National Electronics Industry and Telecommunications Association (CANIETI, an organisation made up of mostly electronics companies) "The electronic industry pays higher wages and

benefits than the average minimum wages in Mexico. In May 2006, the average wage is 112 pesos per day (\$10.15 USD) for the electronic industry. General minimum wage in Mexico's regions ranges between 45.81 and 48.67 pesos per day for non-professional workers".

An estimate based on the pay slips of the 580 workers interviewed by CEREAL for this report, showed an average wage of 90 pesos (U\$ 8.5) per day, i.e. 2,745 pesos (U\$ 261.5) per month. ⁵

In both cases, an electronics industry worker's salary can only provide between 60% and 70% of a basic consumption basket for a family of four; this takes only food into account and does not include education, housing and leisure activities.⁶

2.1 Outsourcing and labour rights violations

Personnel outsourcing is a much extended practice among electronics companies in Mexico. Rarely is a Mexican worker hired directly by a company, because companies prefer to use the services of external agencies specialised in personnel selection, recruitment, hiring and management. Although there are still companies that hire their workers directly, or through their trade unions, around 50-60% of workers in the electronics industry are outsourced.⁷

"Electronics companies use employment agencies to increase flexibility, manage productions flows and deal with peaks in demand. In some cases, agency employees prefer to have that flexibility and they can even earn higher wages than those with permanent employment, therefore they do not want to be hired directly".⁸

The series of violations by employment agencies can begin during the selection process, when workers are submitted to discriminatory practices and degrading treatment during tests.

Then, once hired, they are victims of constant work instability (due to the implementation of temporary contracts that run from 15 days up to 3 months); of denial of basic benefits, such as holidays; excessive wage deductions; degrading treatment; long working days that exceed the legal maximum; and intensive production rhythms.

Finally, when they are fired, a rather frequent occurrence, some agencies refuse workers their rightful severance pay using legal tactics.

These violations are based on the idea that contract workers have fewer rights than those hired directly; however, Mexican Law forbids such unequal treatment⁹.

Another false assumption is the belief that contract workers are agencies' employees and not company employees, which is completely incorrect¹⁰; since Mexican Law also prevents evasion of responsibilities by using employment agencies.

Pedro, a worker in a company called Foxconn, in Chihuahua, next to the US border, points out "Our badges have a notice saying: 'This ID does not recognise the bearer as an employee of Foxconn Mexico Precision Industry Co. S.A. de C.V" . Pedro, like hundreds of his colleagues, has been subcontracted by the agency Manpower.

2.2 Discrimination

The number of discrimination cases found by CEREAL in 2005 was considerably lower than that recorded in 2004¹¹. This is a result of corrective measures implemented by companies themselves over the last year to prevent discrimination in employment agencies' offices and in the factories, responding to the issues raised in the Clean up your Computer report¹². This, without a doubt, is a very positive sign.

However, in 2005 and the first quarter of 2006, worrying cases have still been coming to light suggesting the prevalence of a systematic and extended discrimination practice within employment agencies, particularly during the worker selection process..

Of the 580 workers seen by CEREAL, 203 or 35%, were subject to some kind of discriminatory practice. Although this percentage is already high, workers' testimonials show that discriminatory practices can be even more widespread and are not isolated events but a structural problem that continues to need attention.

SCI Sanmina: Discrimination.

SCI Sanmina is the main manufacturing services provider for IBM in Mexico. It has five fully installed plants in Jalisco, one of them opened recently (June 2006). The SCI plants in Jalisco have been awarded several recognitions, including the State Award to Exports 2005 and the Jalisco Quality Award in 2004.

Through the cases of SCI Sanmina workers interviewed by CEREAL it was possible to verify the use of one of the most common discriminatory practices, excluding tattooed people, which is done in an offensive manner. Former SCI worker Martin's testimonial illustrates the situation

Martín's story

"On Monday, I filled up an agency's job application. On Thursday, we were taken to the training department in the plant to see Margarita¹³ from SCI. She is in charge of training and responsible for taking us to the shop floor. There were about 90 of us. We were in one of the rooms when some colleagues were asked to step forward. There was a table there and our colleagues were asked to take off their T-shirts to make sure they didn't have any tattoos. We all kicked up a fuss when they took off their T-shirts, especially the women, who were saying 'they are going to ask to take our blouses off too, noooo!' That's when they told us that men only had to pull up their trousers to show from the knees down, but women were checked over by Margarita in another, more sheltered, place".

Sci's response

CEREAL submitted the above case to SCI Sanmina.¹⁴ Their representatives explained that, as policy, SCI does not discriminate against any worker; however, they acknowledged that some of these practices were taking place in their plants in Mexico until late 2003.

According to the company, these discriminatory practices have disappeared gradually and currently the only one they still carry out is the drug test. As an illustration, SCI says that its Human Resources Manager for Latin America has a tattoo; therefore it is absurd to think that SCI discriminates against tattooed people.

Furthermore, as the Church has become more aware of the fact that too many people live, not in the prosperity of the Western world, but in the poverty of the developing countries amid conditions which are still "a yoke little better than that of slavery itself", she has felt and continues to feel obliged to denounce this fact with absolute clarity and frankness, although she knows that her call will not always win favour with everyone.

John Paul II
Encyclical letter
Centesimus Annus,
1991

CEREAL trusts that SCI Sanmina's efforts to eliminate discriminatory practices are genuine; but despite that, calls on SCI to pay more attention to the employment agencies' hiring procedures.

Karla, an 18-year old worker, started working in SCI in February 2005. The day before, she submitted a job application to an agency called DAMSA.

Karla's story

I had an interview with an agency clerk; she asked me which company I wanted to work for, the options were Sanmina SCI, Flextronics and Solectron”.

“She asked me if I had any tattoos, I said I didn't. Do you smoke? No. Do you drink? No. When did you have your last period? I told her, and then she asked again, do you have any illnesses that will prevent you from doing your job? I told her that I suffered from minor headaches, she told me to tell the doctor when I went to see him. She asked me if any of my relatives was a lawyer. I said no, and she told me herself 'even if you do, is better to say you don't'.

After that we were taken for an eye test. Then they asked me for a urine sample, they said it was to find out if I was pregnant (they only told me because I asked). Then they gave me some papers to fill out, they were questions about my medical record, do you have diabetes? Hypertension? Do you take drugs? Do you drink? Do you smoke? Have you had an abortion? When did you have your last period? Do you have any tattoos? When I went to see the doctor, he checked my papers and asked me some of the same questions, he also took my blood pressure”.

CEREAL will continue to raise cases with SCI and will monitor whether employment agencies' comply with SCI's non-discrimination principles.

Solectron: Trade unionists and lawyer relatives.

Tattoos are not the only reason for discrimination in electronics companies; they also act systematically against those who have belonged to a trade union. In fact, there is a specific question about belonging to a trade union on almost every job application form handed out to workers, or they are asked about it directly during the interview.

Sonia works soldering electronic boards for DELL in the Solectron plant in Chihuahua.¹⁵ She was hired at the beginning of 2005 through a hiring agency called Kelly, she points out “I had an eye test, they checked out my hands, waist and spinal column; they asked me where I worked before, and whether any of my relatives was a trade unionist or a lawyer, we also had to take a drug test”.

Joel, another Solectron worker, who started work in April 2006, confirms this situation:

“I was hired through an agency called Kelly. I had to undergo a medical examination; eye, reflex and urine tests. We had to take a soldering and a technical test, to show how much we knew about electronics; there were 16 tests in total. I signed a 30-day contract. They asked me questions such as did I drink, did I smoke, about personal habits; they asked me if I had any tattoos and also asked me to take off my T-shirt. They asked me if I belonged to any trade union.

CEREAL sent Solectron a copy of the above cases and offered them an opportunity to comment on the events. The following is the reply we received:

"Based on the information contained in CEREAL's draft Report on Working Conditions in the Mexican Electronics Industry (received by Solectron in mid-April 2006), Solectron focused its attention on the agencies' candidate selection and hiring practices specifically. Immediately upon receiving the CEREAL report, Solectron arranged a series of meetings with the Directors of the temporary agencies to discuss the report's contents. In the course of these meetings, the Company was disappointed to learn that, contrary to the agencies' prior assurances, some of the details in the employee testimonials were undeniably accurate. SLR discovered that the agencies had resumed asking personal, non-work related questions on job application forms. Solectron firmly believes that there is no value to these questions — and the answers were irrelevant to the Company's staffing plans. Solectron neither requested nor utilized any information collected on agency applications in response to questions such as whether the applicant had tattoos or had certain personal affiliations. To eradicate the appearance of any disrespect or discrimination in the agencies' recruiting process, Solectron developed a multi-level corrective action plan with the agencies, including the following steps:

- The Company issued specific written instructions from senior Solectron management regarding acceptable selection criteria that do not infringe on personal freedoms.
- Solectron subsequently obtained written affirmations from the agencies that they understand Solectron's expectations and their compliance responsibilities under the electronic industry code of conduct.
- Solectron also required the agencies to take any non-compliant applicant forms out of circulation, and immediately cease similar verbal inquiries during interviews.
- Solectron confirmed through audits of the agencies' records in early May that the unapproved applications were no longer being used.
- Solectron required (and received) sign-off approval of the new application form the agencies now use (effective early May).¹⁷
- Solectron will continue periodic audits to ensure sustained compliance.

Solectron strives to promote a fair and equitable employment opportunity for all potential employees, free of discrimination based on race, colour, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status.

Solectron routinely utilizes temporary workers to support high volume staffing requirements, fluctuating production demands and/or short-term projects in our Mexican facilities. Solectron will always maintain a mix of regular (employed by Solectron) and temporary (employed by an agency) workers. The temporary agencies have been an integral staffing resource for the Company in both Chihuahua and Guadalajara as each site managed significant increases in worker population over the last few years. Solectron expects all temporary agencies supporting Solectron operations to demonstrate a commitment to equal opportunity and respect for worker rights. Solectron understands that its expectations in this area are somewhat new for its staffing suppliers in the region, and the Company has been mentoring change. At the inception of the EICC over a year ago, Solectron began working with its staffing partners on EICC introduction and implementation of its provisions dealing with labour standards".

CEREAL welcomes Solectron's response and its efforts to eradicate discriminatory practices in the agencies' employment process. CEREAL will continue investigating such situations in the future.

Celestica¹⁸. Forced to undress, tattoos and sexual preferences. Trade unionists and pregnant women

Juan Manuel Alvarez, a worker hired by Celestica, in Monterrey, in January 2006 recounts "they asked me to pull up my sleeves to show if I had tattoos, they asked me if I belonged to a trade union, and when I said no, they asked me to sign a contract". In Celestica they also enquire about workers' sexual preference and screen out those women who are or intend to get pregnant. Graciela, hired by Celestica in 2005, comments

Graciela's story

"I was hired in the factory, I had eye, urine, blood and psychometric tests; I was asked if I had any tattoos; I wasn't asked to undress, but girls who looked a bit peasant-like were asked to take off their clothes. I was asked very personal questions, I was embarrassed by the questions but I had to answer; I was asked when did I have my first period? How often did I have intercourse? What were my sexual preferences? How often did I have sex with my partner?"

Celestica's response ¹⁹

CEREAL and CAFOD met with a representative of Celestica in the city of Guadalajara and heard his comments on the above case. Subsequently, Celestica sent CEREAL a letter stating these observations. Below is an excerpt of that letter regarding their observations on the case:

"Celestica has investigated the allegations concerning our Monterrey facility and found them to be without merit. The company does ask about union membership at our Monterrey site since this site is unionized and, pursuant to the agreement with the union, all production workers must join this union. With respect to medical tests conducted and other questions asked of prospective employees, the company only carries out such activities to the extent required by law and/or various government agencies. Celestica's medical staff now makes this very clear to all candidates. Furthermore, the company's medical staff has confirmed that removal of clothing does not, under any circumstances, occur during the selection process".

"We would also like to reaffirm that any information gathered as a result of the foregoing activities is only used in accordance with Celestica's legal obligations. To use this information as means by which to discriminate would be inconsistent with Celestica's corporate values".

CEREAL would like to thank Celestica for their reply. We are aware that the company's corporate values ban discrimination and we acknowledge such effort. However, CEREAL considers that the practices described above do not comply with the requirements of the Electronics Industry Code of Conduct. Although Mexican law allows compulsory enrolment to a trade union (when a factory is already unionised), the Code and other international regulations (such as ILO's) ban these type of practices. Celestica also does not deny asking potential candidates whether they have tattoos or about their sexual lives. Celestica argues that medical tests are backed up by Mexican authorities; however, again these practices contravene the Electronics Industry Code of Conduct signed by Celestica.

Jabil. Trade Unionists

Javier, 25, works for Jabil in the city of Chihuahua. He also comments on his experience of discrimination against trade unionists.

“My name is Javier; I was assigned to work in HP’s production lines. I started work in October 2005. I earn 85.15 pesos (US\$ 8) a day.²⁰ When I started, we were asked if we belonged to any trade union and were warned that if we incited our colleagues to set up a trade union, we will be automatically sacked. You can’t say anything about a trade union here because you get fired. We had to sign a piece of paper in which we promise not to set up a trade union movement, because that is reason for immediate dismissal. Also, if you file a lawsuit they put you in the bulletin.²¹”

Jabil’s Response:²²

The following document was sent to CEREAL. In it Jabil makes some observations on the above case:

“Jabil published their Code of Conduct Statement with a specific point regarding our commitment to respect the right that employees have related to Article 23 of Mexican Constitution, to freedom of association. Jabil encourages all workers to use any or all of the different alternatives we have for them to present their concerns and/or opinion as well as the various means to be informed including:

(Here Jabil lists ten procedures workers can use to communicate and get information)

As part of a common (ordinary) questionnaire developed for the Chihuahua labour force market, Jabil used a standard form which asked the people if they were affiliated with any Union previously, however the answer had no implications associated with it and Jabil has never terminated workers for their union affiliation. As a fact, Jabil has a lot of employees working with them since some time ago, who were union members on previous jobs. Jabil is no longer asking this question.

As indicated, Jabil has also stopped using the application form that inquired whether the candidate for a job had been a member of a union. CEREAL welcomes this news with joy. Regarding the letter that workers reported having been made to sign pledging not to promote a trade union; CEREAL received a copy of that letter just before this report was completed. We trust that letter will be withdrawn from the hiring process as soon as possible.

HP’s follow-up with Jabil²³ :

Jabil is a significant supplier for HP. HP has met with Jabil’s management at the facility and on several other occasions and has confirmed that they have mechanisms in place for workers to express their issues and opinions to management. HP state that they have “impressed upon Jabil that it is important to have an effective system for open and transparent communications between workers and management and that workers need more information and training on the communication channels available to them to express their opinions. We have enhanced HP’s specific Code of Conduct language for Freedom of Association because of our strong beliefs in open, honest communication between managers and workers and want to see this implemented as a key day-to-day business practice” [See HP’s FOA²⁴ language below in trade union section]

“The integral development of the human person through work does not impede but rather promotes the greater productivity and efficiency of work itself, even though it may weaken consolidated power structures.”

John Paul II
Encyclical letter
Centesimus Annus,
1991

Sony. A series of discriminatory questions.

In the Sony plant, located in the city of Tijuana, CEREAL's research revealed that they not only screened tattooed people, trade unionists and pregnant women, they also asked about people's religious beliefs. Gabriel, a worker hired by Sony in December 2005, describes the selection process.

Gabriel's story

"Hiring begins on Monday at 6.30 am, and those who have been waiting are taken to the company's canteen. Straightaway they give out job applications issued by the company itself where they ask for name, age, marital status, schooling, home address, telephone number and other questions like religion and whether one has belonged to a trade union. The answer choices are 'Yes' and 'No', and if you have belonged to a trade union then you have to specify which one you were a member of.

Women have to show their arms up to the shoulder and men their legs from the knees down. Questions for women include Have you had sexual intercourse? Are you pregnant? Have you ever had or carried out an abortion? Are you married or single? Have you ever taken drugs? Do you take drugs? Do you drink alcohol? Do you smoke? Are you taking any medication? Men are made to take off their shirts. They are asked questions such as have you ever taken drugs? Do you take drugs? Do you drink alcohol? Do you smoke? Are you taking any medication? Then you have to extend your arms horizontally and move your fingers very fast, and turn around to show your back to the person carrying out the medical exam".

Sony's response²⁵

CEREAL showed Sony the above case and on 19 May 2006, Sony sent CEREAL a letter containing the following comments:

"We have had our local Mexican counsel review our current employment application. They found only one item, that although not illegal or improper, could have been subject to a misunderstanding and we immediately addressed that issue. We will no longer make inquiry as to a prospective employee's religious affiliation, even though Sony has always hired without regard to an applicants creed or religion. We will also remove the question that asks about prior union affiliation. This question is legal to ask in Mexico, but not relevant or necessary to our application, since most applicants have not responded in the past and they have been hired anyway".

"At Sony, we pride ourselves on providing excellent wages and benefits, as well as good working conditions to our employees. The employment standards at Sony have been formally certified as compliant with Mexican law by the Mexican Labour Authorities since 2000, and have also been the subject of numerous governmental awards.

Please be aware that in order to comply with Mexican Law, Sony hired a Doctor who is certified and authorized by the Mexican Labour Department, and who in compliance with applicable legal rules carries out an approved medical evaluation protocol for the purpose of insuring that all applicants meet the qualifications for the position they have applied for. We do ask about our applicant's age, and both for security as well as medical reasons whether or not our existing employees are pregnant.

In Mexico these inquiries are not only allowed by law, but also necessary because we are prohibited by law from assigning pregnant workers or workers younger than

a certain age, to the night shift. We have numerous employees who are pregnant, and we do not refuse to hire or retain employees based upon their status as a pregnant employee. We do however adjust their schedules/ and /or work assignments to comply with the law.

Both Sony's and CEREAL's enquiries confirm several of the events described by Gabriel. CEREAL welcomes the steps that Sony has now taken to try to eliminate these kinds of discriminatory practices and will continue its investigation regarding working conditions in their factories in Mexico.

As mentioned above, CEREAL met with or interviewed 203 workers who have experienced similar situations. The above statements only illustrate the way in which discriminatory practices are carried out, these take place in various companies in different cities across the country; they may or may not use the services of employment agencies. This, then, is a common problem. In addition, CEREAL has copies of 8 job application forms from both agencies and companies containing one or more discriminatory questions.²⁶

2.3 Constant work instability

In November 2005, Elvira, a 24-year old single mother, started working in the Foxconn factory, in the city of Chihuahua, on the border with the US. "I was hired through Manpower and in 4 months I have signed more than four temporary contracts, some of them a fortnight apart". Ivan, 20, and also a worker in Foxconn since 2006, complains about work instability, "At Foxconn we manufacture mobile phones for Motorola and Nokia. In the area where I work, there are 35 production lines with 15 or 17 people each, but there are staff cuts all the time and that makes me anxious".

In Mexico, employment agencies and electronics companies apply employment contracts that run from 15 days to six months in order to avoid a series of labour obligations. In Mexico, many workers' rights (such as holidays and severance pay) are acquired through continuance in employment; therefore such temporary contracts put those rights at risk. "When you are due for holidays, they never give you the days you are entitled to" affirms Evelia, a Solectron worker in Guadalajara, "The agency always gives you only 4 days per year, no matter how long you have been working there²⁷".

Temporary contracts are applied in series, one after the other; and electronics workers sign on average between 10 and 20 during their working life in a factory, which is 18 months on average. "I have signed employment contracts for each 28 days, 2 and 3 months", affirms Juan, who has been working in SCI Sanmina's Plant 59 for three years.

This practice, entirely illegal, allows agencies to fire workers at the end of their contract, avoiding severance payments and without providing any explanation as to the reason for dismissal. Graciela, present worker of Jabil in the city of Guadalajara, where recruitment is direct, points out "They give us 6-month contracts and every time they expire we have to sign another one, but several colleagues' contracts are not renewed and they are fired and paid nothing". Because of these contracts, both agencies and companies have the ability to adapt to ups and downs in production, which are very common in the electronics industry; but they also allow them to deceive workers, scaring them by saying that their contract has expired and

therefore they are not entitled to any pay. Raul, an engineer also working for Jabil, complains,

Raul's Story

"I signed a 3-month contract, the supervisor is always humiliating me, he says 'Inge, you're going to have to look for a job elsewhere because your contract here is not going to be renewed anymore, I'll give you another contract for one month, do you want to sign it? At the end of the day, we don't need you'; he started harassing me, changing my shift or my production line every fortnight. They humiliate you, they are not humane; they have good beliefs and policies, but don't put them into practice, they are cold and insensitive".

In 2005, 95% of workers seen by CEREAL visited the organisation looking for advice on unfair dismissal. In spite of being a widespread practice, this kind of dismissal is illegal; Mexican Law does not allow serialised temporary contracts. However, for fear and ignorance, the vast majority of workers are still being deceived by the "Duration of the contract" and do not seek appropriate advice. Clearly, this situation creates a lot of uncertainty among workers, because they never know when they can be fired. "This uncertainty is terrible, the insecurity, because you don't know whether your job is safe or not. I don't think is fair to have to sign a contract every 30 days", affirms Jose, an IBM worker dismissed in January 2006.

Dismissed from one of IBM's subcontractor agencies²⁸

On 4 January 2006, nine workers subcontracted by employment agencies for the IBM plant, in the outskirts of the city of Guadalajara, were dismissed. They had been working for one or more of IBM's subcontract agencies for between three and eight years, but in early 2005, after receiving a full indemnification from their prior agencies, they were subcontracted by Manpower, company with which they signed 11 serialised temporary contracts within one year. At the time of their dismissal, the agency did not offer them any severance pay, the workers did not agree with that. Unlike the typical electronics industry worker, they started a legal battle to be reinstated in their jobs. Teresa Perez, 24, was part of that group:

"The worst thing that happened to me in IBM was to be dismissed on 4 January 2006. I still don't know the reason, because I'm sure it wasn't because I wasn't doing my job right; because three months before I tried to quit and the agency itself told me not to, that I was a good element; and then, a few months later I'm dismissed. They offer me around three thousand pesos severance pay²⁹ and asked me to sign my resignation letter, but I didn't agree because that was not what I was entitled to".

José, another of the sacked workers, told us "On 4 January 2006, when I was fired, I went to see Leticia³⁰, from Manpower, to ask her what the reasons for my dismissal were, and she told me 'Your contract has expired, we are not renewing it and here is your severance pay'; it was three thousand two hundred pesos, but my annual leave and my overtime were not included in that; so I told her that wasn't right, but she didn't change her mind. She also told me 'I am not in charge of severance payments, my boss does that'.

Although Teresa and her colleagues went to the labour authority, they did not get a satisfactory answer from either the company or the agency. Then, they went to the local media to make their complaint public. A local newspaper described the worker's action as follows:

Nine dismissed workers to sue IBM and Manpower³¹

Nine workers of the Human Resources Agency Manpower, who have been working at the IBM plant for several years, have announced they will file a lawsuit against both companies for unfair dismissal. The case of this group workers is unusual for several reasons, including the fact that very few lawsuits have been filed in Jalisco involving the outsourcing scheme and, also, because the workers decided to make their accusations public.

Maria Teresa Perez, like her colleagues, believes her dismissal is not related to the lack of work or the completion of projects in which they were working. In fact, Miguel Angel Delgado commented that on 5 January 'They brought in the person who was going take over my job, i.e. they already have my replacement'. He believes the reason behind their dismissal was the fact that the company needed to cut down costs and newly hired workers can earn as little as half of what they were earning.

"It is not a dismissal situation. They are people who have been hired for a specific project, which has been completed" said Manpower's Western Divisional Manager. At the same time, IBM's Communications Manager, Roberto Garcia, pointed out that the company in Mexico "had a very good year, we have experienced quarter on quarter growth." Hiring has been done through outsourcing. He also said that the company expects their personnel providers to "work strictly within the terms of our code of conduct".

At the time of writing, the nine workers had reached an agreement with Manpower, which offered them full severance payment in exchange for them withdrawing their lawsuit. The workers described this as a "bitter success", since they were not reinstated in their jobs neither did they received a clear explanation for their dismissal.

IBM's and SCI Sanmina's comments³²

IBM and SCI Sanmina jointly gave CEREAL and CAFOD their comments regarding temporary hiring. IBM's representative pointed out that from September 2005 the company has offered permanent employment to a large number of employees. "As discussed in the one-on-one session with CEREAL, IBM has been reviewing its contracting practices in Mexico, and in early 2005 offered a significant percentage of contractor workers full-time employment as IBM employees. Another review cycle is currently underway to assess further improvements in contracting practices"³³.

This measure is part of a corporate plan to promote longer contracts, which would be applied to those workers who have performed well. Initially, this plan would be implemented in Mexico and then in the rest of the world. In harmony with this plan, IBM pointed out they do not understand why some agencies fired good employees.

On the other hand, SCI representatives pointed out they severed business links with some employment agencies because things were not working out. They also clarified that although previously there was no policy to that respect, now SCI will give severance pay to any unfairly dismissed employee. This, they assured, will make employment agencies become more responsible.

Like IBM, SCI will implement a plan aiming at having up to 40% direct employees and 60% subcontracted employees within a year. With this, they stated, workers will have an increased sense of ownership of the company and will improve their sense

of security in future work for SCI. Currently, SCI Sanmina employs around 8,500 workers in Jalisco; this figure will increase to 15,000 when its new plant is fully functioning. A worker's average continuance in employment in SCI is 2.1 years, and personnel turnover is 8% a month.

HP's Follow-up with Solectron Guadalajara (Text provided by HP):

"HP has met with Solectron Guadalajara management to ensure that Solectron has investigated the complaints made by workers regarding vacation and pay. HP has confirmed that Solectron provides workers with written employment conditions, including terms of their payments and any deductions for employer-provided housing, food, and disciplinary fines when they are hired. Solectron provides an introductory training course to both direct employees and those hired through employment agencies. In addition, HP learned that in 2005, Solectron had 80% temporary workers and 20% permanent workers in the facility. Due to increasing issues with employment agencies' methods of payment and vacation calculations for temporary workers, in 2006, Solectron increased the percentage to 60% permanent workers and 40% temporary workers. This ensures that Solectron has more control over workers' wage payment and vacation calculations. HP will continue to monitor this situation on a regular basis and investigate any complaints or issues that arise".

HP's Work with Service Providers & Employment Agencies:

In recognition of the issues with discrimination, wages, and temporary contracts with employment agency employees, HP held supplier meetings in August and September 2005 with 45 service suppliers and employment agencies in Guadalajara and Mexico City to educate them about the EICC requirements.

HP requested employment agencies to conduct an employee satisfaction survey and to share the Spanish version of the EICC Code with their employees and managers. Employment agency employees assigned to HP business were invited to respond an anonymous survey about working conditions during March 2006.

Each employment agency carried out its own analysis of the survey results and agreed to prepare corrective action plans for improvements based on employees' feedback.

HP's audits of employment agencies

As part of HP's verification of the survey's findings and corrective actions, in March 2006, HP audited 5 employment agencies that have employees assigned to HP's processes. During the audits, employment agencies were educated about and audited against the EICC labour provisions.

Employment agencies also provided HP with suggestions for improvement. They would like to clarify roles and responsibilities between the brand companies, major suppliers and employment agencies so their employees know who to turn to with work-related issues and to have a desk or office on each site, to be close to their employees to provide them with better support.

HP's Audit Findings:

- Employment agencies adoption of the Code requirements is in process.
- Not all agencies have contracts with clearly defined terms (duration and job description).

- Employees' benefits vary widely between agencies.
 - Communication with employees about their role and responsibilities needs to be strengthened."
-

Since precarious working conditions and unfair dismissal are major concerns for so many electronics workers, CEREAL is encouraged that the companies are now taking steps to increase use of permanent contracts and work with employment agencies to improve their practices. CEREAL will be looking to see if there is a corresponding fall in the number of workers experiencing unfair dismissal.

2.4 Unsafe practices: work-related accidents and illnesses

Lack of safety is an ongoing issue within the electronics industry in Mexico. Although many companies have high safety certifications; accidents, carelessness, work overloads and illnesses are very frequent.

Most of the time accidents and illnesses are not a result of the job's innate nature, but lack of foresight from the companies and poor communication. All too often, workers' concerns are not taken seriously. As pointed out by Anita, a present Solectron worker in Guadalajara, "The company infirmary is very bad; if you feel ill all they do is give you a pill, because all they care about is that you go on working. The most frequent accidents are hand cuts; even if you wear gloves, the cards will cut you".

Sometimes, lack of foresight can be a real health threat. In April 2005, Betsabet, a former Jabil worker, told us "I had chronic gastritis and couldn't work nights; our line supervisor said in front of everyone 'put that old bag on nights', so I had to resign because of my illness".

Lack of safety for women.

Jabil Circuit is one of the main electronics contract manufacturers in the world. It has four plants in Mexico and employs around 13,000 workers.

Genesis Alarcon, Jabil worker in the city of Chihuahua, works manufacturing printers for HP. She comments, "Work in Jabil is very tiresome, I'm on my feet all the time and women on the line have to move printers and heavy boxes in a sort of diablito (a kind of trolley), we call it the 'mule'; it's a job for men, besides, the space is nothing more than a vile warehouse. In the previous Project (...) the atmosphere was more pleasant and the workload lighter. What's more, here we get neither a belt nor special shoes, I have only been here three weeks and my back aches a lot".

It is women who particularly suffer the consequences of exposure to dangerous activities. Among them, those pregnant are the most vulnerable. Lupita, who worked in Jabil until March 2006, said,

Lupita's story

"Three weeks ago I was transferred to the HP production line; I've just quit because I asked for two days' holiday and three days' leave because I desperately needed to get organised so my daughter wouldn't miss school, but they didn't want to give me either".

"I was in the HP area checking copiers. It's a very tiresome job, it's a job for men, because we had to bring the copiers to be tested and then check them and

take them to inspection. We moved the copiers on the 'mules' and they were very heavy; some of them are 1.5 metres long and very heavy".

"We weren't given special shoes or belts or gloves. Men from the Inspection Department come and take the printers to packaging". "There are more women than men in Jabil; I don't know why because it is heavy work and there are also several pregnant women".

Leoncio Sanchez, a work colleague of these women's, confirms the situation "The atmosphere in Jabil is quite good, but work in HP's assembly lines is heavy because you have to carry the printers and the copiers. There are very few men and several pregnant women".

Rosa's story

Rosa, 21, current Jabil worker, relates her unfortunate experience "I was three months pregnant, I told them when I was one month pregnant; I asked my facilitator to move me, but she said no, not until they have found someone else. I worked from 3.30 to 12 p.m. On 17 November 2005, when I arrived at work, I started to feel unwell. I went to the lavatory and noticed I was bleeding. I went straight to the infirmary and the doctor told me it was nothing, that it was normal. I went back to the production line and told my supervisor I was feeling quite sick, and asked him for permission to leave. He talked with the doctor over the phone and then told me 'I'm not letting you out, don't be a wimp'.

"I kept bleeding and was feeling very ill, I argued with him but he still didn't let me go. My colleagues kept telling him to let me go, but he didn't want to. I called my husband and my mother several times. My husband came to collect me in the afternoon, but they didn't allow me to leave; I wanted to go to the National Health so I could be examined, but they didn't want to give me a pass. My mother kept calling Human Resources; she told them that if something happened to me it would be their fault. I went to Human Resources and they finally gave me a pass, at around 11.00 pm. Then I took a taxi to the National Health and I was admitted immediately, they did an ultrasound, they asked what I did for a living, because the baby wasn't growing properly. They told me it was because of the lead, and I believe that, that's why I wanted to be moved when I found out I was pregnant, but I wasn't allowed".

"There I lost my baby; I was in a ward with 5 other pregnant women. I felt really bad looking at them and their babies, because I had just lost mine. I got very depressed and spent all those days crying. I was only given two days sick leave".

"When I went back to Jabil, the facilitator asked me in a very cruel and insensitive tone 'so, is it over and done with?' My supervisor used to be more kind to me, but I was very resentful and stopped talking to him. Before then he used to be pretty mean with people, even if they were dying he wouldn't let them out. Two weeks later my supervisor was transferred to Guadalajara, his home town, he only came to work here for one year. Since my miscarriage, my colleagues stopped talking to the supervisor; no one would talk to him; so when they asked us for donations for his leaving party, no one in my production line gave anything".

Jabil's Response:

CEREAL had the chance to meet with Jabil to discuss the details of the former case. Their representatives indicated that "the employee was examined by the company's doctor who indicated that her condition was normal and she could return to work.

When the employee continued to ask to go home, her supervisor again checked with the doctor who indicated that she was well enough to work. When her shift ended and she was still complaining, Jabil arranged to have a taxi take her to social security”.

“Jabil is an equal opportunity employer who offers employment to both men and women. We offer the same opportunities to both men and women but more women are interested in working in the maquilidora. In Chihuahua, 63% of the workers are women and 37% are men. All employees are offered appropriate safety training and equipment for the positions they are assigned. In addition, women who are pregnant are advised to notify their supervisor so they can be transferred to positions that are more appropriate to their physical condition. Printers and other heavy products are lifted with hydraulic lifts and the trolley or “mule” is a tool used to move heavy pieces of material so employees do not have to strain themselves”.

HP’s follow-up with Jabil Chihuahua:
(Text provided by HP)

“Based on Jabil’s investigation of Rosa’s case described above, she was not working on HP’s production line at the time of this unfortunate incident. Regardless of the production line that a worker is assigned to in the Jabil facility, HP has impressed upon Jabil that it is important to have an effective system for open and transparent communications between workers and management and more importantly decent medical procedures for dealing with any illness, real or perceived by a worker. HP is requiring that Jabil also must put in place control mechanisms to alleviate the stress of physically demanding tasks, including manual material handling and heavy lifting, prolonged standing and highly repetitive or forceful assembly tasks to ensure the safety of the workers in these positions. HP believes that the “mules” and robotic equipment is placed in the factory to specifically alleviate any potential heavy lifting. It is imperative that adequate training be given to all workers so that they know how to accurately use the equipment to protect their safety and well being. HP is committed to following up with Jabil on this matter.

HP confirmed that Jabil has published their Code of Conduct Statement with a specific point that says: “Jabil takes care of pregnant women’s physical integrity and follows all labour regulations. Women are not required to do a pregnancy test when they are hired. In order for Jabil to have proper control and notification about pregnant women in the facility, Jabil encourages employees to notify the medical department when they are pregnant so they can change their shifts and/or positions (if required).” Jabil has 3 medical infirmaries and provides medical services to the workers and their relatives. Although Jabil has a strong commitment to ensure pregnant women are treated fairly, Jabil’s management needs to reinforce the policy with the factory managers and have better communication between workers and management. They need to have clear responsibility and accountability between managers and the medical clinic (doctors and nurses) as to who has authority to make decisions regarding the workers’ health. HP has clearly stated their expectations to Jabil in this regard. Jabil states that they met with CEREAL to provide a more accurate account of what happened to Rosa”.

Jabil. Accidents

On 13 May 2005, there was an accident in the Jabil plant, in Guadalajara. A maintenance worker, subcontracted by another company, got a powerful electric shock while carrying out repairs in the plant. The electric shock he received was serious, though fortunately he has fully recovered. Workers described the events: “Regarding the accident – says

Graciela – on that day, I had just arrived for my shift; I had been there only for a few minutes when we were evacuated. The accident happened on the second floor. You have to wear a smock and heelpieces when you go in there, but before the accident two suppliers went in without any protection at all, which I thought odd. Suddenly, there was a power cut, and since the wave welders are computer operated there is a five minute maximum period after which they start giving off too much lead; and since more than five minutes had gone by, they started to evacuate us. On our way out, I could see that there was a worker who appeared to be dead, and another one was critically ill. The Red Cross took the latter to hospital. We were forbidden to talk about the accident, threatened with being sacked if we said anything. The media also came to the plant, but they weren't allowed in”.

Jabil's Response

CEREAL met with Jabil to discuss this incident and was advised that “the individuals who were injured were subcontractors who were hired to perform highly technical service. As part of Jabil's safety program, all non employees are required to sign documents indicating that they will adhere to Jabil's safety guidelines. The sub-contractors neglected to follow these guidelines and in the normal course of their business received an electrical shock. Neither subcontractor died and both were administered first aid in accordance with our safety program before be transported to the hospital by the Green Cross.”

An incident of mass contamination

On 27 March 2006, also in Jabil Circuit but this time in their plant in the city of Chihuahua, ³⁴ the first instances of workers contaminated by polluted water started to emerge. By the following weekend, the total number of employees affected exceeded 600. Soledad, a Jabil worker, described the events,

“On Sunday 26 March, I worked from 7.00 am to 3.30 pm. At around midmorning we asked for the air conditioning to be turned on, because it was very hot. When they turned it on there was a foul smell, it smelled like sewage. On Monday, I arrived at work and started hearing that several people were ill. On Wednesday, I started feeling very ill while I was on my shift. On that day, hell broke loose in the factory, several of us started to feel unwell, we kept going to the infirmary and they kept giving us pills; but we weren't getting any better and they wouldn't give us an exit pass. Then, some workers called an ambulance and the fire brigade. We were told it wasn't anything serious. On Thursday, I was still feeling sick, so I went to the plant to tell them I was going to go to the National Health. The doctor told me 'it's all over' and didn't want to give me a sick note. I am afraid, because I still feel unwell and I don't think I can cope; I still feel dizzy and have headaches. I have headaches as a result of the accident and I can't eat because I get nausea. We are afraid we will get sacked while we are still unwell and they won't give us anything.

Marcela, another worker, said “I am 21, I've been to secondary school, I am married and have a two-year-old son. I started work five months ago; my shift is from 3.30 am to midday. I earn 85.15 pesos per day. On Monday afternoon, there was a huge commotion, we were told nothing was happening, the water tasted very salty. On Tuesday we were told there was a problem with the food and the water and they were going to provide us with bottled water. I hadn't felt unwell. On Tuesday, I felt sick at around 10.00 pm and I threw up went I got off the bus. Still feeling ill, I went to work on Wednesday; I went to the infirmary because I was feeling unwell, there were many people there, I was given some pills, but they didn't have any effect. At around 5.00 pm I went back to the infirmary and they sent me to a mobile unit, I was

given some pills and I went back to the infirmary; there they put me in an ambulance and took me to La Cima, a private hospital, I was there until 9.00 pm. I had a terrible headache, I was left at the hospital and was given IV treatment; they left us there to fend for ourselves. There were about 60 Jabil workers admitted”.

On Thursday 30 March, the newspaper El Diario de Chihuahua, reported:

More than 300 workers in maquila contaminated through water

More than 300 people were contaminated last Monday at the maquila company Jabil Circuit as a result of what is believed was a polluted water leak. At least 18 of them were in critical condition; however, the company never notified the authorities. Only yesterday, three days after the incident, were officers from Civil Protection and the Main Water Board (Junta Central de Agua), as well as ambulances able to enter the plant, although they were prevented from doing so for several hours.

The problem intensified on Wednesday, when 150 people in the first shift developed symptoms of sickness and diarrhoea; ten of them were admitted to hospital to receive specialised medical attention. According to interviewed workers, Jabil’s management decided at the outset to conceal this public health issue. Rescue and emergency services only got there after relatives of those affected, concerned by the situation in the factory, called them.

- If you knew there was a mass contamination problem on Monday, why did you not tell Civil Protection and the health authorities? the Plant’s Operations Manager Octavio Cardenas was asked. - ‘Because we didn’t have the information’, he replied. You just told us that the first cases started to emerge at 4.00 pm. Journalists insisted. ‘But we informed people in the plant’, he answered. At the end of the press conference, workers enjoying their lunch break in the plants’ yard confirmed that the company had threatened them with dismissal and scrapping the productivity bonus if they said anything.

Information gathered by CEREAL from 25 workers’ testimonials match up with the allegations made by Diario de Chihuahua. The company’s final version was that the accident was caused by the leakage of faecal coliform bacteria into the drinking water, which is supplied by a deep well owned by the company for worker consumption.³⁵ They pointed out specifically that the water contained the E.coli bacteria, which accused the symptoms presented by workers. Just when the problem was at its peak, the Secretary for Industrial Development of the state of Chihuahua, Alejandro Cano Ricaud, has stated that he “had told Jabil he is at their service” and that he will do everything he can to prevent the company from being fined “because investors are our number one priority”.³⁶

Jabil’s Response:

On 24 May 2006, CEREAL met with Jabil’s representatives to discuss the details of the mass contamination described above. The following is Jabil’s explanation:

“While the water filter system was being serviced, an alternative pipe was fitted out. The water running through the pipe did not go through any filtration system. The alternative pipe was in use for four hours, during that time the water was polluted with bacteria already lodged inside it. During that time, the water was used in food

preparation, for washing vegetables, making ice cubes, and to supply the drinking fountains”.

“People with diarrhoea, vomiting and dizzy symptoms due to contamination, had to be attended to at Jabil’s medical area, hospitalized or sent home. On Monday, March 27th at 1 pm a report from the kitchen was issued to facilities because the colour of the water was light yellow”.

“At that moment, the maintenance team took some containment actions such as draining the pipes, cut the water supply in several areas and checked up the filters. There was no evidence at this point that the discoloured water had any effects”.

“On Tuesday, March 28th, 2006 at 2 pm the first employee with intoxication symptoms went to medical area. The number of employees attended as of April 10th, 2006 is as follows:

1,647 assisted at Jabil Medical Department (may be two or three times for same person, in different days)
72 hospitalized
378 sent home”

Reasons for the delay in taking action.

“It was determined that the problem was not dealt with properly when the first symptoms appeared due to lack of understanding among staff responsible regarding the seriousness of the situation and how to readily respond to it”.

In its report, Jabil details the containment actions taken; the names of public and private institutions that validated these actions; the corrective measures implemented; and the preventive system that was put in place as part of a comprehensive plan to deal with the problem. As pointed out by Jabil in their report, the company’s biggest two omissions, which ultimately caused the crisis in the site, were the lack of a timely response to the accident and poor communication with their workers. It is essential that the company learns from these incidents to ensure that workers are listened to and guaranteed a safe working environment.

HP’s follow-up with Jabil (Text provided by HP):

“HP does not use Jabil in Guadalajara and inquired about the accidents cited above. HP was told that during the cited electrical accident that the worker did not in fact die but was okay. Jabil stated that they provided CEREAL with the facts of these cases. At the Chihuahua site, HP verified that Jabil has responded to the outbreak of E.coli and has contained and corrected the problem”.

“ HP takes this incident very seriously and believes that Jabil does as well. In addition to the above investigative material and corrective action items that Jabil has put in place, HP is also requiring that Jabil establish a more effective crisis communication process that is created with input from the workers. Jabil has a crisis communication plan, however, it is apparent that the managers and workers need to be better educated and understand their role, expectations, and actions when there is a crisis in the plant. HP is committed to monitoring the effective completion of the crisis communication plan and would welcome any other suggestions for continuous improvement”.

SCI Sanmina: The aftermath of an accident

"I have lung problems; I even have the X-rays and a doctor's certificate. This illness is a consequence of the accident in the SCI Sanmina plant 45 on 10 May. I feel dizzy, I lose my balance; my nose, forehead, eyes and head ache; most people working there share the same symptoms. I can't run anymore because I get out of breath". These are the words of Isabel, a SCI Sanmina worker in Guadalajara. She still suffers from the consequences of an accident that happened there in May 2004.

Isabel's story

"What I can recall from the accident is that smoke started coming out of somewhere. We didn't even have face masks, so we started to suffocate. After looking for an exit for a while and feeling as if we were going to die, we managed to get out; but we were ordered back in, we were told that the smell and smoke had gone. That was the worst part. A colleague told me 'Look outside, there are a lot of people lying over there', and I saw a guy convulsing. It wasn't until a girl started shouting 'What do you want? When are you going to do something? When someone dies?' There were a lot of people throwing up. A friend called the Civil Protection Agency on her mobile. She said "I'm calling the Civil Protection people; I don't care if I get fired'. Five ambulances arrived".

"I was in hospital for four days. I think I got worse because they didn't want to let us out, they took us out via the car park; but we were treated like animals there, we were shouted at, pushed around; my husband took me away in the car. At the hospital, I was asked what had happened; the doctors told me that several people had been admitted as a result of the accident. The doctor himself told me that we could sue the company. After we recovered, several of us tried to sue, but they didn't listen to us, we were threatened with the sack. A friend of mine was three months pregnant, and she lost her baby, and a friend of hers did too, the same happened to several women".

"There were around 400 workers there at the time of the accident, although the company told the media there were only 30 of us and that no one, other than a few people throwing up, had been injured; but the truth is that several people were poisoned. Later, the company gathered us up and told us that what happened wasn't serious, that we weren't to say anything; that is wasn't lead, it wasn't anything serious. There is a sign in the factory saying: Every working minute lost, U\$ 2,500 is lost".

In response to the cases of lack of safety and exposure to toxic materials in the workplace in which Solectron is mentioned throughout this report, the company and HP gave us the following response. In the document, HP and Solectron also commented on a set of cases submitted to them by CEREAL in September 2005, those cases were not included in the final report due to lack of space.

Solectron's Response (Text provided by Solectron):

"Worker safety is of paramount importance to the Company, and Solectron repair and manufacturing operations are designed to be safe. The materials employees handle in the performance of their jobs are packaged, stored and used in the safest possible way and with proven operational safeguards in place. Employees are provided with personal protective equipment (PPE) according to the jobs they perform. ³⁷ Employees receive

training on the nature of the materials they handle as part of their jobs, and how to handle the material safely. Employees are also given information about the manufacturing and/or repair processes as assurance that these materials are not hazardous when handled properly. The PPE required for and the material handling procedures related to each job is posted in the work areas (this is a long standing practice in Guadalajara which has recently been adopted as a "best practice" in Chihuahua). The EH&S team regularly audits the manufacturing and repair areas (several times each week) to ensure PPE is being properly used and that safe operating procedures are being followed".

"Solectron has engineered the workstations in Guadalajara and Chihuahua with a focus on safety. Depending on the work performed at each station, employees may have reverse air hoses and fans affixed to their desks to remove the non-toxic fumes and smells inherent in the process. ³⁸ Additionally, the Environmental Health and Safety department maintains facility-wide air quality systems and programs to ensure continuously safe conditions".

"Consistent with the legal requirements in Mexico, Solectron has periodic air quality tests performed by independent certified agencies. Additionally, Solectron complies with Mexican laws related to employee health (blood) screening. The results of these tests in both Guadalajara and Chihuahua are consistently very good and have always depicted pollutant levels well below the legally acceptable thresholds. These test results, consistent with local law, are retained by the Company and posted in the facility according to the statutory requirements. These test results validate for Solectron that its safety systems are fully effective. However, in light of the employee testimonials to CEREAL in the current draft report, Solectron recognizes that there is work to do to build worker confidence in those safety systems".

"To address the concerns of Solectron associates (workers) voiced to CEREAL regarding the safety of Solectron's operations, the Company will expand the new employee training content to provide more detail on PPE and safety procedures, and more information about the potential risks of mishandling the material. The Company will also evaluate the effectiveness of the visual aids posted in the workstations and make any improvements that might increase the employees' comprehension of the Company's safe processes and safety procedures. These actions are already underway, with expected completion of all training material enhancements and communication updates by August 2006 (in both facilities)".

"The Chihuahua facility has also committed to increasing its investment in PPE (allowing employees the freedom to exchange equipment more often, if desired). Workers will see more evidence of this investment over the next month. In addition, the Chihuahua facility is revamping the fans and air-flow systems in the training rooms to increase worker comfort and replicate the systems in place on the manufacturing floor. This facility improvement should be completed by August 2006".

HP's Follow-up with Solectron:
(Text provided by HP)

"During HP's follow-up audits of Solectron, HP has confirmed that Solectron has an occupational safety program to adequately control workers' exposure to safety hazards in the facility to reduce and prevent injuries. Solectron has implemented an EH&S training program for managers and workers. Workers interviewed by HP demonstrated good knowledge of the information contained in the EH&S training program. As part of our monitoring process with Solectron, we will continue to verify the effectiveness of health and safety practices".

2.5 Exposure to toxic materials and work related illnesses.

Toxic materials are used in electronic equipment manufacturing; these have different harmful effects on workers' health. Because of the threat these pose, some electronics factories have pledged to get rid of these substances in their manufacturing processes.

Regulation has driven these changes. The electronics companies' efforts to eliminate all toxic substances from their products are due to the European Union RoHS directive coming into force in July 2006³⁹. Non-compliance with this directive will prevent products from these companies from entering the main world markets.

The European Union Restriction of Hazardous Substances Directive

The "RoHS Directive" is the European Parliament and Council Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment (2002/95/EC). The hazardous substances affected are lead, mercury, cadmium, hexavalent chromium and two flame retardants - PBB and PBDE. Electrical and electronic products sold in the European Union must comply with the RoHS Directive by July 1, 2006. The following are a number of applications in which these hazardous substances are used. It is not an exhaustive list.

- lead: used in virtually all solders, components and many PCBs
- hexavalent chromium: used in dyes, pigments, plating solutions, alloys
- mercury: used in some electrical components, batteries, pigments
- cadmium: used in batteries, plastic stabilizers, platings
- polybrominated biphenyls (PBB): flame retardant in plastics, insulation
- polybrominated diphenyl ethers (PBDE): flame retardant in plastics, insulation

Similar "RoHS" regulations are being enacted in China, Japan, California and other jurisdictions. RoHS will impact the majority of the hardware products sold world-wide – NOT ONLY products sold in Europe, China, Japan and California.

Pedro Avalos Esparza, chairman of the Western Branch of the National Electronics Industry and Telecommunications Association (CANIETI), pointed out that 30% of both manufacturing processes and products in this sector is already lead-free. He added that the electronics industry in Jalisco expects it will be possible to stop using components containing lead in its manufacturing processes replacing them with other alternatives by 2007. Mr Avalos Esparza also said that all companies in the sector have ISO14000 certifications, which guarantee they are compatible with the environment, and some of them also have OSHA18000 certification.

HP reports that companies in the EICC are actively ensuring that all substances regulated by RoHS are restricted or eliminated in every hardware product to comply with the requirements of the RoHS Directive worldwide. Implementing materials restrictions for products has required cooperation across the supply chain. Through several industry consortia, the companies have investigated alternatives to using restricted materials.

However, the list of dangerous substances to which electronics workers are being exposed to is not limited to those six which are still being used; therefore exposure to toxic substances is a current issue and results in serious health problems.

During our research, 57 of the interviewed workers reported having been exposed to inhalation or handling of one or more hazardous substances without adequate protection. However, based on their testimonials, CEREAL estimates that at least 2,000 more workers working right next to those interviewed are also being exposed to those substances each day, under questionable safety measures. The following testimonials provide illustrate the magnitude of the problem.

“Yes, we use toxic materials – says Magui, a Jabil worker – in fact, the first manufacturing procedure in one line is MPM, which is the kind of soldering you use on cards. This contains lead and we have to wear face masks, goggles and gloves, because the fumes can get to your throat”.

Kemet⁴⁰: The first toxic link.

In the city of Monterrey, Maria, a worker in Kemet, a manufacturing contractor supplying capacitors to companies like Motorola, Delphi, Flextronics, AIO, Hon Hai, Visteon, Autronic, Solectron, SCI Sanmina and Arroz; explains the capacitor manufacturing process and its negative impacts on health.

María

“I am an operator, I work in the testing lab; I weld the chips (capacitors) onto a card and carry out the required process, depending on what they are made of. We use a lot of toxic materials such as flux, epoxy⁴¹, bertran, lead, copper, aluminium, alcohol, deionised water. I get spots because of the soldering; some of my colleagues get nausea and headaches because of the smell. The electricity generators are located behind the lab, they make an unbearable noise and that also gives you headaches”.

Aurora, one of her colleagues, also points out

Aurora

“They treat us quite well in my area, but I get headaches very often because of the smell. I work in the physical and environmental test lab; there we get chips (capacitors) from all over the world, from different companies and different materials aluminium, ceramic and tantalum.⁴² We use a lot of toxic materials like alcohol, solvents to see if we can strip the paint off the chip, armakleen, salspreint, lead, silver, copper paste, etc.”

Estela, a 17-year old worker earning 85 (US\$ 8) pesos per day, also comments on her job in Kemet,

Estela

“There are areas where epoxy is used; this is a substance, a powder, used to coat the chips, the capacitors for radios and mobile phones. The capacitors have a small round coating, that is epoxy and yes, it is toxic. We also handle industrial alcohol, you need to wear a mask and safety goggles. There are some very noisy areas and we're provided with ear-plugs. I suffer from sinusitis”.

These three workers believed the safety equipment provided is not enough; a smock, goggles, and sometimes a face mask.

Dell: Flux and lead

"My name is Paula, I'm 35, married and with 3 children. I only went to primary school. I started work in Solectron (Chihuahua) 11 months ago, in the Dell area. I work from 6.00 am to 3.30 pm and earn 93.00 pesos per day (US\$8.5). I weld computer card components. In the area where I work, I use isopropyl alcohol, flux and lead soldering wire. I work on my feet all the time and the only protection we're given are an apron and some goggles, so I'm always breathing in the soldering smoke. In the plant, we repair computer cards and Dish controls; we make brands like Intel, Dell and Maxtor; many clients hire Solectron's services, but I don't know what other brands they work for. There are more women than men and people only leave because wages are very low".

Joel, who started work in Solectron in April 2006, points out "these last two weeks we have been in training, the first week was theory, the second was practice; we've had to take the components apart and put them back with soldering, using a cautin pencil and a Jaco (hot air gun). Up until now, we haven't been given any protection, only something that resembles a small fan to blow the fumes off our faces. There are about 2,000 of us in the 5 shifts; there are 23 production lines with 10 people each, one line has 3 people carrying out repairs (soldering), 2 technicians (in charge of checking the products for faults) and 5 operators assembling and disassembling. There are about 60 of us per shift. We haven't been told anything about the dangers of chemicals".

Flextronics⁴³: Life in the wave.

In some manufacturing plants there is a place called "the wave", which is a liquid lead container through which cards pass in order to be welded. Workers in the wave are constantly exposed to lead inhalation; therefore tight safety measures are required. Fernando, who started work in Flextronics Guadalajara in March 2005, tells of his experience in the wave:

"When I started working in Flextronics I went to the induction course, I was given training for the wave, which is on the second floor. I didn't want to do it because it meant working too close to lead, and also because it is quite dangerous; even if you wear gloves, if you get a bit on your skin it burns you. I've had suffered several burns because of it. The wave is very dangerous, because you handle lead and flux, and over time both have an impact on your body, both internally and externally. The wave is cleaned once per shift and, when you are cleaning it, you run the risk of getting burned and breathe in all the residues left in there. I would like them to give us a special suit, safer than the one we currently have, because it doesn't cover much and sometimes it's useless".

Exposure to toxic substances, such as lead and flux, is associated with several illnesses, including respiratory problems, asthma and headaches. But the most feared of all is aplastic anaemia, a type of leukaemia that affects bone marrow and can have fatal consequences. Ana, a Jabil worker who works soldering cards, voices her fears of being exposed to toxic substances at work "Catty, a colleague, died of leukaemia; another colleague is very ill with it, and I'm developing asthma. I think all these illnesses are a consequence of the chemicals we use at work". It is very difficult to obtain medical reports from companies or from doctors within the social security system proving the link between workers' illnesses and their working conditions. CEREAL believes that this is due to the consequences of an illness of that nature.⁴⁴ In addition, private medical reports are not accepted as evidence in court. As if that was not enough, the situation gets even more complex when we take

into account that symptoms of toxic material exposure-related illnesses take several years to show up, five on average. Currently, CEREAL is actively encouraging all the necessary medical tests to establish the link between workers' illnesses and their jobs in the electronics industry.

Rafael Mendoza's story⁴⁵

In May 2005, doctors detected aplastic anaemia in Rafael Mendoza, 26. Rafael and his doctor believed that in order to find out the cause of his suffering, they had to go back to five years before, when Rafael was working in Flextronics.

"I started working in the electronics industry in 1997. My first job was in Lucent, where mobile phones were manufactured until December 1998. I left the company that same year. There I was a diagnostic technician in SMT and I worked in assembling. The chemicals used were Soldering – 60% solder and 40% lead – plus a fluxing liquid, in paste. We manufactured answering machines, but when there was a fault, they had to be soldered again, that's what flux was used for".

"I started working in Flextronics International in January 1999. There, we were manufacturing cards for Cisco Systems (Internet cards). There I was also a diagnostic technician; I checked there weren't any short circuits in the cards, and that they worked well. From January to April I was in the wave, a soldering machine for the cards, which was in Section 1; but then I was moved to Section 3, which had a very low ceiling. This turned up to be a very serious problem, because smoke wasn't absorbed, there was a thick layer of soldering and flux smoke on the ceiling. So we had to work under a cloud of pollution, looming over our working area every single day. Allegedly, the wave was shielded, but we found out that was of very little use. In theory, the wave is supposed to be fully shielded to guarantee workers' safety; but that is not the case, the wave isn't shielded neither in the card input nor in the output side, so that is where the flux and lead smoke comes out. Furthermore, there is a chimney above the wave, which is supposed to suck up the smoke, but it doesn't do it completely because it is not powerful enough, so smoke escapes from it too and that is what we, the workers, breathe in".

"Two kinds of smoke come out of the wave machine lead and solder, and when these two enter in contact with flux, the smoke becomes very aggressive and it smells foul. In addition, when the chimney hadn't been cleaned, there was a very strong smell of flux and we had to evacuate the section because the smell only got stronger. I used to change some parts and be very close to the flux".

"The safety equipment we were given wasn't enough, the face mask was a very basic one, no more than a piece of fabric. Only the operator working directly in the wave has a stronger face mask, but that doesn't stop him from breathing in the smoke either; and the problem is that those of us working close to the wave also breathe in that smoke".

"I was diagnosed with aplastic anaemia in 2005⁴⁶. The doctor says that flux was very damaging to the bone marrow".

Rafael died in February 2006 as a result of his illness. In August 2005, Rafael initiated administrative proceedings in the Mexican Social Security Institute to get his illness classified as occupational illness. This would have enabled him to commence legal proceedings against Flextronics; but it was not possible for him to carry it out.

CEREAL met with Flextronics' representatives in May 2006. On that first occasion, CEREAL heard the findings of their first enquiries into Rafael's case. Later, CEREAL received a more detailed report in writing. The following is Flextronics' explanation:

"Rafael worked for Flextronics from January 1999 to June 2000 as a Repair Technician; he spent approximately 50% of his working hours analysing PCB's and the other half repairing PCB's by hand, soldering components onto it. There is no medical diagnosis that can clearly indicate that he got his disease from working at Flextronics. The fact is that neither the doctors at the Hospital Civil de Guadalajara and Mexican Social Security Institute (IMSS) could conclude that working in Flextronics 5 years ago was the cause for Rafael's disease, and his doctor mentioned an infection related to his disease and a 'possible' toxic relation".

"The lowest roof at any building in Flextronics is in bldg. 5, so this is probably what he meant to say. Soldering machines might cause soldering smoke when filters are not properly changed. In Flextronics there is a maintenance program to change filters. There was one time in which we evacuated employees due to a problem with one filter".

"Wave soldering machines in Bldg. 5 were located right after the end of the low ceiling and at the entrance of the building. This gave high ventilation added to the normal air ventilation we have for all buildings. Filtering systems for the wave machines are extremely efficient. This includes Pre-filters, HEPA filters (High Efficiency Particulate Air - Filters) and activated carbon filters. Rafael worked for 13 months in building 5 as a Repair Technician. He never worked in the wave solder area".

"Processes in Flextronics include periodic tests and examinations to working environments and to workers directly and indirectly exposed to possible risks. During 9 years of activities, we have never had any situation that has affected employees in their health because of lead or soldering processes".

"There is an extraction system that connects to the filtering system, plus we have continuous monitoring of Volatile Organic Compounds. We also monitor lead particles to make sure we are under specification lead concentration limits. Records are kept and studies are made by external sources such as specialized laboratories".

"In Flextronics wave soldering machines do not have chimney systems. The machines work with filtering systems".

"Flextronics provides safety equipment after a full risk assessment is completed for all job positions. As a result, proper safety protection is at the shop floor, even for the employees who might result indirectly exposed to a risk.

Concerning Rafael's statement that 'the problem is that those of us working close to the wave also breathe in that smoke'; there is no medical report, conclusion or evidence to support these allegations".

"Rafael started to feel sick after 5 years from his resignation to Flextronics; he worked for two other institutions during this period of time. Flextronics deeply regrets Rafael's disease, and is committed to its personnel's health and safety. Thousands of workers are and have worked for the company. Prior working for Flextronics, Rafael worked for other electronics company during 1997-1998".

CEREAL would like to thank Flextronics for its reply; we value their efforts to guarantee their workers' health and safety. However, after reading the above explanation, it is clear to CEREAL that there are several discrepancies between Rafael's testimonial and Flextronics' reply. Unfortunately, Rafael is no longer here to clarify whether he worked in building 3 or building 5; whether from January to April he was, as he stated, working directly in the wave; whether the wave soldering machines had chimneys or filtering systems; whether the roof and ventilation were as high as Flextronics states; and whether that cloud of smoke Rafael mentioned was permanently looming over workers' heads. Also, doctors can no longer establish the cause of his illness and later death.

Several cases of workers with illnesses caused by exposure to toxic substances in the electronics industry have emerged worldwide.⁴⁸ Some of these cases led to lawsuits and thanks to those, links between their illnesses and the toxic substances they used in the factories were proved. Others faced strong difficulties to obtain conclusive medical reports.

CEREAL believes that the only thing that can be done regarding this situation is to improve safety measures, reduce the amount of toxic and dangerous substances workers use in electronic equipment manufacturing, and improve medical assessments in future cases. CEREAL trusts that Flextronics, as well as other companies in the electronics industry, will give their full support to these actions.

CEREAL will continue investigating potential illnesses caused by exposure to toxic substances in workers in the electronics industry. At the moment, CEREAL is documenting another case of an ex worker for Flextronics, who worked at the same plant where Rafael did, at the same time and is ill with cancer. CEREAL hopes to include this case in its 2007 report.

HP's follow-up with Flextronics Guadalajara:

HP began working with Flextronics Guadalajara on the SER program in December 2003. Flextronics is extremely committed to the program. During HP's site tours of Flextronics's plant in Guadalajara, HP did not find environmental non-conformances or safety issues relating to lead soldering procedures. Flextronics has processes and procedures in place to properly manage chemicals and hazardous materials to ensure workers' exposure and risk are minimized. Where HP has noted some minor non-conformances in occupational safety. Flextronics has made the required corrections in their processes, procedures and equipment. HP has been working with all of our suppliers to eliminate or reduce hazardous substances regulated by RoHS and to find acceptable and safer alternatives. The reduction of hazardous substances in the manufacture of electronic products will also help reduce workers' exposure to toxic substances.

What is Aplastic Anaemia? Acquired aplastic anaemia can be caused by constant exposure to toxic chemicals, such as arsenic, benzene or certain pesticides; by exposure to radiation while undergoing radiotherapy or as a side effect of certain cancer treatments or chemotherapy; by drug use or consumption; by some antibiotics or frequent infectious diseases or when suffering from systemic lupus erythematosus. However, almost half of reported cases do not have an identified cause or origin. It is a chronic or acute disease and generally progressive. Most common

symptoms are paleness, respiratory problems, heart rate increase and arrhythmia, skin rashes and easy bruising even in the absence of a knock: Fatigue and tiredness when there is a deficiency of red blood cells. Frequent infections when there is a deficiency of white blood cells. Frequent bleeding, particularly nose and skin bleeding when there is a deficiency of platelets. All these can very dangerous if not controlled in time.

We would like to thank Flextronics for providing us the above research into aplastic anaemia.

Some toxic substances to which workers in the electronics industry are exposed

MATERIAL	WHERE DO WE FIND IT?	EFFECTS ON WORKERS' HEALTH
Brominated flame retardants*	Panels, printed circuit boards, cables, wires and plastic for computer casings (1).	They affect learning and memory functions, and thyroid and oestrogen hormones. They are linked to behavioural problems during pregnancy.
Cadmium *	In rechargeable batteries and computer screens.	Cadmium affects the nervous system, toxic in high dose
Mercury*	Batteries, current regulators and switches (2)	Affects the nervous system, toxic in high dose
Lead*	In cathode ray tubes, screens, solderings and capacitors.	Harmful to the nervous system, it can be poisonous in high dose.
Solder	Used in the lead-solder alley for soldering	Skin and eye irritation, head and stomach aches, vomit, dizziness, heavy perspiration, breathlessness, and trouble in urinating. In the long term it causes depression, liver damage, immune system dysfunction, chromosomal damage, red blood cell deficiency and brain damage.
Flux	This material's chemical reaction facilitates the soldering process. The most common materials used in fluxes are ammonium chloride, hydrochloric acid and zinc chloride (3).	High concentrations in the immediate area can displace oxygen, causing dizziness, unconsciousness and even death. It affects the central nervous system. High levels can result in CNS depression and cardiac arrhythmia
Tantalum	Tantalum is a metal used in the manufacturing of capacitors for electronic equipment.	It can be harmful if inhaled, ingested or cutaneously absorbed. It causes eye, skin, mucus membrane and upper respiratory tract irritation. It must be isolated to prevent environmental pollution.
Epoxy (epiciorhidrina)	Used in printed circuits	It has an intense irritant action, is a CNS depressant and has a potential carcinogenic and mutagenic attribute.
Copper		Long exposure can cause nose, mouth and eye irritation, head and stomach aches, dizziness, vomiting and diarrhoea
Hexavalent Chromium*	Used in dyes, pigments, plating solutions, alloys	Ulcers, respiratory problems, weakening of the immune system, damage to the liver and kidneys, alterations in genetic material and lung cancer.
Isopropyl alcohol		Sore throat, cough, headache, nausea, vomiting, vertigo, drowsiness and skin irritation
ArmaKlenn		Dust inhalation can cause severe irritation, delayed pulmonary oedema and nasal septum deviation.

* Should be withdrawn from 1 July 2006.

1. The use of flame retardants in panels and printed circuit boards is permitted because there are no available substitutes.
2. Mercury is still allowed in back light systems for flat screens because there is no substitute.
3. Copper and nickel are the most common substitutes in printed circuit board soldering, but they require higher temperatures than the traditional solder/lead.

2.6 Sexual harassment

Sexual harassment against women is common occurrence in electronics factories. However, very few women talk about it, because of the effects of the trauma they have gone through. Statements gathered by CEREAL for this study show that sexual harassment is mainly used as a means of pressure towards lower level female workers, particularly factory workers. Supervisors, for example, make leave of absence and holidays conditional on sexual favours.

Octavio, a Jabil worker, acknowledged the situation "Sexual harassment against women does happen here, the supervisors harass them and sometimes their male colleagues do too".

Manuel, a Hitachi worker⁴⁹, said on the same issue "Particularly women complain about sexual harassment from the supervisor, because they make days' leave of absence and holidays conditional on dates or sexual favours. Women have complained about this situation on several occasions to staff from the employment agency CASPEM, I have seen it myself, but no one does anything. I understand Hitachi forbids this kind of harassment, but still, the agency allows it".

Patricia's story

Patricia, also a Hitachi worker, relates what happened in 2005, when one of her superiors called her under the pretext that she had to go and sign some papers.

When I arrived I told him, give me the papers so I can sign them, because I am in a hurry; but he said 'well, I hadn't realised, but it seems like I don't have them here'; then he started getting closer and, to be honest, I was very afraid, so I started moving backwards; but I didn't have much space, so I pushed him, he tried to get hold of me again and we struggled, I asked him 'What's the matter? Why are you doing this?' Then I finally managed to get out of the office and rushed back to my working area; I was very distressed, but didn't say anything to my colleagues".

Some time later, Patricia was raped inside the plant; she is still in shock, therefore we decided not to publish her story. However, Patricia's case has been duly documented and she expects to gain enough courage to file a lawsuit.

The following case provides a positive example, because although the situation is unacceptable, when the company for which the affected worker was working found out about it, a decision was made to fire the stalker. We believe the measure was a good decision and can be used as an example to resolve similar situations. Since the company has already resolved this particular problem, it was decided to leave its name out of the following testimonial. Irene tells us

Irene's story

"one thing I didn't like about him (her supervisor) was that every time he went past me, or with any excuse, he would come close to me and touch my back or put his hand on my shoulder and caress me. Of course that bothered me, I tried to move out of the way so he wouldn't touch me, but he would find excuses to come close to me. Finally, one day he told me he fancied me and wanted to go out with me. I said no, I even distanced myself from him. But he kept pestering me. In 2005, during the posada⁵⁰ Adrian approached me and said he wanted to talk to me, he asked me to go outside. I didn't go, didn't even pay him attention. When I left the party to go home, I didn't notice Adrian was waiting for me

outside. He then came to me, grabbed me by the arm and said 'let's continue the party elsewhere; I am going to take you to a very nice place'. I told him to go to hell and pushed him. Then, I met him again at work and he told me 'if you go and complain to human resources, they won't believe you, they will believe me'. All this happened before I moved to another project. To be honest, I never complained because I knew they were never going to listen to me; proof of this was that two colleagues were fired because they went to complain to the industrial relationships co-ordinators. The same happened to other colleagues, Adrian kept harassing them. I noticed they always fired the workers, so I decided to keep quiet, because I thought 'I'm going to end up being fired and ashamed, and Adrian will laugh at me'. That's why I didn't say anything. In March 2006, they wanted to transfer me back to Manuel's production line, I asked another supervisor not to move me, but he said 'it's not up to me, but to Adrian'. That's why I decided to resign. Going back to that production line was going back to being harassed by Adrian, so I preferred to quit. I know Adrian has about six mistresses and has children with some of them. Another thing I remember is that on several occasions Carlos told me 'If you go out with me I will sort out your absences, I will give you days leave; I always refused. I was afraid to go to work, I kept thinking he might do something; I was even afraid my husband would find out, even now I feel a little bit afraid".

The company investigated the above events and found enough evidence to establish that Adrian's behaviour was unacceptable. After firing Adrian, the company offered this worker the opportunity to go back to her job. Currently, she is thinking about it.

CEREAL welcomes the action taken in this case but it is clear from the workers' experience that all too often women electronics workers do not feel safe in the workplace or able to make complaints. Fundamental changes are needed throughout the industry to ensure that such incidents do not occur again.

2.7 Excessive wage deductions.

Almost all electronics workers complain about excessive wage deductions. That has happened to over 2,500 workers whom CEREAL has advised over the last 7 years, and of course, to the 580 met during the making of this report. "I don't agree with having 200 pesos deducted when you miss a day's work, because I only earn 90 per day", says Julia, present SCI Sanmina worker, subcontracted by the employment agency Manpower.

However, the companies respond that the deductions the workers mention are not in their wages, but in a punctuality bonus that the companies give those workers who have not missed work or have not been late in a month. Nevertheless, workers perceive this measure as a wage reduction because, for example, a worker earning 630 pesos (US \$ 57) per week would receive only around 400 (US \$ 36) when he/she has been absent one day. This means that the daily wage of the worker is in fact just 57 pesos (US\$ 5). Raquel, who worked in Pemstar until July 2005 comments "When someone misses work they deduct them 230 pesos (US \$ 21), can you imagine that! They pay 79.90 (US \$ 7.2) a day and they deduct 230! Almost three days, that is not right, but is company policy". Another procedure companies apply, which is effectively a wage deduction, is exchanging low production days for holidays. Leticia, a Flextronics worker, subcontracted by the employment agency Pat, points out "I don't like it when there is no work and they give us time off, because then, when there is work, we are made to work overtime without being paid extra, we are told we are making up for the time we were off. It's not our fault there is no work". On the same issue, Victor, another Flextronics worker, comments,

“There are some things I don’t like in the company, but what annoys me the most is that we’re laid off when there is no work, and then they charge us for it with working hours and we don’t get paid overtime”.

In Mexico, overtime must be paid at twice the normal hourly rate. Making people work overtime and paying them for regular time is indeed unfair, that is why workers believe this procedure is nothing more than a wage reduction. Almost all electronics companies and all employment agencies use this kind of procedure to encourage workers not to miss work, or to adjust shifts to production needs. Despite the reasons behind these procedures, CEREAL has confirmed that workers do not agree with them and they are one of the main causes of their uneasiness.

Solectron’s Response (Text provided by Solectron):

Solectron pays employees fair and competitive wages, and enhances employee earning potential through various bonus programs. For example, employees in Guadalajara may be eligible for bonuses based on exemplary attendance. Solectron implemented this attendance bonus program to motivate workers to show up for work at a time when employee absences became a business disruption at that site. As a result of this reward program, employees have grown accustomed to additional earnings for maintaining good attendance records. Some employees may perceive a missed bonus (due to absence) as “lost wages” or even a wage penalty. Solectron is aware that CEREAL has heard reports of “wage penalties” from individuals employed in the Guadalajara facility (employee testimonials reported through CEREAL to Solectron in 2005). The Company has investigated these reports and has concluded they are inaccurate and are most likely based on misunderstanding the reward program. Solectron does not financially penalize workers for missing work, and has never taken a deduction against an employee’s earned wages for days the employee actually worked to account for an absence. Employee attendance issues are managed at a performance level. However, employees who do not maintain good attendance are not eligible for the extra bonus money for the pay period including the missed day(s). Solectron believes the reports to CEREAL describing “wage penalties” for missed work are actually referring to the lost bonus potential.

Flextronics’ Response (Text provided by HP):

What we have done in the past is exchanging holidays for working days when we have found interest of our workers in doing so. This is the case of last 21 March, when we changed this day for Good Saturday, so that workers were able to take a long 4 day weekend by putting together Good Thursday and Friday (given as benefit to workers by Flextronics) with Saturday and Sunday. Asking workers to change their day off for a working day without having their consent is not a permitted practice. Flextronics Human Resources department at Flextronics will reinforce communication with operational areas to ensure this not happening. Flextronics is committed to observe legal compliance with labour laws and EICC Code of Conduct. We are investigating such cases and will make sure none of what has been said is happening in our site.

HP’s Follow up with Flextronics Guadalajara (Text provided by HP).

HP’s auditors confirmed that Flextronics provides workers with written employment conditions, including terms of their payments and any deductions. Based on review of records, auditors confirmed that Flextronics monitors that they are in conformance with local wage and benefit laws. Flextronics validates weekly all their employment agencies’ payroll and approves their invoices for overtime payment and timely payment to workers”.

CEREAL considers that these programs under which companies award punctuality bonuses are legal, although they are still problematic and unpopular. More communication with the workers is needed to avoid misunderstandings amongst workers. The levels of wages paid is also an issue. The inclusion of the discretionary bonus means that many workers are not aware just how low their wages are. Exchanging overtime for normal working hours is more of a grey area legally. Workers' complaints are very clear; they have pointed out that they are being forced to work overtime to make up for regular hours they had off before, which they were forced to take during periods of low productivity. Workers call this practice "time for time" and it is so widely applied that the term is already part of the day-to-day language. We are pleased to read about the measures both Flextronics and Solectron are implementing to put a stop to this situation. CEREAL will continue its inquiries into the matter.

"They force us to stay and work overtime, and if we refuse to stay, we are threatened with the sack".

2.8 Humiliating treatment and work overloads

"I think that if I started counting all the cases of unfair treatment in IBM I would never finish, because quite a few of them happen daily in the company. I remember one occasion when there wasn't any work and we told our supervisor, who told us in reply 'If there isn't any work, you can clean the floor with your tongues'". To this day, every time I remember that I get very angry". Jesus. Former IBM worker.

"If there isn't any work, you can clean the floor with your tongues"

Being treated decently is one of the most basic rights of every human being. Unfortunately, power relationships within a company often translate into behaviour that violates people's dignity. Workers' subordination in electronics factories creates a favourable atmosphere for insults, excessive language, demands for excessive amounts of work and even interference.

Eva, a Solectron worker, affirms "There is harassment and they force us to work overtime; last Friday I started work at 5.00 pm and didn't leave until Saturday at 9.00 am. To be honest, I was even shivering on that day. Before, we used to sit down, but they took away our chairs and now we're on our feet all the time, it's very tiring. When I say they harass us, what I mean is that they don't let us to talk to each other; as soon as you try to hold a conversation with someone, they start questioning you 'What, you're talking? Why aren't you working?'".

Unfortunately, according to Mexican law, this kind of abuse can only be reported if the situation goes to an extreme and turns physical. As long as that does not happen, workers just have to cope with it. Susana, a Jabil worker, says

Susana's story

"I scored a goal, I mean, I made a mistake in one of the machines. As a result, the supervisor started mistreating me, he's constantly shouting rude words at me, he clicks his fingers and tells me 'what stupid things are you doing, stupid, you are useless, I can send you away whenever I please, I can sack you'. I complained to the HR manager and was told that we had to adapt because that's just the way he talks. He keeps harassing me; he shouts at me in front of all my colleagues, he threatens me with the sack. The woman in charge of employee relationships called me to her office and told me 'you are going to sign this letter promising that you are not going to make any mistakes at work and you have to give 100%, your work has to be perfect'. I refused to sign because I'm not perfect. Now the supervisor is unbearable, he wants us to make 300 cards per hour, and there are

only two of us operating 5 machines; besides, the cards have double labels and that means twice the stress. They force us to stay and work overtime, and if we refuse to stay, we are threatened with the sack”.

Irma, who worked in SCI Sanmina until 2005, also says, “I had to produce between 1,500 and 2,000 cards per day, 100 per hour; it was too much. You have no idea of how tired your eyesight gets. You have to check whether the card is right or not at a glance, and if one is wrong and you miss it you are told off very strongly, but if you take too long checking you are told off too, who understands them?”

HP's Follow up with Solectron Guadalajara.
(Text provided by HP) :

“Based on the accusations that CEREAL brought forward to HP during the September 2005 meeting in Guadalajara about harassment and inhumane treatment, we immediately met with Solectron Guadalajara management and asked that they investigate the accusations and provide HP with a report on their findings. We reiterated to Solectron that harsh and inhumane treatment of workers is a direct violation of the Code and that they put immediate corrective actions in place to ensure this does not happen at Solectron's plants. We have held several follow up meetings with Solectron in 2006 to verify they have made the necessary corrections”.

“HP conducted interviews with the workers at Solectron and the workers confirmed that overtime is offered to them on a voluntary basis. Workers are required to sign a document indicating that overtime is voluntary. HP has been advised by Solectron that the practice of allowing workers to volunteer for and work double shifts has been stopped”.

CEREAL has also listened to Jabil's explanations regarding humiliating treatment. Its representatives pointed out that humane treatment for all their workers is one of its corporate principles. In explaining the events described by CEREAL, Jabil pointed out that due to the size of its operations in Mexico (13,000 workers), it is sometimes impossible to be aware of everything that happens. Jabil acknowledges that their communication channels with workers need to be strengthened and gives assurance that it is in the best of dispositions to resolve any complaints submitted by its employees.

CEREAL has listened to hundreds of workers' testimonials regarding humiliating treatment. CEREAL considers there is no justification for this situation and that stricter preventative measures should be implemented. We particularly call on the companies concerned to promote a culture of respect within their plants.

2.9 Lack of trade union freedom and company controlled unions

The following case describes the lack of freedom for trade unions in the electronics industry. Lack of trade union freedom is a serious issue because it makes it difficult for workers to face situations and abuses such as those described in the previous pages. By not being able to organise themselves, workers become more vulnerable. According to data gathered first hand by CEREAL, 90% of workers belong to a trade union; but 90% of those do not know it. This is because companies sign Collective Employment Contracts with unrepresentative trade unions, which agree to sign the contract in secret in exchange for a monthly or annual fee. In Mexico, this fee is

known as a “bribe” and is nothing more than a bribe. Said contracts force all workers in the company to enrol in a trade union and are called “protection contracts” because, according to Mexican law, only a trade union can hold negotiations with the company on work issues; therefore, by signing the contract the company is “protected”. In other words, signing a contract with a unrepresentative trade union prevents workers from organising themselves freely to ask the company to agree on a new contract. This is a serious attempt against freedom of association, because the only purpose of this kind of contract is to prevent workers from organising themselves and create their own trade union, which will truly defend their interests.

CEREAL has met with approximately 2,500 electronics workers over the last 7 years and hardly any of them knew that there was a trade union in their company. However, CEREAL has copies of several collective employment contracts that are currently in force and “enrols” most workers in the electronics industry in Jalisco. The following are some examples:

1. Contract signed between Flextronics, S.A de C.V. and the Sindicato Único de Trabajadores en Artefactos Metálicos y Electrónicos del Estado de Jalisco (Single Trade Union of Metallic and Electronic Devices’ Workers of the State of Jalisco)

At present, this contract forces around 8,000 workers to enrol.

2. Contract between Solectron Servicios, S.A. de C.V. and the Sindicato de Empleados y Trabajadores en la Estructura, Armadura y Manufactura Industrial en el Estado de Jalisco (Trade Union of Industrial Structuring, Armouring and Manufacturing Employees and Workers of the State of Jalisco)

Currently, this contract forces around 6,200 workers to enrol.

3. Contract agreed between Siemens Servicios, S.A. de C.V. (Guadalajara Factory) and the Sindicato de Trabajadores y Empleados de Productos Siemens (Trade Union of Siemens Products’ Workers and Employees)

This contract forces around 1,500 to enrol.

4. Contract signed between Jabil Circuit de Mexico and the Sindicato 20 de noviembre de trabajadores y empleados en Maquiladoras, F. de C. Y B. D. Del Estado de Jalisco (20 November Trade Union of Maquila Workers and Employees, F. of C. and B. D. of the State of Jalisco)

This contract currently forces around 4,000 to enrol.

- Contract signed between Sanmina-SCI and the Sindicato de Trabajadores y Empleados en Comercio y Oficinas Particulares del Estado de Jalisco (Trade Union of Commerce and Private Offices’ Employees of the State of Jalisco).

This contract currently forces around 7,500 to enrol.

Furthermore, CEREAL has copies of the following contracts signed by employment agencies.

1.- Contract signed between SIEM DE MEXICO, S.A DE C.V. and the Sindicato de Trabajadores de la Industria Electrónica y Elaboración de Artículos Metálicos del Estado de Jalisco C.T.M. (Trade Union of the Electronics Industry and Metallic Goods Manufacturing Workers of the State of Jalisco C.T.M.)

SIEM subcontracts personnel for several electronics companies and the number of workers it forces to enrol in the trade unions varies.

2. Contract between CASPEM S.A. DE C.V. and the Sindicato de Trabajadores y Empleados en Almacenes, Comercio, Locales de Exhibición, Industria y Oficinas Particulares del Estado de Jalisco (Trade Union of Shops, Commerce, Exhibition Halls, Industry and Private Offices’ Employees of the State of Jalisco).

“There isn’t a trade union in the company, if you organise yourself to create one they will throw you out on the street, it is not allowed; furthermore, you can’t even talk about it, they don’t allow workers to organise”

CASPEM subcontracts personnel for several electronics companies and the number of workers it forces to enrol in the trade unions varies.

The other side of the same problem is the way in which workers deal with the lack of trade union freedom. Laura, a SCI Sanmina worker, points out "There isn't a trade union in the company, if you organise yourself to create one they will throw you out on the street, it is not allowed; furthermore, you can't even talk about it, they don't allow workers to organise". Laura, of course, thinks that there is no trade union, but SCI Sanmina has signed a contract with the Trade Union of Commerce and Private Offices' Employees of the State of Jalisco, and unbeknown to her, she is a member.

Juan, also a SCI Sanmina worker, relates "I have been threatened for defending my rights and those of the people I'm in charge of, because I've wanted to create a trade union; although my colleagues don't want any involvement in it for fear of being sacked". He also thinks they do not have a trade union.

The lack of trade union freedom has resulted in a very negative atmosphere of repression. This makes genuine worker participation almost impossible. As Ramon, a Jabil worker, says "We don't organise an independent trade union because most people are afraid and they need their jobs".

And in those factories where workers know there is a trade union, the situation is not any less complex. "Only shop floor workers or line workers are trade union members; there is an annual meeting, just before Christmas, but we aren't really involved in the trade union, when we've tried to talk to the representative, he doesn't even pay attention to us", says Rocio, a Kemet worker. Sonia, one of her colleagues and also a Kemet worker, comments on a related case "the union doesn't do anything, not long ago several workers got food poisoning from the canteen and some of them went to see the union representative, but he didn't do anything, didn't even listen to us".

Pemstar, a contract manufacturer, closed operations in Guadalajara in July 2005. Sara, one of the workers made redundant because of the closure comments "Do we have a trade Union? Listen, we didn't know there was a trade union, or that we were members, because there weren't any deductions on the payroll to pay for it. However, now that the company is closing down and we are very unhappy because we don't know whether we are getting any redundancy pay or not, we found out there is a trade union; but we haven't been told which one, so several colleagues have been making some enquiries to find out and it seems we are enrolled in the CROC trade union, although I'm not sure. What I do know is that we were enrolled in a trade union without our knowledge".

Something happened to Hector, a Hitachi worker, which took him by surprise. In July 2005, CASPEM punished him and other 10 workers with 5 days unpaid suspension for talking about their labour rights over breakfast. Nobody knows how the agency found out about that conversation. He was accused of belonging to a group that was "against the company's interests" and of "knowing Lupita and Ramona"⁵¹. He denied all the accusations and decided against suing and putting his job at risk.

Reprisals for demanding respect for labour rights, or even just showing an interest in them, are a frequent occurrence. Although companies argue they have adopted an "open door" policy, in practice showing the slightest interest in labour rights can cost workers their job.

Octavio, former IBM worker, experienced the situation himself when in early 2005 he became concerned with his and his colleagues' rights.

"The Church defends and approves of the establishment of what are commonly called trade unions: certainly not because of ideological prejudices or in order to surrender to a class mentality, but because the right of association is a "natural right" of the human being, which therefore precedes his or her incorporation into political society."

John Paul II
Encyclical letter
Centesimus Annus,
1991

Octavio's story

"I took upon myself the task of looking up the Federal Labour Law and other codes and articles in the Internet; I printed them out and gave them to the agency so they could have a look at them and respect our working hours, particularly the overtime. I told my colleagues what I was planning to do beforehand, they agreed and gave me their support, so I sent the papers to the agency.

"Eighteen days later I received a letter asking me to go to the agency. On the next day, I went to the agency and once there I noticed my colleagues had also been summoned; there were five of us and at least three of us were campaigning for fair working hours and fair payment for overtime. We were all given offering me wasn't what I was entitled to, so I did a rough estimate of what my severance pay should be and they told me "If you want to keep working for Manpower you better sign the resignation letter, otherwise the process is going to be quite lengthy. I think that what prompted them to fire me was the fact that I had canvassed my colleagues to defend our working hours and demand payment for overtime. I think that was the main reason.

"Later, my colleagues told me that my supervisor was saying 'you better work, otherwise you know what can happen', "You've seen it, and you can't even do anything legally'. He even called me 'striker' and 'troublemaker' to my face, and told me 'you are redundant here'.

HP's Follow up with Flextronics Guadalajara.
(Text provided by HP):

HP's auditors confirmed that Flextronics has a written policy and procedures that allow workers to associate freely, join trade unions or workers' councils, and seek representation. Flextronics has implemented the Sistema "Amigo" program on their intranet. It is an anonymous suggestion box sent directly to the General HR Manager. It started 6 months ago to improve labour and ethics practices and to foster continual improvement. Flextronics has 7,500 workers. There are 70 HR personnel and 30 labour and service suppliers' representatives on site to manage workers' issues and disputes. HP interviewed Flextronics' workers and found they were not very aware of the Sistema "Amigo" program on the intranet and Flextronics needs to reaffirm the communication channels available to workers to provide input to management.

Solectron's Response:

(Text provided by Solectron):

Solectron Mexico values its associates and is committed to providing them a voice in the workplace. Solectron is an "open door" culture, which provides workers the freedom to access all levels of management locally and at regional and corporate levels. At the site level, the Company maintains robust feedback channels that allow associates to provide direct input to Solectron Mexico management. The "Expresalo" (Say It) Program in Guadalajara takes associate feedback directly to the Latin America HR Director where all reports are read, and a response is generated. All matters submitted through "Expresalo" are recorded, summarized, tracked and published internally to the entire workforce. The new facility in Chihuahua is implementing the "Expresalo" program over the next few months with the goal of having a duplicate program in place by year's end. During this program implementation phase, workers have a number of other mechanisms for interacting with management and voicing concerns.

Solectron also administers employee preference surveys to collect data on worker motivation (i.e. pay, benefits, growth opportunities) and values (i.e. work-life balance, hours of work), and to assess leadership effectiveness (i.e. quality of management, management integrity).

Workers have other feedback opportunities, too. Each site has a dedicated Employee Relations team that interacts directly with the associates (workers).⁵² And as an alternative to local reporting of complaints or submission of sensitive questions, Solectron provides a confidential externally managed ethics hotline where potential ethics violations (i.e. harassment, unethical business conduct, failure to adhere to Solectron policy, etc.) can be reported. Solectron has deliberately designed its “employee voice” programs to provide timely results and to provide assurances against retaliation. Employees receive training and printed materials detailing how to report workplace concerns using any of the methods described here. The employees in Mexico regularly access these reporting channels for assistance with work-related issues.

Significantly, although Solectron has an agreement with a union which prevents workers organising for themselves, there is no mention of the official union playing any role as a ‘voice in the workplace.’ In Mexico compliance with local laws is effectively being used within the electronics industry to prevent genuine freedom of association. CEREAL believes that voluntary mechanisms such as worker hotlines and surveys are not an adequate substitute for workers being able to organise and form their own independent trade union and negotiate collectively, should they wish to do so. The range of experiences highlighted in this report shows that many workers within the industry have serious concerns and do not believe that their voice is being heard.

A promising recent development has been the decision by HP to include collective bargaining in the requirements on freedom of association which it uses with its suppliers. CEREAL and CAFOD welcome this step by the company towards the International Labour Organisation core labour standards and will be looking to other EICC companies to follow HP’s lead. The company outlines its reasons for this change below:

HP: Freedom of Association
(Text provided by HP):

Recognizing that NGOs and stakeholders are questioning the adequacy of the trade union structure in Mexico and that there are statements being made that workers are not being represented, HP has been ensuring that our suppliers have adequate communication means for workers to express their opinions and issues with company’s management. Over the last year, HP has had extensive dialogue with internal and external stakeholders regarding EICC provisions. In coordination with the original EICC code founders, we incorporated several changes into the EICC. The current (October 2005) version requires open communication and direct engagement between workers and management. Participants are to respect the rights of workers to associate freely, join or not join trade unions, seek representation, and join or be represented in workers’ councils in accordance with local laws. Workers shall be able to communicate openly with management regarding working conditions without fear of reprisal, intimidation or harassment.

In addition, HP conducted a benchmarking study of 20 multi-nationals to understand how freedom of association requirements are incorporated into supplier codes. As a

result, HP has decided to supplement the EICC code with additional requirements to ensure workplace and compensation issues are effectively resolved. HP has enhanced the EICC FOA language for use with HP's suppliers

“Open communication and direct engagement between workers and management are the most effective ways to resolve workplace and compensation issues. Participants are to respect the rights of workers as established by local law to associate freely on a voluntary basis, seek representation, join or be represented by Works Councils, and join or not join trade unions and bargain collectively as they choose. As provided by law, employees who become worker representatives shall not be the subject of discrimination and shall have access to management and co-workers in order to carry out their representative functions. Workers shall be able to communicate openly with management regarding working conditions without fear of reprisal, intimidation or harassment. In saying that worker rights are to be respected as established or provided by local law, what HP means is that in countries that have legal systems that support those rights, they are to be understood in the context of the definitions, conditions and procedures that local law provides. However, basic worker rights to open communication, direct engagement and humane and equitable treatment must be respected even in countries where they are not given meaningful legal protection. Where worker representation and collective bargaining are restricted by law, participants are to facilitate open communication and direct engagement between workers and management as alternative ways of ensuring that workers' rights, needs and views are considered and acted upon appropriately and in good faith”.

It is essential that the company now follows up with suppliers to ensure that compliance with local laws is not simply used as a pretext for preventing the very freedom of association and collective bargaining that the code describes.

Notes

¹ Maquiladoras. Companies that import consumables to Mexico on a temporary basis, to export them later to other countries as finished products. This legal concept exempts them from traditional import and export tariffs.

² Treasury. Programme for Competitiveness in Electronics and High Technology Industries

³ Data from the National Electronics Industry and Telecommunications Association (CANIETI).

Mural (Newspaper), Business Section. 19 October 2005

⁴ “La Industria Electrónica en México: Diagnóstico, Prospectiva y Estrategia”. (*The Electronics Industry in Mexico: Diagnosis, futurology and strategy*) National Electronics Industry and Telecommunications and IT Association (CANIETI) and Centre for Competitive Studies of the Autonomous Technological Institute of Mexico (ITAM)

⁵ The data provided by CANETI should be regarded as the official figure. CEREAL's data covers workers in 5 different Mexican cities. It has not been possible to establish whether the data provided by CANETI covers only the city of Guadalajara or whether it includes national figures. Minimum wage information can be found at:

http://www.sat.gob.mx/sitio_internet/asistencia_contribuyente/informacion_frecuente/salarios_minimos/

⁶ Estimation by CEREAL. Includes the cost per day of 2 litres of milk, one kilo of eggs, 4 bread rolls, one kilo of beans, one kilo of meat, two kilos of fruit and public transport.

⁷ Data provided by CANETI. Around 80 per cent of the 580 workers interviewed by CEREAL had been outsourced.

⁸ Statement given by CANIETI for this report.⁹

Federal Labour Law. Article 14, subcontracted workers will “provide their services under the same terms and conditions and will have the same rights as to which those workers who carry out similar jobs in the company or establishment are entitled to”.

¹⁰ Article 14, “Those who used intermediaries (*agencias*) to hire workers will be liable for the obligations arising from this law and services rendered”. We added the brackets.

¹¹ In 2004, 95% of workers suffered some kind of discrimination.

¹² According to representatives of the companies, this could be a result of the audits carried out as part of the implementation of the Code of Conduct of the Electronics Industry.

¹³ This person's real name has been changed.

¹⁴ The following comments were made to CEREAL during a meeting with IBM and SCI held on 27 April 2006 in Guadalajara, as part of a meeting with the EICC group.

¹⁵ Currently, Solectron's plant in Chihuahua carries out repairs for equipment of makes such as Intel, Dell and Maxtor.

¹⁶ Letter from Xxxx sent to CEREAL on May 31st, 2006. All the commentaries coming from Xxxx correspond and are based on that same letter. The issues expressed there were also discussed during a meeting between Xxxx, CAFOD and CEREAL that took place on April 27th, 2006 in Guadalajara.

Dell's representatives also participated in that meeting.

- ¹⁷ [NOTE: During the period between notice of the non-compliant questions (mid-April 2006) and implementation of the new Solectron-approved application forms (early May 2006), the Company permitted the agency to use the old forms with the inappropriate questions completely blacked out.]
- ¹⁸ Currently, Celestica's plant in Monterrey manufactures mobile phones, chips and electronic circuit boards for brands such as Sony Ericsson, Motorola and Panasonic.
- ¹⁹ Letter from Celestica sent to CEREAL on 24 May 2006. Celestica also made some comments on the report during a meeting with CAFOD and CEREAL held on 27 April 2006 in the city of Guadalajara.
- ²⁰ US\$ 8.00
- ²¹ To be put in the bulletin (*Boletinar*) means that a notification is sent to other companies warning them that a worker is undesirable.
- ²² Document sent to CEREAL on 31 May 2006. CEREAL also met with Jabil on 24 May to discuss the cases contained in this report.
- ²³ All comments made by HP and published in this report were sent to CEREAL in a single document on 31 May 2006.
- ²⁴ FOA stands for Freedom of Association
- ²⁵ Letter sent to CEREAL by Sony on 19 May 2006
- ²⁶ Agentia, Damsa, Sony, Kelly, Servi press, Pat, Siem and Caspem.
- ²⁷ According to Mexican Law, a person is entitled to 6 days
- ²⁸ holiday during the first year of service, 8 for the second and 10 for the third year.
- ²⁹ IBM suggested changes to the way in which this section was written, all of them were made. We would like to thank John Gabriel, corporate manager for global social responsibility procurement in the IBM supply chain, for making those suggestions.
- ³⁰ In Mexico, when an employee is unfairly dismissed, he/she must receive two different payments, basic severance pay and a proportional sum to represent annual leave and other entitlements. All benefits covered by the proportional sum are part of the wages and therefore cannot be waived. Manpower was offering workers the proportional sum.
- ³¹ This person's real name has been changed.
- ³² Periódico Público (Newspaper). 16 January 2006
- ³³ IBM and SCI made their comments at the meeting CAFOD and CEREAL held on 27 April 2006 with corporate representatives of the EICC member companies.
- ³⁴ Letter sent by IBM to CEREAL on 31 May 2006.
- ³⁵ Several pieces of equipment for brands such as HP, Philips, JCI, Baleo and Simantec are manufactured in the Jabil plant in Chihuahua. It currently employs around 3,500 people.
- ³⁶ Periodico Mural (Newspaper) 4 April 2006
- ³⁷ Omnia (Newspaper), 3 April 2006
- ³⁸ CEREAL's Report on Working Conditions in the Mexican Electronics Industry includes a testimonial from a Solectron employee who describes the PPE issued to her, insinuating it is insufficient. The equipment described in the testimonial (smock and protective eyewear) is standard issue for most repair jobs, and entirely adequate for the work performed. However, without more detail on the actual work performed by the individual who gave the testimonial, Solectron is unable address this employee's concern specifically.
- ³⁹ Workers may interact with a composition of lead and tin, flux and/or isopropyl alcohol in the workplace. Solectron's processes subject the metals to low heat to blend them, but the temperature applied is well below the level that would cause harmful vapours. The other materials (flux and alcohol) present minimum risk potential that is effectively managed by the reverse air systems and fans.
- ⁴⁰ The RoHS (Restriction of use of certain Hazardous Substances). Information about HP's RoHS initiative and progress: <http://www.hp.com/hpinfo/globalcitizenship/environment/productdesign/materialuse.html#RoHS> <http://www.hp.com/hpinfo/globalcitizenship/environment/pdf/leadposition.pdf>
- ⁴¹ Kemet, a company from South Carolina, supplies capacitors for several companies.
- ⁴² From the toxicity point of view, *epiciorhidrina*, like most epoxy compounds has a very intense irritant action, it is a depressant of the central nervous system; it causes contact allergies and has potential carcinogenic and mutagenic attributes. In practice, the main toxicological effect of epoxy-based adhesives is their cutaneous action, because both epoxy compounds and amines cause cutaneous irritation and sensitisation; although they can also cause irritation of the upper respiratory tract. The potential carcinogenic risk of coming into contact with epoxy compounds also has to be taken into account. Department of Labour and Social Affairs of Spain. http://www.mtas.es/insht/ntp/ntp_164.htm
- ⁴³ Tantalum is a metal used in the manufacturing of capacitors for electronic equipment. It can be harmful if inhaled, ingested or cutaneously absorbed. It causes eye and skin irritation. It irritates the mucus membranes and the upper respiratory tract. During the manufacturing process, tantalum oxide has to be isolated before being dumped in order to prevent environment pollution. <http://www.lenntech.com/espanol/tabla-peiodica/Ta.htm>. The Commission of European Communities classifies illnesses caused by exposure to tantalum as occupational illnesses. Commission's Recommendation, 19 September 2003, on the European list of occupational illnesses.
- ⁴⁴ At the beginning of 2005, the Flextronics plant in Guadalajara was manufacturing equipment for brands such as DELL, HP, Sony Ericsson, Delphi, Toshiba, Symantec, 3com, Siemens mobile, Apple, Zonda and Motorola.
- ⁴⁵ The Social Insurance would have to pay the worker a life pension and the companies would have to compensate the worker financially and pay a higher contribution to the Social Insurance to cover for occupational risks.
- ⁴⁶ His real name.
- ⁴⁷ Aplastic anaemia is the disappearance of bone marrow cells in charge of blood production.
- ⁴⁸ Comments sent to CEREAL on 31 May 2005. All of Flextronics's comments refer back to that document. Flextronics, CAFOD and CEREAL also met on 27 April 2006 in the city of Guadalajara to discuss the details of this case.
- ⁴⁹ To mention a few: Alexander, Hawes & Audet against IBM (California, 2001); Phase II case against National Semiconductor (Scotland, 2003). James Moore against IBM (California, 2003). Hundreds of workers with cancer were involved in these cases. Many of them have now died. Also notable is the boycott imposed by a group of scientists in January 2004, against an international newspaper that stopped the publication of a report documenting the untimely death of a large number of electronics workers due to several types of cancer.
- ⁵⁰ The company Hitachi Global Storage Technologies was set up in 2003 as a result of a strategic alliance between the storage technology divisions of IBM and Hitachi. The above manufacturing plant is part of Hitachi Global Storage Technologies.
- ⁵¹ A popular celebration in Mexico and Central America between 16 December and Christmas to commemorate the journey of Mary and Joseph to Bethlehem.
- ⁵² Former IBM and Hitachi workers hired through CASPEM dismissed for giving an interview to CAFOD in 2003 (See report "Clean up your Computer")
- ⁵³ In addition to the Solectron Employee Relations staff, the temporary agencies maintain offices on premises as an additional quick-access resource for temporary workers.

3 The Electronics Industry Code of Conduct – the industry's response.

The Electronics Industry Code of Conduct is a document issued by the companies themselves in which they pledge to respect a series of labour rights and to look after the environment. Before the "Clean Up Your Computer" report, companies in the electronics industry only had their own code of conduct. Some companies did not have a code specifically for their supply chain. In October 2004, eight of the largest companies in this sector gathered together to launch a joint code, which they called the "Electronics Industry Code of Conduct". This first draft included the commitment to review the Code once a year, and in October 2005, some additions and amendments were made to it during the review. That version, 2.0, is the version currently in force. At present, 16 of the main companies in the electronics industry endorse the Code. The full EICC Code is a 10-page document; the English version can be consulted on the EICC Group website.

CEREAL and CAFOD have been involved in discussions about the content of the code and believe that it could be strengthened. In particular they have called on EICC to revise the code so that it meets International Labour Organisation standards on freedom of association and the right to collective bargaining, rather than just referring to compliance with local laws. As we have seen in the case of Mexico, simply complying with local laws can mean in practice that workers are unable to organise for themselves.

Although Codes of Conduct are not legally binding, their importance lies in the fact that the companies are committing themselves, through the Code, to being publicly accountable and, should it be necessary, to change anything that does not comply with their own Code. To that respect, the Electronics Industry Code of Conduct is a significant step forward if we take into account the efforts the companies are making to improve working conditions and minimise the environmental impact of their plants and their products. Voluntary codes neither replace nor invalidate national or international laws governing business activities, which might and must continue to be enforced by government and monitored by workers' groups, environmentalists, trades unions, human rights advocates and citizens at large.

To implement the Code, the signatory companies set up the Electronics Industry Code of Conduct Implementation Group (EICC Group) in February 2005. Since it has only recently been set up, the Group is still developing tools that will ensure the application of the code across the whole supply chain. These tools include a regular questionnaire applicable to all signatory companies and their suppliers; a general audit mechanism that can also apply to the whole supply chain; an open website to receive comments and feedback from workers, consumers, investors and the wider public; and finally, an open dialogue with NGOs and other stakeholders interested in the effective enforcement of the Code of Conduct. More information from the companies about their activities and plans for implementation is included in Annex 1.

Despite their short existence, both the Code and the EICC Group have already achieved their first positive results. In July 2005, Pemstar, a contract manufacturer, closed down operations in Guadalajara because of its persistent non-compliance with the Code of Conduct. HP explains the reasons as follows:

"Pemstar's operations in Guadalajara are closed. HP does not do business with Pemstar. HP was 4% of Pemstar's total operation in Guadalajara. Pemstar was a supplier to HP

from August 2002 to July 2005. When HP became aware of workers' claims and issues at Pemstar, HP requested to conduct a Social and Environmental Responsibility audit at their facility in Guadalajara in 2005. Pemstar rejected HP's request for the audit. Since there were a number of workers' claims of labour issues and HP was having other problems related with Pemstar's quality and delivery performance, HP made the decision to cancel business with Pemstar in July 2005. Upon further investigation into workers' claims, HP learned that most of Pemstar's workers were hired through Kelly Services. HP is fully committed to work with the employment agencies related to our suppliers and our own facilities to ensure they comply with the Code of Conduct. HP does not use Kelly Services."

IBM has applied several audits concerning the application of the Code in Guadalajara, and in its Corporate Responsibility Report 2004-2005, IBM has reported a dramatic decrease in terms of discriminatory practices at IBM manufacturing plant and at the plants of its suppliers, located in Mexico. CEREAL itself, as it has been pointed out in Chapter 2 of this report, has corroborated a decrease. CEREAL has noted that of the workers who sought their advice, 90% wanted help with discrimination in 2004 but this figure fell to 35% in 2005.

These are encouraging signs that the industry approach is leading to changes but more in-depth research is needed. Any audits have to be very thoroughly conducted to guarantee reliable data. As it was stated by Miguel Angel, former IBM worker fired in January 2006, "When auditing took place it was impressive, but still they told us what to say and, when we did not have safety equipment, they sent us out for as long as the audit was held. Inside the plant we were only allowed to carry 16 kilos, however at times we would lift even 50 or 60 kilos, but when auditors came they made us say that the heaviest we would lift was 16 kilos. That was not true". Most importantly, ongoing research is needed on how the changes to management practices have improved the life of electronics workers. As the cases in this report have shown, there is still much room for further improvement. CEREAL plans to continue using workers' testimonies to produce an annual report showing where progress has been made and where problems remain.

A positive development over the last two years has been greater willingness by the computer companies to discuss labour abuses and supply chain issues. In September 2005 CEREAL and CAFOD initiated talks with EICC Group members in Guadalajara. These are aimed at detecting, assessing and correcting labour issues affecting the electronics industry. Ultimately, the dialogue between CEREAL/CAFOD and the EICC Group is an open and constructive discussion, aimed at highlighting problems and finding solutions, not at discrediting companies. But above all, CEREAL wants this dialogue to open the door to Mexican workers in the electronics industry and give them access to a full and satisfactory participation, which will allow them to improve their own working conditions.

4. Recommendations

Based on research carried out for this report, feedback from the companies and Mexican worker's concerns, Centro de Reflexión y Acción Laboral (CEREAL) recommends:

To electronics industry companies

To adopt Codes of Conduct that meet internationally accepted standards, such as those enshrined in ILO's Core Labour Standards and various conventions and ensure that their suppliers do the same.

To promote a culture of respect for the dignity of those people working in their plants.

To strengthen safety measures in the workplace and ensure timely medical attention in all their sites.

To eliminate or control worker exposure to toxic and dangerous materials.

To bring to an end reprisals against workers' free expression.

To strengthen direct and clear communication with their workers.

To correct problems related to personnel outsourcing, such as potential candidate discrimination or hiring without providing clear terms of employment.

To respect workers' right to freedom of association and collective bargaining.

To ensure that all overtime is voluntary and end 'time for time' practices.

To pay electronics workers a living wage.

To monitor compliance with the Electronics Industry Code of Conduct across the whole supply chain.

To electronics industry workers

To overcome fear, not let themselves be intimidated, and to freely express their views and feelings regarding their working conditions.

To seek timely and professional legal assistance should they have a problem with their company.

To organise themselves and fight for improvement in their working conditions.

To the Mexican labour authority

Not to encourage or mask the existence of company controlled trade unions and collective agreements.

To impartially apply labour laws, disregarding the social or financial status of the plaintiff workers.

To audit working conditions in the electronics industry manufacturing plants.

To NGOs, consumers and general public

To make sure that electronic products we consume have been manufactured under socially responsible conditions.

To bring themselves closer to workers, listen to them and take their demands regarding labour issues as if they were their own.

To co-ordinate activities, join efforts and demand that companies fulfil their commitments under local and international laws, and the Electronics Industry Code of Conduct.

Annex 1

The following is a document provided by the companies through the Electronics Industry Code of Conduct Implementation Group, explaining the objectives, use and application of the Code from the companies' perspective.



The Electronic Industry Code of Conduct (EICC) was developed to promote a unified approach for socially and environmentally responsible business practices across the electronic industry's global supply chains. The EICC contains provisions to ensure that working conditions in the electronics supply chain are safe, that workers are treated with respect and dignity and that manufacturing and business processes are conducted in an environmentally responsible manner. The EICC paves the way for a harmonized approach to measure and monitor supplier performance across five areas: labor, health and safety, environment, management systems, and ethics. Fundamental to adopting the EICC is the understanding that a business, in all of its activities, should operate in full compliance with the laws, rules and regulations of the countries in which it operates. The code encourages participants to go beyond legal compliance, drawing upon internationally recognized standards, in order to advance social and environmental responsibility.

History of the EICC



Depicted above is the current roster of companies that are members of the EICC group, which was founded in June 2004 by these eight originating firms: Celestica, Dell, Flextronics, HP, IBM, Jabil, Sanmina SCI, and Solectron. In November 2004, Cisco, Intel and Microsoft joined the EICC group and were followed by Sony, Foxconn, Seagate, and ST Micro. In January of 2005, a coalition was formed to focus on the implementation of the EICC.

The EICC was developed in recognition of the fact that there were multiple initiatives to create supplier codes of conduct in the electronics sector. Prior to the release of this Code of Conduct, companies used their own respective codes of conduct. Sometimes these codes covered different topical areas and were interpreted to be in conflict with each other. Within a supply chain, multiple codes can lead to confusion

and redundant self-assessment questionnaires, and audits. All of which can consume resources that could otherwise be used towards performance improvement. Adoption of a unified global Code reflects the commitment by participating companies to leadership and cooperation in the area of supply chain social and environmental responsibility. A consistent standard also allows for more accurate performance measurement, validation and a focus on continuous improvement.

In June 2005, the EICC released a process designed to gather external input and feedback on the code through the EICC website. After careful review of the feedback received from a number of external interested parties (NGOs and Socially Responsible Investment agencies), the EICC group revised the code in October of 2005. In addition to Code revision, feedback from external parties has been integrated into supplier self-assessment questionnaires, audit questions, and auditor guidance materials.

During 2006, a Code revision work group was formed to review all feedback collected during the year and determine what revisions to the EICC are feasible and what can be incorporated into the continuous improvement of the implementation methods. This work group will also determine the most appropriate update frequency that balances Code updates with continued implementation.

EICC Activities

The vision of the EICC Group is to create better social, economic and environmental outcomes for all those involved in the electronic supply chain through:

- A clearly understood set of performance expectations
- Increased efficiency and productivity for companies and suppliers
- Improved conditions for workers
- Economic development and a cleaner environment for local communities
- Understand and/or reduce risk to ensure the continuity of supply or business continuity in the supply chain.

To ensure the successful implementation of the EICC, in 2005, member companies formed a set of internal groups to collaborate and develop shared solutions for the implementation of the Code and management of social and environmental issues in the sector's supply chain. The EICC Group works collaboratively with other sectors that are also developing similar methodologies to promote the application of unified implementation tools and methods and further eliminate redundancy.

EICC/GeSI Collaboration

In 2005, the EICC Group created an alliance with the Supply Chain Working Group of the Global e-Sustainability Initiative (GeSI) to collaborate on the development of common applications and methods to implement supply chain standards. GeSI is an international organization of Information and Communications Technology (ICT) service providers and suppliers, and has the support of the United Nations Environment Programme and International Telecommunication Union. Member Companies of GeSI include: British Telecom, Cisco, Deutsche Telekom, Ericsson, Hewlett Packard, Lucent, Microsoft, Motorola, Nokia, Telefonica, US Telecom, Verizon, and Vodafone. Although the two groups do not share a common supplier code of conduct, there is overlap in suppliers and in the general areas of social and environmental expectations for suppliers across the member firms of both organizations.

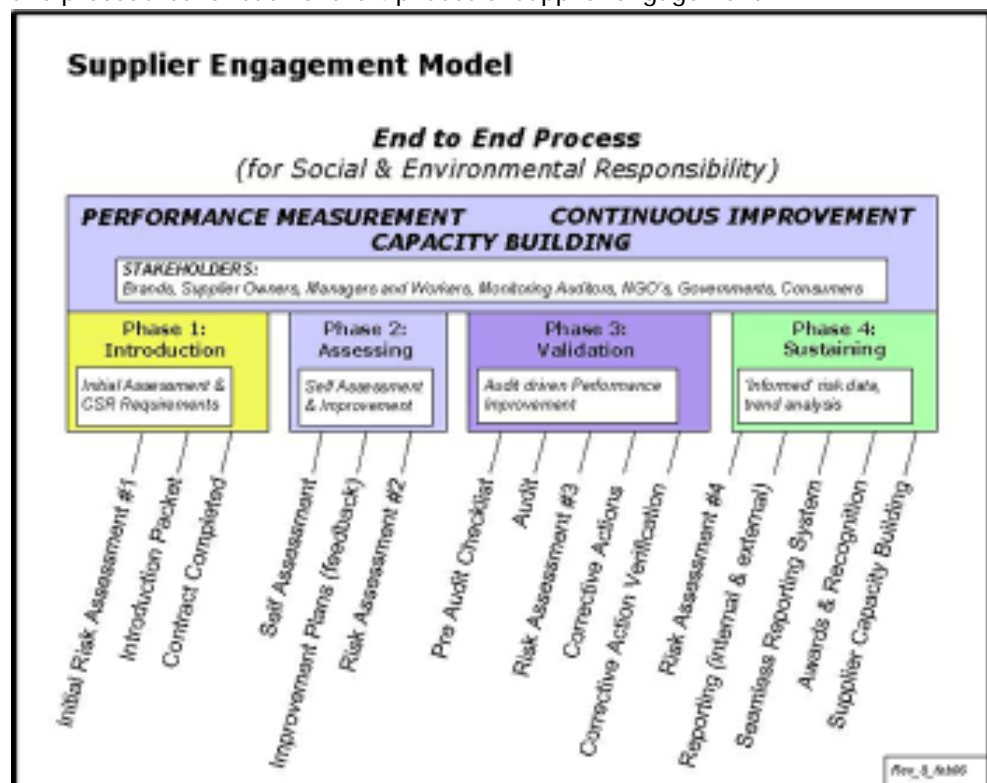
The EICC Group and the GeSI Supply Chain Working Group created a common strategy that identified the following applications and methods for development:

- Risk Assessment methodology and web-based tool used to prioritize

- suppliers for self-assessment, audits and capability building
- Self-Assessment questionnaire for suppliers to provide information to their customers about their social and environmental practices
- Common auditing tools and methods including: pre-audit communication, audit questions, reporting templates and a comprehensive quality system to ensure data accuracy and criteria for identifying qualified auditors
- Capability building, training and awareness programs for suppliers
- Reporting framework for communicating social and environmental performance within the supply chain
- A web based database to facilitate the sharing of information between participants that ensures confidentiality and compliance with anti trust regulations

Supplier Engagement Model – Common Framework for Implementation

The EICC has created a supplier engagement model to define common processes and procedures for each of the 4 phases of supplier engagement.



In **Phase 1**, member companies conduct an initial risk assessment of their supply chain to determine highest priority suppliers. The EICC has created a Risk Assessment Tool to help prioritize suppliers for further review, self-assessments, audits and capability building. Suppliers are identified as a potential risk based on several criteria including geography, labor intensive and/or environmentally sensitive processes.

During **Phase 2**, suppliers are asked to complete a self-assessment questionnaire (available through the EICC and GeSI websites). The self-assessment questionnaire further educates suppliers on the provisions of the EICC by responding to detailed questions about their processes and procedures as they relate to the specific provisions of the Code. As part of this process, suppliers have the opportunity to engage in dialogue about the expectations of the EICC and learn where their operations may have potential nonconformance issues. Member companies may ask for an improvement plan based on the self-assessment response. The self-assessment phase further allows companies to prioritize suppliers for onsite audits.

The questionnaire was released in September 2005. Several companies have begun field testing this tool. The self-assessment will be integrated into the web based system in 2006 and suppliers will be invited to complete the survey for each of their manufacturing sites.

The validation of supplier's understanding of the code and implementation practices occurs in **Phase 3** with onsite audits. When an audit reveals nonconformance to the EICC provisions, the supplier will be required to establish a corrective action plan and timeline for making the required improvements in their operations. The EICC/GeSI work group has completed the development of the audit questions, methods, auditor guidance, and audit report templates. Currently, the group is also identifying criteria for selecting qualified auditors and making the determination of when a supplier is considered to be in acceptable alignment with the EICC.

As part of the continual improvement process in **Phase 4**, the EICC/GeSI group aims to develop capability building, training and awareness programs for suppliers. The group is attempting to collaborate with government entities and external foundations to increase the capabilities of suppliers to manage social and environmental issues effectively for long-term sustainable improvement.

Global EICC Stakeholder Network

The EICC group recognizes the importance of facilitating periodic and transparent two-way communication with interested parties ("Stakeholders"). Stakeholders include (but are not limited to): customers, non-governmental organizations, socially responsible investors, government representatives, industry associations, academia, other companies and members of local communities. The EICC regularly solicits input and outside perspectives regarding realization of the EICC goals. In the last two years, the group has solicited feedback on the content of the Code and its means of implementation. A defined stakeholder network is being established to continue this dialogue as the group's work progresses. Stakeholders can submit their input directly on the EICC web site. <http://www.eicc.info>

On two occasions, members of the EICC have met with Centro de Reflexion y Accion Laboral (CEREAL) and the Catholic Agency for Overseas Development (CAFOD) in Guadalajara, Mexico. The first joint session occurred in September 2005 and the most recent in April 2006. In both sessions, the groups met and discussed the progress of the EICC group and to listen to the perspectives of CEREAL and CAFOD about the EICC and the group's implementation activities. Since the first meeting in September 2005, member companies have been working to investigate and resolve worker issues brought forward by CEREAL. This cooperation has resulted in some impressive accomplishments including a dramatic decline in discrimination related complaints that electronic sector workers have brought to the attention of CEREAL. During the April 2006 meeting, the EICC members presented their progress and challenges with Code implementation and received input from CEREAL and workers regarding the working environment in the electronics sector.

Mexico Electronics Industry Group - CANIETI

Several companies have committed to meet with CEREAL on a regular basis and have developed a common forum through CANIETI (a local electronic business chamber) for discussion and resolution of worker issues in the electronics industry in Mexico.



CÁMARA NACIONAL DE LA INDUSTRIA ELECTRÓNICA DE TELECOMUNICACIONES E INFORMÁTICA

In 1997, the electronic and telecommunication companies located in the Guadalajara, Mexico area formed an industry group, *National Chamber of the Electronics, Telecommunications and Informatics Industry* (CANIETI) to discuss and work on issues of common interest in the region. As the EICC Group began its focus on Mexico, it realized that many of the EICC member firms also have local representation in the CANIETI group.

In 2006, CANIETI and CEREAL met on multiple occasions to review the current state of the electronics sector in Mexico, specifically in Guadalajara. Out of these discussions, and in parallel to the CEREAL-EICC communications, the following events have taken place:

CANIETI and CEREAL met on April 4, 2006 with numerous Human Resources representatives from the member companies. CANIETI and CEREAL agreed to work together to increase the communications between the two groups and created a common objective to generate better employees and improve labor conditions, by cooperating, communicating and educating workers in the electronic sector.

The resulting action items included:

- CANIETI will designate a Human Resource Representative for issues which CEREAL brings forward.
- CEREAL will provide to CANIETI details on 78 documented worker cases which CANIETI will prioritize to start working with the sector in Mexico.
- CANIETI will provide the list of candidates to attend the Human Rights education class that CEREAL is providing to workers.
- CEREAL will provide sample flyers for feedback on the EICC content for communication to workers.
- CANIETI will validate that all the electronic companies affiliated with the chamber are committed to train their workers on the updated version of the EICC.
- In the future, when CEREAL receives a complaint from any electronic industry worker, they will forward the case to the CANIETI representative in order to get the information to the appropriate company(s) to perform further investigation.

A subsequent meeting was held on May 18 and all HR representatives and the directors from Jalisco Industry agreed to work on the following issues:

- Ongoing communication with the NGOs
- Reach agreement to regulate the hiring process to keep talent and have competitive salaries
- Work together with the Universities to define a professionals and technicians background for the industry requirements for the next 3, 5 and 10 years; also to possibly create a technicians certification.
- HP SER team in partnership with CADELEC to provide trainings to the electronic industry sector in general about the EICC beginning August 2006.

By working together, CANIETI, CEREAL, CAFOD and the EICC companies will strive to have their collective efforts result in a positive impact for workers in social and environmental practices in Mexico. The dialogue between the local business organization, CANIETI, and the local NGO, CEREAL, will serve as a model for other regions of the world. This joint effort reflects the participating companies' commitment to corporate social responsibility and their desire to help suppliers meet the standards of the EICC and build capability in the electronic supply chain.

This report was written and edited by Jorge Barajas. Research in the city of Guadalajara was carried out by Rubenia Guadalupe Delgado; in the cities of Chihuahua and Monterrey by Luz Elena Barrios; and in the city of Tijuana by Primitivo Villegas and Jorge Becerra. Eduardo Canales provided legal consultancy in all cases. Dialogue with the companies was carried out with the collaboration of Fr. Sergio Cobo, SJ and Fr. Carlos Rodriguez, SJ.

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Errors remain the responsibility of the authors.

Companies provided their comments in English and, in some instances, they also provided the translation into Spanish. In order to remain accurate to the meaning, those sections have not been edited or modified.

We would welcome feedback on the report. Please write to cereal@iteso.mx

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