

iExploitation

Apple's Supplier Jabil Circuit

Exploits Workers to Meet iPhone 6 Demands

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Sections of this report have been translated from Chinese to English

Executive Summary

Sales of the iPhone 6 have reached record highs. At the Jabil Circuit factory in Wuxi, China (hereafter “Jabil Wuxi” or “Jabil”), which supplies iPhone 6 covers to Apple, pressure has increased on workers to turn out more and more phone covers to meet demand, laboring mandatorily for 11 hours per day, six to seven days a week, under unsafe and high pressure working conditions. Yet even after accumulating up to 158 hours of overtime per month, Jabil workers will earn less than the local average wage.

One year ago, CLW published a report on this same factory, Jabil Wuxi, when the company was producing the iPhone 5. CLW’s investigation exposed a great number of labor abuses at Jabil Wuxi, including hiring discrimination, hiring fees, a lack of safety training, 110 hours of overtime per month, mandatory overtime, a lack of effective grievance channels, and more.

Based on CLW’s 2014 investigative findings, however, little has changed. In fact, some violations are new or worse than those uncovered in 2013. Jabil workers are made to perform even more overtime (up to 158 hours), working in buildings that are still under construction, ceiling slabs falling down around the production line, and they are not permitted to talk or even look up from their work.

| Labor Violations at Jabil Wuxi | 2013 | 2014 |
|---|-------------|-------------|
| Hiring Discrimination | √ | √ |
| Discrimination against pregnant women | √ | √ |
| Fill out a series of documents without adequate explanation | √ | √ |
| Unsafe working conditions | | √ |
| Lack of occupational safety training | √ | √ |
| Hiring fees | √ | √ |
| Perfunctory training | √ | √ |
| Mandated overtime work | √ | √ |
| Excessive overtime work | √ | √ |
| Unpaid overtime wages | √ | ? |
| Insufficient payment of social insurance | | √ |
| Poor sanitation | √ | √ |
| High labor intensity | √ | √ |
| Standing work | √ | ? |
| Lack of protective equipment | √ | ? |
| Verbally abusive management | | √ |
| Reduced break time | √ | √ |
| Difficulty in asking for leave (disapproval of sick leave) | | √ |
| No effective grievance channels | √ | √ |
| Difficulty in resignation | √ | √ |
| Waste water in workshop | | √ |
| Poor quality of meals | √ | √ |
| Harsh punishment measures | √ | √ |
| Blocked fire exits | √ | ? |
| Crowded dormitories (8 workers to a room) | √ | √ |
| Day- and night-shift workers assigned to same room, influencing their sleep | √ | √ |
| Workers depend on overtime wages | √ | √ |

Note: “√” means the violation in question was confirmed during this investigation, while “?” means that the violation was not completely confirmed.

CLW’s Jabil investigation has shown yet again that over a year’s time, there has been practically no improvement in the conditions of workers at an Apple supplier factory and a complete lack of implementation of Apple’s promised labor conditions—not to mention Chinese labor laws. All commitments seem to be particularly irrelevant to Apple and its suppliers when Apple is releasing new products.

With such findings, we must question the credibility of Apple’s code of conduct and its public promises with regards to labor standards. Apple is continually improving its products, but the labor conditions of workers making those products have failed to see any improvement.

Investigative Report of Jabil Wuxi

Investigation Methodology

During a number of months in this summer, two CLW investigators entered Jabil Green Point in Wuxi, China (“Jabil Wuxi” or “Jabil”) as production workers. While in the plant, they collected information about working and living conditions through direct experience, observation, and dozens of worker interviews.

Company Profile

Jabil Green Point in Wuxi (hereafter “Jabil Wuxi” or “Jabil”) was founded in 2005 and is located at on Xixie Street, National New Technology and Industrial Development Zone, Wuxi, Jingsu province, China. Jabil is a subsidiary fully invested by American Jabil Circuit, which is an electronics manufacturing services (EMS) company that is contracted by leading branded electronics companies. The company includes three factory districts, Green Point, Green Xin, and Green Mei. The company is located in the B area of the Wuxi National New Technology and Industrial Development Zone. The estimated investment in the factory is 2.5 billion RMB (\$407 million) in total, and the Jabil factory stretches over 230 acres. At present, some of the production facilities are still under construction. Once the factory compound is complete, it will employ 30,000 workers. Main products include cell phones casings, antennas, beeper parts, microphones, and precision plastic molds. Jabil’s main production departments include shaping (injection molding), polishing, washing, laser carving, spray painting, adhesion, laser welding, and CNC. In total it consists of 24 departments. Green Point East consists of the buildings A1 to A6, Jabil West of A7 to A10. Green Mei Central of buildings B1 to B4, and the Green Xin district of B5 to B6.



Recruitment and Hiring

When a person goes to a local employment agency, the intermediary will recommend that the person work at Jabil because the factory pays a higher commission to the agency

than other companies. The commission is typically around 1,500 RMB (\$244), dropping to 700 RMB (\$114) or 800 RMB (\$130) during the summer when it is easier to higher workers. After the summer, the factory once again faces a labor shortage, at which point commissions rises to 2,000 RMB (\$326) or 2,500 RMB (\$407). With such a high commission, some workers get excited, believing that the situation at the factory might be good enough to be able to pay such a commission. But there is a price for everything; this money is derived from the value squeezed from the exploitation of Jabil workers. CLW's investigator entered Jabil via an intermediary ended up receiving a bonus of 200 RMB (\$33).



When CLW's investigator inquired with the employment agency, it said that it does not accept pregnant women or people of ethnic minorities like Tibetans or Uyghurs.

The interview with the recruitment staff is very straightforward. CLW's investigator arrived at the labor agency at a time arranged by the agency and was driven to the interview location. First, the investigator was taken to a place to fill out several documents. Next the investigator had to pay an 80 RMB (\$13) service fee. Neither the documents nor the nature of the service were explained. Workers are only told that they will not be hired without paying the service fee. Subsequently, the investigator was taken to a labor service company called Gongxin where the interview was supposed to take place. Beforehand applicants are trained in how to answer several questions likely to be asked during the interview. The investigator eventually participated in and passed the interview.

On the second day applicants undergo a physical examination, for which each person must pay a fee of 45 RMB. Workers did not need to take off their clothes to check tattoos when taking physical examinations. On the third day, workers attend orientation training at the Gongxin labor service company. The training, which last for one day, consists of an instructor delivering a basic introduction of the factory using some multimedia.

On the fourth day workers enter the factory and receive a second type of training. The investigator had to wait outside a long time before it began. The training takes place in a big hall where workers fill out a questionnaire according to the staff's instructions. Workers basically wait and listen. Workers usually get a copy of their labor contract on the second day after they entered the factory.



Environment and Occupational Safety

An intense gasoline odor could be smelled from outside the factory building where the investigator was assigned. Green Mei produces metal cell phone covers, the manufacturing process for which involves the heavy use of oil. Oil is everywhere in the facility. If workers don't wash their hair for a few days, their hair will develop a shining oily film. Their clothes become too oily to be cleaned, and the oil gets on their skin. Workers also had to be aware of oil dripping from above. The machines are noisy and produce a strong odor. Oil is all over the floor, and workers need to be careful when walking. Jabil pays an allowance of 100 RMB (\$16) every month to workers in dust-free facilities where they have to wear dust-free uniforms. But at Green Mei, workers do not receive such uniforms despite the large amounts of oil used in the facility.

During the investigation, CLW's investigator was moved from one production facility to another which was located in the area still under construction. Production orders were high, and in order to meet demand, the factory was building a new production facility. The investigator was among the first group of workers assigned to work in this new facility, which was located on the outskirts of the factory campus. As the building was still under construction, there was iron scaffolding all around it, along with a construction team, crane, and other machinery. A person who did not know better would have assumed that it was a construction site. Garbage was piled up inside the security gate of the facility, and white-colored water was running along the factory floor.

Workers were nervous about laboring in this sort of unsafe environment. During the investigation in this facility, the investigator observed the sections of the ceiling fall in on two separate occasions. For this reason, one production line became known as the "dangerous line". Workers complained about this to a supervisor and some were



subsequently transferred to another line. But a few days later the new workers entering the factory will be arranged at this dangerous line as usual. The investigator once was almost hit by falling ceiling in the bathroom. The investigator subsequently decided to use the bathroom on the second floor. On the way upstairs, sparks flew from the wall. The investigator discovered that this was created by a worker who was welding on the second floor. The second floor was even more incomplete than the first, with pipes and uninstalled machines lying about.

Sanitation

The sanitation of the cafeteria is questionable. Few cafeteria workers wear masks when handling food. While lining up for the toilet next to the cafeteria, the investigator observed a cafeteria worker rush into the restroom, her apron covered in oil and grime. Afterward using the restroom, she did not even wash her hands, quickly running back into the cafeteria.



The factory area also has other sanitation issues. Some streets are covered with metal slabs and machinery. On one street in particular, when workers stepped on the metal, dirty water would shoot out from underneath. In one part of the facility, between two production lines, the floor was very slippery. This section had to be traversed in order for workers to use the restroom, and a person had to be very careful not to fall. In front of one of the restrooms, workers even had to walk through a puddle of mud.

Working Conditions

There are few long-term workers at this Jabil factory because most workers cannot sustain such high-pressure labor for an extended period of time. Supervisors yell at workers, ordering them constantly. Workers are expected to take the orders without question; they have no right to speak, no freedom while working. If a mistake is made, supervisors will harshly criticize the workers.



CLW's investigator was responsible for quality control inspections on the production line. This position involves checking for defects in products running down two sides of a production line and then marking the products accordingly. Workers at the tail of the production line separate the defective products and finished products. The production lines are completely crowded with workers, so much so that some people have to sit sideways, unable to lean on anything during the long shifts. Supervisors constantly patrol the lines; workers are not permitted to talk or look up. They are only to focus on their work. If any defective product is marked incorrectly, an inspection worker's performance grade, and thus their wages, will be affected.

Workers have production quotas. When quotas are set high, as they were during the period of the investigation, the production line is filled with products. Sometimes the line belt was so full that

workers can only place an inspected item on the belt after they have removed an uninspected item from the belt. Sometimes the quantity of products is so large that the line leader provides workers with plates on which to pile up some of the products in order to prevent production speed from slowing down. Constant pressure from supervisors made workers nervous and afraid of making mistakes.

A sign on the wall of the workshop says that workers are permitted 10 minutes of rest every two hours of work. But when production is busy, workers are not given this rest time. It did not matter how exhausted workers were, management were just focused on production output.

Meals and Housing

Two meals are provided for the workers in the cafeteria during a 12-hour shift. Each meal is 7.5 RMB (\$1.2), and if a worker cannot finish the food, he or she are allowed to take it away in a box. If a worker wants to buy less food, the remaining value will be added to their factory ID card, which can in turn be used to buy other items in the factory, like milk or fruit. But at the end of the month, any remaining value will be reset and will not be given to workers as wages.



There are no dormitories on the Jabil factory compound. The factory provides housing for the workers in Wanli, Kaili, Bosheng and other places. Each dorm-style room accommodates eight people and has its own bathroom. But workers living in the same room are not always working on the same shift (night shift and day shift) and thus have varying rest times. This creates circumstances where day-shift workers disturb the rest of night-shift workers and vice versa. This leads to workers being unrested and stagnating health. Dorm neither provides adequate hot water, nor does it provide drinking water. Workers usually share the money to buy drinking water.

Wages and Benefits

The pay stub of a Jabil worker is pictured below. This worker performed 91 hours of overtime in August 2014—the overtime would have been higher, but this worker took 16 hours of leave in August. With 90 hours of overtime, the worker's gross wages are about 3,500 RMB (\$570). After deductions (including social insurance, housing, and utilities), net wages are about 3,000 RMB (\$488). Half or more than half of a Jabil worker's wage consists of overtime pay. The average monthly wage in Wuxi City in 2013 was 4,740 RMB (\$773), so in order to earn a wage that is 15-25% lower than local average, workers at Jabil depend must work daily 12-hour shifts for six or seven days per week.

Wages at Jabil consist of a base wage, performance bonus, PAC bonus, full attendance bonus, overtime pay, and seniority pay. The base wage is 1,700 RMB (\$277). A worker’s performance wages depends on worker’s production, length of employment, and the skill test. After three completed months, the full performance bonus is 120 RMB (\$20) per month, after six full months it is 190 RMB (\$31), and 290 RMB (\$47) after one full year. The PAC bonus depends on the completion of the production quota and is between 75 RMB (\$12) and 100 RMB (\$16). The full attendance bonus is 100 RMB (\$16) per month. Overtime wage rates are paid according to labor law. Each worker normally does not receive more than two or three weekend overtime shifts per month, during which they earn double-pay. Additional subsidies include the post subsidy, which is between 100 RMB (\$16) and 500 RMB (\$81) and the night-shift subsidy, which equals 10 RMB (\$1.62) per night. Seniority pay is 30 RMB (\$4.8) per month after one full year, 60 RMB (\$9.7) after two full years, 90 RMB (\$14.6) after three full years, and 120 RMB (\$19.5) after four years.



(English translation of pay stub below)

| GREEN POINT A JABIL COMPANY | | | Pay Stub | | |
|--------------------------------|------------|-----------|----------------------------|-----------|-----------|
| Worker ID: | CONCEALED | | Month: | 201408 | |
| Department: | CNC-IPQC 3 | | Name: | CONCEALED | |
| | RMB | US Dollar | | RMB | US Dollar |
| Base wage | 1700.00 | 276.6 | Leave | -156.32 | -25.4 |
| PAC Bonus | 90.80 | 14.7 | Social Insurance Deduction | -241.40 | -39.2 |
| Full Attendance Bonus | 50.00 | 8.1 | Utility Cost | -81.45 | -13.2 |
| Night-Shift Subsidy | 50.00 | 8.1 | Housing Cost | -30.00 | -4.8 |
| Overtime Wage 1.5 | 589.87 | 96 | | | |
| Overtime Wage 2.0 | 977.01 | 159 | Total Deduction | -509.17 | -82.8 |
| Total | 3457.68 | 562.6 | | | |

| | | | | |
|--------------------|---------|-------|----------------------------|--------|
| Bank Transfer | 2948.51 | 479.8 | Regular working Hours | 174.00 |
| | | | 1.5 overtime Working Hours | 40.25 |
| | | | 2 overtime Working Hours | 50.00 |
| | | | Night-shift Working Hours | 5.00 |
| | | | Leave Hours | 16.00 |
| Print: 09/05 12:41 | | | | |

Jabil workers are probably not receiving social insurance according to Chinese regulations. For example, in the pay stub above, 241 RMB (\$39) was deducted from wages for the worker's portion of social insurance payments, but according to regulations, 10.5% of gross wages should be contributed by the worker to social insurance, which in this case is 363 RMB (\$58). The company should make even larger contributions (31.5% of gross wages) to social insurance, according to Chinese law. But Jabil is not transparent on pay stubs about the amount of money that it contributes, and if the company is not deducting social insurance payments from workers' wages according to law, then it is likely that the company is not fully paying its own contribution. This is essentially unpaid compensation to Jabil workers, and the amount could reach into hundreds of thousands of US dollars every month.

Working Hours and Leave

According to the factory's stipulations, each worker labors six days per week with one rest day. Each shift lasts 12 hours, and according to regulations, two hours are breaks for eating and two hours are mandatory overtime. The remaining eight hours are regular work time.

But in reality, Jabil workers are made to accumulate 100 to 158 hours of overtime per month, which is two to four times in excess of the overtime limit set out by Chinese labor law—36 hours. After summer student workers left Jabil, the factory released an announcement saying that workers can do overtime on their rest days, including Sundays. Consequently, many workers began working seven days per week. During this time, the work load increased and the one-hour meal breaks were cut down to half an hour. As a result, workers were actually laboring 11 hours per day, six to seven days per week, in order to complete the rush of iPhone orders. There are two 12-hour shifts at Jabil: a day shift and a night shift.

After such long hours, some people might want to take leave. But wages are deducted for leave. The application process is very inconvenient, and management often do not permit leave. For sick leave, workers have to visit a certain type of hospital and get a form filled out. Being sick is already hardship enough, and workers still have to struggle to get the permission to rest. If a worker does not properly complete these formalities, the leave will be calculated as an absence without permission, directly affecting the worker's wage.



Rewards and Punishments

Factory regulations describe different kinds of rewards, from commendation to three kinds of small and large rewards, based on a worker's achievement. In total there are eight situations in which a worker can receive a reward. But despite a system of rewards, no one typically receives any.

Punishments occur when the contract is rescinded or rules are broken. Line

leaders also have their own methods to evaluate workers' behavior. However, what these supervisors usually write in the evaluation book are typically things like "forgot to swipe the card", "was inspected", etc.

Grievance Channels

Jabil's regulations describe two types of grievance channels: verbal complaints and phone complaints. A verbal complaint includes directly talking to the managerial staff or office personal. Phone complaints can be made to a number of departments, including administration, production, union, and human resources. Information about complaints will be published on a notice board in the cafeteria. But none of the workers interviewed by CLW had ever used the grievance channels. Most workers doubt the effectiveness of these mechanisms.

Resignation

To resign at Jabil, workers only need to obtain a leave form from the line leader and have that line leader agree with the resignation upon the unit leader's inquiry, and the worker can leave without problem. But if the line leader disagrees, it is impossible for a worker to resign. The only option is then for the worker to quit without management's agreement, meaning that the worker will not receive all outstanding wages. However, under most circumstances the line leader will refuse to let workers resign.

Selected Entries from Investigator's Journal

On first day, I arrived at the labor agency at a time arranged by the agency and was driven to the interview location. First, I was taken to a place to fill out several documents. Next, I was told that I need to pay 80 RMB (\$13) service fee without any explanation. Subsequently, I was driven to the second place, called Gongxin, a labor service company, where the interview was supposed to take place. Before the interview, I was trained to answer several questions likely to be asked during the interview. Then, I eventually participated in and passed the interview.

On the second day, I took a physical examination, for which each person had to pay a fee of 45 RMB (\$7.25). I did not need to take off my clothes to check whether I have tattoos on my body.

The environment in the workshop is terrible, with waste water was running along the factory's floor. Oil is everywhere in the facility. If workers do not wash their hair for a few days, their hair will develop a shining oily film. My shoes and clothes were soiled by the oil. In the workshop, the equipment made too much noise, and the scent of smoke was all over.



I was transferred from my workshop to another workshop which was still under construction. There was iron scaffolding all around, along with a crane, and other machinery. The road to the building was covered with iron sheets, and the facility was enveloped by iron scaffolding. Everybody was afraid to work at this place. But even though we were worried about our safety, we did not have a choice. We walked in carefully. There was a pile of trash behind the safety gate as well as running waste water on the floor. We did not know whether this water was corrosive. It was just like a construction site. One day while using the bathroom, I was almost hit a section of ceiling that fell from above. I was so scared and subsequently decided to use the bath on another floor.

Work is exhausting. Our supervisor did not allow us to relax; instead, she was very strict on the quality of products. There was a sign on the wall saying that workers are allowed to take a 10 minutes rest every two hours. However, we were only able to have a rest in the afternoon if there were not too much work to do. Our supervisor did not care about how we felt and whether we were exhausted from work; she only cared about product quantity and quality. It seems that we were deprived of self-respect. The supervisor just abuses us arbitrarily, which make us feel that we have no value. Every day I was on the shuttle heading to the factory, I felt so uncomfortable thinking about my approaching treatment in the factory, like some sort of trained animal. It's like I liked value; I am just a body. All I can do is follow orders. I must be silent and have no freedom. Supervisors cannot be opposed.

The food in the cafeteria was not very good. On one occasion, I was lining up for the bathroom beside the cafeteria, I saw a cafeteria rush into the bathroom. Afterward, she did not even wash her hands, quickly running back to the cafeteria. It was disgusting and I lost my appetite immediately.

During the period I was working in the Green Point factory (Wuxi), I felt that the factory was constantly exploiting and abusing the legal rights of workers, and then, enjoyed the accomplishment from their work.

