Major tech companies still failing to prevent forced labour in supply chains as COVID-19 raises risk to workers

- 49 largest ICT companies assessed on efforts to tackle forced labour in third benchmark. Three quarters scored below 50/100
- Results demonstrate that most companies are ill-prepared to tackle rising risks to workers caused by COVID-19 supply chain fallout
- Every company failed to show how they make sure workers have right to organize
- While 36/49 ban workers being charged recruitment fees (up from 60% in 2018), only 13 could show workers have been paid back
- Hewlett Packard Enterprise, HP, and Samsung scored highest in the benchmark

London, UK – Most of the world's largest information technology companies continue to leave supply chain workers at serious risk of forced labour, according to a new report that shows the sector is ill-prepared for the rising risks caused by the COVID-19 pandemic.

The global Information and Communications Technology (ICT) sector is one of the wealthiest and most powerful in the world, with household names like Apple, Microsoft and Amazon. Yet forced labour is pervasive across the sector, with an investigation revealing ICT workers in Malaysia trapped in debt bondage, and a recent study finding ICT companies sourcing from Chinese factories using forced labour.

The COVID-19 pandemic is exacerbating these conditions, with factories shutting down production, cramped accommodation increasing risk of infection, and migrant workers not being covered by government protections.

In its third ICT benchmark, KnowTheChain reveals that despite global criticism, ICT companies demonstrate a sustained failure to tackle forced labour in their supply chains, and shines a light on the pre-existing conditions that leave workers making our computers and smartphones vulnerable to abuse.

The 49 largest ICT companies scored an average of just 30/100 on their efforts to tackle forced labour, with 38 companies (76%) scoring below 50/100. The findings reveal a huge gap between policy and practice on labour rights at a time when investors increasingly expect more from companies on ESG issues and as governments look at new legislation on human rights due diligence. [1]

Hewlett Packard Enterprise came top in the benchmark with 70/100, closely followed by **HP** (69), **Samsung** (69), **Intel** (68), and **Apple** (68), followed by **Dell** (63) and **Microsoft** (59). Those scoring below 50 include **Walmart** (46), **Nokia** (45), **Amazon** (43), and **Sony** (36). Among the

lowest scorers were **Nintendo** (23), **Panasonic** (13) and **Broadcom** (10), with **Xiaomi Corp** scoring zero.

The greatest failures are in some of the most important areas for combatting forced labour. For example, all 49 companies scored zero on ensuring workers' right to organise and bargain collectively for better conditions, which is a crucial safeguard against abuse.

The benchmark finds companies have increased efforts to stop workers being charged recruitment fees, a situation which puts many at risk of debt bondage. 73% of companies (36/49) have a policy of prohibiting their suppliers from charging workers recruitment fees - up from 60% in the 2018 benchmark. [2]

However, only 13 companies (27%) disclose evidence that workers have had their recruitment fees paid back, and no company set out a comprehensive process to prevent workers being charged fees in the first place. This suggests a gap between policy and practice that puts workers at risk of abuse.

Felicitas Weber, KnowTheChain Project Lead at Business & Human Rights Resource Centre, said:

"This research shows that despite global attention, the majority of these high-profit companies are still not doing enough to eliminate the appalling abuse of workers who make the computers and smartphones we use every day.

"Despite the sector's poor average performance, there are companies that prove tackling forced labour and a healthy return on investment is achievable. Yet even stronger-performing companies must make significant improvements to fill the gap between policy and practice."

She added: *"These low scores mean that ICT companies are ill-prepared for shocks like COVID-19. As we look to build back better from this global pandemic, companies and investors must address the underlying labour rights issues in supply chains which can cause huge disruptions for business and destitution for workers."*

The 2020 KnowTheChain ICT benchmark – the third after 2016 and 2018 - uses a tried-and-tested methodology based on the United Nations Guiding Principles on Business and Human Rights to assess company efforts to address forced labour risks in their supply chains against seven themes. KnowTheChain's findings align with those of the globally-recognised Corporate Human Rights Benchmark.

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Notes to editor:

KnowTheChain looked at company policy during the period of August 2019 to January 2020, and finished engaging with companies on their performance in January 2020.

[1] The European Commission is looking to introduce human rights due diligence legislation. For more context see here.

[2] The 2018 benchmark assessed 40 of these 49 companies. If looking only at these 40, in 2020 75% of them had such a policy (30/40), an increase of 15% from 2018.

Other info:

The 49 largest ICT companies have combined profits of nearly US$1 trillion, in stark contrast to the average ICT supply chain worker in Malaysia, who earns a minimum wage of US$280, or US$1.36 per hour.

KnowTheChain tracks corporate efforts to address forced labour in supply chains. Its statement on tackling forced labour has been signed by 140 investors representing US$5.7 trillion in assets. Find out more here. An estimated 24.9 million people are in situations of forced labour globally.