Fiscal Year 2020: Western Digital Statement Against Modern Slavery and Human Trafficking

Background

Western Digital does not tolerate human rights abuses, including the use of slavery, forced or child labor, in our supply chain or in any part of our business. We follow fair and ethical recruiting practices to ensure potential employees are supported and protected even before they step foot on our campuses, and we work closely with our suppliers to maintain similar practices and commitments throughout our supply chain.

This statement covers Western Digital's progress during our Fiscal Year 2020, which covers June 29, 2019 – July 3, 2020. It has been reviewed and approved by our Board of Directors as part of the Board's general oversight of our Human Rights efforts and practices. It covers all Western Digital subsidiaries, including our subsidiaries in the United Kingdom and California, and is intended to comply with our obligations under the UK Modern Slavery Act and California Transparency in Supply Chains Act.

Our Organization

As an industry leader in data infrastructure, Western Digital is driving the innovation needed to help our customers capture, preserve, access and transform an ever-increasing diversity of data. Everywhere data lives, from advanced data centers to autonomous vehicles to personal devices, our industry-leading solutions deliver the possibilities of data. Our data-centric solutions are comprised of the Western Digital®, G-Technology™, SanDisk®, and WD® brands.

Our Policies

Western Digital does not tolerate forced or bonded labor, whether in our own operations or in our supply chain. We provide our employees a respectful workplace that is free from harassment, discrimination, and corruption, and where employees know they can speak up if they ever witness such misconduct. We provide fair working conditions and we require responsible payment practices. We do not allow recruitment fees to be passed on to employees and prohibit activities that could be interpreted as compulsory labor. We do not tolerate child labor.

Western Digital's high standards for the protection of human rights are described in our Global Human Rights Policy (available here). Other Western Digital policies relating to human rights include our Global Code of Conduct (found here), country specific policies and work rules, and factory-level policies, all of which add specificity to our commitment to treat all employees with dignity and respect. Each factory's general manager commits to abiding by Western Digital's Global Code of Conduct, the Code of Conduct set forth by the Responsible Business Alliance (RBA), and country-specific Work Rules. This set of policies ensures that all our manufacturing workers can thrive in an environment that has the highest standards of labor practices. These policies are consistent with local labor laws and aligned with the RBA’s Code of Conduct, including the commitment to a strict prohibition on child labor, a focus on eliminating human trafficking and forced labor, fair recruiting practices and fair payment of wages.

In connection with these guiding principles, Western Digital partners closely with the RBA and other companies to identify key risks and implement best practices to eradicate such risks. We have actively participated in the Responsible Labor Initiative (RLI) since its founding in 2017. The RLI is a multi-industry, multi-stakeholder effort to ensure the rights of workers vulnerable to forced labor in global supply chains are consistently respected and promoted. Through the RLI, we discuss best practices, collaborate with peers to develop cross-industry standards for healthy and sustainable working conditions, and utilize shared resources to monitor our own practices and the practices of our supply chain.

Our Workforce

Western Digital employs approximately 65,000 employees worldwide and our manufacturing operations span more than 7 countries. To support this development, we are proud to take direct responsibility for manufacturing our products. Because our manufacturing workforce is particularly susceptible to human rights violations, we pay close attention to this population. Western Digital’s manufacturing workforce is predominately composed of directly-hired employees
whom we employ and manage ourselves. This gives us direct control over their working conditions, so we can ensure that they are treated with dignity and respect and experience fair and sustainable working conditions. 

We work closely and carefully with the labor brokers that source our manufacturing employees in Malaysia (the only location where we source employees from outside the country) and we prohibit labor brokers and their agents from collecting recruitment fees from prospective employees. We regularly audit the brokers' practices and only collaborate with brokers who strictly uphold our full commitment to fair labor practices. If we become aware of a labor broker who does not meet our high standards, we terminate the relationship with that broker.

Our Supply Chain

Western Digital's unique products and services require a similarly unique network of suppliers. We have approximately 300 direct material suppliers across 20 countries in Asia Pacific, Europe, the United States, and the rest of the world. We understand that a proactive partnership with our suppliers both strengthens our relationships with our suppliers, improves their performance, and ensures that critical policies are enforced throughout our supply chain.

Western Digital expects organizations in our supply chain to enforce our prohibitions against slavery and human trafficking, both within those suppliers' own operations and upstream with their own suppliers. Our suppliers are required to comply with all relevant laws and adhere to the RBA Code of Conduct, which includes multiple provisions directed at preventing any form of slavery and human trafficking. They commit not to use forced, bonded, or indentured labor, agree to employ workers on a purely voluntary basis, and agree to not retain identity or immigration documents unless required by law. In addition, employers in the supply chain may not require workers to pay recruitment fees and, if such fees are ever found to have been paid, they must be fully repaid to the worker based on our zero recruitment fee policy.

We regularly communicate these requirements throughout our supply chain. For example, each year we require our highest-volume and highest-risk suppliers to reiterate—in writing—their commitment to human rights protections. We focus these efforts on direct material suppliers that represent the vast majority of our annual supplier spend, as well as contract manufacturers, single source suppliers, and other strategic or high-risk suppliers. For our indirect material suppliers, we require this annual recommitment of on-site suppliers, all labor brokers, and any suppliers of e-waste. In 2020, we required 244 direct material suppliers and 236 indirect material suppliers to confirm adherence to the following:

- The UK Modern Slavery Act and the California Transparency in Supply Chain Act requiring voluntary labor;
- All work must be free and voluntary;
- No surrender of original identity documents by foreign workers;
- Workers must not be required to pay employers, brokers, or other similar agents recruitment fees or any related fees; suppliers must agree to repay any such fees that are found to have been paid within 90 days;
- No child labor;
- No harsh or inhuman treatment;
- Labor brokers will not engage sub-agents;
- Other suppliers will train their employees on these provisions;
- Adoption of policies and programs to comply with these requirements; and
- Cooperation with Western Digital regarding any issues that might arise on these topics.

Diligence, Remediation and Training

Western Digital constantly monitors our operations and supply chain for risks relating to slavery and human trafficking and takes swift action to remediate any issues found. Our factories generating finished goods have been audited biennially by the RBA for many years, and these thorough reviews of our facilities and practices help us maintain high standards for protecting our employees. For our manufacturing locations (finished goods and component) we have site Human Resource professionals who are well versed in labor issues particular to their region who are charged with monitoring our workplaces for potential issues.

We conduct human rights impact assessments from time to time, consistent with the UN Guiding Principles on Business and Human Rights, to evaluate and address potential human rights impacts of our business. In addition, our periodic enterprise-wide risk assessments specifically cover forced and child labor. Those assessments consider risks associated with the types of operations we have and the locations in which they are located, amongst other factors. They help us ensure our practices are aligned with our deep commitment to protect the rights of our workforce and create a positive and safe working environment for everyone. We have internal processes to manage any human rights or labor-related risks discovered through risk assessments or audits by developing targeted corrective action plans and tracking our progress against them. Through these assessments and our collaboration with industry experts, we have identified
Malaysia, Thailand and China as particularly susceptible to labor issues, so we closely monitor these locations. Similarly, we have worked with our supply chain to map their labor sources and we give suppliers located in Malaysia and Thailand enhanced attention and scrutiny since they have been identified as using foreign workers.

We regularly audit our supply chain, through our partnership with the RBA and, in some instances, using our own staff. Suppliers are required to perform periodic self-assessments, and some are required to undergo independent RBA audits. Specifically, those suppliers that comprise 90% of our purchases, strategic partners and single-sourced suppliers all receive a biannual audit following RBA’s Validated Assessment Program, through qualified third-party auditors selected by the RBA. Suppliers must give Western Digital access to their completed self-assessment questionnaires (SAQs), as well as any completed RBA audit reports. We also engage with and conduct periodic audits of labor brokers, as well as providers of on-site services, such as cafeteria, janitorial cleaning, and security.

If we are made aware of a labor issue or other problem in our supply chain, whether through an audit, a reported grievance, or through contact with NGOs, we immediately work with the supplier to address the issue. We require timely correction of non-conformance issues and closely follow up with suppliers. We are pleased to report zero findings of incidents of child labor in any of our supply chain in the past five years.

Despite having clear policies and practices, the recruitment fee issue is one that can be difficult to uncover due to the reluctance of some workers to disclose overpayments. This is why we continue to engage in a dialogue with all employees and our suppliers and regularly work with third parties to audit our practices and our suppliers’ practices. When we have found issues regarding recruitment fees, we have worked quickly to remedy them. Partnering closely with the RBA, we were made aware of 4 suppliers with reimbursement fee issues during FY2020. We worked with the RBA and other member companies to see that over USD 5.5 Million was reimbursed to employees within the supply chain. We continue to work closely with our suppliers and the RBA to audit practices to ensure suppliers are at all times following appropriate recruiting practices and that any necessary reimbursements are promptly provided to impacted employees.

Our commitment to ensuring our sites and supply chain maintain fair labor practices extends well beyond our regular audits. We routinely train employees and suppliers on key issues in this area. In 2019, we conducted targeted training for 74 key suppliers in Taiwan, Malaysia, Singapore and Thailand on “Supply Chain Sustainability: Turning Policy into Action” in collaboration with other industry members. This training covered forced and child labor topics, including the prohibition on recruitment fees and its underlying rationale: protecting the human rights of employees who are often vulnerable to abuse. We also recently sponsored training through the RBA on the topic of Mitigating Risk of Forced Labor and Impact of COVID-19 on Migrant Workers in the Supply Chain. This was well attended by internal Western Digital employees as well as 140 suppliers.

In addition to audits and risk assessments, we invite both employees and business partners to bring human rights issues to our attention, and we protect the people who do. We regularly remind employees and suppliers about the availability of our global ethics helpline, an anonymous service managed by an independent third party, for reporting misconduct or other problems. The helpline is available 24 hours a day in all of the major languages spoken by our employees. When we receive reports of misconduct, we promptly investigate and correct any confirmed problems. Protecting the people involved in our business is the right thing to do—and it is also critical to our long-term success. We are and will remain devoted to preventing and eradicating human rights abuses, including any form of modern slavery. That is a critical and non-negotiable aspect of our foundational commitment to operating sustainably and responsibly.

Approved by the Board, or a committee thereof delegated with authority to address such matters, on November 18, 2020, and signed on the Board’s behalf by:

David V. Goeckeler
Chief Executive Officer & Director
Western Digital Corporation