



## **DIRTY FRYING PANS**

**An investigation of labor abuses in  
five Chinese cookware factories**

**February 4, 2016**



**A report by China Labor Watch  
and Solidar Suisse**





China Labor Watch (CLW) is a labor rights watchdog and advocacy organization. CLW increases transparency of supply chains and factory labor conditions, advocates for workers' rights, and supports the Chinese labor movement.

[Chinalaborwatch.org](http://Chinalaborwatch.org)



Solidar Suisse is a Swiss non-profit organisation that fights globally for decent work and democratic participation with over 50 projects in 15 countries, and also conducts awareness-raising campaigns in Switzerland.

[Solidar.ch](http://Solidar.ch)

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## Executive Summary

People often seek out quality and durability when purchasing a frying pan, and they are willing to pay a hefty price for it. For example, even a moderately priced IKEA 365+ Series stainless steel frying pan retails for about \$20. But in the Chinese factory where this product is made, workers earn only \$0.06 to \$0.14 for their work in manufacturing each pan, which is 0.3% to 0.7% the market price.



**Worker applying adhesive**

The global cookware market was estimated to be worth more than \$18 billion in 2011.<sup>1</sup> The U.S. cookware market alone was estimated to be worth around \$4.5 billion in 2013.<sup>2</sup>

The piece-rate wage system widely utilized in Chinese cookware factories is indicative of labor conditions in the entire industry. Without a guaranteed base wage, factory workers' income and job security fluctuates with seasonal changes in product orders. The manufacturing and brand companies have maximized their profit margins by effectively passing the cost of order fluctuations to workers.

Piece-rate wages are only one aspect of the harsh cost cutting of cookware brands and manufacturers at the expense of workers, based on the findings of this report. The industry is plagued by illegal and unfair working conditions that include labor contract violations, a lack of paid leave or required insurances, mandatory overtime without overtime pay, unpaid wages, fines on workers, poor occupational safety

measures, and insufficient living conditions.

Cookware manufacturing is a dirty business, full of metallic dust and toxic chemicals. Yet factories fail to prevent exposure, properly train workers, or provide sufficient protective equipment. At factories investigated for this report, workers in some departments were covered in metallic dust. These are the same sorts of problems that precipitated the 2014 Kunshan auto wheel factory explosion, a tragedy which took the lives of 146 workers.

From March until June 2015, China Labor Watch (CLW) and Solidar Suisse collaborated to carry out investigative research,



**Metallic dust covers workers**

<sup>1</sup> "Research and Markets: Global Housewares & Specialties - 2012 Report: Cookware segment was market's most lucrative in 2011, with total revenues of \$18 billion," Reuters, 5 July 2012, <http://www.reuters.com/article/idUS162636+05-Jul-2012+BW20120705>

<sup>2</sup> "US Cookware and Bakeware Market Snapshot 2013," Riedel Marketing Group, June 2013, last access 29 January 2016, <http://www.slideshare.net/AJRat4RMG/us-cookware-and-bakeware-market-snapshot-2013>

including worker interviews and undercover investigation, into the labor conditions at five cookware factories in China's Guangdong Province. Our investigation found that these factories supply products to a number of cookware brands and retailers, including IKEA, Walmart, Carrefour, Cuisinart, Tupperware, Nuwave, Zwilling, WMF, Oppein, Russel Hobbs, Stanley Rogers, Bergner, Paderno, Greenpan, Kuhn Rikon, and others. Many of these companies use social auditing to ostensibly ensure compliance with their labor standards or codes of conduct. But in the course of this investigation, we recorded documentation and conduct at each factory which influences the validity of those audits, including fraudulent training records, pay stubs, and safety measures. At one factory, Xinhui Ri Xing Stainless Steel Products, the investigator even witnessed a buyer inspection which resulted in the factory bribing the auditor for a passing mark.

Even if the audits are sometimes accurate, the dismal working conditions detailed in this report clearly demonstrates a failure of corporate social responsibility when buyers do not institute sufficient reforms in their dealings with their supplier factories.



Cookware

The table below lists the factories included in this investigation and brands supplying from them.

<b>Company name</b>	<b>Location</b>	<b>Brands<sup>3</sup></b>
<b>Xinhui Ri Xing Stainless Steel Products</b>	Qianfeng Industrial Park, Siqian Township, Xinhui District, Jiangmen City, Guangdong Province	Walmart, Kuhn Rikon, Macy's, Kohl's, IKEA, Carrefour, Clas Ohlson, Winco, Vollrath, SUS
<b>Three A Stainless Steel Products Grouping Co.</b>	No. 136, 2 Longgang, Danan Road, Xincheng Township, Xinxing County, Guangdong Province	IKEA, Mobelix, Konig, Russel Hobbs, Laguiole, Sabatier, Morphy Richards, Polaris, Glorious, Gam'Hotel, Stanley Rogers, Cuisinox, Oppein, Maser, Sola, Bergner, AMC, Galeria
<b>Xianfeng Stainless Steel Manufactured Products (English name: Linkfair)</b>	Yunfu City, Xinxing County, Guangdong Province	Paderno, Delimano, Nuwave, Carrefour, Princess House, Lagostina
<b>Guangdong Master Group Stainless Steel Company</b>	No. 44-46, South Danan Road, Xincheng Township, Xinxing County, Guangdong Province	Cuisinart, WMF, TCM, IBC, Tupperware, TESCO, Zwilling, Crofton, Nuwave, Cuisine Sante International, Fontignac, Momscook, Mustchef, Eleture
<b>Anotech International Kitchenware Company</b>	Jiaotou Industrial Park, Jianghai District, Jiangmen City, Guangdong Province	Greenpan

<sup>3</sup> Links between factories and brands were sometimes substantiated by the on-site investigation via product labels or interviews, and sometimes the links were evidenced by online factory profiles which mentioned brand partners. The cookware products examined in this investigation are ordered in batches or seasonally, so the factory producing a brand company's products does not necessarily do so every month of the year.

## FINDINGS

Our investigation brought to light numerous violations of Chinese law and/or ILO Conventions. CLW investigators were hired at the five factories listed above as front-line production workers. Their personal experiences and hundreds of worker interviews provided evidence of 25 sets of violations, summarized below. Further chapters of this report detail findings at each of the five individual factories.

1. **Hiring discrimination:** Employment restrictions, primarily in regard to age, were imposed at four factories; some of them explicitly employed men only. Any discrimination of workers based on ethnicity, race, gender, age or religion is illegal according to Chinese law. At one factory, preliminary medical checks for hepatitis were carried out to eliminate hepatitis sufferers. In order to reduce theft-rates, another factory only hired workers who knew other employees.
2. **Lack of pre-job health exam:** Two factories failed to carry out health checks before workers started work, making it difficult for anyone suffering from work-related illnesses to prove a link between work and illness.
3. **Hiring and health-check fees:** In those factories that did carry out health checks, costs were passed on to the workers. One factory imposed a 'factory card' fee; it also imposed fees on non-local workers.
4. **Withholding workers' ID:** At one factory, without providing any explanation, workers' personal ID cards were collected and withheld for a day, which contravenes Chinese regulations.
5. **Lack of sufficient pre-job safety training:** Chinese law prescribes 24 hours of pre-job safety training, to occur before a company has any factory workers begin working. Four factories failed to provide any such training; one merely gave a brief Power-Point presentation.
6. **Breaches of contract:** Three factories made their workers sign blank employment contracts; elsewhere, workers were given very little time to read their contracts before signing. Very few workers received a copy of their contracts. In one case, an



Cookware polishing workshop

investigator signed his employment contract several days after work began. At three factories, contractual conditions differed from the actual situation. For example, while the contract stipulated eight regular working hours per day, or 40 hours a week, the factory actually imposed mandatory unpaid overtime.

7. **Piece-rate wage system:** In four factories, workers had no guaranteed income. They received piece-work pay, and did not earn the legal minimum wage. Only if they worked overtime (without being paid the legal overtime premium) did these workers manage to make ends meet – and only just. In slow periods, they were forced to take unpaid leave and try to find work elsewhere.
8. **Lack of paid leave:** Three factories paid no holidays or sick leave. A worker wanting a day off receives no pay.
9. **Excessive overtime:** Each of the five factories imposed significantly longer working hours than the regular eight-hour days. In the peak season, workers were called in every day; there was no day off on weekends. Although the law only permits six days of work in a week and a maximum of 36 overtime hours per month, some of the workers put in up to 154 hours of overtime a month.
10. **Mandatory overtime:** One factory imposed forced overtime; any worker failing to turn up when required had to pay a fine of 30 RMB (\$4.50).
11. **Lack of legal overtime pay:** None of the factories provided legal overtime pay. Even worse, one factory reduced pay for work exceeding the regular eight hours a day. According to Chinese law, any hours in excess of the eight-hour day are considered overtime and should be compensated at one-and-a-half times the regular wage rate on weekdays and double the regular rate on weekends.
12. **Lack of pay stubs:** Two factories failed to hand out pay stubs, making it impossible for workers to check how their wages had been calculated and how much overtime had been paid.
13. **Social insurance not purchased according to regulations:** None of the factories paid legally mandated social benefit contributions, such as housing, health, unemployment and pension insurance premiums. In some cases, any such payments were only made following government pressure, several months after workers took up their posts; the factories failed to pay either their full portion or the full range of benefits. Although social benefit contributions are by law compulsory for both the employers and employees, workers were wrongly told they were voluntary and many therefore opted out.
14. **Poor or crowded living conditions:** Workers were provided generally unacceptable accommodation for rent: eight to twelve people had to sleep in small and dirty dormitories, and dozens of workers usually had to share one public bathroom. One factory put day and night-shift workers up in the same dorm rooms, which disturbed their sleep.
15. **Insufficient sanitary facilities:** One factory provided just six cold-water showers for 200 people, who had to bring hot water along in pails.

16. **Insufficient worker protection:**

Although workers handle heavy machinery or hazardous chemicals (at coating, polishing or cleaning stations), or carry out welding work, none of the five factories provided adequate protective equipment; indeed, some provided none at all. Most workplaces were noisy, dirty and often covered with metallic dust. Ventilation was inadequate; many gloves or protective masks were provided only prior to inspections.

17. **Insufficient fire safety:** Fire safety was generally inadequate. Fire extinguishers were inadequately inspected and were not exchanged at the date of expiry; emergency exits were sometimes locked or blocked. Insufficient ventilation of metallic and protection of workers from the dust causes an ongoing fire hazard.

18. **Inspection fraud or evasion:** Numerous instances of fraudulent documentation or conduct aimed at changing inspection outcomes were recorded, including the following:

- at two factories, workers on piece rates were made to sign pay stubs for a monthly wage and overtime payments;
- at one factory, workers were made to sign a statement that they had passed safety training although that was not the case; at another factory, a notice was posted for a safety training event that had never occurred;
- at one factory, workers were paid 100 RMB (\$15) as a reward for falsely asserting that they were paying social benefit contributions;
- at several factories, protective items such as face masks and gloves were provided only prior to inspections;
- uninspected fire extinguishers were marked as having been inspected.

One of the CLW investigators witnessed an audit where workplaces were suddenly



Worker dorms at Three A factory



tidied up and cleaned; workers were briefed and told to lie if questioned about conduct that failed to comply with standards. In production, machines ran more slowly than usual; a notice of the latest election of union representatives was hung up, although the factory had no elected worker committee and no union to speak of. Furthermore, the inspector noted that the attendance sheet had been hand-written; when he demanded 6,000 RMB (\$912) as a bribe to suppress the finding in his report, management demanded that workers pay the bribe money.

19. **Monetary fines on workers:** At all factories workers had fines imposed on them, e.g. for arriving late, refusing to work overtime, chatting at work, not recording their hours on the dedicated card, failing to request permission for time off, and also for the occurrence of production errors or failed inspections.
20. **Lack of functioning or effective union:** None of the five factories had a functioning or effective union.
21. **Lack of independent, effective grievance channels:** Four factories lacked any independent grievance channel. Workers could only raise problem with their supervisors.
22. **Resignation requires “authorization”:** At three factories, workers wishing to resign were required to request permission and receive authorization, although Chinese law only requires workers to notify employers of resignation. At one of the factories, such an authorization request had to be submitted one month in advance – even during the probation period, during which Chinese law stipulates an employee only needs to notify three days in advance. If a worker chooses to quit without permission, she will not receive due wages.
23. **Unpaid wages upon resignation:** At four factories, workers who had resigned did not receive their wages upon termination of their contract but only on the next payday (at the end of the following month). One CLW investigator was never paid his due wages.
24. **Unpaid pre- or post-shift meetings:** At two factories, workers were called to meetings ten to fifteen minutes prior to or after their shifts; this time was not recorded as working time. These meetings are mandatory, unpaid overtime.
25. **Improperly disposed industrial waste pollutes environment:** Some factories failed to properly dispose of industrial waste. At one factory, unfiltered wastewater from production flowed into a nearby river on whose surface oil, floating bits of metal and other substances could be observed.

Most of the above violations are in direct breach of Chinese law. As summarized in the table below, this investigation revealed 27 abuses within the five cookware factories, 22 of which are violations of Chinese law, marked with an asterisk (\*):

Issue	Factory	Three A	Anotech	Master	Linkfair	Ri Xing
Hiring discrimination *		x	x	x		x
Lack of pre-job health exam *		x		x		
Worker pays hiring or exam fees *			x	x	x	x
Holding workers' personal IDs for extended time *			x			
Lack of sufficient pre-job safety training *	x	x	x	x	x	x
Contract and actual conditions differ *			x	x	x	
Contracts signed days after work begins *	x					
Blank labor contracts*				x	x	x
Piece-rate wage system	x			x	x	x
Lack of paid leave *	x			x	x	
Excessive overtime *	x	x	x	x	x	x
Mandatory overtime *				x		
Lack of legal overtime pay *	x	x	x	x	x	x
Lack of pay stubs *			x			x
Social insurance not purchased according to regulations *	x	x	x	x	x	x
Poor or crowded living conditions	x	x	x	x	x	x
Insufficient facilities	x					
Insufficient worker protection *	x	x	x	x	x	x
Insufficient fire safety *	x	x	x	x	x	x
Inspection fraud or evasion*	x	x	x	x	x	x
Monetary fines on workers *	x	x	x	x	x	x
Lack of functioning/effective union *	x	x	x	x	x	x
Lack of independent, effective grievance channel			x	x	x	x
Resignation requires 'permission' *			x		x	x
Unpaid wages upon resignation *	x	x	x	x	x	
Unpaid pre- or post-shift meetings *			x			x
Industrial waste improperly disposed, pollutes environment			x			

Many of the abuses documented in this investigation are also violations of the standards set out and promoted by implicated brand companies. For example, in addition to a number of requirements for employment practices, health and safety, and freedom of association and collective bargaining, Walmart's [supplier standards](#) also state: "Suppliers and their designated manufacturing facilities ("Suppliers") must fully comply with all applicable national and/or local laws and regulations." Similarly,

IKEA's [code of conduct](#) (called "IKEA IWAY") requires that "The IKEA supplier shall always comply with the most demanding requirements whether they are relevant applicable laws or IKEA IWAY specific requirements."

The findings of this report reveal such codes of conduct to be, at best, evidence of an inability among major brand and retail companies to ensure the implementation of their own standards. At worst, the companies' codes of conduct are tantamount to false advertising, incorrectly ensuring the public that the companies' business decisions do no harm while in reality profit is being squeezed from workers through illegal and harsh working conditions.

## BUYER ACTION

We call on brand and retailer buyers to take the following steps to remedy current violations and prevent future abuses:

- Cooperate with Chinese suppliers to improve labor conditions – do not carelessly resort to canceling contracts.
- Guarantee compliance with (fundamental) human rights and Chinese legal standards across the entire supply chain (due diligence).
- Express your intention to improve by releasing a full list of suppliers and the products they manufacture for your company.
- Verify compliance with laws and standards by installing effective and independent grievance channels at supplier factories in order to facilitate the identification of and reporting on any infringements, and to enable remedial action. A worker hotline should be set up, which is managed by an independent local NGO.
- Call on Chinese suppliers to invite the local union to train workers in union rights, duties, and election procedures before hosting a direct election of worker representatives. After the election, the supplier should allow for union experts to provide the workers and representatives with collective bargaining training. Buyer should support suppliers through the entire process.

## **INDIVIDUAL FACTORY INVESTIGATIONS**

## Investigative Report on Xinhui Ri Xing Stainless Steel Products

The following investigative information was acquired during an undercover investigation over the period of about a week. Information was gained during conversation with nearly 100 workers during the process of this investigation.

### Company Profile

Xinhui Rixing Stainless Steel Products Company (hereafter Ri Xing) is a jointly invested venture located in the Qianfeng Industrial Park of Siqian Township, Xinhui District, Jiangmen City, Guangdong Province. During the period of investigation, Ri Xing had approximately 600 employees. The company manufactures stainless steel frying pans and other kitchenware, supplying to Macy's, Kohl's, IKEA, Walmart, Carrefour, Clas Ohlson, Winco, Vollrath, and SUS. Ri Xing has been audited and certified by Walmart, Carrefour, IKEA, and BSCI.

**Telephone:** 0750-6580288

### Hiring

Ri Xing was in a high production season during the investigation and as a result was in need to hire lots of workers, including workers for frontline, packaging, welding, and bottoming posts. The hiring ad promoted monthly wages of at least 2,400 RMB (\$387).



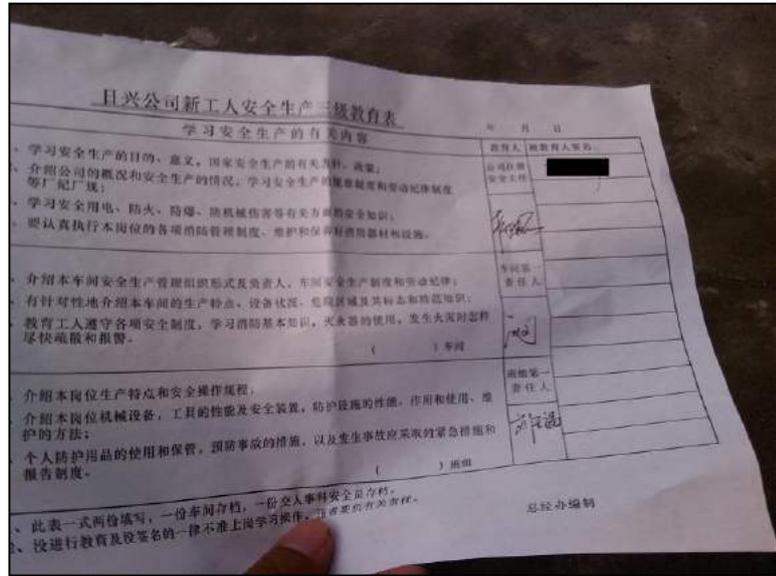
Hiring ad

Applicants need to bring an ID, photos, and bank information to Ri Xing. They will be made to fill out a hiring application, background investigation form, three-level training form, voluntary union membership form, and insurance application. Despite not receiving any training, workers must sign forms certifying that they have underwent hiring training, three-level safety manufacturing education training, environmental safety training, labor protection training, and ISO quality series training. A number of people are hired by Ri Xing every day. Zheng Meiying was the HR personnel responsible for hiring during the investigation. She did not even train workers on the most basic information of the forms applicants had to complete; rather, applicants were given templates from which to copy.

The day after being hired, new workers go to the Xinhui Siqian People's Hospital for a physical exam. The 63.5 RMB (\$10.23) exam fee is paid by workers themselves. The HR manager Zheng Meiying told new workers, "No matter how you get it, as long as I

see a passing exam report, you'll be hired." After an exam at 10 am, the results come out by 4 pm.

The physical exam includes a blood test, X-ray, sensory test, and urine test. The blood panel includes an adenosine deaminase test. If adenosine deaminase is too high, Ri Xing will not hire the applicant. The examining doctor said that a high adenosine deaminase level is an indicator of hepatitis and liver deficiency. In other words, Ri Xing uses this exam as a way to avoid workers with hepatitis. Adenosine deaminase can actually be influenced by many factors, including a lack of sleep.

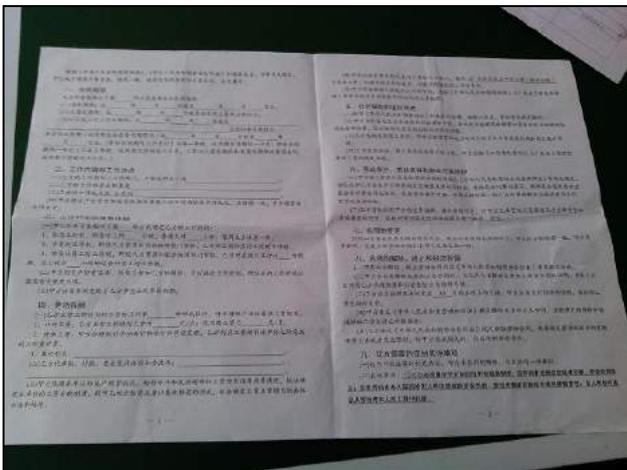


Workers must sign a safety training certification sheet despite not receiving training

After a week of work at Ri Xing, the company will give each worker two uniforms. If a worker resigns from the company before three months of work, he or she will have a 25 RMB (\$4) fee deducted for each uniform. After three months, there is no fee.

### Labor Contracts

After passing the physical exam, new workers will sign labor contracts with Ri Xing. But the contracts' specific content areas—such as contract length, wages, hours, work content and location, etc.—are blank. Workers are simply made to fill out their names and personal information on the first page.



Workers made to sign blank labor contracts

After workers sign the contracts, Ri Xing will fill them out. The contract is ultimately a three-year contract with a two-month probationary period.

The contract describes an 8-hour workday with 49-hour workweeks (9 hours of overtime per week). There is no minimum monthly wage. Workers are told by Ri Xing management that regardless of overtime, there is no overtime pay, only piece-rate wages. There are also no subsidies or bonuses.

The contract says workers will be paid on the 28th day of each month, though workers said that sometimes because of the weekend, they will not be paid until a day later.

The contract does not clarify the time limit for resignation during the probationary period, only demanding that an employee carry out resignation procedures 30 days in advance of leaving. Workers told the investigator that during the probationary period, a worker must give one week's notice.

## Working Hours

Ri Xing operates both single- and double-shift systems. The polishing, small hardware, and bottoming workshops all operate on two shifts; others operate on one shift.

Workshops in one- and two-shift schedules both operate on 8-hour workdays with 2 to 3 hours of overtime. During low seasons, workers will work 26 days a month. During high seasons, they may work up to 30 days per month.

*Day shift:* 8:00-12:00, 13:00-17:00,  
18:00-21:00

*Night shift:* 20:00-24:00, 1:00-5:00,  
6:00-8:00

Shift switching (between day and night shift) is uncertain for workers at Ri Xing. Sometimes they will be switched after a month, sometimes after two or three months. When a worker is shifted to the opposite shift, he or she will receive a 24 break.



**Working sleeping in the workshop**

Workers must be present to swipe their time cards 15 minutes before the shift begins, in

part to attend a pre-shift meeting, but the additional time is not recorded into working hours and thus is unpaid.

If management demands overtime on a given day and a worker cannot or does not wish to take overtime, that person must fill out an application to turn down overtime. If the worker does not turn in the application, he or she will be considered absent.

### Wages and Benefits

Wages for month 1 are distributed on the 28th day of month 2. Wages are deposited directly into workers' bank accounts. Workers' wages do not include a pay stub. Instead, workers simply receive a figure representing the wage total without knowing what items

班别	产量	单价	总价	备注
拉伸段 A	10405	3.78	39228	
拉伸段 B	66558	7.916	52772	
拉伸段 C	2776			
拉伸段 D	11800	4.00	4720	
拉伸段 E	66558	25.618	17048	
拉伸段 F	2776			
拉伸段 G	11800	12.96	15292	
拉伸段 H	2776			
拉伸段 I	11800	12.96	15292	
拉伸段 J				

Production quotas in the workshop

that total includes. Workers are paid piece-rate, and Ri Xing management posts the value of each unit produced based on position.

IKEA's 365 Series frying pans carried a price of 0.36 RMB/unit (\$0.06/unit) for packaging workers. Other positions receive 0.9 RMB/unit (\$0.14/unit) for IKEA 365 Series pans. Ri Xing pays workers strictly according to

their production amount; there is no minimum or guaranteed wage. On average, Ri Xing workers can earn 2,500 RMB (\$403) per month. Ri Xing does not pay workers an overtime rate for overtime work.

Ri Xing only purchases insurance for new workers in the second month of employment, at which point 248.68 RMB (\$40) will be deducted from a worker's monthly wage for the individual insurance contribution.

Veteran workers said that two years ago, Ri Xing was not purchasing insurance for workers and only began doing so due to increased government pressure. As of the period of this investigation, Ri Xing did not make contributions to the Housing Fund, as required by law, for its workers.

There are no entertainment or leisure facilities at the Ri Xing plant. Most workers simply return to the place where they reside, be it a home or dormitory, after work.

## Living Conditions

Meals are provided for workers at Ri Xing for a fee of 3 RMB (\$0.48). The food service, on the first floor of the dormitory, is contracted out by Ri Xing to a catering company. It takes about 10 minutes for workers to walk to the cafeteria from the factory. For the 3 RMB cost, workers receive two meat dishes and one vegetable dish. If a worker does not bring a bowl, he must purchase a food box for 0.5 RMB (\$0.08). The food service provides single-use chopsticks.

Workers can also order a lunch box. Every day at 10 in the morning, a worker need to give his worker ID to the shift leader who will use it to reserve a lunch box. At noon, all of those people who ordered ahead of time will receive and eat the lunch box in the workshop.



**Food delivered to factory**

When the investigator stayed in the dormitory, the room door was broken. A worker told him that he needs to take good care of his things because there is no security system in the dorms.



**Workers eating in workshop**

Ri Xing has a dormitory where a worker can stay for the price of 30 RMB (\$4.83) per month. Utilities are split by workers in a given room. To use the television in the dorm, there is a monthly fee of 20 RMB (\$3.22).

Each dorm room accommodates eight people. There are public bathrooms and shower rooms. The dorm building is old.



**Eight-person dorm room**

## Occupational Safety

Masks are sometimes worn by workers in the polishing and coating workshops, though it's inconsistent. At the beginning of each month, Ri Xing distributes 10 masks and 15 pairs of gloves to each worker in these positions. Assembly and pot cleaning workers should be wearing gloves and masks, but they are not given any until the inspections come around. Assembly workers regularly use industrial alcohol to clean products.

In the assembly workshop, a manager said that the factory bills for the cost of safety equipment but does not give it to workers unless there is an inspection. On March 18 an inspection occurred. The same manager (surnamed Feng) had an employee go retrieve 20 pairs of gloves to give to pot cleaning workers. But before the gloves could be distributed, the inspector had already left, and Feng told the employee to return the gloves rather than have workers use them.



**Worker without protection**

In the welding position of the assembly workshop, workers should be wearing eye protection but are not, except during factory inspections.

In the small hardware workshop (where, for instance, pot handles and bolts are produced), workers use cleaning solution to clean units without wearing any gloves or masks. The heat ventilation in workshop is also poor. In the polishing workshop, workers do not consistently wear masks.

The dust on the floor is so thick that workers must sometimes use water to wash it away. The polishing work stations are not regularly cleaned and have as a result accumulated a thick layer of dust.

The medical kit in the workshop is empty. It is only supplied during factory inspections.



**Left: Waste water discharge. Right: Heavy dust accumulation outside.**

## Fire Safety

Fire hydrants at Ri Xing are not really inspected despite the inspection record being filled out; the investigator saw an employee directed to fill out inspection cards without inspecting. The inspection of fire equipment in the assembly workshop is done by a materials employee that is not actually qualified to inspect. He has not undergone training and such assessments should be done by personnel with special training for fire equipment inspection. Ri Xing requires people that are filling out the inspection cards of fire extinguishers and fire hydrants to write the inspection date as no later than the 15th day of the month. In this way, Ri Xing is always preparing for an inspection.

Rather than replacing a fire extinguisher that had already passed its expiration date, it was marked as inspected by a factory employee.



**Locked emergency exit**



**Fire extinguisher**

Escape routes in the workshops are regularly blocked with materials and products. An emergency exit was found locked. The shift leader and workers in the assembly workshop were seen smoking.

## **Grievance Channels**

Workers said that they did not know if Ri Xing had a labor union. But on March 18, when an inspector arrived to audit the plant, management posted a notice for the results of a September 2014 union election. Workers, however, never participated in an election and do not know the chairman or dispute officer for the union. Veteran workers said that even when such union officers are posted, they will certainly be Ri Xing managers.

Ri Xing does not have a worker hotline or complaint box. If workers have a problem they do not know with whom to raise it. The employee handbook provides the numbers for the Siqian Township labor office (6110599) and the Siqian Union Women's Federation (6578050).

There is a Labor Dispute Mediator named Cheng Zhanfei at Ri Xing, but most people do not know who this person is, and no one who talked to CLW had issued a complaint with her before.

## **Punishments**

Ri Xing implements a number of punishment measures, which include verbal warning, written warning, major demerit, and termination. There are 8 behaviors that bring a verbal warning, 10 for major demerit, and 7 for termination.

Workers will be yelled at or fined. Workers who do not meet demands or have problems with product quality will be fined at least 20 RMB (\$3.22) per instance. If an inspection is not passed, not only will the shift leader be fined, but each worker will need to pay a fine of between 20-50 RMB (\$3.22-\$8.05).

If a worker is picked to answer questions during a factory inspection and answers "correctly", that worker may receive a reward of 50-100 RMB (\$8-\$16). If that worker answers "incorrectly", the worker will be yelled at, fined, or even fired.

## **Resignation**

During the probationary period, Ri Xing requires a worker to provide notice of resignation one week before leaving, including a resignation application. The application is held by department managers. And whether or not the manager gives a worker the form to resign depends on that manager's attitude at the time.

After the probationary period, worker must "apply for" resignation one month in advance. Some veteran workers said that a person must bribe the department manager with cigarettes in order to have his or her resignation permitted. Without bribery, the manager may refuse to permit resignation, essentially forcing the worker to just walk off the job and quit, which will lead to unpaid wages.

A materials worker in the small hardware workshop said that after a year at Ri Xing, he has had to treat the manager to a meal every month in order to get the manager to support the material worker's work. This worker plans to resign.

### **Audit Fraud**

Ri Xing trains workers before factory inspections. At 7:55 on March 18, as workers in the assembly and packaging workshops were preparing to begin their shift, the group leader suddenly announced a meeting. In his hand the supervisor held two sheets of paper. He said, "There is going to be an inspection in the next couple of days. We need to clean up the production line and put everything in order. Veteran workers who have been trained understand. New employees can listen and learn. If you don't understand, ask."



**Worker cleaning for the inspection**

Next, the supervisor led everyone in memorizing and repeating information an inspection preparation sheet, which included 36 items meant to teach the workers how to adapt to inspector demands. The shift leader said that even if Ri Xing did not meet a standard, workers are expected to lie about it.

For instance, one question asks about wages on Saturdays. The group leader said in the meeting, "Saturday overtime is calculated at double the normal wage rate. But these are time-based wages. We work on piece rate. Everything during the inspection is fraudulent." For 13 minutes he trained the more than 50 workers in that production area on the required answers to inspection questions.

After the training, the supervisor prepared to start production. The speed was slower than usual. (For example, bottoming workers had no time to rest in between products, but on March 18, a person could rest for a couple of seconds before working on the next unit.) The supervisor also had five workers take responsibility for cleaning the workshop and work stations and putting everything in order. At about 10:00 in the morning, the group leader told workers that the inspector had already arrived. He told everyone to check whether materials around them were placed neatly and to wear their protective equipment.



**Inspector visiting Ri Xing**

At about 3:00 in the afternoon, the manager Feng Zhongguo returned to his office with notebook in hand and filled with frustration. He swore, “Fuck! Today the inspector discovered that our attendance record is hand written. He is demanding 6,000 RMB (\$966) or else we won’t pass. It’s ruthless. This is a disaster for all of us. Everyone needs to pay a fine. In a meeting it was determined that the money needs to be divided among everyone, all the way down the line.” A worker asked, “We employees need to pay a fine?” Feng said, “Materials workers do, not other workers. It was mainly the team leaders who recorded attendance manually. So careless. They didn’t hide the hand-written chart and the inspector saw it. The boss said the main problem is that this guy wants 6,000 yuan. It’s ruthless.”

Via this 6,000 RMB (\$966) bribe, Ri Xing was able to pass the inspection.



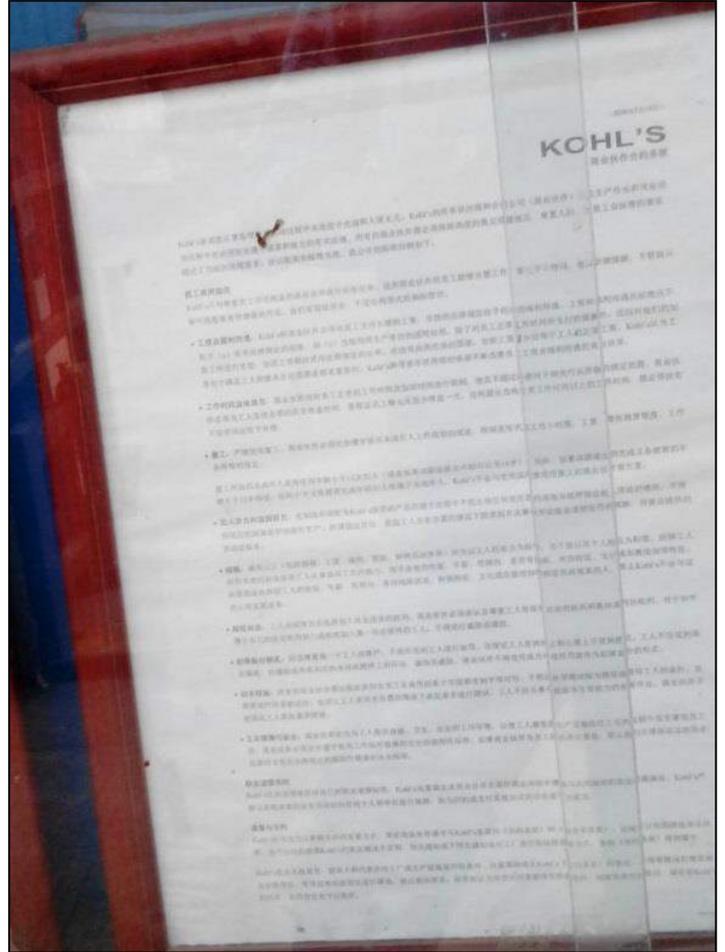
Walmart standards



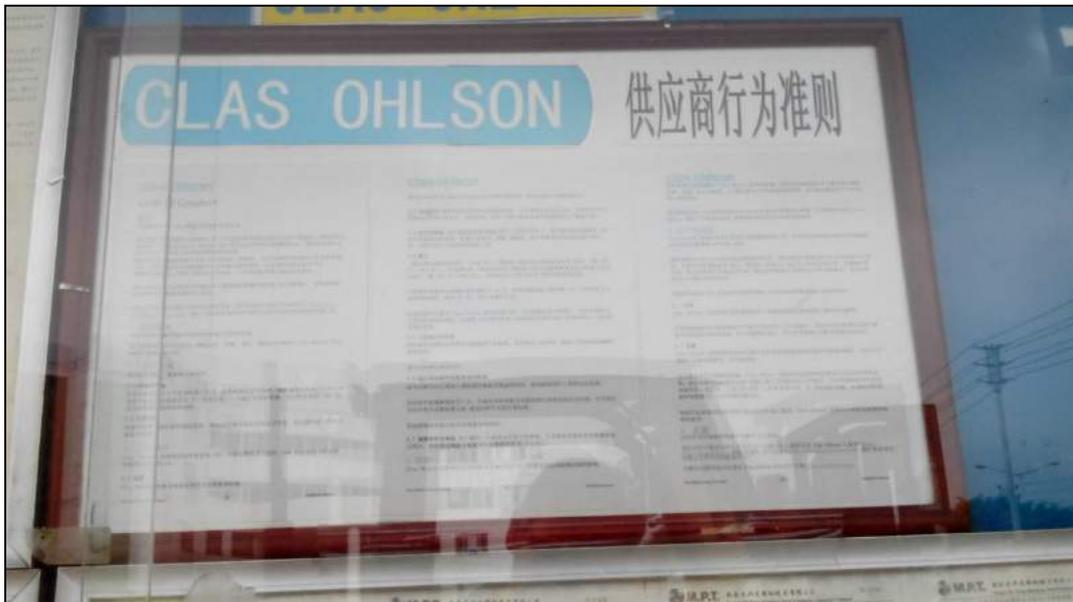
Carrefour code of conduct



Macy's code of conduct



IKEA and Kohl's standards



Clas Ohlson standards

## Selected Worker Interviews

A materials worker surnamed Hou told the investigator that after half a year at Ri Xing, he has still made little money because of the constant need to nurture connections with management. Every month, he needs to treat the managers and inspectors of his and other departments to eating, singing, and drinking. If he does not do this, his work will be difficult.

Mr. Hou said that a materials worker has many duties, many of which require the signature of a manager. In order to lighten his own workload, the manager will authorize the materials worker to sign for him. In the warehouse and other departments, the materials worker regularly needs to obtain the signature of various people. Without some form of bribery, Mr. Hou's work will be obstructed, which leads to yelling from a manager. Mr. Hou feels that people at Ri Xing are constantly using one another. On the production line, without giving something to a supervisor, work will be tough. There is also an estrangement between locals and outsiders. Outsiders are commonly rejected by locals. There are strong regionally cohesive groups within different departments. The situation is intensified by "special passage permits" that a person must have to enter some areas, like the warehouse or packaging. A person can only get into these areas without a special permit if they have already built a relationship with the relevant manager.

Ms. Li in the bottoming workshop has been at Ri Xing for more than three years. A native of Sichuan's Mianyang, she said that relationships are more important than the work at Ri Xing. Ms. Li said that without making connections, a worker's wages will be lower, hard work aside. If a worker does not treat her manager to a meal, that employee will be likely to end up with the worst work. She said that she also has to be on good behavior for inspections, clients, and Ri Xing management.

Ms. Liu also revealed that Ri Xing management and employees will regularly take products out of the factory for sale outside, including protective equipment. A manager will authorize protective equipment to be taken out of storage, but then not distribute it to workers. Instead, the manager has an employee go sell the equipment and then use the money for entertainment.

## Investigative Report on Guangdong Three A Stainless Steel Products Co., Ltd.

Guangdong Three A Stainless Steel Products Co., Ltd. (hereafter 3A) is located at No. 136, 2 Longgang, Danan Road, Xincheng Township, Xinxing County, Guangdong Province. The company develops, produces, sells, and exports stainless steel composite pot bottoms, utensils, knives, and other kitchenware. 3A handles primary and secondary products, parts, packaging, and printing, manufacturing mid- to high-level products for sale in Europe, Americas, and Asia. Some brand buyers include IKEA, Mobelix, Konig, Russel Hobbs, Laguiole, Sabatier, Morphy Richards, Polaris, Glorious, Gam'Hotel, Stanley Rogers, Cuisinox, Oppein, Maser, Sola, Bergner, AMC, and Galeria. 3A employs approximately 400-500 frontline workers.



**Russell Hobbs pot. One of many product photos shot during this investigation.**

While the investigator was employed undercover as a worker at 3A, he interviewed about 30 workers in the pressing (shaping and molding), polishing, pot bottom, and rinsing departments. He did not view any of the target brands being produced directly at 3A. The investigator found that some products were being sub-contracted to other factories.



**Dilapidated facilities in the polishing workshop. Russell Hobbs brand pot.**

## Hiring

The investigator applied to 3A at the factory's front gate. A hiring sign indicated over ten positions looking to be filled and for each position provided specific demands for gender, age, and work experience. The hiring procedure itself is very simple. After registering at the gate, an applicant may enter the plant and look around. If the person decides to continue to application, he has his ID photocopied at the 3A HR department and hands over two copies of his photo ID. A company work ID is then produced for the applicant, after



Three A gate

which a room in the dormitory is assigned. The investigator went to work on the second day. 3A did not arrange a physical exam or demand a health certificate, and no pre-job training was provided.



Hiring notice

During the period of the investigation, the monthly minimum wage in this particular area, Yunfu City, was 1,010 RMB (\$163) (which will be raised to 1,210 RMB beginning in May). This is only half of Shenzhen City's minimum wage of 2,020 RMB (\$326). 3A factory is also located in a relatively sparse place with little entertainment. Along with work at 3A being dirty, these factors all contribute to few young people desiring to work there. Practically no one under 30 is employed at 3A. The majority of 3A workers seem to be locals in their 40s or 50s. One of the women in the investigator's department only spoke Cantonese and could not speak Mandarin, so the investigator, who cannot understand Cantonese, depended on another worker to interpret between them.

## Labor contracts

The factory typically signs a labor contract with a new worker within a week of their beginning work at 3A. Despite having a contract, most workers did not know the content within or whether 3A was making good on contract commitments.



**Pot bottom workshop**

sickness that causes them to stop working.

## Working Hours

3A only implemented a day shift during the period of investigation. The shift was divided into a morning period, 07:15-11:15 and afternoon period, 13:30-17:30. Every time a worker enters or exits the factory, he must swipe his card, otherwise the worker will be fined 5 RMB (\$0.81). Production orders were low during the period of investigation, so 3A workers did not do any overtime night beyond the normal eight hours. However, workers at 3A do not get anytime off on the weekends, continuing to work eight hours on both Saturday and Sunday. Workers can only rest if they ask for leave, for which there is no pay. Because wages are already so low at 3A, most workers will not frequently take leave. At most, they may take off one day a week. But many workers choose to work continually, day-after-day, unless there is a serious matter or



**Pot bottom worker**

Aside from normal working hours described above, there are some positions that have irregular work schedules. For example, polishing workers are given a certain amount of work to complete every day. When that work is done, the worker is done for the day. As a result, polishing workers will often choose not to rest midday, instead working straight through in order to finish work earlier. While they can sometimes leave by 16:00, some people will have to work later if they need to reach certain production quotas and some products do not pass inspection. No matter what, any overtime work is not paid at an overtime premium (see next section).

## Wages and Benefits

The first two months of a worker's employment are considered a probationary period. After the first month, the monthly wage for 26 days of work is raised to 2,000 RMB (\$323). Anything beyond this is calculated as overtime. Overtime wages are calculated at 5 RMB (\$0.81) per hour. If a 3A worker completes eight hours of overtime work, she will only be paid 40 RMB (\$6.45) for the day's work, which is even lower than a normal day's wage.

Beginning in the second month of work, a person's wage is calculated by piece rate. Each unit earns a worker 3 RMB (\$0.48). Given this piece rate and the typical production speed in the investigator's department, a worker could earn about 2,500 RMB (\$403) per month.

Most positions in 3A are calculated on a piece rate basis. There is no base wage, wage minimum, or overtime wage. The wage is simply the product of the number of units produced multiplied by the value of the piece rate. The piece rate value remains the same no matter when the work is completed—evenings, weekends, holidays. (In most cases, 3A will suspend work during holidays, and workers will not earn anything on those days.) The piece rate varies by position.



Polishing workshop



**Polishing workshop**

Some workers have day rates for work. For instance, polishing workers earn 60 RMB (\$9.68) for an eight-hour day. But they also do not enjoy a monthly base wage or overtime. They earn 60 RMB a day regardless of whether it's a weekday or weekend. In the case that a person would need to do overtime beyond eight hours on a single day, he will earn 5 RMB (\$0.81) an hour. Using the local legal monthly minimum wage of 1,010 RMB (\$163), the normal hourly wage rate is 5.8 RMB (\$0.94) (1,010 RMB/21.75 days/8 hours). So the overtime wage at 3A is below the legal standard for even a normal hour of work, much less an hour of overtime work.

Given the method of wage calculation at 3A, leave is not specified as personal leave or sick leave. If a worker chooses to take leave, his wage for the day will simply be zero.

Outside of the wages described above, 3A does not provide any other type of pay to workers, including attendance, performance, or seniority wages. There is a small bonus in the form of 600 RMB (\$97) at the year's end once a worker has completed one year of work at the company. The company will also occasionally organize some group activities, according to workers who have worked at 3A for years.

Wages for the month are distributed only on the 28th day of the subsequent month. (For example, wages for the pay period February 1 to February 28 is paid on March 28.) The monthly wage for most 3A workers is around 2,500 RMB (\$403), assuming that a worker does not take much time off. Polishing workers, whose work is considered dirtier and more dangerous than most, earn a little more, between 3,000 – 4,000 RMB (\$484 - \$645) per month. However, polishing workers must purchase their own polishing wheel at the cost of 500 RMB (\$81). Polishing workers at 3A are also exceptional in that most are migrants from other provinces, such as Sichuan and Guizhou.

Workers in rinsing positions, whose work is considered less strenuous or difficult, earn relatively lower wages at approximately 1,500 RMB (\$242) per month.

3A does not purchase social insurance for its employees according to national regulations. 3A notifies its workers that social insurance is voluntary; each person can choose whether or not he wants insurance. Additionally, 3A tells workers that the housing fund is not provided. In reality, most local workers choose to purchase social insurance, while polishing workers from other provinces tend not to purchase it over concern that the pension fund will be difficult to transfer to their home region in the future. In addition, among those who get insurance at 3A, they pay a total monthly personal contribution to insurance of about 240 RMB (\$39). According to local social insurance regulations, this amount may reflect that 3A is not paying insurance based on workers actual wages. It is unclear if 3A is making the full company contribution.



**Polishing worker**



**Polishing machine and workspace**

The investigator talked to one female polishing worker whose husband had been employed at 3A for more than 20 years. A sufficient number of years of contributions have been made to her husband's pension fund, but while she has worked for 3A for over 10 years, she only began to make insurance contributions in the past few years. This means that when she reaches retirement age, she will not have contributed enough to the pension fund to receive a retirement pension. In the beginning, she did not realize the benefit of a pension and chose not to purchase it. Now she regrets this as it will

affect her retirement. The worker only blames herself, not considering the company's role in the matter. She also does not consider negotiating with management over the issue. (It should be noted that while law stipulates that this worker would have needed to make individual contributions to the insurance fund, by not automatically enrolling her, 3A was saving money because employers are required to make even larger contributions than employees.)

## Living Conditions

3A provides a dormitory with a large room for 30 RMB (\$4.84) per month or a small room for 15 RMB (\$2.42) per month. There are also additional monthly fees of 8 RMB (\$1.29) for water usage and an adjustable electricity fee depending on usage. A couple or relatives will usually rent a large room, while individuals will rent small rooms.



**Living quarters**

The dorms are in a poor state. Large rooms consist of an old five-story building with no bathrooms. All residents must use the public bathroom outside.

The investigator was assigned to a small room. These rooms are located on the second floor of a two-story building which does not appear to have been originally intended for housing. With walls of exposed brick, the room is only about 4 square meters and contains nothing but a bed frame. It's also very dirty: a once-white floor is covered in a layer of black and spider webs hang from the walls. Local rainy weather leaves a scent of mold in the dorm. Furthermore, the small dorm rooms are not even separated with a full wall. A large gap exists at the top of the wall between rooms, and wind blows through the rooms. Residents of the small dorm rooms must also use the same public bathroom as those people in the large rooms.

The public bathrooms are composed of a row of six shower rooms, servicing at least 200 people living in the 3A dormitories. There is only cold running water in each shower room.

For hot water, workers must bring a tub of hot water into the shower room themselves. The ambient temperature was relatively low during the period of investigation, and few people would use the showers.

Next to the dormitory building is the cafeteria. The cost of one meal is 6 RMB (\$0.97) cash. For this, a person will receive one vegetable and two meat dishes. The Styrofoam boxes used for dishes, meant to be used one time, are washed and reused. Most people in the dormitories tend to cook for themselves, so those people using the cafeteria is limited.



**Left: Entrance to small rooms. Right: Many wires crossed and hanging outside.**



**Top left and right: small dorm room.  
Bottom left and right: gaps in the wall  
between rooms.**



**Public bathrooms and showers at Three A**

## **Occupational Safety**

Polishing at 3A is a relatively high-risk job, and the company will consequently have polishing workers receive annual physical exams. (Other workers will not receive such exams.) When asked if their exam results turned up any abnormalities, polishing workers told the investigator that they there are results like these but could not give any specific examples. If something comes up, workers said they cannot depend on the company and must go see the doctor themselves. When asked if they would use their work injury insurance (which is a required social insurance item), workers all said they did not know anything about this insurance.

The work environment of polishing workers is quite poor; black dust is everywhere. While there is a notice hung on the wall that says “must wear mask”, the company does not usually distribute masks to workers. Only when there is an outside inspection does the company give and require workers to wear the masks. If workers do wear a mask, they purchase it themselves. Polishing workers are often covered in black dust, especially around the ears, nose, and mouth.

Workers themselves lack a strong awareness of the importance of the masks. Many

people view them as an uncomfortable inconvenience rather than protective equipment.



**Metallic dust covers the body, hands, and face polishing workers**

Pressing work at 3A risks injuries from machine press movements. A 3A worker in this department of more than 10 years said that he had not had any serious injuries, mostly his hands suffering small cuts from shards of stainless steel. Workers interviewed did not know of any serious cases of injury at 3A and thus did not know how 3A management might react to a serious injury. Despite this, a polishing worker said that he did not trust that 3A would help if a worker was injured.

## Fire Safety

The fire extinguishers in the production facility are old and infrequently inspected. One inspection date read October 2014. The extinguishers' dirty appearance alone makes one wonder if they are even functional. Additionally, wires at 3A are old and installed in risky ways, hanging thoughtlessly from walls.

## Punishments

While there were no rewards to speak of, the investigator learned of two punishments. First, if a worker forgets to swipe his time card, he will be penalized 5 RMB (\$0.81). Second, if a worker accumulates 15 minutes from arriving late or leaving early in a single month, he will be penalized 15 RMB (\$2.42).

## Resignation

The investigator was able to have his resignation approved in one day. The facility director told the investigator that anyone who only stays for a few days will not be paid. But 3A HR personnel said the investigator will receive these wages, but only on the normal pay day, the 28th day of the following month (April 28).

According to workers, after the probation period, a worker can resign with a week's notice. However, that person will also not receive due wages upon resignation and will have to wait until the 28th day of the month.

## Labor Union

The investigator never observed any information or presence of a labor union at 3A. There were no union-related notices or activities.



Old fire extinguishers



## Investigative Report on Linkfair Stainless Steel Manufactured Products

The following investigation was conducted through 40 worker interviews and observation of investigators in the spring of 2015.

### Company Profile

Xianfeng Stainless Steel Manufactured Products (hereafter referenced by the company's English name "Linkfair") is located in Xinxing County of Yunfu City, Guangdong Province. A partially foreign-invested, export-oriented manufacturer of primarily stainless steel kitchenware, the company is registered under the names "Linkfair" and "Lingfeng" and employs approximately 2,300 people.

Some of the major investors behind the company include: Hong Kong Linkfair Company, U.S. Linkfair Company, Guangzhou Linkfair Kitchenware Company, Xinxing County Yinfeng Stainless Steel Manufactured Products, Xinxing County Qianfeng Stainless Steel Manufactured Products, Xinxing County Runfeng Hardware and Gardening Company, Xinxing County Lingfeng Baoliming Technology Development Company, and Xinxing County Shuangfeng Trading Company.

According to the company's own information, over 90% of its products are sold to foreign clients, which include producing frying pans for companies such as Paderno, Delimano, Nuwave, Carrefour, Princess House, and Lagostina. Linkfair's also produced its [own brand](#).

**Address:** Guangdong Province, Xinxing County, Dongcheng Township, Dongyao Shili Village, Duoping Industrial Park.

**Telephone:** 0766-2956981

**Website:** <http://www.linkfair.com.cn/>



## Hiring

Linkfair’s Dongcheng Factory had abundant orders during the period of investigation and as a result was hiring many frontline workers. An applicant simply needs to present his ID at Linkfair’s front gate to gain entry into the factory and head to the HR department to apply. After filling out an application, the applicant heads to a workshop to have an interview with management.

During the interview, the manager quickly asked whether the investigator had anyone they knew working at Linkfair. If not, then he would not be hired. The manager said, “In the past, many workers at Linkfair took cooking utensils and machinery like grinding and polishing tools out of the factory. Without people they are close to in the plant, no one takes responsibility when something is stolen.” The manager also said that without someone they know in the plant, if an accident were to occur, there may be no one the factory can contact.

Hiring application

After the interview, an applicant retrieves a physical exam form from the HR department in order to carry out an exam at the Xinxing County People’s Hospital. The exam costs 230 RMB (\$37), for which the applicant must pay. An applicant will receive the results after three or four days. As long as nothing unordinary turns up on the exam results, a person will get hired, workers told CLW. There is no pre-job training. Workers will sign a contract. After half a month of work, a new worker will receive two uniforms.

Workers told CLW that Linkfair employees are primarily composed of locals as well as migrants from Guizhou and Yunnan.

## Labor Contracts

Workers sign two copies of a contract which is blank: all of the basic working conditions—contract period, work content, location, compensation, working hours and leave, insurance and benefits, etc.—are blank when they sign. It is a three-year contract with a three-month probationary period.

Workers are actually paid on piece-rate, and there is no base monthly wage or overtime

pay. Workers' actual working conditions and compensation differ from conditions of the labor contract.

## Working Hours

Outside of July and August, busy season can come at any time. Linkfair operates on a single-shift system. During low seasons, there is no overtime beyond the 8-hour day and 22 days of work a month. During the high season, workers will have a shift every day of the month without rest, including daily overtime of 2-3 hours, working as late as 8, 9, or even 10 pm. This means that during high seasons, a Linkfair worker may accumulate between 124-154 hours of overtime in one month, between three and four times the Chinese legal maximum for overtime work. During low season management may arrange rest days or workers may take any leave. All leave is unpaid. In order to take personal or sick leave during the busy season, a worker is required to obtain permission from his supervisor.

A polishing worker told CLW that because pressing and bottoming workers produce slowly (due in part to the nature of the work), polishing workers sometimes operate on a day-on, day-off schedule. Working hours in Linkfair's polishing department is inconsistent, similar to polishing jobs in some other stainless steel factories. Whenever they finish the day's production quota, polishing workers can leave, regardless of the time. Another female polishing worker told CLW's investigator that she even finished that day's shift at 10 AM because it's the low season and orders and quotas are low.



Packaging workshop

**Shift schedule:** 8:00-12:00      13:00-17:00      17:30-20:30

Workers said that overtime is not mandatory. They only need to give a supervisor advanced notice.

## Wages and Benefits

Wages for month 1 are distributed on the 30th day of month 2 and are directly deposited into workers' accounts. Wages are composed of piece rate, full-attendance bonus of 50 RMB (\$8.06) per month and seniority bonus of 30 RMB (\$4.84) per month. Altogether, a worker might earn around 2,000 RMB (\$322). But the change throughout high and low seasons is notable. During a high season, some workers may be able to earn more than 4,000 RMB (\$644), while during a low time, a Linkfair worker may only earn a

little more than 1,000 RMB (\$161). Workers are made to sign pay stubs that display a base monthly wage and overtime pay, despite the fact that they are not paid either. Workers said that making employees sign the fraudulent pay stubs is for client inspection purposes.



**Polishing worker**

Most Linkfair workers are paid by piece rate, like the other kitchenware factories in Xinxing County investigated recently by CLW. The piece-rate value remains the same regardless of whether the time worked is regular working hours, weekday overtime, weekend overtime, or holiday overtime. Therefore, there is no overtime pay at Linkfair. This also means that total wages are mostly composed of the piece rate multiplied by the number of units produced.

The piece rate system implemented at Linkfair also results in unpaid leave. Regardless of whether the leave is personal, health-related, or even a legal public holiday, as long as a worker is not producing, she will not receive pay.

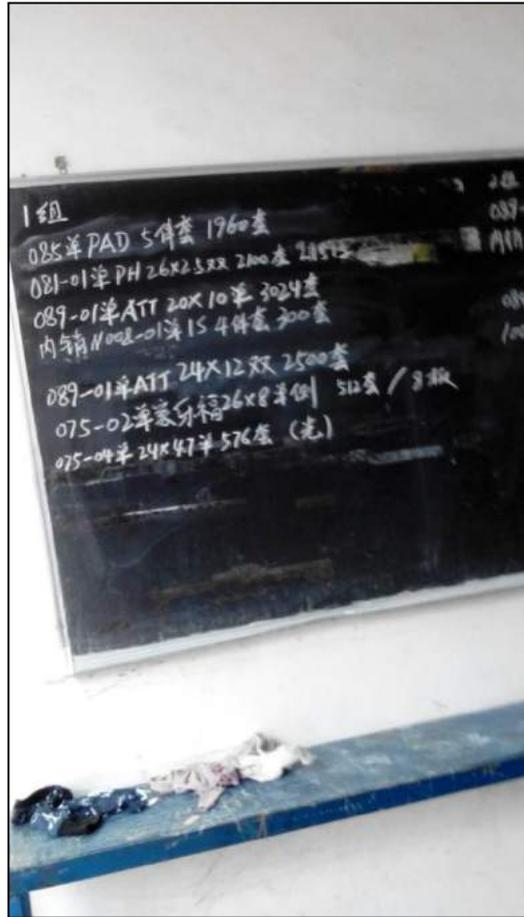


**Production line**

Linkfair buys social insurance for workers beginning in the second month of employment. A veteran worker said that it was only because the government has repeatedly inspected Linkfair that the company began purchasing social insurance for employees two years ago. Before that, Linkfair did not purchase insurance for workers. Sometimes the factory is unable to pay insurance and management will give workers 100 RMB (\$16) to lie to government inspectors, telling that Linkfair actually purchased insurance. If a worker has insurance, Linkfair will deduct 237.77 RMB (\$38) per month from wages for insurance payment. However, the factory does not provide the housing fund for its employees as required by law.

One worker, who had been at Linkfair for over a year, told the investigator that he worked at AXA International Limited (which was a WMF-linked

factory included in preliminary investigation) for more than a decade. While at AXA, this worker never enjoyed social insurance. AXA would put limits on the number of people who could receive social insurance, and those spots were typically given to managers, leaving most frontline workers with nothing.



Above: Production orders  
Left: Bathroom in the factory.

## Living Conditions

Linkfair provides lunch and dinner at 4 RMB (\$0.65) per meal. Each meal includes two meat dishes and one vegetable dish. Workers need to bring their own utensils to the cafeteria. The cafeteria has lockers for workers to use while eating. It also has fans and air conditioning to control ambient temperature.

The cafeteria does not provide breakfast, and there are small food carts where workers may purchase breakfasts.

There are two types of employee dormitories: the multi-story building dorms and one-story building dorms. There are two multi-story buildings. One has typical group housing, for which a worker pays 15 RMB (\$2.42) per month, not including utilities

that are calculated based on actual use. The group dorms have showers and air conditioning, each room accommodating up to eight people. There are also public bathrooms and shower rooms outside.



**Cafeteria**



**Dorm building**



**Dorm room**

The other multi-story building contains one or two-bedroom apartments. These are given two workers with families at the cost of between 100 and 200 RMB (\$16-32) per month. Only some rooms contain air conditioning; it seemed that workers chose to buy and install one themselves.

Behind the Linkfair factory is a small mountain. On the mountain are some one-story apartment buildings with one- or two-bedroom apartments. Similarly, workers pay between tens of RMB to 100 RMB (\$16) or 200 RMB (\$32) to rent a room. Workers can choose to set up internet or cable for 100 RMB (\$16) and 30 RMB (\$4.84), respectively.

There are also couple's rooms for rent at Linkfair. The cost is 200 RMB (\$32) per month. These rooms are usually provided to people who are far from their hometowns.

Workers can choose not to live in the factory dorms, in which case they will not receive a subsidy for off-site housing.

## Occupational Protection and Fire Safety

A female polishing worker said that Linkfair will provide one free physical exam to some polishing workers every year. But these are typically only older workers; younger workers will not be checked, she said.

CLW's investigator learned of a number of cases of injuries during worker interviews. One worker had her finger crushed during the materials process, which includes the use of a powerful pressing machine. The factory paid for the medical costs and also compensated the worker with seven months' worth of wages, according to the co-worker sitting next to the person who was injured.



**Metal scraps piled outside**

A polishing worker said that two people had their hands injured in the polishing workshop last year. She also said that Linkfair paid for medical costs, providing 1,000 RMB (\$161) for living expenses every month. After the workers recovered, if they decided to resign, they would receive a compensation according to “regulations”—the worker did not know the specific regulations. If the worker decides to continue working at Linkfair, she will receive half of that compensation amount.

The polishing and molding workshops provide masks, gloves, and aprons for workers. In the pressing, bottoming, and stretching workshops, employees do not wear safety helmets or gloves. The ambient noise in the pressing workshop is particularly loud and workers will wear ear plugs.

In the assembly workshop, escape routes are not clear. Based on observation of records on the equipment, fire extinguishers and fire hydrants are inspected.

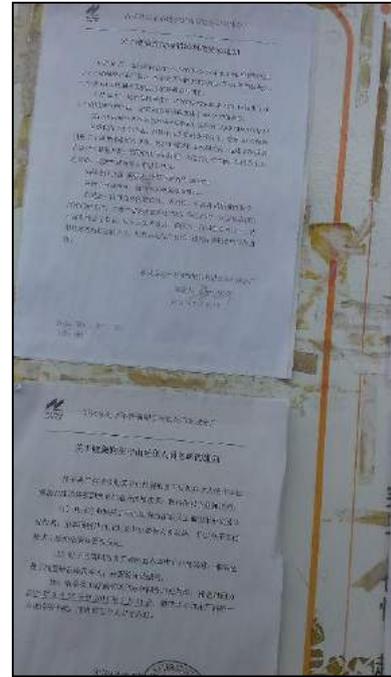
There is firefighting equipment in the multi-story dorm buildings, but many are visibly

broken. One fire extinguisher had an expiration date of 5 June 2014. No fire equipment was found around the single-story buildings on the mountain.

## Rewards and punishments

A notice was found posted on the factory premise that notified workers of two product coating mistakes, including on a Carrefour product. The notice said that a manager in the workshop was fined 200 RMB (\$32) for the error. It also mentioned that workers in the packaging and polishing departments would receive a reward of 100 RMB (\$16).

Workers said that aside from fines for errors, if a worker does not have permission to take leave and does so anyway, the worker will be fined 100 RMB (\$16).



Notice of fines

## Resignation

Linkfair workers need “permission” from management in order to resign. According to workers, they might wait up to a month to have their resignation approved during the busy season, while during the low season, they might be able to leave just a day after requesting resignation. In any case, unpaid wages will not be given to a resigning worker on the day he or she leaves. Rather, that worker must wait until pay day (the 30th day of the subsequent month) to receive unpaid compensation.

## Other Issues

Workers did not know anything about grievance channels or a union at Linkfair. Workers said that if they had any sort of problem, they would go to their shift leader. Workers said that compensation at Linkfair is low, and those interviewed did not know the piece-rate value that determines their wages. Calculating in basic living costs, like daily use items, phone bill, clothing, and food, a worker at Linkfair might spend 1,000 RMB (\$161). Workers advised the investigator not to take up work at Linkfair, saying that young people should not work there. They said that this company does not abide by labor laws.

## Selected Worker Interviews

A male worker surnamed Huang (alias) in the bottoming workshop comes from Liupanshui in Guizhou Province. Unmarried, he has worked at Linkfair for more than two years; his younger brother also works at Linkfair. Huang said that during his free time he uses his motorcycle to taxi people around. Wages at Linkfair are only enough to pay for basic costs. When the factory has production orders, he and others have work, but when there are no orders, workers are made to take unpaid leave. Last year the factory was busy for a period of time, and during January Huang was able to make more than 3,000 RMB (\$484) in a month. But in March, after the Chinese New Year, orders dropped and workers were regularly given time off. His brother does welding at Linkfair, and they also are regularly without work.

Huang said that all of the frying pans, high-pressure pots, and kitchenware that Linkfair produces is exported. Clients come often to carry out inspections. In such cases, Linkfair management will give workers advance notice. He knows of clients from Italy, Japan, and Australia, but he does not know their brand names. He also does not understand the English names stamped on the bottom of pots.

The investigator interviewed a middle-aged female polishing worker surnamed Tan (alias) who had been working at Linkfair for seven or eight years. Tan said that she had always had social insurance while working at the plant. On this particular day, she was able to get off work early, around 10 in the morning, because production orders were low.

Tan already had a grandson who went to school nearby. While she said that she really does not really attach a lot of importance to her work at Linkfair. She isn't really happy about working there, but given her age, Tan said that it is tough to find other work. The work is not that intense, and she can make some money. During the low season, when she earns very little, Tan has more free time to spend with her grandson or to relax. In the future, when she retires or does not want to work anymore, Tan will return to her hometown. Tan mentioned that during low seasons, other workers sometimes take a second job at other factories to make more money.

Tan said that production orders were higher in the previous year. Factory inspections occurred regularly. Before an inspection, management would tell workers not to speak, or if they are asked about their working conditions, to tell the inspector that they do eight-hour days with no overtime, even though it is not true. But sometimes workers do not know who the inspector is and reveal the true working conditions. Tan said that when this happens, management will yell at the worker.

## Investigative Report on Guangdong Master Group Stainless Steel Company

Guangdong Master Group Stainless Steel Company (hereafter GMS) is located at No. 44-46 South Danan Road, Xincheng Township, Xinxing County in Guangdong Province. GMS is a large-scale, foreign-invested stainless steel kitchenware producer.

According to a company profile, Master Group was founded in 1988 and began investing in stainless steel manufacturing in 1993, investing a total of USD\$21 million. GMS covers 230,000 square meters, with an average production facility size of 150,000 square meters. GMS manufactures kitchenware and other stainless steel, aluminum, electronics appliance equipment, hardware fittings, tempered glass, and plastic products.

GMS clients are primarily in Europe and America, including Cuisinart, WMF, TCM, IBC, Tupperware, TESCO,MA, Zwilling, Crofton, Nuwave, Cuisine Sante International, Fontignac, and Tescoma. GMS has established its own brands, as well, called Momscook, Mustchef, and Eleture.

GMS employs about 1,000 frontline workers. Next to the GMS (called Wanshitai in Chinese) is a facility called Jiashitai. Though Jiashitai has a different name and gate entrance, both companies belong to Master Group and are managed together.

GMS's website is located at: <http://mastergroup.com.cn/>

Lasting about a week, this undercover investigation included interviews with 30 workers, including from the polishing, pressing, coating, and assembly departments.



## Hiring

The investigator applied for work at GMS directly at the front gate of the company. While the hiring notice expressed need for many positions, company personnel told the investigator that they were only hiring for polishing workers. Factory management is strict. From the main entrance to the production workshop, a person must pass through two checkpoints and have his ID checked.

Most positions at GMS have hiring restrictions that include experience, age, and even gender. Most workers are locals in their 30s or 40s.

After being hired, GMS HR staff told the investigator that hiring procedures would be handled the following day and that he should just come to work the next day.

On the second day, management had the investigator begin working immediately and told him to complete hiring procedures later in the day. A more experienced worker then explained to the investigator how to operate the workshop machinery. After this, without any additional training, he let the investigator work on his own. The investigator asked management if he would

get a uniform, and

management told him that

uniforms are distributed twice every year at set times. If a worker received a uniform but does not complete a year of work at GMS, the company will penalize him tens of RMB for the uniform. However, the uniform is optional and many workers choose not to wear one.

Around 3 pm, management personnel took the investigator aside for hiring procedures. He had to fill out some forms and have his ID copied. Then the management gave him a booklet called “Pre-job Safety Education for New Worker”, but without explaining the content in detail or before he could read it, the management representative made the investigator sign a pre-job training certification. Additionally, he was required to hand over 15 RMB (\$2.42) without an explanation of the cost. He later learned that 5 RMB (\$0.81) was the fee for a work ID, and 10 RMB (\$1.61) was purportedly a fee



Hiring notice



Workshop

charged to non-local workers.

Next, the investigator signed a labor contract. There was no pre-job physical exam. Finally, the investigator filled out a dorm registration and took it to the dormitory, where dorm personnel gave him a key for a 3 RMB (\$0.48) deposit, explaining he would receive it back upon resignation. He never received back the deposit despite returning the key.

On March 22, the investigator saw a notice on the factory bulletin board that said there was a new worker training on March 19. The investigator passed this spot frequently and did not see this notice previously despite the training supposedly having occurred on March 19. In worker interviews, the investigator learned that the training never occurred. Rather, an inspection was planned for March 24, and the training notice was posted for the inspector to see. Workers also told the investigator that when they were hired, there was no pre-job training.

## Contracts

New workers at GMS are made to sign blank labor contracts with management. Workers are only required to write and sign their names. But all of the specific labor conditions, including contract period, wages and benefits, insurance, leave, etc, are all blank when workers sign it. The factory takes two copies of the contract upon which it will later fill out specific information. Only after management fills it out will they give a copy to the new worker.

The investigator asked a female HR personnel about this blank contract issue. That person said the contract details are inconsequential to workers' actual working conditions. Rather, the personnel said, workers should just go by what was promised verbally during hiring. The investigator said, in that case, the contract is sort of worthless to workers, the personnel said while it may be worthless to workers, "it has use for us". Workers said that GMS uses contracts for client inspection purposes. Workers said that while they will eventually receive a copy of the contract, management does not abide by commitments within.

In the machine polishing workshop, there are two production lines that are contracted out to two people surnamed Liu and Yang, according to staff in the HR and production departments. Workers on that line do not call the supervisors of the line "line leader" or "team leader", instead calling them "boss". Despite this, the employer listed on these workers' contracts is Master Group, not these contractors. During the investigation, no other sub-contracted production lines were discovered at GMS.



Production line at GMS

## Working Hours

GMS operates on a single day shift of 8.5 hours:

Morning: 7:25-11:30  
Afternoon: 13:00-17:30

There does not seem to be a distinct high or low season at GMS. Instead, daily workloads shift with the flow of production orders. Whereas a slow day may result in an unpaid day off, on a busy day workers are not allowed to take leave.

Work is not separated into workweeks and weekends, and there are no unified rest days. As long as workers do not take sick or personal leave, they will continue to work, day in and day out, assuming there are sufficient production orders. GMS additionally gives a worker 30 RMB (\$4.83) per month as an attendance bonus if he works at least 26 days. Most workers will achieve this standard, and some may not even rest one day.

In the polishing workshop, workers took rotating overtime shifts. Different people get overtime on different days. Overtime is typically between 1 and 3 hours, and usually not longer than 3.5 hours. If a worker does not wish to do overtime, he only need tell the “boss”.

Manual polishing workers have daily quotas and can get off their shift when they meet the quota. Most people can finish it within 8.5 hours. But because wages are paid piece rate, even if a worker fills his quota, he will usually continue to work or even do overtime. This extra work consists of repairing finished units to ensure they meet quality standards, or even producing new units. The pressing and manual polishing are also pay



Workers doing overtime in the evening



Polishing worker

piece rate wages, so workers there will similarly continue to work past their quotas.

Production quotas in the assembly department are more difficult to achieve than in the other departments, so workers usually must take on more overtime to finish it. Assembly workers do overtime practically every day. Moreover, overtime is mandatory. A worker is penalized 30 RMB (\$4.83) each time she does not take overtime. Each day, assembly workers will toil to 7 or 8 pm at night, or even later, filling their quotas. Moreover, this overtime begins immediately after the afternoon shift ends at 5:30; workers do not get time to rest or eat before working for another 2 or 3 hours.

Workers must swipe their card in the factory four times every day for time records. A worker is penalized 2 RMB (\$0.32) each time the swipe is not recorded.

## Wages and Benefits

Wages at GMS are distributed between the 24th and 28th day of every month for the previous month's wages. (For instance, January's wages are distributed between February 24-28.) Wages are paid through direct bank deposit. Wages are composed of time, piece-rate wages, overtime pay, performance bonus, and attendance bonus, though not all workers have the opportunity to receive overtime or bonuses.

The polishing department paid a day wage. An 8.5-hour workday is paid at 100 RMB (\$16), regardless of whether it's a weekday or weekend. Workers are paid 11.7 RMB (\$1.88) per hour for overtime. This is effectively the same hourly rate paid for normal work (100 RMB/8.5 hours = 11.7 RMB). Some workers, based on their experience, may earn a highly day rate, such as 110 RMB (\$17.71), and a worker's overtime will increase accordingly.

Aside from the polishing department, other posts are paid by piece-rate.

Manual polishing workers are paid a piece-rate based on a product's size and difficulty to produce. The rate can range from a few cents to 1 RMB (1 RMB = \$0.16). Manual polishing work is relatively dirty, full of dust, and carries with it occupational disease

risks. It also requires a higher level of skill. As a result, monthly wages are higher, from 4,000 – 5,000 RMB (\$644-\$805). There is also a performance bonus for these which workers rewards them for high production. If a worker accumulates 3,000 RMB (\$483) in one month, there is a 300 RMB (\$48) bonus. For 4,000 RMB (\$644), there is a 600 RMB (\$97) bonus. However, these polishing workers are required to purchase all of their own supplies for the work, which runs them 500-600 RMB (\$81-\$96) per month. Workers said the factory distributes masks and gloves to them, but CLW received inconsistent information about whether this equipment was provided free of charge to workers. Some workers said money was deducted from their wages for safety equipment while others thought it was free. There is more than one polishing workshop, and there may be varying policies between workshops.



**Polishing worker**

Wages in the pressing department are similar to those of polishing, based on piece-rate. Workers may earn between 2,000-3,000 RMB (\$322-\$483) per month. Despite the coating department involving regular contact with chemicals and the corresponding health risks, there is no special post subsidy. Wages are similar in the coating and pressing departments.



**Factory complex**

In departments that pay on piece-rate, there is no overtime pay. There is only the piece-rate, regardless of the time worked. Wages are simply the product of production amount and piece-rate; there is no other wage item for evening, weekend, or holiday overtime work. Workers do not receive paid holidays, as stipulated by Chinese law. During the Chinese New Year, workers do not receive any annual bonus.

During wage distribution periods, workers usually need to sign two paystubs: one is the real paystub, and the other is a fraudulent paystub used during client inspections of GMS. Working hours and overtime wages on the fraudulent paystubs are in accordance with labor laws, and the total wages are listed as higher than the amount that workers actually receive. If a worker refuses to sign the fake paystub, GMS will charge the worker a “proxy signature” fee.

GMS allows workers to choose whether or not they want to purchase social insurance, even though its purchase is mandatory by law. If a worker wants insurance, he must apply with GMS management. But a worker can only receive insurance, in any case, after three months of work at the factory. If workers don’t choose to purchase insurance, GMS will provide them a business insurance, which can cover accidents. In the out-sourced (contracted) production lines, the “bosses” do not provide social insurance for workers, instead just providing a business insurance.

When given the choice in the past, most workers decided not to purchase social insurance. The original reason they did not purchase is because social insurance rules created insurance management difficulties that dissuaded workers from purchasing, concerned that they might not be able retrieve or transfer the money in the future. Despite recent improvement to the social insurance system, most of these workers have continued not to purchase insurance because they have already refrained from it for so long. Other workers said that they will only enjoy retirement insurance (pension) when they are 60, and who knows if they will pass away at 61.

Finally, no worker at GMS receives the housing fund, which is also a benefit that employers in China must provide to all employees.

## **Living Conditions**

Workers at GMS choose whether or not they want to live in the company dormitory or eat in its cafeteria.

There are five dormitory buildings, each with six floors. Workers pay (via wage deductions) 5 RMB (\$0.81) per month for the dorm in addition to utilities that are calculated based on actual usage. Each dorm room may house up to 12 people, but many are not filled to capacity. Each room has a shower, bathroom, and fan. The dorm is not regularly cleaned and has a strong mildew odor.

The cafeteria provides lunch and dinner for 3 RMB (\$0.48) per meal. Utensils are not provided, and workers must bring their own, otherwise workers can pay 0.5 RMB (\$0.08) for single-use utensils. Many workers will choose to return home to eat.



**Dorm room at GMS**



**Toilet in the dorm**



**Workers lined up in the cafeteria**

## **Occupational Safety**

As mentioned above, GMS workers do not receive any pro-job safety training.

In the polishing department, a worker will need to polish the exterior of a unit in a little more than 10 seconds. During this time, a worker needs to pick up, polish, and then replace the pan. In one day, a worker will need to reproduce this process for about 2,000 products. The polishing environment also contains a great deal of noise and dust. Most of the time, if a worker wants to use the restroom or drink water, the can easily be replaced by a worker at the same post. Despite this, workers will not take frequent breaks as it may influence the production of himself and the other work.

The contracted “bosses” in the polishing department will every month give each worker 12 pairs of gloves and an unfixed number of masks and ear plugs. There is a sign in the workshop that reads “Must wear activated carbon mask”. But the mask workers receive is just a typical cotton mask, which does not prevent particle inhalation as well as the carbon mask. After the shift finishes each day, a polishing worker’s inner mouth will feel really uncomfortable, leaving a sort of dry and tart feeling in the mouth. It will



**Left: Worker covered in dust. Right: investigator's hand covered in dust.**

leave a worker feeling as if there is a foreign substance in their throat, and mucus will have a blackish color. The ear plugs can lead to discomfort after a certain amount of time, so despite really loud ambient noise, most workers will not wear plugs. Air ventilation equipment is set up in the areas where dust is produced in the workshop, but the ventilation system is not always turned on during working hours. Even if it is enabled, the ventilation is not effective; metallic dust will float around the workshop. Despite wearing two layers of gloves during work, a worker's hands will still be darkened by the dust generated in the polishing workshop.

The GMS positions with the highest risk for occupational disease are polishing and coating. Aside from the dust particle and sound risks described above, polishing workers also need to “apply sand”, which involves smearing polishing sand and then applying adhesive. The adhesive sits boiling in a big pot in the workshop, releasing an irritating odor.

The coating department contains chemical risks. The substance typically used during the non-stick coating process is polytetrafluoroethylene (Teflon), which is [poisonous to human health](#). The coating substance used at GMS is apparently supplied by a company branded ILAG. While CLW did not confirm if the substance was in fact Teflon, this is

the chemical broadly used in manufacturing of non-stick pans. Given the toxicity of the substance, workers are not sufficiently protected. Many do not even wear masks. Workers also said that they did not know what the chemical is but think it is dangerous.

Another chemical documented in the factory was a wax stripper substance. These can be very hazardous to human health without strong occupational safety measures.

Polishing and coating workers will undergo annual physicals, organized by GMS. Workers will receive their physical exam results. If a worker's results come back with an issue, regardless of that worker's insurance, he or she will be transferred to another post.

Accidents also occur at GMS. One female worker said that in the pressing department there are accidents, though not extremely serious injuries. She was not sure how the accidents are handled but expressed that she believed that if something happened the factory would not disregard workers. In the assembling department, however, another worker said that accidents have occurred in the welding posts on multiple occasions, including to the worker's friend. He said that when workers are injured, they generally take off work and recover at home, returning once they've returned to health. They usually do not receive injury benefits.



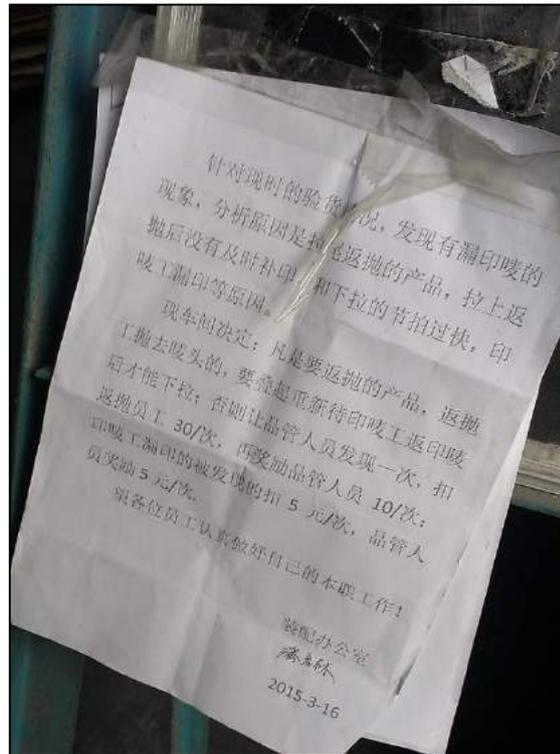
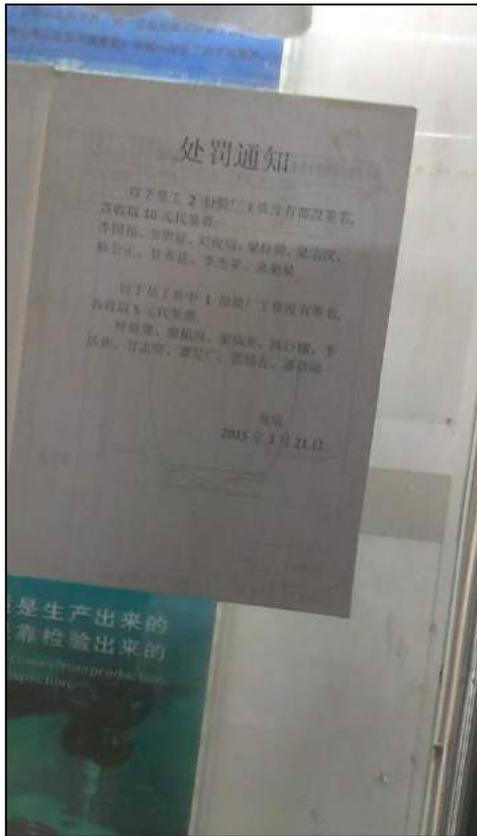
**Wax stripping substance used during production at GMS**

There are medical kits in most workshops. There are lists of required medical items posted on each kit, but most kits are missing items from the list. Some kits are even empty.

The workshop space is relatively open in the case of an emergency. But not all fire-fighting equipment seems well maintained. For example, some fire extinguishers appear to be quite old.

## **Discipline**

Each workshop at GSM has a number of fines for various behaviors. It seemed that there was a new fine notice practically every day, especially in the assembly department. Of course, the notice would not read "fine" and instead call the fine a "training fee" or "signature substitution fee".



Two notices of fines at GMS

Fines at GMS are brought against workers for tardiness, leaving early, incorrect card swipes, failure to sign wage chart, refusing overtime, failing to place manual during product assembly, incorrect printing on product, unapproved leave, using cell phone or chatting during work, and other behaviors. The amount of a fine can range from a few RMB to more than 100 RMB (\$16).

## Resignation

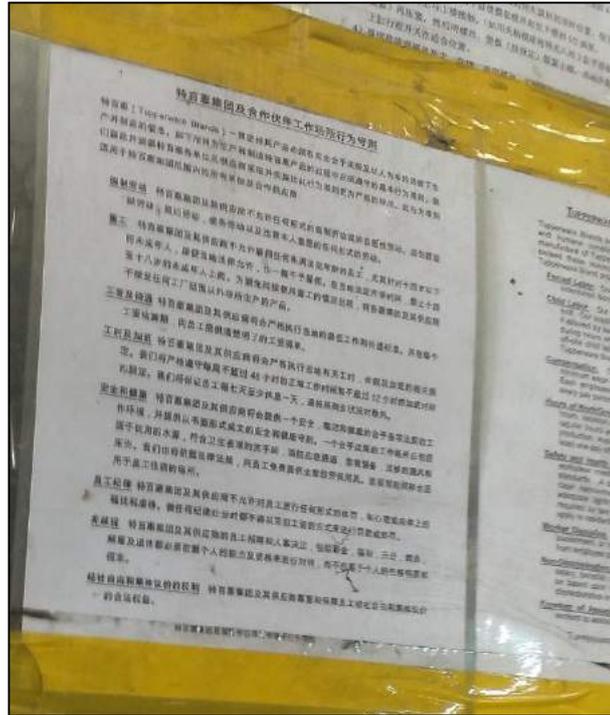
During the one-month probationary period, GSM requires that workers give a one-month notice for resignation. But law only requires a three-day notice during probationary periods. This means that if a worker wants to resign with all due wages, he must wait an additional month to actual leave the company, even if he has worked at the plant for no more than a few days. If a worker does not want to wait so long and simply quits, not only will he not receive unpaid wages, he will be required to hand over a 15 RMB (\$2.42) fee. (The 15 RMB fee is broken into two fees: 5 RMB for “production costs” and 10 RMB for “labor costs”.) GSM’s policy illegally erases the meaning of a probationary period for a worker because the worker cannot actually “test” whether or not the work is suitable and will be financially penalized for resigning.

### Other Issues

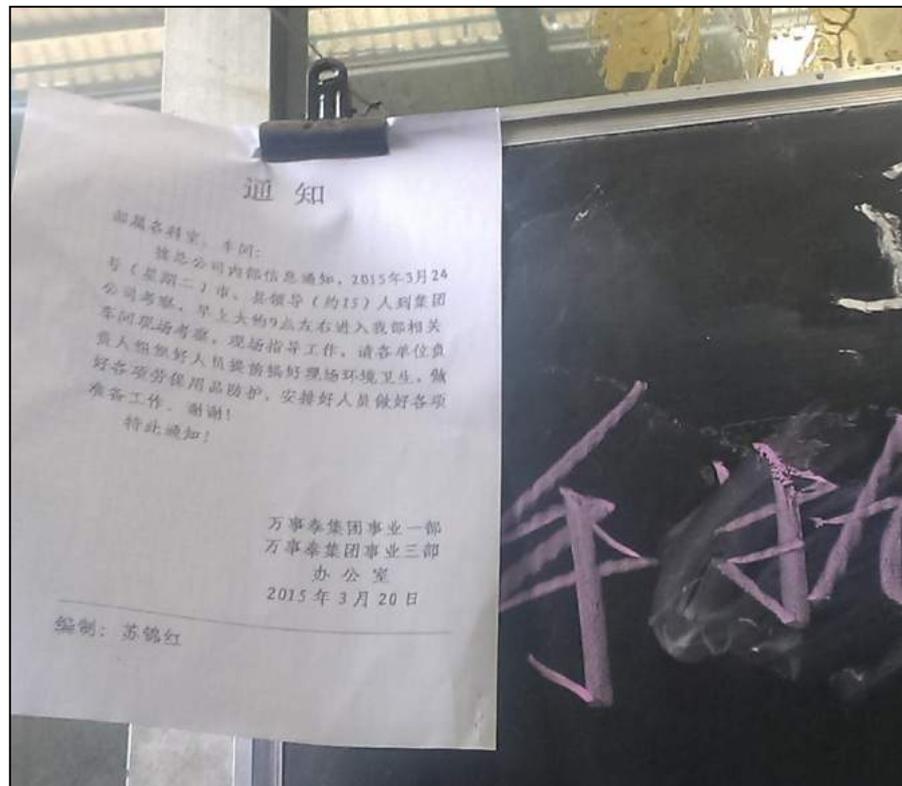
There are practically no channels by which workers can pursue grievances against management abuse. GSM has no apparent union representation or other worker organization. There is a so-called “mediation” office, but when the investigator sought out help there for wages owed to him after resignation, the staff member simply told him to go back to the production department and talk to someone there.

As mentioned above, the audit or inspection fraud at GMS is serious. Workers must sign fake contracts and pay stubs under threat of a fine (called a “substitute signature fee”). In this way, the factory is forcing workers to participate in the process of avoiding scrutiny. A worker has even been fired for talking about overtime during a factory inspection. When an inspection is pending, management demands that workers clean things up and wear their

protective gear. Additionally, overtime and fine notices will be taken down before inspections. Workers complain about being forced to go along with the inspection fraud.



Tupperware brand code of conduct



Advanced notice of an inspection, notifying managers to “prepare” workers, which includes ensuring workers wear protective equipment

## Investigative Report on Anotech International Kitchenware Company

A CLW investigator entered Anotech uncover, interviewing about 120 workers, more than a third of whom were women.

### Company profile

Anotech International Kitchenware Company (hereafter “Anotech”) was established in 2004 and is located in the Jiaotou Industrial Park of the Jianghai District of Jiangmen City, which is situated in Guangdong Province. This factory is a subsidiary of Anotech International, headquartered in Hong Kong. Anotech has its own kitchenware brand called Greenpan. The Anotech factory is composed of six workshops, employing about 600 people.

Address: No. 28 Jinou Road, Jianghai District, Jiangmen City, Guangdong Province.  
Contact number: 0750-3098812 Website: [www.anotech-intl.com](http://www.anotech-intl.com)



Office entrance of  
Anotech



**Two Greenpan products photographed at the Anotech factory**

## Hiring

During the period of investigation, Anotech was in a high production season, and the company's hoisting, pressure, injection, and coating departments were all recruiting large numbers of workers, though hiring was restricted to male applicants. According to a veteran worker, Anotech management think that women do not have the same sort of tolerance for hard work that men do. To apply, an applicant needs to bring their personal ID, fill out an application slip, and conduct an interview. There is a completed guide for the application form which is given to applicants for copying.

After interviewing, a new worker will obtain a hiring notice. This must be taken to the Jiangmen Occupational Disease Prevention Hospital to carry out a physical exam, the 93 RMB cost of which workers must pay themselves. The exam primarily consists of a chest x-ray, vision test, blood test, and urine test. People assigned to the coating or polishing positions at Anotech must additionally undergo a lung exam to rule out lung diseases.

After the exam, the new worker takes his ID, four photos, a bank card, and the hiring slip to Anotech check-in. Anotech will then hold the bank card and personal ID for a day without explaining why. (Chinese law does not permit the detaining of a personal ID by any private organization for any reason.)

Next, new workers undergo training, which lasts about half a day. The training content covers company background information, safety, ISO standards, product quality awareness, anti-terrorism, environmental protection, and occupational safety. These information are primarily presented via PPT. After training, workers must sign a sheet to confirm that they've undergone the training.

Workers then sign two copies of a labor contract and contract rider with Anotech; one copy of each is kept by the worker.

Workers are also required to sign a form which certifies each person's voluntary participation in the union. Worker do not actually have a choice whether or not to sign. If a person does not sign, he will be considered unqualified and refused an Anotech factory ID.

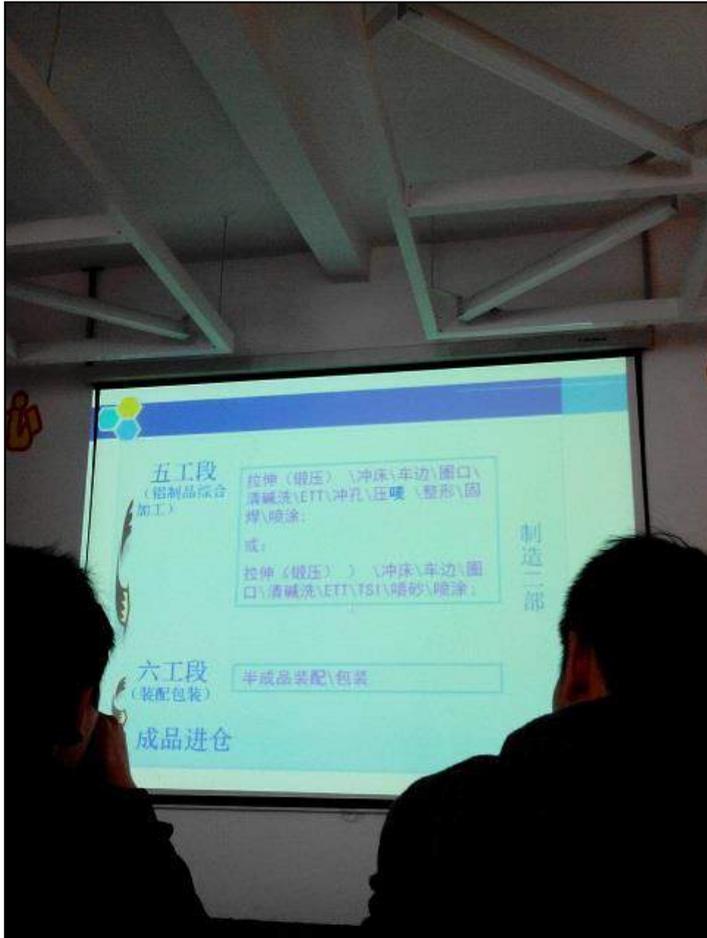


Hiring notice for Anotech

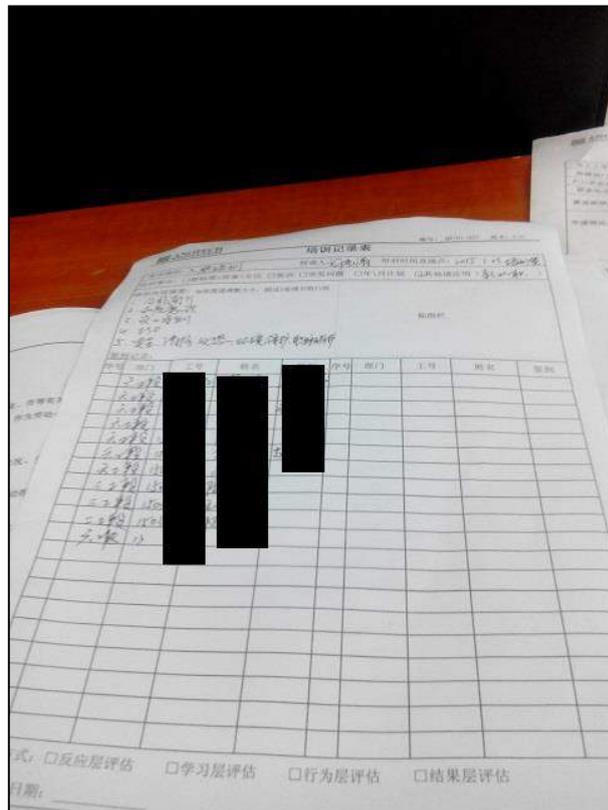
Finally, workers are given a factory ID and red internship ID. New workers are required to carry both IDs with them.

This first day of training and contracts is paid.

Only after a week of employment are new workers given two uniforms. While workers are not charged for uniforms, they must return them to Anotech upon resignation.



Training



Training sign-in sheet

## Resignation

Anotech's labor contract rider stipulates that monthly salaried employees, base-level management, and production technology workers must apply for resignation 30 days in advance of leaving. All others can apply 15 days in advance. There is also a stipulation for emergency resignation (for, example, family emergencies) in which a person is required to take care of resignation procedures within 15 days after resigning.

According to workers, however, management will not approve of resignation requests during busy seasons, forcing people that want to resign to simply quit, under which circumstance they will lose out on unpaid due wages. (Note: Chinese law does not require "approval" for resignation, only notice of resignation. A worker should not have to apply.)

Anotech also only allows workers to carry out resignation procedures on the final day of each month. This means that no matter when a worker applies for resignation, he must wait until the final day of each month to actually leave, which requires returning the work ID, uniforms, and key.

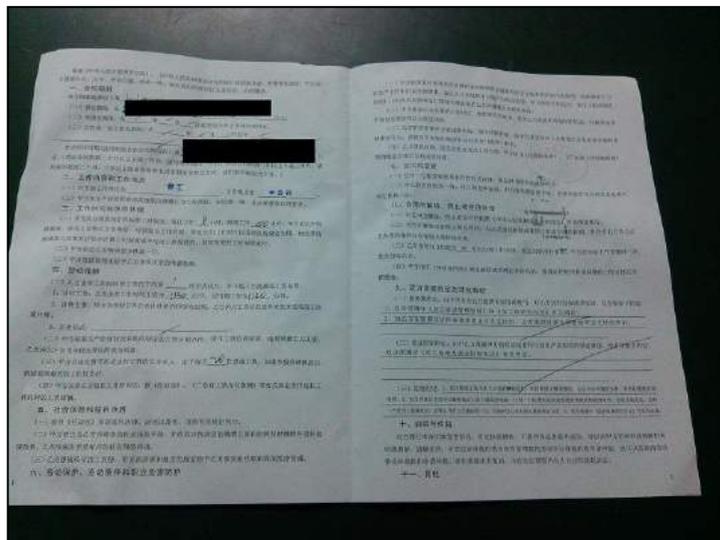
Veteran workers told the investigator that at its peak, the Anotech factory once employed more than 2,000 people. But because of poor management and difficult resignation rules, many people were forced to quit, leading a drag on Anotech's reputation.

When the investigator himself brought up resigning to the shift leader, the leader was surprised and asked, "Resigning only after arriving so recently? You don't get wages for just a few days of work. You can choose to quit." This effectively meant that the investigator, like many Anotech workers before him, could not resign through normal channels and could instead only quit.

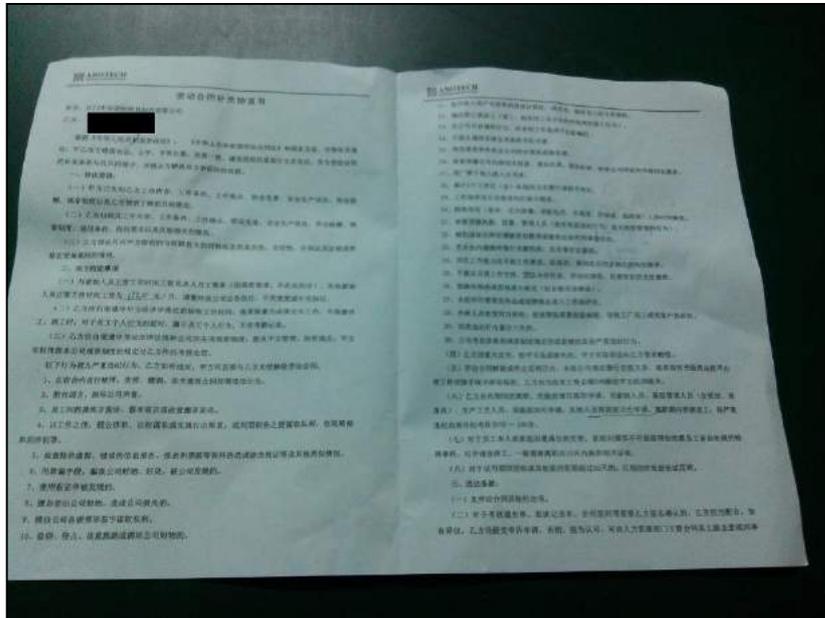
## Labor Contracts

When signing the Anotech labor contract and contract rider, management had already filled out most of the information. Workers need only sign their names in a few place and write their ID number, household registration address, and phone number on the first page.

Labor contract



Contract content includes effective period, work content, work location, working hours, leave, wages, insurance and benefits, contract alteration, termination of the agreement and related compensation, dispute resolution procedures, etc.



Labor contract rider

Without consulting or negotiating with workers, Anotech designates a five-year contract with a three-month probationary period. During the probationary period there is a review; if a worker receives less than 70 points, he will be fired.

The contract rider includes 30 items related to company discipline; the violations of any one is considered a

fireable offense. Additionally, the agreement stipulates that if a worker does not complete resignation procedures within two days within the date of resignation, Anotech may deduct 20% of that worker's wages as damages.

While working hours described in the contract are 8 hours a day, 40 hours a week, veteran workers said that their working hours are dictated by a combination of timed work and piece rate work.

### Working hours

In order to have records for inspections, Anotech required workers to swipe their work IDs every time they got on and off shifts. There is a 15-minute window before and after shifts in which workers may swipe their cards. Anything outside this window of time is not recorded, under which circumstance a worker must apply for a time record adjustment, otherwise he will be recorded absent.

Workers must arrive 10 minutes before their shifts every day for a meeting, but this time is unpaid. Sometimes workers must stay after their shift for meetings; this time is also unpaid.

During low seasons, Anotech workers typically do two hours of overtime beyond the normal daily eight-hour shift for 26 days a month (six days per week). During busy seasons, workers must put in three or four hours of daily overtime work, working 28 days a month. Workers have an hour for lunch but only 30 minutes for dinner. Aside from Production Sections Four and Six (a section at Anotech is the unit for a workshop),

all sections have night shifts. Workers rotate between night and day shift every half-month (two weeks). When they rotate shifts, workers are given an extra day of rest.

Day shift: 8:00-12:00, 13:00-17:00, 17:30-19:30 (overtime)

Night shift: 19:30-00:00, 1:30-7:30 (night shift workers only have one break)



**Workers must arrive 10 minutes early every day for an unpaid meeting**

Workers in Production Sections Four and Six are not permitted during shifts to take breaks to use the restroom or drink water. They must do these things during a restricted 10-minute break. Workers in other sections may use the restroom or drink water during shifts as long as they find someone to temporarily replace them in their position, otherwise they are not permitted to leave the line.

### **Wages and Benefits**

Wages are distributed on the 20th day of every month and are deposited directly into workers' bank accounts. Even though there are various local banks that might be appropriate, Anotech stipulates that workers must open an account with Jiangmen Amalgamated Agricultural and Commercial Bank.

Workers earn a base monthly wage of 1,130 RMB (\$182), the local minimum wage; plus seniority pay, which is 50 RMB (\$8.04) per month; attendance bonus, also 50 RMB per month; a working conditions subsidy, ranging from 50-300 RMB (\$8-48) depending on the position; education bonus, including a monthly bonus of 50 RMB (\$8.04) for vocational high school, 100 RMB (\$16) for vocational college, 150 RMB (\$24) for a Bachelor's degree, 200 RMB (\$32) for a Master's degree, and 300 RMB (\$48) for a doctorate; housing subsidy of 130 RMB (\$21) per month; and a daily 5 RMB (\$0.80) subsidy for night shift workers.

Veteran workers told CLW that Anotech does not pay overtime wages in accordance with law. A typical worker is paid overtime based on both piece rate and time, and they all said that they do not clearly understand how overtime is calculated. What's more, Anotech does not provide pay stubs to workers. Altogether workers may make about 3,000 RMB per month, but they do not know how much of this is calculated as overtime.

Only after a month of employment at Anotech is a worker given social insurance, for which workers must pay 246 RMB (\$40) per month. Anotech does not make housing fund contributions for workers as required by law.

There is a basketball court in the factory campus, but the investigator never saw anyone using it. Other than this, there were no other recreation facilities noted in the Anotech factory campus.



**Workers sleeping next to machines in the workshop**

## Living Conditions

Anotech only provides lunch and dinner in its cafeteria. Night shift workers are not provided with a meal during their meal breaks, and they must go outside the factory to buy food at a shop. In addition to swiping their cards multiple times a day for clocking in and out, Anotech workers must swipe their meal cards on a daily basis to register

that they want to eat a meal in the factory on that day, otherwise they cannot eat in the cafeteria.



Workers eating in the cafeteria

Workers must bring their own utensils to the cafeteria to eat. The cafeteria only provides one meat and one vegetable dish, and workers need to pay extra for rice. Anotech only allows workers to charge their meal cards between the 5th and 9th days of every month, each time charging no more than 150 RMB (\$24). The charged amount will be deducted from wages each month.

Workers can also put additional money, from 50-150 RMB (\$8-\$24) on their meal cards to purchase items in the small shop attached to the cafeteria. But they can only charge the cards on Wednesdays between the 25th day of month one and the 5th day of month two.

Workers all complain that there is not enough food, and if they arrive a little bit late, the cafeteria sometimes runs out.

Anotech provides dormitories for workers. Each room accommodates eight people.



Dorm room at Anotech

Anotech assigns workers to rooms randomly so that a single room might have both night and day shift workers, which may disturb people's rest.

Each worker pays 30 RMB (\$4.82) for the dorm room, and utilities are split among

roommates. Hot water is priced at 10 RMB (\$1.61) per ton; after 1.2 tons, the price is 20 RMB (\$3.22) per ton. There is also a 20 RMB (\$3.22) internet fee which is split among roommates. There is also an additional public utility fee of 5 RMB (\$0.80).

Each dorm room has closets, air conditioner, a restroom with a shower, and fan. Workers must swipe their cards to enter and exit the dorm building.

## Occupational Safety

In the polishing department and coating department, workers wear masks, and in the hoisting and pressing departments, workers wear ear plugs. In the assembly department, despite using cleaning agents to wipe the bottom of pans, workers are not given masks. The container for the cleaning solution is also left open when not being used.

Every month workers receive 10 pairs of gloves and two masks to use during work. If these break or become overly used, workers must purchase their own. Workers said that the equipment distributed is insufficient.

Accidents occur at Anotech. On the same day that the investigator entered the plant, a worker's hand was smashed by a pressing machine and he was rushed to the hospital. The safety content of pre-job training at Anotech lasts no longer than five minutes. Workers also do not receive specific safety training at their posts or sign three-level safety certificates (i.e., certification that a person has been trained on safety at the factory, workshop, and work post levels).

During breaks, coating and polishing workers often nap right next to the machines in workshops.

Pressing workers are not wearing safety helmets when removing pot bottoms from pressing machines.



Worker sleeping next to machine



Some workers not wearing protective equipment

Workers coming into contact with cleaning solution on a regular basis are not wearing any protective equipment.

There is no first aid kit in the workshop. Tools like scissors and hammers are left lying around without being put in standardized locations.

安诺特公司危险源辨识及风险评价表

安诺特公司危险源辨识及风险评价表

序号 Item	部门/地点 Dept./Area	危险源 Activity	设备/设施/物料 Equipment/Facility/Material	可能的事件/事件 Incident/Event	事故类型 Accident Type	危害因素 Hazard	危险源类型 Hazard Type	风险评价				风险等级 Risk Level	现有控制措施 Control Measure	建议控制措施 Suggested Measure
								L	E	C	D			
1	部门: 抛光车间	抛光	抛光液	接触	化学灼伤	化学灼伤	04行为因素	2	3	3	6	一般危险	佩戴防护用品	制定操作规程, 培训操作人员
2	部门: 抛光车间	抛光	抛光液	接触	化学灼伤	化学灼伤	04行为因素	2	3	3	6	一般危险	佩戴防护用品	制定操作规程, 培训操作人员
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16	部门: 抛光车间	抛光	抛光液	接触	化学灼伤	化学灼伤	04行为因素	2	3	3	6	一般危险	佩戴防护用品	制定操作规程, 培训操作人员
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50	部门: 抛光车间	抛光	抛光液	接触	化学灼伤	化学灼伤	04行为因素	2	3	3	6	一般危险	佩戴防护用品	制定操作规程, 培训操作人员

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Despite this long list of occupational safety hazards which exist in the workshop, Anotech workers receive minimal safety training and frequently do not wear protective equipment.

## Environmental Protection

Industrial waste water at Anotech is discharged directly into a nearby river. The water processing pit in the factory does not actually seem to process the waste and toxic water is still discharged into the local water supply. A river running near Anotech is seriously polluted; metals and oils from the coating and polish processes are floating in the water.



**River next to Anotech has been turned white with pollution**

Due to improper handling of coating and polishing waste, dust is everywhere in and around the workshop.

If chemicals like cleaning agents are spilled on the ground, it is not quickly cleaned up. In Section Six, a manager even said that if cleaner was spilled on the ground, there's no need to clean it and that it should be left to evaporate.



**Dust from production is covers the outside of the factory building**

There is no strict enforcement of anti-littering around Anotech. Trash is thrown carelessly on the ground, piling up on the road. Trash in the factory is not separated according to type; industrial trash and other trash is mixed together.



**Dust covers the wall and ground outside the factory**

## **Fire Prevention**

Some fire extinguishers and fire hydrants at Anotech appeared not to have been inspected recently or do not have updated inspection records. There are extinguishers that, despite passing their expiration date, have not yet been replaced. The location where cleaning agents and other chemicals are stored do not have a fire extinguisher or fire hydrant.

Outside of the polishing and coating departments is a sand pile that could ostensibly be used for extinguishing fires.

The emergency exit in the Section Six is locked and cannot be opened, which is a fire hazard.

During the hiring training, management said Anotech carries out a fire drill once every half year. The last drill occurred in October 2014. Veteran workers told CLW that they did not participate in the drill when it was conducted; only management participated.



**Old fire extinguishers without inspection records**

## Grievance Channels

Anotech has a labor union, but none of the workers interviewed by CLW knew if there were worker representatives in the union. No people had ever participated in a union election, and most did not know the identity of the union chairperson. Workers said that the union will organize activities around holidays. Anotech workers are required to pay union dues, for which each person has 5 RMB (\$0.81) deducted from their wages every month.

Workers also told CLW that Anotech does not have a worker hotline.

If workers have any problems, they usually seek out the shift or team leaders (base-level management) of their workshops.

## Selected Worker Interviews

Ms. Li from Hubei's Xiangfan City is 46 years old and has been employed at Anotech for 10 years along with her husband. She said that they have practically been working at the factory since it was established. From the beginning, Anotech purchased social insurance for her. The individual contribution for her insurance used to be 60 RMB (\$9.67), and nowadays it is 200 RMB (\$32).

Ms. Li has two sons. The oldest graduated from vocational college and is working in a Dongguan-located factory. Her second son had always been left in Ms. Li's hometown. He didn't finish high school and went to work instead. Nowadays he's working in their hometown. He is not very close to his parents due to the long-term separation; he doesn't speak to them much. Ms. Li said that this separation is a consequence of her and her husband needing to migrate away from home to work.

Ms. Li has seen a lot of injustice at Anotech in her ten years there. The factory fails to pay wages according to regulations, including overtime pay. Management commonly penalize workers through deductions, at 5 RMB (\$0.81) per penalty. Even if workers put in 28 days of work in a month, with two hours of overtime per day (beyond the 8-hour workday), they will only earn 2,800 RMB (\$451).

Like Ms. Li, many of Anotech's workers have been there for years and are in their 40s. She said that with the exception of workers in Section Six, all workshops at Anotech have seen strikes over low wages. The strikes usually last half a day or a day; workers will strike simply by refusing to work while stationed in the workshop. Ms. Li said that such strikes could result in wage raises.

Anotech designates production quotas, but workers do not know how much they've produced. The pace can also be quite fast. In the packaging workshop, for instance, the production line moves at 3.5 m/s, demanding of workers roughly one movement every second.

Another person named Mr. Liu works in the coating workshop. 45 years old this year, Mr. Liu has been employed at Anotech for eight years. Mr. Liu said that the coating

work is the dirtiest of any position. Sanding workers must undergo an annual physical exam. The physical is arranged by the factory, and Mr. Liu said the factory will not let them know the results. If a worker's results turn up anything, however, Anotech may have them suddenly moved to another position.

Mr. Liu said that Anotech commonly takes various measures to pass client inspections. For instance, when management knows of an impending inspection, workers will be made to wear their protective equipment and clean the production areas. Workers are told that if the inspectors ask them anything, the worker should say they are new and don't know. If a worker is selected for an interview in inspectors, the worker can receive a 50-100 RMB (\$8-16) bonus for "answering correctly". If that worker does not answer questions "correctly", he or she will be reprimanded. What answers constitute "correct" responses are told to workers before the inspection.

A Section Four worker named Ms. Wang is 48 years old and has been at Anotech for nine years. She said that Anotech only allows its female workers to work at Anotech until the age of 50. Ms. Wang is concerned that when she reaches 50, she will not have met the 15-year social insurance contribution limit (and thus cannot enjoy a pension). Ms. Wang said that she is not happy at Anotech. The work is tiring, and management often come around and inspect, yelling at workers. She has considered simply leaving, but Ms. Wang is worried that she couldn't find other work. She said that workers her age do not get to choose their employment; many companies refuse to hire anyone over the age of 40.

Like Ms. Wang, Ms. Jiang, of Section Six, will be turning 50 in two years. A native of Maoming, Ms. Jiang has worked at Anotech for eight years. She is also worried about social insurance. In her 30s, Ms. Wang had been employed at another factory but was never given any insurance. She only started receiving insurance at Anotech, but when the company forces her out at 50, she will not have met the 15-year minimum for insurance contributions.

Ms. Jiang explained that even if they have been at Anotech for years, many people did not know the brand companies for whom they manufactured products. Sometimes the shift leader will mention that foreigners will be coming to conduct inspection. It is only then that Ms. Wang learns that a particular order will be shipped overseas to a particular country. She also said that workers are often wronged by management, for example through random wage deductions and criticism. She has nowhere to express grievances and must instead silently endure.

## Other Issues

Many veteran workers said Anotech is not suitable for young people. Wages are low, barely enough to pay for living costs and have anything left over. Workers said that food costs alone for a month are between 800 and 900 RMB (\$129-\$145).

Workers also said that labor intensity is high at Anotech. In Section Six, for instance, workers must completely assemble one pot within five seconds. The production line moves at 3.5 to 4 meters per second, and workers have no way to momentarily relax or stretch their limbs. If a worker does not move quickly enough and accumulates a pile of incomplete units, that person will be reprimanded by the shift leader.

Supervisors at Anotech have the authority to switch workers' positions whenever and to wherever they desire. If a worker is insubordinate, he may be penalized 5 RMB (\$0.81). The investigator himself was subject to this position switching on a daily basis, sometimes twice a day. When the shift leader saw that a particular position was backed up or needed filling, he would switch a worker from one position to another.

In the fitting position, a worker would need to secure four rivets in five seconds. The worker will secure a pot with both hands, place it in the pressing machine, and then operate the machine with a foot press.

In the rivet-driving, cutting, and exterior setting posts, workers have to complete three movements every two seconds. For example, in two seconds, a worker needs to fit the rivets on holes in the pot, using both hands to insert, and then place the unit back onto the production line.

Workers in another department need to wear ear plugs due to the nonstop loud sound created by machines applying multiple tons of force. Workers are, nonstop, placing and removing units into and from the machines. They must all the while be very careful because if their movement is a bit too slow, they may get injured from the press; workers in this post will wear safety helmets and gloves.

Anotech regularly has client inspections. Before client representatives arrive, management will give workers notice, telling them to clean things up and not to talk to the inspector. If the inspector arrives during a break period for workers, workers are not permitted to take a break until the inspector leaves.

Anotech also sub-supplies from a plant in Foshan. For instance, it was said that the Greenpan electric rice cooker is manufactured for Anotech by the Foshan Weilang Metal Products Company.



[Chinalaborwatch.org](http://Chinalaborwatch.org)



[Solidar.ch](http://Solidar.ch)