

Ten Co-signatories Recommend the Responsible Business Alliance (RBA) to Enhance Transparency, Effective Communication and Accountability

Executive Summary

In response to a series of distressing incidents and media reports exposing labor abuses within global supply chains, a coalition of concerned organizations and individuals has today called upon the Responsible Business Alliance (RBA) to instigate meaningful reform. Recent incidents including the tragic death of workers, significant protests, media reports detailing forced Uyghur labor, migrant workers in debt bondage and students working 12 hour days all underscore the urgent need for action by the RBA and its members to address systemic labor issues.

This letter outlines a structured analysis of recurring violations observed within industries that include RBA members. These violations range from excessive overtime and low wages to unethical recruitment practices and forced labor. Concluding the letter are a series of recommendations aimed at reshaping corporate accountability within the global supply chain and amongst RBA and its members' companies. These recommendations advocate for increased transparency, more consequences for non-compliant member companies and the establishment of independent grievance mechanisms. Moreover, calls are made for enhanced representation of worker advocates within the RBA's governance structure and the implementation of outcome-based reporting to assess the real impact of corporate initiatives. There is a need for reform to stop persistent violations within the industry.

Introduction

In 2013, a 15-year-old Chinese boy, Shi Zhaokun, passed away in his dorm room in Pegatron Shanghai, a giant factory manufacturing the iPhone 5C. In his first and only month at Pegatron, he worked nearly 280 hours, often 12 hours a day, and for six days a week. The boy's death, which is not the first of its kind, caused a stir over China's factory conditions. But when the chatter died down, it was business as usual. The world quickly moved on to embrace the much-anticipated annual new iPhones releases.

Close to a decade later, in 2022, a massive protest erupted in iPhone manufacturer Foxconn Zhengzhou, a rare public display of dissent in China's repressive social climate. "Foxconn never treats humans as humans," a worker reportedly said. The protest was triggered by weeks of pent up frustration, the COVID-19 pandemic and delayed pay. This occurred despite Foxconn's promises of annual social responsibility audits among its subsidiaries. Past cases have demonstrated that the thousands of workers protesting at Foxconn Zhengzhou in 2022 will, like Shi Zhaokun, likely be forgotten until such labor abuses reoccur.

Some would say "corporate social responsibility", a form of business self-regulation working towards advancing societal goals through philanthropy, volunteerism, pro-bono services or grants is a positive paradigm shift. The emergence of the Responsible Business Alliance (RBA) in 2004 was part of this progress. Founded at a time when ethical production standards were only a discussion, the RBA industry group announced its efforts towards ensuring responsible business conduct in global supply chains.

Despite RBA's efforts over the years, investigations into RBA-member companies suggest a tale of unmet promises. Media outlets have consistently reported on excessive overtime, low wages, a culture of intimidation and bullying, sexual harassment, illegal use of student and dispatch workers or temporary workers, and unethical, irresponsible and unlawful migrant worker recruitment processes that leave workers in debt bondage and forced labour conditions in RBA-member companies. Ongoing investigations and interviews with workers in RBA member companies confirm these ongoing challenges.

The signatories to this letter join a chorus of voices raising questions about the efficacy of the RBA in addressing systemic issues in sourcing in the global supply chain, with a focus on labor exploitation. As we delve into the details of this complex landscape, we provide recommendations for RBA to consider to reimagine the path to ensure corporate accountability in a rapidly evolving world. **We urge the RBA to make substantive changes to ensure its member companies adhere to the RBA Code of Conduct.**

The Responsible Business Alliance (RBA)

The RBA was founded in 2004 under the name “Electronic Industry Citizen Coalition” (EICC). It was initiated by a small group of electronics brands and large suppliers seeking to create an industry-wide standard on social, environmental and ethical issues in electronics industry supply chains. RBA sets industry corporate social responsibility standards for its members and suppliers to these members, and functions to connect its members and streamline the corporate compliance process.

RBA established an industry Code of Conduct (“the Code”) that consists of standards for labor, health and safety, the environment, and business ethics. In the area of labor, the Code establishes standards against forced labor, underaged workers, excessive overtime, discrimination, illegally low wages and benefits, and supports freedom of association, a healthy, safe, and hygienic work environment free of unsafe environmental hazards.

While the RBA sets standards, it does not conduct supplier assessments. Rather, it relies on third-party firms to conduct on-site assessments under the Validated Assessment Program (VAP). The RBA also offers specialized VAP in the area of forced labor, which is an assessment specifically designed to help identify the risk of forced labor at employment sites. To become an official RBA “Regular” or “Full” member, companies must go through the VAP assessment to receive accreditation.

Realities On The Ground

As such, despite formal standards and an accreditation process, suppliers of RBA member companies, or member companies themselves, demonstrate a sustained pattern of labor abuses ranging from (a) illegal practices in the use of student and dispatch workers; (b) forced or compulsory overtime and long working hours; (c) poor workplace health and safety measures; and (c) forced labor and related debt bondage risks resulting from unethical and irresponsible recruitment of migrant workers. The aforementioned violations contravene RBA’s Code of Conduct, specifically, Sections A1, A3, and A4, as described below:

- a. **Section A1: Forced Labor.** Global investigations and reports have demonstrated how RBA member companies have been complicit in China’s state-sanctioned re-education and labor transfer programs against the Uyghur ethnic minority in recent years. A 2020 report by *the Australian Strategic Policy Institute (ASPI)*, a think-tank founded by Australia’s government, states that 82 transnational brands including Apple and Sony were implicated. Lenovo (an RBA member) laptops produced by Uyghur forced labor have reportedly entered U.S. classrooms. Later that year, *the Washington Post* and the *Wall Street Journal* reported that Lens Technology, an Apple supplier in China that produces glass iPhone screens, relies on forced labor from thousands of Uyghurs who were transferred to their place of work under a government labor transfer program. Later in 2021, the Information also uncovered that seven Apple suppliers participated in Uyghur forced labor programs. Alleged prison labor is involved in the production of Foxconn’s work uniforms.
- b. **Section A1: Unethical Recruitment.** Although the RBA’s standard prohibits the payment of recruitment fees and related costs by all workers, such unethical and often unlawful practices of

charging workers for a job have been systemic in RBA member suppliers. This particularly targets migrant workers from South and SouthEast Asia recruited from impoverished, conflict ridden countries like Myanmar and also Bangladesh, Cambodia, India, Indonesia and Nepal. In 2020 Electronics Watch and MWRN released a [report, also covered by Reuters](#), revealing that migrant workers from Myanmar working at Cal-Comp Thailand (Kinpo Group) were subjected to excessive and unlawful recruitment fees which were equivalent to 30-90 days of their wages. At Cal-Comp, migrant workers were coerced into lying to social auditors in order to cover up the unethical fees. In the same year, Electronics Watch also published a [report](#) on irresponsible recruitment into the Possehl plant in Malaysia. In 2023, [the Diplomat published](#) a story highlighting how RBA members Flex, Wistron, Pegatron, General Motors, Ford, Toyota and Nokia were all sourcing from companies that withheld the passports of Vietnamese workers in Taiwan and demanded \$6,000 of illegal recruitment fees on top of never-ending monthly fees. Later in the same year, the Diplomat published another [article](#) linking Continental, Bosch, Dupont and Walmart to illegal recruitment and high recruitment related costs reaching up to three to four years of the migrant workers' wages back home in Vietnam also. Unlike organizations like [Impactt](#), The Consumer Goods Forum, and Aim-Progress, the RBA has not published a public methodology or approach to reimbursement of these recruitment related fees or costs, and it remains unclear what standard RBA members should be held when remediating these fees. Often workers are not repaid for years after initial complaints are made, with repayment frequently coming once workers have already suffered and paid off their debts.

- c. **Section A3: Working Hours.** Other areas of abuse involving RBA member companies that global investigations have uncovered include [forced or compulsory overtime](#), long working hours, poor workplace health and safety measures and more – one violation is often accompanied by others. A 2014 [investigation](#) by *BBC* found that workers were so overworked at Pegatron (an Apple supplier) that they were falling asleep whilst working at production lines. In 2017, [Reuters reported](#) that workers were made to sign an unfair agreement which said they agreed to “voluntary” overtime work, and were forced to work up to 140 hours of overtime each month in Huizhou Biel Crystal factory, another Apple supplier.
- d. **Section A4: Wages and Benefits.** The illegal employment of students and dispatch workers has been an ongoing issue for RBA member companies. In China, manufacturers during peak seasons often rely on the recruitment of temporary workers that are student interns, dispatch, agency or contract workers. Students generally receive lower pay compared to full-time factory employees, and teachers and their schools are often economically incentivized to push students to work more hours. Dispatch workers, on the other hand, are temporary workers who are recruited through third-party labor brokers or other companies. Student interns and dispatch workers are frequently subjected to forced or mandatory overtime, sometimes to an excessive degree of over 100 hours per month. This is a violation of China's national labor laws. In addition, RBA's Code explicitly states the need for members to ensure legal compliance on the use of student and dispatch workers, and local laws require student and dispatched workers to be kept under a certain ratio to formally contracted workers. These requirements are consistently violated, for example:
 - i. Through a survey of 362 Apple's supplier factories, California-based industry journal *the Informant* [found](#) that “nearly half were over the quota for temporary workers,” periodically filling their factories with dispatch labor.
 - ii. In 2017, a *Financial Times* [investigation](#) found that Foxconn's Zhengzhou facility (an Apple supplier) employed students who illegally worked overtime.

- iii. In 2018, *Students and Scholars Against Corporate Misbehaviour (Sacom)*, a Hong Kong-based non-profit, reported students working 12-hour days on factory production lines at Quanta Computer, a Taiwan-owned company whose factories in China supply Apple, Acer, and Sony computers. In 2019, The Financial Times reported that the same issue persisted.
- e. **Section D6: Protection of Identity and Non-Retaliation.** To further exacerbate the above issues, whistleblowing on labor violations in China can result in heavy personal consequences, and RBA member companies provide little protection to whistleblowers that report on its members' illegal practices. In 2018, a China Labor Watch (CLW) investigation in association with *the Guardian* found that more than 40% of the staff in Foxconn's Hengyang factory were dispatch workers. Shortly after the investigation, the factory decreased the use of dispatch workers to under the Chinese legal threshold. In 2019, CLW launched another investigation in the same facility following a whistleblower, Tang Mingfang's lede. CLW found that Foxconn reverted to its former illegal practices of over-relying on dispatch workers, confirming Tang's statements. Unfortunately, shortly after CLW's 2019 report was published, Tang was located by Foxconn management and was soon brought to the local police station where he was beaten and questioned. In 2020, Tang was found guilty of infringement of commercial secrets on the grounds of the evidence provided by Foxconn, and was sentenced to two years in prison. Following his release in 2022, he tried for a retrial in China and was unsuccessful, all this while without an apology from Foxconn or Amazon, and no action taken by the RBA. Currently, Tang lives with a criminal record and in a social limbo, solely because he reported on practices that are illegal and should not have been normalized or condoned by any company, most of all an RBA member.

In 2020, nearly 2,000 employees at an iPhone manufacturer in India protested over the management's withholding of wages. In 2023, Apple was found to have illegally imposed rules on its employees that prohibited them from discussing their wages and engaging in other protected activity (such as unionization and discussing terms of employment). The same year, a joint investigation by *the Guardian*, *the International Consortium of Investigative Journalists (ICIJ)*, *NBC News* and *Arab Reporters* found that workers in Amazon warehouses in Saudi Arabia faced extreme labor trafficking conditions, prompting Amazon to pay \$1.9 million (USD) to over 700 contracted workers. This demonstrates that RBA member companies not only violate RBA's own standards, but also the International Labor Organization's (ILO) core conventions and protocols – which are legally binding obligations for State party signatories – as well as the UN Guiding Principles, which the RBA Code of Conduct refers to itself.

Media reports and investigations by civil society organizations have repeatedly shown that poor labor practices and forced labor have infiltrated the supply chain of large electronic brands. CLW's undercover investigations in Chinese electronics manufacturers (see Appendix) throughout the years also attest to that. In 2016, CLW found that 62% of Pegatron Shanghai workers (producing Apple goods) clocked in over one hundred hours of overtime per month, and that the factory employed a large number of student and dispatched workers. It was not until 2020 that Apple put Pegatron on a temporary probation, meaning that the supplier will not receive any new business from Apple until the issues were rectified. CLW's follow-up investigations of these factory facilities found some improvements, though the improvements later proved to be temporary. CLW's most recent investigations into the electronics industry in 2023—including Apple's suppliers Chengdu Foxconn and Kunshan Pegatron—found the same series of issues including illegal use of temporary workers, forced overtime, and lack of worker representation.

While it is not the core purpose of this letter, it is also integral to emphasize that the RBA's Code of Conduct (COC) is not a 'be-all and end-all' standard for companies to follow. The Code of Conduct in itself is limited in terms of the right to freedom of association as well as wages and working hours. Despite the code acknowledging the need for alternate forms to worker representation where laws and regulations restrict the right to freedom of association - the limitation to "lawful" forms of worker representation as an

alternative still poses a major obstacle to exercise this basic human right. Additionally, the code does not require its members to pay a living wage – another basic human right -- nor has it publicly demonstrated any efforts to work towards it. Finally, the code allows for a 60 hour workweek, violating ILO standards that limit the maximum working hours to 48 hours per week. A deeper analysis of the limitations with RBA's COC is beyond the purpose of the letter - which is to demonstrate the current shortcomings of RBA member companies, a lack of adherence to the code, and recommendations moving ahead - but it is important to acknowledge that there is also room for improvement for the COC.

A Structural Problem

The above findings point to one matter at heart: the RBA's social responsibility standards and evaluations have not promoted long-term, sustained and systematic improvement in labor conditions in member manufacturers and member brands' supply chains located in China and across the globe. This begets the question: *why* do labor infringements continue to occur in factories producing goods for RBA-member companies?

Over time, questions on the social audit process have been brought to the fore. A 2023 report by *the Guardian* detailed how factory audits are easy to falsify. In the report, a manufacturer in Saudi Arabia went to the lengths of falsifying attendance, pay, hiring, and other records and training workers on preordained scripts to counter direct workers' interviews from auditors. Same sentiments are reflected by academics and human rights watchdogs. A 2021 study of more than 40,000 audit reports across multiple countries by Sarosh Kuruvilla, Cornell University Professor, found that almost a third of audits have been falsified. Reports by Transparentem (2021) and Clean Clothes Campaign (2019) document similar challenges in auditing.

According to RBA, a typical VAP onsite assessment at a single manufacturing facility may last 2-5 days and includes a thorough document review, interviews with management and employees and a visual site survey. Compared to longer-term, undercover investigations or interviewing workers organically in or around factory facilities, industry auditors' short-term visits following a set assessment template might be efficient and less labor-intensive. The methodology of the Speciality Validated Assessment Program (SVAP) approach is limited in its ability to truly uncover forced labor. Methodological elements which hold it back include:

- a) Short worker interviews which cannot get to the heart of forced labor issues which are hard to see, and harder to count. This is especially true with respect to the hundreds of social compliance checks which an SVAP requires worker interview verification for.
- b) Large groups of workers in interviews which restricts the likelihood of workers opening up about sensitive issues involving menace of penalty or involuntariness of work, which are definitive signs of forced labor.
- c) Over reliance on verification by multiple sources where workers are exploited. There is often deliberately no track record via documentation or grievance logs which can corroborate what workers report to be the case. A worker who is being abused on site by a supervisor will commonly fear retaliation for reporting such an issue via grievance logs; and as such, worker testimony alone should be a verifiable evidence source for forced labor issues.

Therefore, many observers have argued that this quick and streamlined process is prone to produce unreliable results. In a sense, factory audits appear to function better in helping companies to assess risks to their reputations rather than alerting them to real problems and promoting sustained changes. After checking the social responsibility box with RBA, companies can prove reasonable effort and investments

in supply chain management, while workers still suffer the consequence of sustained and institutionalized abuses.

The second issue could be attributed to the RBA's function and lack of third-party, independent scrutiny. RBA's Board of Directors consists of management personnel from member companies, and RBA certified entities that conduct VAP audits are all for-profit auditing firms, with some of which having been tied with alleged compromising records. There are no representatives from civil society in the geographies where RBA members produce their goods nor independent worker representatives from RBA member supply chains on the RBA board to provide a more balanced perspective. Without this independent and third-party oversight, the RBA can easily appear to be an extension of a company's human resource department, overseeing and guiding corporate responsibility initiatives without any added accountability.

Next, RBA members pay annual membership fees in the range of \$35,000-\$45,000. While the fee is needed to support the organization's operations, this also creates a potential conflict of interest between RBA and its member companies: while RBA serves a monitoring role in the industry, its own operations are supported by the member companies it monitors. It is thus not in RBA's financial interest to terminate memberships of errant members.

Lastly, while the RBA provides guidelines and conducts VAP audits, it is not an enforcement body, and has no jurisdiction in ensuring compliance with its Code. Companies, ultimately, regulate their own practices. Such self-regulation has been criticized to be ineffective and makes labor infringements in regions with weaker labor enforcement practices even more difficult to change.

This is not to negate the RBA's preliminary steps in reforming its auditing practices and establishing a mechanism for workers to voice their grievances. There has been the initiative of RBA Voices, an app that allows workers to complete surveys without supervisor oversight, provide worker feedback and access resources on health, safety and career development. According to the RBA, deploying a worker survey through RBA Voices is now mandatory through their VAP assessments to ensure safe and anonymous reporting. While perhaps the positive intent is there, the RBA Voices app arguably fails to center workers' voices in a multilateral space, open to relationship building and ongoing dialogue. While mobile app data can be effective in scoping macro level issues, it lacks the personable dynamic required to slowly build trust-based relationships in spaces, times, and contexts that are comfortable for workers. Use of technology without trust has major limitations.

Additionally, consistent transparency and communication across various stakeholders must occur in tandem with any RBA grievance mechanism. Since the RBA Voices rollout in 2020, only one set of survey results have been published on the RBA website in 2023. Additionally, the data provided was produced in partnership with other international coalitions and did not offer a breakdown of geographies, industries or RBA members. Therefore, this successfully anonymizes potential perpetrators - removing the capacity for punitive measures and remediative action. Instead, the report stated it would publish the details of the survey in a white paper in 2023 in order to address the cross-industry issues of excessive working hours and low wages. This white paper has yet to be shared on the RBA's website. Thus, if there is meaningful output generated from RBA Voices or any future initiatives - stakeholders simply would not know. There is much we do not know about RBA Voices that requires deeper interrogation such as: what kind of questions are asked to workers, which workers use it, who has access to the data, and how is this information used? Without access to these answers, it is unclear whether RBA Voices is being utilized as a tool to monitor workers, or a genuine attempt at understanding broader patterns to actively address workers' grievances.

This same lack of transparency is mirrored in the methodology of the VAP assessments as there is no published documentation which indicates RBA Voices is in fact mandatorily deployed, or that off site

interviews are required and practiced in social audits. Similarly, communications between RBA and their partners, negotiators, or civil society organizations that work closely with them - are not shared with relevant stakeholders and the public.

We recognize that many stakeholders are complicit here. Governments bear responsibility to protect workers and their citizens' rights and lives through enforcement of labor laws. Companies too, bear responsibility to adhere to these laws and not exploit gaps in labor laws or inefficiencies in enforcement. To this end, the three chapters of the UN's Guiding Principles - protect, respect, and remedy – define concrete, actionable steps for governments and companies to prevent human rights abuses in company operations and provide remedies if such abuses occur. Despite this, the reality today is that companies are only taken to task when investigated, and until then, exploitation is swept under the rug.

Recommendations for the RBA

RBA prides itself to be the world's largest industry coalition dedicated to responsible business conduct in global supply chains. It is in a position to require its members to comply with RBA's standards and the obligations of ethical corporate citizenship. A plethora of investigations and media reports suggest that RBA member companies have fallen short of these standards, and when exposed, it is unclear what RBA, or these companies have done to rectify alleged infringements. While we acknowledge that the RBA cannot systematically solve the issue of labor malpractices on its own, minimally, it can take its members to task, highlight gaps that are being exploited, and point out inconsistencies with its code of conduct. Beyond recommendations, we also invite the RBA to make their internal methodologies transparent. To better understand the RBA's efforts we ask for examples where the RBA has timely led and delivered remediative action with tangible results and examples where the RBA enacted punitive measures against a member company that failed to deliver on corrective time-bound measures.

We commend the RBA's work in taking the step towards educating its members on ethical production. We believe more can be done, and recommend the following actions:

1. **Increase transparency in RBA's internal operations:** including publicly releasing the results of its supply chain assessment process, publicly disclosing audit results and corresponding methodologies. This should include but not be limited to how RBA Voices is implemented in audits; whether and how off site interviews are conducted; and the methodology for the repayment of recruitment related fees and costs to workers who have paid these costs during any stage of their recruitment processes.
2. **Introduce consequences for member companies that violate the RBA code.** These can range from time-bound corrective actions to the exclusion of continuously non-compliant members. This can also look like policy reform, such as a responsible purchasing clause directed at members rather than suppliers. This way, accountability is placed on RBA members as buyers, providing a clear foundation for where the consequences or punitive measures can be directed to.
3. **Prioritize responding to and addressing civil society's concerns over member companies' labor and other practices directly and publicly, with actionable next steps.** This practice will also help RBA members to adhere to legislation such as the European Union's Corporate Sustainability Due Diligence Directive (CSDDD). RBA should set out a public and transparent timeline or process for managing external complaints to overcome the current lack of responses that civil society partners receive when making complaints to RBA and member companies.

4. **Mandate the creation of independently operated grievance mechanisms, such as workers' hotlines, in all member companies and their suppliers and provide training for workers in the areas of rights and the use of the hotline.** The worker hotline must be fair, publicly available, accessible, predictable and transparent for all workers, trade unions and other work worker representatives. These worker hotlines can provide workers with an avenue to voice their grievances in a climate where independent union representation and negotiation are suppressed in certain jurisdictions. RBA will need to monitor the process to ensure that it is adequately staffed and that worker grievances are regularly being addressed.
5. **Add to the RBA's Board of Directors two or more representatives of worker advocates** and/or civil society organizations that have proven experience with surfacing and addressing worker grievances and a longstanding commitment to improving human rights in supply chains.
6. **Move beyond inputs and introduce outcome-based reporting for member companies, in line with new European rules for global supply chains.** While input-based reporting is necessary to understand what policies companies have introduced regarding human rights in their supply chain, it does not quite indicate whether the policies or actions result in any impact to labor conditions. Cornell's Global Labor Institute has published [a policy brief on a set of 25 quantitative measures for firms to track impact over time](#), which the RBA can take reference from.

Beyond the RBA, to comprehensively address labor issues within global supply chains, Governments in the countries which house many of the RBA members cannot be absolved from responsibility. Measures such as Section 307 of the United States Tariff Act of 1930 is one piece of the pie that the U.S. Government has introduced to combat forced labor and trafficking.

The European CSDDD which has recently been passed by the European Parliament will require RBA members such as Apple and Amazon not only to identify, assess, and prevent human rights and environmental impacts of their operations and those of their suppliers, but also to *remediate* the adverse impacts. RBA members may look to RBA to assist in this process, and this is an opportunity to reshape due diligence and ensure that worker voices are included in the process.

If we are truly interested in equity and standards, then it is time to hear from workers directly. Our recommendations above seek to strengthen the voice of workers who are asking only for what the RBA has already committed to: ensuring that working conditions in supply chains are safe, that business is conducted responsibly and ethically, and that all workers are treated with dignity.

Sincerely,

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