

## Investigative Report on Quanta Shanghai Manufacturing City

### Primary ethical and legal violations:

- Hiring discrimination against people that are age 30 or older, worked in KTVs, have tattoos, and males with long hair.
- Pre-work training is perfunctory. All training, including only 10 minutes of safety training, lasts seven hours, falling woefully short of the 24-hour regulation. This is despite the factory having several harmful gases and chemicals involved in production processes.
- Workforce composed of dispatch workers. Nine of ten workers are hired through dispatch companies, and these workers must pay illegal fees of between 50 and 300 RMB (\$8 to \$49) to be hired.
- Difficulty resigning and taking leave. Workers' requests for resignation and leave are often not approved. Even if living far from the factory, a worker must request sick leave in-person
- Quanta hires underage workers without providing specific protections for them; young workers are required to work the same hours and take night shifts like any other workers.
- Pre-work physical examination is perfunctory. Items of the examination merely include a tattoo check, blood test, and color blind exam. For the tattoo check, males must take off their shirts in public.
- Mandatory excessive overtime. Workers do 12-hour shifts every day, accumulating 80 hours of overtime work per month, over twice the statutory limit. Workers sometimes do not receive a day off in a seven-day workweek, which is illegal under Chinese labor law.
- Workers are unpaid for at least 30 minutes of overtime every day, adding up to more than \$1.8 million of unpaid wages per month.
- Wage delays. Factory pays the workers 13 days after the pay period of has ended.
- Factory gates are closed during 12-hour shifts, so workers cannot eat outside despite limited cafeteria food.
- Dorms are crowded and poor. Each dorm room houses up to 12 workers, leaving only 2 square meters of space per worker. All male workers living in five dorm buildings must share one public bathroom that requires a walk.
- Quanta does not proactively provide safety equipment to workers; workers must ask for it first.
- Potential fire hazards. Workers never participated in fire drills or received properly training on fire prevention.
- Lack of effective grievance channels. Workers have no idea whether there is a labor union in Quanta, and the group set up to help workers is ineffective.
- Abusive management. Team leaders of production lines insult workers in order to pressure them.

## Factory profile

Established in 2000, Quanta Shanghai Manufacturing City (hereafter “QSMC”) is located in the Shanghai Songjiang Export Processing Zone and is the Shanghai manufacturing base of Quanta Computers, the world’s largest laptop manufacturer .

QSMC is a subsidiary of Taiwan Quanta Computer Incorporated. With about 60,000 employees, QSMC’s main business is assembling computers for Apple, Sony, Dell, HP, and other brand companies. QSMC has seven production facilities, F1 to F7. Among these buildings, F4, F5, and F7 manufacture Apple laptops and all-in-one machines, while F6 manufactures Sony laptops.

QSMC’s subsidiaries include Dafeng, Dagong, Dawei, Daye, Dafu, Dali, Daren, and Daqun. When reading these companies’ names in succession, the meaning is “achieving great things and benefit people”. In their job advertisements, different companies of QSMC are collectively called “Dafeng Computers”. These companies are located in the same industrial park, although in different buildings.

QSMC allocate new regular workers to different subsidiary companies randomly, and all companies implement management in a same way. Regardless whether a worker assembles computers for Apple or Sony, Dell, or HP, his salary, treatment, accommodations, benefits, awards, and punishments are similar.



Quanta Shanghai Manufacturing City

## Recruitment and resignation

### Recruitment channels

QSMC recruits new workers (1) from labor dispatch companies and (2) through employee referrals.

Most of the QSMC workers are recruited via labor dispatch companies. There are lots of personnel from these companies around the factories asking pedestrians if they want to

work at Quanta. The six labor dispatch companies that QSMC primarily cooperates with include Shanghai Fukuang, Shanghai Binning, Shanghai Shenxiang, Shanghai Qingyuan, Shanghai Congli, and Shanghai Qingxiang.

Workers who resign on their own or resign as a result of absenteeism will not receive compensation. The deadline for QSMC to begin to calculate workers' wages is the 25th of each month. If a worker resigns after getting his wages on the 8th, he will not receive the compensation for 13 days of work from the 25th to the 8th, and the money will end up in the pockets of the labor dispatch company. The labor dispatch companies are responsible for paying workers who signed a contract with their companies.

### Labor dispatch companies

About nine out of ten new workers in QSMC are recruited from labor dispatch companies, and they are charged agency fees by these companies. Dispatch workers can become formal workers only after working for half a year, and these workers cannot be promoted. They are also unable to live in the area near the factory. Since it takes an extra hour for workers living outside the factory to go to work when compared with those who live on the factory campus, labor dispatch companies take advantage of workers who want to move onto the factory campus by charging them additional agency fees.



Although the advertisements of the labor dispatch companies state that they don't collect any fees, they charge dispatch workers in disguised ways before they enter factories. For example, companies ask workers for at least 50 RMB (\$8.16) and sometimes as much as 200 RMB (\$32.67) to 300 RMB(\$49.01). These fees usually contain three parts: materials' fees, medical examination fees, and introduction fees. However, workers did not ever receive materials. Some worker applicants failed to get employed by the factory, but the labor dispatch companies refused to refund their money.

There are deductions at the time that workers resign, and CLW's investigator had such an experience. After the investigator completed almost 20 days of work (including day-offs and regular rest days), QSMC accounting personnel said he should get 1,128 RMB (\$184.31) in wages. However, Shanghai Binning Labor Dispatch Company deducted 200 RMB (\$32.67) from his wages and as a result, he only received 928 RMB(\$151.63). The accounting personnel at Binning said that the wage deduction was done by Quanta.

### Discriminatory hiring practices

During the recruitment process, applicants who are too highly educated (such as a bachelor's degree) or those who have a lower level of education (generally below high school level) are both rejected. But applicants with a low education level can purchase a copy of a diploma from the agents at a labor dispatch company. It costs workers 20 RMB (\$3.26) to get a copy.

Applicants who once worked for bars, KTVs, or other types of service industry jobs are refused by the company.

Applicants who have tattoos are also refused jobs at QSMC. During the recruitment process, male applicants receiving a physical examination are asked to take off their shirts in public so that they can be checked for tattoos.

Male applicants with hair that is considered too long are also rejected.

The company usually refuses to hire applicants over 30. The CLW investigator saw a female applicant being refused just because she was 30 years old. There are few workers over 30 working on the production lines at QSMC.

### Recruitment process

At 9:00 am on weekdays, labor dispatch companies take all applicants who intend to work at QSMC to an empty room in the factory's living area and ask them to stand in lines. After a brief interview, qualified applicants are required to submit the copies of their IDs, education certificates, photos, and other personal materials. However, as mentioned above, they can spend 20 RMB (\$3.26) to buy a fake diploma from the agents at the labor dispatch companies. On the same day, workers are sent to different dormitories before receiving a medical examination.

After first collecting workers' basic materials, labor dispatch companies take the workers to the factory to fill in more detailed information. They sign contracts with the factory on the following day. After signing, workers are required to participate in pre-employment training. Each worker is given a locker where they put personal items such as cell phones. Workers also need to get factory ID cards and get their palm prints recorded because every time they enter the factory, they are required to swipe the ID cards as well as get their palms scanned. Workers from the production lines will later take the workers to see their positions in order to get familiar with their work.

On the third day, workers take their first shift.

### Training

The training, conducted by QSMC HR department staff starts at 8:10 am and finishes at 4:00 pm. The main content of the training includes:

1. The basic information about Quanta: the scale of the company, the establishment date, its subsidiary companies, Quanta's three manufacturing bases in China, the company's business partners, and the primary products it manufactures.
2. Factory rules: Workers are not allowed to sit with their legs crossed, hold hands, leave their posts without authorization, sleep, chat, or read books and magazines while working. In addition, the factory also forbids workers from combing their hair in the production area, to lend production tools and materials to people outside the factory, or talk about wage details.
3. Salaries and attendance records: the staff introduces rules about base wages, overtime wages, and subsidies. Workers are also told about the rules in regards to attendance records and time-card machines used in the factory.
4. Safety knowledge: The staff spends about 10 minutes introducing some common sense knowledge related to work safety.

### Resignation procedures

Workers who intend to resign need to submit a resignation form to the team leader. After the resignation request is approved, workers who are still in their three-month probation period can leave after working for three more days. After the probation period, workers must submit the resignation request one month before leaving. Because of high production demands, not every resignation request will be approved by team leaders.

After the HR department approves the request, workers will receive a resignation approval form. At this point in the process, they are required to hand over their uniforms and anti-static shoes and complete the dormitory check-out procedures.

Workers who resign will receive their wages on the day of the month after they resign.

### Underage Workers

There are underage workers in the factory. Workers under 18 years old do the same work as adult workers without any special protection from the factory. A worker in Apple department working on the 4th floor in building F5 said there were dozens of underage workers working on the same floor as him. Their working hours were the same as adult workers, and they took night shifts like adult workers.



### Medical Examination

Workers receive physical examinations on the first day, costing them 50 RMB (\$8.17) per person, for which they do not get a receipt. The physical examination is very brief. A worker is in the examination room for less than two minutes. The items of the examination merely include a tattoo check, blood test, and color blindness exam.



Workers were required to take off their shirts when receiving pre-employment physical examinations

### **Labor Contracts**

Ninety percent of new workers signed labor contracts with different labor dispatch companies, and only a few workers sign contracts with QSMC's subsidiary companies, such as Dafeng and Dagong.

The term of contract is three years and the first three months are the probation period.

The contract takes effect on a worker's first day on the job instead of the recruitment date, without counting the training day.

The 11th provision in the contract: Female migrant workers must undertake procedures related to the family planning of non-locals in Shanghai. Anyone whose behavior violates national birth control regulations will be considered committing serious disciplinary

violations and must be responsible for all risks and punishments (including financial penalties issued by the government).

## Working Hours

QSMC adopts a two 12-hour shift system. The day shift runs from 8:00 am to 8:00 pm and night shift from 8:00 pm to 8:00 am on the next day. Including two 10-minute breaks and meal times, QSMC workers work for 10.5 hours per day during their 12-hour shift, and 10.5 hours is calculated into their working hours each day. A worker who wants to go to the bathroom during working hours needs to find someone to replace him at her position.

Overtime work is not fixed at QSMC. Usually, workers do 2.5 hours of overtime per day, but the time varies due to differences in positions or shipment volumes. During the peak season, workers will do 80 hours or more of overtime per month. Workers don't have a choice as to whether they want to work overtime because superiors make the decision. Because workers' base wages are too low, workers who don't receive much overtime work complain about their low wages, but when workers do a lot of overtime they complain that they are too tired.

Through interviews, CLW learned that workers at QSMC sometimes work for an entire week without any day off, which is illegal under Chinese labor law. During the roughly two weeks that CLW's investigator worked at QSMC, he had to work overtime on both Saturday and Sunday. This kind of overtime work is mandatory and workers have to wait until the second week to get a day off.



Workers were getting through the security check

Workers need to stand when they participate in morning and evening meetings. The team leader requires workers to gather 10 to 15 minutes before beginning production work, but this period is not linked to workers' attendance records and is thus unpaid. During meetings, the team leader mainly points out the defects in production, notifies workers of important issues, count workers, and lead them in reciting "third five-year plan and four major guiding principles".

Workers spend a lot of time in the meetings and routines before and after work. It costs them about 30 minutes to attend the meetings and get through the security check every day after work. Workers whose dormitories are far from the factory area have to walk home for an additional 30 minutes because the factory doesn't provide shuttle services. To prevent being late, workers must leave the dormitories one hour before work begins every morning.

## Work Schedule

Work time/ Shifts	Working hours	Notes
Day shift	8 : 00 - 20 : 00	Workers have meals in batches. There's no fixed meal time, although time for meals and rest is 1.5 hours in total.
Night shift	20 : 00 - 8 : 00 (Next day)	The total time given for two late-night meals and two 10-minute breaks is 1.5 hours.

## Attendance

The factory utilize card-swipe machines and a roll call policy for attendance. Workers must swipe cards to clock-in when inside the production facilities. If a worker fails to swipe, he must notify his supervisor of his attendance. The supervisor then notifies the administrative department in order to verify that the worker was at work that day. If the worker does not orally notify his supervisor, he will be recorded absent and punished accordingly. (See section below on punishments.)

Workers may not swipe cards twice or swipe cards for others. If they do, they will be fired. If a worker does not swipe his card on the hour, his shift will recorded as ending on the previous hour. For example, a night-shift worker who should be off work at 8:00 am may be required to work until 8:20 pm, but he will only receive wages for time worked up to 8:00 am, and the remaining 20 minutes of work will not be compensated.

Workers will not have wages deducted if they clock-in for work no later than three minutes late. Workers who are more than three minutes late for work must ask for leave. Leave is calculated on 30-minute units. Therefore, workers who arrive less than 30 minutes late are still considered to be half an hour late. Those who didn't ask for leave will be considered absent and punished accordingly.

Workers who leave the factory earlier than stipulated are viewed as leaving early. If a worker intends to leave early, he must ask for leave in advance, otherwise he will be considered absent.

## **Wages and Benefits**

### Wages

During peak periods, workers' wages at QSMC are about 3,000 RMB (\$490.19) per month. During the seasons with low production demands, however, workers do overtime only occasionally, and they will only earn about 2,000 RMB(\$326.79) per month.

On 8th day of each month, the factory pays the workers for their work from the previous month (up to and including the 25th day of the previous month). In other words, workers are compensated after a 13-day delay.

Wage structure

<b>Type of Compensation</b>	<b>Amount or other issues</b>	<b>Notes</b>
Base wages	1,650 RMB (\$269.60) /month	Hourly wage : 9.48RMB (\$1.55) /hour
Overtime-work compensation	Weekdays : 14.22 RMB (\$2.32) / hour Weekends : 18.96 RMB (\$3.09) /hour Holidays : 28.44 RMB (\$4.64) / hour	About 1,500 RMB (\$245) / month
Anti-Dust clothing subsidy	5 RMB (\$0.81) / day	Workers in some positions are required to wear these protective clothes to protect against dust. Although there are subsidies offered, many workers feel really hot when wearing these clothes, and they think it's annoying to take the the clothes on and off every day. Workers in these positions resign frequently.
Night shifts subsidies	15 RMB(\$2.45) / day	Day and night shifts are changed every three months. It is bad for workers' health if they always take night shifts.
Harmful post subsidy	3 RMB (\$0.49) / day	Operators in positions that involve contact with harmful chemicals receive a physical examination once a month.

Wage deduction schedule

<b>Items</b>	<b>Amount or other issues</b>	<b>Notes</b>
Accommodation fee and air conditioner usage fee	100 RMB (\$16.33)	Accommodation fee: 70 RMB(\$11.43) / month Air-conditioner usage fee: 30 RMB (\$4.90)/ month
Tax		Income tax is deducted from those whose

Withholding		monthly wages are over 3,500 RMB (\$571).
Meals fee	80 RMB (\$13.07)	Workers swipe their cards to purchase meals instead of using cash. These fees will be deducted from workers' wages.
Social insurance	100-200 RMB (\$16.33-32.67)	

### Difficulty in taking leave

In order to take a personal leave, workers need to ask the team leader for permission and fill out request forms. Then an assistant will transfer the request to ask for permission.

In order to take sick leave, workers need to ask the group leader for permission and ask the doctors at the factory clinic for the permission form. If a worker can't get treatment in the clinic, he must see a doctor at designated hospitals and ask for a proof of sickness letter.

Workers are not permitted to make a request for a leave by phone. If a worker feels uncomfortable and intends to take sick leave, he must ask his factory supervisor for leave in-person. Even if the worker lives outside the factory area, he is still required to see the supervisor in-person on the production line.

One example of this leave request difficulty involved a regular worker who had a cold, including a high fever. He asked the team leader for leave. After the worker explained the reasons for the leave, the team leader insisted that he could leave only after the shift ended because the production line was shorthanded at that moment. In addition, the group leader said he himself also had a cold. The worker had no choice but to work until the regular clock-out time.

### Maternity leave

Female workers who give natural childbirth are entitled to 98 days off as maternity leave, and those who suffer from a difficult child labor receive an additional 15 days off, as required by law. To make a request for a maternity leave, the worker needs to provide the birth permission certificate, the child's birth certificate, and the contact card of the pregnant worker. All these documents are issued in the worker's hometowns. Workers who don't have these documents are entitled to regular unpaid personal leave instead of paid maternity leave.

### Other benefits

Workers need to pay 80 RMB (\$13.07) for meals each month. The remaining expenses are subsidized by the factory.

There is a free library, a martial arts center, and a gym around the dormitories in the living area. The operating hours of these facilities are very limited. The facilities are also insufficient to serve such a great number of people.

Outdoor movies are shown in the basketball court and tennis court. In addition, workers can spend 10 RMB (\$1.63) to play golf with their own equipment on the small golf course in the living area. However, no one was ever seen playing there.

These facilities are only set up in the factory living area, but not around the dormitories outside the factory.

## Meals and Living Conditions

### Food

Workers swipe their cards to purchase meals. They can also use cash to buy various kinds of vegetables in the living area, and it usually costs them 5 to 10 RMB (\$0.81 to \$1.63) for each meal. There are only a few kinds of food provided in the cafeteria of each production building, and this food cannot be bought with cash. During the meal time, workers are not able to leave the building to buy food outside.



One-fourth of a kilo of boiled peanuts

This is because time is too limited for them to leave and return before work begins. Moreover, the gates of the buildings are closed until workers finish their shifts.

Bread, steamed buns, fried dough sticks, and other kinds of food are available for breakfast and each worker can take three pieces. For lunch and dinner, workers can choose two meat dishes and two vegetable dishes or a noodle soup.

Workers can choose fruit instead of vegetables and a starch food for lunch and dinner, which includes a choice of three small apples, three small oranges, three bananas, a little bag of peanuts, or a little bag of grapes.

Workers are not satisfied with the food provided in QSMC, especially those for workers taking night shifts. There are even fewer types of food offered during the night shift. Sometimes the cafeteria serves merely one dish, and most are leftovers from daytime. There are also many other problems in regards to food and meals, such as unsanitary food plates, food spoilage, debris in the food, and limited food supply.

### Meal hours

Breakfast	06 : 00 - 09 : 00 am
Lunch	11 : 30 am - 13 : 30 pm
Dinner	17 : 30 pm - 20 : 00 pm
Late-night meals	11 : 00 pm - 00 : 00 am, 04 : 00 am—05 : 00 am

### Living conditions

The living area of QSMC can accommodate approximately 40,000 employees. Employees who can't live in this area because of the limited space will be arranged to live in Jipu, Hongbang, or Ronghua, the three areas outside the factory. Since there isn't a factory



12-person dorm room

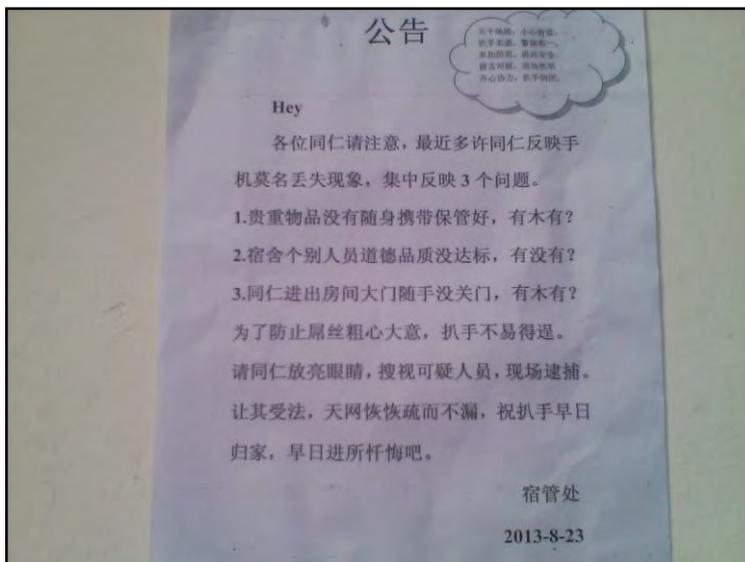
shuttle between

Ronghua and QSMC,

workers have to go to the factory on foot and it costs them at least half an hour of their time each way for a daily commute.

The 12-bed dorms are about 20 square meters large, so each person occupies only about two square meters.

Workers are required to pay 70 RMB (\$11.43) for accommodations each month and an additional 30 RMB (\$4.90) for the air-conditioner used during the summer time.



Dorm announcement about workers' lost property

Workers need to swipe ID cards and scan their palm prints when entering or exiting dorms. Whenever a worker carries a bag or suitcase with them, the security guards will ask the worker to open the cases for inspection.

In the Ronghua living area, male workers in five dormitory buildings have to share one public bathroom and they need to walk for several minutes to get there. For convenience, many people

wash themselves in the bathroom sinks. This is sometimes troublesome when workers are showering in these places and managers or cleaners, who are all female, pass by the bathroom. Toilets in the bathrooms are the type that are flushed at designated times. Sometimes the auto-flush system doesn't operate after the workers used the toilet, so

human waste remains in the toilet for extended periods of time. If someone else needs to use the toilet after that, it's very unhygienic.

The living area has is poor in terms of safety, and only a few surveillance cameras are installed in the public area around the dormitories. The factory has failed to monitor and recover workers' stolen money, cell phones, and laptops. Apart from these losses, some people have even taken thugs into the dormitory to blackmail workers.

#### Dormitory rules and punishments

NO.	Prohibition contents	First time	Second time	Third time
1	Gathering together and hindering the work	Dismissal		
2	Smoking in non-smoking areas around the dorm buildings	Dismissal		
3	Cooking inside the dorms	Dismissal		
4	Using drugs	Dismissal		
5	Spreading rumors or information which are harmful to the company or divide the company and the employee, adversely impacting the company.	Dismissal		
6	Entering dorms of opposite sex or forbidden areas without authorization	Leave dormitories		
7	Possessing or concealing dangerous objects, including knives and scissors	Leave dormitories		
8	Living outside of the factory without authorization	Recording as a major demerit	Leave dormitories	
9	Using drinking water for purposes other than drinking	Recording as a major demerit	Leave dormitories	
10	Changing beds or moving the furniture in the dorms without authorization	Recording as a major demerit	Leave dormitories	
11	Taking a motorbike taxi	Recording as a major demerit	Dismissal	
12	Conducting business in dorms	Warning	Recording of a major	Leave

			demerit	dormitories
13	Drinking alcohol in dorms	Warning	Recording of a major demerit	Leave dormitories
14	Coming back to dorms after 10:30 pm	Warning	Recording of a major demerit	Leave dormitories
15	Damaging environment (including littering and spitting)	Warning	Recording of a major demerit	Leave dormitories
16	Gathering to watch movies of obscenity or play games in dorms	Oral warning	Warning	Recording of a major demerit
17	Hanging or putting clothes and other personal items on beds or in other unauthorized places	Oral warning	Warning	Recording of a major demerit
18	Violating local mores	Warning	Recording of a major demerit	Leave dormitories
19	Putting up posters (including commercial advertisement, announcements, and photos) without authorization	Recording of a major demerit	Leave dormitories	

## Occupational safety and protection

### Occupational safety

The factory does not provide enough occupational safety training in regards to production operations. The pre-employment occupational safety training lasts only for about 10 minutes.

The production facilities are full of various kinds of harmful gases, including toluene, formaldehyde, lead smoke, ethanalamine, butanone, isopropyl, and carbon dioxide. There is also dust and laser radiation in the production facility.

Workers in these positions are entitled to a 3 RMB (\$0.49) subsidy each day, about 90 RMB (\$14.70) each month. Operators in positions with hazard risks, such as hot melting, dispensing, and testing, are required to take medical examinations every month.

A worker from third floor of building F5 said that they wore thin, cheap masks which were unable to provide them with effective protection and they could still smell the odor of harmful gases. The factory provides a mask to a worker every two days. There are three or four hazardous positions on a production line. Due to bad ventilation, adjacent positions are also affected by the hazardous gases. But adjacent workers do not receive masks, hazard subsidies, or monthly exams.

Another worker doing packaging work on an Sony assembly line, which is located on the second floor of building F6, said that a great amount of paper scraps and dust float above the positions where workers fold packaging cases. He asked the team leader for protective masks because the factory had not given workers in this position any masks, but the team leader replied that he didn't have one, either. Eventually, the worker had to ask workers from another department for masks.

Workers who wipe products with industrial alcohol may suffer from dermatitis. Therefore, workers in these positions should receive regular medical examinations. However, operators who always use rags with industrial alcohol are not protected in this way. Some underage workers are also working in these high-risk positions.

## Fire prevention

Employees of QSMC have not ever participated in a fire drill at the factory, nor have they heard of a fire drill ever being carried. The factory does not provide workers with fire prevention training in regards to escape routes and fire protection equipment.

## Rewards and punishments

Rewards at QSMC include bonuses, recordings of a small contribution, and recordings of a large contribution.

Punishments include warnings, notices of criticism, recordings of a minor demerit, recordings of a major demerit, and dismissal.

According to the QSMC Handbook provisions, there are 22 behaviors that are entitled to rewards and 81 behaviors that lead to punishments.

The excerpt below includes some of the provisions.

### Rewards

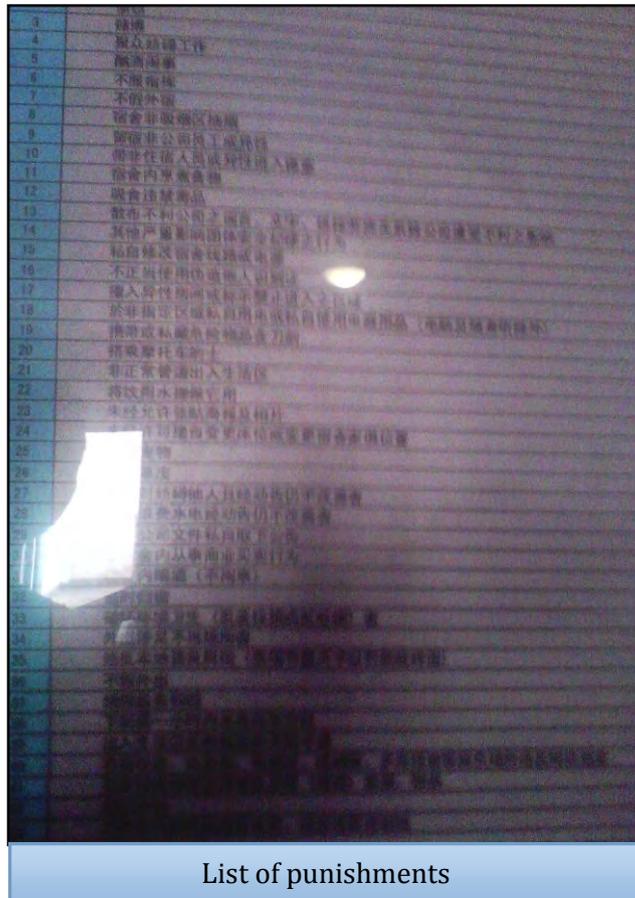
NO	Description of actions	Rewards
1	Giving advice on reducing material use or management policy and the advice is adopted	Bonus
2	Reducing material use or making use of waste materials effectively	Bonus
3	Accusing and disclosing acts that violate company codes or damage the interests of the company	Recording of a small contribution
4	Making special contributions to one's work	Recording of a small contribution
5	Safeguarding vital interests of the company or avoiding significant loss of the company	Recording of a large contribution
6	Taking on important responsibilities independently in company activities and making a breakthrough contribution	Recording of a large

		contribution
7	Making significant contributions to the company or helping the company to develop with honor and reputation	Recording of a large contribution

### Punishments

NO	Description of actions	Punishment
1	Piling up materials and products, making it difficult to manage	Warning
2	Failing to manage materials properly, making them unable to be used	Warning
3	Dealing with issues that require authorization without authorization	Warning
4	Talking loudly, laughing, chatting, listening to music, sleeping, eating, and playing game during working hours	Warning
5	Violating traffic safety laws on the daily commute	Warning
6	Damaging environment	Warning
7	Soiling or damaging ID card photos intentionally	Warning
8	Maliciously criticizing or defaming other workers	Notice of criticism
9	Behaving badly or arrogantly despite others' exhortations	Notice of criticism
10	Participating in a work slowdown or strike	Notice of criticism
11	Being absent for less than four hours without asking for a leave of absence	Notice of criticism
12	Other actions that violate company codes without serious consequences	Notice of criticism
13	Refusing to accept reasonable work arrangement and assignments made by the management personnel	Recording of a minor demerit
16	Drinking alcohol while working	Recording of a minor demerit
17	Refusing to cooperate with the security guards who are conducting security check	Recording of a minor demerit

18	Violating meal codes of the company and refusing to obey orders properly made by management	Recording of a minor demerit
19	Tearing up official documents or public files	Recording of a major demerit
20	Leaving the factory without the company's authorization	Recording of a major demerit
21	With a bad attitude, refusing to cooperate with the security guards who conduct security check	Recording of a major demerit
22	Violating cell phone management codes by carrying cell phones into the factory or carrying equipment with entertainment or storage functions to the factory	Recording of a major demerit
23	Leaving work positions without approval and thus making the position lack a worker	Recording of a major demerit
24	Clocking-in for others or entrusting others to clock-in	Dismissal
25	Hitting others within the company area	Dismissal
26	Being absent from work for two days a month or more than five days in a year without appropriate reasons	Dismissal
27	Spreading rumors to create trouble or instigating others to slow down (with solid evidence)	Dismissal
28	Intentionally exposing company secrets, including technology and business information, leading to severe damage for the company or causing negative influence (the worker must compensate for all losses)	Dismissal
29	Checking other workers' wage information or disclosing one's wage information to others	Dismissal
30	Violating company's rules that forbid smoking	Dismissal



## Labor union and grievance channels

Workers do not know whether there is a labor union at QSMC.

Workers usually ask the team leader on the production line for help when dealing with any problems. If the team leader is unable to handle the issue or the issue is not within his authority, workers will express their concerns to the “Understanding Group”, which was set up by QSMC. This group regularly posts issues raised by workers and related solutions on the bulletin board.

However, this grievance channel cannot substantively solve the problems raised by the employees. A lot of problems occur frequently; for instance, the size of food servings are poor, the space of work post is limited, workers stand in lines for too long when getting on and off work, and management always insults the employees. Although many workers have complained about these problems, there has been little material improvement.

## Other issues

### Yelling at employees

It is very common for team leaders on the production lines to yell at workers. Due to the high pressure put on workers, the rate of defective products is very high, the machines need frequent repair, and workers forget to clean the production facility. In the eyes of low-level

management, these are all valid reasons to yell at workers. Although this is a long-standing situation and workers often complain about it, there has been no positive change.

### Restriction of personal freedom

The entrance of the production buildings is blocked during working hours. If a worker needs to go out, he must go to the guard's room with his supervisor accompanying him and explain the reason to leave the factory to the security guard. Even then, workers are not always allowed to leave. For instance, if a worker was yelled at by the supervisor and intended to resign and leave the factory, the supervisor might refuse to take him to the guard's room. In this case, he can only leave the factory after the shift has ended, requiring him to wait several hours.



The gate of production buildings is blocked during working hours

In most cases, workers have to stay in the factory building for the entire day. With the windows and curtains closed, they cannot see the sunlight, even on sunny days.