



Press release

for immediate release

**Towards a new worker-based CSR model:
A pilot labor rights training program in China**

Hong Kong and Lausanne, 23 September 2009 — Today the non-profit organisation Students & Scholars Against Corporate Misbehavior (SACOM), supported by Bread for All, released two independent reports on an in-factory labor rights training program at two China-based suppliers to technology company HP. This pilot program is a first step towards a new worker-based CSR model.

The training took place in two electronics factories located in Dongguan, southern China. In the first factory, Labor Education & Service Network (LESN), a non-profit labor NGO, provided Delta Electronics (Dongguan) a basic labor rights training program for 1,549 workers and conducted several consultations for middle and lower management staff in corporate responsibility. During the training, LESN provided every worker with a pocket-sized guide to the Electronics Industry Code of Conduct (EICC) and Chinese labor laws in simplified Chinese. After the training, workers at the factory said that they will keep the booklets for their future use and some workers felt more confident communicating with management. The trial training program represents the first step in improving the worker-management communication at the factory.

Simultaneously, the Chinese Working Women Network (CWWN), another non-profit labor NGO, provided trainings to two groups of workers in Chicony Electronics (Dongguan), the second HP supplier. The first group focused on training 2,714 frontline machine operators and the second group was focused on 30 worker committee members. CWWN also promoted a hotline service: a useful tool for workers to report problems confidentially. After receiving a complaint through the hotline, CWWN relayed them anonymously to Chicony managers, in order that they better understand workers' common concerns. In some cases, the complaints were resolved. Hotlines such as the one implemented in this case also assist brands in monitoring the progress of code implementation in factories. In the case of Chicony, the trial program helped expand its ability to manage grievances and to nurture a positive work culture. CWWN further trained worker representatives to manage the complaint hotline themselves and to develop discussion skills, so that the complaint-resolution mechanism can be sustained beyond the initial project.

Jenny Chan, SACOM Chief Coordinator, said: "These two pilot cases show that workers' feedback is significant in helping senior managers understanding the demands and grievances of the workers. While moving towards worker-based CSR is a very long process that required much deeper commitments from all parties, we believe this initial experiment is a good starting point for more innovative and pro-labor training programs to come, in China and other countries."

Ernest Wong from the Supply Chain Social and Environmental Responsibility program at HP commented that “the experience of working with the NGO partners in this supplier capability building project was very positive. In particular, establishing contacts to local training providers has already resulted in additional trainings being planned at other suppliers”.

“This two-year project can be very important for the sustainable development of the global electronics industry. It shows a way for a new CSR practice with multi-stakeholder collaborations. Should global and local independent NGOs, brands, and suppliers continue to work together, a more favorable worker-centered monitoring system can be established in China, where genuine worker representation remains weak,” commented Chantal Peyer from Bread for All, a not-for-profit Swiss NGO and international partner of Hong Kong-based SACOM.

For a three-step practical guide to worker-based CSR practice, please find the Annex.

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Delta Electronics Report downloadable from:

<http://sacom.hk/wp-content/uploads/2009/09/deltaaug2009.pdf>

Chicony Electronics Report downloadable from:

<http://sacom.hk/wp-content/uploads/2009/09/chiconyaug2009.pdf>

Annex

Towards a new worker-based CSR model: A three-step approach

SACOM and Bread for All have been advocating an improved Corporate Social Responsibility (CSR) strategy that is based on workers' participation, empowerment, monitoring, and assessment.

This "worker-based CSR model" is significantly different from current "corporate self-monitoring model", which has minimum participation of workers if any at all. Only selected workers are questioned during the auditing process. The current model has been alleged to be open to manipulation in order to benefit the perspective of brands and their suppliers. In addition, workers and consumers do not receive the corporate sponsored auditing reports. Although monitoring is an essential part of CSR governance, its short-comings at the worker level mean that additional effort is required to ensure full worker participation. SACOM's model is based on the assumption that workers are the essential stakeholder in corporate social responsibility.

It is critical for workers to get actively involved in the implementation, revision, and monitoring of corporate CSR. Only workers know if the given CSR policy is protecting their rights and advancing their welfare.

SACOM advocates moving towards a three-step model to achieve a genuine worker-based CSR in China and elsewhere.

Step 1: Labor rights training provided by labor NGO: the courses should consist of a whole series of labor laws, specialized knowledge on occupational health and safety, and worker organizing.

Step 2: Support existing monitoring efforts with joint monitoring mechanism on labor policies by multiple stakeholders. Training provider (for example, labor NGOs), third party monitoring group (such as SACOM and other anti-sweatshop NGOs), representatives from supplier factory and brand's CSR department. Independent worker hotline and dispute resolution committee should be set up to resolve complaints and disputes.

Step 3: Labor-based CSR committee: When workers become empowered through steps 1 and 2, they should be facilitated to set up an independent (without interference from management) and democratically elected CSR committee to take the lead in monitoring, assessment, and improvement of the CSR system, in particular, issues directly related to labor rights and worker welfare. Ideally, at this mature stage, NGOs will take a back seat. They will need to continue to monitor the workplace conditions from time to time but only engage in negotiation if serious dispute arise.

** This three-step approach of alternative CSR model is initiated by SACOM and Bread for All without any engagement from HP.*