

## **Investigation of Samsung's Supplier Factory Chitwing Mould Industry (Dongguan)**

November 26, 2012

### I. Factory Introduction

Registered in 2007 with around \$8 million dollars in capital, Chitwing Mould Industry (Dongguan) Co., Ltd is a manufacturing company that specializes in molding-related products, with one of its main products being cell phone covers. Chitwig produces for number of name brand companies around the world, including Lenovo, NEC, Olympus, Masco, and Valeo. With an estimated 5000 workers, Chitwig currently produces covers for Samsung's model 5830 cell phone, the Samsung Galaxy Ace. Chitwig has recently built a new production facility on its factory grounds, and according to one worker, all Samsung production has been moved to this facility.

### II. Investigation Methodology

In mid-October and November, China Labor Watch (CLW) investigators spoke with with 7 workers, recruiters, and security guards from Chitwig in person about the labor conditions there. Different interviewees were interviewed on two separate occasions outside of the factory, allowing investigators to confirm some of the most egregious violations. One worker provided pictures and video on the factory floor of the production of covers for Samsung's model 5830 cell phone.

### III. Working hours

Workers at Chitwig have been consistently working over 220 hours of overtime for the past few months. The minimum that workers will spend working every day is 12 hours, including two half-hour breaks for meals. But in the past few months, the norm has become another 2 to 3 hours of overtime added onto the original 12 hours. The result is 14- to 15-hour work days. There have even been reports from multiple sources of workers working for 16 hours.

On top of this, these hours are sustained throughout the month, without any rest days, except for one day when a worker is switching between day and night shifts. Both day and night shift workers are expected to work for 14 or 15 hours. It has been reported that workers in the inspection department may have some of the longest hours.

Chinese labor law stipulates that workers not work more than 36 hours of overtime per month, but workers at Chitwig are doing at least 220 hours of overtime per month, six times the legal limit.

One security guard recounted the captain telling all guards to be careful of the words they speak to workers when they pass because the workers are very tired and might be emotionally sensitive.



Workers working on Samsung cell phones in the production facility.

#### IV. Wages and Benefits

The average worker at Chitwig will make about 3000 RMB (\$480) per month. They are paid a base salary of 1100 RMB (\$176), which is equal to the minimum wage of Dongguan. The largest part of a worker's total wages, then, is assumed by overtime pay, and in order to make a living wage, workers must work extremely long working hours.

Only after six months of work at Chitwig will the factory begin providing social insurance to a worker, at which point the worker pays 140 RMB (\$22) per month in order to receive the insurance.

According to one worker, night shift workers are not given any type of night shift subsidy.

#### V. Penalties

According to one worker testimony, there are harsh penalties for taking any type of leave from work. If a worker takes a sick leave, one day's wages, or 50 RMB (\$8), is deducted from their monthly wages. If it's a personal leave, then the deduction is the amount of one weekend day or work, 100 RMB (\$16). If the worker is absent from work, then three day's wages, or 150 RMB (\$24), is deducted.



#### VI. Student workers and temporary workers

During the summer of 2012, the factory employed around 200 student workers. Working the same long overtime hours, the students received no overtime pay. To the knowledge of the investigators, there was no use of child labor.

Chitwig also employs so-called “temporary workers”, but the investigators were not able to obtain the number of these workers at the factory. Although they might work the same overtime hours as formal Chitwig workers, temporary workers do not receive overtime pay.

#### VII. Resignation

The factory does not permit workers to resign, so a worker that wants or needs to resign has no choice but to just leave the factory. But if a worker leaves without passing through the formal resignation channels, then she will not receive wages for time worked up until that point.

#### IX. Workers union

The union at Chitwig has a plaque on the factory grounds, acting as evidence of its existence. However, workers have never seen it, and it has no effective function in defending the workers' rights and interests.

#### X. Factory audits

According to a worker and security guard, there have been no audits or monitoring activities carried out by the brand companies. The worker, who has been at Chitwig since April, had never seen or heard of anyone carrying out audits since the worker started there. This seems to be in contradiction with a promise that Samsung made in early September to conduct field audits of all of its supplier factories in China.

## Investigation of Four Samsung Factories

From October to November, a CLW investigator conducted follow-up investigations of four factories: Tianjin Samsung Electronics Co., Ltd (TSEC), Tianjin Samsung Mobile Display Co., Ltd (TSMD), Tianjin Samsung Communications Technology Co., Ltd (TSCT), and Tianjin Samsung Opto-Electronics Co., Ltd. (TSOE). The investigations used 23 worker interviews as the primary data collection method.

With regard to the hiring process, the factories still only hire female workers between the age of 16 and 24. Student interns, dispatch company workers, and internal referrals still are the major sources of labor for the factories. Workers hired via direct hiring and internal referrals will sign a labor contract after passing the training examination. The contract term is two years, including a three-month probation period. The factories use blank contracts, in which information like the effective period of the contract, compensation, and position are left blank; workers need only to sign their names and nothing more. Other than necessary clauses required by law such as worker benefits, working hours, labor conditions, occupational safety, the contract also includes confidentiality clauses. Workers provided by labor agencies or dispatch companies usually sign their contracts with the agency or company. Although dispatch companies' policies vary, workers usually sign the contract when they are hired. The companies usually do not distribute a copy of the contract to workers. That is to say, workers who are hired through these two channels do not retain a copy of the contract. Additionally, dispatch workers are still required to pay a service fee of 100-500 RMB (\$16-\$80) to dispatch companies or employment agencies.

However they are hired, workers do not become formal employees of Samsung until one year after the three-month probation period. During the probation period, workers only receive the base salary, overtime pay, and other benefits. After the probation period, a performance bonus will be given, and this bonus is divided into five levels, usually coming to 400 RMB (\$64) per month. The performance bonus will be counted towards the base number used for the calculation of overtime pay. Of the five types of the legally mandated social insurance, only two types of insurance for workers are covered. Enrollment in all five insurances and a housing fund are covered by the company only after one becomes a formal employee of Samsung.

TSCT uses a three-shift system. The morning shift is from 7:00 to 15:00, the mid-day shift is from 15:00 to 23:00, and the night shift is from 23:00 to 7:00. Usually, workers do not work overtime after their eight-hour day. However, when there is a lack of manpower or during peak seasons, working hours are prolonged and workers will do around two hours of overtime per day. Workers take meal breaks in shifts in order to keep production equipment running and the manufacturing process uninterrupted. Workers switch shifts every week. They will usually get two to three days off each month, but there is no guarantee that they will be able to take a day off every week.

The other three factories use a two-shift system. The workers work 12-hour days with an hour lunch break in the middle. They usually need to go back to their position right after they finish their lunch because they need to take the place of workers who are then going to have their lunch. The workers have dinner after they get off work. They can get two to three days off each month, but there is no guarantee that they will be able to take a day off every week.

In these four factories, all relevant workers must take on the overtime work assigned to them according to production needs. If anyone cannot do the overtime due to other arrangements, she has to ask for leave from their group leader or their supervisor; otherwise, absence will adversely affect the performance evaluation and reduce the worker's salary.

In these four factories, most workers must stand while working. According to workers, it is not out of the necessity of the manufacturing process that the factories require workers to stand while working. Some workers told us that, a few years ago, workers sat while working. But the factories required the workers to stand, figuring that workers may be less productive in their position if they sit while working. Even though all workers work while standing, the factories still instituted so-called performance evaluations to increase the working intensity. And even though all workers work in strict compliance with the factories' requirements, few workers can meet the highest performance evaluation standards.

There are cafeterias in the factory compound. The lunches for day shift workers and dinners for night shift workers are provided by the factories free of charge. There are dormitories, in which each room is around 20 square meters and has four bunk beds. Each room can accommodate eight people, but there are usually only six people living in the same room. Each worker is provided with a locker for their personal valuables. Each room is equipped with desks and chairs, an air conditioner, heat, and a fan. There are two wash rooms and one restroom on each floor. Each dormitory building has one TV room and one shower room. All public areas, other than the dorm rooms, are cleaned by a cleaner every day.

No electronics can be used in the dorm rooms. If one wants to charge her cellphone or other electronics, she needs to go to the public charging area on the first floor, plug in, and lock the cellphone, and retrieve it after it is charged.

Dormitory accommodation is free of charge. But during the winter and the summer, when the heat or the air conditioning is used, a monthly 10 RMB utility charge is charged to workers. These charges do not exist in the spring and the fall.

In comparing this investigation with our previous Samsung factory investigations earlier this year, we can see that Samsung has made no improvements since we published the first report two months ago on September 4. Worker violations, such as illegally long overtime hours, abuse of dispatch, underage, and student workers, employment discrimination, unfair treatment, low wages, and more still exist at Samsung factories.