

Investigative Report on I.T. Industry  
Heavy Metals Pollution (Phase III)

2010

## Green Choice Consumers Urge the I.T. Brands to Break their Silence



Friends of Nature  
Institute of Public and Environmental Affairs  
Green Beagle

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Since mid-April 2010 Friends of Nature, The Institute of Public and Environmental Affairs and Green Beagle were amongst a coalition of 34 environmental protection NGOs<sup>1</sup> who successively released two earlier phases of this investigative report concerning the problem of heavy metal pollution by the I.T. industry. Through communication and exchange with 29 well-known Chinese and foreign I.T. brands, this investigation's objective is to promote and strengthen the brands' supply chain environmental management and to advance in a reduction of I.T. enterprise related pollution discharge.

From June 5<sup>th</sup> 2010, following the phase two of this investigative report, both Chinese and foreign interests are paying greater attention to the problem of the I.T. industry's heavy metal pollution and pushing forward to resolve the problem. Consumers of these I.T. products have expressed their clear concern about these issues in a peaceful and rational way, such as writing letters to these I.T. Brands. These efforts finally urged the remaining eight previously non-responding brands to break their silence. At this point, all of the 29 brands involved in the '*Heavy Metals Investigative Study*' are considered to have responded in some form.

Since the release of the '*Phase Two Report*', the nature of communication between the 29 brands and the NGO Coalition has not been the same. Hewlett Packard, British Telecom, Alcatel-Lucent, Vodafone, Samsung, Toshiba and Sharp were amongst the companies who took positive steps regarding improvements in the environmental management of their supply chains and for having positive expectations. Some of the companies initially went so far as to communicate their actions or even promise action, however, their progress has been limited. Mean while, Apple, Nokia, Sony, LG, Ericsson and Sing Tel all had in-active responses and we anticipate difficulties for them to make progress. The environmental NGO Coalition will continue to encourage consumers to take 'Green Choice Consumer Action' in order to push companies who have in-active behavior to improve.

For a more comprehensive and in-depth assessment of the environmental management performance of I.T. brands, the environmental protection NGO Coalition added two new evaluation assessment criteria on the "*I.T. Brand Reply Fact Sheet*". Firstly, "*Push for suppliers to take corrective actions and disclose information*" and secondly, "*Further extension of environmental management into the supply chain.*" This new '*Fact Sheet*' will assist the public in understanding the status of improvements made by the I.T. brands in their supply chain management.

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<sup>1</sup> List of 34 NGOs can be found in appendix 2.

## 1. Consumers expressions to urge the whole I.T. brands to break their silence

**F**rom June 5<sup>th</sup>, 2010, following the release of the second phase of this investigative report, both Chinese and foreign interests are paying greater attention to the problem of the I.T. industry's heavy metal pollution. Some consumers have explicitly expressed their personal concerns to these brands. Below is a brief account of communications made by consumers and Chinese / foreign agencies with the I.T. brands concerning the I.T. industry's heavy metals pollution and our direct communications with the I.T. brands<sup>2</sup>.

- Since 5<sup>th</sup> June, 2010, there have been over 260 calls from South China Nature Society, Nanjing Green Stone, Green Student Forum, Dalian Blue, Lanzhou University Community and the Biodiversity Conservation Research Center, as well as other initiatives from environmental organizations<sup>3</sup>. These Chinese consumers wrote letters to Apple, IBM, Canon and LG amongst other I.T. brands to express their concern over the I.T. industry's heavy metals discharge resulting from their manufacturing processes.
- From 21<sup>st</sup> to 22<sup>nd</sup> June 2010, Friends of Nature, the Institute of Public & Environmental Affairs and Green Beagle and other environmental protection NGOs initiated 'Green Choice Consumers' to individually send the 29 I.T. companies the '*Heavy Metals Phase Two Investigative Report*'.
- Since June 29<sup>th</sup>, 2010, initiated by the U.S.A. based Pacific Environment, in excess of 900 consumers sent letters to Apple expressing their concern over Apple's environmental supply chain management.
- Since June 30<sup>th</sup>, 2010 the U.S.A. Business for Human Rights Resource Centre sent out letters to Apple, Ericsson and other enterprises regarding the content of the Chinese NGO investigative report, inviting them to respond and to have full transparency on the situation to allow more than one thousand subscribers on their site to be informed.

The common concerns of the 'Green Choice' consumers and the Chinese and foreign institutions are to firstly, for a time, push to break the silence of Apple, IBM, Canon, and BYD, amongst others. This is for the NGO Coalition to firstly develop direct or indirect communications with the brands.

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<sup>2</sup> 23 April 2010, Japanese Asian Environmental Research Center completed the translation of the I.T. Industry letter to give to the 8 Japanese companies head offices. These companies are Sony, Canon, Panasonic, Epson, Hitachi, Toshiba and Sharp.

<sup>3</sup> According to incomplete statistics.

11 <sup>th</sup> June	2010	Canon's responded for the first time
12 <sup>th</sup> June	2010	IBM Corporation responded for the first time <sup>4</sup> ;
30 <sup>th</sup> June	2010	Ericsson responded for the first time;
5 <sup>th</sup> July	2010	Vodafone responded for the first time;
8 <sup>th</sup> July	2010	BYD responded for the first time <sup>5</sup> ;
14 <sup>th</sup> July	2010	Philips responded for the first time;
15 <sup>th</sup> July	2010	Apple responded for the first time <sup>6</sup> ;
21 <sup>st</sup> July	2010	LG responded for the first time;

Thus, all of the I.T. brand companies involved in the heavy metals investigation, without exception have now responded.

**The environmental organizations who took part in this investigative project send their gratitude and respect to consumers who expressed their expectations of the I.T. brands and requested that the brands shall strengthen pollution control in their supply chain.**

## **2. Expansion of the assessment of I.T. brands' supply chain environmental management systems.**

**F**or a more comprehensive and in-depth assessment of the environmental management performance of I.T. brands, the NGO Coalition added two new evaluation assessment criteria on the "*I.T. Brand Reply Fact Sheet*." Firstly, 'push for suppliers to take corrective actions and disclose information' and secondly, 'further extension of environmental management into the supply chain'.

### **a) I.T. Brand Reply Fact Sheet**

Since 5<sup>th</sup> June, 2010, the NGO Coalition had a series of contact with the 29 I.T. brands. It is estimated that this involved more than 80 e-mail and letter exchanges, 14 telephone communications, 3 telecommunication conferences and 3 face to face meetings<sup>7</sup>. Based on these communications, the NGO Coalition replaced the old '*I.T. Brand Reply Fact Sheet*'<sup>8</sup> with a new updated version to help the public better understand the relevant brands' environmental management in their supply chain. From the following table, the green check mark shows that the assessment demands have been almost achieved or fully achieved, and the light green shows that the assessment criteria has been partially achieved. Yellow signifies that the assessment criterion has not been achieved.

<sup>4</sup> June 9, 2010, IBM sent a letter through the public relations firm Ogilvy & Mather to the environmental organizations..

<sup>5</sup> Transferred through a third party..

<sup>6</sup> Previously, Apple on May 26<sup>th</sup> they carried a lot of communications with the US based Pacific Environment concerning investigations.

<sup>7</sup> For specific communications please see the Appendix one.

<sup>8</sup> This statistics are dated until August 10, 2010.

**Table 1: I.T. Brand Reply Fact Sheet (Phase Three)**

Company Name	Replied to NGO Letter	Checked the purpose of the study	Conducted Checks on supplier Violation Cases	Pushing level one suppliers to manage level two suppliers	Further extension of environmental management into the supply chain	Push for suppliers to make corrective action and disclose information	Use Public Information to Enhance Supply Chain Management	Decided to establish a search mechanism	Considered establishing a search mechanism	Corrective action and explanation	Regular disclosure of discharge data	Directly extended management to main materials suppliers
HP	√	√	√	√	√	√	X	√	X	X	X	X
Samsung	√	√	√	√	√	√	X	√	X	X	X	X
Alcatel	√	√	√	X	√	√	√	X	X	X	X	X
BT	√	√	√	√	√	√	X	X	X	X	X	√
Sanyo	√	√	√	X	√	√	X	√	X	X	X	X
Sharp	√	√	√	X	√	√	√	X	X	X	X	X
Toshiba	√	√	√	√	√	√	X	X	X	X	X	X
Panasonic	√	√	√	√	√	√	X	X	X	X	X	X
Siemens	√	√	√	X	√	√	X	X	X	X	X	X
Hitachi	√	√	√	√	X	X	X	X	X	X	X	X
Vodafone	√	X	√	√	X	X	√	X	X	X	X	X
Canon	√	X	√	√	X	X	X	X	X	X	X	X
Philips	√	X	√	√	X	X	X	X	X	X	X	X
Motorola	√	√	√	X	X	X	X	X	X	X	X	X
Haier	√	√	√	X	X	X	X	X	X	X	X	X
Lenovo	√	√	√	X	X	X	X	X	X	X	X	X
TCL	√	√	√	X	X	X	X	X	X	X	X	X
Foxconn	√	√	√	X	X	X	X	X	X	X	X	X
Intel	√	√	√	X	X	X	X	X	X	X	X	X
BYD	√	√	√	X	√	√	X	X	X	X	X	X
Cisco	√	X	√	X	X	X	X	X	X	X	X	X
Epson	√	X	√	X	X	X	X	X	X	X	X	X
IBM	√	X	√	X	X	X	X	X	X	X	X	X
Nokia	√	X	√	X	X	X	X	X	X	X	X	X
Sony	√	X	√	X	X	X	X	X	X	X	X	X
Apple	√	X	√	√	X	X	X	X	X	X	X	X
LG	√	X	√	X	X	X	X	X	X	X	X	X
Sing Tel	√	√	X	X	X	X	X	X	X	X	X	X
Ericsson	√	X	X	X	X	X	X	X	X	X	X	X

**b) Explanations on the new evaluation criteria:**

**New Evaluation Criteria 1: Push for suppliers to take corrective actions and disclose information.**

From the phase one and phase two reports, we evaluated the response situation of the 29 I.T. brands responses by including the following categories:

Replied to the NGO letter	Checked the purpose of the study	Conducted checks on Supplier violation cases	Used public information to enhance supply chain management
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We pushed for a response from the I.T. brands, in order to help them understand that rather serious pollution discharge exists within the processes of manufacturing I.T. products. With each brand we brought up cases of regulation violations within their supply chain. This was in order to promote the establishment or improvement in supply chain screening system so that they may achieve prompt and effective detection of problems in the supply chain.

However, these objectives are not our ultimate goal. Our ultimate aim is still to push the I.T. production manufacturing process to reduce pollution. Therefore, following the assessment of the IT brands' screening system, we need to check if brands will encourage the polluting suppliers to take corrective actions.

**Push for suppliers to take corrective action and disclose information**

Corrective action and public explanation	Regular disclosure of discharge data
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In order to do this we established an assessment criteria, which is '*Push for suppliers to take corrective action and disclose information*', for this criteria there are two sub-items, namely '*Corrective action and public explanation*' and '*Regular publishing of discharge data*'.

**Why do we want to push the suppliers to take corrective action and at the same time urge them to give a public explanation?**

Below are the four main reasons:

1. From the perspective of safeguarding the public and environmental rights, acts of excessive violations by suppliers brings the potential of or

actual negative impacts on the public environment and the health and safety of local residents. Therefore, the public have the right to demand that violating enterprises publicly explain what went wrong, what corrective actions have been taken and whether these problems have been resolved

2. From the perspective of corporate responsibility, the violating enterprises are accountable for making their issues known, for giving an explanation of the results of any corrective actions and for providing any relevant evidence. I.T. brands that depend on out-sourcing manufacturing also have the responsibility to supervise and encourage their suppliers to provide the above-mentioned explanations and evidence.
3. From the technical aspect of the NGO assessment of the I.T. brands' level of management condition and development: If the suppliers with violation records do not make public explanations of their corrective actions, the public will not be able to assess the effectiveness and the outcome of these actions. Therefore they would not be able to judge the standard of the supply chain environmental management system of these I.T. brands.
4. From the perspective of assisting I.T. brands to promote environmental management standards: Through practice, we discovered that information disclosure will lay down public scrutiny in the supply chain, aiding to apply public pressure so that companies will recognize their social responsibility, thus promoting compliance with environmental laws and regulations.

### **Why push the supply chain to make regular public disclosure of discharge data?**

#### **Here are the two main reasons:**

1. From the perspective of corporate environmental management, the disclosure of discharge data means the company must collect, collate and document external or internal monitoring results. Such practices would help supplier companies understand their pollution control conditions and help I.T. brands clearly recognize the size of the ecological footprint of their products.
2. This is a key step for suppliers to move beyond compliance. Prior to these evaluation criteria, almost all the other criteria aim to push the enterprise to abide by the environmental laws. No doubt compliance is important but legal demands are merely basic requirements. It is necessary for companies to continue improving from the basic foundation of compliance. Continuous improvement should not be based on empty statements but should be supported with solid data that could prove whether their environmental performance has been

improved and whether their ecological footprint is expanding or has been reduced.

## **New Evaluation Criteria 2: Further extension of environmental management into the supply chain**

Further extension of environmental management into the supply chain	
Directly extended management to main materials supplier	Pushing level one suppliers to screen level two suppliers' environmental performance

Today the I.T. industry's production and procurement is global and many brands rely on the out-sourcing of production, especially those that pollute heavily and also have high discharge rates and high-risk production processes on many levels of out-sourcing. However, during our investigation of the I.T. industry, we discovered that the environmental management of many IT brands failed to be extended along their whole supply chain. Some I.T. brands expressed to the environmental protection NGOs that the exceeding companies mentioned were not "*directly in their supply chain*" or not their "*first tier suppliers*". Among them a few companies clearly stated that they only carry out management of their first tier suppliers.

We believe, when pollution discharge extends through the supply chain, it is often not sufficient for I.T. brands to merely conduct environmental management of their first tier suppliers; rather it is crucial for the environmental management system to follow through and extend within the entire supply chain.

At the same time, we try our utmost to understand the challenges of supply chain management. Following the extension of the supply chain, the quantity of the suppliers increases enormously, and supplier relations become more complicated. Often I.T. brand companies have no direct contractual relationship with suppliers and can't exert as much influence over lower-tier ones; this influence weakens further down the supply chain.

To this end, our enquiry included many larger brands in the I.T. industry. Based on the results of our discussions and investigations, we decided to assess from two aspects whether or not the company has or has not effectively extended their environmental management throughout their supply chain.

- Has environmental management been directly extended to major material suppliers? We understand, for quality control considerations, that some brands put major demands on their direct suppliers of source

raw materials, and even directly specify which suppliers of materials they should use. Seeing that major material suppliers often discharge significantly large amounts of pollutants, these companies have considerably large ecological footprints. We hope the I.T. brands are able to extend their environmental management systems to those major companies who produce their materials in order to effectively control their own environmental risks.

- Pushing the first tier suppliers to search for the second tier suppliers' environmental performance. Increasingly more brands have explained to us in our exchanges that since they lack a contractual relationship with lower-tier suppliers (which often means a huge number), they can hardly exert much influence and management beyond their first tier suppliers. The question is how can companies alleviate weakened influence and rising risks of pollution due to further outsourcing in the supply chain? Some brands mentioned that within their own supply chain management and in some cases through an industry collaboration platform such as EICC (Electronics Industry Citizenship Coalition) they can request that first tier suppliers ensure their code of conduct be implemented with secondary suppliers.

We accept that brand companies use first tier suppliers to carry out management and control with their second tier suppliers. However at the same time, from our research and communication with the I.T. brands, we could see that some brands which claim that there is an extension of this management have no knowledge of tier 2 suppliers' environmental violation incidents. This situation clearly indicates that when it comes to extend environmental management downwards through the supply chain, no matter if it is conducted by the companies or through the industry cooperation platform EICC, there are rather obvious gaps that need to be filled.

We recommend that while the I.T. brands consider committing to using the Government supervision data to search for violations with their first tier suppliers, they should require these first tier suppliers to make the same commitment to track the performance of their first tier suppliers using publicly available government supervision data. These types of practices will extend environmental management along the supply chain and assist I.T. brands to bridge the gaps of dwindling influence and rising environmental risks when their supply chain continues to grow.

When environmental management runs through the many layers of a supply chain and eventually reaches down to the production processes of raw materials, it will be possible for IT brand companies to truly realize life cycle pollution control. The chain reaction catalyzed by a tier by tier extension would immensely strengthen pollution control efforts in China.













































































































**3. Green Choice Consumers urge the negative brands to change their behavior.**









Although all 29 companies responded, the difference in the quality of their responses is remarkable. Hewlett Packard, British Telecom, Sharp, Samsung, and Toshiba, amongst others all had positive attitudes and expectations for improvements in the environmental management of their supply chains. Some companies that made communications or even commitments had limited action towards practical implementation of such commitments. Meanwhile, Apple, Sony, Nokia, LG, Ericsson and Sing Tel all performed negatively and there were expectations that there would be difficulties for them to make progress in mending the gaps in their supply chain management. The environmental NGO Coalition will continue to mobilize consumers and encourage them to take 'Green Choice Consumer Action' in order to push companies who are inactive to make steps to improve



**Figure 1 CCTV's "Focus Interview": The Clean Workshop's Strange Disease, CCTV, February 21nd, 2010**

**Table 2: Reply Status & Developments**

Company Name	2010.4.26	2010.6.5	2010.8.11	
	First Phase Report	Second Phase Report	Third Phase Report	Developments and Improvements
Samsung				 Positive
HP				 Positive
Panasonic				 Neutral
Siemens				 Neutral
Toshiba				 Positive
Sanyo				 Neutral
Haier				 Neutral
Lenovo				 Neutral
TCL				 Neutral
Intel				 Neutral
Hitachi				 Positive
Sharp				 Positive
Canon				 Neutral
Sony				 Negative
Alcatel				 Positive
Cisco				 Neutral
Seiko Epson				 Neutral
Nokia				 Negative
BT				 Positive
Sing Tel				 Negative
Motorola				 Neutral
Foxconn				 Neutral
Apple				 Negative
Philips				 Neutral
Ericsson				 Negative
Vodafone				 Positive
IBM				 Neutral
LG				 Negative
BYD				 Neutral

-  Green: Solid response
-  Blue: Limited response
-  Yellow: Initial response
-  Red: Insubstantial response
-  Black: No response
-  Expect to have positive expectations to improve their environmental management
-  Made communications or even commitments, but actions towards practical implementation were limited.
-  Expect to have difficulties in mending the gaps of the environmental management of their supply chain.

**a) The following 6 brand companies gave negative feedback in filling the gaps in their supply chain environmental management**

<b>Apple</b>	<b>↓ Negative</b>
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- On July 15th, 2010, Apple Inc.'s Supplier Responsibility Manager emailed the environmental protection NGOs, firstly to respond concerning the I.T. industry's supply chain issue<sup>9</sup>. He then denied that the three Kingboard Group subsidiary companies mentioned have any relation to their supply chain. .
- On July 22, 2010, the NGO Coalition sent a letter to Apple Inc.'s Supply Responsibility Manager thanking him for undertaking the investigation.

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<sup>9</sup> May 25, 2010 – Pacific Environment wrote email to the Supplier Responsibility Manager at Apple. Pacific Environment in their letter pointed out to Apple in their letter to the NGO Coalition had once sent a letter to the President of Apple, Steve Jobs regarding the environmental violations in Apple's supply chain. Meanwhile, Pacific Environment was disappointed at the lack of response from Apple.

May 26, 2010 – Apple's Supplier Responsibility Manager responded, expressing that Apple (USA): 1) did not receive the April letter sent by the NGO Coalition regarding environmental violations. 2) Can not confirm nor deny whether or no the suppliers in question are in Apple's supply chain. 3) The Apple group will carryout an investigation regarding the violating supplier but can not provide details or arrangements.

June 4<sup>th</sup>, 2010 – As Apple merely answered one of the five questions asked by Pacific Environment; Pacific Environment again sent Apple a letter. They hoped that Apple's would respond to whether or not Apple had any other suppliers have problems with environmental compliance. (Excerpt from letter sent to Apple from the coalition of 34 Chinese NGO on dated April 16, 2010, concerning violation performance of suppliers).

Apple did not respond to this follow up email.

June 29, 2010 – Pacific Environment launched the Consumer Green Choice action to summon US consumers to call for Apple to respond to questions and concerns raised by the 34 NGOs concerning the violating behavior in the supply chain.

By July 6th, 2010, Close to 900 consumers wrote letters to Apple demanding a response to the letter from the 34 NGOs regarding violations in their supply chain management. Apple still did not give any response.

July 6th, 2010 – Pacific Environment contacted Apple's Manager for Supplier Responsibility by phone and again pressed them to respond to 34 NGOs letter. Apple Inc. notified that they will not disclose any supplier-related information including investigations times and/or results.

However they requested that Apple Inc. confirm if they have business relationships with the other three Kingboard Group subsidiaries that have violation records.

Meanwhile, the environmental NGOs informed Apple Inc. that based on further research they discovered publicly available information pointing to three other companies including Lian Jian (China) Technology Co., Ltd. in Apple's supply chain who hold environmental violation records. The NGOs hope Apple Inc. can confirm whether or not Lian Jian (China) Technology Co., Ltd., and the three other enterprises are part of their supply chain, and if they are part of Apple's supply chain, whether or not they know about these environmental violations records. If Apple does have knowledge of them, we would like to confirm whether or not they have already taken any corrective measures.

Based on Apple Inc.'s response, the NGO Coalition understands that Apple Inc. cannot confirm or deny if any company is part of Apple's supply chain. In their response the environmental NGOs pointed out Apple Inc.'s secrecy in the operations of its supply chain management means that Apple Inc. must personally take even greater measures to check the environmental performance of their suppliers. In their letter the environmental NGOs introduced the Chinese environmental public information database and told of how major corporations such as GE, Nike, Wal-Mart, Esquel, and Unilever amongst others already use this publicly available Government supervision information to control the environmental management of their supply chain.

The environmental NGOs once more stressed to Apple that the I.T./Electronics industry's production chain, especially in the supply chain, involves the use and discharge of many types of heavy metals. If the discharge exceeds standards, it is likely to pose a threat to the environment and communities. Therefore, it is imperative that the I.T. industry further develops the environmental management of their supply chains. The environmental NGOs hope that Apple Inc. can reply to whether or not they will consider using the government sourced violation records to strengthen supply chain management.

- **As of August 10<sup>th</sup>, 2010, we have again not received any further response from Apple. The NGO Coalition questioned Apple about companies who appear to have rather serious cases of violating discharge standards. With cases like Lian Jian (China) Technology Co., Ltd., (see below for details) , the NGO Coalition called for Apple Inc. to do a thorough investigation and provide clarification, as well as to prevent further damage by improving its supply chain management system, rather than to use commercial secrets as an excuse to avoid their responsibility.**

## Case Study 1:

### 联建（中国）科技有限公司

### Lian Jian (China) Technology Co. Ltd

联建(中国)科技有限公司 (hereafter referred to as Lian Jian Technology) was set up in October 1999 due to investment of Taiwan Wintek Corporation Co., Ltd.; its factory was established in the Suzhou Industrial Park District<sup>10</sup>. The “21<sup>st</sup> Century Business Herald”<sup>5</sup> said this company is an OEM manufacturer of mobile phone touch screens that are used for a wide range of I.T. brands including Apple’s iPhone, Nokia and Motorola. An engineer from this company told this 21<sup>st</sup> Century Business Herald journalist that Apple Inc. USA was this company’s main client and that the iPhone touch screen was the plants most lucrative business<sup>11</sup>. However, these types of companies are OEM enterprises for the world’s I.T. brands but they have problems with aspects of environmental and occupational health and safety (EHS) management.

#### ● Lian Jian (China) Technology Co. Ltd. Environmental Violation Records:

#### **2009 Suzhou City Environmental Protection Bureau Administrative Punishment Situation**

- Punishment Decision Letter Serial Number (Su Huan Xing Fa Zi): (2009) Number 44
- Unit Receiving Punishment: Lian Jian (China) Technology Co. Ltd.
- Offence: Failure to adopt the appropriate measures causing hazardous waste to run off and failure to complete the hazardous waste manifest.
- Punishment Type: Penalty fine
- Penalty Amount (in 10,000 yuan): 8.0

( Table 3 : 2009 Suzhou Municipal Environmental Protection Bureau, Administrative punishment situation <sup>12</sup> )

#### ◆ Lian Jian (China) Technology Co. Ltd OHS violation circumstances

At Lian Jian (China) Technology Co. Ltd. problems with OHS management are

<sup>10</sup> <http://www.wintek.com.tw/chinese/about-Milestones.htm>

<sup>11</sup> <http://tech.163.com/10/0116/08/5T4U14PT000915BE.html>

iPhone’s Core Supplier Labor Dispute and Investigation , “21<sup>st</sup> Century Business Herald” ,January 16, 2010.

<sup>12</sup> 2009 Suzhou Municipal Environmental Protection Bureau, Administrative punishment situation 2010-01-25 <http://www.ipe.org.cn/bdbqy/gvqyinfo.jsp?ID=44780>

more prominent as the use of toxic solvents led to more than 40 workers being poisoned; among them some have been left disabled. The following case was based on accounts of CCTV's *"Focus Interview"*, *"Daily Economic News,"* *"The Economic Observer"* and other media reports:

In August 2008, Lian Jian Company replaced alcohol with hexane for workers to wipe mobile phone touch screens<sup>13</sup>.

## N-hexane

- According to relevant information, liquid hexane is odorous, has a low toxicity level, but is highly volatility and is a highly lipid soluble that has accumulative functions.
- Chronic poisoning from hexane has an incubation period of 10 months.
- It can cause peripheral neuropathy, "numb" limbs, sensory dysfunction and decreased motor skills, difficulty climbing stairs, muscle contractions; patients suffering paralysis find it difficult to hold objects, stand, or even turn over in bed.
- In the recovery period it also causes spasms and pain in the calf muscles, automatic nervous system dysfunction occurs as well as palmar and plantar hyperhidrosis, and heart palpitations.
- N-Hexane Poisoning Prevention, Suzhou Industrial Park Center for Disease Control, August 10, 2008<http://www.sipcdc.com/sformxx.aspx?newid=437>

(Table 4 N-Hexane related materials<sup>14</sup>)

The Lian Jian Company was found in violation with China's "Occupational Disease Prevention Law" as it neither reported the use of such toxic solvents such as Hexane, which may cause occupational disease, to the authorities nor notified their employees. Suzhou Industrial Park Safety Protection Authority was quoted by saying that the employee's poisoning was caused by Lian Jian's illegal use of toxic chemical solvents and its failure to implement occupational hazard prevention measures and employee protection<sup>15</sup>.

Since the second half of 2009, the Lian Jian Company has had increasingly

<sup>13</sup> CCTV's "Focus Interview": The Clean Workshop's Strange Disease, CCTV, February 21, 2010 <http://www.sipcdc.com/sformxx.aspx?newid=>

<sup>14</sup> N-Hexane Poisoning Prevention, Suzhou Industrial Park Center for Disease Control, August 10, 2008<http://www.sipcdc.com/sformxx.aspx?newid=437>

<sup>15</sup> CCTV's "Focus Interview": The Clean Workshop's Strange Disease, CCTV, February 21, 2010 <http://www.sipcdc.com/sformxx.aspx?newid=437>

more cases of workers suffering from symptoms such as fatigue affecting the whole body, sudden failure to grasp objects and some employees even fainting in the workshop. According to hospital reports and medical diagnostics, the sick workers' extremity peripheral nerve had been compromised with lesions that lead to slowing the speed of limb peripheral nerve conduction, leaving limbs weak and limp. Doctors confirmed that the extremity peripheral nerve was damaged. From August 2009, the Fifth People's Hospital in Suzhou had 49 workers from this factory staff be admitted for treatment.<sup>16</sup>

Lian Jian Company's workshop is a clean-room; it is well sealed but has poor airflow. The Health Inspection Section chief of the Centre for Disease Control and Prevention of Suzhou Industrial Park said they had done a monitoring of the production site, and the air sample testing showed that highly volatile "hexane" had accumulated in the air, which seriously violated the State safety standards. Thus, over time many of the staff members, did not have proper protective devices in the workshop and had cases of chronic poisoning.<sup>17</sup>

According to a report by the "Daily Economic News," which followed the case closely, the first group of 10 workers were discharged by the hospital on May 14, 2010. Except 3 who had not yet recovered and would wait for their disability rating later on, among the rest 7 employees, 2 people were diagnosed by the Suzhou Municipal Work Injury Identification Center as having "moderate-chronic occupational n-hexane poisoning" with a disability rating of 9. The remaining five were identified as having "mild-chronic occupational n-hexane poisoning." 70% had a disability rating of 10.<sup>18</sup>



Image 2: Left: Lian Jian's technological workshop; Right: Some of the poisoned Lian Jian workers receiving treatment in hospital. Source: CCTV's "Focus Interview": The Clean Workshop's Strange Disease, CCTV, February 21, 2010

<sup>16</sup>CCTV's "Focus Interview": The Clean Workshop's Strange Disease, CCTV, February 21, 2010  
<http://www.sipcdc.com/sformxx.aspx?newid=437>

<sup>17</sup>CCTV's "Focus Interview": The Clean Workshop's Strange Disease, CCTV, February 21, 2010  
<http://www.sipcdc.com/sformxx.aspx?newid=437>

<sup>18</sup>Lian Jian Technology Workers: 10 Injured and Given only 5 Months of Wage Subsidies "The Daily Economic News" March 27, 2010

So why does Lian Jian Technology Co. Ltd. use the toxic solvent n-hexane to make their products?

Poisoned workers from Lian Jian Technology have told “Daily Economic News” that the mobile phone touch screens are mainly made for Apple Inc.’s iPhone. Though the prices of alcohol and n-hexane are similar, n-hexane’s evaporation rate is 4 or 5 times faster than that of alcohol. Thus wiping a touch screen with hexane takes 1 to 2 seconds to evaporate under floodlight while wiping a screen with alcohol takes at least 10 seconds<sup>19</sup>. Within Lian Jian’s internal staff, it seems that after the “hexane incident,” its safety risks have not been resolved. The newspaper quoted the staff as saying that after the incident, Apple submitted a new proposal to replace the chemical with an acetone solvent<sup>20</sup>.

According to Economic Observer Report, an Apple supplier told the newspaper that for the improvement of product quality within a short period of time, Apple suggested suppliers try to use different chemicals already in use in China, such as acetone or other inflammable or combustible products that pose high risks. Though the use of these chemicals is in line with the China’s regulations, due to pressures and urgency of orders, the safety assessment and the protective measures of products prior to use are often compromised<sup>21</sup>.

**Nokia**

**↓ Negative**

- Nokia after the initial inspection on May 10, 2010 provided a written statement.
- The environmental NGO in their written responses on May 17<sup>th</sup>, 2010, touched upon five main points:
  1. They queried the results of the preliminary inspections conducted by the Nokia Corporation.
  2. Given that the violations occurred in the past, they hoped that the Nokia Corporation could confirm whether or not the violating company was their suppliers.

<sup>19</sup> Venom? Amazing Profits: Apple’s supplier Lian Jian Technology has made Sharp Monthly Increase in Profits of 10 million Yuan “The Daily Economic News” March 26, 2010.

<sup>20</sup> Behind Apple’s Bright Lights: Profiting off of Laborer’s Sweat for Money “Economic Observer Report” 2010-04-10

<sup>21</sup> Behind Apple’s Bright Lights: Profiting off of Laborer’s Sweat for Money “Economic Observer Report” 2010-04-10

3. In the view of the many layers of out-sourcing in I.T. production, the NGOs hoped the Nokia Corporation could confirm whether or not any of the company names who appeared on the list of violators were part of their supply chain.
  4. The Nokia Corporation requires that suppliers agree to extend their procedures of environmental management down throughout the supply chain, we hope they can explain how this is implemented.
  5. The NGO gave an introduction concerning how publicly available environmental information on supply chain environmental management can provide a new opportunity, as well as being at the forefront of the industry by utilizing the IPE database to strengthen environmental management. They hoped the Nokia Corporation could reply to whether or not they intend to use the publicly available government sourced data on violations to carryout management of their supply chain.
- On 7<sup>th</sup> June, 2010 Nokia Corporation replied to the environmental NGO.
  - On 28<sup>th</sup> June, 2010 the environmental NGO carried out a response to
    1. Taking into consideration that Nokia again denied that the violating companies were part for their supply chain. The environmental NGOs reiterated that they have found statements made publicly that some of the companies listed are Nokia suppliers. NGOs supplied direct link of one of the suspect suppliers. They also told Nokia that they checked with a Nokia JV partner on this specific case and was informed by the partner that the JV cited in this case is operated by Nokia. **They urge Nokia to check it up.**
    2. Nokia stated on its Website that “Nokia’s primary focus is on those suppliers with whom we contract and work with directly”. It also said that Nokia Supplier Requirements request that “our suppliers in turn set environmental, labor and health & safety requirements, and monitor the performance of their suppliers”. “We believe each tier of the supply chain must take responsibility for managing its own suppliers to achieve positive, sustainable improvements throughout the entire supply chain.”
- Environmental NGOs told Nokia that they do agree that each tier of the supply chain need to take responsibility for managing its own suppliers. But they also believe that the consumer brands like Nokia that make public commitment to high environmental standards and are benefited commercially from such public commitments have a special duty to promote its suppliers to shoulder their environmental responsibilities. Nokia relies almost entirely on outsourcing for its manufacturing, so if suppliers are left unchecked, and violate discharge rules and standards, Nokia would breach its commitment.

The NGOs told Nokia that some other brands have taken action to figure out who their major Tier 2 and 3 suppliers are and some have extended their environmental management to “material suppliers”, though they may not be their direct Tier 1 suppliers. They believe these are positive steps forward. Some brands are considering having their suppliers to commit to screening their own supply chain through the publicly available violation records. **They suggest that Nokia, as a leading IT brand known for its environmental commitment, look into the best practice cases.**

3. Nokia stated on its Website that “If concerns arise regarding the performance of 2nd/3rd tier suppliers, Nokia works deeper down the supply chain to investigate and address any concerns.”\_NGOs **urge Nokia to honor its commitment and to work deeper down the supply chain to investigate and address the concerns.**

Environmental NGOs checked Nokia’s web site but would not be able to find how Nokia could identify non-compliance records of its suppliers in an effective and timely manner. Once more they introduced publicly available environmental information on supply chain environmental management can provide a new opportunity. They hoped the Nokia Corporation could reply to whether or not they intend to use the publicly available Government data on violations to carryout management of their supply chain.

- **As of August 10th, 2010, NGOs have not received a response from Nokia Corporation concerning the four points mentioned above. With cases like the one that caused excessive blood lead to more than 100 children (please refer to Phase I Report) and Lian Jian (China) Technology Co., Ltd., i (see the previous section of this Report for details) , the environmental NGOs urged Nokia to do a thorough investigation and clarification, and to prevent further damage by improving its supply chain management system, rather than to use commercial secret as an excuse to avoid its responsibility.**

LG	⬇ Negative
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Reason for negative classification: Simply denied the cases of polluting enterprises raised by the environmental NGOs.

- In a response to the Business and Human Rights Resource Centre on July 14<sup>th</sup> 2010, LG stated no record of ever conducting business with the suppliers in question and in following queries claimed no knowledge of the conduct of these companies. LG said that suppliers “*must qualify based on*

*LGE Green Program criteria which include environmental compliance. Failure to qualify means that companies cannot register as LG's suppliers".*

- The NGO coalition responded on July 24<sup>th</sup>, 2010, recognizing the response. They informed LG that the violating companies in question publicly claim to be LG suppliers. Citing Changzhou Hongdu Electronics Co., Ltd as an example, they suggested that LG make further checks on the claims by these companies to confirm that they are LG suppliers.

In its response to the NGO's question, of whether or not LG has any other suppliers that have problems with environmental compliance LG said that suppliers *"must qualify based on LGE Green Program criteria which include environmental compliance. Failure to qualify means that companies cannot register as LG's suppliers."*

NGOs questioned if *"LG has no information on the conduct of these companies"*, as LG claimed in its response, and wondered how LG could verify the compliance status of a potential supplier if LG does not have a system to track the non-compliance records of companies in China? They called for LG to investigate further using the publicly available data to track the performance of their supply network.

- On August 3rd 2010, LG responded to the Business and Human Rights Resource Centre stating: *"It is impossible for LG Electronics to respond to this question based on information obtained from an unaudited company website. We stand by our earlier statement that we have no record of Changzhou Hongdu Electronics Co., Ltd. having ever been a supplier to LG Electronics."*
- **The NGO Coalition believes; the cases of polluting enterprises raised by the NGO are considerably serious. Below is the case of Changzhou Hongdu Electronics Co., Ltd. LG is considered the client of a company who repeatedly violates environmental standards and this company publicly refers to LG as their customer. LG went so far as to refuse to investigate the company on the grounds that their "official website had not been audited". This makes us wonder if LG is sincere in keeping all of their environmental commitments to responsible supply chain management.**

## Case 2 :

常州海弘电子有限公司

Changzhou Hongdu Electronics Co., Ltd

- Investigated and punished companies violating the law in January<sup>22</sup>  
Violator's Name: Changzhou Hongdu Electronics Co., Ltd.,  
Violation Record: Exceeded water pollution discharge : Total copper concentration 3.87mg/L
- Mr Wang of Wei Village, Chunjiang Town, Xinbei District called our paper's 86601029 complaint hotline: There is an electronic plant close to his house that discharges blue colored wastewater from the pipes everyday into the surrounding river. The local villagers jokingly call it "Changzhou's". Everyone is very worried about the pollution, and wonder whether the crops growing in the fields on the side of "Jiuzhaigou" are still safe to eat<sup>23</sup>.

Unannounced Visits by Journalist:

In the afternoon of February 25th, according to calls providing clues, the reporter asked the Municipal Environmental Protection Bureau personnel to go to the location of Changzhou Hongdu Electronics Co., Ltd, at the Weicun and Changjiang Village, Chunjiang Town. At this point, it was only to see a small river that lay outside the plant boundary walls and the obvious light blue colour that appears in the water. The trees on the two riverbanks, along with the surrounding grass was already withered and yellow and on the surface of the river a layer of white dust and other waste floats by. The villagers said they had informed the relevant department many times, but the water in the river is still blue.



Image 3: Company secretly discharging blue pollution into the surrounding 'Jiu zhaigou' (Changzhou Daily Newspaper) 28/02/2008

Environmental Protection Bureau issued a financial punishment of 100,000 RMB "administrative penalty". Unexpectedly, the fines have yet to be paid and community people again report the plant for pollution!

<sup>22</sup> Investigated and punished companies violating the law in January, Changzhou Daily 28/2/2008

<sup>23</sup> Company secretly discharging blue pollution into the 'Jiu zhaigou', Changzhou Daily, 28/02/2008

As the saying goes, *'Wisdom comes through suffering'*, "Hongdu Electronics" should be aware of the dangers of exceeding the pollution discharge standards. For what reasons do they again dare to "commit crimes against headwind"? According to the analysis of the Environmental Protection personnel there are three main reasons for companies to violate discharge standards. Firstly, companies hold the "trusting to luck" mentality. Hence, they are driven by economic benefits and adopt a style of secretly discharging, betting they can deceive law enforcement personnel. Secondly, rain and polluted water merge together to form untreated waste water that streams into the river. Thirdly, after many years the sewage network will fall into disrepair which can bring about the exceeding of discharge standards.

Yesterday reporters were informed by the Northern Branch of the Municipal Environmental Protection Bureau: This bureau has already issued "Water pollution discharge control enforcement deadline notice.", The Requirements are as follows: 1) Implementation of "Hongdu Electronics" renovations of the entire plant's rain and sewage pipeline network to ensure that all wastewater goes to sewage treatment facilities, until it is treated according to the discharge.

The reporter and the environmental protection personnel arrived at the plant's production site. The reporter saw the blue sediment surrounding the sewage outfall and sewage tank. Blue water was also being released from the discharge pipes. Following this the environmental protection personnel told the reporter that the water coming out although may seem to be transparent but can still contain corrosive copper substance. As to whether this reaches the national regulations discharge standards or not, before any conclusion is made the chemical analysis must be waited for. On the 26<sup>th</sup> February the reporter managed to make contact with Geng Tongzhang, the person responsible for the plant. According to Mr. Geng's explanation, the "Blue water" is mainly the reaction of the hydrochloric acid, lime stone water and copper after production. This factory's sewage treatment facilities and power facilities actually all need to go through a comprehensive renovation. However, at the minute the company is in the position of deciding whether or not to move premises, so basic infrastructure improvements have been postponed.

The company will actively contact the relevant departments to determine that if it is a situation of not moving premises, then they will promptly carry out transformations of the sewage treatment facilities and other infrastructure improvements, so as to ensure that the wastewater discharge standards are reached.

As a matter of fact, as early as last November 29<sup>th</sup>, the Municipal Environmental Protection Department had been receiving public reports. The law enforcement personnel while inspecting the surrounding river at Hongdu Electronics met the same scene as sight as this unannounced visit. According to our understanding, everyday this company discharges more than 300 tons of polluted water. All of this waste water was completely discharged into the Desheng River. At the plants wastewater treatment site, law enforcement officers found the treatment facilities to be simple, the application of treatment chemicals to be mishandled and that the operators violated the rules because the person were not familiar with the technological processes involved. As the result, the discharge exceeded the

standards and seriously contaminated the Desheng River. Law enforcement Officers on, to carry out check, find reasons why and to take the appropriate measures. On December 5th last year, the "Water" tested by the Municipal Environmental Monitoring Center verified that the plant discharge outlet had a total copper concentration of 3.87mg / l, well above the level I standard of national *"Integrated Waste-water Discharge Standard"*. This year on 31<sup>st</sup> January, according to *"Lake Taihu, Jiangsu Province Water Pollution Control Regulations"* provisions, the Municipal Environmental Protection Bureau issued a financial punishment of 100,000 RMB "administrative penalty". Unexpectedly, the fines have yet to be paid and community people again report the plant for pollution!

As the saying goes, *'Wisdom comes through suffering'*, "Hongdu Electronics" should be aware of the dangers of exceeding the pollution discharge standards. For what reasons do they again dare to "commit crimes against headwind"? According to the analysis of the Environmental Protection personnel there are three main reasons for companies to violate discharge standards. Firstly, companies hold the "trusting to luck" mentality. Hence, they are driven by economic benefits and adopt a style of secretly discharging, betting they can deceive law enforcement personnel. Secondly, rain and polluted water merge together to form untreated waste water that streams into the river. Thirdly, after many years the sewage network will fall into disrepair which can bring about the exceeding of discharge standards.

- Yesterday reporters were informed by the Northern Branch of the Municipal Environmental Protection Bureau: This bureau has already issued "Water pollution discharge control enforcement deadline notice.", The Requirements are as follows: 1) Implementation of "Hongdu Electronics" renovations of the entire plant's rain and sewage pipeline network to ensure that all wastewater goes to sewage treatment facilities, until it is treated according to the discharge standard. 2) Sending sewage through the rain water outfalls is strictly prohibited. 3) Must be in accordance with the "Jiangsu Province discharge outlet installation and standard repair management methods" concerning the standards for discharge regulations. 4) All items must be brought under control and completed by May 30<sup>th</sup>, and pass the environmental protection examination. If items are overdue or incomplete, based on relevant environmental laws and regulations, closure could be implemented.

Previously, "Hongdu Electronic's" was exposed by our newspaper on 28th February for exceeding pollution discharge standards and being subjected to repeated public complaints. Hongdu Company Chairman Geng Tongzhang made it clear to us: The Party Paper's exposure both applies pressure to and motivates the company. We will take corrective actions according with the Environmental Protection Department's requirements, immediately formulating two sets of pollution control programs for optimizing and ensuring effective results, and to make great efforts to achieve zero discharge<sup>24</sup>.

- (3) On 14<sup>th</sup> July, 2010, Changzhou Hongdu Electronics Co., Ltd., being one of 30

<sup>24</sup> District EPA issued out a "deadline for corrective measures", "Hongdu's position was to implement complete renovations, Changzhou Daily, 13/03/2008.

A translation of their apology letter reads as follows:

*"Recently in the production and management of my company, as a result of not having a strong idea of environmental laws, some acts have led to excessive pollution discharge and the contamination of the environment. The environmental rights and interests of the people have also been affected to certain extent and to this end we sincerely apologize to all the people of this city.*

*My company promises to comply with the environmental legal regulations and to be in compliance with the environmental protection department's demands to accelerate rectification and reform. From now on, in our production and business activities we will strengthen our awareness of social responsibility, standardize the companies environmental management system, launch efforts towards being environmentally friendly and conduct business which is responsible to the people. Meanwhile, we will bow to public scrutiny to our company".*

**Sing Tel**

**↓ Negative**

Sing Tel's correspondence:

- On the 22<sup>nd</sup> April, 2010, Sing Tel called the NGO Coalition three times, the NGO Coalition explained the project background and the use of existing environmental data to manage the supply chain. Sing Tel expressed that it was a publicly listed company and that they will provide feedback from a group level.
- On July 6<sup>th</sup>, 2010, the Sing Tel Group C.S.R. passed a response to the Business and Human Rights Resource Centre, saying, *"We will monitor the alleged environment infringement issue and will consider reviewing our business dealings with Narada if they are proven to have seriously infringed environment regulations."*
- **Two months after Sing Tel committed to providing feedback, the company again made a response through a third party statement, stating that they "will" investigate the cases of serious pollution brought to them by the NGO coalition. Presently, one month has passed, as of August 10<sup>th</sup>, 2010, there has still been no substantial response received from Sing Tel. At the same time, in a statement from Sing Tel passed through a third party, their opening statement reads "Sing Tel is concerned and cares about climate change". Climate change, no doubt, is an important environmental issue, but**

<sup>25</sup> Again 30 companies with environmental violations made a public apology, Changzhou Daily, 15/07/2010.

this NGO coalition raised the case of excessive heavy metals discharge which led to the excessively high blood lead of local children. After waiting for more than three months, Sing Tel's awareness of this issue remains so problematic we cannot but wonder if their response is nothing but an attempt to procrastinate and if they are merely going through the motions.

Sony	↓	Negative
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- After their initial checks, on 19<sup>th</sup> April, 2010 Sony supplied a written explanation.
- The NGO Coalition responded to Sony on the 20<sup>th</sup> April, 2010 with five main points:
  - 1) They queried the outcome of Sony's initial checks.
  - 2) Considering that the violations happened in the past, the NGO Coalition hoped that Sony could confirm whether or not the companies who exceeded standards were once part of their supply chain.
  - 3) The Coalitions hoped Sony could confirm whether or not the companies on the list of violators were their second-tier suppliers or in their supply chain.
  - 4) They expressed approval of Sony's requirements on their suppliers to abide by the environmental regulations; however, they hoped they could explain their checks on the environmental compliance of their supply chain.
  - 5) They introduced environmental information disclosure in the supply chain's environmental management as a new opportunity, as well as being an example of best practice for the leaders of companies in other industries to use the databases to strengthen their supply chain environmental management. The coalition hopes that Sony can reply to whether or not they can make use of the publicly available database of Government records to manage their supply chain.

Sony on 28<sup>th</sup> April, 2010, in their response to the environmental NGO Coalition again repeated their statement from the original letter. They pointed out to the NGO Coalition that the ten companies identified as being heavy metals exceeding violators are "*not direct suppliers*", If Sony discovered any violations with their second-tier suppliers Sony will co-operate with their first tier suppliers, requiring them to reform and rectify to '*Sony's suppliers standards*', however owing to the complexity of the supply chain. Sony has no ability to know every segment of the supply chain as Sony has no list of second tier suppliers.

On the 5<sup>th</sup> June, 2010, the NGO Coalition announced the *'Green Choice Consumers Second Phase Report'* and on June 21<sup>th</sup> the NGO Coalition sent the report to Sony, as of 10<sup>th</sup> August there has been no response.

The NGO Coalition believes, Sony on one hand stated that based on the *'Code of Conduct'* they can co-operate with first-tier suppliers to require second-tier violators to reform and rectify. On the other hand, they claim that owing to supply chain complexity, Sony does not have a list of second-tier suppliers and this is the reason they refuse to confirm whether the violating companies are or are not part of their supply chain. Regarding these violating companies, in comparison some US, European, Chinese along with other Japanese companies were able to check their second-tier and even third-tier suppliers. Sony has stuck to its stand-point, making people wonder if Sony's supplier *'Code of Conduct'* is merely a means of green washing.

Ericsson

↓ Negative

Reason for negative classification: Ericsson used the excuse that it *"cannot comment on matters relating to any specific companies"* to reject the demand by NGOs to investigate and verify whether or not the company that caused over one hundred children to suffer from excessive blood lead level is part of their supply chain.

- On 30<sup>th</sup> June 2010, Ericsson responding to the Business and Human Rights Resource Centre saying it had attempted to contact with the NGO on April 22<sup>nd</sup> 2010.
- On July 29<sup>th</sup>, 2010 the Business and Human Rights Resource Centre passed the NGO letter to Ericsson informing them that Ericsson had sent their E-mail to the wrong E-mail address due to a typo it made.
- A response was received by both the Business for Human Rights Resource Centre and the NGO Coalition from Ericsson on August 2<sup>nd</sup> 2010. This response supplied the June 30<sup>th</sup>, 2010 response. At the same time Ericsson passed on the April 22<sup>nd</sup> letter. These responses merely supplied Ericsson's generalized environmental principles. They stated: *"Ericsson is unfortunately not able to comment on business relations with specific companies"*. Meanwhile Ericsson said they would not be able to provide a new response.'
- ✧ The NGO Coalition believes that Ericsson's excuse of *"cannot comment on matters relating to any specific companies"* and their refusal to investigate and verify whether or not the polluter that caused more than a hundred children suffering from excessive lead in their blood stream is part of their supply chain, is regrettable. We respect the company's

right to commercial secrecy, however, we cannot accept commercial secrets being used as an excuse to dodge queries regarding problems which exist in the environmental management of the supply chain

**b) The following 8 brand companies gave positive feedback in filling the gaps in their supply chain environmental management**

HP	 Positive
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The HP Corporation called the NGO Coalition many times. They confirmed that the company mentioned in the NGO letter was their second-tier supplier; that they would contact their first-tier suppliers to confirm the situation of corrective actions. They noted that they had no relation with the other company mentioned. Meanwhile, they inquired about how to utilize the publicly available database to carryout environmental management of their supply chain. The NGO introduced how other industries use the database to develop their environmental supply chain management and shared related documents (company feedback, monitoring emissions and discharge data). HP expressed their desire to be provided templates and examples of cases to pass on to first tier suppliers as a management requirement.

- On 24<sup>th</sup> May, 2010 the NGO Coalition sent HP the relevant cases and templates.
- On 5<sup>TH</sup> June, 2010, the NGO Coalition announced the '*Green Choice Consumers Second Phase Report* and on June 21<sup>th</sup> they sent the report to HP.
- The person responsible for HP's Environmental Department communicated with the NGO on 13<sup>th</sup> July, 2010, having detailed consultations regarding a third-party audit. Throughout communications HP expressed a willingness to make efforts to push for a promotion of supply chain management within the industry.
- From June 17<sup>th</sup>, 2010, one company called a few times saying that it was made by its customer HP to give explanations of the status of these environmental violations. It also consulted the matters related to third party audits.
- HP telephoned the NGO Coalition, hoping the NGO could give them some training on their supply chain.
- **The NGO Coalition believes that, regarding how to promote suppliers to correct their errors and disclose information, HP set a good example by taking the lead requiring the violating company in their supply chain**

## undertake a third party audit.

BT	 Positive
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- BT after their inspection provided a written response on 10<sup>th</sup> May, 2010.
- On 17<sup>th</sup> May, 2010 the NGO Coalition in a written response inquired as to how this company is certain that there have been no further violations in their supply chain.
- BT responded on June 9<sup>th</sup>, 2010 informing that the problem company had already deleted BT's name from their website and that BT believed this issue was already resolved.
- On 5<sup>TH</sup> June, 2010, the NGO Coalition announced the '*Green Choice Consumer's Second Phase Report*' and on June 21<sup>th</sup> they sent this report to BT.
- On 28<sup>th</sup> June, 2010, the NGO Coalition responded to the letter by BT, hoping BT would clarify that it only meant that the issue with a specific case is resolved, but this should not be an end to communications with the NGO Coalition. Meanwhile they hope BT can respond as to whether or not they will be using the Government sourced and publicly available records on violations to track the performance of their suppliers.
- On 15<sup>th</sup> July, 2010, BT's Representative, the Purchasing Director from British Electrical Information Systems (Beijing) Co., Ltd., along with the Friends of Nature, Global Environmental Institute, Green Beagle and the Institute of Public and Environmental Affairs amongst other environmental organizations in the coalition held talks. BT made steps to clarify the cases of the problematic enterprises and the two sides reached agreement on the specific case through communication. The BT representative gave an introduction into their social responsibility management. The NGO Coalition introduced the current Chinese environmental information disclosure and the public's progress in this situation. At this point they demonstrated the use of applying Government sourced databases in the management of the supply chain. The BT representative expressed that he will research the NGO database carefully, saying if the information was objective and valid it could serve as an important resource for BT.
- On 18<sup>TH</sup> July, 2010, BT was sent the NGO Coalition report, the Consumer Green Choice supply chain management system standards along with the industrial processes procedures documents.
- BT replied to the NGO on July 26<sup>th</sup>, 2010 appointing a special person

responsible for the NGO Coalitions communications. At the same time expressing that BT would choose a section of their first tier suppliers to try out using the public supervision databases to carryout their supply chain management. The preparation work for this is expected to last for several weeks.

- On 6<sup>th</sup> August, 2010, the NGO Coalition called BT to enquire about the progress of the situation. BT expressed that after the meeting with the NGO Coalition they began carrying out research on the China Pollution Map database, and started scoping tests. Due to their products range and suppliers being fairly large, the speed might be quite slow. The NGO Coalition expressed that if they have any problems in their process they can contact the NGO at anytime.

✧ **Throughout the period leading to this Phase III Report BT continuously strengthened their contact with the NGO Coalition with the responsive level continuously increasing. Meanwhile BT decided to choose a section of their tier-one suppliers to test the use of public supervision data in their supply chain management. This is the first I.T. Company to decide to extend their supply chain management to their tier-two suppliers. If this can is effectively implemented, it will be of great significance.**

#### Alcatel-Lucent



#### Positive

- On the 5<sup>th</sup> May, 2010, Alcatel-Lucent after initial checks provided a written explanation.
- On 7<sup>th</sup> July, 2010 the NGO Coalition replied querying whether or not their other suppliers had violations. They hoped Alcatel-Lucent could respond as to whether or not they will consider using the Government sourced supervision database to develop the environmental management of their supply chain.
- 5<sup>TH</sup> June, 2010, NGO Coalition announced the '*Green Choice Consumers Second Phase Report on the I.T. Industry's Heavy Metal Pollution Investigation (29 IT Brands' Responses and Consumers' Green Choice)*'. On June 21<sup>th</sup> the NGO Coalition sent the report to Alcatel-Lucent.
- Alcatel- Lucent replied on 2<sup>nd</sup> July, 2010 expressing that they will use this to supplement their existing environmental management systems and will consider using the Government sourced environmental data supplied by the NGO to carryout the management of their supply chain.
- On 2<sup>nd</sup> August, 2010, the NGO in a written response to Alcatel-Lucent

hoped to know their progress made with their supply chain management.

On August 8<sup>th</sup>, 2010 the NGO Coalition received a response letter from Alcatel-Lucent, the details of which are below:

*"In response to your letter sent on August 3rd, I am confirming the integration of the IPE database into our supplier CSR assessment program. The IPE database has become a formal step within an EcoVadis assessment. The assessor manually verifies each supplier against the database. Additionally, we are reviewing all suppliers previously assessed for any new information in the IPE database. Again, we thank you for having brought this to our attention. This has strengthened the depth and accuracy of our supply chain environmental monitoring in China."*

- The NGO Coalition believes Alcatel's confirmation to be the first of these companies in the I.T. industry to officially use the public benefit database to launch their supply chain management has a positive significance

<b>Vodafone</b>	 <b>Positive</b>
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In April 2010, the environmental NGO sent a letter to Vodafone concerning the issue of I.T. brand suppliers and heavy metals pollution; however Vodafone only responded to British media regarding this matter and in a roundabout way didn't give a response to the NGO.

- Vodafone's Statement in Response to the Business & Human Rights Resource Centre, in relation to concerns raised by the coalition of NGOs led by Friends of Nature (FOE), Institute of Public and Environmental Affairs (IPE) and Green Beagle in their report.

*"Vodafone seriously regrets any incidents involving its supplier's operations that result in environmental pollution and in particular any harm to people's health.*

*Vodafone recognizes the seriousness of the pollution incident associated with Shang hang Huaqiang Battery Co. Ltd and the impact on the families and community involved and we regret that our supplier Narada failed to monitor its supplier base effectively. Shang hang Huaqiang Battery Co. Ltd have never been a direct supplier to Vodafone, but supplied product parts to Narada Ltd, who are a direct supplier to Vodafone.*

*We take any incident of this nature very seriously and endeavor to limit any risks. To do this we rely on and support our 1st tier suppliers to cascade our policies to their suppliers and inform us of any non-conformances. Unfortunately, in this case our 1st tier supplier, Narada Ltd, didn't identify the risk from its supplier, Shang hang Huaqiang Battery Co. Ltd., in time to avert this pollution incident.*

*Regrettably, communications from various NGOs on this issue did*

*not reach the appropriate teams within Vodafone which meant that we did not become aware of the situation in Shang hang until April 2010. As soon as we were aware of this we carried out our own investigation. We were told by Narada Ltd that they became aware of the situation when it was reported locally in September 2009. As a result they immediately ceased their relationship with Shang hang.*

*Narada Ltd was audited by Vodafone when it qualified as a supplier in 2006, and again in 2007 and 2008. In each case no significant issues arose concerning sustainability or health and safety issues and the company holds current certificates for ISO14001, OHASA18001 (independently verified by DNV) and SA8000 (verified by Bureau Veritas).*

*As a result of the situation in Shang hang we carried out a further investigation including another audit of Narada in May 2010. An outcome of this is to develop a plan relating to Narada's supply chain management that includes requirements to develop and deploy a risk based CR assessment tool and to any audit high risk suppliers this identifies. Vodafone will provide Narada with expertise and assistance in developing the tool and will accompany Narada auditors in the capacity of observers. This is an approach we have adopted with other suppliers to help them build experience in monitoring their suppliers.*

*We are reviewing how we can improve our engagement with NGOs so we can better identify concerns and incidents in sub-tiers of our supply chain. We are open to, and would welcome any constructive dialogue to help us improve in this important area."*

- ✧ Vodafone can recognize the seriousness of the Shanghang Huaqiang battery pollution incident, along with the influence this will have on the local families and the community. Due to these suppliers' production processes leading to contamination of the environment, especially towards the risk of people's health, this personally brings them profound regret. The NGO believes, since 2009 heavy metal pollution damage has been happening time and time again, this however is the first time a large client company has expressed its remorse for pollution caused from its own supply chain. In comparison with Nokia, Ericsson, Sing Tel Motorola and other brands, which until today would not be willing to discuss the case, Vodafone's statement undoubtedly has a highly positive significance, demonstrating this company's regard for corporate social responsibility.

**Battery production and manufacturing involving the use and discharge of heavy metals such as lead, which have harmful effects. With no strict environmental management system there is the likelihood that it will bring serious harm to the environment and the health of the local communities. The environmental NGO Coalition appreciates Vodafone's efforts to cooperate with first tier suppliers to extend its environmental management further down through the supply chain, by providing**

*Narada with expertise and assistance in developing tools for risk control assessment. The NGO Coalition suggested that Vodafone at this time push their supplier to make public disclosure to allow the communities and public to promptly understand the risks identified and the corrective actions taken. Such an action will create incentives for suppliers to make continuous improvement of their environmental performance.*

## Samsung

## Positive

- Since 28<sup>th</sup> April, 2010, Samsung communicated by phone many times.
  - After reporting back to their Head Office, on 7<sup>th</sup> May, 2010 Samsung replied informing of the enquiry results. From the five companies mentioned by the NGO Coalition who had violated environmental regulations, four of them no longer have business relations with Samsung. The remaining one supplier is Samsung's third-tier supplier, or a supplier to a Tier 2 supplier of Samsung.
- 1) Samsung already confirmed that in 2008 and 2009 the companies in question did indeed violate environmental regulations and furthermore at that time they said that the problem points had already been completely resolved. They said they are vigilant to strictly obey the relevant Chinese rules and regulations. They thanked the NGO for providing them with good information.
  - 2) From today, they will adopt stronger and more forceful steps against the companies who do not abide by environmental regulations. If they have violated environmental regulations, afterwards our company will cease business activity with this company. In addition, we have already directly strengthened the supervision and management of our Tier 2 suppliers. If the companies in question later violate environmental regulations we will cease relations with both the second and third-tier suppliers.
  - 3) Regarding the NGO question of whether or not other suppliers had issues of environmental violations, Samsung when necessary will carry out confirmation, in addition to this present validation. If there is a situation in which regulations are violated, immediate corrective measures will be adopted.
  - 4) Samsung China always makes efforts to be a company who contributes to the people of China and a company who contributes to Chinese society.
- On 12<sup>TH</sup> May Samsung Electronics Suzhou Co., Ltd., called hoping to send some information regarding a third party audit from a company on the violations name list. They expressed that they wanted to push their suppliers to under-go a third party audit and indicated that they now

wanted to use the IPE database to carry out checks on their suppliers environmental performance. In addition to this, previously the IPE had also sent Samsung a letter of notification to allow them to check the violations records of their suppliers. They have just now proceeded to carry out the related work. The procedures they have adopted are outlined as: firstly, allow their company's suppliers violations records to follow up with the Governments and at the very least bring them up to standard and following this allow them to undertake a third party audit. The NGO Coalition raised hopes that Samsung can push the company to give explanations regarding previous violations and make due disclosure

- 14<sup>th</sup> May 2010, Samsung telephoned for consultation on how to make improvements in their supply chain. On 17<sup>th</sup> May the NGO Coalition responded.
- On 14<sup>th</sup> June, 2010, one supplier company called, expressing that they had received demands from their client company Samsung, to carryout communications with the NGO Coalition. They gave explanations on the issues of the violations and supplied earlier monitoring data.
- **The NGO Coalition believes Samsung's actions to push problem supplier that it found through proactive screening to give initial explanations have a positive significance. However presently, this is merely one case. We hope Samsung can create a mechanism for checking on their suppliers.**

<b>Toshiba</b>	 <b>Positive</b>
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- From 26<sup>th</sup> April, 2010, Toshiba and the NGO Coalition carried out communications many times. On the 17<sup>th</sup> May a letter from Toshiba expressed: *"We deeply understand the importance of implementing environmental management throughout the entire supply chain. From this point, we will also to make efforts to precisely and properly manage the supply chain. In addition, once an environmental violation appears in our purchasing business, we will quickly provide corrective guidance. At the same time, we will also refer to the database you introduced in your letter."* Meanwhile, from this letter, Toshiba confirmed that among the three companies mentioned by the NGO Coalition, one of them was a former supplier to Toshiba, at the moment they have stopped trading with them, one company is an indirect supplier and the final company still needs to be investigated.
- On 2<sup>nd</sup> July, 2010, after receiving the NGO Coalition response letter, Toshiba sent a letter to the NGO Coalition saying the last company in their investigation could not be reached. Regarding the issue of using the

publicly available environmental management information in managing the supply chain, Toshiba had already made introduction of the content in the NGO database in meetings on 22<sup>nd</sup>, 24<sup>th</sup> and the 30<sup>th</sup> June for manufacturing subsidiaries.

- On 3<sup>rd</sup> August, 2010, the NGO Coalition sent a letter to Toshiba hoping that to take a forward looking approach to study how to establish mechanisms to improve their current supplier environmental management.
- ✧ **The NGO Coalition believes that Toshiba at their groups China environmental conference can introduce the work of the NGOs C, as well as how to use the Government supervision data to strengthen their supply chain management. They certainly have a positive significance and we hope that Toshiba's supplier checking mechanisms can be fully operational as soon as possible.**

Sharp	 Positive
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- On 28<sup>th</sup> April, 2010, Sharp's Head Office sent an email expressing that their Purchasing Department is in the process of investigating whether or not the companies raised by the NGO were their suppliers and they will reply with the results of the investigation as soon as possible.
- 4<sup>th</sup> June, 2010, a fax was received by the person responsible for Sharp, China confirming that one of the companies mentioned was a direct supplier.
- 5<sup>TH</sup> June, 2010, The NGO Coalition announced the '*Green Choice Consumers Second Phase Report*' and on June 21<sup>th</sup> the NGO Coalition sent the report to Sharp.
- In the period of June 12<sup>th</sup> until July 1st, 2010, the NGO Coalition and Sharp communicated by telephone many times regarding how sharp can improve their position in the I.T. Brands Reply Fact Sheet.

From the afternoon of July 6<sup>th</sup>, 2010, Sharp and the NGO Coalition carried out a meeting at the office of the Institute of Public & Environmental Affairs (IPE). The Environmental Protection Commonwealth Association and the IPE attended the meeting. The meeting record is as follows:

- 1) There was an introduction on aspects of Sharps corporate social responsibility and their green purchasing policies and plans, with related documents supplied. Sharp representatives personally presented the NGO Coalition a response. In the letter it was confirmed that one of the company's in question was a direct supplier for Sharp Electronics Co.
- 2) The NGO Coalition introduced the background of the development of the

I.T. industry heavy metals pollution investigation. Prompted by the process of global economic integration, a large number of the I.T. industry's production has been transferred to China, amongst these the heavy metal discharge from PCB and battery production is particularly serious. There is hope that Sharp and other such companies can study the leaders of companies from other industries, and how they are using Government sourced supervision data to improve the environmental management of their supply chain.

- 3) Sharp's representative expressed that the Head Office attached importance to the position of Sharp in the '*I.T. Heavy Metals Investigative Report's "IT Brand Reply Fact Sheet"*'. Hoping that they could move upwards to an even higher position on the chart as soon as possible.
  - 4) Sharp's representative expressed that he would report to the Head Office regarding this meeting, he would then confirm whether or not the other three companies are Sharps suppliers.
- On 22<sup>nd</sup> July, 2010, Sharp sent a letter to the NGO Coalition stating that Sharp can only carry out investigations regarding direct suppliers and expressing they have already *"notified all production bases in China of the new requirements that they must confirm whether or not a company have records on the database before they enter into business relations with it"*.
  - **The NGO Coalition believes, it is OK for Sharp to decide to start pro-active checks from their direct suppliers, however, concerning the companies publicly pointed out for being responsible for these problems, many I.T. brand checks are not confined to direct suppliers. We suggest that Sharp further enhance its actions, Meanwhile the NGO Coalition believes, Sharp attaches a high degree of importance to the issue of I.T. heavy metals pollution raised by the NGO Coalition. Through many positive communications they decided that all production bases in China should be required to check new supplier's compliance records. This striding to improve the management mechanisms in their supply chain is an important step.**

Hitachi	 Positive
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From 15<sup>TH</sup> April, 2010, Hitachi had quite a few telephone communications with the NGO Coalition. Up until 30<sup>th</sup> April, when by telephone they confirmed relations between the Hitachi Group and the four companies raised by the NGO Coalition. They acknowledged that they were not aware of the problem of pollution with their suppliers before the NGO raised the issue. If these facts were clear, the company would demand the suppliers

rectify the situation and at the same time, Hitachi also confirmed that they didn't know if any other suppliers had violations up until this point. They introduced the Hitachi's supplier corporate responsibility guidelines and instructions on green purchasing. The NGO Coalition introduced how the expanding of environmental information transparency has brought new opportunities to strengthen the environmental management of the supply chain. They notified Hitachi that to make use of the publicly available database of Government records to manage their supply chain. Hitachi managers expressed that they would convey this to their leadership, to pass on written supply certifications and to develop in-depth communications.

- On 25<sup>th</sup> May, 2010, Hitachi provided written information materials, stating that the Hitachi group had business relations with the four companies mentioned by the NGO. Whether or not they had business relations with the remaining two companies it was not clear, they will continue to verify this. Meanwhile, Hitachi stated that prior to this no records of environmental violation in the supply chain were known. It is also unknown whether or not there are violations with other suppliers.
- On June 5<sup>TH</sup>, 2010, NGO Coalition announced that the '*Green Choice Consumers Second Phase Report on Heavy Metals Investigation in the I.T. Industry*' and they sent the report to Hitachi on June 21<sup>th</sup>.
- On 15<sup>th</sup> July, 2010, Hitachi provided some written facts briefly introducing how the four companies they still have business relationships with have tried to rectify these violations. They also briefly explained how one company, at one time who had business relations with Hitachi had tried to correct their violations. While another company has already stopped production so there is no method of carrying out an investigation.
- The NGO gave a written response to Hitachi on 2nd August, 2010, hoping that Hitachi could push these four supplier companies to make public disclosure of their environmental data. Meanwhile, the NGO stated that Hitachi could consider establishing an effective supervision system, promptly identifying their supplier companies who had violations of exceeding discharge standards and further promote them to make rectification.

**The NGO Coalition believes, Hitachi did confirm through investigations that the 4 companies were their suppliers, and they notified the NGOs that they without exception "*recognize the violations of the relevant regulations and those improvements have already been completed*". This is a positive development; however, the information in their response was very brief. It is difficult to convince the public whether or not these companies have made real improvements. The NGO Coalition hopes Hitachi can push these four suppliers to publicly disclose their environmental data, and at the same time,**

hope they can consider establishing an effective supervision system to promptly identifying the supplier companies who had violations of exceeding discharge standards and further promote rectification.

c) The following 15 brand companies gave neutral feedback in filling the gaps in their supply chain environmental management:

Panasonic	↔	Neutral
Siemens	↔	Neutral
Sanyo	↔	Neutral
Haier	↔	Neutral
Lenovo	↔	Neutral
TCL	↔	Neutral
Intel	↔	Neutral
Canon	↔	Neutral
Cisco	↔	Neutral
Seiko Epson	↔	Neutral
Motorola	↔	Neutral
Foxconn	↔	Neutral
Philips	↔	Neutral
IBM	↔	Neutral
BYD	↔	Neutral

#### **Communications situations in Appendix One**

#### **4. Green Choice Consumers follow-up activity**

Confronting the reality that the production processes of the I.T. products continuously encroaches on the environment and on the health of the public, many people have expressed their astonishment, sorrow and anger through written letters or on-line. With people feeling helpless in this situation, we constantly hear: *“What can I do”, “Can I influence and change the behaviour of this company?”*

We believe that through the Green Choice action, the entire public can have the possibility to influence and change the behaviour of this company. Based on incomplete statistics from the Green Choice Consumer’s second phase movement, altogether there are in excess of 1160 Chinese and foreign

consumers who have written through peaceful correspondence to the four non-respondent companies. They hope these companies can finally break their silence and begin to communications regarding the issue of violations with their suppliers. This to us proves the power of the Green Choice Consumer.

As mentioned above, from our communications since June 5<sup>th</sup>, HP, Samsung, BT, Alcatel, Toshiba, Sharp, amongst others have all expresses positivity, having optimistic expectations concerning the improvements within the environmental management of their supply chains. Some of the companies even went to the extent of making promises; however their progress proved to be limited. Apple, Sony, Nokia, LG, Ericsson, SingTel and other enterprises all had negative performances and their progress is expected to be somewhat difficult. We hope that consumers can clearly and firmly urge these negative companies to change, for the sake of the natural environment, and the sake of the public's health and in order to leave our children a safe and habitable land. Please let these companies hear your voice!

If you want to know the necessities and practicalities expressed by the I.T. brands, please refer to the following guide:

- **Why should I be concerned about the I.T. brands heavy metals discharge?**

Due to the discharging of many types of heavy metals in the manufacturing process of I.T. products, this leads to serious and lasting damage to the health of the society and the natural environment.

- **Is there a settled plan to control the heavy metals in the I.T. industry?**

Yes, there is already a familiar and settled plan to control heavy metals in the manufacturing process of the PCB (printed circuit board) and other I.T. products. There is only a need to install the necessary equipment at the end of the production process which can effectively retrieve the metals.

- **Why can the I.T. industry heavy metals control not be separated from the I.T. brand supply chain management?**

As the I.T. brands product's production primarily comes through OEM (original equipment manufacturer) production and other processing enterprises. If, when they are purchasing they only ask about the quality and price and not the environmental performance, it will indirectly encourage suppliers at the expense of environmental standards, to reduce costs to win orders. Conversely, if the IT brands join the procurement standards and environmental protection requirements they can push suppliers to improve their environmental performance.

- **Why do we need consumers to participate and push the I.T. industry for pollution control?**

Consumers are considered by the I.T. brands as their most important stakeholders. Consumers clearly express desires that in order for the I.T. brands to improve the environmental management of their supply chain the brands need motivation.

- **Why do I.T. brands have an obligation to answer to my expectations and demands?**

These brands for the most part have made commitments of environmental protection in one form or another. This means that when purchasing their products you also purchase their commitment. Depending on the outsourcing production of the I.T. brand products, if violations of exceeding the discharge standards are left unchecked, then this runs against their commitment to you. Thus, you as the product's consumer, therefore have the right to demand for this to be put right and for a detailed explanation to be given.

- **Are there any successful cases of brand companies pushing suppliers to eliminate pollution?**

Yes, there are. Based on the process acquired through the publication of environmental information in China, the pollution map database contains over 60,000 records of companies from all areas who have violated standards. This allows the brand companies to conveniently search and compare their supplier names and the lists of government announced violating companies. Presently, GE, Nike, Wal-Mart, Esquel, Uni-lever, Mitsui & Co. and other large enterprises have already started to use this database to promote the environmental management in their supply chain. Through these large brand companies regular make queries. More than one hundred suppliers have already been pressurized, to publicly announce and to rectify their issues. Some of which carried out independent third-party audits under the supervision of the NGO<sup>26</sup>.

If you would like to send requests and comments to the 6 I.T. companies who did not respond, try using the following websites and contact details:

Apple: [supplierresponsibility@apple.com](mailto:supplierresponsibility@apple.com); [News\\_Asia@InsideApple.Apple.com](mailto:News_Asia@InsideApple.Apple.com)

Sony: [corporate-social-responsibility@jp.sony.com](mailto:corporate-social-responsibility@jp.sony.com)

Nokia

CH: <http://www.nokia.com.cn/about-nokia/contacts/contacts-contact-nokia-board>

EN: <http://www.nokia.com/about-nokia/contacts/corporate-feedback/email-nokia-corporate-communications>

LG:: [lgpr@lge.com](mailto:lgpr@lge.com)

Ericsson: <http://www.ericsson.com/feedback>

Sing Tel: <http://info.singtel.com/Contact-Us>

<sup>26</sup> Relevant corrective measures and explanations can be viewed at <http://www.ipe.org.cn/news/index.jsp>

## APPENDIX 1: Communications status with companies whose improvement outlook was considered “neutral”

Panasonic		Neutral
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- Since April 15<sup>th</sup>, 2010, Panasonic and the NGO Coalition carried out telephone communications on many occasions. Following extensive investigations, Panasonic on 30<sup>th</sup> April 2010, submitted a written statement. They explained that Panasonic has already parted from the companies that the NGO Coalition had mentioned. They stated that they had already started using the ‘China Water Pollution Database’ to carry out the management of their first-tier suppliers and they are considering a step further, to establish a management mechanism.
- By 10<sup>th</sup> August, 2010, there still has been no release of the outcome of checks and investigations on suppliers done by Panasonic.
- **The NGO Coalition believes, Panasonic in the early days actively identified the problems with their suppliers and promised to use the public supervision database to manage their suppliers. However, three months have passed and they have not offered any follow-up communications. The prospects for positive change in Panasonic’s supply chain management are considered by us to be uncertain.**

Siemens		Neutral
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- Siemens after their initial checks provided a written statement on 12<sup>th</sup> May, 2010.
- The NGO Coalition on 17<sup>th</sup> May gave a written reply querying the results of Siemens initial checks.
- On 2<sup>nd</sup> June, Siemens, China’s representative and representatives from two NGOs held talks. Both sides exchanged views in a straight forward manner.
- On 4<sup>th</sup> June, 2010, Siemens sent a letter to the NGO Coalition, stating that they will use the Government sourced data and their own information in combination, to make further steps to gain understanding of the true environmental performance of their suppliers, they stated *“therefore we truly consider using this publicly available database.”*

**The NGO Coalition believes: Siemens just before the announcement of the second phase report, gave a written notice considering using the public supervision data in the management of their supply chain, however two months have passed and this company have not offered any follow-up communications. The prospects for positive change in Siemen’s supply chain management are considered by us to be uncertain.**

Sanyo	↔	Neutral
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- On April 21<sup>st</sup> 2010, Sanyo China made a telephone inquiry. The NGO Coalition explained the project background and the purpose of the study. Sanyo said their Head Office would focus on their supply chain on a regular basis and establish a mechanism for verification.
- On April 26<sup>th</sup> 2010, one of Sanyo's suppliers sent some related information and explanations. The NGO Coalition in turn placed this information on file in the *China Water Pollution Map Database*.
- On June 5<sup>th</sup> 2010, the NGO Coalition announced the '*Green Choice Consumer's Second Phase Report on the I.T. Industry's Heavy Metal Pollution Investigation*' (29 IT Brands' Responses and Consumers' Green Choice).
- On 10<sup>th</sup> June, 2010, Sanyo China called the NGO Coalition hoping to receive a copy of the phase two report. The NGO Coalition forwarded this report.

**By August 10<sup>th</sup> 2010, there has been no explanation from Sanyo received about the other three companies. At the same time, Sanyo also has not responded on the establishment of a mechanism for checking their supply chain. The prospects for positive change in Sanyo's supply chain management are considered by us as uncertain.**

Haier	↔	Neutral
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- Haier called on April 23<sup>rd</sup> 2010, after their initial checks. They confirmed that the company with violation records cited by NGOs was a key supplier to Haier. The NGO Coalition explained the project background and the purpose of the study. Meanwhile, they notified Haier that they can go through the *Pollution Map Database* to verify the environmental supervision records of their suppliers. Suppliers can also make public disclosure on this platform of its corporate feedback, follow-up monitoring documents and discharge data. Haier stated that they would follow-up after reaching an agreement with their suppliers.

**Haier, at an earlier stage once actively investigated and confirmed the problems with suppliers. They stated that they would actively follow up. However, three months have already passed and they have not given any follow up report on progress. The prospects for positive change in Haier's supply chain management are therefore considered by us as uncertain.**

Lenovo	↔	Neutral
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- On April 23<sup>rd</sup> 2010, after initial checks, Lenovo provided a written explanation, stating that they had launched the necessary investigations and confirmed that the suppliers mentioned in the NGO Coalitions letter were not in fact their suppliers. Regarding the

following two points mentioned by the NGO Coalition, Lenovo stated that at a later stage they will make further communications.

- 1) Whether or not Lenovo has other suppliers who have environmental violations?
- 2) Do they have a standard for their supplier's environmental performance? And also, if they have established a supplier environmental management system?

✧ **Lenovo at the earlier stages used to be rather active when investigating and confirming problems with their suppliers and stated they will communicate further. Three months have already passed and this company has not replied regarding the issues raised by the NGO, also, they have not reported any follow-up progress. The prospects for positive change in Lenovo's supply chain management are therefore considered by us as uncertain.**

TCL	↔	Neutral
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- After their initial checks, TCL provided a written response on May 6<sup>th</sup>, 2010. They stated that the companies mentioned in the NGO letter were not their suppliers.

On May 7<sup>th</sup>, 2010, the NGO gave a written response to TCL, with the following major points:

- a) They inquired as to whether or not TCL has undergone a thorough investigation and asked the results of this investigation.
- b) They introduced environmental information disclosure as a new opportunity for supply chain environmental management, as well as for other leading companies to become an example of best practices by using the database to strengthen environmental management.

✧ **After the release of the Initial Report, TCL made only a simple response querying the issue of their suppliers. The NGO then followed up on their query. However, three months have passed and TCL have not given any response to the issue raised by the NGO. The prospects for positive change in TCL's supply chain management are considered by us as uncertain.**

Intel	↔	Neutral
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- Intel after their initial checks provided a written response on May 19<sup>th</sup> 2010. They notified that none of the companies cited by NGOs were their suppliers. However, another company belonging to the same group of the three companies mentioned was their supplier and it confirmed in writing its environmental compliance.
- The NGO Coalition on May 20<sup>th</sup> notified Intel in writing that the supplier which gave written confirmation of its environmental compliance actually had a series of violation records on the *China Water Pollution Database*. They hoped Intel could confirm

whether or not the company in question has already put corrective measures in place. Meanwhile, they hope Intel could explain how they check on the compliance status of their suppliers.

- On June 5<sup>th</sup> 2010, the NGO Coalition announced the Green Choice Consumer's second phase report and on the 21<sup>st</sup> June, 2010 they forwarded a copy of this report to Intel.
- Intel gave a written response on June 18<sup>th</sup>, 2010. In this letter they expressed that in 2007 their supplier company had 13 records of violations. However, Intel considers these 13 records of environmental violations to have no direct influence on the environmental pollution.
- On June 23<sup>rd</sup> 2010, the NGO Coalition raised in writing with Intel that in 2007 the supplier company was confirmed by the Provincial Environmental Bureau for "having 13 violations in its implementation of 'Three synchronies' system and in its hazardous waste management". The Environmental Protection Department "in accordance with the law is resolved to administer a 1.9 million RMB financial penalty, arousing strong social repercussions." The NGO Coalition stressed that Intel shall encourage suppliers with such a serious environmental problem to make a public disclosure of its corrective measures and follow-up monitoring data, in order to update the public on the supplier's performance.
- On June 25<sup>th</sup>, 2010, with the introduction of FUTURE 500 and Asia Water Project, the NGO and the person responsible for CSR at Intel's Head Office along with the China team held a telephone conference. During the course of this conversation, the NGO pointed out to Intel that the fact Intel had been unaware of these the multiple records of violations by its suppliers demonstrated the flaw in Intel's supply chain management system. The NGOs suggested that Intel draw support from the China environmental information disclosure and use publicly available enforcement data to mend the gap. Intel stated that they will give it consideration. Afterwards, Intel's stakeholders again through Future 500 expressed firm aspirations to use the publicly available environmental supervision data and a willingness to launch further dialogue with the NGO Coalition.

The NGO Coalition considers Intel's communications at the earlier stages as rather positive. Intel also repeatedly expressed that, as a leader in the industry, it is willing to promote the platform of industry cooperation such as E.I.C.C. to resolve the supply chain pollution problem. However, regrettably, as of August 10<sup>th</sup>, 2010, we have not seen this company adopt any measures to push this issue with their suppliers nor has this company with their industry platform body progressed any further with dialogue with the NGOs. The prospects for positive change in Intel's supply chain management are considered by us to be uncertain.

Canon	↔	Neutral
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- April 16, 2010 34 environmental NGOs issued "A Letter Addressing Environmental Compliance

Issues within Canon's Supply Chain" to Canon's CEO Fujio Mitarai explaining that since that section of the IT industry involves serious heavy metal pollution emissions, we hope Canon can put their environmental commitments into practice and strengthen supply chain management to prevent pollution.

- April 26, 2010, environmental groups released a report "the IT Industry Has a Critical Duty to Prevent Heavy Metal Pollution" and to introduce the IT products manufacturing industry to heavy metal emission while showing that there has been communications with 29 IT brand manufacturers and that 20 had not yet responded, one of which was Canon.
- On June 5, 2010, environmental groups released a second report, a IT industry's heavy metal pollution research report called " 29 IT brand Responses and Green Choice Consumer Action Project" explaining any progress that has been made in communication with the IT brands, and that 8 brands had not responded, one of which was Canon.

Based on the differentiated responses by IT brands, environmental groups called for consumers to express their expectation and requests to the brands, demanding them to strengthen supply chain management.

- After this, South China Nature Society<sup>27</sup>, Nanjing Green Stone Environmental Action Network, Green Student Forum, Center for Rural Development and Biodiversity Protection of Lanzhou University, and other environmental groups informed consumers of these products, most of them college students that some brands had failed to respond to questions related to heavy metal pollution. The NGOs also provided contact information to the consumers who wish to express their will to the relevant brand. According to environmental groups' statistics (still incomplete) so far there has been more than 200 consumers, most of them university students, that have written to companies such as Apple, IBM, Canon, LG to express their concern for this situation. Among them over 60 messages were sent to Canon.
- On June 11, 2010, environmental groups received a letter from the Canon Inc., saying "through our investigation, the four companies cited in your letter are not direct transaction suppliers (hereinafter referred to as "Tier 1 Suppliers") to Canon or Canon's subsidiaries (hereinafter referred to as 'Our Group'), but are suppliers to the Tier 1 Suppliers of Canon's subsidiaries. In addition, Our Group was not aware of these cases until we received your letter. Our Group has been taking measures through the subsidiaries and their Tier 1 Suppliers to require related companies to take corrective actions."
- On June 17, 2010 environmental groups sent a letter to Canon Inc., giving recognition to Canon's investigations down through their supply chain and hoping to make further communications with Canon on the following questions:
  - Canon said in the letter "Our Group was not aware of these cases until we received your letter. Our Group has been taking measures through the subsidiaries and their Tier 1 Suppliers to require related companies to take corrective actions."
  - Environmental groups suggest that Canon encourage these suppliers to make public disclosure about their problems identified and corrective measures taken, as well as follow-up monitoring data. Such disclosure would help the public gain more updated and accurate understanding of the pollution control situation of Canon's suppliers.
  - Canon introduced its management criteria for Tier 1 suppliers. Environmental groups would like to confirm with Canon if its management system is able to identify infractions

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<sup>27</sup> It is the Guangzhou office of Wenzhou Green Eyes.

of its suppliers in a timely and effective manner?

- Canon expressed, “Our Group has carried out an evaluation on our Tier 1 Suppliers, and have not discovered any suppliers who did not meet the standards.” Environmental groups suggested that since the IT industry manufacturing relies heavily on outsourcing, it is often not sufficient if the IT brands merely implements environmental management on its first tier suppliers, environmental management needs to be extended through the supply chain
- The NGO Coalition then went on to introduce the aspect of Chinese publicly available environmental information and the progress that has been made in recent years. They also explained to Canon how a group of large companies is already using this publicly available environmental data to push more than one hundred supplier companies to adopt corrective measures and to make public disclosure. The NGO Coalition then queried whether or not Canon would consider using this Government sourced data on violations to strengthen their supply chain management.

**By 10<sup>th</sup> August, 2010, no further response has been received from Canon regarding the NGO’s proposal to establishment a system to perform checks on their supplier’s violations. The NGO Coalition believes, Canon is capable of responding to the demands of the community, including consumers by breaking their silence and undertaking deeper investigations into their problems suppliers, this step would definitely be worthwhile. Yet, this company after receiving the NGO Coalitions follow-up questions and suggestions, once again sank into silence. The prospects for positive change in Canon’s supply chain management are considered by us to be uncertain.**

Cisco	↔	Neutral
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On 7<sup>th</sup> May, 2010, Cisco sent a letter to the NGO Coalition saying that when Huizhou Mei Rui Electronics Technology Co., Ltd., had been found to have violated they were not suppliers of Cisco. At the same time, now Viasystems the new owners with Mei Rui Electronics Technology place strong emphasis on environmental protection. After the take over of this company, the water treatment facilities underwent improvements.

17<sup>th</sup> May, 2010, The NGO Coalition responded to Cisco:

1. The NGO firstly acknowledged Cisco’s investigations, and at the same time they sought an explanation on the relations between Mei Rui and Cisco. From Mei Rui’s 2008 Company Annual Report we seen they named Cisco as one of their two larger clients. *“Holding 11% of net sales for the fiscal year of 2008”*. Mei Rui’s 2008 Company Annual Report states *“Mei Rui at their Chinese Huiyang and Huizhou factories have not reached the Chinese legal and regulatory demands.”* According to the local Environmental Protection Department’s data it is obvious that in 2009 Huizhou Mei Rui *“seriously polluted the environment.”* At this point the NGO Coalition hopes that Cisco can confirm whether or not in 2009 Huizhou Mei Rui Electronics Technology co., Ltd., was a supplier to Cisco. Also, whether or not Cisco knew that Huizhou Mei Rui Electronics had an environmental record for violations in 2009.

2. The NGO Coalition raised hopes for Cisco to explain what checks and examinations were done to check the compliance status of their suppliers in China.
3. The NGO Coalition introduced the challenges facing the Chinese environment and the current situation of publicly available information. They stressed the introduction of the current Chinese Government records on environmental supervision and how there are already more than 6000 cases. They hope Cisco can confirm whether or not they are willing to use this Government sourced environmental data to manage their supply chain.
- On 5<sup>TH</sup> June, 2010, the NGO Coalition announced the *'Green Choice Consumer's Second Phase Report on the I.T. Industry's Heavy Metal Pollution Investigation (29 IT Brands' Responses and Consumers' Green Choice)*. On the 21<sup>st</sup> June they sent a copy of this report to Cisco. Cisco responded to the NGO Coalition, admitting that Mei Rui Electronics was indeed Cisco's supplier. However, denied that Cisco and 'Huizhou' Mei Rui Electronics ever had business relations. Cisco stated that Mei Rui had completely obeyed the relevant regulations and that 2009 was merely a *"one time incident"*. Cisco then introduced the E.I.C.C. as a third party.

On July, 28<sup>th</sup>, 2010 the NGO Coalition replied to Cisco. In their letter the NGO raised the following points:

1. In the view that Cisco's and Mei Rui Electronics business is quite large, and that the Huizhou Mei Rui is a major production base, the NGO Coalition hopes Cisco can supply proof to testify that Cisco and Huizhou Mei Rui had no business dealings.
2. Taking into consideration that Cisco was named in the 2008 report, this issue has already been completely straightened out. The NGO Coalition hopes Cisco can give an explanation concerning the 2009 violation that happened at the Mei Rui plant.
3. Considering that Huizhou Mei Rui's 2009 violation showed that the situation of exceeding standards had gotten worse. Cisco casually mentioned this as a *"one time incident"*, we hope that Cisco can give an explanation for their conclusion.
4. **Regarding Cisco's mention of using the E.I.C.C.'s public data to carryout management, the NGO takes this into consideration. Meanwhile they raised the issue that Cisco can't promptly discover violations from their suppliers, they relying merely on the E.I.C.C. for certification. The NGO Coalition believes this is not enough, and they suggested improvements.**

Seiko Epson		Neutral
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- Following their initial investigations, Epson provided a written explanation on 7<sup>th</sup> May, 2010. They stressed *"Our company and the related companies have not carried out business with those companies as first-tier suppliers."* At the same time promising *"we will confirm whether or not we have carried out business with these companies as second-tier suppliers"*.

- The NGO Coalition on 17<sup>th</sup> May, 2010 gave Seiko Epson a written response. They queried Epson’s investigation results, hoping that they would follow through and extend their environmental management throughout the supply chain. They also hoped they would confirm whether or not other companies in their supply chain hold records of environmental violations. The NGO Coalition introduced the use of environmental supervision information as a model for strengthening environmental management.
- **Up until August 10<sup>th</sup>, 2010, no further response has been received by Epson. The NGO Coalition believes: Epson in the early days committed to carryout investigations on the violation issues with suppliers. However, three months have passed and no feedback has been given on the four points raised. The prospects for positive change in Epson’s supply chain management have fallen to a negative edge.**

Motorola		Neutral
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- On May 4<sup>th</sup> 2010, Motorola sent a letter to the NGO Coalition expressing *“they are in the process of investigating whether or not they are Motorola suppliers.”*
- On 5<sup>TH</sup> June, 2010, the NGO Coalition announced the Green Choice Consumer’s second phase report and on the 21<sup>st</sup> June they sent a copy of the report to Motorola.
- On 8<sup>th</sup> July, 2010, Motorola sent a letter to the NGO Coalition concerning their investigation of their supply chain. They discovered that from the list of companies in the report, one of the companies was considered a supplier to Motorola. They already found two companies who were suppliers in the process of doing double checks.
- The NGO Coalition along with Motorola’s Head Office and the Chinese Management carried out a telephone conference on July, 12<sup>th</sup>, 2010. The NGO Coalition introduced the background of the I.T. industries heavy metals pollution project, specifically introducing how companies can use the Government sourced environmental data to improve their supply chain management. The person responsible for Motorola expressed that Motorola has a massive supply chain system which is difficult to manage. The *Pollution Database* will be of huge public benefit. The two sides discussed how challenges remain within the supply chain management. The person responsible for Motorola stated that they will carry out an internal investigation and confirm how to best use the database in their supply chain management.
- **As of August 5<sup>th</sup>, 2010, no feedback has been received from Motorola about the results of their investigations.**

Foxconn	↔	Neutral
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- On May 17<sup>th</sup>, 2010, Foxconn sent a letter to the NGO Coalition stating they had already passed on the NGO letter to the Head Office. Foxconn China expressed that they could not confirm if their Head Office would issue a response to the NGO Coalition.
- On 5<sup>TH</sup> June, 2010, the NGO Coalition announced the '*Green Choice Consumer's Second Phase Report*' and on June 21<sup>st</sup> they sent a copy of the report to Foxconn.

On July 8<sup>th</sup>, 2010, Foxconn telephoned the NGO Coalition and they discussed the issues below:

- 1) Foxconn is not a brand business and therefore should not be placed in the NGO investigative report. Foxconn proposed that the NGO Coalition remove their name from the list of "29 I.T. Brands" and in addition create a category for "I.T. OEM Company."
- 2) Foxconn stated that they also tried to understand whether or not Foxconn has the ability to influence the polluting suppliers from the NGO investigation. However, as an OEM company the I.T. brand companies will not reveal their commercial secrets to Foxconn. These suppliers will also not give any response to Foxconn's audit requests.
- 3) Foxconn expressed that from the violating companies mentioned in the NGO report, one of them is a supplier to Foxconn. Since the end of April, Foxconn has already successively sent personnel to carry out audits, and issued the relevant rectification notice.

The NGO Coalition responded, stating that Foxconn should assume environmental responsibility and strengthen their supply chain management. Regarding the company audits mentioned, they also hope Foxconn can provide the most recent audit reports.

**The NGO Coalition believes that Foxconn as an important OEM factory can attempt to carry out verification investigations regarding these problem companies. This will help to extend environmental management down through the supply chain, and have a positive effect. The NGO Coalition hopes that Foxconn will make efforts to establish a mechanism to make checks on their supply chain.**

Philips	↔	Neutral
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- On April 21<sup>st</sup>, 2010, the 34 NGOs sent a letter to Philip's Global website and received an automated response stating that a reply will be sent within four working days.
- On 5<sup>TH</sup> June, 2010, the NGO Coalition announced the '*Green Choice Consumer's Second Phase Report*' and on the 21<sup>st</sup> June a copy of the report was sent to Philips through their website.

- On July 2<sup>nd</sup>, 2010, Philips gave a brief summary in a response to the Business and Human Rights Resource Center saying:
  - 1) Philips is a member of the E.I.C.C. and relies on the E.I.C.C. to promote compliance of principles in the performance of suppliers.
  - 2) Although Philips has engaged with the NGO Coalition and other stakeholders, it usually won't give feedback on any specific issues.
  - 3) Concerning the NGO's query on supplier's environmental violations, Philips acknowledged Cixi New Crown as a secondary supplier. They said Philips requires for first-tier suppliers to implement the E.I.C.C. principles, however they have already ceased business relations with Cixi New Crown. Philips considered this matter to be resolved.
- On July 14<sup>th</sup>, 2010, the NGO Coalition received a reply from Philips, the content of which was almost identical.
- The NGO Coalition is willing to enter into dialogue with Philips regarding the E.I.C.C. standards. They also expressed that some flaws still exist within the E.I.C.C. standards and hoped that Philips can take advantage of their influence within the E.I.C.C. to strengthen their existing system, while also upgrading their standards.
- The NGO Coalition believes that Philips responded after the '*Second Phase Report*' was issued, and then they confirmed their investigations with problem suppliers, showing them selves to be more proactive. The fact that Philips failed to promptly detect cases of irregularities with their suppliers indicates that they depend on the flawed standards and operations of the E.I.C.C. The NGO Coalition suggested that Philips improve their own mechanisms and use their influence to push the E.I.C.C. to make further advances.

IBM	↔	Neutral
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- As of June 18, 2010, environmental organizations and consumers have had the following communication and exchanges with IBM:
- April 16, 2010, 34 environmental NGOs issued "*A Letter Addressing Environmental Compliance Issues within IBM's Supply Chain*" to IBM's C.E.O. Samuel J. Palmisa explaining that since that section of the IT industry involves serious heavy metal pollution emissions, we hope IBM can put their environmental commitments into practice and strengthen supply chain management to prevent pollution.
- April 26, 2010, environmental groups released a report "*the IT Industry Has a Critical Duty to Prevent Heavy Metal Pollution*" and to introduce the I.T. products manufacturing industry to heavy metal emissions, while showing that there has been communications with 29 I.T. brand manufacturers and that 20 had not yet responded, one of which was IBM.
- On June 5, 2010, environmental groups released a second report, the IT industry heavy

metal pollution research report called “29 IT brand Responses and Green Choice Consumer Action Project” explaining any progress that has been made in communication with the IT brands, and that 8 brands had not responded, one of which was IBM.

Based on the differentiated responses by IT brands, environmental groups called for consumers to express their expectation and requests to the brands, demanding them to strengthen supply chain management.

- After this, South China Nature Society<sup>28</sup>, Nanjing Green Stone Environmental Action Network, Green Student Forum, Center for Rural Development and Biodiversity, Protection of Lanzhou University, and other environmental groups informed consumers of these products, most of whom are college students, that some brands had failed to respond to questions related to heavy metal pollution. The NGOs also provided contact information to the consumers who wish to express their will to the relevant brand. According to environmental group’s statistics (still incomplete) so far there has been more than 200 consumers, most of them university students, that have written to companies such as Apple, IBM, Canon, LG to express their concern for this situation. Among them over 50 messages were sent to IBM.
- June 9, 2010, environmental groups received a letter from Ogilvy Public Relations and said IBM took the ‘IT Industry Heavy Metal Pollution Report’ seriously, and that they would investigate into this issue. At the same time however, they also denied that the two factories mentioned were IBM’s suppliers

On June 10, 2010, environmental groups sent a letter to Ogilvy Public Relations, hoping to make further communications with IBM on the following questions:

1) The letter sent by environmental NGOs on April 16, 2010 raise questions on 4 companies, but the response was only regarding two factories, please clarify.

2) Since the IT industry manufacturing relies heavily on outsourcing, it is often not sufficient if the IT brands merely implements environmental management on its First-tier suppliers. Environmental management needs to be extended through the supply chain. We therefore hope that IBM can confirm whether these companies referred to are part of IBM’s supply chain

In view of the company’s no-compliant behaviour in the last few years, we would like to confirm if these companies have ever been IBM’s suppliers.

Given the environmental violations related to specific and detailed cases and the complexity of the supply chain management system, we think communicating via a P.R. firm would be challenging. We think IBM should reply directly to the questions raised to its C.E.O. by 34 environmental protection organizations.

In recent years, China has made great progress in environmental information transparency, which provides a great opportunity to improve green supply chain management.

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<sup>28</sup> It is the Guangzhou office of Wenzhou Green Eyes.

Currently a group of large enterprises have started using the database to enhance supply chain environmental management and their efforts have promoted over 100 non-compliant suppliers to take corrective actions and made public disclosure. Given that the IT product manufacturing processes involves the discharging of heavy metal pollution, supply chain environmental management is essential and urgent.

On June 12, 2010 we received a response from IBM that included the following components:

- i. IBM stresses that the pollution problem in the supply chain is a high priority, and that they are doing an investigation and verification in a proactive manner.
  - ii. IBM also wants to clarify that communication with the public through closely co-operative P.R. firm is an official means.
  - iii. IBM wants to take this letter as the start of direct communication to promote solution of this issue, and
  - iv. IBM hoped environmental groups could resend the names of the 4 companies that were mentioned in the first letter. IBM said it would conduct deeper investigations into their supplier system and would update NGOs of their survey results in a timely manner.
- On June 12, 2010, environmental organizations replied to IBM said they were willing to have direct communication with them. Also attached to the response letter was the initial letter to IBM that was sent by NGOs on April 16, 2010.
  - By June 18, 2010, no further responses by IBM have been received on the specific questions on supplier non-compliance and on the NGOs suggestions for IBM to establish retrieval system for checking on supply chain infractions.
  - July 8<sup>th</sup>, 2010 IBM China sent a letter to the NGO Coalition, saying the four companies mentioned by the NGO coalition have no direct business relations whatsoever with IBM and IBM's supply chain. They are not IBM's PCB suppliers.
  - On July 14<sup>th</sup>, 2010 the NGO Coalition sent a letter to IBM China, trying to confirm whether or not the companies used to be part of IBM's supply chain. Meanwhile, the NGO Coalition raised the issue of the other three companies with environmental violation records, hoping to confirm whether these three companies mentioned by the NGO Coalition are part of IBM'S supply chain. They also require IBM to confirm if it has other suppliers who have environmental violation records.
  - The NGO Coalition told IBM that it was not efficient for NGOs to detect the polluting suppliers and then push major brands to confirm or make explanations. It is much better if large brands could set up their own screening system to identify polluting suppliers The NGO Coalition introduced the current Chinese environmental information disclosure situation and asked IBM whether or not they would consider using the government sourced, publically available database of violations to carry out the management of their supply chain.
  - **As of August 10<sup>th</sup>, 2010 there has been no further response from IBM**

On 8<sup>th</sup> July, 2010, the BYD (U.S.A.) Vice-President sent a response to the NGO through the Business and Human Rights Resource Center expressing hope for the NGO Coalition to provide a list of the violating enterprises and to allow for two weeks to:

- 1) Ensure they don't use the suppliers with violation records.
  - 2) Create a clean-up plan for their suppliers manufacturing process.
- On July 8<sup>th</sup>, 2010, the NGO Coalition passed on the April 2010 letter to the Vice-President of BYD (U.S.A.). This letter introduced the background of the project as well as how to use information disclosure to strengthen supply chain management.
  - On the 9<sup>th</sup> July, 2010, BYD sent an email to the NGO Coalition regarding their search for violators in their supply chain. They asked for a list to help them be more specific in their search.
  - On the same day The NGO responded again giving more introductions on how to use the database to search for companies with violation records.

On July 24<sup>th</sup>, 2010, BYD made contact with the NGO Coalition to inform them that:

- 1) They had undertaken a review and had consulted with their procurement teams about the allegations made.
- 2) They provided a specific BYD policy on environmental violations, which stated that companies had 2 months to complete a comprehensive clean-up, or face a termination of business relations.
- 3) They questioned the NGO Coalition about the possibility of receiving a weekly or monthly published excel sheet informing them of any violations.

The NGO Coalition replied on August 2<sup>nd</sup>, 2010 commending BYDs actions and:

- 1) Asked for further clarification as to whether or not the previously mentioned suppliers are BYD's suppliers.
- 2) Stressed the importance of openness, transparency, and public scrutiny as an effective incentive for the industry, asking for the findings of their inquiry to be made public.
- 3) The NGO clarified issues surrounding the online resources and publicly available databases, hoping that BYD will employ full use of these facilities and the new functions that will fulfil their requirements, which will be released in the near future.

On August 4<sup>th</sup>, 2010, BYD responded to the NGO Coalition informing them of a non-disclosure agreement with their current suppliers, which precludes them from discussing the exact details requested.

**The NGO Coalition respects the right for corporations to have their commercial affairs secret. However, they believe corporations should not use commercial secrets as an excuse to shy away from answering questions raised over environmental management in**

its supply chain. The NGO Coalition believes that BYD's position of not disclosing investigation results about the violation records of suppliers means that public scrutiny alone will not give the company a chance to improve its environmental management system.

## Appendix 2 NGO Members of Green Choice Alliance<sup>29</sup>

NGO Members of Green Choice Alliance	
1	Friends of Nature
2	Global Village Beijing
3	Green Earth Volunteers
4	Global Environmental Institute
5	Huai River Water Living Circumstance Scientific Research Center
6	Gansu Green Camel Bell
7	Friends of Green in Tianjin
8	Beijing Promotion Association for Sustainable Development
9	Center for Legal Assistance to Pollution Victims
10	Chongqing Green Volunteer Federation
11	Nanjing Green Stone Environmental Action Network
12	Nature Watcher Volunteer
13	Hubei Green Hanjiang
14	Environment Protection Commonwealth Association
15	Xinjiang Conservation Funds
16	Hebei Green Friend Association
17	Yunnan Green Watershed
18	Wenzhou Green Eyes
19	Wild China
20	Green Island
21	Green Beagle
22	Shanghai Oasis Ecological Conservation and Communication Center
23	Volunteers Association of Red Phoenix Project in Shaanxi
24	Friends Of Green Environment
25	Green Longjiang
26	Green Anhui
27	Green Zhujiang
28	Green River
29	Dalian Environmental Resource Center
30	Center for Rural Development and Biodiversity Protection of Lanzhou University
31	South China Nature Society
32	Green Kunming
33	The Youth Environmental Association in Chongqing
34	Institute of Public and Environmental Affairs

<sup>29</sup> NGOs that joined the Green Choice Consumers Initiative, in no specific order.