

**SOMO comments on Nokia's report**  
**“Investigations into SOMO Claims of Poor Working Conditions at Two Suppliers**  
**- Summary of Findings”**

## **Introduction**

In its November 2006 report *The High Cost of Calling: Critical Issues in the Mobile Phone Industry*, SOMO reported on labour conditions in four countries where mobile phones are being produced and sent the report to all mobile phone companies sourcing from the factories researched. In response to SOMO's report, Nokia conducted investigations at two of its suppliers in Thailand that were mentioned in SOMO's report - Namiki and LTEC. On 16 April 2007, Nokia issued a report on the findings of its investigations entitled “Investigations into SOMO Claims of Poor Working Conditions at Two Suppliers - Summary of Findings” in which it makes public some of the findings of its follow-up investigations. This document address[es] the findings in Nokia's report.

SOMO welcomes Nokia's attempt to further investigate the serious issues reported at its suppliers in *The High Cost of Calling*. SOMO appreciates Nokia sharing information on the audits conducted and on the corrective action plans taken. SOMO sees transparency as an important step in improving labour conditions in the factories concerned. In fact, Nokia is one of the only companies that shared information on their follow-up into the often severe conditions highlighted in SOMO's report - several of the companies in the report have not reacted at all.

## **General comments**

In “The High Cost of Calling”, SOMO clearly explains that workers and workers' organisations report about the companies their factory is supplying for and that this sometimes contradicts with information from the buyer companies themselves. This has nothing to do with being inaccurate, but merely reveals the complexity of supply chain relations and the lack of knowledge that buyer companies have about their supply chain. Large companies like Nokia are often unaware of the companies that supply small parts for their phones. In several cases SOMO's report does not claim that Nokia works with a certain supplier, but simply notes the facts: workers at these factories identified Nokia as a customer but Nokia asserts that no relationship exists.

Nokia's response fails to adequately address several of the outstanding questions such as follow-up at the Hivac factory in China and reporting on the issues identified at the Nokia factory in India.

In reaction to workers' claims that they are told not to join a union or engage in any union activity and that they do not receiving a contract until several months

after beginning work at the factory in India, Nokia headquarters simply claims, “This is not our policy”. This discrepancy is a perfect example of the unfortunate reality in the mobile phone industry in which companies’ policies are not always translated into realities for the workers.

## Investigations in Thailand

In response to issues raised by SOMO in *The High Cost of Calling*, Nokia conducted investigations at two of their suppliers in Thailand, Namiki Precision Co., Ltd. and LTEC Ltd.

### Nokia’s auditing

From the answers given and further discussions SOMO had with local labour support organisations it becomes clear that Nokia perpetuates the same sort of closed, non-transparent, internal investigations that, as SOMO makes clear in its report, have limited credibility with stakeholders. Nokia’s report contains very little information about the methodology it uses; for example, it is not clear from Nokia’s report whether worker interviews were conducted in the factory or off-site.

When workers are interviewed in typical company audits, they are often done in a situation that is uncomfortable for the worker (in the factory with management present), and visits are usually announced in advance so that management has time to “clean-up” the workrooms and instruct (and often threaten) workers in what they can and cannot say, sometimes threatening them with fines or dismissal if they diverge from the instructions.

At Namiki, for example, workers subsequently told SOMO researchers that Nokia did do a round of interviews with workers, but that these were done with line leaders present when they were interviewed and that they were afraid to answer the interviewers’ questions honestly.

This often creates a distorted picture of the real situation on the factory floor. Supplier audits and investigations are most credible and effective when done by independent, third party organizations and involving local workers’ support organisations. SOMO emphasises the need to provide the interviewees with a comfortable setting where they can speak freely about conditions without fearing reprisals from management. Interviews should be done off-site (outside the factory), either in small groups or sometimes individually.

The methods used to investigate LTEC are even more dubious. Nokia says that it asked its direct supplier Fujikura to conduct the investigation at it’s supplier LTEC through, among other things, a questionnaire among all of the workers. However, Nokia fails to mention that Fujikura fully owns LTEC,<sup>1</sup> so it essentially asked Fujikura to audit itself.

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<sup>1</sup> See LTEC’s website, <<http://www.ltec.fujikura.co.th/>> (May 2007).

This casts serious doubt on the credibility of the investigation's findings. Nokia also claims that a "third-party" was used to investigate LTEC, but it does not say who this third party was or how their investigation was undertaken.

It has been emphasized by international campaigning organisations as well as by local organisations that if companies want to improve the labour conditions, they should employ a variety of tools. Auditing without the involvement of local organisations will not give a full picture nor will it lead to lasting changes.

Furthermore, rather than isolated, *ad hoc* investigations in response to research reports, SOMO encourages all mobile phone companies to proactively monitor their entire supply chains, i.e. direct and sub-tier suppliers, to make sure that human rights and labour standards are not being violated in the manufacture of their products.

In addition to auditing, companies need to implement a grievance and complaint mechanisms that will give opportunities to workers to file complaints. Nokia does mention the existence of a complaints procedure although its workings and outreach remain vague. It is important that workers know how to file complaints and that they trust the organizations they file complaints with. Complaint procedures could be seen as a means to ensure direct input at any given time from workers and their organizations in the monitoring and verification process and to balance and supplement the limited scope of social audits, which only provide a "snapshot" of labour practices at a specific moment in time.

Worker education and training programs are also very important in getting workers involved and at the centre of attempts to improve their conditions. Workers from both factories reported that they are still not aware of Nokia's Code of Conduct nor of the labour rights that are described in the code.

### **Labour conditions**

In addressing labour conditions and Nokia's response, it is important to reemphasise that Nokia's investigation methodology is unclear and often flawed, so it is doubtful whether any of the findings of their investigations are credible. It is not known whether factory visits were announced or unannounced, if workers were interviewed and how many, or where such interviews took place. Nokia should work with local organisations and trade unions on improving labour conditions in its suppliers.

### Health and safety

Although it is not mentioned in Nokia's report, Namiki workers have reported and Nokia has admitted that lead solder is used at the Namiki factory. Nokia claims that lead solder is not used for making Nokia components, but for workers it is likely very hard, if not impossible, to make the distinction.

Whether in their products or not, SOMO feels that, as one of its major customers, Nokia should take efforts to improve the conditions in the entire Namiki factory to make sure that workers in the factory are working under good health and safety conditions. Nokia should bring this issue forward with Namiki management and emphasise the need to keep lead solder out of production processes. In addition, workers need more information on what substances are used in their factory and the possible poisonous consequences of close proximity to these substances. Nokia should press Namiki management to ensure that workers are trained and educated in the handling of toxic substances.

Lead solder contains 40% lead, a heavy metal that is extremely poisonous and can cause birth defects and death. In fact, lead is so dangerous that it has been banned from electronic products by European Union's Waste Electrical and Electronic Equipment Directive (WEEE) and Restriction of Hazardous Substances Directive (RoHS).

#### Freedom of association

Nokia admits that no union exists at Namiki, but suggests that workers' Welfare and Health and Safety Committees are an appropriate substitute. These committees do indeed exist, but they are invariably ineffective in protecting workers rights. First, unlike for proper union leaders, there is no legal protection for retaliation against any committee members, making them vulnerable to reprisal by management if they dare to protest. Second, Namiki workers report that the Welfare Committee is appointed by management with some kind of legitimising "election show". The Health and Safety Committee is purely management appointed. Third, according to workers, the Welfare Committee does receive the complains from the workers, but if the management refuses to bargain with the workers, the Welfare Committee is powerless. The Thai Labour Protection Act, in which welfare committees are institutionalised, does not provide any legal rights to the committees to enforce bargaining. These committees, thus, do not represent any meaningful type of representation and can sometimes even act against freedom of association.

Like Namiki, LTEC does not have a union, but does have a Welfare Committee. Workers at LTEC report that their Welfare Committee is genuinely elected, but that company management takes a heavy role in the committee. For this and the other reasons mentioned above, the committee cannot ensure or fight for the rights of workers or improvements to conditions.

#### Pregnant workers

Nokia conformed that workers were in 2004 and 2005 asked to stay home for varying periods of time and that pregnant workers who stayed at home received less compensation than those who were not pregnant. Nokia mentioned they would correct this, by establishing a clear non-discrimination policy in all their HR activities including recruitment, promotion and exit procedures. Changing

this policy is the first step to be taken. In addition the workers that have been unfairly treated should be compensated, but so far the workers have not been compensated for this.

### Overtime

Nokia reports that Namiki workers can refuse overtime but then, seemingly contradictorily, admits that Namiki's policy openly allows workers to be disciplined if they refuse overtime. In fact, workers do have the legal right to refuse overtime, but management often uses other means of punishment, such as denying pay raises to workers who refuse overtime or denying overtime for weeks so workers are not able to make enough money. SOMO has found that, in reality, many workers do want to work overtime most of the days since their salary alone is not sufficient and that refusal of overtime is not common. However, just because workers often volunteer for overtime does not give management the right to punish them if they do not want to.

LTEC workers tell SOMO researchers that LTEC has discontinued its practice of forcing workers to sign contracts in which they "agree" to work overtime every day for six months or one year at a time. Nevertheless, workers report that there are still problems with workers being punished for refusing overtime. Supervisors often give bad ratings to those workers who refuse working overtime which effects the annual evaluation of pay raises. As at Namiki, Nokia correctly reports that overtime is popular among LTEC workers, but, again, this does not justify forcing them to take it.