

# CHINA LABOR WATCH 中国劳工观察

## Tragedies of Globalization: The Truth Behind Electronics Sweatshops

### No Contracts, Excessive Overtime and Discrimination: A Report on Abuses in Ten Multinational Electronics Factories

In the HP production line, workers must stand for 10 hours.



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Founded in 2000, China Labor Watch is a New York-based independent NGO that promotes the rights of workers in the People's Republic of China. CLW conducts numerous undercover factory investigations, reports sub-standard working conditions and wages to the international public and media outlets, and works with global multinational brand companies to implement ethical supply chain improvements and promote adherence to international labor standards. China Labor Watch works to protect the legal rights of all types of workers, including women and children.



## Preface

*July 12, 2012*

On May 20, 2011 an explosion in the Foxconn Chengdu factory resulted in three deaths and sixteen injuries. During the past ten years of investigations conducted by China Labor Watch, similar tragedies have been periodically recorded in many of China's factories. While hazardous working conditions are a concern across all of China's labor-intensive industries, in fact, the problems facing China's labor force are more numerous and systemic.

From October 2010 to June 2011, through an investigation of ten global brand supplier electronics factories, China Labor Watch discovered multiple violations of China's Labor Law, which was recently instituted in 2008, and brand companies' Corporate Social Responsibility Codes of Conduct, who contract production out to the Chinese factories. The majority of these violations fall under five general categories: overtime, wages, labor intensity, contracts, and discrimination. For example, among the ten investigated factories, nine of them required excessive overtime, a direct violation of China's labor laws. In addition, several factories did not sign labor contracts with workers, or signed contracts that were then withheld from employees who sought to claim due wages and benefits, and did not offer proper safety training. Other violations included: forcing workers to work overtime; arbitrarily fining workers; discriminating against workers on the basis of their gender, age, and status as Hepatitis B carriers; adopting methods of production that required high levels of labor intensity; and, finally, using militant management strategies.

The multinational companies that contract production to these Chinese factories claim that the factories bear the sole responsibility for these abuses. However, in this report, CLW posits that many of these abuses are firmly entrenched in the global supply chain system. Because most production costs, including distribution and physical materials are to a great extent inelastic, the only way factories are able to offer a competitive advantage is to lower the manufacturing costs, which often translates directly into lowering labor costs. This burden is eventually passed down to workers, who are forced to work long hours at a high intensity. When these external pressures become too great, and workers suffer from accidents or tragedies such as suicides occur, blame is often directed at factories, while international companies at most publish a press release, and vow to implement reform.

CLW believes that such scapegoating is unacceptable and irresponsible behavior. In order to ensure that supplier factories will not seek to compete for the lowest order prices using labor costs as the elastic factor, brand companies must work directly with suppliers to invest in concrete and sustainable working condition improvements. Holistically improving working conditions is the responsibility of both multinational brand companies and their suppliers. With a multitude of interests and stakeholder, it is only through the collaborative of multinational corporations, Chinese suppliers, NGOs, governments, and regulatory agencies, rethinking how the global supply chain operates and is enforced, will working conditions improve.



The ten electronics factories that China Labor Watch investigated over the last year are all located in Guangdong and Jiangsu provinces. In total, 408 workers were interviewed after the formal investigation started in October 2010. Before October, we also interviewed 185 workers. At every factory, over thirty workers were interviewed. Not including the Longhua Foxconn factory, the other nine factories employed a total of 200,000 workers. The factory with the most workers was Shanghai Quanta, with over 47,000 employees. The factory with the least number of workers was Hongkai Electronics, with 1,000 employees. The principle methods of investigation for this report were to enter factories to collect information and to conduct off-site interviews. In order to conduct investigations inside of three factories, CLW staff posed as workers who had gained employment within each factory. After the interviews conducted in October 2010, our staff remained in communication with workers and revisited those factories in April and May 2011 to conduct follow-up interviews.

Investigations were conducted of factories that manufacture products for Dell, Salcomp, IBM, Ericsson, Philips, Microsoft, Apple, HP, Nokia, and others. Among the factories investigated, eight are suppliers for Dell<sup>1</sup> and seven are suppliers for HP. Consequently, this report accurately reflects the labor conditions for Dell and HP Chinese supplier factories. All of the workers interviewed reflected on existing widespread problems throughout all ten factories. As these ten factories are suppliers of the electronics industry's brand leaders, it is clear that their problems further reflect widespread, systemic issues in the electronics industry as a whole.

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<sup>1</sup> Please see the more detailed examination of factories' current situations in Appendix 2.

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## **ACRONYMS**

**CLW** China Labor Watch

**OEM** Original Equipment Manufacturer

**CM** Contract Manufacturer

**UN** United Nation

**ILO** International Labor Right Organization

**EICC** Electronic Industry Citizenship Coalition

# Section 1: Introduction

## 1. Executive Summary

Throughout the course of this inquiry, the following five problems discovered in all of the investigations:

**Overtime** All of the factories' overtime hours were between 36 and 160 hours per month. No factory was found to be in strict compliance with China's labor law, which states that overtime should not exceed 36 hours each month. For example, at Hongkai Electronics, monthly overtime is routinely in excess of 140 hours per month.

**Wages** The minimum wage in nine factories does not meet the living costs of its workers. Workers cannot earn a living wage from normal working hours alone, and must work excessive overtime hours in order to earn enough money to survive. In Hongkai Electronics for example, workers' minimum monthly wage was \$138 USD in October 2010. There was a \$6 USD deduction for dormitory accommodations, a \$40.50 USD deduction for food, a utilities fee deduction, and a \$15.30 USD deduction for social insurance, which left \$76.20 USD. If workers have other expenses or financial responsibilities, such as vocational education classes or financial support of their parents (one of the main reasons migrant workers seek work in cities), it would be impossible to meet their living costs with only \$76.20 USD.<sup>2</sup> In this situation, workers find themselves with no other option but to work excessive overtime.

Furthermore, many factories require workers to complete a fixed term of employment before they become eligible for a salary increase. Some factories required workers to complete at least a three month probation period and an additional three month evaluation before becoming eligible for a salary increase. Some factories require a year or longer before workers are eligible for an annual bonus. The difficulty, lengthy terms, and sometimes unpredictability involved in gaining a salary increase further reinforces workers' dependence on overtime in order to earn a living wage.

**Labor Intensity** In all ten factories, the labor intensity is extremely high. For example, workers in an HP production line must complete an action every three seconds, standing for ten consecutive hours each day. In many of these factories, there is only a ten minute break in the middle of the day, during which workers can drink water and use the restroom. However, there are many people and few toilets, so some workers have no opportunity to use the bathroom during this time. On some production lines, managers demand that workers continue to work through their breaks. It is clear that this high level of labor intensity will adversely affect many workers' physical and mental health, leading to serious, long-term

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<sup>2</sup> This is the most conservative estimate, workers' actual expenses are actually much more, such as communication and living costs, at the end they save very little.

consequences for their well being.

**Labor Contracts** All of the factories investigated do not sign labor contracts in good faith with workers. Most of the time, workers are not properly informed about the specific details of the contract before signing, often in violation of Article 26 of China’s Labor Contract Law, which states that: “in the event that the agreed terms of the contract are violated, changed, or subjected to fraud, coercion, or otherwise exploited on the behalf of one party, the contract shall be rendered wholly or partially invalid.” When there is a labor dispute, workers are unable to utilize the labor contract as a means of safeguarding their legal rights and interests. If a worker is injured while at the factory, they are unable to claim compensation as guaranteed to them in their contract, because they will be unaware of this legal right. At Tyco Electronics and Catcher Technology for example, although the factories directly employ some workers, they sign labor contracts with a separate labor dispatch agency. As a result of this inconsistency, the factories may arbitrarily fire workers, providing workers with almost no job security. Similarly, the Kunshan Compal factory violates labor laws by refusing to give a copy of the labor contract to the majority of its employees.

**Discrimination** All of the investigated factories revealed instances of recruitment discrimination due to age, gender, and/or Hepatitis B. For example, five factories were found to have covered up instances of age discrimination, while Tyco Electronics only seeks to hire female workers. Similarly, at Hongkai Electronics it was learned that they only hire workers between the ages of 18 and 40. During CLW’s 2010 investigation, female candidates at MSI were required to undergo pregnancy tests. It is possible that this was a form of discrimination against pregnant women. After our report<sup>3</sup> was released in February 2011, this specific requirement was abolished. Investigators also discovered that in Shanghai Quanta, one third of workers were under 18 years of age.

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<sup>3</sup> Dell, HP, and NEC Supplier Factory Case Study: MSI. It can be found on <http://www.chinalaborwatch.org/pro/proshow-141.html>

## 2. Methodology

This investigation was conducted over 8 months, from October 2010 to June 2011. The ten electronics factories investigated are all located in Guangdong and Jiangsu provinces. In total, 408 workers were interviewed after the formal investigation started in October 2010. Before October, CLW also interviewed 185 workers. At every factory, over thirty workers were interviewed. Not including the Longhua Foxconn factory, the other nine factories employed a total of 200,000 workers. The factory with the most workers was Shanghai Quanta, with over 47,000 employees. The factory with the least number of workers was Hongkai Electronics, with 1,000 employees. The principle methods of investigation for this report were to enter factories to collect information and to conduct off-site interviews. In order to conduct investigations inside of three factories, CLW staff posed as workers who had gained employment within each factory. After the interviews conducted in October 2010, our staff remained in communication with workers and revisited those factories in April and May 2011 to conduct follow-up interviews. The number of workers we interviewed in different factory and the number of workers in both gender are listed as below (these are only the number we investigated after October):

<b>Factory Name</b>	<b>Investigated Population</b>	<b>Male Worker</b>	<b>Female Worker</b>
Tyco	32	17	15
MSI	35	10	25
Hong Kai	40	20	20
Catcher	45	25	20
Compal	45	30	15
Quanta	50	30	20
United Win	33	13	20
Flextronics	40	22	18
Foxconn Longhua	50	35	15
Foxconn Kunshan	38	18	20

Researchers in China Labor Watch then created a grading evaluation system in order to easily compare the differences in their current labor situations. Our standards for evaluation are the following:

- 1- Worst within the industry
- 2- Worse than some factories in the industry
- 3- Similar to other factories in the industry
- 4- Better than some industry factories
- 5- Best within the industry

	Tyco Electronics	MSI	Hongkai Electronics	Catcher Technology	Kunshan Compal	Shanghai Quanta	United Win	Flextronics (Zhuhai)	Foxconn Kunshan	Foxconn Longhua
Forced Labor <sup>4</sup>	3	3	2	3	2	3	4	3	3	4
Child Labor	3	3	3	3	3	3	3	3	3	3
Wages	4	3	2	3	3	4	5	4	4	5
Working Hours	4	3	2	3	3	3	3	4	3	4
Work Intensity	2	3	3	3	3	3	3	3	3	3
Rewards and Penalty Measure	4	3	3	3	3	3	3	3	3	4
Food and Dormitory	3	2	2	2	2	2	2	3	3	4
Appeal Channel	1	2	2	3	2	2	2	4	3	4
Workers	3	3	2	3	3	3	3	3	3	3
Total	27	25	22	26	24	26	28	30	29	34

<sup>4</sup> According to the United Nations and the International Labor Organization, forced labor refers to any service or work that is exacted from someone which is not completely voluntary in nature, but rather is done under some form of penalty or loss of rights and privileges. Because the definition of forced labor is not unified, we use forced labor to describe the following situations: forcing workers to work overtime; deducting wages for those who do not work overtime; penalizing workers who do not work overtime; firing workers who do not work overtime; depriving workers who do not work overtime eligibility to later work overtime as a penalty.

### 3. Recommendations

A strong multilateral effort is required in order to institute sustainable and far reaching changes in the electronics industry. Specifically, China Labor Watch believes the following measures should be adopted:

1. Base on the existing regulations, the United Nations and International Labor Organization must create new international labor standards for the electronics sector that they actively encourage member states to recognize and implement in their own countries. Minimum wage salary and maximum overtime hour regulations should be included in these standards.

The standards ought to first be implemented in developed countries, requiring them to ensure that all their imports originate from factories where workers earn living salaries and work reasonable hours. All UN member countries should have to eventually adhere to these standards, but the speed at which these standards are initiated will inevitably differ from country to country. Thus, we envision a gradual process, with reforms instituted over the course of 5 to 10 years in three distinct phases.

In the first phase, multinational companies will voluntarily implement and adhere to these labor standards. In the second phase, member states will begin to implement these standards in their own countries and align their own labor regulations to international standards. The third and final phase will require all those member states that have not yet recognized and implemented these international labor standards to do so (through the pressure of customary law).

The involvement of the United Nations and International Labor Organization is essential to this process. Without their participation and oversight, developing countries will overtly violate these international standards in order to solve their unemployment problems and stay competitive within the world manufacturing market.

2. While free trade agreements have been widely established throughout the world, workers' freedom to collectively bargain has simultaneously been severely restricted. This type of economic development model has given rise to many problems in China's own economic development. Last year, for example, 15 Foxconn workers jumped to their deaths because of poor working conditions and currently a numerous Chinese workers are on strike. The Chinese government has a responsibility to provide workers with the ability and power to collectively bargain and advocate for their own rights.

3. Consumers should be encouraged to purchase ethically manufactured products. The United Nations and member countries should invest in education designed to inform people of the importance of participating in ethical consumption. Documentaries and short public service announcements highlighting the importance of ethical manufacturing should be produced and disseminated to audiences in both the developed and developing worlds. Making the public aware of how their purchasing choices affect the lives of workers can bring a larger group of people into debates about labor and manufacturing and will increase pressure on multinational corporations and their suppliers to conform to acceptable standards.

The Chinese electronics industry, in particular, should implement the following reforms in order to improve labor rights:



1. Establish worker hotlines inside electronics factories. These hotlines can help factories and workers communicate more clearly with each other, so worker criticisms and appeals for change can be directly heard by factory management. In addition to factory-run hotlines, there is also a need for hotlines and other channels established by outside actors (NGOs or consultant companies). These third-party systems should eliminate any pressure or hesitation workers may feel when using hotlines operated by their factories.
  
2. Publish a list of supplier factories and put down the supplier factories' name on products, in order to establish increased public oversight and scrutiny. By making the link between multinational corporations to their suppliers transparent and traceable, neither side can skirt responsibility for overseeing the protection of workers.
  
3. Because the current Corporate Social Responsibility (CSR) auditing strategies used by multinational corporations to monitor their supplier factories are mired in corruption, participation by Non Governmental Organizations in the development of Corporate Social Responsibility auditing models is essential. Allowing NGOs to freely inspect factories will help improve CSR auditing methods, provide important factory oversight, and improve the overall working conditions on the factory floor.
  
4. Provide managers, especially lower level managers, with vital communication and human resource management education. It is essential for management to have these skills in order to have a functional and fair factory environment.
  
5. Set round-table discussions with workers and brands. Factories which manufacture products for several brands should involve all these companies in discussions aimed at resolving labor disputed and other worker grievances.

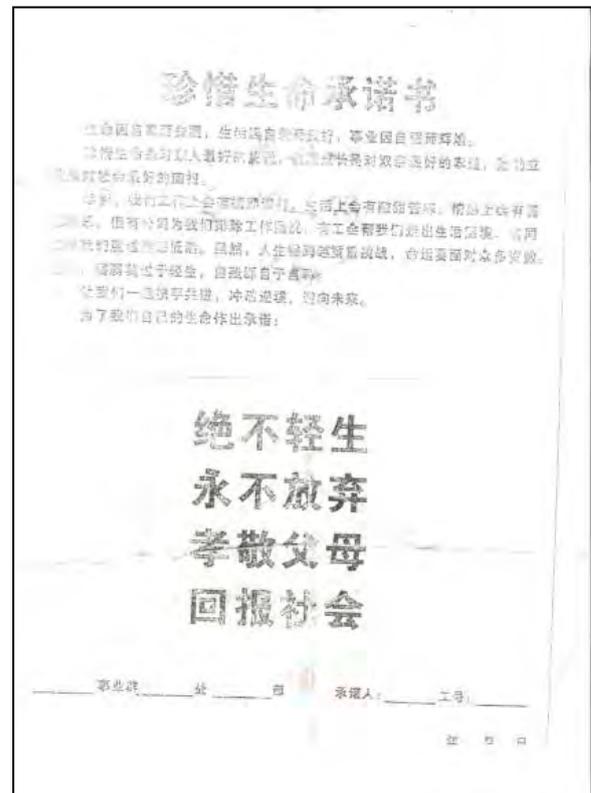
## Section 2: Ten Factory Reports

### 1. Electronics Factory Considered a “Sweatshop”

The electronics industry came under intense scrutiny in 2010 and at the beginning of 2011. Following fourteen confirmed deaths of young workers at the Foxconn Shenzhen factory throughout 2010, media outlets focused on Chinese working conditions in electronics factories. Spurred to react under such intense media pressure, buyer brand companies and Foxconn began to increase wages and institute improvements in order to prevent further worker deaths. However, in many ways, these improvements were superficial (such as the installation of anti-suicide nets and a required “Letter of Commitment to Treasure Life”), and many latent, systemic problems remained.

While electronics factories are seemingly sterile, clean environments, devoid of the usual ‘sweatshop’ characteristics, many factories in the electronics industry actually exhibit hidden sweatshop attributes. These attributes are the results of brand buyer companies squeezing out dollars in order to secure the lowest cost production orders possible. Some of the more notable sweatshop characteristics in Chinese electronics factories include:

- Excessive overtime hours, especially during the peak season
- Forcing workers to work ‘voluntary’ overtime
- Maintaining an extremely high level of work intensity, by setting the daily production quotas at amounts only the most capable workers can withstand
- Implementing subtle discrimination practices by hiring only the youngest and healthiest candidates.
- Punishing workers for small mistakes and verbally harassing workers.
- Creating a system in which official resignation is nearly impossible and forcing workers to ‘voluntarily’ resign, thereby forfeiting a significant amount of their final wages.



This is Foxconn's "Cherish Life Pledge". It requires workers not to commit suicide.

These abuses are firmly entrenched in the global supply chain system. One particularly salient feature of the globalized electronics industry is the gradual solidification of profit stratification. At the peak of this profit-earning pyramid are the high-technology companies, such as Microsoft and Apple, who receive the largest pieces of the profit pie. From there, there is a trickle-down of profit in the supply chain. Large multinational companies occupy the same space as Microsoft and Apple, followed by contractors, also known as supplier companies that manufacture products, such as Foxconn, and finally Chinese workers, who receive the smallest piece of the profit pie.



### Reverse Pyramid Profit Stratification

Since May 2010, Foxconn has come under public scrutiny after worker suicides exposed the harsh labor practices and vile working conditions within Foxconn factories. After completing a comparative analysis of ten electronics factories, China Labor Watch discovered that the level of work intensity and number of working hours at Longhua Foxconn was no worse than other factories in the electronics industry. According to the grading system used by China Labor Watch to rate factory performance, Foxconn rated four points higher than the second best performing factory, Flextronics. CLW has therefore concluded that the failings of Foxconn

exist in the majority of electronics factories, and are representative of the policies and behavioral norms found throughout the electronics industry. Furthermore, CLW believes that the inhuman working conditions found in these electronic factories are the direct result of the production orders' price -race-to-the-bottom" and product delivery timetables dictated by global brand companies.

Another notable feature of the globalized electronics industry is its application of the global supply chain paradigm, where product manufacturing is outsourced abroad in many factories. Currently, up to 75%<sup>5</sup> of all electronic products are produced in a contract manufacturing system, outsourced by brandname original equipment manufacturers (OEMs), such as HP, Dell and Apple. According to iSupply, the retail price of a new iPhone is \$600 USD (in 2010). The manufacturing components cost \$187.51 USD, which is paid to the processor, flash memory, and other component production companies like Samsung. The assembly cost is only \$6.45 USD.<sup>6</sup> Deducting the amount of pure profit from the operational costs borne by the factories, it is clear that workers earn less than \$6.45 USD per day. Since most of the materials used in production are specified by Apple and their associated costs are pre-

<sup>5</sup>Li Yuanxiang, "Walkthrough of Cooperate Social Responsibility in Electronic Industry," SRI Monthly 21 (2010), [http://www.csrglobal.cn/sri-monthly\\_detail.jsp?yuekan=20100521&fid=304771](http://www.csrglobal.cn/sri-monthly_detail.jsp?yuekan=20100521&fid=304771) (Translated into English by China Labor Watch)

<sup>6</sup> David Barboza, "Supply Chain for iPhone Highlights Costs in China," New York Time, July 5, 2010, <http://www.nytimes.com/2010/07/06/technology/06iphone.html?pagewanted=1>

negotiated by Apple and other suppliers, Foxconn can only purchase the production materials at a fixed price and cannot cut costs by purchasing cheaper materials. Therefore it can only profit from the price difference between its assembly revenue and the cost of workers salaries, thus introducing great incentives for factory management to pay workers as little as possible. As a result, the profit pressure passes down through the supply chain and falls onto the backs of workers.

Because of this, Foxconn should not bear the only responsibility for worker suicides: Apple, HP, Dell and other international OEMs should also be held responsible, as their goal of profit maximization and comes at the cost of workers' wages and sub-optimal working conditions.



Within the entire production process, purchasing and delivery are the most stable, while assembly is the most elastic. Multinational companies seek to shorten the assembly time in order to manufacture products more quickly, and factories seek to receive a greater share of multinational companies' orders, thus increasing their profit. In order to receive more OEMs' orders, factories must be able to offer quick and powerful manufacturing capabilities to help companies shorten the time it takes a product to enter the market. This profit pressure almost always shifts onto the worker, increasing the work intensity and overtime hours they are required to perform.

In addition to the low investment risk because of the outsourcing model, multinational company buyers also thrive in this system because there is no single regulatory body, governmental or otherwise, that oversees all levels of production, sales, and customer service. As a result, this global supply chain paradigm allows the multinational buyers to circumvent often stricter domestic labor laws by utilizing cheap labor from developing countries to maximize their profits.

Global brands distribute orders to a number of different supplier factories and force the supplier factories to compete for the orders. However, when tragic accidents or other situations arise in the supplier factories that garner media attention and subsequent external pressure from the media, stakeholders, or labor rights organizations, multinationals use these supplier factories as an easy scapegoat, declaring that they do not respect labor laws or their production process guidelines. Consequently, companies will withdraw their production orders from these factories and terminate their partnership with them. This is done in order to

<sup>7</sup> David Barboza, "Supply Chain for iPhone Highlights Costs in China," New York Time, July 5, 2010,

<http://www.nytimes.com/2010/07/06/technology/06iphone.html?pagewanted=1>



superficially demonstrate that the company is aligned with the rights and interests of the workers. In actuality, the multinational is taking the easy, and irresponsible way out by evading responsibility for the working conditions in these supplier factories. The OEM is also able to largely avoid any significant public backlash against their products or any significant costs associated with reforming and improving a supplier factories' working conditions. Through ten years of investigations of electronics factories, we have discovered that Dell and Sony are the worst companies in fulfilling cooperate social responsibilities.

Before placing an order, multinational companies examine the supplier factory's price, quality, efficiency and level of social responsibility. Price is often the most pivotal factor. Through pressure from the media and other organizations, global brand companies often fund NGOs to supervise their supplier factories in order to make sure they are not violating workers' rights. However, this supervision only affords workers a minimum improvement in their working conditions and treatment. These policies do not successfully create any fundamental changes.

When Foxconn came under intense international scrutiny, its competitors, Flextronics, BYD, ASUS, Quanta and other supplier factories, benefited. If under public scrutiny and criticism, Foxconn improves the labor conditions inside its factories, but brand companies are unwilling to increase their order prices, these labor reforms will not be sustainable. In this situation, buyer brand companies will inconspicuously place their orders with other factories that are not under such intense public scrutiny. As a result, the conditions in Foxconn would likely worsen in order for it to save money on labor costs and remain competitive within the industry. Our investigations also show that once Shenzhen Foxconn came under close the public eye—which resulted in wage increases and other improvements—it scored much higher in our factory grading evaluations and became a top performer.

Foxconn is the largest electronics industry manufacturer in the world and Apple is one of the most valuable technology companies in the world. Because of this, they should bear the greatest responsibility to reform working conditions in the electronics industry. In the wake of these changes by Foxconn and Apple, other brand companies and supplier factories should follow suit and not simply evade the great social responsibilities they have because they are not under the same public pressure and scrutiny.

In short, the problems evident in the electronics industry have been found to be systemic to the industry as a whole. Multinational companies that solely promote the ideals of Corporate Social Responsibility (CSR) are not doing enough to address these problems and find sustainable solutions. Different media outlets and NGOs must publicly monitor the activities of multinational companies and their supplier factories. Most importantly, the entire industry must launch a collectively concerted effort to improve working conditions. The Chinese government should also support this transformation and implement complementary reform policies.

China Labor Watch's Executive Director Li Qiang states, "Under the pressure of NGOs and consumers, multinational companies began to stress the concept, and their alleged adherence to, Corporate Social Responsibility (CSR). However, the profit maximization model of the global supply chain within the electronics industry directly conflicts with the fundamental



principles of CSR. A true socially responsible company must fulfill its legal and ethical obligations to all shareholders and stakeholders, including employees. It must truly safeguard labor rights and improve the treatment of labor. Many of these companies state that they are implementing far-reaching reforms, but we have yet to see any clear evidence of this.”

## 2. Quanta Computer, Inc. (Shanghai)

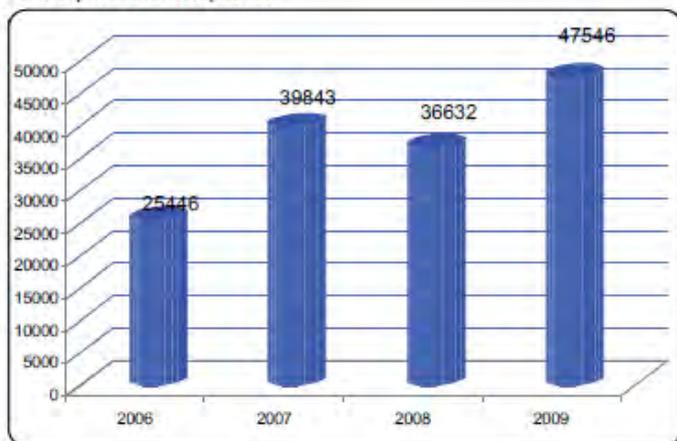
### Primary Findings

Of the violations discovered throughout the Quanta Shanghai (QSMC) investigation, the most serious concerns include:

- The factory only recruits workers between the ages 16 to 24 years. Approximately one third of the workers are younger than 18 years old. They work under the exactly same conditions as adult workers. *Article 64 of the People's Republic of China Labor Law states that, "It is forbidden to engage underage workers in work under wells at mines, poisonous or harmful work, labor Grade IV physical labor intensity as stipulated by the State, or any other labor the State prevents them from doing."*
- QSMC usually signs a three-year contract with a three-month probation period with workers. However there are no contracts with underage workers. Contracts are not signed until the end of the probation period. Article 3 of Labor Contract Law of the People's Republic of China stipulates, "The conclusion of a labor contract shall be subject to the principle of legitimacy, justice, equality, free will, reaching consensus by consultation and good faith."
- During the peak season, it is very difficult to resign. Line supervisors usually will not grant resignation, and workers must leave voluntarily. Article 37 of Labor Contract Law of the People's Republic of China stipulates, "A worker may cancel the labor contract if he informs the employer in written form 30 days in advance. During the probation period, a worker may cancel the labor contract if he informs the employer three days in advance."
- During the peak season, workers have just one to two days of rest every month and overtime is approximately 140 hours per month. Usually, a worker may choose not to work overtime by verbally requesting so with the line supervisor. These requests are granted during the off season, but are rarely granted during peak season. Article 41 of Labor Law of the People's Republic of China stipulates, "The employer can prolong work hours due to needs of production or businesses after consultation with its trade union and laborers. The work hours to be prolonged, in general, shall be no longer than one hour a day, or no more than three hours a day if such prolonging is called for due to special reasons and under the condition that the physical health of laborers is guaranteed. The work time to be prolonged shall not exceed, however, 36 hours a month."
- Workers have a 40 minute rest break for lunch and a 30 minute break for supper. Workers have a 10 minute break every two hours.
- QSMC does not provide pay slips. Workers may check with the HR department if they have any questions.
- Workers are unable to enjoy paid sick leave. Sick leave is only permitted with the hospital's patient record. Workers have a paid annual leave, maternity leave and marriage leave. However, most workers do not take their annual leave days.

- Workers indicate that the food quality is very low.
- Candidates must pay \$3.30 USD for a medical exam. Workers are provided with an in-service health exam, but not an exit health exam. Article 32 of Law of the People's Republic of China on Prevention and Control of Occupational Diseases stipulates, "With regard to the workers who engage in operations exposed to occupational disease hazards, the employer shall, in accordance with the regulations of the public health administration department under the State Council, make arrangements for pre-service, in-service and job leaving occupational health checkups and truthfully inform the workers of the results of the checkups. The expenses for occupational health checkups shall be borne by the employer."
- Work-related injuries often occur at QSMC. For example, workers' hands may be burned while soldering iron, sleeves are often tangled with screwdrivers, and fingers are crushed. Article 52 of Labor Contract Law of the People's Republic of China stipulates, "The enterprise workers, as one party, may conclude specialized collective contracts with the employer with respect to work safety and sanitation, protection of the rights and interests of female workers, the salary adjustment mechanism, etc."
- If a worker is absent for three days, it is considered a voluntary resignation, and they must leave the factory, and are unable to re-enter the factory to work again for one year.
- Male workers and female workers cannot enter each other's dormitories. Otherwise, their work ID card would be taken away by the security guards and they would be dismissed from QSMC.
- QSMC has a trade union. However, workers did not know if there are any worker representatives in the union, or if any worker representative had ever had a meeting with the union. The factory has a workers' hotline – 70885, which means "please help me."
- If a worker is late for one minute, they lose a half-day wage and are fined \$3 USD. Article 14 of Law of the People's Republic of China on Administrative punishment stipulates, "Any other documents of a regulative character other than those provided in Articles 9, 10, 11, 12 and 13 shall not establish administrative punishments."

QSMC personnel comparison



in hi-tech markets.

Investigation Date: December, 2010, revisited on March 2011

Address: No. 201 Rongjiang Road, Songjiang Export Processing Zone, Shanghai

Company Profile: Established in 1988, Quanta Computer today is the largest notebook computer ODM company in the world. With leading technology and strong R&D, Quanta has become a leader

QSMC based Songjiang, actively continues to develop and grow. As a result, the number of staff members continues to grow with the expansion of the company. As an East China manufacturing base of Quanta Group, QSMC has built six factories, four supporting plants, a logistics center, and a research and development laboratory building since establishing the Shanghai Songjiang Export Processing Zone in 2000. With leading-edge technology, excellent R & D capability, competitive cost, and by creating a number of very high value-added products, QSMC has now become a manufacturing city for the world's notebook PCs. QSMC only had a work team of no more than 30 employees in 2000. At the end of 2009, QSMC had 47,546 employees.

Subsidiary companies of QSMC include Dafeng, Zhanyun, Baoying, Dawei, etc. Quantas' primary products include computers, GPS, cell phones, LCD screens, etc.

Primary clients: Lenovo, HP, Toshiba, Dell, Samsung, Sony, etc.

## I. Recruitment and Employment



Students from Hunan University arriving to QSMC

charges fees, and employment through current employees' introductions—this is utilized when the company has a critical labor shortage. The current employee who refers someone to the factory will be awarded with \$30 USD after the new hire completes three months. College graduated students are recruited into the company through their teachers. Some students are required to pay a \$60 USD introduction fee

Quanta utilizes various employment methods to bring workers to its factories, including internal employment, no entrance fees, the use of intermediary employment agencies, which



18 The recruitment poster tells it straight QSMC only recruit the 16 to 24 years old



to their schools.

Currently, students who graduated in 2009 and 2010 from Hunan University, Zhejiang Jiaxing Vocational and Technical College, Henan Luoyang Vocational and Technical School, and Henan Nanyang Institute of Technology have been recruited into QSMC through their schools. Some workers indicate that QSMC generally does not directly hire many workers. General workers often have to go through agencies and pay \$30 USD to \$60 USD agency fees in order to enter the factory. These agencies often exaggerate QSMC's wages and benefits because they usually have good connections with the HR department and would share agency fees with them. Every year, QSMC HR department gets tidy fees from agencies.

There are no restrictions or recruitment discrimination based on region, race, religion, or gender. However, there is an age restriction, which states that workers must be between 16 to 24 years old. Some agencies claim that they can expand the age restriction to 28 years old.

As this investigation revealed, approximately one third of the workers are younger than 18 years old. They work under the exactly same conditions as adult workers.

Candidates must bring their original identification card and six photos to initial recruitment. Candidates will have an interview in the factory on the same day. If they pass the interview, they will have to pay \$3.30 USD for a medical exam. After passing the medical exam, training begins on the third day. There are 2-3 days of training during the off season, and one-half day training session during the peak season. The training introduces the Quanta employee handbook, company regulations, and discipline measures.

Workers receive one uniform on the first day of work and an additional one a week later. The uniform is white with a "QSMC" logo on the right upper pocket and three bold characters of "truth, morality, beauty". Uniforms are free.

## **II. Labor Contract**

QSMC usually signs a three-year contract with three-month probation period with workers. However there are no contracts with under age workers. Contracts are not signed until the end of the probation period. After probation, a worker will be notified by his line supervisor to go to the HR department. The worker will fill out a formal contract by copying a sample contract provided by the HR department. Workers state that they did not read through the sample contract, and they were unfamiliar with content of the contract they signed. QSMC provides a copy of the labor contract to workers. Workers state that they do not know whether or not QSMC abides by the contract stipulations.

If a worker would like to resign, they must provide their line head with a three-day prior written notice during probation and a thirty-day prior written notice during the contract term. Final due wages will be paid to the worker's bank account on the next month's wage distribution date. During the peak season, it is very difficult to resign. Line supervisors usually will not grant resignation and workers must leave voluntarily.

### III. Working Hours

Hourly wage workers in QSMC work eight hours a day and five days a week. However, working time is irregular. Sometimes workers will be arranged to rest during week days and work overtime at odd hours. Work hours in excess of 8 hours per day is considered overtime. During weekdays, workers work approximately two and half hours of overtime every day. During the off season, workers rest on Saturdays and Sundays and work about 40-50 hours of overtime each month. During the peak season, workers may only have one or two days of rest every month and overtime is approximately 140 hours per month.

QSMC has two work shifts, which rotate once a month. Workers have one day of rest between the rotation. Some workers begin work at 7:40 a.m. and others start at 9:00 a.m.

Work System \ Shift	Shift 1	Shift 2	Shift 3
Day Shift	7: 40-11: 30	12: 10-17:30	18: 00-19: 30
	9:00-11:30	12: 10-17:30	18:00-21:30
Night Shift	19: 30-23: 30	00: 10-5: 30	6:00-7: 30
	21: 30-23: 30	00: 10-5: 30	6: 00-9: 00

The peak season is from November to March. Overtime is longest during this period. Usually, a worker may choose not to work overtime by verbally requesting so with the line supervisor. These requests are granted during the off season, but are rarely granted during peak season.

Workers are required to swipe their electronic cards when they begin work. If there are mistakes, they can check their records and submit corrections with the HR Department .

Workers are guaranteed one day of rest every 14 days of work. There is a daily \$2.25 USD subsidy for the night shift. However, some workers indicate they are only subsidized \$0.90 USD for their night shift meal. Workers have a 40 minute rest break for lunch and a 30 minute break for supper.

QSMC employs production quotas for workers to complete every day. In the Assembly workshops manufacturing Dell and HP products, the daily production quota is typically 3,000 units or more. There are approximately 160 workers on each production line. Workers state that they can usually complete the quota. Even if they cannot, the line supervisor and the group supervisor will not require them to work overtime. Instead, supervisors urge workers to work faster during regular working hours. Workers have a 10 minute break every two hours. They can choose to stand or sit while they are working. The production line is extremely fast and stressful. For example, workers in screw driving positions must drive two small screws into a board and assemble a memory chip every 10 seconds.



#### **IV. Wages and Benefits**

According to the labor contract, wages are distributed on the 5<sup>th</sup> day of each month. Workers without any contract receive their wages on the 8<sup>th</sup> day of each month. Wages are directly distributed to each worker's bank account.

In 2010, the average wage was about \$270 USD per month and the average salary was \$385 USD, including overtime wages. Workers are paid based on a time system, and the minimum monthly wage is \$168 USD. There is a \$2.25 USD wage increase every six months. Depending on if workers work regular overtime hours, weekends, or statutory holidays, workers will receive overtime wages of 1.5 times, 2 times, or 3 times respectively of their regular hourly wage. QSMC does not provide pay slips. Workers may check with the HR department if they have any questions.

Workers are unable to enjoy paid sick leave. Sick leave is only permitted with the hospital's patient record. Workers have a paid annual leave, maternity leave, and marriage leave. However, most workers do not take annual leave days.

QSMC worker facilities include a basketball court, soccer field, medical clinic, and internet bar.

#### **V. Food and Dormitory Conditions**

Factory cafeterias located near the workshops and dormitories provide three meals a day for workers. Workers who eat in factory cafeterias are subject to a deduction of \$10.50 USD per month. Dishes mainly include cabbages, carrots, soy bean sprouts, potatoes and tomatoes. Workers indicate that the food quality is very low.

QSMC provides dormitories for workers. Dormitories with air conditioning cost \$12.32 USD per month and without air conditioning cost \$7.70 USD per month. Workers' wages are subject to a \$13.50 USD deduction per month for accommodation. Workers pay the average of the monthly utilities bill. There are dormitory rooms that accommodate 6, 8, 10, or 12 people. General workers mostly live in dormitory rooms of 10 or 12 people. Each dormitory is equipped with an electric fan, air conditioner, closets, and a separate bathroom and restroom. Bedding is distributed by the factory. There is a deduction of \$30 USD for each bedding set purchased. Workers who do not live in factory dormitories do not receive any deductions or subsidies.

#### **VI. Labor Safety and Protection**

Interviewed workers did not know if the factory has a Health and Safety Committee. The induction training only simply introduces safety issues at QSMC.

Workers on the Dell and HP product assembly lines are provided with disposable gloves daily. They must exchange new gloves with old gloves.



The working conditions in the workshops are fairly good. Air conditioners and ventilation are in operation during working hours. Workers seldom have contact with dangerous or toxic substances.

QSMC introduced the ISO 14001 Environment Management System in 2001 and attained a supplier certificate in July 2002. After system alteration, the ISO14001:2004 Version was awarded in June 2005.

Line supervisors require workers to inspect their machines before they begin work every day. Workers are provided with an in-service health exam, but not an exit health exam.

Work-related injuries often occur at QSMC. For example, workers' hands may be burned while soldering iron, sleeves are often tangled with screwdrivers, and fingers are crushed. It is very difficult for workers to receive recognition and compensation for their occupational injury by the factory. CLW investigators interviewed a worker whose thumb was crushed by the punching machine while he was working to assemble computer chassis. The factory refused to admit he had suffered an occupational injury and told him he could receive treatment from the factory medical clinic.

Workshops and dormitories are equipped with first aid kits. However, these first aid kits are locked and workers do not have direct access to them. If a worker cuts their finger and they need a band-aid, they must ask their line supervisor for help. The line supervisor will then retrieve a band-aid for them.

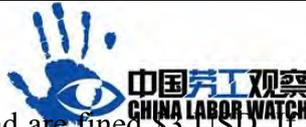
Every day, workers must clean their machines and production lines after work, collect garbage into a plastic bag, and put the bag into a garbage bin. Sanitation workers collect and clean the garbage bins. Fire extinguishers and fire hydrants are located next to garbage bins.

## **VII. Fire Safety**

Emergency exits in workshops and dormitories are clearly labeled, well lit, and free of debris. The emergency exit doors are unlocked. QSMC had four fire drills in the past year. Fire drills were conducted both in the workshop area and dormitory area in the day time, under the supervision of factory security guards. During the fire drills, security guards blew whistles to alarm workers to leave workshops and dormitories and gather outside. Water bags and fire extinguishers were used by workers' representatives. Workers expressed that the fire drills were very formal. There are no flammable and explosive substances in the workshops or dormitories. Workers do not know how often fire extinguishers are inspected.

## **VIII. Reward and Punishment Measures**

Workers who have worked up to half a year and do not return to their hometown during Chinese New Year holidays receive a \$30 USD performance reward. A perfect attendance reward is distributed in the first month after the Chinese New Year. If a worker is late for one



minute, they lose a half-day wage and are fined \$3 USD. If a worker is absent for three days, it is considered a voluntary resignation and they must leave the factory, unable to work there again for one year. Any discipline violation during working hours or speaking too loudly in the workshop is considered as one *guo* (记过 *demerit*). These will affect a workers' performance reward. If a worker produces a low quality product, they are scolded by the line supervisor and required to write a self-criticism as punishment. General workers indicate that their treatment by lower factory management is very inhumane. The managers do not treat workers as human beings. Some workers have been verbally abused to the point of tears.

Workers have limited access to drinking water and restrooms. If needed, they must request a leave pass from the line supervisor. Workers have unrestricted access to the dormitories after work. However, male workers and female workers cannot enter each other's dormitories. If this happens, their work ID card will be taken away by the security guards and they will be dismissed from QSMC.

## IX. Miscellaneous

QSMC has a trade union. However, workers did not know if there are any worker representatives in the union or if any worker representative ever had a meeting with the union. The factory has a workers' hotline called 70885. When pronounced in Chinese, this name means —please help me.”

There has never been a strike at QSMC. Workers are not searched when they enter and leave the factory and dormitories.

The factory receives a significant portion of their production orders from HP, Dell and Lenovo. Workers often have to work overtime. Line supervisors and group supervisors urge workers to move faster and scold slow workers. Workers state that they have to get used to their supervisors' scolding. It is very difficult for workers to get promoted if they do not have a good relationship with their supervisors.

There is one worker from Gansu who told investigators that he has already worked on the Dell assembly line for two years and has done the same thing every day for that time. He feels that working like this every day is extremely numbing. When we asked what he plans to do, he responded that now he is only 21 years old, he will complete another two years of work and then find a wife to marry in the factory and return to his hometown.

Fresh from schools, interns come to Quanta to experience a bit of life and accumulate some experience. They do not plan to stay in the factory for a long time. Most interns stated that the line leader will sometimes berate workers and scold them very caustically.

Workers indicate that their wages are extremely low for Shanghai and they are treated as outsiders in the metropolitan area. There is a busy commercial street nearby, with outrageously high prices and poor public security. Many workers fear for their safety when they leave the factory.



Workers monthly expenses total \$75-\$150 USD. They state that if the factory limits overtime hours, they will not be able to save any money throughout the year. There are many workers from Henan province in the factory, accounting for at least half the total number of workers. They expressed the desire to work in the factory for a few years and then return home, since many factories are now opening closer to their hometowns.

QSMC's clients frequently visit the factory to conduct audits. The day of the CLW investigation, December 21, 2010, a client came to audit. QSMC managers asked all workers to take that day off, because the client requires QSMC to strictly limit workers' excessive overtime. When the client auditors first arrived, they checked the attendance and hourly work sheets and records of workers' monthly wages. QSMC manufactures GPS equipment for the client. Workers have to work at least 70-80 hours overtime every month and sometimes 150-160 hours of overtime every month. Therefore, whenever the client comes to audit, QSMC issues a day of vacation for the workers.

HP and Dell also frequently audit QSMC. When they arrive, line supervisors tell workers not to talk, clean the machines, work hard, and not to speak with HP and Dell representatives.

### 3. Catcher Technology (Suzhou) Co., Ltd.

#### Primary Findings

Of the violations discovered throughout the Catcher Technology investigation, the most serious concerns include:

- Catcher uses seven different intermediary recruitment agencies. Male candidates must pay a \$7.50 USD recruitment fee, while women do not have a pay any fee for recruitment.
- The medical examination fee is \$10.50 USD, which the candidate must pay themselves. Article 32 of Law of the People's Republic of China on Prevention and Control of Occupational Diseases stipulates: "With regard to the workers who engage in operation exposed to occupational disease hazards, the employer shall, in accordance with the regulations of the public health administration department under the State Council, make arrangements for pre-service, in-service, and job leaving occupational health checkups, truthfully informing the workers of the results of the checkups. The expenses for occupational health checkups shall be borne by the employer."
- Normal resignation in the factory is especially difficult. Most general workers are forced to voluntarily resign. The normal resignation process requires an interview, only after which workers receive verification of resignation and receive final wages. Article 37 of Labor Contract Law of the People's Republic of China stipulates: "A worker may cancel the labor contract if he informs the employer in written form 30 days in advance. During the probation period, a worker may cancel the labor contract if he informs the employer three days in advance."
- Workers filling out the resignation forms reported that their common reasons for leaving included poor quality of the workshop environment, resignation not approved, work was extremely exhausting, harsh treatment and scolding from the managers, and poor quality of food and accommodation.
- Through interviews with workers, investigators learned that the longest term of service at Catcher Technology is approximately 6 months and the shortest is one day.

Format: Off-site Interviews

Date of Investigation: December, 2010, reinvestigated in April 2011.

#### Factory Introduction:

Catcher Technology (Suzhou) Co., Ltd. is located in the Suzhou industrial park. It was founded with an investment of 100 million USD. The factory covers an area of 180 acres. The company is the Chinese leader in magnesium alloy die-casting. The Suzhou plant was officially put into operation in April 2002 and has rapidly grown in recent years. In the first quarter of 2011 it continued to surge forward with a quarterly profit of \$65.7 million USD. Its quarterly earnings were 237% higher than one year ago. Catcher (Science and Technology) is also located in Suzhou and the two are sibling companies.

**Primary Products:** Notebook computers, cell phones, MP3 players' aluminum/magnesium alloy shells

**Primary Customers:** Dell, Apple, Motorola, Nokia, ASUS, Acer, IBM, Sony



**Address:** No. 201 Jiangzhong Rd., Suzhou Industrial Park, Suzhou, Jiangsu Province

**Total Number of Workers:** ~5,000

**Number of Workers during Busy Season:** 7,000+

## **I. Entrance and Resignation**

There are two channels through which workers may enter the factory. The first is through introduction at the talent market and recruitment. Every Tuesday through Saturday, a loudspeaker advertises Catcher's recruitment at the Suzhou Industrial Park Talent Market. An introduction to the factory at the talent market is free for candidates. The second method is through an intermediary recruitment process. Catcher entrusts seven different companies to recruit for them. Through these agencies, male candidates must pay a \$7.50 USD recruitment fee, while women do not have to pay any fee for recruitment.

There is no regional, race, gender, or education level discrimination in the recruitment process. Candidates must be over the age of 18. Candidates seeking recruitment are only required to bring their identification card, 4 photos, and a completed application form. The second day of the recruitment process there is a medical examination. The medical examination fee is \$10.50 USD, which the candidate must pay themselves.

After successfully passing the medical examination workers enter the factory. There is a half-day of training. The primary components of the training include an introduction to the specific situation of the factory, what rules and regulations must be respected, and fire and safety knowledge. The factory provides work uniforms. Two uniforms cost \$10.50 USD, which the factory pays for.

For recruitment of general workers into the factory, there is no probation period. Normal resignation in the factory is especially difficult. Workers must first ask their line leaders for their resignation slip. The line leader must then give the resignation slip to another manager, eventually returning it to them later. In reality, this process only serves to deflect the responsibility between the two managers, as neither is very willing to approve a resignation slip. As a result, the vast majority of workers are forced to voluntarily resign. The normal resignation process requires an interview, only after which workers receive verification of resignation and receive final wages.

The resignation interviews are held on Tuesday and Thursday afternoons beginning at 1:30pm. Workers must fill out a resignation and interview form. The interview concerns why they are leaving the company. When CLW investigators visited the factory on a Thursday, employees were lined up for resignation interviews. There were likely 100 people interviewing. Workers reported that because the weather was especially cold that day, there were many fewer workers completing resignation interviews than average.

Through interviews with workers, investigators learned that the longest term of service at Catcher Technology is approximately 6 months and the shortest is one day. It is clear the worker turnover rate is extremely high. Many workers complete only a few days of work at

Catcher, before concluding that they want to leave.

The workers who were resigning were extremely dissatisfied with Catcher. They said that entering Catcher was like entering a prison. Some of the workers filling out the resignation forms described that their reasons for leaving included the poor quality of the workshop environment, work is extremely exhausting, harsh treatment, scolding from the managers, poor quality of food, and poor quality of accommodation. During the on-site interviews, investigators learned that one worker's normal resignation form was switched into a voluntary resignation form, however the factory would not respond to his inquiries. There were other workers who had gotten into squabbles with the management. Workers clearly had many complaints and negative assessments of the factory conditions. After processing a normal resignation with an interview, workers' wages are not deducted. A voluntary resignation will result in wage deductions. Although, after completing three months in the factory, they will not deduct wages. After workers resign from the factory, workers' wages will be distributed on the 10<sup>th</sup> of the following month through the company's arranged account for the employees at the Pudong Development Bank.

## **2. Labor Contract**

After entering the factory, employees sign a labor contract with the factory. Workers who were recruited through a labor dispatching agency sign a contract with that agency. These agencies sign a one-year contract with employees with no probation period. Workers directly recruited at the talent market are considered normal workers and normal workers' probation period is six months. They will sign a 3-year contract. Workers receive a copy of the contract. Workers were unsure what detailed information was contained in the labor contract.

## **3. Working Hours**

There are 8 normal working hours each day, 2.5 hours of overtime, and 7 days of work each week. Each month, there is practically no rest days. The factory does not have an obvious peak or off season. All normal workers work in a two-shift system, which is rotated once a month. It is only during the rotation of shifts that there is a consecutive 24 hours of rest.

**Working Hours:** Day Shift: 8am-12pm, 1pm-5pm, and 5:30-8pm

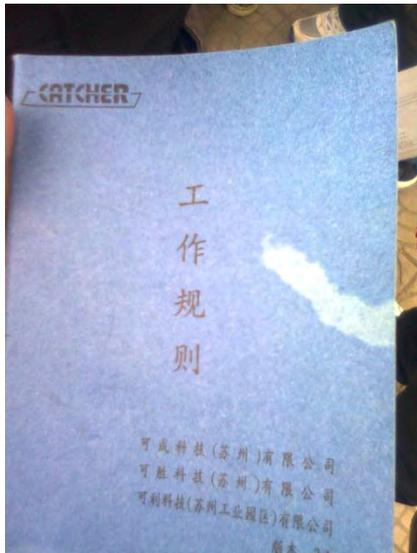
Night Shift: 8pm-12am, 1am-5am, and 5:30-8am

Workers are allowed to not work overtime, yet they must submit a written request for leave and wait for the line leader's approval. Otherwise, not working overtime is regarded as an absence. An absence of three days is considered voluntary resignation.

When workers begin and end their work shift they must swipe their electronic work card. If there is an error, they must go to the line leader who will make the appropriate changes. Workers are not guaranteed one day of rest every two weeks. There is one hour for eating lunch in the middle of the day, yet workers report they usually have to wait in line for 15-20

minutes to get food in the cafeteria, and in some cases there is no rice or the food is cold by the time they are able to eat. There is a production quota every day. The target is not fixed and is made according to the situation; if it is not met, it is not a problem. The line leader continuously urges the workers to complete their tasks faster and if they are slow, they will be scolded very nastily, “if you don’t work faster, I’m going to make you scram, if you don’t do your work well I’m going to fire you, you are a pig of a person, even pigs aren’t this slow...” The line leaders frequently use this kind of language to scold workers and workers say that the factory is a completely inhumane place.

The factory regulates that workers begin work at 8am, yet workers must frequently arrive by 7:45am and arriving later than 7:45am is considered late. If they arrive within 10 minutes after the stipulated arrival time, it is recorded as a one-time preliminary written warning. If a worker receives one written warning, they are no longer eligible for that month’s \$15 USD perfect-attendance reward. If workers arrive more than 10 minutes late, it is considered a half-day absence. They will not receive wages and are ineligible for the perfect attendance reward. There is only 30 minutes for lunch, but the factory states they want workers to eat within 20 minutes and return to work. Many workers end up working overtime without eating. Workers



The first page of the factory regulation

feel that conditions in the factory are too harsh. They feel the factory only focuses on production output and quality and do not at all consider if the workers can withstand such a poor quality of life.

#### 4. Labor Remunerations and Benefits

The factory distributes wages on the 10<sup>th</sup> of each month, directly distributing it into the workers’ bank accounts. Because of excessive overtime work, workers’ salaries are on average approximately \$462 USD. The wages include a base minimum wage of \$175.56 USD per month, overtime wages, and a possible perfect attendance allowance of \$15.4 USD per month. After completing 6 months of work

in the factory, the minimum wage rises to \$157 USD per month. Workers’ wages are calculated according to an hourly wage and overtime rates are calculated in accordance with national labor laws. At the time of wage distribution, workers also receive a pay slip. The pay slip and the actual received wages are the same. Deductions include living expenses, dormitory fees, and a housing fund.

There are no wages for sick leave. In order to receive official sick leave, workers must obtain an original medical verification from the hospital clinic. If they are unable to obtain this verification, their sick day is considered an absence. The factory purchases medical insurance for workers. The Suzhou Park insurance is considered a public fund and the factory pays 10%, and the workers’ pay 10%.

The factory has a paid annual leave, maternity leave, and marriage leave. However, according



to normal workers, the annual leave is not really considered a benefit, because very few workers stay in the factory for over one year. The factory worker dormitory has a basketball court and internet cafe. During working hours, lunch, and evening break, workers may not re-enter the dormitories and are only allowed to return when the workday is over.

## **5. Dormitory and Food Conditions**

The factory offers room and board. Each day includes lunch and dinner meals, which are deducted from workers' wages at \$0.67 USD each. There is a monthly food subsidy of \$22 USD. Workers can choose to eat in the factory cafeteria or elsewhere. For the factory meals, each meal has three dishes and one soup, such as radish, cabbage and home-style tofu. The workers state that the food is usually the same and not of high quality. Sometimes rotten rice that has turned black and tastes awful is served.

The dormitories are either four person or ten person rooms. The four person rooms are \$15 USD each month and the 10 person rooms are \$7.50 USD per month. Male workers do not have any four-person dormitory rooms. There is a person who cleans the dormitory. Each dormitory room has workers from different departments. The rooms are very dirty. As a result, the majority of factory workers live off of factory grounds. The factory has cars which pick-up workers every day. If workers do not live in the dormitories, there is no housing subsidy. The dormitories have private bathrooms and showers, wardrobes, air conditioning and fans.

## **6. Occupational Safety and Labor Protection**

Workers were unsure if the factory has an environmental health and safety committee. Before workers begin in the factory, there is no introductory training with regards to environmental and health conditions of the factory. The only safety precautions workers are given is a simple explanation of being careful while at work, not to run around, don't move products and wires, and do what the leader instructs. If a worker has an accident, it is their own problem. There is no systematized health and safety education training.

There is air conditioning in the workshops and the safety access ways are always clear. Workers wear masks during working hours, although the masks do not serve much of a purpose. Workers report that especially the grinding of the cell phone case creates very fine powder which is extremely easy to inhale into the nose and lungs. There is also a lacquer paint department and the lacquer is said to be very concentrated. Workers reflect that although they wear masks, they still cannot stand the smell. The workshop is ventilated, but the ventilation is not sufficient enough to dull the strong toxic odors. Workers may have an in-service health examination, but there is no exit health examination. There is no first aid kit in the factory workshops or in the dormitories. The workshops have toxic products chemicals, dust, trash, and paint cans. There is a special sign for the garbage area. There are fire extinguishers.

## **7. Fire Safety**



The workshop pathways and channels have clear signs and are sufficiently lit. There is no debris blocking the passageways. The dormitory has an emergency exit and access ways. In the past six months, the factory has not held a fire drill. The factory has sufficient fire extinguishers and each month there are specialized inspectors who test them.

## **8. Miscellaneous**

The workers were not sure if the factory has a union or worker representatives. They were also not sure if the factory had a worker hotline. When the workers have a problem, they call the HR department. They are always referred to lower management though and are told to take up the problem with the department manager or line leader. It is very difficult for workers to resign and the factory lacks any efficient resignation process. Within the factory's administration, management frequently passes the buck as to who makes decisions about the formal resignation of workers. The production line leaders and workshop leaders will berate workers and the department head will sometimes use corporal punishment, physically hitting workers.

All of the interviewed workers expressed dissatisfaction and disgust with the factory's management practices. Workers think Catcher is unpopular in the talent market. Factories like Youda Electronic and United Win have no difficulty in recruiting workers. Workers feel that their current salary does not match the effort they have to exert at work. Every day at work there is a lot of pressure and it is exhausting. They are not satisfied with the working hours and would expect to be able to rest one day each week. Those who work grinding the cell phone cases think that they are susceptible to contracting pneumoconiosis..

The workers also find the factory management system to be unacceptable. The management is extremely militarized. Younger workers are especially not able to handle it.

Workers state that after leaving Catcher, they will never again re-enter their factories to work. The workers felt that if the management at Catcher did not improve, it would become more and more difficult for them to recruit workers.

Customers often visit the factory. The factory will warn the workers in advance and ensure they are following all relevant and proper rules.

## 4. Compal Electronics Technology (Kunshan) Co., Ltd.

### Primary Findings

Of the violations discovered throughout the Compal Electronics investigation, the most serious concerns include:

- They do not directly recruit general workers. Candidates must work through an intermediary introduction agency in order to enter the factory. Candidates using an introductory agent usually must pay a fee of approximately \$15 USD.
- Candidates must be between the ages of 16 and 28. Article 26 of Law of the People's Republic of China on Promotion of Employment stipulates, "When an employing unit recruits persons or when a job intermediary engages in intermediary activities, it shall provide persons with equal opportunities and fair conditions for employment, and it shall not discriminate against anyone in this respect."
- Workers do not receive a copy of the labor contract. Article 16 of Labor Contract Law of the People's Republic of China stipulates, "The employer and the worker shall hold one copy of the text of the labor contract respectively."
- The factory requires that workers instructed to complete overtime do so. The first incident of not completing overtime will result in a warning. The second time not working overtime is a second warning and is considered a half-day absence. Not meeting the daily quota requirement will not result in a penalty, but if a worker fails to complete their monthly required quota, they are required to perform additional overtime work without pay. Article 44 of the Labor Law of People's Republic of China stipulates, "The employing unit shall, according to the following standards, pay laborers remuneration higher than those for normal working hours under any of the following circumstances: (1) no less than 150 per cent of the normal wages if the extension of working hours is arranged; (2) no less than 200% percent of the normal wages if the extended hours are arranged on days of rest and no deferred rest can be taken; and (3) no less than 300% percent of the normal wages if the extended hours are arranged on statutory holidays. Article 45 The State shall practice a system of annual vacation with pay. Laborers who have worked continuously for one year or more shall be entitled to annual vacation with pay. Concrete measures shall be formulated by the State Council."
- During the off season, requesting leave is fairly easy, however it is difficult during the peak season. Article 3 of Regulation of Period of Medical Treatment of Employee's Disease and no occupational Injuries stipulates, "If employees fall ill or are wounded by non-occupational injuries and have to cease work to accept medical treatment, a three to twenty four months period of medical treatment must be given in contingent with the person's working years in and out of the company<sup>8</sup>."
- The introductory training content does not include any training concerning environmental health and safety concerns. Article 52 of Labor Law of the People's Republic of China stipulates, "The employer shall establish and perfect its system for

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<sup>8</sup> This is translated by China Labor Watch. Not an official version.

labor safety and sanitation, strictly abide by State rules and standards on labor safety and sanitation, educate laborers in labor safety and sanitation, prevent accidents in the process of labor, and reduce occupational hazards."

- The factory distributes gloves that may be exchanged once each week. Workers must return the old gloves in order to get a new pair. There is no face mask provided. The workshop is extremely loud, but workers are not provided with earplugs. Workers are likely exposed to significant radiation, as their skin is very dry and itchy. The workshop does not have a first-aid kit. Minor occupational injuries are very frequent. Article 54 of Labor Law of the People's Republic of China stipulates, "The employer shall provide laborers with labor safety and sanitation conditions meeting State stipulations and necessary articles of labor protection, and carry out regular health examination for laborers engaged in work with occupational hazards."
- There was debris piled and blocking the emergency exit doors, which were also closed. Dormitory staircases and hallways do not have clearly marked emergency exits and the doors are locked. Article 34 of Production Safety Law of the People's Republic of China stipulates, "For sites of production and business operation and the dormitories of the employees, there shall be exits that meet the requirements for emergent dispersal of people, have eye-catching marks, and be clear of obstructions. It shall be prohibited to close or obstruct the exits of the sites of production and business operation and the dormitories of the employees."

**Interview Format:** Off-site Interviews

**Interview Date:** December , 2010, reinvestigate in April and May 2011.

**Total Number of Workers Interviewed:** 42; Female Workers: 25; Male Workers: 17

**Interviewed Workers/Departments:** Manufacturing Department (specializing in Dell notebook computers), Manufacturing Department No. 2 (HP)

**Factory Introduction**

Compal Electronics Technology (Kunshan) Co., Ltd was established in 2000, Compal



Information (Kunshan) Co., Ltd., established January, 2003 and Compal Information Technologies (Kunshan) Co., Ltd., established June 2003. These three companies form Compal (Kunshan). All of them are part of the Taiwanese ventures of the Kunshan Export processing zone. Compal (Kunshan) has an accumulated investment of \$88.5 million USD and registered capital of \$36 million. Compal Group is a publicly listed company in Taiwan. Primary products

include notebook computers, PDAs, cell phones, wireless, mp4, DMC, etc. Compal Group is the world's second largest manufacturer of notebook computers.

**Address:** No. 58, First Avenue, Economic and Technology Export Processing Zone, Kunshan City, Jiangsu Province

Production products: HP, Dell, Lenovo, Toshiba, and other brand computers

Total number of workers: Approximately 40,000, Workers during busy season: 60,000

## I. Entrance and Resignation

For recruitment, workers must bring their identification card and 8 photographs. Compal does not directly recruit general workers. Candidates must rather work through an intermediary introduction agency in order to enter the factory. In the vicinity of the Compal dormitories, there is a commercial road with many large and small introductory agencies. All of these agencies have access to Compal's recruitment standards and information. Candidates using an introductory agent must pay a fee of approximately \$15 USD. Near the end of 2010, the factory had their most extreme labor shortage to date. As a result, the factory started paying introductory agencies to recruit people at no initial cost to them to come and work in the factory. Candidates must be between the ages of 16 and 28 years. There are no gender, regional or race restrictions. Candidates must have a high school education or above. Entrance to the factory requires a



The standard look workers are supposed to have in uniform



medical examination. The fee for this exam is \$4.50 USD, which must be paid by the workers themselves. The location of the medical examination is Compal B District dormitory's medical clinic.

After working for one week in the factory, new workers will receive two work uniforms. There is no cost for the uniforms. There is only one 1 to 2 hour introductory training program for new employees. The primary components of the training cover information about factory regulations, wages, and benefits.

There is no probation period for new employees. Workers must notify the shift leader a half a month in advance before they



may resign. During normal production periods, it is relatively easy to resign, however during busy production cycles, it is much more difficult.

## **II. Labor Contract**

When workers enter the factory, they sign a one-year contract after one week. Workers do not receive a copy of the contract. Workers are provided with a template for how to fill out the contract and are told to copy the example. The contract includes provisions for length of time, wages and benefits, work location, obligations, resolutions for violations of factory violations, and contract termination content. The majority of workers do not actually read the labor contract. As a result, workers were not certain whether or not the factory upholds the labor contract.

## **III. Working Hours**

Every day there are eight regular working hours and approximately two hours of overtime work. There are 5 regular work days each week. During the off season, there are 5 work days each week. During the busy season, there are usually 6 working days. Workers work in the morning from 8-11:40am, in the afternoon from 12:30-5pm, and at night from 5:40-8pm. Every two hours there is a 10 minute rest break. Each meal, there is only approximately 40 minutes to eat and rest. While workers begin working at 8am, they actually must arrive and congregate at 7:40am for roll call and morning meeting.

The factory requires workers to perform overtime work. The first incident of not completing overtime will result in a warning. The second time is considered a half-day absence. Within one month, an accumulation of three days of absence is considered voluntary resignation from the factory without receiving the wages due to them for that month. If workers do not work overtime because of illness, they must provide certification from the factory clinic. If they are sick and request to not work overtime, they will not receive wages, but also will not have their salaries deducted from or given a warning.

When workers arrive and leave work or enter and leave the dormitories, they must swipe their work cards. The electronic cards record attendance. If a worker forgets to swipe their card, they can find their work leader and explain the situation and, with the help of their workshop manager, recoup their lost wages.

Workers in a two-shift system rotate shifts once every two months. Night workers rotate from 8pm start back to 8am start time. The rotation day is usually Sunday and there is 24 hours of rest in between rotations.

Workers who manufacture Dell notebook computers are on an assembly line of approximately 50-60 people. All workers are seated throughout the course of the work. Each month, there is a production output quota that workers must meet. Each day, the assembly line is required to complete between 2,500-3,000 Dell notebooks. If they are unable to meet this daily quota, they must still find a way to meet their monthly quota.. If they do not fill their monthly quota,



workers will then be forced to perform additional mandatory overtime work, which they will not be paid for. Daily production quotas are usually met. The highest output recorded for one was approximately 4,200 Dell notebooks.

Workers must arrive 20 minutes early each day for work. There is an hour set aside for meals and rest, however, workers are pressured to eat their meals within 40 minutes and return to work as fast as possible.

#### **IV. Employment benefits and rewards**

The factory distributes wages on the 10<sup>th</sup> of each month. If the 10<sup>th</sup> is on a weekend, it will be distributed earlier on the 8<sup>th</sup>. When wages are distributed, workers also receive a pay slip. The wage slip lists their hourly wage rate, overtime wage, due wages and actual distributed wages. Compal general workers earn a minimum monthly wage of \$175.56 USD. Overtime working hours are calculated according to stipulated regulations. Perfect attendance allowance is \$3.08 USD per month. Each month, workers can earn on average \$308 USD to \$385 USD. The factory will deduct monthly living expenses and fees for the dormitory from workers' wages.

If workers request sick leave and receive certification from the medical clinic, they will receive normal working wages. During the off season, it is fairly easy to request leave, but much more difficult to do so during the peak season.

Workers may voluntarily purchase medical insurance, but is not made mandatory by the factory. Throughout the course of the investigation, CLW investigators discovered that the majority of workers chose not to purchase the different social insurances available.

The factory has an annual leave, maternal leave, and marriage leave. Workers receive their normal salary on statutory holidays. If it is particularly busy during a statutory holiday, working wages will be three times the average hourly wage. The factory has an indoor basketball court, table tennis, internet bar, and other facilities. There is no library.

#### **V. Dormitory Conditions**

The factory provides both room and board to factory workers. Both the factory and the dormitory have cafeterias, but they only offer lunch and dinner meals. At each meal, there is a choice of a \$0.67, \$1.05, or \$1.20 USD set meal. When employees swipe their card, the meal is deducted directly from their wages. The factory offers a \$15.4 USD (\$22.50 USD in 2010) food subsidy each month, which is directly deposited on workers' swipe cards. New workers must complete one month of work in the factory before receiving the monthly food subsidy. Each meal has a meat and vegetable dish. The \$0.67 USD meal has two vegetables and one soup. The \$1.05 USD meal has two vegetables, one meat, and one soup. The \$1.20 USD meal has two vegetables, two meats, and one soup.

Workers who live in the factory dormitories must pay a monthly fee of \$4.62 USD (\$7.50 USD in 2010) for utilities. Each dormitory room accommodates ten people. Each room

includes a private bathroom, a shower, fan, and a wardrobe.

## VI. Occupational Safety and Labor Protection

Workers were unsure if the factory had an environmental health and safety committee. After workers enter the factory, their introductory training program does not cover any environmental health and safety concern issues. The factory distributes gloves that may be changed once each week. Workers must return the old gloves in order to get a new pair. Workers wear anti-static clothing, anti-static hat, and carry an anti-static ring. Face masks are not provided. The workshop is extremely loud, but workers do not have earplugs. Workers reported that during working hours they felt they were being exposed to significant radiation, due to the fact that their skin was always very dry and itchy.

The workshop does not have any ventilation system. Everyday, workers are instructed to examine their machines before starting their shift. Workers have an entrance medical examination, but no exit examination. Occupational injuries have occurred in the factory workshops. The most frequent injuries are scratched up and worn hands. The workshop does not have a first-aid kit. In the event of an injury, the workshop manager will give the injured worker some cotton to cover up their injury.

Workers are required to remove any garbage in the workshops and transport it to a larger garbage dump. There are no fire extinguishers near the garbage dump.

## VII. Fire Safety

Workshop access and emergency exits are clearly marked. There is debris still piled up and blocking the emergency exit doors, which are closed (See photo). The dormitory staircases and hallways do not have clearly marked emergency exits and the emergency exit doors are locked. The factory conducted two fire drills in the past year. The most recent drill was two months ago. In preparation for the drill, the factory will notify workers in advance that if they hear someone blowing a whistle, they must stop their work and run outside. The fire drill was about 30 minutes long, after which workers immediately returned to work. Workers were unsure if the fire extinguishers were regularly inspected.



The emergency exit door is closed and debris piled up and block the exit

## VIII. Rewards and Punishment Measures

There is a monthly perfect attendance award of \$15 USD.

There are also performance awards given out worth between \$7.50 and \$45 USD. There is a job post subsidy, which runs between \$0.45-\$1.50 USD per day. Night shift workers receive a subsidy of \$1.20 USD per day.



If workers arrive late for work or leave early, they receive a first-time warning and a fine of \$7.50 USD. For each product they create that must be discarded, they are given one demerit and fined \$15 USD. In addition, they are required to write a self-criticism and read it out loud to other workers in the morning meeting. If workers bring memory sticks, cell-phones, or cameras into the workshops, they receive a serious demerit and fine of \$22.50 USD. In addition, they will have their memory sticks, cell-phones, or cameras confiscated for three months.

Workers are not allowed to drink water or use the restrooms during working hours. They are required to first have their supervisors to replace them and apply for a leave-post pass before they can take a break to drink or use restrooms. After workers leave their dormitory in the morning, they are not allowed to return until they are off work in the evening. Though workers have unlimited access to their dormitories on the weekends, male and female workers are never allowed to visit each others' dormitories.

### **IX. Miscellaneous**

Workers indicated that they were unsure if there was a labor union in the factory. If they have any concerns, they would go to their supervisors and their supervisors would go to their own supervisor. Like this, they report issues up level by level.

Workers have to go through an infrared scanning machine when they enter and exit workshops.

If workers do not produce quality products or refuse to obey requirements, they will be scolded by their supervisors. Some supervisors make the work environment difficult for workers on purpose by asking workers to complete very difficult tasks. Workers are not allowed to talk and laugh during working hours.

Most interviewed workers stated that many workers had recently left Compal because of low wages and restrictive management. The majority of them leave voluntarily. Sometimes one worker is forced to perform the load of two workers on the production line. Because it is so hard to hire laborers directly, the factory contracts out recruitment to employment agencies. As long as a worker is willing to work in the factory, it does not matter to Compal how they came to the factory. If a job-seeker interviews, they are guaranteed to have a health exam on the second day and begin work on the third day.

Interviewed workers on the Dell production lines stated that they are not satisfied with their wages and working conditions. Furthermore, the working conditions at Compal expose workers to high radiation hazards. The approximate monthly wage is \$300 USD. After calculating in the average monthly expenses of a worker, between \$90-\$150 USD, they are only able to save approximately \$150 USD per month. Many of the factory's current workers are from Luoyang, Jiaozuo, Pingdingshan and Luohe of Henan Province. They have indicated that when Foxconn establishes its factory in Henan next year, they hope that they can work



there, so that they do not have to leave their hometown and come to Kunshan.

Every week, client representatives visit the factory to conduct audits. The factory will notify workers in advance to clean up, sit up straight, and work carefully.

## 5. Hongkai Electronic Technology (Dongguan) Co., Ltd.

### Primary Findings

Of the violations discovered throughout the Hongkai Electronic (Dongguan) investigation, the most serious concerns include:

- Due to high production demand, workers work an extreme number of overtime hours, totaling 11-12 work hours each day. Monthly overtime exceeds 142 hours. From September through November, workers worked 30 days each month and were only afforded the night off on Sunday to rest. In December, there were no days off, except for New Year's Day. Workers often must arrive earlier than their shift starts for meetings, which run for 15 to 20 minutes. These meetings are not included in paying hours. If someone is late to a meeting or does not attend the meeting, they will be fined \$1.50 USD as a warning. Article 41 of Labor Law of the People's Republic of China stipulates, "Employer can prolong work hours due to the needs of production or businesses after consultation with its trade union and laborers. The work hours to be prolonged, in general, shall be no longer than one hour a day, or no more than three hours a day if such prolonging is called for due to special reasons and under the condition that the physical health of laborers is guaranteed. The work time to be prolonged shall not exceed, however, 36 hours a month." Article 14 of the Law of the People's Republic of China on Administrative punishment stipulates, " Any other documents of a regulative character other than those provided in Articles 9, 10, 11, 12 and 13 shall not establish administrative punishments." Article 44 of the Labor Law of the People's Republic of China stipulates: "The employing unit shall, according to the following standards, pay laborers remuneration higher than those for normal working hours under any of the following circumstances: (1) no less than 150 per cent of the normal wages if the extension of working hours is arranged; (2) no less than 200 per cent of the normal wages if the extended hours are arranged on days of rest and no deferred rest can be taken; and (3) no less than 300 per cent of the normal wages if the extended hours are arranged on statutory holidays. Article 45 The State shall practice a system of annual vacation with pay. Laborers who have worked continuously for one year or more shall be entitled to annual vacation with pay. Concrete measures shall be formulated by the State Council."
- Carriers of Hepatitis B are disqualified from candidacy. Article 19 of Regulations on Employment Service and Employment Management stipulates: "In recruiting personnel, the employing unit may prohibit carriers of hepatitis B pathogen from taking up certain types of work as stipulated under the country's laws, administrative decrees and regulations of the health authority of the State Council, and shall not take the hepatitis B virus serological indicator as one of the criteria of physical checkup."
- There is no paid sick leave. Workers reported that requesting leave is very difficult at Hongkai. Sick leave is especially difficult to gain approval for, because the factory has its own clinic, so if workers do not feel well, they are told to go to the clinic and take medicine. Article 3 of the Regulation of Period of Medical Treatment of Employee's Disease and No occupational Injuries stipulates, "If employees fall ill or

are wounded by non-occupational injuries and have to cease work to accept medical treatment. A three to twenty four months period of medical treatment must be given in contingent with the person's working years in and out of the company."<sup>9</sup>

- Approximately half of the workers live in the dormitories, where the conditions are very poor.
- Workers with exposure to toxic chemicals or gases do not receive an in-service or exit health examination. Article 32 of Law of the Peoples Republic of China on Prevention and Control of Occupational Diseases stipulates, "With regard to the workers who engage in operation exposed to occupational disease hazards, the employer shall, in accordance with the regulations of the public health administration department under the State Council, make arrangements for pre-service, in-service and job leaving occupational health checkups and truthfully inform the workers of the results of the checkups. The expenses for occupational health checkups shall be borne by the employer."
- Within the Hongkai factory in recent years, there have been at least 8 major accidents, all due to machines malfunctioning or improper operation. Most of the accidents resulted in life-long disabilities. When workers discussed the work hazards, they expressed helplessness and sorrow. Article 52 of the Labor Law of the People's Republic of China stipulates, "The employing unit must establish and perfect a system for occupational safety and health, strictly implement the rules and standards of the State on occupational safety and health, educate laborers on occupational safety and health, prevent accidents in the process of work, and reduce occupational hazards."
- The sanitation conditions in the workshops are very poor. There is no regular scheduled cleaning.
- Workers stated that the production line is too busy and fast-paced. There is no time to use the bathroom, even if you can find a replacement to substitute you on the line. They simply cannot leave their post.
- The workshop has poor lighting and is very dark inside. The access pathways are not clear and there are goods stacked throughout the workshop. Article 34 of the Law of the People's Republic of China on Work Safety stipulates, "The said exits may not be sealed or blocked."



- The factory has a union, but it does not serve the workers' interests. It only hosts recreational activities
- Managers speak harshly and crudely to the workers and do not display any respect for them at all.

**Investigation Date:** December 15-18,

2010, revisit in March to May 2011

## Factory Introduction

<sup>9</sup> This is translated by China Labor Watch. Not an official version.

The factory is located in Dongguan City, Huangjiang town, Yongjun Road, Jiti Lingma Baling Industrial District. The factory was established in 1996 and currently employs approximately 1,000 workers. During the busy season, there are around 1,200 workers. The primary products produced in the factory include computer chassis, computer motherboards, precision components, computer connectors and cables. Primary clients include IBM, ASUS, Konka, Apple, HP, WKK, and others.

## I. Recruitment and Resignation

There are two channels of recruitment into Hongkai. The most frequently used channel is by inquiring with the security guards at the main factory gate entrance. Recruitment is from 9-10am and is conducted throughout the year. The other channel is through internal employee introductions. After those introduced complete two months of work at Hongkai, the worker who provided the introduction will receive a \$30 reward. However, this channel is utilized very infrequently, typically only during extremely busy times. The line leaders will provide workers with introduction forms when more workers are urgently needed. Under normal circumstances, the line leaders will not offer workers these forms.

Candidates must be between the ages of 18 and 40. There are no regional, race, religion, or gender restrictions. After an interview with an HR Department staff member (which is primarily to verify the authenticity of the candidate's ID card), the candidate fills out a new worker recruitment form and goes directly to the Ganghua Clinic for a medical examination. The fee of the health examination is \$5.25 USD, which the potential employee must cover themselves. If a candidate fails the medical examination or is found to be carrying Hepatitis B, they will not be eligible for a job at the factory.



The board on the machine indicates that workers are manufacturing HP products.

Those who pass the health examination will return at 2pm to make 2 copies of their identification cards and provide one 2-inch photograph. Afterwards, they will go to the training office on the factory's third floor to undergo two hours of training. The content of this training merely reviews the information available in the employee handbook. This is done by reading parts of it aloud. Employees did not report having any particularly strong impression of the training. At the end of the training session, workers receive a copy of the employee handbook and a number of forms to sign, such as an Ethical Promise Form, Withholding of Union Funds form, identity verification affidavit, voluntary no purchase of insurance form, etc.

When candidates sign these forms, the HR staff does not explain the content in any way.



Workers are not provided time to comprehensively review them. The HR staff urges new workers to just sign and fingerprint the documents. Workers are issued a temporary pass to enter and leave the factory. If they lose it, it will cost \$1.50 USD. For their time, they are paid 2 hours worth of wages.

One week after workers enter the factory, they receive uniforms. Two winter uniforms cost \$10.50 USD, while two summer uniforms are only \$4.50 USD. Workers who complete 6 months in the factory will not be charged for the uniforms. However, upon resigning before fulfilling the required 6 months of work, workers' wages will be deducted to pay for their uniforms.

## **II. Resignation**

New workers are subject to a 2 month probation period. During the probation period, workers must submit resignation forms 7 to 14 days in advance. During the contract period, the contract states that resignation must be submitted 30 days in advance. Workers reported that during the busy season, resignation approval was especially difficult. Generally when production is high, management will delay workers' resignation for approximately one month. If there is an emergency situation, workers may resign for a period of 7 days and face a reduction of 9 days of wages.

According to factory regulations, resignation procedures are only handled on Tuesday, Thursday, and Friday each week. On the day of resignation, workers must go to the factory moving department between 4:00 and 5:00pm in order to collect their due wages. Those who receive direct deposits must wait until the factory's next date of pay distribution in order to receive payment of wages.

Factory regulations state that new workers in the probation period are not able to request leave in excess of 3 days. If there is an emergency, they must resign. After resignation, workers may not re-enter the factory for three months.

## **III. Labor Contract**

New employees sign a labor contract within one month of entering the factory. Workers will receive a copy of the contract.

## **IV. Working Hours**

Normal working hours are 8 hours each day, 5 days each week. However, due to high production demand, workers work overtime totaling 11 to 12 hours each day. Monthly overtime exceeds 142 hours. The peak production period is from September through January and monthly overtime is routinely over 120 hours.

The factory work schedule is as follows:

Working Hours Dept.	Morning Working Hours	Afternoon Working Hours	Overtime Hours
One Shift: Paint Department	7:40-11:50am	1:20-5:20pm	6:30-10:30pm
Assembly Department	7:50-11:40am	1:10-5:10pm	6:30-10:30pm
Two Shifts: Stamping Department	8am-12pm	1:30-5:30pm	6:30-8:30pm
Night Shift	8:30pm-1:30am	2:40-7:40am	

There is no voluntary overtime system. Workers are all required to perform overtime work. Workers must request leave from their line head or manager if they do not want to work overtime. If they do not work overtime without explicit approval, there is a one-day wage deduction as punishment. In more serious cases, workers will acquire a fine of 3 days of wages.

Workers must swipe their IC card when they arrive and leave work, including overtime. If there is a mistake with a worker's recorded hours, it can usually be corrected. If there are over two supplementations of work hours in one month, each supplementation will deduct one-half day of wages.

From September through November, workers worked 30 days each month, only receiving time off on Sunday night. In December, workers were only given time off on New Years day. The management staff stated that production levels are also high during the Lunar New Year. The stamping department rotates their night shift once each month.



During a particularly busy period, those working the night shift will not end work until 5am or later, beginning work again the next day at 1:30pm. For those switching shifts, there is no continuous 24-hour rest period. From Monday through Saturday, workers work overtime until 10:30pm every day.

The factory requires workers to arrive to the workshop five minutes before their shift begins and 15 to 20 minutes before the weekly meeting. On Monday, Wednesday, and Friday, workers in the stamping department must arrive 15 minutes early for a meeting. Workers in the painting department must arrive 20 minutes early for a meeting on Monday mornings. These meetings are not included in their monthly wages. If someone is late to a meeting or does not attend the meeting, they will be fined \$1.50 USD as a warning.

## V. Benefits and Remunerations

Wages are distributed on the 25<sup>th</sup> of each month. If there is a holiday, there will be a two-day delay. Workers are typically paid through direct deposit, while new employees will directly receive cash payments. Average monthly wages are between \$225 and \$375 USD. Each department has its own respective wage system. The paint department and the assembly department wages are relatively lower than wages received in the stamping department. In 2010, total wages included the basic monthly wage of \$138 USD, job post allowance (very few workers receive this), overtime wages, and night shift subsidies. Wage deductions include a dormitory fee of \$6 USD, food fee of \$40.50 USD, utilities fee (the average of the shared dormitory), and social insurance fee of \$15.30 USD (if workers do not purchase pension insurance there is only a \$0.90 USD deduction for occupational injury insurance). In 2011, workers' base wage increased to \$169.5 USD per month. However, workers continue to have at least \$61.6 USD deducted from their wages for room and board, social security, etc.

Workers' wages are based on an hourly rate system. A regular working hourly wage is \$0.97 USD, while a regular overtime working wage is calculated at a rate of 1.5 times or \$1.18 USD an hour. Weekend overtime is calculated as two times the regular rate at \$1.95 USD an hour. Holidays are calculated as 3 times the normal rate or \$2.92 USD an hour. Job post allowances are only given to "bootstrap" workers in the stamping department. Very few employees are eligible for a length of service award of \$15-75 USD. The night shift allowance is calculated as one hour of overtime.

Wage slips are distributed to employees one day before the date of wage distribution. The wage slip contains details about the total wages issued and the wages detained. The pay slips are not printed very legibly and workers cannot see them very clearly. Three days after wage distribution, workers may go to the HR Department to report any problems concerning their wages. Any discrepancies will be accounted for in the following month's wages.

There is no paid sick leave. Workers reported that requesting leave is very difficult at Hongkai. Sick leave is especially difficult to gain approval for, because the factory has its own clinic. If workers do not feel well, they are told to go to the clinic and take medicine, and then go straight back to work. If they must request leave, the managers will tell them to go to the clinic to get a sick leave request form. However, even if they go to the clinic and bring the sick leave request form, the HR officer will still not accept the request. According to the factory regulations with respect to personal leave, workers are not eligible to receive wages during their leave and may have weekend overtime hours deducted to make up for time lost during personal leave.

There is a paid annual leave. Workers at the factory for 1 to 10 years receive 5 days of annual leave, workers between 10-20 years at the factory receive 10 days, and workers over 20 years at the factory receive 20 days of leave. Factory policies include 90 days of maternity leave, 3 days of marriage leave, and 3 days of funeral leave. However, workers talked openly about the high level of work intensity that leaves them feeling constantly exhausted, to the point where it would be impossible to enjoy maternity leave. Marriage and funeral leave are rather difficult to gain approval for. If workers overstay their leave, they will be subject to weekend overtime deductions. These benefits, according to the workers, are unattainable. Time off for

statutory holidays is paid for.

Some workers in the factory purchase pension insurance. Those who do not purchase pension insurance must upon entering the factory sign a document prepared by the factory which acknowledges their voluntary decision not to purchase insurance. However, after the three-month probation period, the factory requires employees to purchase pension, medical and occupational injury insurance, totaling \$15.30 USD. Those who do not purchase pension insurance and medical insurance will be fined \$0.90 USD per month.

The factory has a welfare building for employees consisting of 4 floors. The first and second floors have a cafeteria, the third floor has a TV room, library, small supermarket, and table tennis facility, and the fourth floor has a training office and computer room.

## VI. Dormitory and Food Conditions (Photos)



The factory provides workers with room and board. Each month, workers pay \$40.50 USD for food. New workers must purchase the factory meal plan for two months. After two months, they may decide to continue or not. The quality of the food is average and each meal has three dishes, two with meat and one vegetable. The vegetables are not usually fresh and there are roots that are bitter and difficult to eat. Each meal has turnip and cabbage

The dishes with meat contain very little actual meat. It is usually just one big piece of fat. Workers reflected that meals are bland and repetitious and that they do not eat well..



Dish with small amount of meat.

The factory provides dormitory accommodations for workers at a charge of \$6 USD per month. There are two dormitories-- A and B. Building B does not have

air conditioning, while A does. Approximately half of the workers live in the dormitories, where the conditions are very poor. The rooms are shabby, the doors are worn, and the lighting is very dim. Each room has 8 beds and there are at least 5-6 people in each room. There are also rooms that are full, or overcapacity with occupants. Inside the dormitory rooms there are two very old wardrobes with 4 cells, 8 small cabinets, and two fans. The dormitory toilet and bathroom are shared and each floor has approximately 200 people. There are only 10 un-separated squatting toilets and 24 showers. Many workers reported that at night after work, there is a rush of people to the shower and workers often have to wait a long time. The factory does not bear the cost of electricity and water, so the average cost of these utilities is paid by workers in each dormitory.



The division of male and female workers within the dormitories is somewhat puzzling. The second, fifth, and sixth floors house female workers, while the third and fourth floors house male workers. Workers stated that there were often uncomfortable and awkward run-ins between male and female workers. The dormitory is

often chaotic and messy. As a result, many workers choose to live off of the factory grounds in their own rented living quarters. In the surrounding area, workers can rent an apartment for around \$30 USD a month.

Workers who do not live in the dormitory are not fined, nor do they receive a living subsidy. Workers who have stayed at the factory for at least three years may earn a \$15 USD housing subsidy in cash, separate from their working salary. Workers who do not eat at the factory are not fined and do not receive a subsidy.



A typical dorm room, in shabby condition (Source: China Labor Watch)

In order to forgo purchasing the meal plan or living in the provided dormitory accommodations, workers must apply at the end of the month. New workers will still be subject to the first month's living expenses deductions, even if they are not living in factory dormitories.



The first floor of the dormitory building has a first-aid kit hanging from the wall, yet inside there is only a piece of waste paper.

## VI. Occupational Safety and Worker Protection

Before new workers begin at their post, there is no occupational safety training. The HR Department staff gives new workers a piece of paper outlining

disciplinary regulations. It covers each type of violation and resulting penalty. The ventilation system in the factory workshops is very good, but the lighting is often very dim. The access hallways are not lit. The only lights on are those directly over the workers' stations. For those next to the lighting, there is a strong glare. Workers stated that only when clients come to the factory were all of the lights in the hallways and pathways turned on. The workshop does not have anyone hired to specifically clean up the workshops. As a result, it is the responsibility of workers to clean up their workstations and workshops. There is usually debris blocking factory hallways, suggesting that workers do not always have the time or energy to clean.

In the production process, workers often come in contact with toxic substances, such as grease, glue, and strongly noxious gases and odors. These workers are provided with a face mask and pair of gloves everyday. Some workshops, especially the pressing workshop, are very loud. Even when workers speak within one meter of each other, they must raise the volume of their voices at least five times in order to hear one another. The factory does not provide workers with earplugs. One worker who works on the third floor said that the drinking water is often out and may be out for the afternoon or the whole day. It is very difficult for workers to not be able to drink water for the whole day.



Workers with exposure to toxic chemicals or gases do not receive an in-service or exit health examination.

The factory has many large machines, and each machine has posted its maintenance record. The machines are examined once each day. When this was inquired about, many workers said that they perform the inspection themselves. However, these examinations are rather haphazard and arbitrary. The workers check off the

inspection with a stroke on the record sheet and do not do anything else. Some machines do not have a maintenance record on them and it is only when the machine breaks down that technicians are found to repair them. Recently, within the Hongkai factory, there have been at least 8 major accidents, all due to machines malfunctioning or improper operation. Most of the accidents resulted in life-long disabilities for the victims. When workers discussed their



work hazards, they expressed helplessness and sorrow.

The workshop does not have a first aid kit, although workers said there is a medical clinic. It is very common to get cuts on the hand and the clinic has bandages. If there is a big wound, the clinic provides sterilization. For more serious injuries, workers are brought to the hospital.

## VII. Fire Safety

The workshop has poor lighting, often making it very dark. The access hallways are not clearly marked and there are goods stacked throughout the workshop. The fire hydrant and fire extinguisher are inspected every half month. Yet, it was discovered in this investigation that some fire hydrants and extinguishers are clearly not inspected. The sanitation conditions in the factory are very poor and there are regular scheduled cleanings. Workers reported that there was fire drill in June, but because this took place during the day, nightshift workers did not have a chance to take part in the exercise. The fire drill was only conducted with a select number of workers and the drilling was done in the factory area. However, workers were not sure what to make of it and gained nothing from the experience. There are no fire drills in the dormitories.

## VIII. Rewards and Punishment Mechanisms

The factory reward system is not very clear and varies by department. The paint and assembly departments do not have any reward systems. The salary provided in these departments is based solely on the basic minimum wage and overtime wages. Workers in the pressing department must stand throughout their shift, enduring a very heavy workload. As a result, they have an additional allowance added to their salary. Each person may receive an allowance



between \$15 and \$75 USD. From June through October, workers in the pressing department receive \$7.50 USD as high temperature summer subsidy, while workers in the paint department receive a \$12 USD subsidy.

Regarding year-end bonuses, workers stated that they did not know how they are calculated, and some newer workers may receive a greater award than workers who have been in the factory for five or six years. Some workers stated that if you complete one year in the factory, there is an at least \$30 reward, however it is divided into two payments before and after the Chinese New Year.

Workers are only very clear about the penalty system in the factory: workers who do not attend the meeting are fined \$1.50. Those who do not attend work on holidays face a wage deduction of one day salary. Those who do not work overtime will be deducted 1-3 days of wages. Those discovered smoking in the bathroom the first time will be fined three days of wages. Workers who produce poor quality products will face a fine, depending on the circumstance, between \$1.50 and \$15 USD. Arriving late or leaving 15 minutes early will result in a \$1.50 USD fine. Between 15 and 30 minutes is a \$3 fine. Monthly accumulated



tardiness or one-time tardiness between 30 minutes and 2 hours will result in the deduction of one day of wages. A half-day absence results in 2 days deduction of wages, one day absence results in three days of wage deduction, 2 days of absence results in 6 days of wage deductions. A one day absence will not only mean no wages, but also major penalty and wage deductions. After workers have received a penalty, their post allowance may also decrease.

In order for workers to use the toilet or drink water during working hours, they must gain a leaving post certificate. In the Assembly Department, one production line is 60 workers, and there are only 2 substitutes. Workers stated that the production line is too busy and fast-paced and there is no time to use the bathroom, and if there are no substitutes, they simply cannot leave their post. Furthermore, the line leaders continuously urge them to work faster, and the workers continue running on like machines.

### **IX. Miscellaneous Issues**

The factory has a trade union. There is a \$0.75 USD welfare fee deducted from workers' wages each month. The \$0.75 USD is used to celebrate workers' birthdays and offer small gifts. Workers state that the factory also gives \$1.50 USD worth of small gifts, such as a cup or lunch box, but that these gifts are rarely worth anything. Other workers noted that if they left the factory before their birthday, they would not receive any benefit from their welfare fees.

A worker who had worked at the factory for 6 years stated that the workers' union was of no use and had almost nothing to do with protecting workers' rights and interests. The union's primary function was to play host to a few recreational activities for workers. When other workers were asked about the union, they said they did not know what the purpose of the union was, except for occasionally organizing some activities for workers to enjoy.

There are very few older workers in the factory. Workers stated that because work in the factory is exhausting and there is no way to earn a living wage without working overtime hours, many older workers choose not to stay in the factory. Working hours are too long as well. From September until the end of the year, there is very little rest. Many people are only able to complete a few months of work in the factory before they decide they need to leave. Management also has an indifferent attitude towards workers. When a worker is assigned to a workshop, the manager does not even acknowledge them, rather treating them as another machine. In small departments, the line manager may tell the workers they look maladjusted to the work. Managers speak harshly and crudely to the workers, displaying very little respect for them.

According to a few older workers in the factory, managers held previous positions in the factory as simple workers, so they have poor personal qualities and lack any real management ability. They often squabble with workers and routinely abuse and scold them.

The factory often has different customer representatives come visit them to do an inspection of factory facilities. At the time of inspection, the factory will demand workers wear the



appropriate safety protection equipment, will turn on all the factory lights, and will make an effort to clean up the factory grounds.

## 6. Flextronics (Zhuhai) Ltd., Co.

### Primary Findings

Of the violations discovered throughout the Flextronics (Zhuhai) investigation, the most serious concerns include:

- Many job seekers who either do not know about direct recruitment at the north gate or do not have valid certificates may still be hired by Flextronics through intermediary agencies charging exorbitant fees
- During the peak season (June-October), workers must work 10.5 hours every day Monday through Sunday. Working hours exceed 310 hours per month, including 130 hours of overtime. Article 41 of the Labor Law of the People's Republic of China stipulates, "The employing unit may extend working hours due to the requirements of its production or business after consultation with the trade union and laborers, but the extended working hour for a day shall generally not exceed one hour; if such extension is called for due to special reasons, the extended hours shall not exceed three hours a day under the condition that the health of laborers is guaranteed. However, the total extension in a month shall not exceed thirty six hours."
- If a worker wants to use the restroom during working hours, they must first find someone to substitute their position. Workers feel prohibited from drinking water or using the restroom during work
- The majority of workers do not purchase occupational injury insurance. After working in the factory for one year, the factory will buy occupational injury insurance for them. During the interviews, many workers expressed concerns about a new policy that the factory was implementing with the wage increase in 2011. The factory would no longer support purchasing workers' pension insurance or the housing fund. Article 71 of the Labor Law of the People's Republic of China stipulates: "The employing unit and laborers must participate in social insurance and pay social insurance premiums in accordance with the law. "
- The total minimum monthly salary is only enough to cover accommodation and food. One worker was recently killed in the warehouse when a vehicle loaded with products backed into him. The victim was a 23-year-old male worker. The surrounding area of the factory is very open and unsafe. Workers are often beaten by thugs and theft is common. Two female workers were recently raped and killed. The factory has taken no measures to implement safety protection and education. Article 52 of the Labor Law of the People's Republic of China stipulates, "The employing unit must establish and perfect a system for occupational safety and health, strictly implement the rules and standards of the State on occupational safety and health, educate laborers on occupational safety and health, prevent accidents in the process of work, and reduce occupational hazards."
- The application process to receive new worker safety protection equipment takes a very long time. Article 54 of the Labor Law of the People's Republic of China stipulates, "The employing unit must provide laborers with occupational safety and health conditions conforming to the provisions of the State and necessary articles of labor protection, and



provide regular health examination of laborers engaged in work with occupational hazards."

Investigation Date: December 2010, reinvestigated May 2011.

Investigating Method: Off-site interviews

## **Factory Introduction**

Established with capital from the United States, Flextronics International is a global Fortune 500 company and the world's largest electronics manufacturing service provider. Flextronics (Zhuhai) Co., Ltd. in Doumen Industrial Park is a direct subsidiary of Flextronics International. The Doumen location is the Flextronics Group's largest production base in China. In line with the ever-increasing scale of production, there are now over 50,000 workers at Flextronics' Doumen Industrial park. The industrial park encompasses an area of over 600,000 sq. meters. Flextronics (Zhuhai) provides full services in communication, computers, internet, medical fields and consumer electronics products for global clients including Dell, Salcomp, IBM, Ericsson, Philips, Microsoft, HP, Nokia and others.

Flextronics (Zhuhai) owns more than ten subsidiary companies including; Flextronics Industry (Zhuhai) Co. Ltd., Flextronics Technology (Zhuhai) Co. Ltd., Flextronics Computer Technology (Zhuhai) Co., Ltd., Flextronics Precision Injection (Zhuhai) Co. Ltd., Flextronics Logistics (Zhuhai) Co. Ltd., and Flextronics Manufacturing (Zhuhai) Co. Ltd.. Manufactured products in the Doumen Industrial Park include production and assembly of printed circuit boards, production and design, computer cases, cell phones and logistics. The industrial park is divided into the north factory, the south factory, and the central warehouse. The north factory mainly manufactures HP, Microsoft, and other companies' product.

## **I. Recruitment and employment**

The factory directly recruits male and female candidates at the north B15 gate. The factory recruits candidates between the ages of 16 and 35, who are in good health and have at least a junior high diploma. The recruitment process is rather complex, as candidates must provide a number of documents. Candidates must first register by bringing their identification card, graduation certificate, temporary residence permit, and marriage and family planning certificate to the north gate. They need to return the following day for an interview and the next day begin 3-5 days of training. After passing an examination following the training, successful candidates will be hired. Only those who pass the exam after training will be hired. Formally employed workers are paid for their training days. The factory will organize a medical examination for workers, but workers must cover the costs themselves.

There are six "employment agencies" on the road between the factory's southern and northern gates that recruit both male and female workers for Flextronics. Each of these agencies charges \$15 USD for introduction fees and an additional \$3 USD for each forged certificate they create for their clients, including graduation diplomas and unmarried certificates. It is said that in the absence of authentic certificates, only those forged by the agencies are



accepted by Flextronics. Many job seekers who either do not know about direct recruitment at the north gate or do not have certificates may still be hired by Flextronics through these agencies. When an investigator spoke with representatives of the “employment agencies,” and pretended to be a job seeker who is carrying Hepatitis B, the agency staff quickly made a phone call to a Flextronics HR staff to inquire about a possible position. The response was that if he would have to pay \$75 USD if he was recruited, because Flextronics does not usually hire Hepatitis B carriers.

If there are not enough workers in the factories during the busy season, current workers are allowed to introduce new people to the factory and receive a \$45 USD reward for every referred worker who works for more than 4 months. Current workers are also encouraged to introduce new people when there are open positions.

On the recruitment advertisements posted at the north gate, it states that the “average wage is over \$345 USD per month.” Many interviewed workers state that in fact from December 2010 to April 2011 they were only paid about \$225 USD per month for the first five months. It is unethical for Flextronics to mislead workers in this way. Workers often feel disappointed and angry when they realized they were deceived by the recruitment advertisements.

## II. Labor Contract

After successful candidates enter the factory and complete training, they will sign a labor contract. The labor contract is for three years, with a three month probation period. According to the contract, a one-time annual bonus will be distributed at the end of the third year. If a worker resigns one month before the full term of three years, he will not receive any annual bonus.

## III. Wages and Working Hours

The factory implements an 8-hour per day, 5-day per week working schedule. Additional working hours are calculated as overtime. During the off season, workers usually only work regular hours and there is rarely a 2-hour overtime nightshift. Total overtime is less than 20 hours per month. However, during the peak season (June-October), workers must work 10.5 hours each day. Working hours exceed 310 hours per month, including 130 hours of overtime. In 2011, workers’ base wage increased to \$202.51 USD, the overtime premium is paid 1.5 times, 2 times and 3 times respectively for regular overtime, weekend overtime and statutory holiday overtime. Wages during the peak season can reach \$375 to \$450 USD per month. For morning meetings, workers must arrive 10 minutes early.

Workers are scheduled into two shifts, day shift and night shift, which rotates once a month. There is a 24-hour rest between each rotation.

Shift	Morning Working hours	Afternoon Working Hours	Overtime Hours
Day Shift	8:00—12:00	17:00—18:00	18:00—20:00
Night Shift	20:00—00:00	01:00—05:00	

Shift	Morning Working Hours	Afternoon Working Hours	Overtime
Day Shift			6-8pm
Night Shift	8pm-12am	1am-5am	

The production quota of PCB(Printed Circuit Board) group decreased from 7000 pieces per day to 3500 pieces. However, workers did not gain additional rest time as a result, they are only told to complete other trivial tasks such as machine maintenance.

#### **IV. Restrictions**

If a worker wants to use the restroom during working hours, they must first find someone to substitute in for their position on the production line. They must return to their position within 10 minutes. Workers indicated that they felt prohibited to drink water or use the restroom. Most workers hoped there would be a 10-minute break every two hours.

#### **V. Wages and Benefits**

During the December 2010 investigation period, workers' base wage was \$165 USD per month. After the probation period, their salary increased to \$175 USD per month. Normal work day overtime is calculated at a rate of 1.5 times the regular hourly wage rate. Rest day overtime is calculated as two times the regular wage rate. Statutory holiday overtime is calculated as three times the regular wage rate. Workers on the night shift receive a \$0.75 USD subsidy for a midnight snack. All workers receive a \$45 USD seasonal bonus every three months, a \$7.50 USD housing subsidy, and a \$22.50 USD living allowance. Wage deductions include fees for pension insurance, housing fund, dormitory fees, personal income tax and social insurance, which is deducted in accordance with the workers' salary level.

Wages are distributed to workers' individual bank accounts on the 20<sup>th</sup> of each month. A pay slip is also provided. If there is a mistake on the pay slip, workers can account for the error with the HR Department. Any error will be reconciled in the next pay cycle. Workers reported that wages are usually distributed on time. During the interviews, many workers expressed concern about a new policy that the factory was implementing with the wage increase in 2011. The factory would no longer support workers' purchasing of pension insurance or the housing fund. Workers did not know what to do if this was in fact the case and how to promote their rights. Workers also said that although there is a one-time year-end bonus at the end of the third year, there was a relatively large tax on it, leaving many workers unsatisfied.

Workers can enjoy paid sick leave if they can provide formal certification from the hospital. Otherwise, it is considered unpaid vacation leave, even if the worker's supervisor is aware that the worker is sick. Workers also enjoy paid maternity leave, marriage leave, bereavement leave, and paid statutory holidays. A one-day absence results in three day's deduction of wages. A three-day absence will result in voluntary resignation without receiving their due wages.

The factory provides some entertainment facilities, such as a basketball court, TV room, and library. However, the library usually is not open, except if there is an audit. When clients visit the factory for inspection, the factory will ask some of the workers to sit in the library to pose. Workers hope the factory will provide more entertainment facilities, such as table tennis, karaoke, dancing stage, etc. Workers in the north section say that the southern section's conditions and wages were much better.

## **VI. Dormitory and Food Conditions**

The factory provides workers with food. In the factory cafeteria, workers pay for a meal ticket with cash or may pay for a meal by swiping their card. Workers may choose to eat inside or outside of the factory. The sanitary conditions of the factory cafeteria are very poor. Interviewed workers all said that there are frequently worms, flies, or other foreign objects in the soup or food. The dishes are simple and usually Cantonese style. However, most the workers are from Hunan province and not use to eating that style of food. They recommend that the factory offer two or more types of food that workers could choose from. Workers also stated that the value of meals is relatively high. For \$0.90 USD they receive the most basic meal. If they want to eat slightly better, they must spend about \$1.50 USD. One day of meals can cost \$4.50 USD. Each month \$135 USD is spent on food and \$30 USD is spent on accommodation. The total minimum monthly salary is only enough to cover accommodation and food.

The factory also provides workers with dormitory accommodations. Each month there is a management fee of \$1.50 USD that workers must pay. One dormitory room contains eight beds. There is also a wardrobe, table and stool, and fan. Each dormitory room has a separate bathroom and hot water dispenser. Interviewed workers stated that dormitory arrangements were not at all reasonable. Day and night shift workers are all mixed together. During the off season when there is no overtime, the day shift workers return to the dormitory at 5:00 pm, leaving the nightshift works with no other choice, but to wake up. When night shift workers do not work overtime, they will return to the dormitory at 5:00 am and disturb the day shift workers who are trying to rest.

## **VII. Labor Protection and Safety**

The application process to receive new worker safety protection equipment takes a very long time. One worker in the warehouse stated that their shoes broke a long time ago, yet their request for new shoes had still not gone through. Workers on the production line receive PPE in accordance with their job post. Workers who are in contact with grease, alcohol or other chemicals are provided a face mask, gloves, and other PPE. Workers have an entrance and in-service health examination, but no exit health examination. Workers must cover the cost of the examinations themselves.

The factory has had some incidents of occupational accidents. Last month, one worker in the warehouse was killed when a vehicle loaded with products backed into him. The victim was a



23-year-old male worker. The majority of workers do not purchase occupational injury insurance. Workers state that after working in the factory for one year, the factory will purchase occupational injury insurance for them.

The surrounding area of the factory is very open and not safe. Workers are often beaten by thugs and theft is very common. Recently, two female workers were raped and killed. Even after these tragic events occurred, the factory has taken no measures to implement safety protection and education. The night shift workers who end their shifts at 5:00am are in a particularly hazardous situation, because of the lack of safety of the road to return to the dormitory. Many interviewed workers expressed concern about this situation. The workers stated that especially at the end of the year up until the Lunar New Year, the safety situation was even more dreadful.

### **VIII. Fire Safety**

Interviewed workers said that there was a fire drill once a year. They did not know when it was scheduled for. Since only a small portion of workers participate in the drill, it seems to be nothing more than a formality.

### **IX. Miscellaneous**

Interviewed workers were all unsure of how the union functioned at the factory. They only knew that for their birthday, they can go to the southern factory building to receive a birthday gift and some snacks. The workers did not know who the union president was. There was only one manager who knew that each month there is one worker chosen to sit on the union committee. Each department will send one person to participate, however no problems are actually resolved. Most workers believe that the union is a mere formality.

Interviewed workers stated that the factory security guards were not very well mannered. They had a very poor working attitude and often used a blunt tone with workers. This sometimes would lead to fights breaking out between them. Workers who get into a fight will be dismissed from the factory.

### **X. Resignation**

During the probation period, workers must submit a resignation application three days in advance. After the end of the probation period, workers must submit a written resignation application 30 days in advance. They will receive their due wages three days later. When workers leave the factory, they must return the factory branded uniforms, shoes, hat, shoes and anything else. Those without these items will face final wage deductions.

## 7. Tyco Electronics (Dongguan) Co., Ltd.

### Primary Findings

Of the violations discovered throughout the Tyco Electronics investigation, the most serious concerns include:

- The medical exam is primarily a chest exam and hepatitis inspection. Carriers of Hepatitis B will not be hired. Article 19 of Regulations on Employment Service and Employment Management stipulates, "In recruiting personnel, the employing unit may prohibit carriers of hepatitis B pathogen from taking up certain types of work as stipulated under the country's laws, administrative decrees and regulations of the health authority of the State Council, and shall not take the hepatitis B virus serological indicator as one of the criteria of physical checkup."
- Workers must cover the cost of the medical examination. Article 32 of Law of the Peoples Republic of China on Prevention and Control of Occupational Diseases stipulates, "With regard to the workers who engage in operations exposed to occupational disease hazards, the employer shall, in accordance with the regulations of the public health administration department under the State Council, make arrangements for pre-service, in-service and job leaving occupational health checkups and truthfully inform the workers of the results of the checkups. The expenses for occupational health checkups shall be borne by the employer."
- Favoring female workers in recruitment is very common at Tyco. Article 12 of the Labor Law of the Peoples Republic of China stipulates, "Local People's Governments at various levels shall take measures to develop various kinds of job-introduction agencies and provide employment services."
- There are a number of intermediary labor dispatch companies that recruit for Tyco. Workers recruited via the labor dispatch company sign a contract with Huacai and do not sign a contract with the factory. Wages are also distributed to workers with Huacai as the intermediary. The Huacai employees stressed the point that they only recruited women and do not recruit male workers.
- In the nearby labor talent market, female workers seeking recruitment must pay a \$15 USD fee. Male workers must pay a \$30 USD fee.
- Factory regulations stipulate that workers are not allowed to work more than 36 hours of overtime each month. If they are not able to reach production output requirements, they must **work additional hours without overtime pay** and will be criticized by the HR Department. The production quota is very high and is constantly supplanted, making work extremely tiring. If a worker does not complete their production quota, the line leader will not let them work overtime. Regular working wages are very low, so in order to work extra overtime hours, workers are forced to exert more effort. Article 44 of the Labor Law of the People's Republic of China stipulates, "The employing unit shall, according to the following standards, pay laborers remuneration higher than those for normal working hours under any of the following circumstances: (1) no less than 150 per cent of the normal wages if the extension of working hours is

arranged; (2) no less than 200 per cent of the normal wages if the extended hours are arranged on days of rest and no deferred rest can be taken; and (3) no less than 300 per cent of the normal wages if the extended hours are arranged on statutory holidays.

Article 45 The State shall practice a system of annual vacation with pay. Laborers who have worked continuously for one year or more shall be entitled to annual vacation with pay. Concrete measures shall be formulated by the State Council."

- Workers receive safety equipment in accordance with their job post and receive new safety wear on a daily basis.
- There is an annual health inspection to check for occupational illnesses
- One day of absence results in three days of wage deductions. Article 14 of the Administrative Punishment Law of the People's Republic of China stipulates, "Except for the stipulations in Articles 9, 10, 11, 12 and 13 of this law, other regulatory documents are not to establish administrative punishments."
- The resignation process is rather complicated and time-consuming. If workers must leave the factory because of an emergency, it is unlikely they will receive their final wages Article 37 of the Labor Contract Law of the People's Republic of China stipulates, "An employee may terminate the labor contract upon giving his Employer 30 days' prior written notice. An employee may terminate his labor contract during the probation period by giving the Employer 3 days' prior notice. "
- The factory has a union, but all of the interviewed workers said that they do not know what its purpose is or how it helps workers.

Date of Investigation: October 2010, February, 2011, reinvestigated in May 2011.

## 1. Factory Introduction

Tyco Electronics (Dongguan) Co., Ltd. (hereafter referred to as Tyco), was established in October 2000, and is an independent subsidiary company of Tyco Electronics. The Dongguan base is Tyco's primary Chinese wiring harness and wiring harness assembly production location. The company is located in Guangdong province, Dongguan City, in Houjie Town in the Science and Technology Industrial Park. The grounds cover an area of approximately 60,000 sq. meters. There are approximately 4,500 employees. In 2006, annual output exceeded 100 million USD. The factory involves the entire production process of wire harnesses, including testing and molding, and is considered a full service manufacturer. The company's products are widely used in computers, communications, consumer electronics, medical systems and other industries. The company prides itself on providing quality system with excellent quality products, and it has received the British quality certifications, ISO9002 and QS9000.

Tyco Electronics engineers electronic components for thousands of consumer and industrial products including; network solutions and systems for telecommunications and energy markets, undersea telecommunication systems, and specialty products. Tyco designs, manufactures, and markets products for customers across industries including automotive; data communication systems and consumer electronics, telecommunications, aerospace, defense and marine; medical, energy, and lighting. Tyco Electronics is an independent,

publicly traded \$10.3 billion USD company, whose common stock is listed on the New York Stock Exchange (NYSE) under the ticker symbol “FEL.” Tyco offers advanced technology parts to global brand companies including HP, Motorola, IBM, Dell, Cisco System, Ericsson, Sony, Siemens, Toshiba, Nokia, Toyota, BMW, GE, and others.

Phone contact: 0769-5990293

Fax: 0769-85819130

Total number of workers: 4,500

## II. Recruitment and Entrance into the Factory



The factory urgently needs general workers. There is a recruitment notice posted on the main factory gates that Tyco is recruiting male and female general workers between the ages of 18 and 35.

Female workers should have a junior

high education or higher and male workers should have a high school education or higher. There are no regional, race, or religious restrictions for candidates.

Candidates must arrive for recruitment to the factory gate between Monday and Friday in the mornings with their identification cards, diploma certificates, and three color photos. There is first a written exam. Those who pass the examination may line up at 1pm in the afternoon for an interview in the factory. After passing the interview, the training time will be arranged. The factory arranges for new workers to begin a 2-day training session the same day. The content of the training includes factory rules, regulations, and safety procedures. Workers receive payment for the training. After the end of the training, workers are distributed to different workshops to begin working. The factory distributes uniforms, work hats, and work shoes at no cost.

The factory arranges for new workers to undergo a collective health examination. The exam primarily is a chest exam and hepatitis inspection. Carriers of Hepatitis B will not be hired.



This photo is a recruitment advertisement, explicitly stating that the male: female ratio is 1:3

The cost of the exam is covered by the workers.

One older worker said that years ago, factory introductions and examinations were very loose and the factory was not very picky with whom they hired. However, now the factory is very selective. The morning of this investigation, there were hundreds of male candidates who arrived to participate in recruitment, but later only 7 remained. In contrast, nearly all of the women (approximately 100) were initially accepted, and by the afternoon 45 were left for interviews. The favoring of female workers is very common at Tyco.

## II. Labor Dispatch

Within 100 meters from the back gate of the Tyco factory, there is a labor dispatch company, Huacai, which conducts recruitment for Tyco. Tyco and Huacai have signed a long-standing agreement, through which Huacai recruits workers on behalf of Tyco. Workers recruited via the labor dispatch company sign a contract with Huacai only. Wages are also distributed to workers by Huacai who use it as an intermediary. The Huacai employees stressed they only recruited women and do not recruit male workers.

At the back gate of the factory, on the surrounding streets, there is a large-scale labor market



Photo of recruitment leaflets, from intermediary recruitment agency

with many different companies that all recruit for Tyco. Female workers seeking recruitment must pay \$15 USD fee and male workers must pay a \$30 USD fee.

## III. Labor Contract

After workers enter the factory, they sign a labor contract with the factory. The contract period is for one year, with a probation

period of one month. There are two copies of the labor contract and workers receive one copy.

## IV. Working Hours

The factory has mostly implemented a two-shift working system. There are 8 regular working hours and 2 hours of overtime. Each week there are 5 regular work days. Each month, there are 22 to 23 work days. The weekends may have one day of overtime. Factory production is relatively stable, such that the peak season and off season do not have significant variations in working hours. The first floor production line has implemented a three-shift system, where there are 8 hours of work each day and 6 days of work each week. Each month has 24 work days.

On the second and third floors of the factory, the assembly department has implemented a two-shift system. The day shift is from 8am in the morning until 8pm at night. There is a one-

hour rest break for both lunch and dinner. There are 8 regular hours of work and two hours of overtime work. On Tuesday and Thursday evenings, there is no overtime. The night shift begins at 8pm at night and ends at 8am in the morning. There is a snack and one hour rest break at midnight and another rest break at 4am. There are 8 regular hours of work and 2 hours of overtime. In one week, there are an additional two days that do not have overtime work. There are eight weekend days each month and usually one of them will have overtime work. Night shift workers may at most earn an additional subsidy of \$1.80 USD per day. Generally, the day and night shift rotate once each month. Overtime working hours each month general stay around 36 hours. There are not many opportunities to work overtime on the weekend rest days.

Workers report that factory regulations stipulate that workers are not allowed to work more than 36 hours of overtime each month. If they are not able to reach production output requirements however, they must work additional hours without overtime pay and face possible criticism from the HR Department. Workers reported that monthly overtime seldom exceeds 40 hours. Although the base wage is high, fewer hours of overtime means that workers earn a lower income.

One female worker in the Assembly Department said, —The production quota is very high, and it is constantly added onto, so work is extremely tiring. If we do not complete the production quota requirement, the line leader will not let me work overtime. Regular working wages are very low, so in order to earn extra money, I must work those overtime hours. If workers go to the bathroom or drink water, they are forced to immediately return to their post and continue work on the production line. This kind of speed will kill you!”

## **V. Wages and Benefits**

Wages are distributed on the 5<sup>th</sup> of each month. If that date is a holiday or weekend, wages will be distributed earlier. Wages are directly deposited into workers' bank accounts. Workers who were directly recruited by the factory will directly receive wages, but those who entered the factory through recruitment agencies will receive wages from the respective recruitment company.

Workers' average monthly wage is approximately \$261.8-292.6 USD. Workers on the nightshift earn approximately \$272 USD per month, because of an additional subsidy provided to them. Wages include the base minimum wage, overtime wage, job post subsidy, length of service rewards (\$9.24 per one year of seniority), and other rewards. The base minimum wage is \$200.20 USD per month and overtime is calculated in compliance with the labor law. Normal overtime wages are \$1.73 USD per hour, rest day overtime is calculated as \$2.30 USD per hour, statutory holiday overtime is \$3.45 USD per hour. Job post subsidies range from \$15 to \$75 USD per month. Workers are not clear how these subsidies are calculated.

At the time of wage distribution, pay slips are also distributed. The pay slips list the amount that is received and amount that is be deducted from a worker's monthly salary.

Workers receive pay for sick leave, however they must go to the large hospital clinic and receive verification of illness in order to receive official sick leave. Requesting sick leave is not difficult. The factory has an annual leave, maternity leave, and marriage leave. Women with infants have one hour each day to breastfeed their babies. At the time of the investigation, the CLW staff encountered a few cases of female workers outside and nearby the factory road feeding their babies. These women said that the factory has a nursing room on the grounds, however it is very small.

When workers enter the factory, the factory mandates that they purchase pension insurance, occupational injury insurance, unemployment insurance, medical insurance, and other types of social insurance. The monthly wage deduction for insurances is dependent on the level of the workers' wage. It is usually between \$14 and \$19 USD. Workers are also paid over statutory holidays.

Workers report that the factory has a library, table tennis, basketball court and other entertainment facilities. The facilities generally open at 6pm each night during the week and are open all weekend. Workers may borrow books at the library.

## **VI. Food and Dormitory Conditions**

The factory provides room and board for free. The factory cafeteria offers breakfast, lunch, and dinner. Workers on the nightshift receive a midnight snack.

The factory dormitory conditions are average, there are 7 people in each room. Each room includes a private bathroom, balcony, and fan. Since the number of workers is steadily growing and outpacing the accommodations in the factory, half of the workers must live in a dormitory outside of the factory. Interviewed workers reported that 7 workers in one room is too crowded and not convenient at all. There are also couples in the factory, but there are no accommodations specifically set aside for couples. If couples want to live together, they must live off the factory grounds. Rent is approximately \$45 USD per month for outside accommodations. The factory does not offer any housing subsidies.

## **VII. Occupational Safety and Protection**

Interviewed workers stated that the factory, as stated in their advertisements distributes safety equipment, masks, and gloves to workers. Workers receive new safety equipment every day. During working hours, workers are required to wear a work hat, protective glasses, work uniform, and work shoes.

There is a health examination once a year. The examination is primarily to examine for occupational illnesses. The examination fee is covered by the factory. No health examination is required when workers leave the company. Workers reported that the factory holds a fire drill once every year. There are no other major issues in the factory regarding safety.

## **VIII. Rewards and Punishment Measures**

The factory has arranged a length of service award for workers. Working at the factory for half-year allows a worker to receive a bonus of \$4.50 USD per month, one year is \$9 USD per month, two years is \$18 USD per month, and three years is \$27 USD per month. Any period of service longer than three years will be rewarded with \$54 USD per month. The additional wages distributed for the excellence award and performance award appear in the bonus column of workers' pay slips, so workers are not completely certain how they are calculated.

At the end of the year, workers may receive an annual bonus. For completion of one year of work, the factory offers a bonus of one month's salary. Each additional year is in accordance with the same number of additional months' wages.

The factory's penalty system is not based on monetary penalties, but rather written warnings. Four written warnings will result in expulsion from the factory. Workers who get into fights will also be dismissed. One day of absence results in three days of wage deductions.

## **IX. Leaving the Factory**

During the probation period, workers who want to resign must submit an application three days in advance. After the probation period and during the regular contract period, general workers must submit a written resignation application 7 days in advance. Workers in more technical positions must submit an application 15 days in advance and specialized employees must submit an application 30 days in advance. All employees may go through the stipulated resignation process, but it is rather complicated. Five days after the resignation period, they may come to process their exit paperwork and will receive their wages. Workers within the probation period may receive cash. Yet, those who receive direct deposit wages into their bank accounts must wait to receive final wages until the following month.

The factory stipulates that resignation papers may only be processed Monday through Thursday. Processing requires two days. On the first day, the factory collects work clothing and equipment. On the second day, wages are reconciled. There is a form to fill out and workers must verify the exact quantity of their wages. When workers receive their final wages, there is no pay slip. Some workers reported that if there was an emergency, it would be extremely difficult to process resignation through the factory.

## **10. Trade Union and Miscellaneous**

The factory has a union, but all of the interviewed workers said that they were unsure what purpose it had or how it effectively helped workers. The workers were aware that the factory hosts events once or twice every year and that they are organized by the union. When asked about how they would resolve their problems, workers had a variety of answers. Some workers said they would talk to their department's leader and some said they would talk with their co-workers or friends from their home province. None of the interviewed workers had

heard of the worker hotline.



## 8. United Win Technology Limited

In October 2010, China Labor Watch conducted an investigation of the Suzhou Apple supplier United Win Technology, a subsidiary of Wintek, which had recently received international press because of a reported 137 worker victims being exposed to the toxic gas, n-hexane.

Apple's audit results indicate that intensified and diligent monitoring of factories is required, as well as the need to build a long-term cooperative relationship with factories to improve internal management.

### Primary Findings:

- Because of exposure to high concentrations of n-hexane, over 40 workers in the production department became ill. They were taken to the clinic and Suzhou Hospital for treatment. Many workers had to return to work, however, a few extreme cases continued to receive treatment in the hospital. The factory covered the costs for treatment and paid workers a base minimum hourly wage during their time in the hospital. Article 52 of the Labor Law of the People's Republic of China stipulates, "The employing unit must establish and perfect a system for occupational safety and health, strictly implement the rules and standards of the State on occupational safety and health, educate laborers on occupational safety and health, prevent accidents in the process of work, and reduce occupational hazards. "
- In the production department, each production line is staffed by 43 people. Each day workers sit and work continuously for approximately 4 hours before finally taking a rest.
- Workers have one hour to eat lunch and dinner, however this one hour break does not account for the time needed to remove their safety gear. This is not enough time, especially at lunch. There is typically only 40 minutes for lunch. After workers finish eating there is no time for any other rest.
- In January 2010, there was a strike in the factory of approximately 2,000 people. Workers protested and conducted a strike because the company cancelled the 2009 year-end rewards.
- The entire factory implements an hourly wage system. Overtime wages are in accordance with national labor standards.
- The factory does not have any environmental health or safety committee

Interview Date: October 2010 and March 2011

### Factory Introduction:

United Win Technology Ltd. Co. is a joint venture of the Wintek Corporation. It was established in December 1999 in the Suzhou Industrial park as a wholly independently invested venture, with a total of \$204 million USD. The factory grounds cover an area of 97,339 sq. meters. The company went into production in April 2000. The factory is primarily



engaged in production of ITO conduction glass. This includes touch panels and other panels such as LCD, TN, STN, CSTN, and TFT. The factory is engaged in the development, design, manufacturing, sales, and maintenance of these products. The company's manufactured products are used in PDAs, communication products, all types of business related machines, calculators, car audio stereos, video games, and a multitude of other products.

**Manufactured Products:** ITO conductive glass

**Primary Buyer:** Apple

**Average Number of Workers:** 18,000 people, Number of Workers during the peak season: 20,000

Number of interviews/Department: Warehouse, HR, Production, Quality Assurance

## **I. Recruitment and Resignation**

Recruitment is held at the Suzhou Industrial Park talent market, Candidates are introduced to the factory through intermediary recruitment agencies or workers already in the factory. The factory's production wing and recruitment of general workers is primarily in search of female workers. Male workers are generally not recruitment. Factory management is of the opinion that male workers are difficult to manage.

Entrance into the factory does not require a medical examination. There are two days of training. There is no fee for the training and workers are paid during the training program. The factory does not provide uniforms. Workers in the production line wear anti-dust clothing and an anti-dust hat.

There is a probation period of three months. During the probation period, workers must submit a written resignation request one week in advance of their planned departure, in order receive resignation approval. Workers will receive their due wages after resignation. After the end of the probation period, workers must submit a written request for resignation one month in advance. They will distribute wages to the resigning workers on the regular distribution date directly into workers' bank accounts.

## **II. Labor Contract**

When workers complete introductory training, they sign a labor contract. The contract provisions include a probation period of three months and a contract period of three years. It also specifies the work location, wages, time of wage distribution, and benefits. It is currently unclear if the factory truly implements the labor contract.

## **III. Working Hours**

Every day there are 8 regular hours of work and usually 5 days of work per week. Each month there are approximately 22 days of work. The factory does not have an obvious peak or off season. On average, workers have two hours of overtime per day.

Work Hours Department	Morning Work Hours	Afternoon Work Hours	Overtime Hours
One Shift System: Warehouse, HR, Quality Assurance	8am-12pm	1pm-5pm	6-8pm (or in accordance with the factory's needs, there is not daily overtime)
Two Shift System: Production Department	Day shift: 8am-8pm, Night Shift: 8pm-8am		
Three shift system	There is currently no available information		

Workers can choose to not work overtime. If they choose to not work overtime, they must submit a written application half a day in advance to their line leader in order to request leave. They may not work overtime if the manager agrees to sign this application form. There are no penalties for not working overtime.

Workers must swipe an IC card upon beginning and ending their shift. Two shift system workers rotate their shift once each month. There is a 24 hour rest period in between rotation shifts.

In the production department, each production line is staffed by 43 people. Each day workers sit and continuously work for approximately 4 hours before resting again. If a worker must drink water or use the restroom in the middle of the four hours, they must request to leave their post with the line leader. Workers may not leave their post for more than 15 minutes. Every day there is a production output quota, however workers are not clear exactly how it is calculated. If the production quota is not met, the line leader will lecture the workers and write a report. The report will not be published, but is added to the information for promotion consideration.

The factory regulates that work begins at 8pm, however workers must arrive 7:50am for roll call and a morning meeting. Workers have one hour to eat lunch and dinner, however this is not enough time, especially at lunch. There is typically only 40 minutes for lunch. After workers finish eating there is no time for any other rest.

#### **IV. Wages and Benefits**

The factory distributes wages on the 15<sup>th</sup> of each month. There is also a pay slip distributed at the time of wage distribution. The pay slip highlights workers' hours, the base wage, overtime salary, deduction, and total salary. Wages are directly deposited into the workers' bank accounts.

When workers first entered the factory in 2010, their salary was \$162 USD per month. After



the end of the probation period and passing an examination, wages rose to \$186 USD per month. After completing one year of work, workers are required to complete another nine months of work before their wages increase to \$202.50 USD per month. The entire factory implements an hourly wage system. Overtime wages are in accordance with national labor standards. In 2011, the base salary increased to \$175.56 USD. Including additional overtime premiums, workers can earn between \$415.80 and \$431.20 USD per month.

Workers are offered paid sick leave in accordance with workers' base hourly wage. In order to request sick leave, workers must complete a written request and fill out a proof of illness to provide to their line leader. The factory pays for five health examinations for workers and provides additional money towards a public housing fund. Workers are provided paid statutory holidays. The factory has a basketball court.

#### **V. Dormitory and Food Conditions**

The factory provides breakfast and lunch meals. If there is overtime work, they will also provide dinner. Workers do not pay for any of these meals. The factory does not cover living expenses, although there is a worker dormitory. For workers who have recently entered the factory, \$12 USD is deducted from their wages for dormitory accommodations. In addition, the average of the utilities cost is divided among the workers. After completing one year of work in the factory, each worker's living cost is \$6 USD per month. Utilities are still divided among workers in the dormitory. One dormitory accommodates up to 12 people. Dormitory rooms include a wardrobe, electric fan, and air conditioning. One dormitory building has five floors. Each floor has one public bathroom and one shower room. Workers may choose to live in the dormitory or not. If they do not live in the housing provided by the factory, there is no penalty or subsidy. When workers enter and leave the factory, they must swipe their card. They must also swipe their card when they enter and leave the dormitory.

#### **VI. Occupational Safety and Labor Protection**

The factory does not have an environmental health and safety committee. When workers begin work they must put on dustproof clothing, a dustproof mask, and gloves. Last year, because of the high concentration of n-hexane on the production line of Apple touch screen phones, over 40 workers became ill and were taken to the factory clinic for treatment. They eventually returned to work, but a few extreme cases were still receiving treatment at the clinic. The factory covered the costs for treatment and paid workers their base minimum wage during the treatment period.

During the October 28, 2010 investigation in Suzhou at the No. 5 Suzhou Hospital Department of Internal Medicine, we received confirmation that last year there were over 40 patients from the Lianjian Suzhou factory receiving medical treatment. Hospital workers were unsure if workers were again in the hospital for medical treatment due to exposure to toxic chemicals in May of 2010. Official representatives from the No. 5 Hospital would not reveal these details.



In May there was a female employee who collapsed on the production line because of exposure to n-hexane. In May 2010, we also received confirmation from workers that there was overall dissatisfaction because product prices had increased, while wages had not. In response, there was a small-scale strike. Workers were unsure how or if the factory has resolved the case of the ill female employee. The factory has not disclosed information pertaining to the strike or exposure to poisonous materials.

## **VII. Miscellaneous**

On January 15<sup>th</sup>, 2010, there was a 2,000 person strike in the United Win factory. Workers protested and conducted a strike to express dissatisfaction regarding the cancellation of United Win Technology's 2009 year-end bonuses.

The factory has a union, which it encourages workers to join. If workers join the union, there is a monthly \$0.75 USD. The union hosts a few events for workers who are union members. Most recently, the union formed a one-time basketball team and gave each participating worker who played in the competition a shirt worth \$20.25 USD.

Interviewed workers did not know if the factory has a hotline. If workers have a problem, they may go to the office of the labor union and find someone to resolve this problem. The factory also has a workers' suggestion box, where workers may submit questions and comments. If workers enter the factory with many belongings, they must first be checked by the guards. The guards are very fierce and regardless of who they are speaking with will use harsh language.

Younger interviewed workers in the production department expressed the feeling that there was a lot of stress in the factory. If they do not do their job well, they will be reprimanded.

## 9. Foxconn Kunshan

### Primary Findings

Of the violations discovered throughout the Foxconn Kunshan investigation, the most serious concerns include:

- Most candidates pay intermediary agencies approximately \$33 USD to enter the factory. Some agencies even extract a medical examination fee from potential factory candidates, but in most cases, worker must pay this medical examination fee when entering the factory.
- If the candidates do not have the required education training, they may pay an additional \$3 USD to obtain a forged diploma.
- Intermediary agencies collect exorbitant fees from potential factory employees and hold on to their official identification documents, sometimes losing or misplacing these documents. Foxconn implicitly consents to the existence of this behavior by intermediary agencies. Article 42 of the Law of the People's Republic of China on Promotion of Employment stipulates, "No job intermediary may take away a worker's resident identity card or other certificates, or charging a deposit from the worker."
- Foxconn tends to hire only female workers. Article 12 of the Labor Law of the People's Republic of China stipulates: "Laborers shall not be discriminated against in employment, regardless of their ethnic community, race, sex, or religious belief."
- Foxconn predominately recruits candidates only between the ages of 16-30 years old. Article 26 of the Law of the People's Republic of China on the Promotion of Employment stipulates, "When an employing unit recruits persons or when a job intermediary engages in intermediary activities, it shall provide persons with equal opportunities and fair conditions for employment, and it shall not discriminate against anyone in this respect."
- Regular working hours are 8 hours per day and six days per week, with an additional two hours of overtime each day. Each month, workers usually perform 80 hours of work. If a worker does not receive the permission of their line leader and they do not come to work, it is considered a half-day absence. If a worker exceeds three days of absence within one month, it is considered voluntary resignation. Article 41 of the Labor Law of the People's Republic of China stipulates: "The employing unit may extend working hours due to the requirements of its production or business after consultation with the trade union and laborers, but the extended working hour for a day shall generally not exceed one hour; if such extension is called for due to special reasons, the extended hours shall not exceed three hours a day under the condition that the health of laborers is guaranteed. However, the total extension in a month shall not exceed thirty six hours. "
- Each month, there is a \$25.50 USD deduction for social insurance. However workers are unsure at what rate these social insurances are deducted and how much is deducted for each one. The pay slip does not indicate this clearly.
- The workshop and dormitories do not have medical first-aid kits. There are only band-aids available in each enterprise group.
- When a worker directly calls the worker care center, a staff member will ask for their worker number, name, and department. Afterward, the workers' information and concerns are directly sent to the department manager and line head. The managers will then find the workers to speak with them and, in some cases, coerce the worker into resigning.



- Overtime hours are irregular. Sometimes workers will rest one day on the weekdays and work on Sunday or Saturday.
- During the internship period, workers do not receive any overtime pay and are required to work for 6 days straight at times. In addition, they do not purchase any social insurances. After the six month internship period and a performance review, workers may sign a new formal labor contract. The duration of the formal labor contract is 3 years.

Investigation Date: August 2010, March 2011 and March 2011

Location: Kunshan, Gaoxin District, Wusong Jiang Industrial park

Total Number of Workers: 50,000

Primary Clients: HP, Apple, Dell

Address: Wusongjiang industry area, Gaoxin district, Kunshan, Jiangsu Province

Population: Approximately 50,000

Production products: HP, Apple, Dell

Main investigating department: CMMSG, Kangzhun

## **I. Recruitment**

Foxconn has recently had a large need for workers. However, Foxconn Kunshan does not directly recruit general workers, workers are instead recruited through intermediary recruitment agencies or vocational schools. There are a number of large and small intermediary agencies to the south of the factory that recruit workers, as well as 2 to 3 stalls near the west gate of the factory. Some of these agencies advertise that they do not charge any fees for their services, but this is not the case. There are always itemized fees for candidates including holding documents, work uniform deposits, and documentation fees. Most candidates end up paying approximately \$33 USD to enter the factory. Some agencies even extract a medical examination fee from candidates, but this fee would have to be anyway to the enter the factory. In our interviews with workers, we learned that some employees had paid as much as \$37.50, \$40.50, or \$45 USD in intermediary fees. The intermediary agencies also provides candidates with diplomas of schooling in a secondary technical school, as required by Foxconn Kunshan. Candidates must pay an additional \$3 USD to obtain a forged diploma. After verifying with Foxconn's HR department that they had not previously worked at the factory, candidates then pay their training and intermediary fees. Candidates receive collective 'training' from intermediary agencies, so they can appear as though they have graduated from vocational schools in their Foxconn interviews.

Intermediary agencies take full advantage of factory candidates, capitalizing on their vulnerability to extract exorbitant amounts of money in fees and keep their official identification documents, often misplacing or losing them. Foxconn implicitly consents to these practices and effectively approves of them by doing nothing to stop them. It is difficult, however, to demonstrate conclusive evidence of a stipulated working relationship between Foxconn and these intermediary employment agencies. Foxconn should hire employees directly, rather than outsource this duty to intermediary agencies, in order to ensure potential employees are not being taken advantage of.

Foxconn supposedly recruits candidates between the ages of 16-30 years old. There are no religious or regional restrictions, but Foxconn tends to hire only female workers. It is difficult for candidates to gain employment in the factory if they have dyed hair, scars, or tattoos. Workers are required to provide proper identification and diploma documentation. Recruitment requires candidates have a health examination. The fee for the health examination is \$7.50 USD, which must be paid by the candidates themselves.

Newly hired workers must undergo a 1-3 day training program. Workers receive pay during their training program. Training mainly covers content found in the Foxconn employee handbook. After workers complete one week of work, they will be provided with a pair of uniforms by the factory. Workers do not pay for their uniforms, but must return them when leaving the factory.

## **II. Work Contract**

After workers finish their training, they sign a labor contract. Two copies of the contract are made, one going to the worker and one retained by the factory. The contract stipulates the length of the probation period, number of working hours, working location, wage and benefits, and specific interests and obligations of the worker. The duration of the contract is three years. The stipulated probation period is six months, with an additional three month evaluation period.

Foxconn provides workers with two different labor contracts, depending on the specific situation. There is an internship contract and a formal labor contract. Those workers who enter Foxconn through an intermediary school sign an internship contract. The duration of the internship contract is six months. During the internship period, workers do not receive any overtime pay. Most internship workers work 6 days a week, including overtime shifts on Saturday and Sunday. They are not provided with the option of purchasing any form of social insurance. After the six month internship period and a performance review, they may sign a new formal labor contract. The duration of the formal labor contract is 3 years.

## **III. Work Hours**

Workers regularly work 8 hours per day and 6 days per week, with an additional 2 to 3 hours of overtime each day. There are usually 80 to 90 hours of work per month. The workday is divided into two shifts. Those workers who work the night shift receive a \$0.45-\$0.75 USD subsidy each day. On the final Sunday of the month, workers are provided with a full 24 hour rest break before switching shifts. Workers can apply to not work overtime. To request to not work overtime, workers need to apply half a day in advance and personally ask their line leader. If a worker does not receive the permission of the line leader and still does not work their overtime shift, it will be considered a half-day absence. A half-day absence implies that a worker forfeits their salary for their day, plus pays an additional fine of half a day's salary. If a worker exceeds three days of absence within one month, they will be considered as voluntary resigning. When workers arrive and leave work or enter and leave the factory area,



they must swipe their cards. Workers have one hour rest break for each meal.

There is a production quota for each work shift. In the Apple notebook computer production department, one line is staffed by 20 people. They are required to produce at least 2,000 computers per day.

Working hours:

Day Shift	8am-12pm	1pm-5pm	6pm-8pm
Night Shift	8pm-12am	1am-5am	6am-8am

#### **IV. Wages**

The factory distributes wages on the 12<sup>th</sup> of each month. One week after wage distribution, workers will receive a pay slip. In March 2011, it was documented that wages were directly deposited into workers' bank accounts on the night of the 12<sup>th</sup>. Workers would then received pay slips on March 17<sup>th</sup>.

Workers' minimum wage is \$235.62 USD per month. Workers are provided with a \$22.50 USD housing subsidy and \$36 USD living subsidy. Workers who live and eat in the factory are subject to a monthly rent and food deduction of \$22.5 and \$36 respectively. In total, workers' monthly minimum wage is between \$385 and \$431.20. Workers were unsure how social insurance fees were deducted from their salaries, and their pay slips did not clearly indicate how these deductions were made. This was a problem discussed by a number of interviewed workers. The factory also deducts living costs from the monthly salary. If a worker lives off of the factory grounds, they do not have to pay any fees. Workers are also provided with a food subsidy. Any remaining food subsidy money at the end of the month is added to the worker's salary.

Workers receive paid sick leave, but approval requires a health certificate from the Foxconn designated state-owned hospital. If it is a serious illness, the worker needs to provide all of their medical records in order to be reimbursed the costs. If it is approved, they will be reimbursed 70% of their total medical costs. Workers are also provided with paid annual leave, maternity leave, marriage leave, and statutory holidays. CLW further suggests that female employees are given half the day off on International Women's Day and workers under the age of 28 are given half a day off on International Youth Day.

The factory grounds have a basketball court, internet bar, athletic field and entertainment area. Each month, employees have 5 hours of free internet access.

#### **V. Food and Accommodation Conditions**

The factory provides workers with room and board. Workers receive a \$36 USD living subsidy each month. For each meal, workers receive a subsidy of \$1.65 USD. If workers eat in excess of this subsidy, the difference will be deducted from their wages. Workers can



choose not to eat in the factory cafeteria. However because workers only have one hour to eat each meal, and the Foxconn factory is rather far from the commercial district, most workers choose to eat in the cafeteria. Each dormitory houses 10 people. Each dormitory room has a separate bathroom, shower, fan, air conditioner, and wardrobe. If workers choose not to live in the dormitory, they will not be subject to any accommodation deductions.

## **VI. Occupational Safety and Fire Safety**

When workers first enter the factory, they receive safety education training. The factory provides workers with gloves, masks, and other necessary safety equipment. Every workshop has air conditioning. Every day before beginning work, the line leader or manager will inspect all of the machines.

The workshop and dormitories do not have medical first-aid kits. There are only band-aids available in each of the enterprise groups. If a worker cuts their hand, they must find the line leader. If there is a more severe accident, they must leave the workshop to get a bandage and seek medical attention at the Foxconn community health center. There are people specifically hired to clean the factory workshops, dormitories, and cafeteria public areas. As a result, all of these areas are mostly clean and sanitary. All garbage was placed in marked bins and someone came to take the garbage out regularly. There was a cleaning rag on each table in the cafeteria, so that when workers finish eating they can use the cleaning rags to clean the tables.

The workshop and dormitory both have clearly marked exit signs and the emergency exit doors are open.

If workers have a problem, they talk with their line leader. However they can only leave their work post after they have obtained a leaving-post certificate.

## **VII. Trade Union and Miscellaneous**

Foxconn has a labor union. There is also a worker hotline and worker care center. The worker hotline number is 78578. Most interviewed workers expressed concern about voicing their problems over the hotline, because of the possible retribution they could face. When a worker calls the hotline number, an operator from the worker care center will ask for the workers identification number, name, and department, before recording a worker's specific problem or concern. This information is afterwards relied to that worker's department manager and line head. The manager will then speak directly with the worker and, in some cases, may coerce the worker into resigning. Most workers felt that the hotline had no real function. Generally speaking, workers would rather seek out their line leader if they have problems, rather than use the hotline. If the hotline procedures were adjusted to maintain worker confidentiality or at the least ensure that workers are not punished for using it, workers would be better assisted when problems and resignation issues arise.

The general production workers who manufacture HP computers in the CMMSG department are made to sit on the cold floor during working hours. During each shift, they are required to



sit on the floor for at least half the day. Overtime hours are irregularly scheduled. Sometimes workers will rest one day on the weekdays and work on Sunday or Saturday. As a result of this irregular scheduling, the nervous system and biological clock of many workers is severely disturbed.

Although Kunshan Foxconn has adjusted its workers' wages, local commodity prices have also increased. A 10m<sup>2</sup> apartment off of the factory grounds cost \$37.50 USD a month to rent. With the addition of utility costs, the rent increases to \$45 USD a month. Employees' average monthly wage is approximately \$345 USD. Workers reported having a high level of stress in their lives. Each month expenses are between \$45 to \$120 USD for most workers.

## 10. Foxconn Technologies Co., Ltd. Longhua (Longhua)

### Investigation

**Investigation Time:** October 2010, March , 2011 and May 2011

**Primary Findings:** Of the violations discovered throughout the Foxconn Longhua investigation, the most serious concerns include:

- Each month, total overtime is approximately 40 to 50 hours. Article 41 of the Labor Law of the People's Republic of China stipulates, "The employing unit may extend working hours due to the requirements of its production or business after consultation with the trade union and laborers, but the extended working hour for a day shall generally not exceed one hour; if such extension is called for due to special reasons, the extended hours shall not exceed three hours a day under the condition that the health of laborers is guaranteed. However, the total extension in a month shall not exceed thirty six hours. "
- It is very difficult for workers to resign during the peak busy season. Article 37 of the Labor Contract Law of the People's Republic of China stipulates, "An employee may terminate the labor contract upon giving his Employer 30 days' prior written notice. An employee may terminate his labor contract during the probation period by giving the Employer 3 days' prior notice. "
- New recruits are sent to Huidong and Yantai Foxconn. One model trimming department worker stated that the whole department will move to Wuhan in April and he will be assigned to another department.
- All of the workers in the Apple production departments are given almost no rest. In order to go to the bathroom or drink water, they must find a substitute to fill in for their position.

#### I. Recruitment

There are large recruitment posters 30 meters to the left of the south gate at Foxconn Longhua, advertising open positions for men and women between the ages of 16 and 30. In actuality, Foxconn Longhua is not currently recruiting workers, but the advertisements suggest otherwise, even listing recruitment hours between 8:00am and 4:00pm. Workers sign labor contracts within one week of starting work at Foxconn, and the contract is very comprehensive. Employees retain a copy of the contract. The labor contract specifies the contract restrictions, the content of the work and location, work hours, rest and leave time, remuneration, insurance and benefits, work protection, work conditions, worker protection, protection against occupational hazards, other regulations, contract changes, contract termination, compensation, and dispute settlement.

#### II. Working Hours and Production Output Requirements

Workers on the Foxconn Apple notebook computers production line work from 8:00am to 8:00 pm, for a total of 12 hours a day. During their shift, there are only two hours of rest total for lunch and in the evening. The average number of working hours is 10 hours a day. On the weekends, workers are required to work on Saturday, but are given the day off on Sunday. One rest day is rotated through Monday and Friday. Each month, overtime totals around 40 to 50 hours. But workers always have to work 20-30 minutes earlier or later each day without



getting paid. Every day, each production line's manufacturing output is between 2,800 and 3,000 pieces. Workers are all required to stand while working. Workers reported that production output is calculated on a gradually increasing scale, so that when workers first enter the factory their production quota is low, but as their skill and speed increase, so too will their production quota. Many workers complained that this method for setting production numbers increased the amount of stress they experience at the factory over time.

One female worker stated that most of the production lines at the Longhua Foxconn factory have instituted a schedule with 10 minutes of rest every two hours. However, it was reported that workers on the Apple computer production line receive no rest. In order to go to the bathroom or drink water, these workers are first required to find a substitute to fill in for their post.

### **III. Wages and Benefits**

Among the 10 factories investigated, Longhua Foxconn wages and benefits were the highest. This is a direct result of the enormous pressure Foxconn faced last year to adjust their wage and benefits system. After these changes, Foxconn quickly became the top performer in the electronics industry. New workers who enter the factory receive a minimum wage of \$184.80 USD per month. After completing 6 months in the factory, workers' minimum wage increases to \$247.13 USD per month. For those with less than one year's previous work experience, after 6 months of probation and a three month evaluation their salary increases to \$300 USD per month. For those with more than one year of past work experience, they receive 300 USD per month after only the 6 month probation period. New workers entering the Longhua Foxconn factory will receive a salary of \$238.15 USD per month. Overtime is appropriately compensated as required by law. Foxconn's new workers can earn an overall salary of \$323.40 per month, and after probation and evaluation, wages can reach \$431.20. Overtime hours for general workers are calculated in accordance with basic wage rates. Wages are distributed on the 7<sup>th</sup> or 10<sup>th</sup> of each month and are usually not delayed. Workers' salaries include a base wage, overtime wages, food subsidy and accommodation subsidy (if workers should choose to live off of the factory grounds). Deductions made to a worker's monthly salary include social insurance fees (pension, occupational injury and medical insurance) and dormitory and utilities fees. Candidates must undergo a health exam in Wuhan at the Wuhan No. 1 Hospital, and the fee is 45 RMB (or 50 RMB in Shenzhen). Foxconn will not reimburse candidates for this fee.

Employees have an annual leave (5 to 14 days per year for employees who have worked in the factory for more than one year), pregnancy leave (normally 90 days) and marriage leave (5 days). All these leave times are paid.

### **IV. Room and Board**

Foxconn provides workers with room and board. The factory provides workers with a food subsidy of \$36.96 USD every month to workers. They can choose to eat or live in the factory or out. The quality of food in the factory cafeteria food is average. Workers who do not eat in the factory cafeteria will receive a \$35.94 USD food subsidy.



Workers who live in the dormitory are required to pay a monthly accommodation fee of \$16.50, which is directly deducted from their salaries. This accommodation fee includes dormitory rental fees and utilities fees. There is an off-site living subsidy of \$22.50 USD per month. There are rooms for 4 and rooms for 6-8 people. The dormitory room includes an air conditioning unit, hot water, a bathroom and other amenities.

#### **V. Resignation**

During the probation period, workers are required to submit resignation requests 3 days in advance, with the authorized signature of their line leaders, directors, and managers. After the probation period, a resignation request must be submitted 30 days in advance in writing. It is very difficult to resign during the peak season. For resignation procedures, during the probation period, a worker must verbally tell a supervisor three days in advance to request a *Form of Resignation*, and make a written application to the HR department. However, because line leaders and managers intervene or prevent the completion of this process, workers are unable to resign through the standard process, and are instead forced to quit without pay.

#### **VI. Awards and Punishments**

Some discipline practices that workers who make mistakes are subject to are abusive and insulting. This includes: workers are required to write a report of at least 500 words and post the report with their photo on the wall; workers are required to stand still for thirty minutes to four hours, etc.

#### **VII. Occupational Safety**

The Shenzhen factory has an environmental health and safety department. Workers receive health and safety training and necessary protection equipment before starting work. The workshop has air-conditioning, and the temperature is usually around 26 degrees Celsius, or 78.8 degrees Fahrenheit. The production process does not release any toxins or hazardous substances. The machines are maintained every morning. The MFG Division does not have proper safety exits. There are also no exit signs, and the worker production area and warehouse storage are in the same area.

#### **VIII. Miscellaneous**

New recruits are sent to Huidong and Yantai Foxconn. One model trimming department worker stated that his whole department will move to Wuhan in April and he will be assigned to another department.

Foxconn has a trade union and worker representatives. There is also a trade union hotline 3855785 and a workers' care center hotline 78578. Foxconn launched a worker grievance hotline last year. According to workers, the hotline is useful in handling appeals and solving workers' problems. Foxconn has, however, been reluctant to accept any suggestions or feedback regarding how the hotline can be further improved to better protect workers' rights and interests.

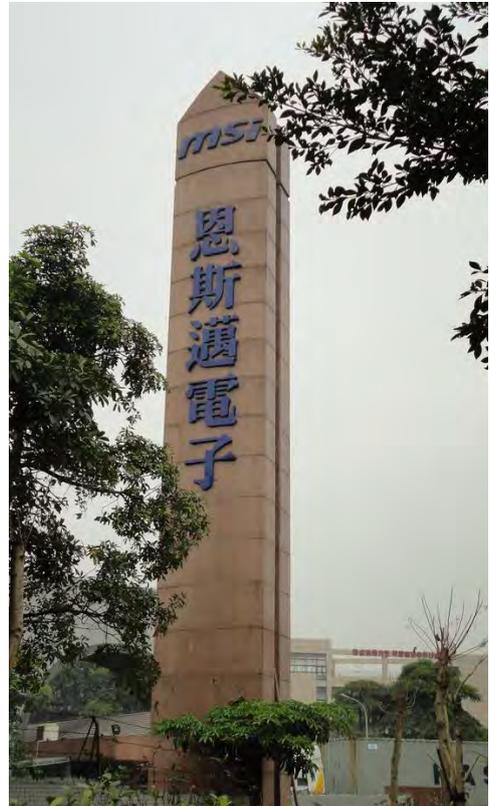
## 11. MSI Computer (Shenzhen) Co., Ltd.

**Investigation Time:** Dec 2010, April to May 2011

### Primary Findings:

Of the violations discovered throughout the MSI investigation, the most serious concerns include:

- Blatant discrimination against male workers and older workers. Article 12 of the Labor Law of the People's Republic of China stipulates, "Labor contracts are divided into fixed-term labor contracts, open-ended labor contracts and labor contracts that terminate upon the completion of a certain task." Article 26 of the Law of the People's Republic of China on the Promotion of Employment stipulates, "When an employing unit recruits persons or when a job intermediary engages in intermediary activities, it shall provide persons with equal opportunities and fair conditions for employment, and it shall not discriminate against anyone in this respect."
- Hepatitis B testing is mandatory for all potential employees of MSI. All those found to be carrying Hepatitis B are disqualified from the recruitment process. Pregnancy testing is also mandatory for potential female employees and has led to instances of discrimination in the recruitment process. Article 19 of the Regulations on Employment Service and Employment Management stipulates, "In recruiting personnel, the employing unit may prohibit carriers of hepatitis B pathogen from taking up certain types of work as stipulated under the country's laws, administrative decrees and regulations of the health authority of the State Council, and shall not take the hepatitis B virus serological indicator as one of the criteria of physical checkup."
- During the peak season, there are only 1 to 2 days of rest each month. Article 41 of the Labor Law of the People's Republic of China stipulates, "The employing unit may extend working hours due to the requirements of its production or business after consultation with the trade union and laborers, but the extended working hour for a day shall generally not exceed one hour; if such extension is called for due to special reasons, the extended hours shall not exceed three hours a day under the condition that the health of laborers is guaranteed. However, the total extension in a month shall not exceed thirty six hours."
- Workers' attendance is mandatory at education sessions organized before work and self-criticism sessions organized after work, but not calculated into their monthly salaries. Article 44 of the Labor Law of the People's Republic of China stipulates, "The employing unit shall, according to the following standards, pay laborers remuneration higher than those for normal working hours under any of the following circumstances: (1) no less than 150 per cent of the normal wages if the extension of working hours is arranged; (2)



no less than 200 per cent of the normal wages if the extended hours are arranged on days of rest and no deferred rest can be taken; and (3) no less than 300 per cent of the normal wages if the extended hours are arranged on statutory holidays. "

- If a production quota is not met by the end of the day's shift, workers must stay and work unpaid additional overtime.
- The day and night shifts only rotate once every two months. As a result, the health and wellbeing of night shift workers is negatively affected. ,
- Extreme fluctuations in the seasonal production cause workers to move from periods of great stress and work intensity with no rest, to periods of low income and financial stress.
- Workers are not permitted to request vacation and are not allowed to refuse overtime work under any conditions.
- Workers are not provided with paid sick leave, maternal leave, or marriage leave.
- The sanitary conditions in the bathrooms located in workers' dormitories are very poor.
- Workers are not likely to be given approval of their resignation applications. The unspoken rule about leaving the factory states that workers must voluntarily resign and forfeit 12 days of wages and overtime pay. Article 37 of the Labor Contract Law of the People's Republic of China stipulates, "An employee may terminate their labor contract upon giving his Employer 30 days' prior written notice. An employee may terminate his labor contract during the probation period by giving the Employer 3 days' prior notice." Article 50 of the Labor Law of the People's Republic of China stipulates: "Wages shall be paid monthly to laborers themselves in the form of cash. Wages paid to laborers shall not be deducted or delayed without justification. "
- Management repeatedly emphasizes that talking is strictly forbidden. Even minimal personal communication is not tolerated
- Workers on the production line are not able to go to the bathroom during working hours
- In some departments, workers must stand for their entire shift.
- If a manager discovers that someone has made a mistake on the production line, they will publicly criticize or personally insult them with caustic, belittling language

## I. Company and Factory Introduction



MSI Computer (Shenzhen) Co., Ltd. factory grounds

MSI was founded in 1983 and is headquartered in Taipei, Taiwan. Its primary production operations are located in factories at MSI Computer (Shenzhen) and MSI Electronics (Kunshan), with 28 additional subsidiaries and global service centers. MSI is a top-three global motherboard and graphics card manufacturer. At the end of 2009, the total global workforce of MSI and its subsidiaries was 15,587 employees. Global name-brand customers

include HP, NEC, Dell, other OEM brands. MSI additionally manufactures its own brand.

The focus of this report is the MSI production center, MSI Computer (Shenzhen) Co., Ltd.. The Shenzhen base is located in Tangtou Town, Shiyan, Shenzhen, Guangdong province. The factory was established in April 2000 and primarily manufactures motherboards, graphic image cards, and assembles components.

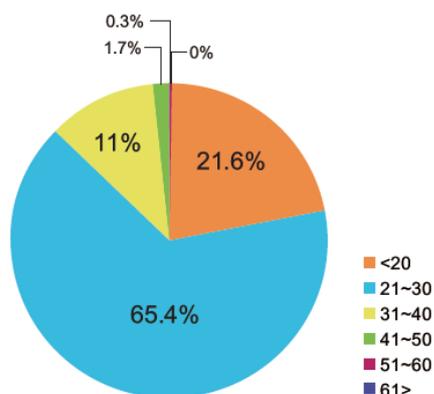
## II. Recruitment and Discriminatory Practices

Although Chinese labor law strictly prohibits discrimination, factory management and HR departments throughout China frequently engage in discriminatory recruitment practices. MSI factories are no exception. This investigation reveals that gender, age, and Hepatitis B discrimination is explicitly practiced in the MSI recruitment process. Negligence on the part of MSI and its security guards likely leads to the proliferation of schemes to cheat potential employees of hundreds of dollars in introduction fees.



The job post reveals its tendency toward female workers

2009 Workforce by Age



MSI's Global Workforce by Age<sup>1</sup>

occasion the factory hires male workers, but this is extremely rare. Current MSI workers also confirmed this to be the case.

The toiling work schedule and extreme intensity of the working environment takes its toll on even the most lively and youthful of workers. MSI's recruitment strategy in fact verifies this reality. The HR Department's policy of hiring younger workers implicitly recognizes that older workers are less able to keep up with the factory's extreme demands.

According to advertised recruitment information and verbal confirmation from MSI security guards, candidacy for general workers is strictly limited to women between the ages of 18 and 35 years old. Blatant discrimination against male workers and older workers is carried out at the main gates of MSI factories. The security guards reported that it is company policy to only hire young female general workers. The security guards noted that on

<sup>10</sup> MSI 2010 Corporate Social Responsibility Report, p. 27. Available from:

Before approval for employment is granted, candidates must obtain a health certificate from Shiyan Hospital, the local hospital. Even if candidates possess a health certificate from a Shenzhen 3A Level Hospital, the factory will not accept the validity of the certificate. The hospital charges \$6.75 USD<sup>11</sup> for the medical examination, which candidates must pay themselves.

The health examination includes Hepatitis B testing. All Hepatitis B carriers will be disqualified from recruitment selection. In addition to Hepatitis B testing, each female candidate is also subject to a pregnancy test. Workers were not certain if pregnant women would be disqualified from recruitment. One worker recalled an incident in which the pregnancy test failed to detect that a worker was indeed pregnant and it was only after entering the factory was this fact brought to light. She immediately disappeared from the factory, but the exact reasons for her disappearance were unclear.

After investigators learned about the ongoing discrimination against male workers, they encountered a man pretending to be an MSI HR Department staff member (he wore a uniform bearing the MSI logo) within 10 meters of the main factory gate. CLW investigators were pegged as unknowing visitors in search of work. The man proceeded to try to scam the investigators, bringing them to an alleged intermediary employment agency and making false promises, while demanding exorbitant “introductory fees” of over \$39 USD.



After filing a report of the scam, the investigators returned to the MSI gates to verify with the security guards if MSI uses outside recruitment channels. The guards responded that no outside recruitment is used, and they have no way to resolve the problem of false recruitment schemes. Does MSI hold some responsibility to monitor these illegal scams in the immediate vicinity of the factory? It is clear job seekers who arrive at MSI's gates are susceptible to exploitative recruitment traps. Someone needs be held accountable for this.

### III. Working Hours

All MSI production workshops implement a four-shift work system. The first shift is from 7:00am to 5:00pm, with two hours of overtime until 7:00pm. The second shift is from 8:00am to 6:00pm, with two hours of overtime until 8:00pm. The third shift is from 7:00pm to 5:00am, with two hours of overtime until 7:00am, and the fourth shift is from 8:00pm until 6:00am, with two hours of overtime until 8:00am.

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~~[http://www.MSI.com/html/popup/csr/2010\\_MSI\\_csr.pdf](http://www.MSI.com/html/popup/csr/2010_MSI_csr.pdf)~~”

<sup>11</sup> Currency conversions calculated on historical rate of December 1, 2010, USD:RMB rate of \$1: 6.65645RMB, Available from: <http://www.oanda.com/currency/converter/>.

Shift	Normal Working Hours	Standard Overtime	No. of Rest Hours	Total No. of Working Hours
Day Shift A	7am-5pm	5pm-7pm	2	12
Day Shift B	8am-6pm	6pm-8pm	2	12
Night Shift A	7pm-5am	5am-7am	2	12
Night Shift B	8pm-6am	6am-8am	2	12

Usually, workers rotate between night and day shifts once every two months. When workers enter the factory, they must swipe an IC card. There is an obvious off-season and peak season in the factory. On average, the peak season is from May to October, and the rest of the year is considered the off-season. During the off-season, there are regularly two days off each week. During the peak season, there are only 1 to 2 days of rest each month. As workers can work over 12 hours every day for 6 to 7 days a week during the busy season, working hours at MSI exceed the statutory maximum, and the EICC (Electronic Industry Code of Conduct) standard of 60 hours per week, including overtime.

Every day, workers must arrive 10 minutes before their designated work shift begins in order to line up, swipe their IC cards and enter the factory grounds. The factory workshop managers also conduct “educational sessions.” After work, all workers must stay longer for a so-called self-criticism meeting. The self-criticism generally pertains to that work day’s production quality errors and the meetings on average last 20 minutes or longer. The self-criticism meeting is also a “guilty by association” format, which is to say that if certain workers in a department make a mistake, the entire department must stay longer to participate in the critical review. All of this time is not considered working hours, and it is unpaid.

Although all workers are paid according to an hourly wage, the factory has a daily production output requirement. If a production quota is not met by the end of the day’s shift, workers must stay and work additional overtime. This extra overtime is not included as part of paid overtime hours.

Interviewed workers said that every department’s situation is different. In some departments, there will be a mandatory overtime of approximately 30 minutes 3 to 4 days each month. In other words, these workers are required to work an additional two hours of monthly unpaid overtime.

Because the factory has adopted a production line manufacturing process, and has implemented a two-shift production system, there are no extra or duplicated positions on the production line. As a result, every worker is required at all times in order for the production process to function. Workers are not permitted to request leave, and are most definitely not allowed to refuse overtime work. If for a very urgent reason they must request leave, the production line manager must be able to find someone to replace the worker. It is only if this is possible will they approve of the workers’ leave request.

Usually when factories implement a day and night shift, the shifts rotate once every half month in consideration of workers’ health and wellbeing. However at MSI, the day and night

shift rotation only occurs every two months. Since the work intensity is very high, after night shift workers get off work, they return to their dormitories, do laundry, and promptly go to sleep until 4:00 or 5:00pm. After waking up, they directly return to work. This kind of life is toiling and unsustainable. MSI clearly does not look after the best interests of its workers.

Interviewed workers stated that after working the night shift for such a long time, their bodies were unable to withstand the pressure anymore., They had also not seen the sun for weeks. After working the night shift for so long, there are noticeable changes in their skin and a significant deterioration in their physical performance and health. If workers request to change to the day shift, it is very unlikely that their request will be granted. As explained above, the number of workers in each shift is calculated according to rigid production line requirements, with no redundancies. Workers noted that they have previously seen pregnant women in other departments work the night shift the same as other workers, clearly indicating a stringent policy with no allowances for shift changes.

There was a particularly sharp contrast between the 2010 off-season and peak season at MSI. When the factory was in the throes of the peak period, employees worked without rest, and it was extremely difficult to obtain leave approval. During the off-season, because there were so few overtime hours, workers experienced a sharp decline in income, creating significant financial difficulties for many workers.

While some may argue that seasonal fluctuation is an unavoidable and inevitable feature of manufacturing and production, this increasingly drastic fluctuation is not natural, but rather imposed. Across industries within the global supply chain, and in the electronics industry in particular, international brand companies further pressure factory suppliers to meet unreasonable “Just in Time” (JIT) demands. In this JIT model, orders are sent to suppliers, and the required turn-around time is as dramatically reduced as possible (in order to more accurately calculate demand and reduce risk of unsold inventory), with the burden of high work intensity placed directly on the shoulders of workers. In order to alleviate this undue pressure and temporal volatility, multinational brand companies within the electronics industry must work towards creating a fairer production system and cycle that considers not just the maximization of profit, but also a production arrangement that fulfills their responsibility to workers.

#### **IV. Wages and Benefits**

As of 2011, the minimum statutory wage in Shenzhen was \$203.28 USD per month. Currently, all MSI workers' wages are calculated according to a base minimum wage of \$203.28 USD per month. Overtime is calculated in compliance with the law.

In the off season (November 2010) workers were only able to earn about \$194.72 USD per month. With deductions for food and accommodation and fees for social insurance, workers earned even less, around \$149.78 USD per month. During the busy season the situation is slightly better, as workers may be able to earn up to \$344.50 USD per month, however this is contingent on a worker's ability to continuously work many overtime hours.

The factory recruitment postings and advertisements claim that workers are able to earn a monthly performance award of \$6.74 USD. The factory does not offer any other reward mechanisms. Interviewed workers reported that the performance award is extremely difficult to earn. Factory management will usually find small reasons, such as a tiny quality defect, in order to deny workers the opportunity to obtain the performance award. Therefore, for most of the workers, even though it is only a small reward, it is still not even a possibility.

The factory has a cafeteria, but food is not included in wages, and workers purchase food in the factory cafeteria by swiping their work card. On average one meal costs \$0.60 USD. Workers receive a \$15.40 food subsidy each month. The factory purchases social insurances for workers.

The factory provides dormitory accommodation. Every worker who lives in the factory dormitory is subject to a monthly wage deduction of \$4.50 USD to cover utilities. The dormitory accommodates up to 10 people in each room, yet there are only usually 6 to 8 people. Each worker is provided a small locker, but they must purchase their own locks. The dormitory has a separate bathroom, but it is completely closed. There is no window. Since many people use the bathroom, the sanitary conditions are not very good. Inside the rooms there is air conditioning, but no hot water facilities. Workers may bathe in each floor's common bathroom where there is hot water. The cleaning people will take responsible to clear up the bathroom.

If workers do not live in the dormitories, they are not provided with any additional subsidies.

If workers do not receive approval but refuse to work overtime, the factory will treat the missed hours as an absence. Interviewed workers responded that a few months earlier there was a worker who did not request leave, and did not work Saturday, Sunday, and Monday. When the worker finally returned to work on Tuesday, the factory considered it an excess of 3 absences, and it was considered as a voluntary resignation, and the worker was expelled from the factory without due wages.

Workers reported that after working in the factory for one year, they earn 5 days of annual leave, to meet the national minimum requirement. Besides meeting this minimum legal regulation, workers are unable to enjoy paid sick leave, maternal leave, and marriage leave. One interviewed worker said that sick leave must be approved through submission of a sick leave request form. The likelihood of gaining approval is rather good, but it is unpaid. However other forms of leave under different circumstances will likely not receive approval.

## **V. Resignation Difficulties**

A workers' right to leave a factory with advanced notice, in accordance with the factory's regulations, and receive their due wages should be upheld under all circumstances. Unfortunately, as the labor shortage crisis becomes more pronounced throughout the Pearl River Delta and the heartland of China's manufacturing region, current workers face further

undesirable side effects, including forced voluntary resignation and forfeiture of due wages.

At MSI, if workers attempt to resign according to the standard factory procedures, they will most likely not receive approval. While the significant labor shortage persists, this is especially the case. MSI HR staff congenially informs new workers at the time they enter the factory that workers who provide 30 days prior notification are able to resign; if the workshop does not approve the resignation, they may seek out the assistance of the HR staff.

However, workers' experiences verify that the initial confirmation from the HR Department that resignation procedures are fluid and standardized is a hollow promise. The unspoken rule about leaving the factory is that workers must voluntarily resign. Since the factory distributes wages on the 7<sup>th</sup> day of each month, all workers who want to resign wait until their wages from the previous month's salary are in hand on the 7<sup>th</sup>, and promptly leave the factory.

If workers choose to voluntarily leave the factory, both the factory and security guards will cooperate. Of course, this is likely due to the fact that workers who are forced to voluntarily resign bear the largest cost of the resignation. Workers must forfeit 12 days of wages, including overtime wages, as is explained below.

The recorded wage cycle at MSI is from the 26<sup>th</sup> of the first month to the 25<sup>th</sup> of the following month. As wages are not distributed until the 7<sup>th</sup> of the subsequent month, wages are only distributed a full 12 days after the wage cycle ends.

Although this practice is legal, the difficulty of resignation and resulting ubiquity of forced voluntary resignations helps to explain why MSI likely implements this payroll cycle practice. Since normal resignation is virtually impossible, the majority of workers are forced to voluntarily leave the factory. Workers must abandon their hard-earned wages from the end of the wage cycle until the date of wage distribution, and due to MSI's unnatural payroll cycle, workers are forced to forfeit a much more significant 12 days of wages.

Would workers choose to lose 12 days of wages if they didn't have to? How is it possible that they have no other recourse?

Undoubtedly, workers are willing to forfeit 12 days of wages because normal resignation is impossible. Sadly, while this practice is insupportable, workers have already become accustomed to its normalcy. The underlying logic and inherent ulterior motives of this practice indicate that yet again, the interests of the factory and its pursuit of maximizing profits does not only not consider workers, but perhaps intentionally further deprives workers.

## **VI. Severe Punishment System and Access Restrictions**

The factory regulates punishments based on the severity of the violation, and there are three levels of punishments. A minor violation, *shenjie*, is a written warning with a fine of \$1.50-\$4.50. A moderate violation, *xiaoguo*, results in a fine of \$7.50, and a more serious violation, *daguo*, is a ~\$15 fine. Three *shenjie* will lead to a *xiaoguo*, three *xiaoguo* accumulate to one

*daguo*, and three *daguo* result in expulsion from the factory.

Violation	Fee	Severity
<i>Shenjie</i>	\$1.50-\$4.50	Minor, written violation
<i>Xiaoguo</i>	\$7.50	Moderate (3 <i>Shenjie</i> )
<i>Daguo</i>	~\$15	Severe (3 <i>Xiaoguo</i> )
3 <i>Daguo</i>		Expulsion

If workers swipe their card incorrectly or forget to swipe their card (the factory has multiple card swipe times and machines), it is regarded as an absence. Interviewed workers stated that recently, one worker missed swiping their card when arriving to work, however they did swipe when they left work, after working for one normal day (10 hours). After pleading with the line head, the HR staff finally agreed to give the worker 4 hours of wages for that day. If this had occurred during overtime on a rest day, the workers will not be able to recover any wages.

Interviewed workers stated that according to the factory regulations, a one-day absence will result in a deduction of three days of wages. If workers do not request leave or refuse to work overtime, these situations are all considered an absence. One absence also results in a moderate violation, *xiaoguo*, and an additional fine. An absence of three days may result in expulsion from the factory.

The factory management system is relatively harsh, and the inspection standards are very strict. If workers make a very small violation, the management will always define the error as a minor violation, *shenjie*. The workshop also strictly enforces 5S management. If a slight non-compliance violation or negligence is discovered, the worker will also be subject to a written violation and fine. A more serious violation will result in *xiaoguo* or *daguo*.



The dormitory access system is extremely strict, and many workers despise and resent the system.

According to the restriction system, from Sunday to Thursday from midnight until 6am, the main factory gate is locked, and violators who enter will be subject to a written warning and fine. Workers who work the day shift must stay in the dormitory between 12am and 6am, or will otherwise face a punishment. In other words, except for Friday and Saturday nights when workers can leave to enjoy themselves, during other rest periods throughout the entire week, workers are only able to keep their own activities in the dormitories and must rest well.

When workers leave the workshop, in order to prevent them from stealing electronic parts, workers pass through a metal detector, and also must pass security guard's individually hand-held metal detector scanners. Since most of the workers in the factory are female and most of the security guards are male, when body scans are conducted, it is usually male to female. Although sexual harassment does not happen, interviewed female workers said they felt very uncomfortable and embarrassed with this process when they first arrived in the factory.



### **VIII. Militant Management System**

Interviewed workers stated that while MSI's quality assurance is extremely strict, the management is never concerned about workers. While the management system is extensive, the focus is solely on results and manufactured products. In the workshop, employees feel extremely oppressed.

The workshop management repeatedly emphasizes that talking is strictly forbidden, even minimal personal communication is not tolerated. Working extremely long hours, and spending these tiring working hours without talking, workers have little time for interpersonal interaction. Even after a few months have passed, workers at most only get to know the others in their immediate vicinity just a little bit.

Since every production line is laid out such that every worker's post is strictly calculated, workers do not have replacements. Since the management generally does not want to deal with more complications, they will not use substitutes. The production line demands that workers do not stop working. If one person were to stop, subsequent workers on the production line would also have to stop. Therefore, workers on the production line are not able to go to the bathroom during working hours. They are only allowed to rest for 10 minutes in the middle of the shift to use the bathroom, leaving in the middle is not permitted. Workers further said that because of the restrictions on using the bathroom, they usually did not drink water throughout the day before or during their work shift, and would only drink water after work.

Working at MSI is extremely exhausting; workers' hands do not stop moving for the entirety of their shifts. In some departments, such as the SMT department, workers are required to stand for the whole day. Therefore after work, they don't want to do anything except sleep. After months of working at MSI, many workers have still never even seen the surrounding area beyond the factory walls, because rest time is minimal and the work intensity overwhelms many of the workers. Some interviewed workers stated that in previous jobs in other factories they had never felt this tired. It was only when they came to MSI that their

health began to decline, and now they always feel tired all day.

In addition to a harsh punishment system, the MSI management abuse is insufferable. Interviewed workers reflected that workshop managers loudly shout orders and instructions at workers. If they discover that someone has made a mistake, the manager will criticize or personally insult them with caustic, belittling language. Additionally, the before work and after work discipline meetings, when workers must sit in front of the management, are also often replete with offensive and abrasive criticisms directed at workers. An interviewed worker noted that another worker she knows returns to the dormitory after work and cries because she cannot stand the daily abuse.

The factory is most inefficient with matters concerning workers. This year, workers who entered the factory in August were told that the factory would prepare their residency permits. However when workers wanted to leave in December, they still had not been fully processed. This was also the case with their social insurance cards. The workers filled out applications in their first month, yet had still not received them many months later. As all of the social insurance costs are the burden of the workers, it is clear that the fault of the delay and inefficiency of the factory management is due to apathy towards workers' interests concerns. The workers have never been provided with an explanation as to why there is such a delay.

## IX. Final Conclusions and the Road Ahead

Perhaps most indicative of the unacceptable working conditions and low quality of life that MSI workers endure is the fact that MSI has great difficulty retaining workers. There is very few older MSI workers.

According to official MSI statistics, investigators learned that approximately 8,000 workers resigned over the course of the final five months of 2010. However, investigators believe the actual number to be even higher.<sup>12</sup> While many workers hope to earn decent wages and live a dignified life, after working at MSI for a short period of time, the majority of workers are extremely disappointed.



While the minimum wage in Shenzhen is predicted to climb this year, we implore buyer companies to take a more active role in improving the holistic working situation for MSI workers. MSI, its subsidiaries, and all stakeholders must be held accountable for the labor abuses and violations identified.

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<sup>12</sup> Workers told investigators that when they came to the factory in August 2010, the highest employee registration number was approximately #6X,000. As of December 2010 it was #78,000. This is to say that the likely actual turnover in 5 months was likely over 10,000.



As the readily available labor supply in the manufacturing industry continues to contract, currently employed workers at electronics factories such as MSI will likely have to redouble their work intensity to complete the orders of the buyer multinational companies. Yet workers are becoming less willing to stand for compromising working conditions, excessive working hours and unfair wages. It is in the interest of the workers, the factories and the buyer companies to actively improve workers' situations and create retaining incentives. This must begin by focusing on workers as people, with the right to fair wages and decent working conditions.

## Section 3: Comparison between International Human Right Standards, EICC Standards and Investigation Findings

China Labor Watch investigated ten brand-name electronic factories and discovered a series of violations of China's labor laws, Brand Cooperate Responsibility code, Electronic Industry Citizenship Coalition Code and International Human Rights Law.

Issues of discrimination were a common violation found throughout this investigation. According to EICC, “Companies shall not engage in discrimination based on race, color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status in hiring and employment practices such as promotions, rewards, and access to training.” In addition, Article 7 of the Universal Declaration on Human Rights declares that, “All are equal before the law and are entitled without any discrimination to equal protection of the law. All are entitled to equal protection against any discrimination in violation of this Declaration and against any incitement to such discrimination.” Moreover, Article 7(a) of the International Covenant on Economic, Social and Cultural Rights states that: “The States Parties to the present Covenant recognize the right of everyone to the enjoyment of just and favorable conditions of work which ensure, in particular: (i) Fair wages and equal remuneration for work of equal value without distinction of any kind, in particular women being guaranteed conditions of work not inferior to those enjoyed by men, with equal pay for equal work.” And Article 7(c) also announces that, “Equal opportunity for everyone to be promoted in his employment to an appropriate higher level, subject to no considerations other than those of seniority and competence.”

Based on our investigation findings, there are also instances of age discrimination found to be openly practiced at five factories. In Hongkai Electronics Co., investigations uncovered that they only hired workers between the ages of 18 and 40. In Shanghai Quanta Co., investigations revealed that one third of workers were under 18 years of age. According to article 1(a) of the Discrimination Employment and Occupation Convention of 1958, “For the purpose of this Convention the term discrimination includes-- (a) any distinction, exclusion or preference made on the basis of race, color, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation.” Article 1(b) of the Equal Remuneration Convention of 1951 states that “the term equal remuneration for men and women workers for work of equal value refers to rates of remuneration established without discrimination based on sex.” In sum, by using these international guidelines as standards by which to measure the performance of these factories, it becomes clear they are all guilty of violating International Human Rights principals in one way or another.

Throughout the course of our inquiry, another problem involved the regulation of worker's leave. Studies of business practices clearly link worker strain to reduced productivity,

increased turn over, and increased injury and illness. With regards to international law article 24 of the Universal Declaration of Human Rights declares that, “Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay.” According to article 7(d) of the International Covenant on Economic, Social and Cultural Rights, “Rest, leisure and reasonable limitation of working hours and periodic holidays with pay, as well as remuneration for public holidays,” must be offered to all workers. Furthermore, based on article 6(1) from the Weekly Rest (Commerce and offices) Convention of 1957, “All persons to whom this Convention applies shall, except as otherwise provided by the following Articles, be entitled to an uninterrupted weekly rest period comprising not less than 24 hours in the course of each period of seven days.” Conversely, the facts from our investigation show that workers are unable to enjoy paid sick leave, maternal leave, and marriage leave at some factories and workers in some of the factories work 7 days a week. Furthermore, workers in some of the factories must find a substitute worker before leaving their post during working hours to use the restroom or get a drink of water. These requirement set up by factories are definitely violate Statute and International Convention.

On the other hand, according to article 2 of the Hours of Work (Industry) Convention of 1919, “The working hours of persons employed in any public or private industrial undertaking or in any branch thereof, other than an undertaking in which only members of the same family are employed, shall not exceed eight in the day and forty-eight in the week, with the exceptions hereinafter provided for: (a) the provisions of this Convention shall not apply to persons holding positions of supervision or management, nor to persons employed in a confidential capacity.” Using this regulation as a standard by which to measure the performance of these factories clearly indicates that they guilty of illegal work practices.

In addition to the problems listed above, our investigation findings also revealed significant problems associated with forced labor. Based on article 8(3) (a) of the International Covenant on Civil and Political Rights, “no one shall be required to perform forced or compulsory labor.” According to article 2(1) of the Forced Labor Convention of 1930, “the term forced or compulsory labor shall mean all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.” The facts from our investigation clearly show that most factories deny workers the option of not working overtime or make it extremely hard for them to not work overtime hours. In most cases, a workers refusal to work overtime results in loss of wages and potential loss of their job. These clear violations of international labor laws show a direct disregard for workers’ legitimate rights and interests.

Furthermore, ICESCR article 7(b) of the International Covenant on Economic, Social and Cultural Rights recognizes, “the right of everyone to the enjoyment of just and favorable conditions of work which ensure, in particular: safe and healthy working conditions.” Yet, our investigation showed that workers often said they found worms, flies or other foreign matter in food provided by the factory. Additionally, many of the factories investigated have no environmental health or safety committees.

There is no rule of law directly regulating “contract requirement” under EICC. Therefore, contract requirements are often left to be regulated by local labor laws. We found out that

most of the factories investigated do not sign labor contracts in good faith with workers. Workers are not informed about the specific details of the contract before signing. Therefore, many workers are unable to claim compensation as guaranteed to them in their contract, because they will be unaware of this legal right.

Category	Electronic Industry Citizenship Coalition Code	International Convention	Investigation Findings
<b>Discrimination</b>	<p>Participants should be committed to a workforce free of harassment and unlawful discrimination. Companies shall not engage in discrimination based on race, color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership or marital status in hiring and employment practices such as promotions, rewards, and access to training. In addition, workers or potential workers should not be subjected to medical tests that could be used in a discriminatory way.</p>	<p>The Universal Declaration of Human Rights, Article 7, states, –All are equal before the law and are entitled without any discrimination to equal protection of the law. All are entitled to equal protection against any discrimination in violation of this Declaration and against any incitement to such discrimination.”</p> <p>Based on article 3 of the International Covenant on Economic, Social and Cultural Rights (ICESCR), –The States Parties to the present Covenant undertake to ensure the equal right of men and women to the enjoyment of all economic, social and cultural rights set forth in the present Covenant.” Article7(c) further accords, –Equal opportunity for everyone to be promoted in his employment to an appropriate higher level, subject to no considerations other than those of seniority and competence”</p> <p>In addition , according to Article 7(a)(i) of ICESCR, –Fair wages and equal remuneration for work of equal value without distinction of any kind, in particular women being guaranteed conditions of work not inferior to those enjoyed</p>	<p>Discrimination against male workers, older workers and hepatitis B is clearly visible at the factories.</p> <p>Five factories were found to have covered up instances of age discrimination.</p> <p>Tyco Electronics only seeks to hire female workers.</p> <p>In Hongkai Electronics, it was uncovered that they only hire workers between the ages of 18 and 40.</p> <p>Female candidates at MSI were required to undergo pregnancy tests. It is possible that this was a form of discrimination against pregnant women.</p> <p>In Shanghai Quanta, one third of workers were under 18 years of age.</p>

		<p>by men, with equal pay for equal work;”。</p> <p>According to article 26 of the International Covenant on Civil and Political Rights (ICCPR), –All persons are equal before the law and are entitled without any discrimination to the equal protection of the law. In this respect, the law shall prohibit any discrimination and guarantee to all persons equal and effective protection against discrimination on any ground such as race, color, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.</p> <p>—</p> <p>Additionally , based on article 1(a) of the Discrimination (Employment and Occupation) Convention of 1958, — the term discrimination includes-- (a) any distinction, exclusion or preference made on the basis of race, color, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation.”</p> <p>According to article 1(b) of the Equal Remuneration Convention of 1951, –the term equal remuneration for men and women workers for work of equal value refers to rates of remuneration established without discrimination based on sex.”</p>	
<b>Leave</b>	Studies of business practices clearly link worker strain to reduced	Article 24 of the Universal Declaration of Human Rights declares that, –Everyone has	Workers who are working in the factory for one year, they earn

productivity, increased turnover and increased injury and illness. Workweeks are not to exceed the maximum set by local law. Further, a workweek should not be more than 60 hours per week, including overtime, except in emergency or unusual situations. Workers shall be allowed at least one day off per seven-day week.

the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay.”

According to article 7(d) of the International Covenant on Economic, Social and Cultural Rights, “Rest, leisure and reasonable limitation of working hours and periodic holidays with pay, as well as remuneration for public holidays,” must be afforded to all workers.

Based on article 6(1) of the Weekly Rest (Commerce and Offices) Convention of 1957, “All persons to whom this Convention applies shall, except as otherwise provided by the following Articles, be entitled to an uninterrupted weekly rest period comprising not less than 24 hours in the course of each period of seven days.”

According to article 6(b) of the Night Work Recommendation of 1990, “Where shift work involves night work: a rest period of at least 11 hours between two shifts should be guaranteed as far as possible.”

Based on article 1(3) of the Holiday with Pay Recommendation of 1936, “The holiday should be earned after one year's work, regardless whether this period has been spent in the employment of the same or of several employers. Each Government should take effective steps to ensure that the cost arising from the granting of the holidays shall

5 days of annual leave, to meet the national minimum requirement. Workers cannot refuse overtime working and there is no possibility of annual leave.

Workers are unable to enjoy paid sick leave, maternal leave, and marriage leave.

Sick leave must be approved through submission of a sick leave request form and it is unpaid during the sick leave period.

The production line demands that workers do not stop working. Some of the production lines is very difficult for workers to receive sick leave approval or annual leave, because of the poor quality of lower management personnel.

Workers in some of the factories work 7 days a week without one single off in a month.

In Flextronics, workers must find a substitute worker before leaving their post during working hours to use the restroom or get a drink of water. Any break must not exceed 10 minutes. Some production lines demand that workers must continue to work even during the 10 minutes break.

During the peak season, there are only 1-2 days of rest each month.

A number of production lines require that

		<p>“not fall entirely upon the last employer.”</p> <p>Article 2(1) of the Holiday with Pay Convention of 1936 states, “Every person to whom this Convention applies shall be entitled after one year of continuous service to an annual holiday with pay of at least six working days.”</p> <p>Article 3 further declares that “Every person taking a holiday in virtue of Article 2 of this Convention shall receive in respect of the full period of the holiday either-- (a) his usual remuneration, calculated in a manner which shall be prescribed by national laws or regulations, including the cash equivalent of his remuneration in kind, if any; or (b) the remuneration determined by collective agreement.”</p>	<p>workers arrive early to begin work or stay longer after official hours have ended. Some of the factories demands the works can take 10 minutes break per 2 hours working.</p>
<p><b>Forced labor</b></p>	<p>Forced, bonded or indentured labor or involuntary prison labor shall not to be used. All work will be voluntary, and workers shall be free to leave upon reasonable notice. Workers shall not be required to hand over government-issued identification, passports or work permits to the Participant or Labor Agent as a condition of employment.</p>	<p>Based on article 8(3)(a) of the international Covenant on Civil and Political Rights, “no one shall be required to perform forced or compulsory labor”.</p> <p>According to article 2(1) of the Forced Labor Convention of 1930, “the term forced or compulsory labor shall mean all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.”</p> <p>Article 4(1) state that “The competent authority shall not impose or permit the imposition of forced or</p>	<p>Workers are not permitted to request vacation, and are most definitely not allowed to refuse overtime work. If workers do not receive approval but refuse to work overtime, the factory will treat the missed hours as an absence. If a worker fails to complete their monthly required quota, they are required to perform additional overtime work without pay.</p>

“compulsory labor for the benefit of private individuals, companies or associations.”

Additionally, based on Article 13(1) –The normal working hours of any person from whom forced or compulsory labor is exacted shall be the same as those prevailing in the case of voluntary labor, and the hours worked in excess of the normal working hours shall be remunerated at the rates prevailing in the case of overtime for voluntary labor.”

Article 14 ( 1 ) states that –With the exception of the forced or compulsory labor provided for in Article 10 of this Convention, forced or compulsory labor of all kinds shall be remunerated in cash at rates not less than those prevailing for similar kinds of work either in the district in which the labor is employed or in the district from which the labor is recruited, whichever may be the higher”.

Article 15(1) states –Any laws or regulations relating to workmen's compensation for accidents or sickness arising out of the employment of the worker and any laws or regulations providing compensation for the dependants of deceased or incapacitated workers which are or shall be in force in the territory concerned shall be equally applicable to persons from whom forced or compulsory labor is exacted and to voluntary workers”

		<p>According to article 2 of the Abolition of Forced Labor Convention of 1957, “Each Member of the International Labor Organization which ratifies this Convention undertakes to take effective measures to secure the immediate and complete abolition of forced or compulsory labor as specified in Article 1 of this Convention.”</p>	
<p><b>Health and safety</b></p>	<p>Programs for training managers and workers to implement Participant’s policies, procedures and improvement objectives and to meet applicable legal and regulatory requirements.</p> <p>The health and safety standards are: 1) Occupational Safety Worker exposure to potential safety hazards (e.g., electrical and other energy sources, fire, vehicles, and fall hazards) are to be controlled through proper design, engineering and administrative controls, preventative maintenance and safe work procedures (including lockout/tagout), and ongoing safety training. Where hazards cannot be adequately controlled by these means, workers are to be provided with appropriate, well-maintained, personal protective equipment. Workers shall not be disciplined for raising safety concerns. 2) Emergency Preparedness Emergency situations and</p>	<p>Article 7(b) of the International Covenant on Economic, Social and Cultural Rights states that “The States Parties to the present Covenant recognize the right of everyone to the enjoyment of just and favorable conditions of work which ensure, in particular: Safe and healthy working conditions.” Article 12(2)(c) states that “The steps to be taken by the States Parties to the present Covenant to achieve the full realization of this right shall include those necessary for: The prevention, treatment and control of epidemic, endemic, occupational and other diseases”.</p> <p>According to article 4 of the Occupational Safety and Health Convention of 1981, “Each Member shall, in the light of national conditions and practice, and in consultation with the most representative organizations of employers and workers, formulate, implement and periodically review a coherent national policy on occupational safety, occupational health and the</p>	<p>The condition of dormitory and cafeteria is horrible. Workers often find worms, flies or other foreign matter in the soup or other dishes. Day shift and night shift workers are mixed together in the same rooms. Workers need to clean the public restroom by themselves. Most factories cannot distribute safety equipment for their workers on time. The factory does not have any environmental health or safety committee. Some factories did not offer safety training. The ventilation system in some of the factories workshops doesn’t work. In Hongkai Co., health examinations are paid for by workers. The factory has not disclosed information pertaining to the strike or exposure to poisonous materials. No health examination</p>

	<p>events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures, including: emergency reporting, employee notification and evacuation procedures, worker training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans.</p> <p>3) Occupational Injury and Illness Procedures and systems are to be in place to prevent, manage, track and report occupational injury and illness, including provisions to: a) encourage worker reporting; b) classify and record injury and illness cases; c) provide necessary medical treatment; d) investigate cases and implement corrective actions to eliminate their causes; and e) facilitate return of workers to work.</p> <p>4) Industrial Hygiene Worker exposure to chemical, biological and physical agents is to be identified, evaluated, and controlled. Engineering or administrative controls must be used to control over exposures. When hazards cannot be adequately controlled by such means, worker health is to be protected by appropriate personal protective equipment programs.</p> <p>5) Physically Demanding Work Worker exposure to the</p>	<p>working environment. The aim of the policy shall be to prevent accidents and injury to health arising out of, linked with or occurring in the course of work, by minimizing, so far as is reasonably practicable, the causes of hazards inherent in the working environment.”</p> <p>Article 7 argue that, <del>the</del> situation regarding occupational safety and health and the working environment shall be reviewed at appropriate intervals, either over-all or in respect of particular areas, with a view to identifying major problems, evolving effective methods for dealing with them and priorities of action, and evaluating results.”</p> <p>In addition, based on Article 9, it stats that, <del>4</del>. The enforcement of laws and regulations concerning occupational safety and health and the working environment shall be secured by an adequate and appropriate system of inspection.</p> <p>2. The enforcement system shall provide for adequate penalties for violations of the laws and regulations.”</p> <p>Article 13 states that <del>a</del> worker who has removed himself from a work situation which he has reasonable justification to believe presents an imminent and serious danger to his life or health shall be protected from undue consequences in accordance with national conditions and practice.”</p>	<p>is required when workers leave the company. Some workshops, especially the pressing workshop, are very loud, but the factory does not provide workers with earplugs. There is usually debris blocking factory emergency exit. Dormitory staircases and hallways do not have clearly marked emergency exits and the doors are locked. There is no fire drill in some of the factories and dormitories. Most factories have fire safety hazards. Because of the extremely high level of work intensity, it is impossible for workers to stay intensely focused on their mundane tasks for 10 consecutive hours. Thus, smaller accidents, such as cuts, are very common. The majority of positions found in electronics factories, there is a high risk for contraction of occupational illnesses. The workshop does not have a first-aid kit. In the event of an injury, the workshop manager will give the injured worker some cotton pad to cover up their injury.</p>
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	<p>hazards of physically demanding tasks, including manual material handling and heavy or repetitive lifting, prolonged standing and highly repetitive or forceful assembly tasks is to be identified, evaluated and controlled.</p> <p>6) Machine Safeguarding Production and other machinery are to be evaluated for safety hazards. Physical guards, interlocks and barriers are to be provided and properly maintained where machinery presents an injury hazard to workers. Electronic Industry Code of Conduct v3.0 5</p> <p>7) Sanitation, Food, and Housing Workers are to be provided with ready access to clean toilet facilities, potable water and sanitary food preparation, storage, and eating facilities. Worker dormitories provided by the Participant or a labor agent are to be maintained clean and safe, and provided with appropriate emergency egress, hot water for bathing and showering, and adequate heat and ventilation and reasonable personal space along with reasonable entry and exit privileges.</p>	<p>Based on article 1(a) of the Occupational Health Services Convention of 1985, <del>the</del> term occupational health services means services entrusted with essentially preventive functions and responsible for advising the employer, the workers and their representatives in the undertaking on-</p> <p>(i) the requirements for establishing and maintaining a safe and healthy working environment which will facilitate optimal physical and mental health in relation to work;</p> <p>(ii) the adaptation of work to the capabilities of workers in the light of their state of physical and mental health</p>	
<p><b>Overtime work</b></p>	<p>In compliance with local laws, workers shall be compensated for overtime at pay rates greater than regular hourly rates.</p> <p>Studies of business practices clearly link worker strain to reduced productivity, increased</p>	<p>According to article 2 of the Hours of Work (Industry) Convention of 1919, <del>the</del> working hours of persons employed in any public or private industrial undertaking or in any branch thereof, other than an undertaking in which only members of the same family are employed, shall not</p>	<p>All of the factories' overtime hours were between 36 and 160 hours per month. Workers may work over 12 hours each day for 6-7 days a week during the busy season. Working hours at MSI exceed the statutory</p>

	<p>turnover and increased injury and illness. Workweeks are not to exceed the maximum set by local law. Further, a workweek should not be more than 60 hours per week, including overtime, except in emergency or unusual situations. Workers shall be allowed at least one day off per seven-day week.</p>	<p>exceed eight in the day and forty-eight in the week, with the exceptions hereinafter provided for:</p> <p>(a) the provisions of this Convention shall not apply to persons holding positions of supervision or management, nor to persons employed in a confidential capacity;</p> <p>(b) where by law, custom, or agreement between employers' and workers' organizations, or, where no such organizations exist, between employers' and workers' representatives, the hours of work on one or more days of the week are less than eight, the limit of eight hours may be exceeded on the remaining days of the week by the sanction of the competent public authority, or by agreement between such organizations or representatives; provided, however, that in no case under the provisions of this paragraph shall the daily limit of eight hours be exceeded by more than one hour;</p> <p>(c) where persons are employed in shifts it shall be permissible to employ persons in excess of eight hours in any one day and forty-eight hours in any one week, if the average number of hours over a period of three weeks or less does not exceed eight per day and forty-eight per week.</p> <p>Based on article 13(1) of the Forced Labor Convention, <del>the</del> normal working hours of any person from whom forced or compulsory labor is exacted shall be the same as those prevailing in the case of voluntary labor, and the hours</p>	<p>maximum, and the EICC (Electronic Industry Code of Conduct) standard of 60 hours per week, including overtime.</p> <p>Each month, overtime hours exceed 130 hours. In a month there are no rest days, and total working hours may exceed 310.</p> <p>Some of the factories require workers to request <del>refuse</del> overtime working permission". If the worker did not receive the permission of the line leader, and they do not come to work, it is considered a half-day absence, then plus penalty.</p> <p>In Hongkai Co., workers work 2 hours a day of overtime currently during the off season. The peak production period is from September through January and monthly overtime is routinely over 120 hours.</p> <p>In some of the factories during weekdays, workers' work approximately two and half hours of overtime every day. The monthly overtime was around 50 hours</p> <p>During the peak session, workers cannot refuse overtime</p>
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		<p>worked in excess of the normal working hours shall be remunerated at the rates prevailing in the case of overtime for voluntary labor.”</p>	<p>working. If they refuse so, it can be regarded as working mistake.</p> <p>Those who do not work overtime will be deducted 1-3 days of wages.</p> <p>In Catcher Technology Co. , workers are allowed to not work overtime, yet they must submit a written request for leave and wait for the line leader’s approval. Otherwise, not working overtime is regarded as an absence. An absence of three days is considered voluntary resignation. This situation also existed in other factories.</p>
<p><b>Wage</b></p>	<p>Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. In compliance with local laws, workers shall be compensated for overtime at pay rates greater than regular hourly rates. Deductions from wages as a disciplinary measure shall not be permitted. The basis on which workers are being paid is to be provided in a timely manner via pay stub or similar documentation.</p>	<p>Article 7(a) of the International Covenant on Economic, Social, and Cultural Rights states that, <del>the</del> states parties to the present covenant recognize the right of everyone to the enjoyment of just and favorable conditions of work which ensure, in particular:</p> <p>(a) Remuneration which provides all workers, as a minimum, with:</p> <p>(i) Fair wages and equal remuneration for work of equal value without distinction of any kind, in particular women being guaranteed conditions of work not inferior to those enjoyed by men, with equal pay for equal work;</p> <p>(ii) A decent living for themselves and their families</p>	<p>The minimum wage given out in nine factories does not meet the living costs of its workers. Workers cannot earn a living wage from normal working hours alone, but must work excessive overtime hours in order to earn enough money to survive.</p> <p>Hongkai Electronics workers’ minimum monthly wage was \$138 US, after deductive dormitory accommodation, social insurance fees, which left \$76.20 USD.</p> <p>Many factories require</p>

		<p>in accordance with the provisions of the present Covenant;</p> <p><i>Article 7(d)</i> explains that, —ast, leisure and reasonable limitation of working hours and periodic holidays with pay, as well as remuneration for public holidays.</p> <p>Article 6 of the Protection of Wages Convention of 1949 states that, —employers shall be prohibited from limiting in any manner the freedom of the worker to dispose of his wages.”</p> <p>Article 8 affirms that —deductions from wages shall be permitted only under conditions and to the extent prescribed by national laws or regulations or fixed by collective agreement or arbitration award.”</p> <p>Article 10(2) announces that —wages shall be protected against attachment or assignment to the extent deemed necessary for the maintenance of the worker and his family.”</p> <p>Article 12(1) states that, —wages shall be paid regularly. Except where other appropriate arrangements exist which ensure the payment of wages at regular intervals, the intervals for the payment of wages shall be prescribed by national laws or regulations or fixed by collective agreement or arbitration award.”</p>	<p>workers to have been employed for a certain amount of time before they are eligible for a salary increase.</p> <p>Some factories required workers to complete at least a three month probation period and an additional three months of evaluation before becoming eligible for a salary increase.</p>
<b>Contract</b>			All of the factories investigated do not sign

			<p>labor contracts in good faith with workers. Contracts are not signed until the end of the probation period. Workers are either not informed about the specific details of the contract before signing. If a worker is injured while at the factory, they will be unable to claim compensation as guaranteed to them in their contract, because they will be unaware of this legal right.</p> <p>Kunshan Compal factory violates labor laws by refusing to give a copy of the labor contract to the majority of its employees. Some of the contracts are signed with the labor dispatching service, not with factories.</p>
<p><b>Recruitment and Resignation</b></p>	<p>All work will be voluntary, and workers shall be free to leave upon reasonable notice.</p>	<p>Article 23 (1) of the Universal Declaration of Human Rights argues that, “everyone has the right to work, to free choice of employment, to just and favorable conditions of work and to protection against unemployment.”</p>	<p>The normal resignation process in some factories requires an interview, only after which workers receive verification of resignation and receive final wages. This process urge workers choose to voluntarily resignation.</p> <p>In Hongkai Co., if there is an emergency situation, workers may resign for a period of 7 days and face a reduction of 9 days of wages.</p> <p>At Catcher Technologies, it is very difficult for workers to</p>

			<p>resign and is only allowed to voluntarily resign. Only after an interview will workers receive certification of resignation and their final wages. Only with the certification can workers enter a new job.</p> <p>Workers almost always encounter irregularities when resigning.</p> <p>A worker may cancel the labor contract if he informs the employer in written form 30 days in advance. During the probation period, a worker may cancel the labor contract if he informs the employer three days in advance.</p> <p>Final due wages will be paid to the worker's bank account on the next month's wage distribution date.</p> <p>During the peak season, it is very difficult to resign. Line supervisors usually will not grant resignation and workers must leave voluntarily.</p>
<p><b>Internal Grievance Mechanism</b></p>	<p>Audits and Assessments Periodic self-evaluations to ensure conformity to legal and regulatory requirements, the content of the Code and customer contractual requirements related to social and environmental responsibility. Freedom of Association Open communication and direct engagement between</p>	<p>Article 8(1) (a) of the International Covenant on Economic, Social, and Cultural Rights declares "The right of everyone to form trade unions and join the trade union of his choice, subject only to the rules of the organization concerned, for the promotion and protection of his economic and social interests. No restrictions may be placed on the exercise of this right other than those</p>	<p>The workers' union was of no use and had almost nothing to do with protecting workers' rights and interests.</p> <p>Workers were all unsure of how the union functioned at the factory.</p> <p>None of these unions are able to collectively</p>

	<p>workers and management are the most effective ways to resolve workplace and compensation issues. Participants are to respect the rights of workers to associate freely, join or not join labor unions, seek representation, join workers' councils in accordance with local laws. Workers shall be able to communicate openly with management regarding working conditions without fear of reprisal, intimidation or harassment.</p>	<p>prescribed by law and which are necessary in a democratic society in the interests of national security or public order or for the protection of the rights and freedoms of others".</p> <p>Article 8(1)(c) argue that –The right of trade unions to function freely subject to no limitations other than those prescribed by law and which are necessary in a democratic society in the interests of national security or public order or for the protection of the rights and freedoms of others".</p> <p>Article 1 of the Labor Inspection Convention of 1947 declares that, –each member of the international labor organization for which this convention is in force shall maintain a system of labor inspection in industrial workplaces."</p>	<p>bargain.</p> <p>In some of the factories, only one manager was aware that there was a monthly union meeting for workers, to which each department sends one person to participate. When other workers were asked about the union, they said they did not know what the purpose of the union was, except for occasionally organizing some activities for workers to enjoy. Workers were unsure if a union existed and had not heard that workers were represented in union meetings. The factory has a worker hotline, however the majority of interviewed workers did not know about it.</p>
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## Section 4: Conclusion

The current labor condition in Chinese electronic manufacturing factories is far from the clean and sterile environment it appears to be. In truth, these factories are the same kind of sweatshops previously found in 19<sup>th</sup> century industrial England.

Electronic industry's global supply chain is main cause of this phenomenon. By contracting manufacturing out to developing countries, where the costs are significantly less, multinational brand companies can earn significantly higher profits. In addition to the amount saved by contracting manufacturing duties to developing countries, multinational companies also benefit from the lack of effective regulation and oversight in these countries. In order to promote economic development, developing countries are more willing to allow for exploitative labor practices if it can attract significant foreign investment. Although workers are the ones actually manufacturing the products, a majority of the profits are channeled to multinational companies.

Similar to other manufacturing industries, workers in the electronics manufacturing industry earn very little money. Because their monthly salaries are often too low to afford them the ability to meet their basic living costs, they are forced to work numerous overtime hours in order to make up the difference. In some cases, factories force workers to perform overtime hours. Their regular working hours are between 10 to 14 hours per day. Due to the fact that electronic products are continually updating and outdated themselves, the turnaround rate for manufacturing is very small. In most cases, manufacturers will receive large orders that they are required to fill within a short time span, putting additional stress on factory workers. During the peak manufacturing season, workers work excessive amounts of overtime, often working themselves to exhaustion. On the other hand, during the off manufacturing season, workers hardly earn anything because of the lack of work.

China Labor Watch's investigation reveals significant systemic issues regarding recruitment, wages and benefits, working hours, work intensity, safety and sanitation, leave benefits, food and dormitory conditions, reward and punishment systems, and grievance mechanisms in China's electronic manufacturing industry. These violations demonstrate a direct disregard for workers' legitimate rights and interests. The following table details these violations within each of the nine categories previously listed:

Issues	Situation
<b>Recruitment and Resignation</b>	At Tyco Electronics, gender and age discrimination during recruitment has been reported. The factory and general workers sign a contract with an outside labor dispatch agency, which is not a standard labor contract. According to the labor contract, general workers are not officially Tyco workers.
	At MSI, there is gender discrimination, age discrimination, Hepatitis B

discrimination, and potential pregnancy discrimination. Health examinations are also restricted to one designated hospital.

At Hongkai Electronics, there is age and Hepatitis B discrimination. There are also required health examinations, which workers must pay for themselves. Workers are reimbursed for buying their work uniforms only after completion of one half year of work. Any urgent resignation results in nine days' deduction of wages.

At Catcher Technologies, it is very difficult for workers to resign and they are only allowed to voluntarily resign. Only after an interview will workers receive a certificate of resignation and their final wages.

Kunshan Compal does not directly recruit general worker. Employees are hired by intermediate agencies. Health examinations are paid for by workers. Applications for resignation need to be submitted half a month in advance.

Shanghai Quanta was found to practice age discrimination. General workers must often use outside agencies and pay between \$15 and \$30 USD in agency fees in order to enter the factory. These agencies often exaggerate Shanghai Quanta's wages and benefits. Half a month notification is needed before resignation.

Zhuhai Flextronics misleads candidates about certain working stipulations and has been found to discriminate against those with Hepatitis B.

Although these ten factories comply with labor laws stipulating the proper process for resignation, the poor quality of lower management personnel means that many managers seek revenge on workers who hope to resign. Due upper management's unfamiliarity with the resignation processes and procedures, workers almost always encounter irregularities when resigning.

**Wages and Benefits**

The minimum wage at Tyco is \$204.82 USD per month. The normal overtime wage is calculated as \$1.77 USD per hour. Weekend overtime is calculated as \$2.35 USD per hour and statutory holiday overtime is calculated as \$3.53 USD per hour.

MSI minimum wage is \$203.28 USD per month. Normal overtime is calculated as \$1.17 USD per hour. Off day overtime is calculated as \$1.75 USD per hour.

The minimum monthly wage at Hongkai is \$169.4 USD per month.

The minimum wage at Catcher Technology is \$175.56 USD per month.



The minimum wage at Kunshan Compal is \$175.56 USD per month. Overtime wages are calculated in accordance with labor laws, so that average monthly salaries are around \$308-\$385 USD.

Shanghai Quanta minimum wage is \$227.92 USD per month. Overtime wages are calculated in accordance with labor laws.

Zhuhai Flextronics minimum wage is \$202.51 USD per month. Overtime wages are calculated according to labor laws regulations. Every three months, workers receive a quarterly award of \$45 USD a housing subsidy of \$7.50 USD, and a living subsidy of \$22.50 USD.

**Working Hours**

On the surface, all ten factories appear to have implemented an eight hour per day, five days per week work system. In reality however, these numbers are drastically higher when overtime hours are included.

Currently, Hongkai workers work two hours a day of overtime during the off season. During the peak season, from September to January, monthly overtime is in excess of 120 hours.

At Catcher Technology workers must submit a written request to not work overtime and wait until they gain approval from their line leader; otherwise failure to work overtime is considered an absence from work. Workers sometimes work seven days a week without a single day off in a month.

At Zhuhai Flextronics, workers must find a substitute worker before leaving their post during working hours to use the restroom or to get a drink of water. Breaks must not exceed 10 minutes.

A number of production lines require that workers arrive early to begin work or to stay longer, after official hours have ended. Workers may also be required to attend morning or evening meetings while workers who have made mistakes are often required to write self-critical evaluations afterwards. All of this supplementary time spent in meetings or self-criticism sessions is not considered paid working hours.

Some production lines demand that workers must continue to work even during the ten minute break.

**Work Intensity**

The level of work intensity is extremely high in all ten factories. In each factory, the production quota is determined by the maximum output the most efficient workers are able to withstand. For example, on the HP production line, workers must complete an action every three seconds and repeat this for ten consecutive hours.

**Health and Safety**

Electronics factories have implemented satisfactory safety management systems, so severe occupational accidents are rare. However, because of the extremely high level of work intensity, it is impossible for workers to

stay intensely focused on their repetitive tasks for ten consecutive hours. Therefore smaller accidents, such as cuts, are very common.

More significantly, investigations revealed that for the majority of job posts in electronics factories, there is a high risk of contraction of occupational illnesses and diseases.

**Leave** On some of the production lines it is very difficult for workers to receive sick leave approval or annual leave due to the poor quality of lower management personnel.

**Food and Dormitory Conditions** Some factories provide free meals at work, allowing workers to eat until they are full. However the quality and nutritional value of the food is usually sub-standard.

**Reward and Punishment Measures** The factories investigated were found to have complete and functioning management systems. Yet because the quality and training of lower-level management is not high, their treatment of employees is often harsh and insensitive. For example, Shanghai Quanta workers expressed that lower management has absolutely no regard for their well being and treat them as subhuman.

**Grievance Mechanisms** The ten factories all lack properly functioning, useful trade unions. None of these unions are able to represent workers' interests or collectively bargain. Although they all have worker care centers, they were only found to provide workers with psychological consolation and were unable to help workers resolve any concrete real-life problems.

At Zhuhai Flextronics, only one manager was aware that there was a monthly union meeting for workers, to which each department sends one person to participate. However, in these meetings, workers' problems are not addressed or discussed, indicating that the meetings are more of a formality than an actual outlet for workers to air their grievances.

At the Shanghai Quanta factory, workers were unsure if a union existed and had not heard that workers were represented in union meetings. The factory has a worker hotline called 70885. When pronounced in Chinese, 70885 sounds like "please help me." However, the majority of interviewed workers did not know about it.

The changes in electronic industry cannot be made merely through the efforts of factories. It's even more essential that the multinational companies increase their ordering price, government perfect relevant legislation, enforce regulations and establish effective grievance mechanism for workers. International society's public scrutiny and costumer's responsibility should also be encourage. As costumers, every one of us can do a bit: supervising the immoral brands and decline to consume the immoral products.

## Appendix

### Appendix I: 10 HP and Dell Production Supplier Factories

#### Investigation Report Summary

**Factory Introduction:** Tyco Electronics (Dongguan) Co., Ltd., Micro-star (Shenzhen) International Co., Ltd., Hongkai Electronic Technology (Dongguan) Co., Catcher Technology (Suzhou) Co., Ltd., Compal (Kunshan) Electronics, Inc., Quanta Computer, Inc. (Shanghai), Flextronics International (Zhuhai Doumen), Lianjian (China) Technology Co., Ltd., and Foxconn (Kunshan).

**Investigation Date:** October 2010-May 2011

**Investigation Format:** On-site Investigations, Off-site Investigations, Worker Interviews, Surveys

	Tyco	MSI	Hongkai	Catcher	Compal (Kunshan)	Quanta (Shanghai)	United Win (Suzhou)	Flextronics (Zhuhai)	Foxconn (Kunshan)	Foxconn (Longhua)
<b>Recruitment And Resignation</b>	Workers are recruited by outside agencies and are not considered real Tyco employees. Recruitment restricts men. There is Hepatitis B discrimination.	Gender, Hepatitis B, age, and pregnancy discrimination are all practiced. Mandatory health examinations are designated at a specific location. MSI turns a blind eye to recruitment traps. Workers must submit resignation applications 30 days in advance.	Recruitment via advertisements and internal introductions. Specifically looking for candidates between the ages of 18 and 40. No regional, race, religious, or gender restrictions. Designated medical examination is mandatory. Workers must pay a \$5.24 USD fee for medical exams. Candidates must pass the physical and be free of Hepatitis B to be eligible for employment	Tuesday-Saturday a loudspeaker advertises recruitment at the Suzhou Industrial Park Talent Market. There is no fee for recruitment at the talent market. There is no probation period for general workers. Normal resignation is very difficult.	Job seekers must go through an intermediary to enter the factory. There are no regional, race, or gender restrictions. A physical examination is required. Workers must pay a \$4.49 USD medical exam fee. Workers must request resignation half-month in advance.	Currently, 1/3 workers are underage, below 18. After passing an interview, there is a physical examination. Workers must pay a \$3.29 USD medical exam fee.	The factory only recruits female workers. There is no entrance health exam. There are two days of introductory training. There is no fee for the training. The probation period is three months. During probation, workers must apply for resignation one week in advance. During the normal contract period, workers must apply for resignation one month in advance.	The factory conducts a common health exam for candidates. There is a \$6.74 USD medical fee that workers must pay themselves.. During probation, they must request resignation 3 days in advance. After the probation period, workers must request resignation in writing 30 days in advance.	There is no direct recruitment of workers. Workers with dyed hair or scars have difficulty gaining entrance into the factory. During probation, workers must request resignation 3 days in advance. After the probation period, it must be 30 days in advance in writing. Salaries will be distributed on 12 <sup>th</sup> of the following month.	There is currently no recruitment, but there is a large recruitment post 30 meters away from Foxconn's southern entrance. The postings report that the factory recruits male and female general workers, 16 to 30 years old. During probation, workers must request resignation 3 days in advance with the signature of the line leaders, directors and managers. After the probation period, a request must be submitted 30 days in advance in

										writing. It is more difficult to resign during the off season.
<b>Labor Contract</b>	A contract is signed with the labor dispatching service, not with Tyco.	Workers sign a labor contract with employers.	New workers sign a labor contract with employers and are given a copy after working for a month.	When workers enter the factory, they sign a labor contract with the factory. Those who enter through a dispatch company sign a contract with the company.	When workers enter the factory, they sign a one-year contract. Workers do not receive a copy of the contract.	The factory signs a three-year contract with workers. They do not sign a contract with underage workers.	There is a three year labor contract and a stipulated three month probation period.	Workers sign a three-year contract with the factory. The probation period is three months.	Workers sign a labor contract,. There are two copies of the contract made. The workers retain one copy. The contact is for three years with a 6 month probation period and a three month evaluation. There are two types of contracts- internship and formal contract.	Workers sign a labor contract,. There are two copies. The workers retain one copy.
<b>Wages</b>	Since March 1, 2011, wages have been calculated according to an hourly system. The minimum wage is \$204.82 USD per month, while the lowest standard salary in Dongguan is \$154 USD per month. Worker's salaries	The basic minimum wage, based on minimum wage standards in Suzhou, is \$203.28 USD per month. There is a one month \$6.93 USD performance award. The average amount earned for overtime hours worked is \$203.28	Starting in March 2011, the minimum wage for workers had already increased to \$169.4 USD per month. Overtime wages were calculated according to labor laws and guidelines. The average overtime wage is 1.5 times the minimum wage. Overtime during the weekend is 2	There is an hourly wage system. According to minimum wage standards in Suzhou, base pay for workers was \$170.75 USD per month. Overtime pay is calculated according to legal standards. There is an additional	The base salary, according to minimum wage standards in Suzhou is \$157.56 USD per month. There is a perfect attendance bonus of \$3.08 USD. Workers' base salaries are adjusted based on the amount of time they have been at the factory. Overtime pay is	In April 2011, new laborers entering the factory received a basic salary of \$194.71USD per month, the same salary as in the Shanghai area. After April, the base pay of newly arrived laborers to the factory increased to \$221.67 USD	United Win's base salary, adjusted to Suzhou's minimum wage stipulations, is \$175.56 USD per month. Including overtime hours, a worker can earn between \$415.80 USD to \$431.50 USD per month.	As of March 1, 2011, workers' minimum wage increased to \$202.51 USD, while overtime pay was calculated by 1.5, 2 and 3 times the average hourly wage. Because of the off season immediately after the salary	The base salary for workers is \$235.62 USD per month. Overtime pay must take into account a worker's base salary in calculating the final number according to legal standards. Suzhou's minimum wage is \$175.56 USD per month. The total monthly salary is	In April, the minimum average salary for worker at Longhua Foxconn was recorded as \$207.9 USD per month. After going through a 6 month probation period and another 3 month examination period, a

	include the base wage, length of service awards (each year is \$9.29 USD), job post subsidy, and overtime wages are calculated in accordance with labor law standards. The total salary averages out to be around \$261.8 USD to \$292.6 USD per month. Wages are distributed on the 5 <sup>th</sup> of every month.	USD per month. The average wage earned for regular overtime is \$7.58 USD per hour, for day off overtime it is \$11.37 USD per hour.	times the minimum wage and overtime wages over statutory holidays is mandated at 3 times the minimum wage.	\$15 USD bonus for perfect attendance. Because overtime hours are extremely long, the total sum of a worker's monthly salary can reach \$449.34 USD.	calculated according to national stipulated standards. There is an allowance for nightshifts, as well as other subsidies. Altogether, a monthly salary ranges between \$308 USD and \$385 USD.	per month. Overtime pay was calculated in accordance with national labor regulations. As of now, workers earn around \$374.45 USD per month.	Compared to other factories, the amount United Win deductions from its workers' salary are rather small, so \$415.80 USD to \$431.50 USD is the actual amount workers earn in salary.	increase, total wages were temporarily lower than peak season, approximately \$338.8 USD. Before the wage increase during the busy season, the total wage was around \$385 USD. Zhuhai's minimum wage is \$196.4 USD per month.	approximately \$385 USD to \$431.50 USD.	worker's salary increase to \$308 USD per month. Through the investigation, it was uncovered that only 85% of workers make it through the examination.
<b>Working Hours</b>	Each day there is 8 hours of work, from 8am-5pm. At noon there is a one hour rest break. Nighttime overtime shifts are arranged according to the factory's plans. Saturday and Sunday are often both rest	The first shift is from 7am-7pm, the other shift is from 8am-8pm. The night shift and day shift usually rotate once every two months. Workers must swipe their work cards when they enter and leave. The	From 8:30pm-1:30am, and 2:40am-7:40am, workers typically have 8 hours of normal working hours, 5 days each week. However because the orders must be quickly filled, workers typically work 11-12 hours per	There are 8 regular working hours, and 2.5 hours of overtime, and 7 work days each week, each month there is barely any rest. There is no obvious seasonality. Nearly all of the workers	There are 8 regular work hours each day, and approximately 2 hours of overtime. There are 5 working days each week. During busy times, there are 6 working days each week. Workers who	Work hours are an 8-hour/5-day system, there are usually approximately 2 hours of overtime each day. During lighter times, there are two weekend days, each month there are usually about 45	There are 8 regular working hours, 5 days/week, and 22 days/month. There are no obvious seasons, there are usually 2 hours of overtime/day. The two shifts are rotated once each	The factory implements a 8 hour/5 day work system, and calculates overtime, however there is infrequently overtime. There are usually 2 weekend rest days. Each month, overtime does not exceed 20	Each day there are 8 regular working hours, 2-3 hours of overtime, and 6 days of work each week. Each month there is usually 80-90 hours of overtime. There is a two shift system, and workers rotate shifts the last Sunday of each	Work shift is from 8am-8pm, there are two hours total for lunch and dinner, and 2 hours of overtime work. There is a rest day on Sunday, and Saturday is a work day. Each month, overtime is

	<p>days. In one month there is an average of 30-40 hours of overtime. Workers stated that monthly overtime rarely exceeded 40 hours. The minimum wage is rather high and there are few opportunities to work overtime. The work intensity has not significantly changed since last year, so workers are rather tired from the work, but because there is little overtime, there is more time to rest.</p>	<p>factory has an obvious off and peak season, the peak season is from May to September. The other months are the off season. Overtime in April 2011 is 60 hours. Day shift workers routinely work 2 hours per day of overtime and night shift workers 3 hours per day.</p>	<p>day, and work 7 days/week, and 30 days each month. Each month, overtime reaches or surpasses 142 hours. The factory is very busy from September to January and each month there is at least 120 hours of overtime.</p> <p>Starting from 2011, factories greatly increased their control of overtime hours. Before a worker could work 3 to 4 hours a day of overtime, however, now workers can only work 2 hours a day of overtime. The level of labor intensity is the same as before and has not decreased.</p>	<p>are on a two-shift system. It is only when workers switch shifts do they have rest time.</p>	<p>manufacture Dell notebook computers are on an assembly line of approximately 50-60 people. All workers are seated throughout the course of the work. Each month, there is a production output quota that workers must meet. Each day, the assembly line is required to complete between 2,500-3,000 Dell notebooks. If they are unable to meet this daily quota, they must still find a way to meet their monthly quota.. If they do not fill their monthly quota, workers will then be forced to perform additional mandatory overtime work, which they will not be paid for. Daily</p>	<p>hours of overtime. Yet during the busy times, there are only 1-2 rest days per month, and overtime is at least 140 hours/month.</p> <p>QSMC employs production quotas for workers to complete every day. In the Assembly workshops manufacturing Dell and HP products, the daily production quota is typically 3,000 or above. There are approximately 160 workers on each production line. Workers state that they can usually complete the quota. Even if they cannot, the line supervisor and the group</p>	<p>month, and there is 24 hours rest between the shift rotations.</p>	<p>hours. Yet during the peak season, there are at least 2.5 hours of overtime each day, Saturday and Sunday are work days, and monthly overtime is in excess of 130 hours, with no rest days in a month. The monthly overtime was around 50 hours in March, 2011.</p>	<p>month, when there is 24 hours of rest. Workers may request one-half day in advance to not work overtime, otherwise it is not approved. Workers who do not receive approval but do not work overtime will face a half-day wage deduction. One month of accumulated absence in excess of three days is considered a voluntary resignation. Workers have one hour rest to eat during their shift.</p>	<p>about 40-50 hours. There are currently not many overtime hours for Foxconn workers. In April at the SHZBG business group, workers work in total 8 hours of overtime.</p>
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					production quotas are usually met. The highest output recorded for one was approximately 4,200 Dell notebooks.	supervisor will not require them to work overtime. Instead, supervisors urge workers to work faster during regular working hours. Workers have a 10 minute break every two hours. They can choose to stand or sit while they are working. The production line is extremely fast and stressful. For example, workers in screw driving positions must drive two small screws into a board and assemble a memory chip every 10 seconds.				
<b>Leave</b>	According to workers, the production is rather stable, the off and peak season	After completing a year in the factory, workers may receive a 5-	There is an annual leave.	The factory has a paid annual leave, maternity leave, and marriage	The factory has an annual leave, maternal leave, and marriage leave. Workers	Workers require official verification from the hospital	Workers are paid the minimum salary during approved leave.	Sick leave is paid, workers must provide official hospital verification,	Sick leave is paid, but workers must obtain a Foxconn community	There is statutory holidays.

	are not very obvious, there is an average of 36 overtime hours each month. There are two rest days each week, and few overtime opportunities.	day annual leave, which meets the national minimum requirement. Otherwise, workers are unable to enjoy sick leave, marriage leave, and maternity leave.		leave. However, according to normal workers, the annual leave is not really considered as benefit, because very few workers stay in the factory for over one year.	receive their normal salary on statutory holidays. If it is particularly busy during a statutory holiday, working wages will be three times the average hourly wage.	before they receive sick leave approval. The company regulates that workers receive an annual leave, maternity leave, and marriage leave. The majority of workers, however, do not rest during the annual leave period.	Workers must request written approval before taking sick leave, and must submit health certifications. Statutory holidays are paid.	personal leave has no pay. Maternity leave, marriage leave, and statutory holidays are all paid.	health center verification. Every year there is an annual leave, maternity leave, marriage leave, and statutory holidays are all paid. Employees under the age of 28 have a half-day holiday for Youth Day.	
<b>Social Insurances</b>	Tyco workers all purchase social insurances.	MSI purchases social insurance for workers but workers have to afford part of the fee themselves.	In terms of material welfare, the factory provides nothing in that regard. Workers continue to have over \$61.6 deducted for room and board, social security, and other like aspects. The amount workers' pay for their social security is not in line with their increase in salary, but rather adheres to former pay standards.	The factory purchases medical insurance for workers. The Suzhou Park insurance is considered a public fund and the factory pays 10%, and the workers' pay 10%.	The majority of workers stated that they did not purchase social insurances.	No available information.	The factory purchases five social insurances for workers, and they also contribute money to the public housing fund, workers in the unified production line are all in building C.	After the company increased their minimum wage in 2011, they still maintained the same social insurance and public housing fund as before. The specific fees were based on workers' wages.	Foxconn specifies that more serious illnesses require receipts from a specified large hospital, and then they reimburse 70%.	Social insurances are directly deducted from wages (there are three insurances: pension, occupational injury and medical insurance)

<b>Job Training</b>	There is induction training	There is induction training	Before workers begin, there is no occupational safety training.	Workers do not receive environmental health or safety training before beginning work.	When entering the factory, there is work training for 1-2 hours. The content is mostly regarding factory rules and regulations and knowledge about workers' wages and benefits.	During lighter production times, there may be 2-3 days of training. During peak production periods, there is only about a half-day of induction training, covering content in the employee handbook and factory rule.	There are two days of induction training.	There is a 3-5 day training program beginning on new workers' third day in the factory. After passing an exam, successful candidates will be hired.	New workers undergo factory safety education training. There is 1-3 days of training covering content in the Foxconn employee handbook.	Job trainings are required.
<b>Worker Safety</b>	Interviewed workers stated that the factory, in accordance with their job advertisements, distribute safety equipment, masks, and gloves. They receive new safety equipment every day. During working hours, workers are required to wear a work	The day and night shift rotation only occurs once every two months, such that night shift workers experience dramatic health and well-being deterioration.	Before new workers begin at their post, there is no occupational safety training. The ventilation system in the factory workshops is very good, but the lighting is often very dim. The accesses hallways are not lit. The only lights on are those directly over the workers' stations. For	The workshop and dormitories do not have first aid kits.	After workers enter the factory, they do not receive any form of environmental health and safety training. The factory distributes gloves, which can be exchanged once a week. There are no face masks. Workers also do not have earplugs. Next to the trash there is no fire	Workers receive a very thin pair of gloves, which are usually replaced once a day. The workshops and dormitories have medical kits, however they are locked. Workers were not sure how to unlock them.	There is no environmental health and safety committee. Workers are given dustproof uniforms, masks, and gloves. On the Apple touch cell phone production line, over 40 workers contracted occupational diseases due to hexane poisoning.	Worker safety equipment and requesting PPE requires a long time. The area around the factory is very open and unsafe, workers not near the security staff may be beaten, they do not feel safe, workers have also been robbed.	The factory provides gloves, and worker protection masks. Each workshop has air conditioning. Line leaders and managers inspect the machines each day. The workshop and the dormitories do not have first aid kits. If a worker scratches their hands, they can	Protection equipment is provided by the factory.

<p>hat, protective glasses, work uniform, and work shoes. There is a health examination once a year. The examination is primarily to search for occupational illnesses. The fee is covered by the factory. No health examination is required when workers leave the company. Workers reported that once every year, the factory has a fire drill. There are no other major issues in the factory regarding safety.</p>			<p>those next to the lighting, there is a strong glare. Workers stated that only when clients come to the factory were all of the lights in the hallways and pathways turned on. The workshop does not have anyone hired to specifically clean up the workshops. As a result, it is the responsibility of workers to clean up their workstations and workshops. There is usually debris blocking factory hallways, suggesting that workers do not always have the time or energy to clean. In the production process, workers often come in contact with toxic substances, such as grease, glue, and strongly noxious gases and odors. These workers are provided with a face mask</p>		<p>hydrant or extinguisher. The workshop does not have a medical kit.</p>				<p>get a band-aid with the line leader. If it is more serious, they must go to the Foxconn community health center. The dormitories and workshops all have emergency exits, and they are all open.</p>	
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			<p>and pair of gloves everyday. Some workshops, especially the pressing workshop, are very loud. Even when workers speak within one meter of each other, they must raise the volume of their voices at least five times in order to hear one another. The factory does not provide workers with earplugs. Workers with exposure to toxic chemicals or gases do not receive an in-service or exit health examination. The factory has many large machines, and each machine has posted its maintenance record. The machines are examined once each day. When this was inquired about, many workers said that they perform the inspection</p>						
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			<p>themselves. However, these examinations are rather haphazard and arbitrary. The workers check off the inspection with a stroke on the record sheet and do not do anything else. Some machines do not have a maintenance record on them and it is only when the machine breaks down that technicians are found to repair them. Recently, within the Hongkai factory, there have been at least 8 major accidents, all due to machines malfunctioning or improper operation. Most of the accidents resulted in life-long disabilities for the victims. The workshop does not have a first aid kit, although workers said there is a medical clinic. It</p>						
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			is very common to get cuts on the hand and the clinic has bandages. If there is a big wound, the clinic provides sterilization. For more serious injuries, workers are brought to the hospital.							
<b>Room and Board</b>	All workers are provided with room and board. Workers not working overtime are also provided free dinner the cafeteria.	Utility fee in dormitory are \$2.31USD. Each room accommodates 8 to 10 people and has a separate bathroom. MSI contracts out its cafeteria, so workers have to pay for their meal. MSI provides no food subsidy	The factory provides workers with room and board. Each month, \$40.44 USD is deducted from workers' wages. New workers must eat in the factory for the first two months, after which they can decide where to eat. The food quality is average. Each meal has three dishes, two with meat and one vegetable.	There is a fee deducted for workers' room and board, There is a deduction of \$0.67 USD for each meal. The factory gives workers a monthly food subsidy of \$22.50 USD. Workers stated that the food was usually the same and sometimes the rice was black and difficult to eat.	The factory only provides lunch and dinner meals. Workers can choose between a \$0.67 USD, \$1.04 USD, or \$1.19 USD set meal. Workers must swipe their card to eat, allowing for money to be deducted directly from their salaries. The factory gives workers a monthly food subsidy of \$15.40 USD.	There are three meals offered each day in the factory cafeteria, each month there is a \$10.48 deduction. Workers reflected that the food quality extremely poor.  For workers who live in the factory dormitories with air conditioning, there is a deduction of \$12 USD per month. Dormitories	The factory offers breakfast and lunch. If workers work overtime, the factory will provide free dinner.	The factory provides food, but it is not very clean A number of interviewed workers said that they often find worms, flies or other foreign matter in the soup or other dishes. The dishes are rather simple tasting, and are mostly Guangdong style.	The factory provides accommodation and food, each month workers' wages are deducted \$35.94 USD. There is a meal allowance of \$1.64 USD. Workers are given the excess from this stipend in their wages. The balance will be deposited back to workers salary. Workers may choose not to eat in the factory. Yet because there is only hour for meals, and the Foxconn factory is far from a	The factory provides housing and food. Each month factory deposits \$36.96 USD in workers' dinning card, and deductions are based on how much workers eat, the remainder remains in the workers' wages. The factory cafeteria food quality is average. Workers who do not eat in the factory cafeteria receive a \$36.96 food

						without air conditioning deduct \$7.50 USD per month. Every month, \$10.48 USD is deducted for food. The base wage increased was 13.58%.			commercial area, workers mostly all eat in the factory cafeteria.	subsidy.
<b>Dormitory Conditions</b>	There are 7 people in each dormitory room. The room has a fan and bathroom. Contracted Taichung workers live off of the factory grounds, approximately 1,000 meters from the factory. They live in a room with 8 to 10 people, which include a fan and bathroom.	The dormitory accommodates 10 people in each room, but usually there are only 6 to 8 occupants. Workers must purchase their own locks. The sanitary conditions of the room are very poor. The dormitory security is extremely harsh and offensive to workers. Many workers silently resent the treatment	Each month, \$6 USD are deducted from workers' wages to pay for their dormitory room. The environment of the dormitory is very poor. The rooms are in shabby condition and there is not proper lighting. Each room has 8 beds, but usually only has 5 to 6 occupants. Each floor houses approximately 200 workers. There are only 10 open squatting toilets and 24 showers.	The dormitories are divided between 4 person and 10 person rooms. 4 person rooms are \$15 USD per month and 10 person rooms are \$7.50 USD per month. Men dormitories do not have 4-person rooms. The dormitories are very dirty. The majority of company workers choose to live off of the factory grounds.	Workers who live in the factory dormitory pay \$4.62 USD in utilities each month. Each dormitory room accommodates 10 people. There is an independent bathroom, shower room, fan, and wardrobe in each room.	For workers who live in the factory dormitories with air conditioning, there is a deduction of \$12 USD per month. Dormitories without air conditioning deduct \$7.50 USD per month. There are 6, 8, 10, and 12 person rooms. There is no housing subsidy.	For new workers who live in the factory dormitories, they must pay \$11.98 USD per month, and the calculated average of their utilities costs. After completing one year at the factory, the dormitory fee is reduced to \$6 USD. A dormitory room will at most house 12 people. The dormitory room includes a wardrobe, electric fan, and air conditioning unit. Each	Workers must pay a \$1.49 USD management fee for the dormitories. Each dormitory room has 8 beds. The factory makes poor arrangements for these rooms, such that day shift and night shift workers are mixed together in the same rooms.	\$23.10 USD will be deducted for dormitory rent each month. Each dormitory room houses 10 workers. There is an independent bathroom, shower room, electric fan, air conditioning unit, and wardrobe. If workers do not live in the factory dormitory, they do not have any money deducted from their wages.	Workers who live in the dormitory are subject to a monthly \$16.47 deduction, this includes accommodation and utilities fees. Off-site living subsidy is \$22.50 /month. Each room accommodates 4 people or 6-8 people. The dormitory has air conditioning, hot water, a shower, and other facilities.

							dormitory has 5 floors. Each floor has a public shower room and bathroom.			
<b>Grievance Mechanisms</b>	<p>The factory has a union, but all of the interviewed workers said that they do not know what purpose or help the union serves to workers, or what it actually does. The workers were aware that the factory hosts events once or twice every year, and that they are organized by the union. When asked about how they resolve their problems, there were a variety of answers. Some workers said they find their department's leader, some said they would talk</p>	<p>The management system is rather harsh and the standards for inspection are extremely strict. If workers make a very small error or perform a small violation, they will be punished and fined. The workshop floor also strictly enforces so-called 5S management, so that if there are any instances of worker non-compliance or negligence, workers will acquire a fine.</p>	<p>The factory has a trade union, but workers stated that the union was not very useful and not concerned with workers' interests and rights. The only function of the union is to host a few recreational activities. When other workers were asked about the union, they said they did not know what its purpose was and what it actually does.</p>	<p>Workers were unsure if the factory has a labor union or worker representative s. They were also not sure about a worker hotline. If workers call the HR Department with a problem or questions, they will be directed to lower management.</p>	<p>When workers have a problem, they find the shift leader, and then the leader will find the line manager, and then to the head of the department.</p>	<p>The factory has a union, yet workers were unsure if there are worker representative and if they attend the meetings. There is a worker hotline, the number is 70885. The meaning of the hotline number is "Please help me." The factory has not had a strike. Workers are not searched when they enter and leave the factory.</p>	<p>There is a labor union, but it's only function is to host a few activities for the workers. Workers were not sure if the factory has a worker hotline. If a worker has a problem, they can find the manager in the union office to resolve it. Workers may also offer the factory suggestions by using a worker mailbox.</p>	<p>Each month, there is a union meeting, and each department may send one representative to participate. However the problems addressed do not at all reach a resolution. It is only a formality and nothing more.</p>	<p>There is a labor union, and a labor hotline number. However, workers are afraid to use the hotline number, because when they dial the care center, the representative asks for their worker number, name, and department. Afterward, their information and feedback is directly sent to the department head and line leader. The managers will find the worker and speak with them. If it is not critical, they will let the worker resign, if it is a serious issue, they will force the worker to voluntarily leave the factory. If</p>	<p>Hotline is available for workers and some problems can be solved.</p>

	<p>with their co-workers or friends from their home province. None of the interviewed workers had heard of the worker hotline.</p>								<p>workers have a problem they either directly speak with the line leader or bury it in their heart, rather than use the hotline in most cases.</p>	
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## Appendix II: Electronics Factory Salary Changes

In light of mounting inflation and changes in consumptions levels, minimum wage standards were adjusted in all parts of China in the beginning of 2011. Factories adjusted their base minimum pay according to local minimum wage standards as well. All ten factories investigated in this report increased their basic salaries by different margins. On average, the base salary in these ten factories rose by 16.58% (calculated from existing data gathered by China Labor Watch). In order to better understand the true value of these increases, two tables have been created, one details the Consumption Expenditure Per Capita of each of the six cities the ten factories are located in, and the other table compares the wage differences in the ten factories between 2010 and 2011.

2011 First Quarter Monthly Consumption Expenditure Per Capital in Six Cities	
City	Consumption Expenditure Per Capital (Dollar/Month) <sup>13</sup>
Shenzhen	242.70 <sup>14</sup>
Dongguan	248.83 <sup>15</sup>
Suzhou	277.39 <sup>16</sup>
Zhuhai	203.00 <sup>17</sup>
Kunshan	305.38 <sup>18</sup>
Shanghai	No information available

Factory Name	Workers' Wages in December 2010	Workers' Wages in April 2011
Catcher Technology (Suzhou) Co., Ltd.	There is an hourly wage system. According to minimum wage standards in Suzhou, base pay for workers was \$143.78 USD per month. After a probation period of 6 months, base pay was raised to \$157.27 USD per month. Overtime pay is configured in accordance to calculated legal standards. On average, workers earn around \$300 USD per month.  Workers normally worker 8 hours per	There is an hourly wage system. According to minimum wage standards in Suzhou, base pay for workers was \$170.75 USD per month. Overtime pay is calculated according to legal standards. There is an additional \$15 USD bonus for perfect attendance. Because overtime hours are extremely long, the total sum of a worker's monthly salary can reach \$449.34 USD.  Workers normally work 8 hours per day

<sup>13</sup> The monthly data is averaged by China Labor Watch.

<sup>14</sup> Source: Shenzhen Bureau of Statistics <http://www.sztj.com/main/include/month/viewarticle.jsp?artid=4642>

<sup>15</sup> Source: Dongguan Bureau of Statistics

<http://www.dgs.gov.cn/website/web2/showArticle.jsp?ArticleId=3942&columnId=347&parentcolumnId=114>

<sup>16</sup> Source: Suzhou Bureau of Statistics [http://www.sztjj.gov.cn/info\\_detail.asp?id=19224](http://www.sztjj.gov.cn/info_detail.asp?id=19224)

<sup>17</sup> Source: Zhuhai Bureau of Statistics [http://www.stats-zh.gov.cn/o\\_tjfx/ofx\\_jdfx/201104/2011042207200.htm](http://www.stats-zh.gov.cn/o_tjfx/ofx_jdfx/201104/2011042207200.htm)

<sup>18</sup> Source: Kunshan Bureau of Statistics (No quarterly information is available. The data is for January and February)

<http://www.kstj.gov.cn:8080/nry.jsp?ID=37873>

	<p>day and have 2.5 hours of overtime. Every year, the factory's busy seasons runs from January to April and September to December. Workers have practically no time off during the month in which to rest.</p> <p>Factories provide lunch and dinner at a cost of \$0.67 USD. Every month, factories give workers \$22.50 USD in food allowances. Factories provide room and board at a deduction of \$0.67 USD.</p>	<p>and have 2.5 hours of overtime. Workers work seven days a week and have practically no time off during the month in which to rest.</p> <p>There is a fee deducted for workers' room and board. The base wage increased 7.89%.</p>
<p>Quanta Computer, Inc. (Shanghai)</p>	<p>There is an hourly wage system. The base salary is \$167.75 USD per month. This base salary increases \$2.25 USD every 6 months of work. Overtime pay is calculated in accordance with legal standards. The average monthly salary is around \$269.60 USD.</p> <p>Often the factory requires a 10.5 hour workday. The factory will most likely take measures to control overtime hours in April. Workers are often able to take Sunday off for rest.</p> <p>Workers may eat in the factory cafeterias. Three meals are provided per day. \$10.48 USD is deducted every month for food. There are factory dormitories, which cost \$13.48 USD per month. Water and electricity fees are evenly shared throughout the dormitory.</p>	<p>In April 2011, new laborers entering the factory received a base salary of \$194.71 USD per month, the same salary as in the Shanghai area. After April, the base pay of newly arrived laborers to the factory increased to \$221.67 USD per month. Overtime pay was calculated in accordance with national labor regulations. As of now, workers earn around \$374.45 USD per month.</p> <p>Workers work approximately 10.5 hours per day and rest Saturday and Sunday during the factory's off season. Every month, workers work 40-50 hours of overtime. In the busy season, workers must work overtime on both Saturday and Sunday. Each month, workers are only able to rest for a day or two, and overtime may reach 140 hours.</p> <p>For workers who live in the factory dormitories with air conditioning there is a deduction of \$12 USD per month. Dormitories without air conditioning deduct \$7.50 USD per month. Every month, \$10.48 USD is deducted for food. The base wage increased 13.58%.</p>
<p>Compal Technology</p>	<p>A general worker at Compal Technology earns a base salary of \$147.84 USD per month, in accordance with minimum wage standards in Suzhou. Overtime pay is calculated according to fixed labor laws. Workers make on average around \$277.2 USD per month.</p> <p>Workers often work for 10.5 hours/day and only have one day off a week in most cases, although sometime they have no days off.</p>	<p>The base salary, according to minimum wage standards in Suzhou, is \$175.56 USD per month. There is a perfect attendance bonus of \$3.08 USD. Workers' base salaries are adjusted based on the amount of time they have been at the factory. Overtime pay is calculated according to national stipulated standards. There is an allowance for nightshifts, as well as other subsidies. Altogether, a monthly salary ranges between \$308 USD and \$385 USD.</p>

	<p>For each meal, workers' salaries are deducted \$.69 USD. The factory provides workers with \$23.1 USD in food subsidies a month. Workers living in dormitories must pay \$7.7 USD a month in water and electricity fees.</p>	<p>Workers normally work for 8 hours a day and have around 2.5 hours of overtime. Workers work 5 days per week. During idle factory periods, workers work 5 days a week. During busy factory periods, workers work 6 days per week.</p> <p>A standard deduction of \$.69 USD is taken from a workers' salary for every meal. Factories give workers \$15.4 USD in food fee subsidies every month. Workers who live in dormitories must pay \$4.62 USD a month in water and electricity fees.</p>
<p>Kunshan Foxconn</p>	<p>Foxconn's base salary is \$169.4 USD per month, while Suzhou's minimum wage is \$147.84 USD per month. After going through a six month probationary period and three month evaluation, the base salary increases to \$231 USD per month. Workers' average salary is around \$338.8 USD per month. The factory provides room and board.</p> <p>Workers normally work eight hours per day and an additional two hours of overtime. Workers work six days out of the week. Every month, workers work 80 hours of overtime.</p> <p>Foxconn's base salary is \$164.75 USD per month, while Suzhou's minimum wage is \$143.78 USD per month. After going through a six month probationary period and three month evaluation, the base salary increases to \$224.67 USD per month. Workers' average salary is around \$329.50 USD per month. The factory provides room and board.</p> <p>Workers normally work eight hours per day and an additional two hours of overtime. Workers work six days out of the week. Every month, workers work 80 hours of overtime.</p>	<p>The base salary for workers is \$235.62 USD per month. Overtime pay must take into account a worker's base salary in calculating the final number according to legal standards. Suzhou's minimum wage is \$175.56 USD per month. \$23.1 USD is deducted every month living in the dormitories. \$36.96 USD is deducted every month for food, yet workers will only be deducted however much they eat. If there is remaining money, it is added to the monthly salary. The total monthly salary is approximately \$385 USD to \$431.2 USD.</p> <p>Workers normally work eight hours a day and have two to three hours of overtime. Every week there is one day off and workers work on average 80 to 90 hours of overtime per month. The base salary for workers is \$229.16 USD per month. Overtime pay must take into account a worker's base salary in calculating the final number according to legal standards. Suzhou's minimum wage is \$170.74 USD per month. \$22.50 USD is deducted every month living in the dormitories. \$35.94 USD is deducted every month for food, yet workers will only be deducted however much they eat. If there is remaining money, it is added to the monthly salary. The total monthly salary is approximately \$374.45 USD to \$419.38 USD. The base wage increased 28.1%.</p> <p>Workers normally work eight hours a day and have two to three hours of overtime. Every week there is one day</p>

		<p>off and workers work on average 80 to 90 hours of overtime per month.</p>
<p>Flextronics (Zhuhai) Co., Ltd.</p>	<p>The factory implemented a five day/eight hour work system, additional time is considered overtime. Workers on the HP production line stated that they currently have very little overtime, two days of rest, and will sometimes have two additional hours of overtime at night. Each month, overtime does not reach 20 hours. During the peak season there are 2.5 hours of overtime each day, and Saturday and Sunday there are 10.5 hours of overtime. Each month, overtime hours exceed 130 hours. In a month there are no rest days, and total working hours may exceed 310. The busy season is from June to September, during this time wages may be between \$385 USD and \$462 USD. Workers must arrive ten minutes before work for a morning meeting.</p> <p>Workers' base salary is \$169.5 USD, after the probation period it increases to \$179.41 USD. Overtime wages are 1.5 times the basic wage, weekend overtime is calculated as two times the basic wage, and statutory holidays are calculated as three times the basic wage. Night shift workers receive an additional \$.77 USD subsidy. Every three months, a quarterly award of \$46.2 USD is distributed. There is a housing subsidy of \$7.7 USD and a living expenditures stipend of \$23.1 USD. Wage deductions include: pension insurance, public housing fund, dormitory utilities fees, and personal taxes.</p> <p>The factory implemented a five day/eight hour work system, other time is considered overtime. Workers on the HP production line stated that the currently have very little overtime, 2 days of rest, and will sometimes have 2 additional hours of overtime at night. Each month, overtime does not reach twenty hours. During the peak season there are 2.5 hours of overtime each day, and Saturday and Sunday there are 10.5 hours of overtime, each month, overtime hours exceed 130. In</p>	<p>As of March 1, 2011, workers' minimum wage increased to \$202.15 USD, while overtime pay was calculated by 1.5, 2 and 3 times the average hourly wage. Because of the off season immediately after the salary increase, total wages were temporarily lower than peak season, approximately \$338.8 USD. Before the wage increase during the busy season, the total wage was around \$385 USD. Zhuhai's minimum wage is \$169.4 USD per month.</p> <p>Workers normally work 8 hours per day and an additional two hours of overtime. Sometimes workers will work overtime on Saturday. In March, workers averaged around 50 hours of overtime.</p> <p>Output: The company has a production quota system. The demand of Circuit board production was originally 7,000 pieces, but has now decreased to 3,500 pieces. Workers stated that work is now more burdensome when production is low, rather than when it was high. The reason behind this is that workers have to perform maintenance work on the machines, as well as other trivial tasks.</p> <p>Social insurance: After the company increased their minimum wage, they still maintained the same social insurance and public housing fund as before. The specific fees were based on workers' wages</p> <p>Room and Board Situation: The condition of dormitories and food in the factory have not changed, the off-site food expenses increased \$.2 USD to \$.3 USD. As of March 1, 2011, workers' minimum wage increased to \$199.84 USD, while overtime pay was calculated by 1.5, 2 and 3 times the average hourly wage. Because of the off season immediately after the salary increase, total wages were temporarily lower than peak season, approximately \$329.50 USD. Before the wage increase during the busy season, the total wage was around \$374.45 USD. Zhuhai's minimum wage is \$164.75 USD per</p>

	<p>a month there are no rest days, and total working hours may exceed 310. The busy season is from June to September, during this time wages may be between \$374.45 USD and \$449.34 USD. Workers must arrive 10 minutes before work for a morning meeting.</p> <p>Workers' base salary is \$164.75 USD, after the probation period it increases to \$179.41 USD. Overtime wages are 1.5 times the basic wage, weekend overtime is calculated as two times the basic wage, and statutory holidays are calculated as three times the basic wage. Night shift workers receive an additional \$0.75 USD subsidy. Every three months, a quarterly award of \$44.93 USD is distributed. There is a housing subsidy of \$7.50 USD, and a living expenditures stipend of \$22.50 USD. Wage deductions include: pension insurance, public housing fund, dormitory utilities fees, and personal taxes.</p>	<p>month. Base wage increased by 16.53%.</p> <p>Workers normally work eight hours per day and an additional two hours of overtime. Sometimes workers will work overtime on Saturday. In March, workers averaged around 50 hours of overtime.</p> <p>Output: The company has a production quota system, and in accordance with the circuit board production was at 7,000 pieces, it has now decreased to 3,500 pieces. Workers reflect that now production is rather slow.</p> <p>Social insurance: After the minimum wage increase, the company has maintained the same policy as before to purchase social insurance for workers and pay for the public housing fund; the specific fees are based on workers' wages.</p> <p>Room and Board Situation: The situation has not changed at all, the off-site food expenses increased \$0.15 USD and \$0.30 USD.</p>
<p>Tyco Electronics (Dongguan) Co., Ltd.</p>	<p>The base wage is \$175.56 USD, normal overtime wages are calculated at \$1.51 USD per hour, weekend overtime is \$2.02 USD per hour, and statutory holiday overtime is \$3.03 USD per hour. Every month, workers' average salary is around \$246.4 USD. For those workers who work the night shift, they average around \$277.20 USD per month, because of the night shift subsidy.</p> <p>The factory's first floor assembly line department has implemented a three-shift system. Each day there are 8 hours of work, 6 days of work each week, and 24 days of work each month.</p> <p>On the second and third floor in the packaging department, there is a two-shift system. The day shift is 12 hours, from 8am-8pm, with a one-hour break in the afternoon and evening. Workers normally work for 8 hours and have an additional two hours of overtime. There is no overtime on Tuesday and Thursday nights. The night shift is</p>	<p>Since March 1, 2011, wages have been calculated according to an hourly system. The minimum wage is \$204.82 USD per month, while the lowest standard salary in Dongguan is \$169.4 USD per month. Worker's salaries include the base wage, length of service awards (each year is \$9.24 USD), job post subsidy, and overtime wages are calculated in accordance with labor law standards.</p> <p>Each day there is 8 hours of work, from 8am-5pm. At noon there is a one hour rest break. Nighttime overtime shifts are arranged according to the factory's plans. Saturday and Sunday are often both rest days. In one month there is an average of 30-40 hours of overtime. Workers stated that monthly overtime rarely exceeded 40 hours. Although the minimum wage is rather high, there are few opportunities to work overtime, so the total salary averages out to be around \$261.8 USD to \$292.6 USD per month. Wages are distributed on the 5<sup>th</sup> of every month.</p>

	<p>from 8pm-8am. There is a break at 12:00am for a snack and 4:00am for an hour each. Workers normally work 8 hours a day and have 2 hours of overtime, however there are also two days a week when there is no overtime. There are a total of 8 weekend days each month and only 1 weekend day of overtime. The most nightshift workers can earn in subsidies is \$1.85 USD per day. The base wage is \$170.74 USD, normal overtime is \$1.47USD per hour, rest day overtime is \$1.96 USD per hour, statutory holiday overtime is calculated as \$2.94 USD per hour.. Every month, workers' average wages are approximately \$239.64 USD, while those working the night shift receive about \$269.60 USD because of the night shift subsidy.</p> <p>The factory first floor system department implements a three-shift system, each day there are 8 hours of work, and 6 days of work each week, and 24 days of work each month.</p> <p>On the second and third floor in the Assembly Department there is a two-shift system. The day shift is from 8am-8pm, with a one-hour break at lunch in the evening. There are 8 normal working hours, and 2 hours of overtime, there is no overtime on Tuesday and Thursday nights. The night shift is from 8pm-8am. At midnight there is a one hour break, as well as at 4am. There are 8 normal working hours and 2 hours of overtime. here are also two days a week when there is no overtime. There are a total of 8 weekend days each month, and only 1 weekend day of overtime. Each day, night shift workers earn an additional \$1.79 subsidy.</p>	<p>The work intensity has not significantly changed since last year. Workers are rather tired from the work, but because there is little overtime, there is more time to rest. The factory provides free food and accommodation. If workers do not work overtime they can still eat in the cafeteria. The factory also processes social insurances for workers. Since March 1, 2011, wages are calculated on an hourly system, the minimum wage is \$202.12 USD per month, and the minimum wage in Dongguan is \$167.17 USD per month. Worker's salaries include the base wage, length of service awards (each year is \$9.11 USD), job post subsidy, and overtime wages calculated in accordance with the national labor law standards. The base wage increased 16.29%.</p> <p>Each day there is 8 hours of work, from 8am-5pm, at noon there is a one hour rest break. Nighttime overtime is planned according to the factory's arrangements. Saturday and Sunday are often both rest days. In one month there is an average of 30-40 hours of overtime. Workers reflected that monthly overtime rarely exceeds 40 hours. Although the minimum wage is rather high, there are few opportunities to work overtime, so that each month, the average total salary is \$258.35 USD to \$288.75 USD. Each month, wages are distributed on the 5<sup>th</sup>.</p> <p>The work intensity has not significantly changed since last year. Workers are rather tired from the work, but because there is little overtime, there is more time to rest. The factory provides free food and accommodation. If workers do not work overtime they can still eat in the cafeteria. The factory also processes social insurances for workers.</p>
United Win Technology (Suzhou)	<p>United Win's base salary is adjusted to Suzhou's minimum salary as United Win's base salary is adjusted according to Suzhou's minimum wage at \$175.56 USD per month. Including overtime hours, a worker can earn between \$415.8 USD and \$431.2 USD per month. Compared to other factories, the amount United Win deducts from</p>	<p>Newly employed workers earn \$166.32 USD per month. After they become regular workers, their salary is increased to \$190.96 USD per month. After working for a year and 9 months, workers receive a salary increase to \$207.9 USD per month. The factory has enacted an hourly wage system throughout its different departments.</p>

	its workers' salary is rather small.	Overtime wages are calculated according to national labor laws. Workers receive a base pay during sick leave.
Hongkai Electronic Technology (Dongguan) Co., Ltd.	<p>Wages are distributed on the 25<sup>th</sup> of each month. If it falls on a holiday they will be released two days later. Wages are directly distributed to Postal Bank accounts. New workers who do not yet have accounts will be given cash. Workers earn an average of \$231 USD to \$385 USD. Different departments have different wages. The paint department and the packaging department have relatively low wages, while the injection molding department has relatively high wages. Wages include the following: base wage of \$141.68 USD, job post subsidy (very few employees receive this), overtime wages, and night shift subsidy. Deductions include: living subsidy of \$6.16 USD, food fee of \$41.58 USD, water and electricity fees (split among dormitory occupants), and \$15.71 for social insurance. If workers do not purchase pension insurance, their wages are only deducted \$92 USD for occupational injury insurance.</p> <p>Workers normally work for eight hours a day and five days per week. However, due to overtime for rush orders, workers will work for eleven to twelve hours a day, seven days a week, and thirty days per month. Every month, workers have at the most 142 or more hours of overtime. Production is extremely high between September and January, and overtime exceeds 120 hours.</p>	<p>Starting in March 2011, the minimum wage for workers had already increased to \$169.5 USD per month. Overtime wages were calculated according to labor laws and guidelines. The average overtime wage is 1.5 times the minimum wage. Overtime during the weekend is two times the minimum wage and overtime wages over statutory holidays is mandated at three times the minimum wage. Following the increase in minimum wage, factories greatly increased their control of overtime hours. Before a worker could work three to four hours a day of overtime, however, now workers can only work two hours a day of overtime. The level of labor intensity is the same as before and has not decreased. In terms of material welfare, the factory provides nothing in that regard. Workers continue to have over \$61.6 USD deducted for room and board, social security, and other like aspects. The amount workers' pay for their social security is not in line with their increase in salary, but rather adheres to former pay standards. In the words of a worker, —Besides earning over \$15.4 USD more a month, nothing else has changed.”</p>
Foxconn (Longhua) Shenzhen	<p>A basic salary is \$187.88 USD per month. After working for six months in the factory, a worker's salary is increased to \$254.10 USD per month. After completing a three month examination period, workers who qualify are eligible for a salary increase of \$308 USD per month. Newly arrived workers make on average \$323.4 USD per month. Workers who pass qualification can earn an average salary of approximately \$431.2 USD per month. Workers salaries include base wage, overtime premium, and food and living subsidies (only for those who live outside the factory). Fee deductions</p>	<p>In April, the minimum average salary for worker at Longhua Foxconn was recorded as \$207.9 USD per month. After going through a six month probation period and another three month examination period, a worker's salary increases to \$308 USD per month. Through the investigation, it was uncovered that only 85% of workers make it through the examination. If workers choose to live in the dormitory, they will have \$23.10 USD per month deducted from their wages to pay for dormitory fees. For workers that choose not to live in the dormitories, there is a \$23.10 USD housing subsidy offered. Foxconn gives workers a monthly food</p>

	<p>from salaries include social insurance (pension, occupational injury insurance and health insurance), dormitory fees, and utilities fees. Foxconn offers rooms and board to workers. \$36.96 USD per month food subsidy is deposit directly onto a worker's dining card. The balance of food consumption will be deposit back into worker's salary. Whoever chooses not to eat in the factory will be eligible for a \$36.96 USD food subsidy. Workers who live in the dormitories will have \$16.96 USD deducted from their salaries for rent and utilities. \$23.1 USD will be offered as a housing subsidy for those who live out of the factory.</p>	<p>subsidy of \$36.96 USD. If workers are not able to use their full subsidy in a month, it will be redistributed in workers salaries. There are currently not many overtime hours for Foxconn workers. In April at the SHZBG business group, workers work in total eight hours of overtime. There salaries are increased by %10.66 percent.</p>
MSI (Shenzhen)	<p>The base wage at MSI is \$169.4 USD. The regular, weekend, and statutory holiday overtime hourly rates are \$1.46 USD, \$1.19 USD and \$2.92 USD respectively. There is no award given based on the amount of time you have worked at the factory. Only \$6.93 USD per month is provided as an award for outstanding efficiency. .</p> <p>The first work shift is from 7:00am to 7:00pm. Another work shift stars from 8:00am to 8:00pm. Day and night shift workers alternate every two months. Workers need to swipe their work ID cards to register before entering the factory. The workload from November to April and May to October peak season are significantly different</p>	<p>General workers earn a base wage of \$203.28 USD per month in accordance with Shenzhen's minimum salary requirements. A performance award of \$6.93 USD is provided. Overtime wages are calculated as \$1.17 USD per hour and \$1.75 USD per hour respectively for regular and weekend overtime. Monthly overtime in April, 2011 was approximately 60 hours. The overall salary for workers, including overtime wages and awards, was around \$338.8 USD per month. Day shift workers routinely work two hours per day of overtime and night shift workers three hours per day.</p> <p>MSI has started to control overtime hours. Workers are not required to work overtime on some Saturdays. Some workers, such as those in the assembly department, work eight hour/5 day work weeks.</p> <p>Dormitory fees are \$2.31 USD per month. Each room accommodates eight to ten people and has a separate bathroom. MSI contracts out its cafeteria, so workers have to pay for their meal. MSI provides no food subsidy.</p>

## Appendix III: Summary of the Factory Investigations

Factory Name	Factory address	Number of Workers	Products Manufactured	Primary Customers
Tyco Electronics (Dongguan) Co., Ltd.	Hou Jie Town Industrial Park, Dongguan, Guangdong province	Approximately 4,000	Wiring and wiring assembly	HP, Motorola, IBM, Dell, Cisco System, Ericsson, Sony, Siemens, Toshiba, Nokia, Toyota, BMW, GE <sup>19</sup>
MSI (Shenzhen) International Co., Ltd. [hereafter referred to as MSi]	Tangtou Town, Shiyan, Shenzhen City	Approximately 8,000	Specialize in motherboard and many types of graphics card design and manufacturing	HP, NEC, Dell, MSI, others
Catcher Technology (Suzhou) Co., Ltd.	Suzhou Industrial Park	Approximately 11,000	Manufacturing of mobile phones, cameras, and adagio devices	IBM, Dell, HP, Motorola, Sony, Fujitsu others <sup>20</sup>
Compal (Kunshan) Electronics, Inc. <sup>21</sup>	No. 25, No. 3 Avenue, Export Processing Zone, Kunshan City, Jiangsu province	Approximately 14,000	Laptops, PDAs, mobile phones, wireless technology devices, mp4, DMC and other electronic devices	HP, Dell, Toshiba, Hitachi Lenovo, etc. <sup>22</sup>
Quanta Computer, Inc. (Shanghai) <sup>23</sup>	No.68, Sanzhuang Rd., Songjiang Export Processing Zone, Shanghai	Approximately 10,000; 12,000 during the peak season	Computers, GPS systems, mobile phones, LCD displays	Lenovo, HP, Toshiba, Dell, Samsung, Sony, <sup>24</sup>

<sup>19</sup> <http://www.gdrc.com/company/596727.html>

<sup>20</sup> See <http://baike.baidu.com/view/3285473.html?fromTaglist>

<sup>21</sup> Compal Electronics, Inc. [http://www.compal.com/index\\_En.htm](http://www.compal.com/index_En.htm), Compal's 2009 CSR Report, [http://www.compal.com/CSR/CSR\\_en.pdf](http://www.compal.com/CSR/CSR_en.pdf)

<sup>22</sup> See <http://baike.baidu.com/view/3207881.htm>

<sup>23</sup> Quanta Computer, <http://www.quantatw.com/Quanta/english/about/company.aspx>, 2009 CSR Report, [http://www.quantatw.com/Quanta/english/about/Quanta\\_CSR\\_EN.pdf](http://www.quantatw.com/Quanta/english/about/Quanta_CSR_EN.pdf)

<sup>24</sup> See <http://pro.ppsj.com.cn/2011-2-24/317154045.html>

Flextronics International (Zhuhai Doumen)	Flextronics Group Green Technology Industrial Park, Jingan Town, Doumen District, Zhuhai City	Approximately 50,000	Communications, computers, networks, full service medical and consumer electronics products	IBM, Dell, HP, Motorola, Microsoft, Siemens, Phillips, Alcatel <sup>25</sup>
Foxconn Technologies Co., Ltd. Longhua (Longhua)	Foxconn Technology Group, Longhua Road, Baoan, Shenzhen, Guandong, China	Over 80,000	Manufacturers & Exporters of Computer components, MotherBoard, Case, Keyboard, Mouse, IO card, USB port, PC Camera, Computer Case, PC Case, Network Device, Hardware Components <sup>26</sup>	Apple, Nokia, Dell, Motorola, IBM <sup>27</sup>
Hongkai Electronic Technology (Dongguan) Co., Ltd.	Dongguan City, Huangjiang town, Yongjun Road, Jitigang Industrial District	Approximately 1,000	computer chassis, computer motherboards, precision components, computer connectors and cables	Sony, HP, NEC, WKK, ABLECOM, Herman Miller, JABIL, GE <sup>28</sup>
Foxconn (Kunshan)	Chengbei Town, No. 999 North Gate Rd, Kunshan City, Jiangsu	Approximately 50,000	PC connectors, precision components, the world's largest PC plug connector manufacturer	Apple, Compaq, Intel, HP, IBM, Dell, Cisco, Motorola, Nokia <sup>29</sup>
Unite Win (China) Technology Co.	No.99, Suhong West Road, Suzhou	18,000; 20,000 during the peak season	ITO conduction glass, touch panels, and other panels including LCD, TN, STN, CSTN, and TFT.	Apple

<sup>25</sup> See <http://www.jobui.com/company/491302/>

<sup>26</sup> See [http://computers.indiabizclub.com/profile/2051036~foxconn~shenzhen\\_china](http://computers.indiabizclub.com/profile/2051036~foxconn~shenzhen_china)

<sup>27</sup> See [http://www.cjol.com/main/JobSeeker/JobTemplates/95793/CN/JobDetail\\_Company.asp](http://www.cjol.com/main/JobSeeker/JobTemplates/95793/CN/JobDetail_Company.asp)

<sup>28</sup> See [http://www.fki-group.com/ch/ugC\\_SubSidiaries.asp](http://www.fki-group.com/ch/ugC_SubSidiaries.asp)

<sup>29</sup> See <http://www.elenchina.com/company.do?method=view&id=402881b91c288929011c2b0c9ce90004>

