

Beyond Foxconn : Deplorable Working
Conditions Characterize Apple's Entire
Supply Chain

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Statement by the Executive Director

Li Qiang

Introduction

On June 14th, a Foxconn worker jumped to his death from his apartment building in Chengdu, marking the 18th reported worker suicide at Foxconn factories in China in just over two years¹. Many additional suicides may have gone unreported²³. But these deaths and the focus on conditions at Foxconn reflect only a portion of the troubling conditions at Apple suppliers.

This investigation of other Apple suppliers in China reveals that serious work-related injuries and worker suicides are by no means isolated to just Foxconn but exist throughout Apple's supply chain. For example, we found that at least two workers committed suicide at Flextronics⁴ factories last year⁵⁶ (Ganzhou and Zhuhai) and that upwards of 59 workers were injured in explosions at Riteng's Shanghai factory last December⁷ (both are Apple's suppliers). More broadly, this investigation of ten different Apple factories in China finds that harmful, damaging work environments characterized by illegally long hours for low levels of pay are widespread in Apple's supply, with working conditions frequently worse at suppliers other than Foxconn. We also document for the first time the tremendous problems caused by the use of 'labor dispatching' by Apple suppliers in China.

¹ The police in Chengdu confirmed the death of a Foxconn worker, and the reason of death is unclear <http://news.sohu.com/20120614/n345601658.shtml>

² According to Apple Supplier Responsibility, 4 dead and 18 hurt in an explosion in Chengdu Foxconn Company on May 20, 2011

<http://www.apple.com/supplierresponsibility/code-of-conduct/health-and-safety.html>

³ According to the medias in China, 2 dead and 16 hurt in an explosion in Chengdu Foxconn Company on May 20, 2011 <http://jsszwywz.blog.163.com/blog/static/118614358201142194035659/>

⁴ Electronics is one of the most important electronic products manufacturers.

⁵ Two workers from the same company committed suicides continuously in Ganzhou, Jiangxi Province <http://news.cntv.cn/20110803/115387.shtml>

⁶ A worker at Flextronics jumped to death <http://money.591hx.com/article/2011-10-12/0000075438s.shtml>

⁷ There is another accident in the Apple's supplier, and at least 59 workers got hurt http://gb-www.digitimes.com.tw/tw/dt/n/shwnws.asp?id=0000264619_IES7WIP70XWGDBL4PBYB8

Apple must take on the responsibility of improving conditions in its supply chain and changing its purchasing system. We hope that Apple will respond to these investigative findings, which go well beyond that of the Fair Labor Association (in a study paid for by Apple). Unfortunately, Apple has never responded to any of China Labor Watch's investigative findings. Apple has promised this year to improve working conditions in its Chinese supplier factories, but based on its track record of not meeting such promises in the past, we are compelled to ask: are these promises sincere or merely a public relations ploy?

Background Information

In 2006, the Western media began investigating labor conditions in Apple's supply chain in China. Subsequent reports on Foxconn factories in 2007 prompted Apple to start auditing its supplier factories and also to begin publishing its annual Supplier Responsibility Progress Reports. In addition to Apple, other electronics companies felt compelled to respond after the media exposed poor working conditions in Foxconn factories. Under pressure from Apple and other companies, Foxconn radically reformed its dormitories—instead of sleeping 300 in a room, workers now sleep eight to twelve in a room. The improvement in dormitories was apparent to all observers, but other important aspects of working life, like the intensity of labor, remained unimproved, or even worsened. In 2006, an assembly line with 150 workers assembled a little more than 2000 computers in a day. By 2011, this number had increased to 3,500 computers. Part of this increase is the result of improved automation on the assembly line, but another significant factor is the dramatically increased intensity of the work itself.

After a string of worker suicides at a Foxconn Apple factory in May 2010, dozens of media reports put increased pressure on Apple and Foxconn to make changes. Foxconn vowed to raise wages and, perhaps more importantly, to set stricter limits on workers' overtime hours. Before 2010, workers often had to work over 300 hours per month, logging around 120 hours of overtime. According to our investigations over the last two years, Foxconn has effectively reduced overtime to less than 80 hours a month in most departments and workshops. While this represents improvement, this amount of overtime is still nearly

double that of the overtime permissible by Chinese law and often pushes workers well beyond reasonable limits.

Without media coverage of poor working conditions, these changes would have taken years to occur, if ever at all. As evidence, note that overtime hours at Apple suppliers other than Foxconn tend to be much longer.

New York Times stories in early 2012 put Apple and Foxconn back in the spotlight. In a matter of days, social activism sites Change.org and SumOfUs.org collected over 200,000 signatures for petitions to improve working conditions at Foxconn, and, caving to external pressure, Apple invited the Fair Labor Association (FLA) to conduct independent, third-party audits of the factory conditions at Foxconn. After FLA finished their audit, Apple and Foxconn said that changes would be made. However, if you read Apple's own reports on conditions at its supplier factories, and reports on Foxconn factories by SACOM and China Labor Watch, and other related media reports, you will find that FLA's report presents no new findings; all the problems that the FLA raised have been raised in previous reports. Since Apple failed to ensure that many needed reforms would be made before, its new commitment should be treated with skepticism.

About Our Report

From January through April 2012, China Labor Watch conducted investigations at ten Apple supplier factories. Initially, we hoped to use worker surveys to measure various working conditions quantitatively. However, after successfully surveying four factories in Shenzhen, our investigators ran into opposition in Shanghai and Jiangsu province. In Shanghai, factory management found out about our surveys and contacted the local police, who then confiscated our surveys and detained our investigators for seven hours before buying them train tickets and ordering them to leave Shanghai. In Jiangsu province, police also bought our investigators train tickets and forced them to leave. Undeterred in the face of obstacles, we sent a second investigatory team to finish what had been started. Some of our investigators entered the factories as undercover workers while others interviewed workers around the

factory premises. Altogether, six investigators were involved, including two college graduates, one vocational school graduate, and three workers who left their factories to become labor activists. In addition, four of the six investigators have two or more years of experience in the labor rights field in China, and all of them are familiar with factory conditions and can easily engage workers.

The findings of this report are primarily based on survey data and firsthand observations. At the end of the report are case-by-case descriptions of each factory's working conditions. The ten factories in our report were picked directly from Apple's list of supplier factories. By investigating ten factories of varied scale and location, we hoped to investigate whether the problems identified by the *New York Times* and other reports are isolated to Foxconn or exist throughout Apple's supply chain. In fact, many of the factories that we investigated performed much worse than Foxconn in key areas of workers' rights such as overtime hours, pay, and labor dispatching. On the various factories' websites, they claim to produce for other brands besides Apple, but we did not investigate to confirm these claims. From our experience, a factory's clientele changes frequently, so they could still be producing for these brands or have only produced for them in the past.

Investigative Findings

From our investigations we found that the labor rights violations at Foxconn also exist in virtually all other Apple supplier factories, and in many cases are actually significantly more dire than at Foxconn. For instance, working conditions at the Riteng Computer Accessories factory are especially difficult, and worse in key respects than the still harsh conditions at Foxconn.

We found that the following problems are common in many of the ten factories:

1. Excessive Overtime: The average overtime in most of the factories was between 100 and 130 hours per month, and between 150 and 180 hours per month during peak production season. This is disturbing when compared with China's legal limit of 36 hours of overtime

per month.

2. Workers are exposed to a variety of dangerous working conditions. For example, some workers at Tenglong reported that their work area was poorly ventilated and that the air was dense with metal dust. Workers in all the other factories also reported safety concerns and hazardous working environments.
3. Factories unfairly calculate workers' work time. For example, workers at Jabil must attend a 15-minute meeting every morning before their shift, but they are not paid for this time. Most factories also restrict workers' bathroom breaks.
4. A majority of workers were unsatisfied with the food offered in the factory cafeterias and hoped that dormitories and meals would be improved.
5. Most workers are not familiar with unions and their function. They have little ability to push for reasonable working conditions.
6. Low wages compel workers to accept overtime hours well in excess of the legal maximum. Most of the factories we investigated only pay a basic salary equal to the minimum wage stipulated by the local law, which are around USD \$200/month in most areas. Because the basic salary is not enough for the workers to live on in the city, they have to work long hours to support themselves.
7. Work intensity is very high. In nine factories, workers generally work 11 hours every day, including weekends and holidays in peak seasons. They can only take a day off every month, and they may need to work for several months without a day off in the peak seasons. They have to work on the assembly line standing on their feet all day, and can only have two 30-minute meal breaks every day.
8. Some factories do not pay for workers' social insurance, work injury insurance, and other insurances as required by law.

9. Some factories do not give workers proper pay for overtime work. For example, Riteng employees who work more than 80 hours of overtime in a month receive a “bonus” instead of overtime pay. The amount of the bonus is less than the legal overtime wage, and Riteng uses this tactic to hide excessive overtime hours.

Problems Overlooked by Apple/Labor Dispatching

Our research revealed that the biggest problem overlooked by Apple in their Social Responsibility Reports is the prevalent use of dispatched labor in their supply chain. Except for Foxconn in Shenzhen which transferred all dispatched workers to direct-hire status in 2011, all other investigated factories overused dispatched labor, including Jabil in Shenzhen where dispatched labor made up almost 70% of the workforce⁸.

We have written a separate section of the report to address this serious and overlooked problem. Labor dispatching demands special attention because Apple does not address it in its Supplier Responsibility Progress Reports and because it has a substantial impact on workers’ rights. If Apple were to take the problem into account, the number of supplier factories that meet Apple’s standards would fall considerably. It is important that the plight of these dispatched workers is brought to light and that their concerns are heard.

Our findings include:

1. Factories can use dispatched labor to employ people short-term without having to pay severance compensation.
2. Factories can use dispatched labor to shift responsibility for worker injuries onto another party.

⁸ Actually, the dispatched workers constitutes 70% of the workforce in Shenzhen, and 90% of the workforce in Suzhou, except for managers and technicians. They are estimated percentages based on this investigation.

3. Factories can use dispatched labor to prevent workers from organizing into unions or establishing democratic management systems.
4. Factories can reduce other forms of worker compensation, and thus their labor costs, by hiring dispatched labor. For instance, when companies contribute to social insurance programs for dispatched workers, they pay a smaller percentage or sometimes do not sign up workers at all.
5. Dispatched workers have no limitation on the amount of overtime that they work. Some have to work more than 150 hours of overtime every month.
6. The dispatching companies often charge the workers a recommendation fee between 20 and 120 USD and may also charge a monthly service fee. These fees are quite substantial when compared to the workers' monthly salary.

Conclusions

Since Apple's audits are conducted with a much larger budget than our investigations, we are confident that Apple is already well-aware of the problems that we address in this report. The real question remains whether or not they are willing to take the necessary actions to create changes. If Apple took significant steps that showed that they are willing to work on projects to improve factory conditions, to share costs and responsibilities with factories, and to work with other brands to create industry-wide standards, this would be more helpful than their historical approach of promising change until attention turns elsewhere, without delivering results.

Apple is responsible for the existing problems in its suppliers' factories, instead of shirking its responsibility. What matters is the improvement in labor practices Apple has achieved, instead of what they are doing as claimed.

An Investigative Report on Labor Dispatching Practices at Apple Suppliers in China

Starting in January 2012 and ending in April, China Labor Watch conducted a series of investigations at Apple suppliers⁹ in Shenzhen, Shanghai, and Jiangsu Province that focused on hiring practices, hours and remuneration, working environment and occupational safety, meals and housing, labor unions, and leisure life. The investigations were conducted mainly through surveys, onsite visits, private interviews, and undercover workers. This report focuses exclusively on the topic of labor dispatching and provides detailed analysis of this growing phenomenon.

What is Labor Dispatching?

Labor dispatch companies are employment intermediaries similar to temporary employment agencies in the United States. Whereas workers typically enter into a contractual relationship directly with their employer, labor dispatching introduces a third-party into the arrangement. Workers are contractually obligated to their dispatching company, and the company sends its workers to work in factories on an as-needed basis. Factories have no formal relationship with the dispatched workers and can send them back to their dispatch companies at any time.

According to Chinese labor contract law, employers must pay salaries to their employees every month and contribute to social welfare programs on their workers' behalf. As the factory workers' only formal employer, the dispatch company must fulfill these duties, but in many cases they do not. Even when a worker is not dispatched to a factory, the dispatch company still has a legal responsibility to pay them a monthly salary according to local minimum wage standards. Relevant contract laws also state that dispatched workers "shall typically assume only short-term, assistant, or replacement positions," but this is rarely the case. In addition, dispatch companies and factories are not allowed to charge the workers for

⁹ The Apple supplier factories we investigated are listed in the Apple Supplier List 2011 http://images.apple.com/supplierresponsibility/pdf/Apple_Supplier_List_2011.pdf

¹⁰ We investigated 10 Apple supplier factories, which are listed in the Apple Supplier List 2011, and there exists the problem of labor dispatching practice in every factory. However, this part of the investigative report focused on the eight of them.

any fees, but almost all the dispatch companies are charging workers now. Excessive use of dispatched labor remains rampant in various industries. Although relevant labor laws require that “dispatched workers receive equal pay as their direct-hire counterparts for equivalent work,” the reality is that dispatched workers are treated like second-class workers, and their rights are regularly trampled on—their wages are lower, their benefits are worse, and the intensity of their work is much greater.

In Apple’s 2012 Supplier Responsibility Progress Report, the company draws attention to the status of foreign contracted workers, but does not describe the situation of the thousands of dispatched workers that work in its supply chain in China. To address this oversight, China Labor Watch conducted investigations at eight Apple supplier factories in China and discovered various employment situations that are in violation of Chinese labor law and Apple’s own corporate responsibility standard.

Investigative Findings

Our investigation examined factories owned by Jabil, Foxconn, and BYD in Shenzhen; Riteng and Kenseisha in Shanghai; and Jabil, Catcher, and United Win in Suzhou, Jiangsu Province. Each of the eight factories uses student workers and dispatched labor to varying degrees.

We conducted our surveys via interview at the three factories in Jiangsu Province and the Kenseisha factory in Shanghai, and via survey at the three factories in Shenzhen and the Riteng factory in Shanghai. Initially, our investigators used surveys at all the factories, but because of unanticipated police intervention, the investigators were unable to proceed with some of the surveys in Shanghai and Jiangsu. Although surveyors were arrested and expelled from Shanghai (Altogether 150 surveys were seized by the police there) and Jiangsu, investigators returned to the factories to conduct face-to-face interviews with workers. The data we obtained, which indicates the widespread use of dispatched workers by many Apple suppliers, is presented in the chart below:

Factory Name	Shenzhen			Shanghai		Jiangsu Province		
	Foxconn	BYD	Jabil	Riteng	Ken-seisha	United Win	Catcher	Jabil
Survey Method	Q	Q	Q	Q	I	I	I	I
Effective Sample Size	65	59	53	68	/	/	/	/
# of Dispatched Workers	5 (be officially employed later)	7	37	34	/	/	/	/
Share of Total	7.7%	11.9%	69.8%	50%	≈35%	≈65%	≈70%	≈65%
Q = Questionnaire, I = Interview								

The factories in Shenzhen are relatively concentrated and have residential communities suitable for workers close by. In addition, factories often set up recruitment spots at their gates, where they post detailed information on job openings and interview times. Job seekers have easy access to job listings at different factories and can interview directly with their prospective employer when they are ready to pick a factory. At large factories in Shenzhen, like Foxconn and BYD, workers' salaries and benefits are relatively reliable, and there are established residential communities in the surrounding area. If a job seeker hears that work is easy to find in a particular area, they can move to a nearby community and then respond to job listings at the factories' designated times. Simply put, these two factories have little trouble finding workers to fill empty positions. Jabil in Shenzhen, on the other hand, is much smaller compared to other factories in its industrial zone and is somewhat isolated geographically. Although there is a residential community nearby, there are not nearly enough job seekers there to fill the factory's labor shortage.

According to our study of Shenzhen, Foxconn has already signed their dispatched workers

as contracted workers. The five workers who classified themselves as dispatched workers in our survey have already become direct-hire employees, and as of now there are no dispatched workers at the factory. The situation at BYD remains unclear, and dispatched workers continue to make up a large portion of the workforce at Jabil.

The layout of industrial zones in the Yangtze River Delta region (which includes Shanghai, Southeast Jiangsu Province and Northeast Zhejiang Province) differs greatly from those in Shenzhen. Factories in this region are clumped together densely and have practically no employee dorms or nearby communities. To get to and back from work, employees rely primarily on factory-owned buses that run from the factory to their living quarters several miles away. Job seekers have no choice but to also live in these communities while they look for jobs, but there are no factories nearby and factories do not actively recruit workers either.

Consequently, a situation has emerged where job seekers in the surrounding communities have trouble finding work and factories in the industrial zone have trouble finding workers. Under these circumstances, hundreds of referral agencies have developed to help the two groups connect. Worker communities in the Yangtze River Delta are surrounded by dozens of these small agencies that either belong to a larger recruitment company or operate without a license. The layout of the agencies is simple—a retail space of about 10 square meters to serve as an office, two or three workers, a computer, and a couple of tables and chairs. The agencies describe the pay and benefits of various factories to prospective workers, and after workers choose a suitable factory and pay the referral fee, the agency organizes transportation to the factory for an interview, physical exam, and other hiring procedures.

While at first blush this all seems reasonable, the contract that workers end up signing is often not with their factory but with some labor dispatch company that they know little about. Because all of the hiring procedures are done at the factory and because workers have only a rudimentary understanding of labor laws, most workers won't object to signing this altered work contract. They will think they are direct-hire employees and not realize they have just been “sold” to the factory by someone else.

Dispatched labor makes up more than 60% of the workforce at electronics factories in the Yangtze River Delta, far more than that in the Foxconn and BYD factories in Shenzhen, which is around 30%. Our investigators suspect this difference is primarily due to the placement of factories and the layout of surrounding areas in the Yangtze River Delta.

Based on this account, it is easy to believe that local environmental factors and inappropriate city planning are the culprits that force workers to rely on intermediaries to find jobs. The referral agencies are motivated by profit and pass the workers off to labor dispatch companies, who in turn send the workers off to factories in return for their own cut. If this were the case, the situation could be remedied by standardizing governance of the labor market and intensifying supervision of labor dispatch companies. However, the situation is not that simple; many factories that have the ability to recruit and hire workers directly are choosing not to do so in favor of using dispatched labor.

Reasons for the Rise of Labor Dispatching

In addition to the above reasons, why do factories use dispatched workers? And what specific effect does this system have on workers? According to our investigators' interviews, certain economic realities as well as the factories' own self-interest are the key factors that have caused this system to develop.

The reality of the situation is that factories are facing significant labor shortages and have trouble recruiting workers. Because of the changes in the supply and demand of domestic labor markets, labor shortages at factories have steadily grown over the last few years. In addition, electronics manufacturing is particularly labor-intensive and is more demanding on workers. With students only able to work short-termly and non-students looking for jobs in other industries, traditional recruitment methods are simply unable to meet the production needs of these factories. Referral agencies and labor dispatch companies are therefore the best choice for these factories. With recruitment spots on every street corner, referral agencies can gather large groups of workers in no time at all, and profitable labor dispatch companies are able to team up with recruiters quickly and efficiently. This hiring system is

able to provide factories with many new workers in a short time frame.

Factories also face an inconsistent stream of orders; when they have an unexpected spike in orders, they often need to increase their workforce to produce the goods on time. Labor dispatching can help meet this sudden demand.

The Effect of Labor Dispatching on Workers' Rights

While this hiring method may alleviate a factory's recruiting troubles, it increases the cost of a worker's job search. First, the worker must pay the agency a referral fee for their services, ranging anywhere from ten to several hundred RMB. Then, they must pay the labor dispatch company up to 200 RMB (\$32) for a physical exam, materials fee, and/or management fee. Only after paying all of these fees can the worker report to the factory for an interview and other hiring procedures. The result is that workers bear all of the additional financial burden and must spend more time securing a job. If the factory directly hired workers, they would not have to jump through so many hoops.

The factories also use dispatched labor to their own advantage, specifically by transferring risks and lowering costs. Such examples of self-interest are elaborated in the points below:

1. Factories can use dispatched labor to avoid paying severance to short-term workers. For example, if a factory lays off workers in its low season or wants to hire better workers to replace inferior ones who have already passed their trial period, the factory is usually required to pay a one-time severance fee to the discharged workers. With dispatched workers, however, the factory can send them back to the dispatch company as soon as the peak season ends. The dispatch company might reassign the worker to a new factory, but the more likely scenario is that they will do nothing at all. Most workers do not know where their dispatch company is located or even the company's name. With little understanding of the law, most workers will just think they have lost their job and will not go through the trouble of demanding their rights.

2. By using dispatched labor, factories can also avoid responsibility for occupational hazards. Nearly all of the factories examined in this report are electronic case manufacturers, an industry that involves using industrial chemicals, metallurgy, and other activities with a high level of risk. Workers may suffer mechanical equipment injuries or be exposed to loud noise, dust, or poisonous chemicals. Of these hazards, mechanical equipment injuries have the most immediate and obvious effects so workers can apply directly for injured workers' compensation insurance. Although the application process can be complicated, these injuries have no latent period to speak of. However, injuries like those caused by loud noise, dust, and exposure to chemicals develop over an extended period of time; complications are often not immediately apparent and only manifest themselves clinically after an unspecified length of time. By the time medical attention is necessary most workers have already left their original dispatch company or factory and have a hard time exercising their right to compensation and medical treatment.

Workers must present relevant work documents when seeking compensation for whatever type of injury they sustain. However, the relationship between the worker and their dispatch company and factory is based on the idea that “When you are working, there’s no problem, and when there’s a problem, you’re out of work.” When a worker is injured, the factory and the dispatch company both try to shift responsibility onto the party. Even if a worker is able to overcome all these obstacles and obtain the necessary paperwork, the dispatch company is unlikely to have sufficient resources to provide compensation. Meanwhile, the factory—the party which is most responsible for the situation—can walk away without the slightest accountability.

3. By hiring dispatched workers, factories can also prevent collective bargaining and any semblance of democratic management. Over the last few years as workers have become more aware of their rights and as the prices of ordinary goods have skyrocketed, more and more workers have begun to bargain collectively with their employers for higher wages, safer working conditions, and other issues of concern. At some factories, workers have even elected representatives and vetoed unreasonable factory rules. These actions have increased the operational costs of factories and broken the “low-cost, high-profit” model that factories

previously enjoyed. With dispatched workers, the factory can send them back to their dispatch company as soon as they show signs of organizing and avoid collective bargaining altogether. Since most workers don't consider themselves to have any direct connection to their dispatch company and most dispatch companies disperse their workers to many different factories, the chance of workers organizing on this level is even slimmer. Without knowing it, the workers have been quietly stripped of their right to bargain collectively.

4. Factories also reduce their labor costs in indirect ways by using dispatched workers. During our investigation we did not find that dispatched workers earned any less than their factory-hired counterparts, but a deeper analysis reveals that even if workers' salaries do not vary significantly within the same factory, the intensity and duration of their shifts do. In many cases where salaries were equivalent, dispatched workers had jobs with higher exposure to occupational hazards and longer shifts.

Take Jabil's factory in Shenzhen for example. According to initial analysis of our completed surveys, in a month where workers worked 250 hours (25 days x 10 hour/day, an approximation of an average work schedule), there were 26 workers who earned less than 2,500 RMB (\$400), of which 24 (92.3%) were dispatched worker. There were also 26 workers who earned more than 2,500 RMB (\$400), of which 13 (50%) were workers directly hired by Jabil.

5. Because there is no limit on the amount of overtime that dispatched workers can work, in order to make ends meet, dispatched workers tend to work longer overtime hours as the hourly rate is so low, to make more money. Consequently, this result in the significantly excessive overtime hours each month of those dispatched workers.

Companies also tend to save money by hiring dispatched workers, especially on social security expenses. Dispatched workers are often registered according to the lowest standard or only registered for the most basic programs, like injury compensation and medical insurance. For direct-hire employees, the factory's contribution to social security is 11% of their salary. So if a worker makes 2,500 RMB (\$400) per month, the factory will contribute

275 RMB (\$44) in social security. For a dispatched worker, however, the contribution is calculated according to an 1,800 RMB (\$288) salary baseline so that the total contribution is only 198 RMB (\$31). Direct-hire employees are also part of the public housing fund which requires the factory to contribute an additional 8% of salary, or 200 RMB (\$32) per month. Companies do not have to contribute on behalf of dispatched workers. In this way, a company spends 277 RMB (\$44) per month less on benefits for a dispatched worker than for a direct-hire employee.

To summarize, the effects of labor dispatching on workers include unequal compensation, reduced wages, incomplete access to social welfare programs, increased difficulty exercising labor rights, higher costs for job searchers, and slower career development.

Investigative Report on Labor Conditions at Ten Apple Supplier Factories in China¹¹



Image: one of the Foxconn dormitories

AVY Precision Surface Technology P/L (Pegatron Corporation)

RiTeng(Shanghai) Computer Accessory Co., Ltd.

TOYO Precision Appliance Co., Ltd. (Toyo Rikagaku Kenkyusho Co., Ltd.)

Catcher(Suzhou) Technology Co., Ltd.

Foxconn Technology Group

BYD(International) Company Ltd.

Kenseisha (Shanghai) Kenseisha Sdn. Bhd.

United Win Technology Limited

Tenglong Hardware (Changshu) LLC (Quanta Computer Inc.)

Jabil Circuit (Shenzhen) Inc.

¹¹ The ten Apple supplier factories we investigated are listed in the Apple Supplier List 2011 http://images.apple.com/supplierresponsibility/pdf/Apple_Supplier_List_2011.pdf

I. Introduction

This report is the result of a China Labor Watch (CLW) independent investigation into ten of Apple's supplier factories in mainland China. China Labor Watch is a New York-based international labor rights NGO that investigates labor issues in the global supply chain in order to protect workers' rights in China and ensure that workers receive fair compensation for their contributions to economic development.

Apple Inc. is the largest company in the world by market capitalization and the undisputed leader of the technology industry. Whenever the company releases a new product, hordes of loyal customers around the world stand in line for hours, sometimes even camping overnight, to get their hands on the newest iPod or iPhone. Apple represents affluence, modernity, and refined aesthetics, and its Code of Conduct promises safe working conditions in its supply chain, dignity and respect for all workers, and the protection of labor rights throughout the manufacturing process. Over the course of the last few years, however, the company has increasingly become the focus of international labor rights groups because of workers' rights violations in its supply chain. Is Apple living up to its promises of protecting workers' rights throughout the manufacturing process of its top-selling products?

Starting in January 2012, China Labor Watch conducted a series of investigations¹² at ten Apple suppliers in Shenzhen, Shanghai, and Jiangsu Province that focused on hiring practices, hours and remuneration, working environment and occupational safety, meals and housing, labor unions, and leisure life. The investigations were conducted mainly through surveys, onsite visits, private interviews, and undercover workers. We had hoped to use surveys everywhere but actions at certain locations by the Chinese police forced us to rely heavily on other information-collection methods as well.

¹² The investigation was conducted during the off-peak seasons. Therefore, the description listed in the article only reflects the situation during the off-peak season.

II. Factory Profiles and Methodology

The total number of workers who filled out surveys or accepted our interview is around 630. For factories we just conducted the research method of interview, the size of each sample is larger than 30 workers.

Shenzhen

We investigated three supplier factories in Shenzhen: Foxconn Technology Group in Guanlan District, BYD Electronics International Co., Ltd. in Baolong District, and Jabil Circuit, Inc. in Shajing Town. We conducted surveys and private interviews in all three, and at Jabil, our investigation was supplemented by onsite observations.

	Approx. # of workers	Surveys distributed	Surveys returned	Effective Surveys
Foxconn	120,000	70	66	65
BYD	30,000	73	69	59
Jabil	4,000	69	64	53

Shanghai

We investigated two supplier factories in Shanghai: Riteng Computer Accessories Co., Ltd. in the Songjiang Export Processing Zone and Kenseisha Shanghai P.M.O. Co., Ltd. in the Fengxian Export Processing Zone. At Riteng we used both surveys and private interviews, while at Kenseisha we used private interviews and onsite observations, but no surveys.

	Approx. # of workers	Surveys distributed	Surveys returned	Effective Surveys
Riteng	20,000 (in 3 factories)	100	94	68
Kenseisha	700	N/A	N/A	N/A

Jiangsu Province

We investigated five supplier factories in Jiangsu Province: Catcher Technology Co., Ltd. and United Win Technology Ltd. in Suzhou's Industrial Park; AVY Precision Technology Inc. in Suzhou's Xiangchen District; TOYO Precision Appliance Co., Ltd. in Kunshan; and Tenglong Metal Co., Ltd. in Changshu. In Jiangsu province, our investigations consisted primarily of private interviews with workers. Onsite observation was undertaken at Catcher, United Win, and TOYO. At Catcher we obtained additional information from undercover workers.

Factory Name	Approx. # of Workers	Factory Name	Approx. # of Workers
Catcher	14,000	TOYO	1,000
United Win	16,000	Tenglong	3,700
AVY	5,000		

III. Investigative Findings

During our investigation, we observed the current conditions of the ten factories in terms of hiring practices, hours and remuneration, working environment and occupational safety,

meals and housing, labor unions, and leisure life. In the investigations of the following five sections, only examples from those factories (out of the ten) where the working conditions were substantially investigated and reported were included.

A. Hiring Practices

Exploitation of dispatched workers, overreliance on referral agencies, and open discrimination against job applicants are all common hiring practices at these factories. Of course, the end goal of these policies is to reduce costs, shift risks away from the factory, and avoid responsibility.

Through interviews with workers and employment agencies, we found that of the five factories where we did *not* distribute surveys, all except TOYO used dispatched workers to varying degrees. On average, we estimate that more than half of the workers in these factories are dispatched workers. The dispatched worker data for the four factories in which we were able to conduct surveys is as follows:

Factory Name	Foxconn	BYD	Jabil	Riteng
Sample size	65	59	53	68
# of dispatched workers	5 (all dispatched workers were officially employed later)	7	37	34
% of sample	7.7%	11.9%	69.8%	50%

Of the nine factories where we were able to investigate hiring practices, TOYO was the only one in which we did not find dispatched workers. (However, because of factory restrictions, we cannot confirm that there are no dispatched workers in this factory.) Foxconn recently added all dispatched workers to their permanent workforce, and BYD had relatively few

dispatched workers (according to interviewed workers, BYD had some dispatched workers, but we have not verified yet). At the remaining six factories, however, dispatched workers made up more than half of the total workforce. These hiring practices are in clear violation of Article 66 of the Labor Contract Law, which states that “dispatched workers shall typically assume only short-term, assistant, or replacement positions”. In addition, factories often pay their dispatched workers less than their direct-hire employees for equivalent work, as told by the interviewed workers. For example, of the 50 workers in Jabil who reported their salary in our survey, 26 of them made less than 2,500 RMB (\$400) per month and 24 of them made more. Dispatched workers made up more than 90% of the lower salary group but only half of the higher salary group.

Misuse of dispatched workers can often lead to other violations of workers’ rights. For more information on the topic, please consult China Labor Watch’s “Investigative Report on Labor Dispatching Practices at Apple Suppliers in China.”

We found that the hiring procedures for employees were frequently designed at the expense of workers’ time and financial resources. Except for TOYO and the three factories in Shenzhen which have implemented public and open employment channels, all of the other five factories do not hire employees openly, either using referral agencies or hiring based on the referrals of current employees. If the factory recruited workers directly, it would only take one day to go through the process, but by using employment agencies and other indirect methods to recruit workers, it often takes two or more days to complete the process. At the same time, the employment agencies charge workers 100-500 RMB (16-80USD) for their services, increasing the financial burden on jobseekers.

There was also substantial evidence of age discrimination in the hiring policies at nine of the ten factories (information was not available for the tenth factory, Riteng). The exact age restrictions on new hires in each factory are detailed in the chart below:

Age	United Win	Catcher	Foxconn	BYD	Ken- seisha	TOYO	AVY	Tenglong	Jabil
Min	16	16	16	16	16	16	16	16	16
Max	30	30	35	35	35	35	35	35	38

According to national labor laws, the retirement age for male and female workers is 60 and 55, respectively. The right to work is a basic human right, and by instituting such obvious discriminatory policies, these factories are effectively depriving older workers of their rights in a very serious and fundamental way. The use of younger workers on a temporary basis may also make it easier for the factory to impose any working conditions it chooses without facing objections.

1. Tenglong

Prospective workers are not directly recruited outside the Tenglong factory gates, but must instead be recommended for a vacant position through an intermediary referral agency. The fee is either 50 or 100 RMB (\$8 or \$16) depending on the agency. Some workers, however, are hired through on-campus recruitment events at schools. To be hired through a referral agency, workers must submit proof of identification before going to the factory for an interview under the guidance of an agency employee. Height requirements for male and female workers are 166 cm and 155 cm, respectively. Graduation from junior high school is the minimum education requirement, but it is possible to receive a fake diploma from the agency at additional cost. In a telling example of regional discrimination, we saw a sign that read “No people from Shandong wanted” hanging outside one of the agencies. Before starting work, workers need to complete a health examination. The fee for the exam, paid in full by the worker, is 60 RMB (\$9.5). The factory provides a work uniform free of charge. If a worker wishes to leave, they just need to submit their letter of resignation one month in advance.

The labor contract that workers end up signing is with the referral agency, not with the factory. The term of the contract is two years without a trial period. If a worker wants to become a direct-hire employee in the factory, they typically must wait until the completion of the two-year contract. However, it is also possible for a dispatched worker with a good work record to become a direct-hire employee before the end of their contract.

2. AVY

There is no onsite recruitment at the factory. Instead, all prospective workers must be hired through local employment agencies. According to the data we gathered from workers, the agencies' fees vary between 300-500 RMB (\$48-\$80) with workers looking for employment during the peak season generally paying more. There are no discriminatory hiring practices with regard to region, ethnicity, religion, or gender. However, male workers must be at least 165 cm tall, and female workers at least 155 cm. The workers must submit proof of identification before they begin working.

To be hired, workers must first complete a health examination that costs 50 RMB (\$8). After working at the factory for half a year, the factory will reimburse half of the examination fee. However, this reimbursement is not distributed until a worker formally ends their employment.

The worker signs a labor contract directly with the factory. According to the factory's recruitment poster there is a one-month trial period, but according to workers, that period is three months long. The factory does have a path for dispatched workers to transition to formal employment, but this transition has nothing to do with the completion of the initial trial period. Instead, dispatched workers will only have the opportunity to become direct-hire employees after completing six months on the job. Only about one-third¹³ of the factory's

¹³ This is an estimated percentage from this investigation.

total workforce are direct-hire employees.

3. Jabil

Jabil uses four different methods to hire workers. The first is directly hiring workers through the factory. On recruitment days, factory management will put up a recruitment notice outside the factory's main entrance in the morning. Around one o'clock in the afternoon they will begin recruiting by the factory gates. Prospective employees must bring proof of identification, their most recent diploma, other relevant documentation, and a pen. Workers that are hired go to Shajing Disease Prevention Health Clinic for a health examination that same afternoon. The fee for the exam is paid out of pocket by the worker. The second hiring method is to recruit workers by posting a notice outside the office of one of Jabil's subcontracted factories. Even though this path to employment is not directly through Jabil, no referral fee is charged. The third way is for the worker to be recommended by a local referral agency for a fee of 210 RMB (\$33). Many workers report that the Shajing Talent Referral Office requires an additional 500 RMB (\$80) work fee. The fourth method is to be hired as a dispatch worker at the Anxin Labor Services Dispatch Company and then be dispatched to Jabil.

Shenzhen Talent Human Resources Co. Ltd. takes advantage of workers seeking employment at Jabil, swindling them of anywhere between 110 and 710 RMB (\$17 and \$113). They promise jobseekers that they will only need to pay after a successful interview, but the interviews that they arrange are all for show, conducted by one of their own employees instead of a hiring manager from the factory. During the so-called "interview" workers are asked for proof of identification and to describe their personal background, but the positive result is all but guaranteed. Workers are then expected to pay the agency fee (210 RMB/\$33 for men, 110 RMB/\$17 for women). After payment is received, they will be issued a "Letter of Recommendation," but having not yet interviewed at the factory, employment is not guaranteed as advertised. The standard fee for Shenzhen City Zhichengtong Labor Services

Dispatch Company is 300 RMB (\$48) for a male worker, but female workers are recommended to the factory free of charge. Restrictions include no tattoos, no nail polish, and no unusual hairstyles. However, there are no restrictions on region, ethnicity or religion.

Underage workers that are recommended by recruitment agencies or labor dispatch companies can be accepted, but they need to pay a 210 RMB (\$33) referral fee and a 500 RMB (\$80) work fee. They fill the same positions and perform the same tasks as other workers.

As part of the hiring procedures, workers must submit four copies of their ID for factory records. The factory quickly checks the authenticity of the ID card, diploma, and health certificate before returning these documents to the worker. Workers who need to register for a social security card must leave their ID card with the company for one week. The factory does not hold on to any documents as leverage against workers or require a monetary deposit. While the factory does not charge any expenses, the recruitment agencies and labor dispatch companies that workers use to seek employment charge 210 RMB (\$33) or more. When the factory is in urgent need of employees, the labor dispatch companies will not charge female workers a referral fee.

The factory provides workplace training for all new employees. The training period is typically two days but sometimes only one day, and covers background information on the factory, worker safety, and factory rules and regulations. The workers receive full pay for the duration of the training. The factory also provides work uniforms free of charge, and when workers leave the factory, they are not required to return the uniforms to the factory.

Workers fill out and sign a contract with the labor dispatch company their first day on the job. The term of the contract is one year with a one-month trial period and a three-month period before dispatched workers can become direct-hire employees. The contract also

covers wages and benefits, basic social security programs, conditions for violation and termination of contract, and place of work. Workers are given a copy of the contract for their personal records. Some employees reported that new workers are not given a labor contract until they are directly hired by the factories after three months on the job.

After three months, dispatched workers with a good work record will be directly hired by the factory. However, some workers choose to turn down the offer and remain with their labor dispatch company. One reason an employee might decide to do this is because the factory deducts 400 RMB (\$64) from direct-hire employees' monthly paychecks for social insurance and other programs, but only deduct 200 RMB (\$32) from dispatched workers. Labor dispatch companies deduct an additional 100 RMB (\$16) per month for a service fee.

4. BYD

BYD recruits workers primarily through two different channels. The first channel is arranging interviews between prospective workers and staff members from the human resources department near the factory's rear gate. The second is hiring workers that are recommended by local recruitment agencies. Employees who are seeking employment at BYD for the first time typically choose the first option. Male workers who have previously worked at BYD and who want to work in the factory again must use the second option, paying approximately 700 RMB (\$112) for an agency referral. Sources suggest that a majority of this fee is used to "pull strings" with the factory's human resources manager. Female workers who have previously worked in the BYD factory must wait at least three months before reapplying for a job there. Employees that decided to leave the factory on their own accord are not allowed to work at BYD a second time. However, if they pay for a referral from a referral agency and use another person's ID to fill out paperwork at the factory, they can be rehired. After working six months in the factory they can pay a 400 RMB (\$64) processing fee to switch to their own ID. During the hiring process, new employees must provide a copy of their ID for the factory to keep on file, but they do not need to provide

any additional documentation or deposit. The factory requires that all new hires undergo a physical exam (30 RMB/\$5), set up a bank card to receive wages (10 RMB/\$1.6), and register for a residence permit (10 RMB/\$1.6). Altogether the costs for a new worker are 50 RMB (\$8).

Each employee is given two uniforms free of charge when they begin working at the factory. If a worker loses a uniform or needs a new one for some other reason, they can pay 45 RMB (\$7) per additional uniform. When an employee leaves the factory, they must return their uniforms or else the factory will deduct 45 RMB (\$7) per uniform from their outstanding wages.

5. Kenseisha

Kenseisha does not directly recruit workers at its factory gates, instead going through employment agencies to find their machine operators and occasionally recruiting assistant technicians at surrounding vocational schools. The work of technicians and operators are essentially the same, but technicians receive an additional 20 RMB (\$3.2) bonus each month. Workers recruited through employment agencies are exempt from paying placement fees.

The factory does not discriminate against potential hires with regard to race, religion, gender, or home region. Operators must have graduated from junior high school, while assistant technicians must have a diploma from a secondary vocational school. All workers must demonstrate elementary proficiency in English. Height requirement for male and female workers are 160 cm and 150 cm, respectively, and eyesight must be 20/25 or better. Workers are required to undergo a physical exam before starting work in the factory; the 60 RMB (≈\$10) fee is paid for out of their own pocket. The factory provides workers with free uniforms. During the trial period employees can leave on the same day that they tender their resignation, but after the trial period they must give one month's notice before leaving. The standard contract that workers sign with the factory lasts for two years and includes a two-

month trial period. Workers who have been dispatched to the factory sign a contract with their labor dispatching company. Workers sign two identical copies of the contract and retain one copy for their personal records.

6. Catcher

While a vast majority of workers at Catcher are actually employees of independent labor dispatch companies, a small portion were hired directly by the factory after being introduced and recommended by a current worker or local referral agency. When Catcher or its partnered labor dispatch companies conduct recruiting, they do not discriminate against applicants on the basis of their gender, home region, political beliefs, or other factors, but there are certain age requirements which are not publically disclosed. Besides the fees that workers pay to their dispatch companies, workers are not required to pay any other fees or deposits to the factory. Work uniforms are provided for free. Worker training is paid according to the standard wage. For more specific details, please refer to the section on hiring practices in China Labor Watch's "Labor Situation Survey Report of the Catcher Science and Technology (Suzhou) Co., Ltd."

7. TOYO

In addition to using referral agencies, the factory also recruits workers outside the factory gates at 1:30 pm every weekday. Applicants must be recommended by a current worker to be directly hired by the factory, and recommenders serve as guarantors for all new hires that they recommend. In other words, if there are any problems with the new employee, the recommender will assume full responsibility. A worker can be a guarantor for only one new worker per day, and up to a maximum of five workers total. Workers who enter the factory workforce with an internal guarantor do not need to pay a referral fee, but they must provide the name of the individual who introduced them and indicate clearly in writing the individual's position and relationship to them. This information is then verified, and if there

are discrepancies, the applicant will not be hired. Individuals who enter the factory through employment agencies are required to pay a fee of 150 RMB (\approx \$24) to 200 RMB (\approx \$32) depending on the agency. Those who go through employment agencies do not need to indicate a guarantor. According to investigators who observed onsite interviews, they found that one applicant born in 1977 was denied employment. The minimum education requirement is completion of junior high school, and there were no restrictions with regard to gender or regional background.

Workers at the factory must undergo a physical exam for 110 RMB (\approx \$17). Those who work more than ten days can be reimbursed for the exam fee after providing necessary receipts. The factory provides free work uniforms.

After passing the physical exam, workers sign a labor contract with the factory. All contracts are signed directly with the factory regardless of whether the worker was brought in through a referral agency or an in-factory guarantor. Contracts are for one year and include a two-month trial period. Although most contracts are signed on a yearly basis, there are a few open-ended contracts as well. This is partly because the workers have limited awareness of their rights and also because TOYO does not provide any information to workers on this subject.

8. Riteng

There are two main methods to seek employment at Riteng: be recommended by someone already working at the factory, or be recommended by a labor services company. If a new worker completes a full month of work, the factory gives that worker's in-factory recommender a 300 RMB (\$48) recruitment bonus, and once the new hire completes three months of work, the factory gives an additional 300 RMB (\$48) bonus. Workers who come to the factory through a labor services company are required to pay an intermediary fee. After a worker has been on the job for about a week, the factory will provide them with two

work uniforms. Workers who stay on the job for at least a year before leaving do not have the cost of the uniform deducted from their wages. If a worker works at the factory for less than a year, however, they must pay a fee of 50 RMB (\approx \$8) for the two uniforms.

After either one or two days of training in the factory, workers sign a labor contract. Contracts for workers recruited through the internal referral system and those who go through labor service companies are effective for three years with a trial period of six months, and the content of the contract is identical for both groups.

B. Hours and Remuneration

Interviews with workers from Kenseisha, Catcher, AVY, Tenglong, and TOYO revealed that these five factories all operate on a day-and-evening dual shift system and pay only the local minimum wage. In all the factories except Kenseisha, workers are paid a base salary of 1,140 RMB (\approx \$181) per month, or 6.55 RMB (\$1.08) per hour. Overtime pay is 9.8 RMB (\$1.6) per hour on work days, 13.1 RMB (\$2.1) per hour on days off, and 19.65 RMB (\$3.12) per hour on national holidays.

		Jabil	Foxconn	BYD	Riteng
WORKING HOURS	Sample size	64	66	69	94
	Fewest hours worked in a day	8	8	8	8
	Most hours worked in a day	20	12	12	18
	Average # of hours in a day	10	9.98	10.47	11.78
		60	65	67	89

DAYS OF WORK	Fewest days worked in a month	20	18	22	22
	Most days worked in a month	30	28	30	31
	Average # of days worked in a month	24.6	23.87	27.87	29.35
Average hours of work in a month		246	238.22	291.8	345.74
How satisfied are you with your work hours (%)	Very satisfied	7.9	3.1	/	4
	Fairly satisfied	17.5	6.3	12.3	2.7
	Indifferent	61.9	60.9	49.2	30.7
	Fairly unsatisfied	9.5	15.6	29.2	13.3
	Very unsatisfied	3.2	14.1	9.2	49.3
SALARY	Sample size	61	64	67	91
	Lowest salary (RMB)	1900	1500	1800	1300
	Highest salary (RMB)	4200	4150	4000	3600
	Average salary (RMB)	2493.44	2501.41	2572.39	2833.63
How satisfied are you with your salary (%)	Very satisfied	4.8	0	3.1	1.3
	Fairly satisfied	4.8	4.5	9.2	1.3
	Indifferent	50.8	43.3	49.2	24.4
	Fairly unsatisfied	22.2	31.3	26.2	17.9
	Very unsatisfied	17.5	20.9	12.3	55.1
Average hourly wage		10.14	10.5	8.82	8.2

The above table covers the four factories for which there is the most information. Note that workers in Riteng are employed 29 days per month, working 347 hours. Only seven percent of the Riteng workers are satisfied with their work hours and only three are satisfied with

their salary.

More broadly, workers at the six factories in Shanghai and Jiangsu province work an average of 300 hours per month, or more than ten hours a day, and earn around 3,000 RMB. While work hours tend to be shorter in the Shenzhen factories, the salary is also considerably lower.

In order to make up for the lower salary, workers in Shenzhen must work extensive overtime that can cause irreversible damage to their health and increase the risk of accidents on the job. This situation not only reflects the factories' general disregard for workers' health and safety, it is also a clear violation of national labor laws that prohibit overtime in excess of 36 hours per month.

1. Catcher

At Catcher, the day shift runs from 9 a.m. to 9 p.m., and the night shift from 9 p.m. to 9 a.m. Workers are given 90 minutes for two meals during their shifts, bringing the daily workload to 10.5 hours. The peak production season is from April to December, and the off-season is from January through March. During the peak season, workers get at most two days a month and may not have a single day off for an entire month. During the off-season, workers have at least one day off per week and work about 25 days in a month. The average monthly salary at the Catcher factory is approximately 2,900 RMB (\approx \$460).

2. AVY

The two shifts at AVY are from 8 to 8 with a half-hour break for each meal and total daily work time of 11 hours. During the off-season, workers have one day off per month, and they have one day off every two months during the peak production season. If a worker does not take a day off for an entire month, their overtime will reach 154 hours, and if they

only take off one day a month, it will total 143 hours. According to workers at the factory, there is no rest given when a worker switches from the day shift to the night shift, but those going from the night shift to the day shift have one day off to adjust. The average monthly pay for a worker is around 3,000 RMB (\approx \$476), and direct-hire employees receive a bonus of 150-270 RMB (\approx \$24-43) each month.

3. Tenglong

At the Tenglong factory, the two shifts go from 8 to 8 for a total of 12 work hours a day. However, workers must arrive 15 minutes before their shift for a group meeting, and the meeting time does not count towards work time. The factory maintains a regular flow of orders from long-time clients so overtime hours are fairly predictable, generally totaling 170 hours per month. During the off-season, workers have one day off per month, which during the peak season they do not have a single day off for entire months at a time. Workers' monthly pay is around 3,000 RMB (\approx \$476). The wages of workers who have not been directly hired by the factory are transferred to a bankcard by their employment agency, and pay slips are issued to all workers by the factory's human resource department.

4. TOYO

At TOYO, day and night shifts last from 7:30 to 7:30 each workday. Two meal times are scheduled for 90 minutes each, but workers have indicated that the factory often schedules employees to keep working during the afternoon, reducing mealtime to just half an hour. After working a full shift, a worker can choose to work an extra 90 minutes of overtime. In other words, day shift workers may work until 9 p.m. and night shift workers may work until 9 a.m. Of course, workers are also free to decline the extra overtime. Workers can only take off one day per month. If a worker chooses to perform overtime, their monthly overtime may well exceed 200 hours. The average monthly pay at the factory is approximately 3,000-3,500 RMB (\approx \$476-555).

5. Kenseisha

Kenseisha's day and night shifts include 11 hours of work time, running from 8:30 to 8:30 with two half-hour breaks for meals. During the off-season workers can get one day off per week. During peak production, however, they only get one day off every two months. Workers typically log 85 to 150 hours of overtime each month. Base pay is 1,300 RMB (≈\$206) per month, or 7.47 RMB (\$1.19) per hour. The hourly rate increases to 11.2 RMB (\$1.78) for regular overtime, 14.94 RMB (\$2.37) on a designated off-day, and 22.4 RMB (\$3.55) on a national holiday. Workers' total monthly pay ranges from approximately 2,800-3,500 RMB (≈\$444-555).

6. Foxconn

Foxconn has many different departments and work zones, and each one has a different system for work shifts. Some departments have two shifts a day, while others operate on a one- or three-shift system. Those working under a two-shift system have a meal break in the middle of their shift and work between 10 and 11 hours a day. Those who work one shift typically work eight hours a day, but during peak production, they must work one to three hours of overtime in the evening. Employees who work under a three-shift system work six to eight hours daily. In some departments workers only work 18 days a month, while in others they work anywhere from 21 to 28 days.

The wages of Foxconn workers are kept largely confidential, since workers' pay varies within departments and even along a single production line. The base salary for a typical worker ranges from 1,350 RMB (≈\$214) to 2,800 RMB (≈\$444) per month, and the wages of new hires are not necessarily all the same either; the lowest starting wage is 1,350 RMB (≈\$214) per month but some receive 1,500 RMB (≈\$238) a month. Workers themselves are not clear

on how pay is determined, and those interviewed said that wages are decided by upper-level managers. Since most workers are paid hourly, they rely heavily on overtime to make ends meet. Some workers receive monthly bonuses as well.

Since different departments produce different products for different brands, workers' pay often varies between departments. Interviews have revealed that workers who make Apple electronics make slightly more money than those who work on other brands' products, though this is undoubtedly correlated with the amount of overtime worked. In our investigation, we found that in some cases wages were different even when the type and quantity of work was the same. For example, we interviewed two workers from different cell phone departments who were working the same hours; the worker producing cell phones for a small brand-name company was earning only 2,500 RMB (\approx \$397) per month, while the Apple worker earned 3,200 RMB (\approx \$508).

7. BYD

Departments at BYD run on either one-, two-, or three-shift systems, but most workers only work one shift a day. For example, workers in Department No. 3 work from 8:00 am to 11:30 am, and then 12:30 pm to 5:30 pm. Overtime begins at 6:30 pm and lasts for 90 to 180 minutes. Recently, though, workers rarely work overtime. Every department has its own system, but workers generally work between 22 and 30 days each month.

Pay for most workers is set at the local minimum wage of 1,320 RMB (\approx \$209) per month. Overtime pay is calculated according to relevant regulations in the "Labor Law of the People's Republic of China." Some positions are paid according to a piecework wage system, but because the unit prices of factory products are not disclosed, workers cannot fully understand the methods used to calculate their pay. As long as their pay matches up roughly with the number of items they produced that month, the workers are satisfied.

8. Jabil

In 2011 the peak production period at Jabil was from March through May. During this stretch, workers had two hours of overtime each regular work day, ten hours of overtime on off-days, and one day of rest per week. Altogether, workers averaged 84 overtime hours per month. Except for the plastics department and administrative office which operate on a one-shift system, all other departments in the factory run on a two-shift system. The day and night shifts go from 8 to 8 each day, and workers are given 24 hours to rest and adjust before switching shifts at the end of each month. Workers have between four and eight days off each month, and the longest stretch that a worker will have to work is six consecutive days. During each shift workers have one hour for lunch and one hour for dinner. Workers have at least 10 hours to rest each day.

The average monthly salary is between 2,500 RMB (\approx \$397) and 4,000 RMB (\approx \$635). However, workers who log little overtime only earn between 2,100 RMB to 2,500 RMB (\approx \$333-397). Wages are calculated by adding base salary, overtime pay, and bonuses and then deducting social insurance, 60 RMB (\$9.5) for rent, 5 RMB (\$0.8) for utilities, and any fines. Altogether, the factory deducts over 400 RMB (\$63) from the wages of direct-hire employees, and the labor dispatch company deducts more than 200 RMB (\$32) from their dispatched workers. Workers' referral agencies pay the first three months of a worker's salary and deduct a service fee of over 100 RMB (\$16) each month. Workers in groups that manufacture finished products earn an average monthly salary between 2,500 RMB and 3,000 RMB (\approx \$397-476), while workers in processing groups make between 3,000 and 3,500 RMB (\approx \$475-555).

9. Riteng

Workers at Riteng typically work six days a week, 11 hours a day, and 26 days a month. During peak production, workers generally work seven days a week and may not have a day off for months at a time. Day and nights shifts run from 8 to 8 and include two half-hour breaks for meals. Workers switch shifts at the end of each month.

The base salary for a direct-hire employee is 1,280 RMB (\approx \$203), but including overtime pay, average monthly wages are around 2,800 RMB (\approx \$44). The factory deducts 180 RMB (\approx \$29) for board, which includes three meals a day, 30 RMB for laundry, and 80 RMB for utilities. Workers who do not live in the factory dorms or eat in the factory dorms are not charged for these expenses, but the laundry fee is deducted regardless of whether or not the worker washes their clothes.

C. Working Environment and Occupational Safety

During our investigation, we found that the working conditions in factories that produce metal cases for Apple products are especially poor; workers are often exposed to loud noise, toxic airborne particles, and hazardous chemicals on a daily basis, and injuries while operating machinery are not uncommon.

		Jabil	BYD	Foxconn	Riteng
What do you think of the protective equipment provided by the factory (%)	Qualified and adequate	39.1	23.2	32.8	25
	Provided, but inadequate	43.8	68.1	45.3	68.5
	Provided, but does not meet standards	7.8	7.2	18.8	1.1
	Don't provide	6.3	1.4	3.1	5.4
What do you	Thorough	4.7	7.6	/	1.1

think of the occupational training (%)	Fairly Thorough	18.8	15.2	15.2	9.7
	Acceptable	46.9	63.6	54.5	24.7
	Poor	3.1	9.1	19.7	17.2
	No training	14.1	/	4.5	47.3
	Unknown	10.9	4.5	6.1	/
How much does the working environment affect your health (%)	Large influence	7.8	16.4	/	50.6
	Fairly large influence	20.3	37.3	18.2	36
	Small influence	39.1	28.4	37.9	6.7
	No influence	15.6	3	12.1	2.2
	Unknown	17.2	14.9	31.8	4.5
How would you rate your factory's performance on work safety and health (%)	Very good	9.4	7.6	7.8	/
	Good	28.1	18.2	23.4	14.3
	Acceptable	40.6	57.6	51.6	33
	Bad	4.7	10.6	1.6	49.5
	No opinion	17.2	6.1	15.6	3.3

This table flags how the majority of workers at BYD and Riteng feel their working environment has a fairly large influence on their health and these two factories do not provide adequate protective equipment to the workers.

What is more, verbally abusive managers and unreasonable factory rules are problems at virtually all of the supplier factories. The workers at Riteng have to work standing on their feet for hours on end, and they need to get permission to go to the restroom. Only one worker on each production line is permitted to go the bathroom at a time. There is no time limitation for workers to use the restroom, but if they leave for a long time, the line leader will scold them. At Catcher, the onsite line manager occasionally scolds, and even verbally abuses, workers if they talk loudly during work. Workers reported that they have grown used

to it. Workers in the Die Cutting Machine department at Jabil must attend a 15-minute meeting before each shift that is not counted towards their working time. They have exactly 30 minutes to take their meals, and workers feel that they cannot take water and restroom breaks freely. Although they do not need permission to use restroom, they need the line manager or foreman to replace them during a bathroom break.

		Jabil	BYD	Foxconn	Riteng
Does the onsite manager verbally abuse workers (%)	Yes, and unsatisfied with it	7.9	30.3	14.5	42.2
	Yes, and indifferent	31.7	22.7	24.6	14.5
	Yes, and understandable	17.5	7.6	24.6	16.9
	Rarely	36.5	24.2	18.8	19.3
	Never happened	3.2	7.6	10.1	3.6
	Unknown	3.2	7.6	7.2	3.6
Factory regulations (%)	Unreasonable	19.6	47.5	58.5	58.5
	Reasonable	98.2	52.5	41.5	41.5

The onsite manager and factory regulation about other factories which we conduct survey is analyzed as follows.

1. Catcher

Catcher primarily manufactures metal cases which require use of heavy machinery and increase risks to workers' health and safety.



Metal particles on workers' faces after they remove their masks at the end of their shift

The Sanda process in particular generates a lot of loud, piercing noise. Although the factory provides earplugs and other protective equipment to workers, working in such an environment for an extended period of time will inevitably cause damage to workers' hearing. Industrial processes like Sanda, polishing, and sand blasting also produce large quantities of metal dust. These airborne particles accumulate quickly in closed, air-conditioned workshops with poor ventilation. Meanwhile, the simple face masks that the factory provides do not effectively prevent workers from inhaling metal dust; as shown in the photos above, a thick layer of metal dust was evident under workers' nostrils when they removed their masks at the end of their shifts.

Catcher does not provide safety training to new workers nor do they inform workers of the inherent risks of their occupations. There are fire extinguishers, emergency flashlights, and other common fire-fighting equipment in the workplace, and fire escape routes are kept clear at all times. However, there is no training on how to use the equipment and no fire drills to describe escape procedures.

2. Tenglong

The workers at Tenglong have to work standing on their feet all day, and the dust inside the factory is dense. According to one interviewed worker, air quality in the factory is “so poor that working inside is like being a street sweeper on a dusty road.” Working in the factory is far more dangerous though because the metal dust that workers breathe into their lungs is significantly more toxic than the soil-based dust that accumulates on sidewalks and streets.

3. Riteng

Workers at Riteng told us that the factory provides gloves, masks, earplugs and other protective equipment to workers, but that they are of poor quality and will only be replaced when they are completely worn out. The factory only switches to better equipment in preparation for a customer visit or factory audit.

4. Kenseisha

Kenseisha provides masks, gloves and other protective equipment to workers but use of equipment is not closely monitored; some workers wear it and others do not. The factory produces aluminum products, and there is scrap metal strewn around the factory premises. According to workers, work-related injuries occur occasionally.

5. TOYO

According to workers in the surface treatment department at TOYO, the smell of chemicals in their workplace is overwhelming. The factory provides gloves, uniforms, and caps to workers. We noticed that surface treatment workers’ uniforms were speckled with oil. When

a worker's contract is renewed each year, they must undergo a physical examination.

6. AVY

According to workers at AVY, the air quality in the factory is poor and workers are often exposed to toxic chemicals. During the investigation, we spoke to a worker with a severely injured hand who had only been working in the factory for three months. While he was working one day a strong corrosive chemical leaked into his glove and badly burned his hand. When we spoke to him, his hand was covered with a bandage, and he told us he was still on injury leave. The factory had not signed him up for the government's social insurance program, buying private insurance on his behalf instead, but they compensated him for all related medical expenses. The worker's unhurt hand was also calloused, rough, and shedding skin. He told us that he plans to leave the factory soon because he is afraid of the health effects of the toxic air in the factory.

7. Foxconn

According to workers at Foxconn, occupational hazards, such as low-level radiation, chemicals, and dust, do exist in some areas of the factory. Although the factory provides safety training to workers, it is not very informative and is carried out only perfunctorily. The factory provides protective equipment to workers, but some workers reported that the protective equipment was inadequate and not up to standards. Workers have little faith in the equipment's effectiveness.

8. BYD

Some workers at BYD are regularly exposed to chemicals, radiation, and other occupational hazards. According to some workers, their work area is deafening and extremely hot.

However, the factory does not release measurements of workplace radiation and other hazards, so workers have little idea of how harmful such conditions are on their health.

The factory provides safety training and protective equipment to some workers. However, a lot of workers reported that the training was too short and uninformative to be effective and that the protective equipment is inadequate and may not even meet factory standards. There are some work-related injuries in the factory. For example, the workers in the laser welding workshop told us that there were at least four work-related injuries in their workshop recently—in most cases, a worker’s hand had been cut or crushed by machinery.

D. Meals and Housing

According to worker interviews and onsite observations, all the factories provide free meals to workers at shift, but with lack of tasting in food and limited choices. Also, living conditions in the factories are not satisfying either. Only Catcher and TOYO provide dormitories to workers, and AVY does not accommodate dispatched workers, who occupy two-thirds of their workers. Kenseisha and Tenlong do not offer dorms at all. Workers find the dorms crowded, unsanitary and poorly facilitated.

Below is the information on the dorm conditions at the four factories that we collected from our surveys. Note how common it is for the dorms to be crowded, lacking in facilities, and dirty:

		Jabil	BYD	Foxconn	Riteng
How are conditions in your	Very good	4.8	1.4	6.1	/
	Good	22.2	10.1	9.1	2.2
	Average	38.1	50.7	47	20.7
	Bad	6.3	17.4	15.2	17.4

dorm (%)	Very bad	3.2	11.6	6.1	58.7
	Not clear	25.4	8.7	16.7	1.1
What problems exist in your dorm? (%)	Crowded	35.1	41.2	73.3	69.2
	Lacks facilities	24.6	45.6	16.7	49.5
	Lack of ventilation and light	3.5	29.4	13.3	26.4
	Dirty	35.1	41.2	30	68.1
	Unsafe	7	11.8	10	24.2
	Expensive	3.5	7.4	11.7	30.8
	Tension with roommates	5.3	5.9	13.3	13.2
	Bad roommate arrangement	8.8	22.1	15	8.8
Insufficient water	24.6	7.4	13.3	18.7	

Below is the data of workers opinions on factory meals. Huge proportions of the workers found the food to be unsanitary:

		Jabil	BYD	Foxconn	Riteng
How is the quality of food in the cafeteria (%)	Very good	7.8	1.5	6.1	/
	Good	18.8	5.9	9.1	/
	Average	54.7	63.2	47.0	9.6
	Bad	15.6	16.2	15.2	19.1
	Very bad	/	10.3	6.1	69.1
	Not clear	3.2	2.9	16.7	2.1
What problems are there with	Expensive	4.9	18.2	43.1	45.7
	Unsanitary	49.2	40.9	38.5	67.4
	Portions too small	21.3	33.3	29.2	67.4
	Lack of variety	36.1	45.5	23.1	66.3

the food (%)	Not nutritious	9.8	37.9	30.8	64.1
	Too plain	44.3	39.4	29.2	50.0
	Other	4.9	3.0	/	1.1

1. Catcher

The cafeteria at Catcher offers three meals a day; breakfast for two RMB (\$0.3), and lunch and dinner for six RMB each (\$1). For lunch and dinner, the cafeteria offers a choice between rice-based and grain-based meals. Rice-based meals come with unlimited rice, soup, three of four different vegetable sides, and one of three different sides with meat. Grain-based meals consist of two of four different types of skewered meats and vegetables cooked in spicy soup, served over rice noodles in clear broth and with a side of two steamed buns. Hot sauce is provided to workers who like spicy cuisine.



A rice-based meal at Catcher



A grain-based meal at Catcher

The cafeteria has air conditioning and a television. The tables and floor are cleaned in a timely manner, and cafeteria workers wear all appropriate sanitary equipment. According to workers, although the cleanliness of the cafeteria is good overall, the taste of the food is lacking, and workers with different dietary preferences are unsatisfied with the limited number of choices.

The factory provides the meals described above for free on any day that a worker has a shift, whether it be a regular work day, designated day off, or national holiday. Workers can simply swipe their IC card for the meal or any other goods of equivalent value, like prepackaged drinks or snacks. On days that workers do not work, they must pay for their own meals. They can either pay with cash or use their IC card to deduct the purchase directly from their paycheck.



Workers in the cafeteria

Catcher provides dormitories to workers at affordable prices. Workers are free to choose whether they live in the dormitories and also whether they want to live in a six-person or eight-person room. There are no preferential policies for workers with higher positions or seniority. The price for a bed is 100 RMB (\$16) per month in a six-person room and 80 RMB (\$13) per month in an eight-person room. The factory deducts the fee directly from workers' salaries, and there are no additional expenses for utilities or management.

Each dorm room has a bathroom, balcony for hanging laundry, and shower room with hot

water. Rooms are also equipped with an air conditioner, personal lockers, and cleaning supplies. Because no specific person is responsible for cleaning the dorm rooms, they tend to be fairly messy. Janitorial staff cleans the hallways and other public areas on a regular basis though.

Each dorm building has a TV room, library, and ping pong table that are free and available to use 24 hours a day. Workers can also buy things at the supermarket or use the internet café at their own expense. Because workers have limited time off work and enjoy different forms of entertainment, few of them take advantage of these facilities.

The workers who live in a dorm can enter and leave their dorms as they wish with no time restrictions whatsoever. Catcher provides free shuttle service to workers who live outside the factory. Workers who do not live in the dormitory do not need to pay the dormitory fee, but the factory does not provide them with any accommodation allowance either. Workers can choose the most convenient shuttle bus depending on their location. However, if the workers do not choose to work overtime after their regular shift ends at 7:30 pm, they must arrange for their own transportation home or wait until the shuttles leaves the factory at 9 pm. This, naturally, strongly encourages them to undertake the overtime work.

2. TOYO

The factory provides free meals, consisting of three side dishes and soup, to all workers on their workdays. According to workers, the taste is average, but because it is free and because there are no restaurants near the factory, they have no choice but to take their meals in the factory.

Worker dorms are not located on the factory premises but instead in Fuhuan Park about ten miles from the factory. The workers who live in the dormitory can take the free shuttle bus

to and from work, but if workers want to return to the dorms earlier or later than the scheduled time, they have to take public transportation. The factory charges workers 60 RMB (\$9.5) per month for rent, including utilities.

3. Kenseisha

The factory provides free meals to workers on their workdays. If a worker is not working on a certain day, they can still eat in the cafeteria for 1 RMB (\$0.16) per meal. According to workers, the food in the cafeteria is so bad that many workers go to a small shop on the factory premises to buy instant ramen noodles or leave the factory to buy bread in the Export Processing Zone instead. Because workers only have 30 minutes for each meal, they have to eat quickly with little or no downtime. At best the workers can have a quick smoke break before rushing back to work.

The factory does not provide dorms for workers. Most workers live with their coworkers in housing near the factory. The dormitory next to CITI INVEST has the highest concentration of Kenseisha workers, and workers typically ride bikes and scooters to and from work. The factory provides no accommodation allowance.

4. AVY

The factory provides free meals and living accommodations for direct-hire employees, but only free meals for the dispatched workers that make up some two-thirds of the factory workforce. Consequently, all dispatched workers rent out rooms in the communities around the factory. The factory does not provide them with any accommodation allowance.

Mealtime lasts only 30 minutes. According to workers, the time is too short, and there are too many workers getting food at the same time. They have to rush to work after every meal

and never have a minute to rest.

5. Tenglong

The factory provides free meals but no dormitory. Most workers choose to live in dorms arranged through a referral agency, but some also rent apartments outside the factory. The dormitory arranged through the referral agency costs 120 RMB (\$19) per month for a bed in an eight-person room. Because workers from different factories live in the same room, workers may be concerned about their possessions, and there may also be scheduling conflicts that disturb workers' sleep patterns.

E. Labor Unions and Leisure Life

As the questionnaires conducted in the following four factories, Jabil, BYD, Foxconn and Riteng show, more than half of their workers are not sure if there is a labor union in their factories, let alone their awareness of labor union activities. Workers from all the four factories revealed that they never or seldom submit recommendations to labor unions as few or no changes had been made. Their leisure life aspects were also been reflected in the table below.

		Jabil	BYD	Foxconn	Riteng
Is there a labor union? (%)	Yes	28.6	30.4	43.9	5.5
	No	15.9	26.1	4.5	65.9
	Not sure	55.6	43.5	51.5	28.6
Are there labor union	Know of labor union activities	4	19.4	23.4	4

activities? (%)	Do not know of labor union activities	96	80.6	76.6	96
Do you submit recommendations to the labor union? (%)	Never	56.4	62.7	68.2	69.8
	Occasionally	41.9	28.4	30.3	18.9
	Often	1.6	9	1.5	11.3

		Jabil	BYD	Foxconn	Riteng
What do you do after work before you go to sleep? (%)	Bored with nothing to do	31.7	26.1	36.4	50
	Shop	27	34.8	31.8	83.7
	Watch TV/read/listen to the radio	27	21.7	12.1	44.6
	Browse the internet	42.9	42	39.4	31.5
	Spend time with family	1.6	2.9	1.5	6.5
	Work a part-time job	6.3	8.7	9.1	21.7
	Sports	6.3	20.3	10.6	5.4
	Socialize	9.5	10.1	7.6	9.8
	Study	3.2	5.8	13.6	8.7
	Other	1.6	2.9	3	1.1
What response did you receive	Received no response	13.8	7.9	30.6	17.8

from the labor union after submitting a recommendation? (%)	Received response, but saw no change	29.3	41.3	43.5	53.3
	Received response, and noticed some change	50	41.3	17.7	20
	Received response, and noticed complete and timely change	6.9	9.5	8.1	8.9

F. Riteng vs. Foxconn

As noted, in the wake of a series of suicides by its workers, as well as several reports documenting the harshness of its working conditions, Apple’s largest supplier in China (Foxconn) has been the subject of much criticism this year. Apple has verbally committed to ensuring reforms in some of Foxconn’s worst practices.

The criticism of Foxconn is appropriate, and improvements there would be of benefit to a large number of workers. But what stands out from the comparisons in this chapter of Foxconn’s workers producing Apple products to other Apple suppliers in China is how Foxconn is no aberration. Working conditions have severe shortcomings throughout Apple’s supply chain, and Apple needs to ensure that reforms are made by all its suppliers, and not just Foxconn.

Indeed, as the Table below shows, working conditions at Foxconn's Apple factory in Shenzhen, as bad as they are, are nonetheless better than working conditions found in Apple supplier Riteng's three factories in Shanghai. The table includes selected, important indicators from other tables in this document.

	Riteng	Foxconn
	Shanghai	Shenzhen
	(3 factories)	
Surveys distributed	100	70
Surveys returned	94	66
Approximate number of workers	20,000	120,000
Percent of workers that are dispatched	50%	8%
Average number of hours worked per day	11.8	10
Average number of days worked per month	29.4	23.9
Average hours worked in month	346	238
Lowest salary (RMB)	1300	1500
Highest salary (RMB)	3600	4150
Average salary (RMB)	2834	2501
Average hourly wage (RMB)	8.2	10.5
Average hourly wage in U.S. dollars	\$1.28	\$1.65
Percent rating factory's safety and health as 'bad'	50.0%	2.0%
Percent rating dorm conditions as 'bad' or 'very bad'	76%	21%
Percent rating dorm conditions as crowded	69%	73%
Percent rating dorm conditions as lacking facilities	50%	17%
Percent rating dorm conditions as dirty	68%	30%
Percent indicating food is unsanitary	67%	39%

The Riteng factories employ 20,000 workers. On average these workers are on the job nearly 12 hours a day compared to 10 hours a day at the Foxconn factory. The Riteng

workers get only about one day of rest each month. Their overtime hours dwarf those of the Foxconn workers, which themselves are well above the legal limit set in China.

While Riteng workers have average monthly salaries greater than Foxconn workers, this reflects the greater number of hours worked, not higher salary levels. For Riteng workers, the average hourly wage is 8.2 RMB or \$1.28 USD, well below the still-meager average hourly wage of Foxconn workers of 10.2 RMB or \$1.65 USD.

The safety and health of the factory in Riteng is particularly troubling. Half of the workers there rated its safety and health as 'bad' compared to just 2% of workers giving this rating to the Foxconn factory.

Living conditions are much worse at the Riteng dorms than at the Foxconn dorms. Around 70 percent of workers in both locations said the dorms were overcrowded. But more than three times as many Riteng workers (76 percent) rated the dorm conditions as 'bad' or 'very bad' compared to the ratings by the Foxconn workers (21 percent). For instance, half of the Riteng workers said the dorms were lacking facilities while 17 percent of Foxconn workers made such an assessment. Also, 67 percent of Riteng workers said their food is unsanitary, much higher than the still-unacceptable portion of Foxconn workers saying their food is unsanitary (39%).

Appendix I: Workers' Concerns and Hopes for Improvement

In this appendix, we examine workers' overall satisfaction level with their factory and problems that they would like to see improved. As can be seen from the table, they mainly desire for improvements in dining, living conditions, entertainment as well as management quality. The biggest concern for them is salary level.

		Jabil	BYD	Foxconn	Riteng
What aspects do you think the factory should improve? (%)	Improve the cafeteria and food	46.9	54.4	65.2	80.6
	Improve dorm conditions	17.2	47.1	39.4	66.7
	Develop more forms of entertainment for workers	37.5	45.6	31.8	30.1
	Offer training opportunities for workers	21.9	19.1	28.8	32.3
	Improve occupational safety	7.8	16.2	7.6	57
	Pay salaries to workers according to the law	18.8	51.5	7.6	30.1
	Limit working hours	9.4	30.9	19.7	16.1
	Improve the quality of management	48.4	26.5	34.8	21.5
	Improve the grievance system	17.2	20.6	15.2	14
	Other	3.1	2.9	/	/

		Jabil	BYD	Foxconn	Riteng
What are your primary concerns in the workplace? (%)	Promotion opportunities	17.2	31.9	22.7	58.1
	Increase salary	76.6	73.9	86.4	78.5
	Reduce working hours (including overtime)	20.3	42	12.1	25.8
	Reduce the intensity of work	26.6	10.1	13.6	11.8
	Knowledge and skills training	15.6	24.6	19.7	29
	Entertainment	15.6	20.3	10.6	28
	Improvement of dorm and cafe	21.9	11.6	22.7	25.8
	Good interpersonal relationships	14.1	23.2	22.7	16.1
	Incentive system	6.3	14.5	6.1	23.7
	Occupational safety	12.5	13	10.6	12.9
	Protection of legal rights	7.8	7.2	9.1	10.8
	Appreciation of one's worth	9.4	15.9	4.5	16.1
	Punishment system	1.6	7.2	1.5	4.3
	Other	1.6	2.9	/	/

We used interviews, onsite observations, surveys, and undercover worker experiences to explore the realities of working at each of the ten supplier factories. Below are the data we collected on workers' general satisfaction level. The factory with the highest worker satisfaction level was BYD and the one with the lowest was Riteng. More than 60% of the workers are indifferent about their current factory and said that they would leave if a better opportunity emerged. At Riteng, more than 30% of the workers were dissatisfied with the

factory and said they were prepared to leave the factory at any time.

		Jabil	BYD	Foxconn	Riteng
How would you rate your satisfaction level at your current factory? (%)	Satisfied and has a sense of belonging, will stay at the factory	12.7	13	9.1	7.5
	Indifferent, will leave the factory if there is a better opportunity	71.4	65.2	66.7	62.4
	Unsatisfied, and prepared to leave the factory at any time.	15.9	21.7	24.2	30.1

Appendix II: The Worker in Broader Society

Higher income, more opportunities for development, and more awareness of the world are the most common reasons why workers come to work in the factories. These reasons may reflect workers' thought process when they decide to leave their hometown, but according to our investigation, their life in the factories ends up being quite different from their expectations. When asked where they would like to be in five years, half of the workers responded that they would like to run their own business, 20% said they will continue working in the factories, and only 1.2% hope to go home and farm.

		Jabil	BYD	Foxconn	Riteng	Avg.
Why do you work in the factories? (%)	Higher income	6.6	22.1	25.8	71	31.4
	More opportunities to develop	47.5	66.2	36.4	45.2	48.8
	Greater awareness of the world	47.5	52.9	34.8	21.5	39.2
	Have friends outside hometown	24.6	10.3	37.9	12.9	21.4
	Prefer life in the city	9.8	10.3	12.1	2.2	8.6
	Other	4.9	4.4	1.5	/	3.6
What do you expect to be doing in five years? (%)	Continue working	6.3	10.1	15.4	47.2	19.8
	Go home to farm	3.2	1.4	0	0	1.15
	Be a technical specialist	4.8	26.1	6.2	3.4	10.1
	Run a small business	66.7	47.8	56.9	29.2	50.2
	Have not thought about it yet	11.1	8.7	20	15.7	13.9
	Get promoted to a manager	7.9	5.8	1.5	4.5	4.9

	Jabil	BYD	Foxconn	Riteng
Actual monthly salary (RMB)	2493.44	2501.41	2572.39	2833.63
Ideal monthly salary	3582.2	3790.91	3795.52	3848.39
Current monthly expenses	1427.87	1800	1568.18	1637.23
Estimated cost for lifestyle that satisfies basic demands	3172.03	2838.1	2354.1	2689.35

Appendix III: Workers and Apple

More than 70% of the workers do not have Apple products but would like to have one. However, even assuming that they had zero living expenses, their total monthly salary is far less than the cost of an iPhone or iPad.

		Jabil	BYD	Foxconn	Riteng
Are you familiar with Apple and its products? (%)	Very familiar, interested in its new products	8.1	1.5	3	1.1
	Somewhat familiar, interested in its products	38.7	30.3	33.3	18.3
	Heard of it, but no special interest	33.9	40.9	43.9	68.8
	Not familiar, have no interest	14.5	16.7	9.1	7.5
	Do not know about it at all	4.8	10.6	10.6	4.3
Do you own any Apple products? (%)	Have at least one Apple product	13.6	4.6	10.4	2.3
	Do not have any products, but would like to	74.6	69.2	70.1	76.7
	Do not have any products and have no interest	11.9	26.2	19.4	20.9

Appendix IV: Individual Reports for Each Factory

This appendix provides summaries of the investigative reports for each of the factories that we studied.

AVY Precision Surface Technology P/L

AVY Precision Surface Technology P/L is a subsidiary of the Fortune 500 Company Unihan Pegatron together with other subsidiaries such as Shanghai RiTeng, Changshuo Shanghai Co., Mingshuo Suzhou Co., Kaishuo Co., and Junshuo Co. The company primarily supplies the computer, communications and consumer electronics industry with external cases for their products. It mainly produces components for consumer computers, parts for communications devices, electronic parts, mechanical parts, and plastic products and provides chemical surface treatment processing for these products.

AVY Precision Surface Technology P/L (Suzhou) was established in December 1998. It currently has three factories with a total of 5,000 employees. It is an important manufacturing company for the external cases and structures of world-renowned computer brands such as Apple, HP, Dell, Asus, Acer, Sony and Nokia.

Address: 8 Chunqiu Rd, Panyang Industrial Park, Xiangcheng, Suzhou City

1. Hiring Practices

There is no onsite recruitment at the factory. Instead, all prospective workers must be hired through local employment agencies. According to the data we gathered from workers, the agencies charge a fee ranging from 300 to 500 RMB (\$48 to 80), with workers looking for employment during the peak season generally paying more. There are no discriminatory hiring practices with regard to region, ethnicity, religion, or gender. However, male workers

must be at least 165 cm tall, and female workers at least 155 cm. The workers must submit proof of identification before they begin working.

To be hired, workers must first complete a health examination that costs 50 RMB (\$8). After working at the factory for half a year, the factory will reimburse half of the examination fee. However, this reimbursement is not distributed until a worker formally ends their employment.

The worker signs a labor contract directly with the factory. According to the factory's recruitment poster there is a one-month probationary period. However, the workers told us that the actual period is three months. The factory does have a path for dispatched workers to transit to formal employment, but this transition has nothing to do with the completion of the initial probationary period. Instead, dispatched workers will only have the opportunity to become direct-hire employees after completing six months on the job. Only about one-third of the factory's total workforce consists of direct-hire employees.

2. Hours and Remuneration

The two shifts at AVY are from 8 to 8 with a half-hour break for two meals and total daily work time of 11 hours. Even during the off-season, workers have just one day off per month, and they have one day off every two months during the peak production season. If a worker does not take a day off for an entire month, their overtime will reach 154 hours, and if they take off one day a month, it will total 143 hours, which is far more beyond the 36-hour maximum overtime required by China Labor Law, and more than twice of the 60-hour maximum overtime recommended by Electronic Industry Code of Conduct (EICC). According to workers at the factory, there is no break given when a worker switches from the day shift to the night shift, which means the workers need to work continuously for 24 hours. Those going from the night shift to the day shift have one day off to adjust.

The factory pays workers based on the amount of hours worked. Wages include a basic

salary of 1140 RMB (or \$181) per month calculated at an hourly rate of 6.55 RMB (\$1) as well as overtime pay. Overtime pay on regular workdays is 150% of regular pay, or 9.8 RMB (\$1.6) per hour; weekend overtime pay is twice the regular wage, or 13.1 RMB (\$2.1) per hour; and overtime on holidays is paid at three times the regular wage, or 19.65 RMB (\$3.1) per hour. The average monthly pay for a worker is around 3,000 RMB (≈\$476), and direct-hire employees receive a bonus of 150-270 RMB (≈\$24-\$43) each month.

3. Working Environment and Occupational Safety

According to workers at AVY, the air quality in the factory is poor and workers are often exposed to toxic chemicals. During the investigation, we spoke to a worker with a severely injured hand who had only been working in the factory for three months. While he was working one day a strong corrosive chemical leaked into his glove and badly burned his hand. When we spoke to him, his hand was covered with a bandage, and he told us he was still on injury leave. The factory had not signed him up for the government's social insurance program, buying private insurance on his behalf instead, but they compensated him for all related medical expenses. The worker's unhurt hand was also calloused, rough, and shedding skin. Workers told us that they plan to leave the factory soon because they are afraid of the long-term health effects of the toxic air.

4. Meals and Housing

The factory provides free meals and living accommodations for direct-hire employees, but only free meals for the dispatched workers that make up some two-thirds of the factory workforce. Consequently, all dispatched workers rent out rooms in the communities around the factory. The factory does not provide them with any accommodation allowance.

Mealtime lasts only 30 minutes. According to workers, the time is too short, and there are too many workers getting food at the same time. They have to rush to work after every meal and never have a minute to rest.

RiTeng Computer Accessory Co., Ltd. (Shanghai)

Introduction

The company was founded in 2005. It is a subsidiary of the Pegatron Group together with other subsidiaries such as Changshuo Shanghai Co, Mingshuo Suzhou Co, Kaishuo Co, Junshuo Co., etc. Riteng specializes in producing cases for computer, communication, and consumer electronic equipment. It is located in the Shanghai Songjiang Industrial Zone and has a gross investment of \$US 20 million. It currently has three plants and manufactures major structural and case components for world famous computer brands such as HP, Dell, Asus and Apple.

Factory address: 1168 Ronghua Rd, Songjiang Industrial Zone, Shanghai. Phone: 021-61951868 Fax: 021-57609797

1. Hiring Practices

There are two main methods to seek employment at Riteng: being recommended by someone already working at the factory, or being recommended by a labor services company. If a new worker completes a full month of work, the factory gives that worker's in-factory recommender a 300 RMB (\$48) recruitment bonus, and once the new hire completes three months of work, the factory gives an additional 300 RMB (\$48) bonus. Workers who come to the factory through a labor services company are required to pay an intermediary fee. After a worker has been on the job for about a week, the factory will provide them with two work uniforms. Workers who stay on the job for at least a year before leaving do not have the cost of the uniform deducted from their wages. If a worker works at the factory for less than a year, however, they must pay a fee of 50 RMB (\approx \$8) for the two uniforms.

After either one or two days of training in the factory, workers sign a labor contract. Contracts for workers recruited through the internal referral system and those who go through labor service companies are effective for three years with a trial period of six

months, and the content of the contract is identical for both groups.

2. Hours and Remuneration

Workers at Riteng typically work eleven hours a day (eight hours plus three hours overtime), six days a week, and 26 days a month. During peak production, workers generally work seven days a week and may not have a day off for months at a time. Day and night shifts run from 8 to 8 and include two half-hour breaks for meals. Workers switch shifts at the end of each month.

Permanent employees are given the previous month's wages on the 15th of each month. Wages are paid directly into a China Construction Bank card set up by the factory. The wages of labor dispatch workers are paid 2 days later than the wages of permanent employees are paid. If the 15th is a Saturday or Sunday, wages are delayed.

The base salary for a direct-hire employee is 1,280 RMB (\approx \$203), but including overtime pay, average monthly wages are around 2,800 RMB (\approx \$444). The factory deducts 180 RMB (\approx \$29) for board, which includes three meals a day, 30 RMB for laundry, and 80 RMB for utilities. Workers who do not live in the factory dorms or eat in the factory dorms are not charged for these expenses, but the laundry fee is deducted whether or not the worker washes their clothes.

Some workers' feedback was that although their work hours were the same and their jobs were the same, for some unaccountable reason their salaries were sometimes two or three hundred yuan (\$32 or \$48) less than the salaries of other workers.

3. Work Environment and Occupational Safety

Workers interviewed said they worked standing up. If they wanted to use the restroom during working hours they needed a permission slip. Only one permission slip would be given per production line. Although there is no time limit for using the restroom, workers

taking a long time were abused by the manager of the production line. The factory issued workers with health and safety equipment such as gloves, masks, and ear plugs, but these were usually of very poor quality and had to be used before they could be exchanged, even if bad or worn. However, when clients came to inspect the factory, the factory arranged in advance to replace the health and safety equipment of all workers with items of better quality.

4. Dispatched and Student Labor

Interviews showed that the plant currently has a large number of labor dispatch workers and 16 year old student workers, mostly from places like Henan and Anhui. The factory and labor companies cooperate, with the factory giving the labor company a labor fee and commissioning them to recruit workers. Differences between labor dispatch workers and permanent workers include: dispatch workers sign labor contracts with the labor service companies; wages are paid by the labor service company and paid two days later than permanent workers; when the factory has a shortage of workers the labor dispatch company receives a 50-100 yuan (\$8-16) labor services fee from the worker. If the factory does not lack workers, the workers pay a labor service fee ranging from 300 to 800 yuan (\$48-\$128) to get a job in the factory via the labor service company; even where work hours and job content is the same, the wages of labor dispatch company workers are two or three hundred yuan less than other workers.

The factory also has hundreds of student workers (the specific number is unknown). Freshmen from Anyang Vocational College in Henan come to the factory in January and do not return home for a whole year. They work in the factory until March then return to classes. They do the same shifts as ordinary factory workers and are mainly on the Riteng First and Second Factory assembly lines making cases for Apple. They live in eight-person dormitories arranged by the factory. The factory does not sign labor contracts with the student workers who do not know how much their monthly salary is or whether the factory or the College pays them.

5. Work Tasks and Processes

It was difficult to gain an understanding of this area because interviewed workers were unwilling to divulge what they felt were factory secrets.

6. Issues we focus on:

A. Are there dangerous conditions at the factory?

Interviewed workers told us the factory certainly has dangerous conditions. For example, the workers said they had not seen the factory organize a fire drill for almost six months. When they started shifts on the production line, stuff was strewn about chaotically.

B. When was the last time workers received safety training?

Interviewed workers told us the factory only gave them very basic training in factory rules and discipline when they started. The training only lasted one or two days. There was no separate additional training.

C. Did the factory have peak season short-term workers and were their wages and conditions the same as other workers?

Some of the older employees interviewed told us that in the peak season the factory recruits short-term and temporary workers from a labor service company or the job market and doesn't sign any type of labor agreement with them. Together with other workers they work 13 hours per day and only have one free meal at noon at the factory. The factory pays them 100 yuan (\$16) per day.

D. Do any government officials come to the factory for visits or inspections? Do they hold positions in the factory?

Interviewees said they did not know about this.

E. Have auditors asked them their experience?

Interviewed workers said no.

F. Have they seen Apple employees at the factory?

Interviewed workers said Apple employees had come to the factory a week ago for an inspection. They were accompanied by high-level leaders from the factory for a fleeting glimpse of the environmental conditions in the factory and did not come to the production line to ask them questions.

TOYO Precision Appliance Co., Ltd

TOYO Precision Appliance Co., Ltd is located in Suzhou Kunshan Economic and Technical Development Zone. The company was established in December 2004 and Japan TOYO Physical and Chemical Research Institute is the main investor. The registered investment of the company is \$10,000,000.

It mainly produces metal case for Apple laptops. The main production procedures are pressing, polishing, sand blasting, surface treatment, assembling and inspection. The main customers of the company are Apple, Dagong, Dafu and Envada.

Address: Kunshan Economic and Technical Development Zone, 188 Gaoding Road.

1. Hiring Practices

In addition to using referral agencies, the factory also recruits workers outside the factory gates at 1:30 pm every weekday. Applicants must be recommended by a current worker to be directly hired by the factory, and recommenders serve as guarantors for all new hires that they recommend. In other words, if there are any problems with the new employees, the recommender will assume full responsibility. A worker can be a guarantor for only one new worker per day, and up to a maximum of five workers total. Workers who enter the factory workforce with an internal guarantor do not need to pay a referral fee, but they must provide the name of the individual who introduced them and indicate clearly in writing the individual's position and relationship to them. This information is then verified, and if there are discrepancies, the applicant will not be hired. Individuals who enter the factory through employment agencies are required to pay a fee of 150 RMB (\$24) to 200 RMB (\$ 32) depending on the agency. Those who go through employment agencies do not need to indicate a guarantor.

The applicants need to provide ID card when they apply for the job. According to investigators who observed onsite interviews, they found that one applicant born in 1977

was denied. The minimum education requirement is completion of junior high school, and there were no restrictions with regard to gender or regional background.

Workers at the factory must undergo a physical exam which costs 110 RMB (\$ 18). Those who work more than ten days can be reimbursed for the exam fee after providing necessary receipts. The factory provides free work uniforms.

The probationary period is 2 months. During the probationary period, workers can get permission to leave the factory in 3 days. They need to notify the factory 1 month before they leave after the probationary period.

After passing the physical exam, workers sign a labor contract with the factory. All contracts are signed directly with the factory regardless of whether the worker was brought in through a referral agency or an in-factory guarantor. Contracts are for one year and include a two-month trial period. Although most contracts are signed on a yearly basis, very few workers sign an open-ended contract with the factory, which is the legal right of the workers after two fixed-term contracts. This is partly because the workers have limited awareness of their rights and also because TOYO does not provide any information to workers on this subject.

2. Hours and Remuneration

Basic working hours are 8 hours per day for five days a week. The amount of overtime is 2.5-5 hours on weekdays and 10.5-13 hours on the weekend. The detailed schedule is: day and night shifts last from 7:30 to 7:30 each workday. The lunchtime is 1 hour and the dinnertime is half an hour, but workers have indicated that the factory often schedules employees to keep working during the afternoon, reducing lunchtime to just half an hour. After working a full shift, a worker can choose to work an extra 90 minutes of overtime. In other words, day shift workers may work until 9 p.m. and night shift workers may work until 9 a.m. Of course, workers are also free to decline the extra overtime. Workers can only take off one day per month during the peak season. If a worker chooses to perform overtime, their monthly overtime may well exceed 200 hours.

The factory used a hourly wage system. The compensation includes basic salary and overtime pay. The basic salary is 1,140 Yuan per month, the regular overtime pay is 1.5 times the basic salary, which translates to 9.8 Yuan per hour. The overtime pay on weekends is 2 times the basic salary, thus amounting to 13.1 Yuan per hour. The overtime pay on holidays is 3 times the basic salary, thus totaling 19.65 Yuan per hour. The average monthly pay at the factory is approximately 3,000 to 3,500 RMB (\$ 476 to \$555).

The factory pays workers on the 7th of each month. The factory bought social insurances and housing funds for workers.

3. Working Environment and Occupational Safety

According to workers in the surface treatment department at TOYO, the odor of chemicals in their workplace is overwhelming. The factory provides gloves, uniforms, and caps to workers. We noticed that surface treatment workers' uniforms were speckled with oil. When a worker's contract is renewed each year, they must undergo a physical examination.

4. Meals and Housing

The factory provides free meals, consisting of three side dishes and a soup, to all workers on their workdays. According to workers, the taste is average, but because it is free and there are no restaurants near the factory, they have no choice but to take their meals in the factory.

Worker dorms are not located on the factory premises but instead in Fuhuan Park about six miles from the factory. The workers who live in the dormitory can take the free shuttle bus to and from work, but if workers want to return to the dorms earlier or later than the scheduled time, they have to take public transportation. The factory charges workers 60 RMB per month for rent, including utilities.

Investigative Report on Labor Conditions at Catcher Technology (Suzhou) Co., Ltd.

1. Factory Profile

Catcher Technology (Suzhou) Co., Ltd. was established in Suzhou as a sole proprietorship by Taiwan-based Catcher Technology (Corporate) Co., Ltd. in April 2001. It is located at 201 Suhong Road in Suzhou's Industrial Park Zone. The factory's primary means of production is magnesium alloy die-casting, and they manufacture aluminum and magnesium alloy components for laptops, digital cameras, and mobile devices. Their main corporate clients include Apple, HP, Dell, Compaq, Sony, Motorola, Asus, Acer, and Nokia. We know for sure that the factory produces for Apple, but we cannot guarantee that the other companies still work with Catcher—that information was collected from unverified online sources.



Image 1: The gates of Catcher Technology (Suzhou)

Catcher currently employs about 14,000 factory workers, of which only 1 in 6 are women. Most are migrant workers from Henan, Anhui, and Shandong provinces. According to our investigators' sample survey and interviewed workers, more than 80% of the workers are dispatched workers, and only a small portion of the workforce are direct-hire employees.

2. Hiring Practices

Catcher workers start working at the factory through labor dispatch companies, internal recommendations, and referral agencies. Of these three channels, labor dispatching accounts for the vast majority of workers.

On the first day of their job hunt, jobseekers inquire about the wages of various factories at the referral agencies along the street, confirm their employment goals, provide their personal information, and submit proof of identification for registration at the agency.

On the second day, the referral agency drives the prospective workers to Keli Technology's residential area and hands over the workers and their identification cards to a staff member from a partnering labor dispatch company. Human resource personnel from Catcher give preliminary interviews to all of the workers, mostly to check that their identification is authentic and not expired, and then record the fingerprint of each worker's right thumb. The workers' IDs are returned to the labor dispatch company staff, who then lead the workers to a booth temporarily set up on the factory premises for new hire physicals. The exam costs 50 RMB (\$7.9) and is paid for in cash by the worker. After the physical exams, the labor dispatching company gives each worker a pamphlet on "Essential Information for Registration" (Image 2) and returns their IDs to the individual referral agencies.

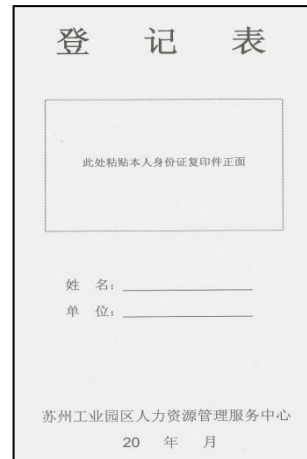
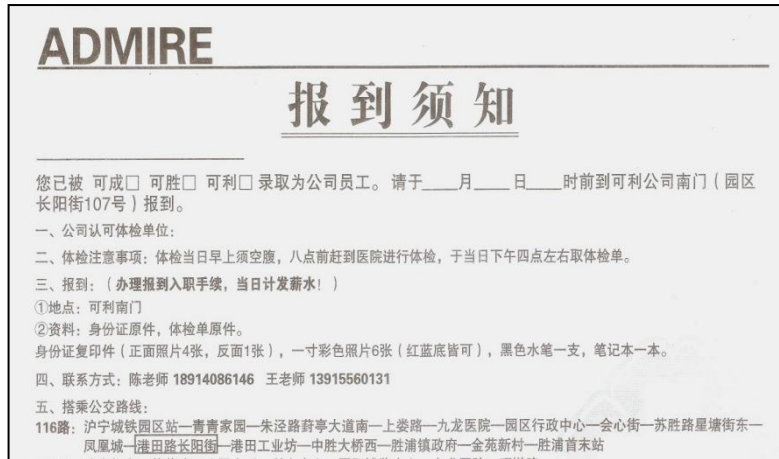


Image 2: “Essential Information for Registration” pamphlet that the labor dispatching company distributes to workers

Image 3: Registration Form

On the third day, the referral agency transports the workers to the Catcher dormitories and begins collecting their fees, including a referral fee (100 RMB/\$16), a materials fee (30 RMB/\$4.8), a fee for proof of work training for migrant workers (10 RMB/\$1.6), and a transportation fee (10 RMB/\$1.6). Based on the experience of our investigator, the fee for proof of work training for migrant workers is not actually accrued. After all fees are collected, the referral agencies pass the workers off to staff from the partnering labor dispatch company and return IDs to the workers. The labor dispatch company representatives distribute paperwork for the workers to fill out and sign, including a Registration Form (Image 3), a Personal Information Form for Workers Participating in Social Insurance Programs, and two copies of their Labor Contract. Workers just need to fill out their basic personal information, leave the rest blank, and submit the documents. Workers receive no copies for their personal records. At the end of the day, workers pick which factory they would like to work at: Catcher, Keli Technology, or Kesheng Technology. Depending on which factory they pick, workers will receive a different version of the Registration Procedures (Image 4) and the Physical Exam Form to fill out and submit to Catcher’s HR personnel.

Catcher’s HR personnel distribute a packet to each worker with their work number printed on the top. After showing their IDs and checking their fingerprints, workers fill out the Registration Procedures, Physical Exam Form, and Personnel Data Form and put it in the packet with a photo and a copy of their ID. Then, workers record their index fingers’ fingerprints again, submit the completed packet to HR, and collect their work uniforms. Workers take a color picture in their work uniform. At the end of the day, there is a half-hour of simple training that covers the factory’s basic information and dormitory arrangements, and workers receive their work badges and timestamp cards (Image 5). At this point, they are officially considered workers in Catcher.

On the fourth day, training begins at 9:00 AM and ends at 6:00 PM. There is an hour-long lunch break in the afternoon. Training encompasses a range of activities including new worker introductions and explanations of Catcher’s products and departments. However, training does not include essential topics like workplace dangers and worker safety.

请妥善保管，若有丢失后果自负
(请书写工整)

职称: 正式工 实习生 派遣工

可成科技(苏州)有限公司
报到程序单

工号: _____ 姓名: _____ 中介: _____ 学校名称: _____
住宿否: 是 否 本人签名: _____ 厂服型号: _____ (S, M, L, XL, XXL, 3XL, 4XL)
本框内容请报到者填写完整:

项目	缴验证资料	确认签字	项目	缴验证资料	确认签字	备注
证件/资料	体检单原件 身份证原件 录用通知书(正式工) (或录用通知书(实习生)) 1寸证件照6张		照片采集	档案袋 自报姓名 厂服穿戴整齐		
				档案袋		

Image 4: Registration Procedures

可成科技

工号: 89 _____
部门: _____
职务: 派遣工
姓名: _____
组别: 爱德麦

Image 5: Work Badge

When Catcher or its partnered labor dispatch companies conduct recruiting, workers are not discriminated against on the basis of their gender, home region, political beliefs, or other factors, but there are certain age requirements which are not publically disclosed. Besides the fees that workers pay to their dispatch companies, workers are not required to pay any other fees or deposits to the factory. Work uniforms are all provided for free, and training is paid according to the standard wage.

3. Labor Contract

Labor contracts are signed with the labor dispatching company (Image 6). The signing process is described above, but it is worth emphasizing that the workers sign a blank contract and that they do not receive a copy for their personal records.

The contract covers ten items including: the term of the contract, workplace and job responsibilities, working hours and vacation, labor protection and labor conditions, labor remuneration, social insurance and welfare, rules and regulations, grounds for termination/change of contract, and procedure for resolving labor disputes.

编号:					工号:
劳 动 合 同 书					
甲方（用人单位）					
名 称	苏州市爱德麦企业人才服务有限公司园区分公司				
住 所 地	苏州市皮市街 239 号 0512-67700996				
乙方（劳动者）					
姓 名		性 别		手机号码	

Image 6: Heading of the Labor Contract

All sections on the labor contract and registration form that specify term of employment are left blank when workers sign the documents, so they have no way of knowing the duration of their contract or the probationary period.

Although the section on labor remuneration is left blank on the labor contract, the labor dispatch company does fill out the relevant information on the registration form. Wages are calculated according to total time worked and include basic salary and bonuses. Workers' base salary is 1,380 RMB (\$219), but overtime pay is calculated relative to the lower local minimum wage of 1,140 RMB (\$181), which is a violation of the law. In other words, we would expect hourly overtime pay to be calculated as $1,380 \text{ RMB } (\$219) \div 21.75 \text{ days} \div 8$

hours × 150%, but it actually calculated as 1,140 RMB (\$181) ÷ 21.75 days ÷ 8 hours × 150%.

<p>完成本项工作任务之日止。</p> <p>试用期自 ____ 年 ____ 月 ____ 日起至 ____ 年 ____ 月 ____ 日止。</p> <p>2、员工从事 <u>操作工</u> 工作，工作地点为 <u>苏州工业园区</u>。</p> <p>3、用人单位和员工经协商确认执行：<input type="checkbox"/> 标准工时工作制 <input checked="" type="checkbox"/> 综合计算工时工作制 <input type="checkbox"/> 不定时工作制。实行综合计算工时工作制和不定时工作制需经园区劳动和社会保障局批准。</p> <p>4、员工试用期工资为每月 ____ 元。员工的工资标准采用下列方式确定：<input type="checkbox"/> 月薪制，每月为 ____ 元；<input checked="" type="checkbox"/> 基本工资和绩效工资相结合的工资分配办法，基本工资为每月 <u>1380</u> 元；<input type="checkbox"/> 计件工资制，定额单价为 ____ 元。</p> <p>计算员工加班加点工资的标准：<input type="checkbox"/> <u>1140</u> 元/月 <input type="checkbox"/> 集体合同或规章制度规定。</p> <p>5、用人单位按 <u>乙类</u> 计划公积金制度为员工缴纳园区公积金。</p>

Image 7: Section in the Labor Contract on Wages and Overtime Work

The section on workplace rules in the labor contract includes 16 articles that define the rights of the employer and penalties for misconduct, but does not address the employer's responsibilities to its workers.

The contract details the conditions under which the employer can terminate the contract and seek compensation from their employee, but there is no equivalent section that describes the employee's right to terminate the contract and receive compensation from their employer.

4. Hours and Remuneration

Catcher's timestamp system uses IC cards and fingerprints. Workers must swipe their cards and scan their fingerprints whenever they stamp their timecard in order to ensure accuracy and authenticity.

On a work day, workers will only have to stamp their timecards twice, once when they start their shift and once at the end. They do not need to stamp for their lunch, dinner, or other break time. The factory operates on a two-shift system, and workers switch shifts at the end

of each month. Some workers reported that they worked the same shift for three months in a row. This may have been the result of a severe labor shortage in the factory.

Clocking in and out of work is the same on off-days as on regular days, except that before workers punch out in the normal way they must also go to their team leader and sign a sheet. If a worker fails to do either at the end of their shift, it will be counted as if they did not work that day. The following chart shows the times of the two shifts and designated meal breaks:

Shift	Working Hours	First Break (1 hr.)	Second Break (30 min.)
Day	09:00AM - 9:00PM	Starts at 10:50AM, workers split into groups.	Starts at 4:30PM, workers split into groups.
Night	9:00PM – 9:00AM	Starts at 10:50PM, workers split into groups.	Starts at 4:30AM, workers split into groups.

At Catcher, the day shift runs from 9 a.m. to 9 p.m., and the night shift from 9 p.m. to 9 a.m. Workers are given 90 minutes for two meals during their shifts, bringing the daily workload to 10.5 hours. The peak production season is from April to December, and the off-season is from January through March. During the peak season, workers get off at most two days a month and may not have a single day off for an entire month. They need to work as many as 11 hours per day during this period. During the off-season, workers have at least one day off per week and work about 25 days in a month.

Overtime at Catcher is on a strictly voluntary basis, whether it be at the end of a normal shift or on a day off. Workers need only give their team leader verbal notice or a phone call to tell them. Workers who choose not to work overtime will not be disciplined, fined, or treated unfairly. However, if a dispatched worker does not work overtime for a long time or has a bad attitude at work, Catcher may return them to their labor dispatching company.

Each time a worker is late by less than ten minutes, one-fourth of their 100 RMB (\$16) monthly attendance bonus will be deducted until there is no bonus left. If they are late by more than ten minutes, it is counted as an absence and their entire attendance bonus is deducted as well as an equivalent amount of wages. When a worker punches out early by ten minutes or less after getting a leave of absence approved, one-fourth of their 100 RMB (\$16) monthly attendance bonus is deducted until there is no bonus left. If no prior leave of absence is submitted or if the time exceeds ten minutes, it is counted as an absence and their entire attendance bonus is deducted as well as an equivalent amount of wages.

There are no specific production quotas. Also, because the factory operates on a 24-hour two-shift system, working time will not be extended for any reason.

Catcher distributes wages and payslips through the bank on the 10th of each month. The payslip lists in detail the number of hours worked, amount of overtime worked, base wages, overtime pay, bonuses, and deductions. Workers who have questions about their pay for the month can inquire in the HR department in seven days.

CATCHER							
工号: 5 部门/课别: 可成制 课							
姓名: 职称: 员 发薪年月: 2012/01							
私人保密信息 员工对工资单中的数据如有疑问,请在7日内通过所在部门向人事统一查询,逾期收件人亲启 人事将认为无误							
可成集团							
薪资信息栏:							
工作日加班时数	22.50	迟到次数	0.00	事假时数	40.00	返乡假时数	0.00
休息日加班时数	21.00	早退次数	0.00	病假时数	0.00		
法定假日加班时数	0.00	旷工时数	0.00	无薪假时数	0.00		
标准工资	1650	其他应发	879.67	其他应扣	379.3	应发合计	2150.37
本薪	1350	加班费	587.67	请假扣款	379.3	代扣个人所得税	0
专业津贴	300	环境津贴	142	旷工扣款	0	代扣劳务税	0
		关键制程技能津贴	150	迟到早退扣款	0	乙类社保	236.54
						实发合计	1913.83

Image 8: An example of a Catcher Payslip

The base salary and overtime pay of ordinary Catcher workers is set at the monthly minimum wage of 1,140 RMB (\$181) in Suzhou. Overtime is calculated at 150%, 200%, or 300% of the standard hourly wage depending on the type of overtime.

In addition to regular and overtime pay, workers also receive various bonuses and allowance, including a 100 RMB (\$16) bonus for full attendance and a 100 RMB (\$16) bonus for holding positions. Depending on the work environment in their department, workers may also be eligible for monthly allowance of 100-150 RMB (\$16-\$24) per month. Workers in positions that require special training receive a 100 RMB (\$16) skills bonus. Also, workers who have worked at least four months at Catcher receive an additional 100 RMB (\$16) bonus each month. Workers on the night shift get 15 RMB (\$2.4) extra per night worked.

After social insurance and the dorm fee are deducted from workers' pay, the average



monthly salary is around 2,900 RMB (\$460).

Leave for occupational injury is fully paid as mandated by law. Annual personal leave cannot exceed 14 days and is unpaid. Sick leave requires written proof from a doctor but will not affect the attendance bonus as long as it is less than 8 hours in a month. Sick leave is paid at no less than 80% of the basic salary. Leave for marriage, childbirth, and mourning are all granted according to national laws, but relevant documentation is required as needed.

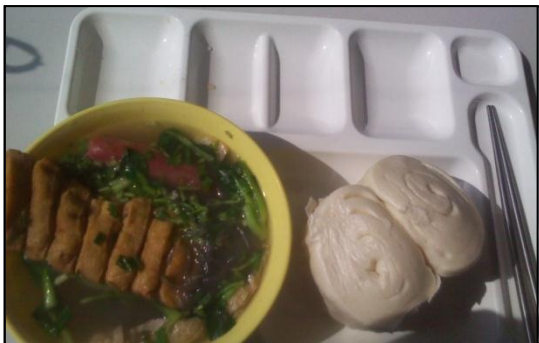
There is a break room in the factory with tables, chairs, and a television (Image 9). Workers can use it before their shifts or during their meal breaks. There is also a vending machine from which workers can buy drinks (Image 10).

Image 9: Break room in the factory

Image 10: The water dispenser and beverage vending machine in the factory

5. Meals and Housing

The cafeteria at Catcher offers three meals a day; breakfast for two *yuan*, and



lunch and dinner for six *yuan* (\$1) each. For lunch and dinner, the cafeteria offers a choice between rice-based and wheat-based meals. Rice-based meals come with unlimited rice, soup, three of four different vegetable sides, and one of three different sides with meat. Wheat-based meals consist of two of four different types of skewered meats and vegetables cooked in spicy soup, served over rice noodles in clear broth and with a side of two steamed buns. Hot sauce is provided to workers who like spicy cuisine.

The cafeteria has air conditioning and a television. The tables and floor are cleaned in a timely manner, and cafeteria workers wear all appropriate sanitary equipment. According to workers, although the cleanliness of the cafeteria is good overall, the taste of the food is lacking, and workers with different dietary preferences are unsatisfied with the limited number of choices.

The factory provides the meals described above for free on any day that a worker has a shift, whether it be a regular work day, weekends, or national holiday. Workers can simply swipe their IC card for the meal or any other goods of equivalent value, like prepackaged drinks or snacks. On days that workers do not work, they must pay for their own meals. They can either pay with cash or use their IC card to deduct the purchase directly from their paycheck.



Image 13: Workers eating in the cafeteria

Catcher provides dormitories to workers at affordable prices. Workers are free to choose whether or they live in the dormitories and also whether they want to live in a six-person or eight-person room. There are no preferential policies for workers with higher positions or greater seniority. The price for a bed is 100 *yuan* (\$16) per month in a six-person room and 80 *yuan* (\$13) per month in an eight-person room. The factory deducts the fee directly from workers' salaries, and there are no additional expenses for utilities or management.

Each dorm room has a bathroom, balcony for hanging laundry, and shower room with hot water. Rooms are also equipped with an air conditioner, personal lockers, and cleaning supplies. Because no specific person is responsible for cleaning the dorm rooms, they tend to be fairly messy. Janitorial staff cleans the hallways and other public areas on a regular basis though.

Each dorm building has a TV room, library, and table tennis that are free and available to use 24 hours a day. Workers can also buy things at the supermarket or use the internet café at

their own expense. Because workers have limited time off work and enjoy different forms of entertainment, few of them use these facilities.

The workers who live in a dorm can enter and leave their dorms as they wish with no time restrictions whatsoever. Catcher provides free shuttle service to workers who live outside the factory. Workers who do not live in the dormitory do not need to pay the dormitory fee, but the factory does not provide them with any accommodation allowance either. Workers can choose the most convenient shuttle bus depending on their location. However, if the workers do not choose to work overtime after their regular shift ends at 7:30 pm, they must arrange for their own transportation home or wait until the shuttles leaves the factory at 9 pm.

6. Work Environment and Occupational Safety

Catcher's production unit is divided into three production divisions. Our findings on workplace safety and worker protection are all from the third and largest division, which has nearly five times as many workers as those of the two smaller divisions in total.

The third division focuses primarily produces metal cases for cellphones, laptops, tablets, and other electronic devices. The order of production processes is as follows: materials inspection, vibration tests, heating, ABB Sanda, manual Sanda, polishing, cleaning, initial laser engraving, sand blasting, sand blasting inspection, anode addition, anode addition inspection, and second laser engraving. Then, the finished cases are ready to be assembled with other components. Different groups of workers are in charge of different production processes along the specialized assembly line.



Catcher primarily manufactures metal cases; this requires use of heavy machinery which increase risks to workers' health and safety.

The Sanda process in particular generates a lot of loud, piercing noise. Although the factory provides earplugs and other protective equipment to workers, working in such an environment for an extended period of time will inevitably cause damage to workers' hearing. Industrial processes like Sanda, polishing, and sand blasting also produce large quantities of metal dust. These airborne particles are prone to accumulate in closed, air-conditioned workshops with poor ventilation. Meanwhile, the simple face masks that the factory provides do not effectively prevent workers from inhaling metal dust; as shown in the photos below, a thick layer of metal dust was evident under workers' nostrils when they removed their masks at the end of their shifts.

Catcher does not provide safety training to new workers nor do they inform workers of the

inherent risks of their occupations. There are fire extinguishers, emergency flashlights, and other common fire-fighting equipment in the workplace, and fire escape routes are kept clear at all times. However, there is no training on how to use the equipment and no fire drills to describe escape procedures.



Image 5: Metal particles on workers' faces after they remove their masks at the end of their shift

Workers can go to the bathroom or get a drink of water during their shift, but they must first notify their team leader so he can replace them. There are no restrictions on the length or number of bathroom breaks that a worker can take. If the workers talk when they are working, the oral abuse of the workers by the manager is very common.

7. Other Issues of Concern

According to Catcher's Work Rules and Regulations (Image 16), the factory offers four types of incentives: project awards, promotions, raises, and written commendation. Disciplinary measures are divided into six categories: oral disciplining, formal reprimands, minor demerits, major demerits, demotion, and termination of contract. For example, if a worker rides illegal motor vehicles to and from work or buys food from the stalls set up around the factory, it will be recorded as a major demerit. Workers with three or more major demerits in the same

year will have their contracts terminated.

From onsite observation and worker interviews, we found no evidence of a labor union or other worker organizations, like a council of worker representatives.

According to Catcher’s HR department, workers can log their complaints and suggestions with their team leaders. If the team leader does not respond within one day, they can go to the line leader, and if the line leader does not respond within one day, they can go to the division leader. In the case that no level of management responds, the worker can submit their feedback directly to the factory’s suggestion box. Of the 26 workers that we interviewed, none of them had ever used the box nor did they know any workers who had.

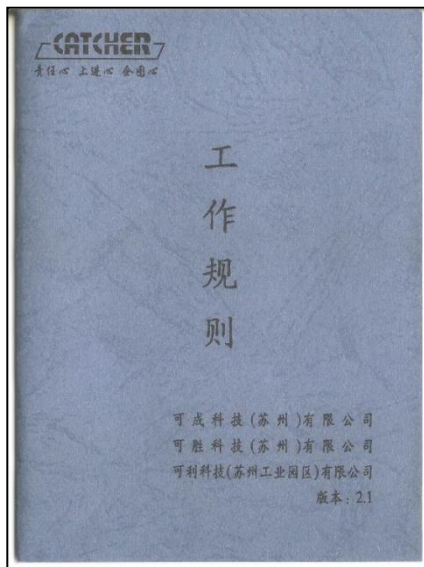


Image 16: Catcher’s Work Rules and Regulations

Foxconn

1. Profile of Foxconn Technology Group

Foxconn Technology Group was established in Taiwan Zhaoji in 1974 and set up the factory in Shenzhen in 1988. It currently has about 1,000,000 employees and is the largest professional electronics manufacturers in the world. It mainly produces “6C” products, including Computer, Communication, Consumer Electronics, Car, Channel and Content.

In Pearl River Delta, Foxconn set up factories in Shenzhen, Foshan, Zhongshan and Dongguan; in Yangtze River Delta, Foxconn set up factories in Kunshan, Hangzhou, Shanghai, Nanjing, Huai'an, Jiashan, Changshu and create an industrial and supply chain system including precision connector, wireless communication module, network communications equipment, semiconductor devices and software development.

In Bohai coastal region, Foxconn set up factories in Yantai, Beijing, Langfang, Tianjin, Qinghuangdao, Yingkou and Shenyang. The main products are wireless communication appliances, consumer electronics, computer components, precision machine tool, automation equipment, environmental technology and nanotechnology. It provided science and technology and contributes to the local economic development.

In the central and western regions, Foxconn invested in Taiyuan, Jincheng, Wuhan, Nanning, Zhengzhou, Chongqing and Chengdu. The main products are Precision Plastic Tooling for Electronics Products, magnesium, automobile part and mechanical and electrical module.

2. Profile of Foxconn Shenzhen Factories

Foxconn set up factories in Shenzhen Longhua, Songgang and Guanlan. The main product is electronic products. Iphone is produced in all the three factories but mainly in Guanlan factory.

There are three main enterprises in Longhua Technology Park. This technology park is developing a product technology research & development center, a sales exhibition and staff training center, a mould making and technology research center, a new material and resource development center, a new equipment and automation manufacturing research center and a small manufacturing foundation.

3. Survey Methods

We conducted the survey from January 8, 2012 to January 15, 2012, 8 days in total. Because we learned that the main factory of Apple in Shenzhen is in Guanlan district, we chose the Guanlan factory as our investigation focus. The survey was conducted near the south and the north gate of the factory. 70 surveys were issued and 40 of them were taken back to the workshop or dormitory by the workers to fill in. 30 surveys were filled in by workers in our presence. 66 surveys are valid.

4. Hours and Remuneration

Foxconn has many different departments and work areas, and each one has a different system of work shifts and time off. Some departments are arranged in two shifts a day, while some operate with one or three shifts. Those working in a two-shift system have a meal time in the middle of their shift, and work 10 to 11 hours a day. Those who work one shift usually work eight hours a day, but if they work during a peak production time, they must work one to three overtime hours in the evening. Employees who work in a three-shift system work six to eight hours daily. In some departments, workers only work 18 days a month, while in others they work 21 days or even up to 28 days monthly.

The pay of Foxconn workers is largely kept confidential, but we could determine that workers' wages are not necessarily identical in one department or on one production line. The base pay for a typical worker ranges unevenly, from 1,350 RMB (\$214) to 2,800 RMB (\$444) per month, and the wages of newly hired workers are not necessarily the same, with the lowest wage being 1,350 RMB (\$214) per month while some who just enter the factory may earn 1,500 RMB (\$238) a month. Workers themselves are not clear on specifically how pay is determined, and those interviewed have said that wages are decided by their upper-level managers. Most of the factory's departments calculate pay based on hours worked, and workers mainly rely on overtime pay to make extra money, though some workers get monetary awards while others do not.

Since departments make different products for different brands, workers' pay is also not the same. Interviews have revealed that workers who make Apple electronics make more money than those who work on other brands' products, though this certainly is related to how many overtime hours are worked. In our investigation, we came to learn that wages can be very different even over the same work time since workers make different brands of products. For example, in interviewing two workers from different cell phone departments who were working the same hours, the worker producing cell phones for a small brand-name company was earning only 2,500 RMB (\$397) per month, while the Apple worker earned 3,200 RMB

(\$ 508).

5. Work Environment and Occupational Safety

According to Foxconn workers, there are occupational hazard issues in some workshops, mainly radiation, chemicals and dust. Even though the factory provided occupational safety and health training to workers, there is little content, making the training largely symbolic. The workers cannot learn adequate occupational safety knowledge from the training. The factory provides protective equipment to workers, but some workers say the protective equipment is inadequate and of bad quality. Workers don't believe the protective equipment would really shield them.



The Foxconn dormitory outside of the factory

BYD

BYD Electronic (International) Company Limited is located in Shenzhen Baolong district and there are about 30,000 workers in the factory. We conducted the investigation mainly through survey and private interview. Total 73 surveys are issued and 69 effective copies are received and analyzed by SPSS software.



The workers in the factory's dining hall

1. Work Hours and Remuneration

Each BYD department is different, with production conducted in one to three shifts, but most workers simply work one shift a day, although there are quite a few two- and three-shift schedules. For example, in three departments in the factory, most work is scheduled as follows: 8 a.m. to 11:30 a.m. (morning), 12:30 p.m. to 5:30 p.m. (afternoon), and overtime begins at 5:30 p.m. and ranges between one-and-a-half to three hours. However, workers of

late have not been performing much overtime. Each worker gets in 22 to 30 workdays per month, with the differences in number of days owing to distinctions in work areas.

Pay for most workers is calculated according to standards set by the lowest local monthly salary, which currently is 1,320 RMB (\$209) per month, and overtime pay is issued in line with national and local laws and regulations. Some factory workshops are paid according to a piecework wage system. Because the unit prices of factory products are not disclosed, however, workers cannot fully grasp the methods used to calculate pay. Instead, they are fine with their monthly pay as long as they feel that it aligns closely enough with the number of items they produced.

2. Work Environment and Occupational Safety

The workers of BYD are exposed to chemicals and radiation. According to the workers, the workshop is characterized by loud noise and high temperatures. The factory did not release the detailed schedule about when to detect those hazards, therefore the workers did not know whether those hazards are harmful to their health.

The factory provides occupational safety training and protective equipment to some workers. However, a lot of workers reflect that the training doesn't work because it is too short and contains little content, especially concerning occupational safety. The protective equipment is inadequate. There are some work-related injuries in the factory. According to a worker employed in the laser beam welding workshop, at least 4 work-related injuries happened in the workshop, mainly to hands that were crushed and cut.

Kenseisha (Shanghai) Precision Machinery Co., Ltd.

Kenseisha (Shanghai) Precision Machinery Processing Co., Ltd. operates as a subsidiary of Quanta Computer, Inc. and primarily focuses on metal processing and surface treatment. It produces aluminum cases for Apple's laptop computers. It is the most important vertically-integrated core enterprise in the Quanta Group's China operations. Currently, it has about 700 workers.

Address: Shanghai Industrial Development Zone, Minhang Export Processing Zone



Kenseisha (Shanghai) factory

1. Hiring Practices

Kenseisha does not directly recruit workers at its factory gates; it instead goes through employment agencies to find their machine operators and occasionally recruits assistant technicians at surrounding vocational schools. The work of technicians and operators are essentially the same, but technicians receive an additional 20 RMB (\$3.2) bonus each month. Workers recruited through employment agencies are exempt from paying placement fees. The factory does not discriminate against potential hires with regard to race, religion, gender, or home region. Operators must have graduated from junior high school, while assistant technicians must have a diploma from a secondary vocational school. All workers must demonstrate elementary proficiency in English. Height requirements for male and female workers are 160 cm and 150 cm, respectively, and eyesight must be 20/25 or better.

Workers are required to undergo a physical exam before starting work in the factory; the 60 RMB (\$9.5) fee is paid out of their own pocket. The factory provides workers with free uniforms.

During the trial period employees can leave on the same day that they tender their resignation, but after the trial period they must give one month's notice before leaving.

The standard contract that workers sign with the factory lasts for two years and includes a two-month probationary period. Workers who have been dispatched to the factory sign a contract with their labor dispatching company. Workers sign two identical copies of the contract and retain one copy for their personal records.

2. Hours and Remuneration

The factory's work schedule is ostensibly five days a week, eight hours a day. However, a typical workday has three hours of overtime after the regular eight hours. Workers often work eleven hours of overtime on Saturdays and Sundays as well. During peak season, workers only have one day off every two months, but at other times they have one day off each week.

The factory operates on a day-and-night, two-shift system, and workers switch shifts every month. The day shift runs from 8:30 am to 8:30 pm, and the night shift runs from 8:30 pm to 8:30 am. There are two half-hour breaks for meals during each shift. Monthly overtime at the factory is generally 85-150 hours.

Workers are paid a base salary plus overtime pay. The base salary is 1,300 RMB (\$206) per month, or 7.47 RMB (\$1.19) per hour. The hourly rate increases 150% to 11.2 RMB (\$1.8) for regular overtime, doubles to 14.94 RMB (\$2.37) on a designated off-day, and triples to 22.4 RMB (\$3.6) on a national holiday. Workers' total monthly pay ranges from approximately 2,800 to 3,500 RMB (\$444 to \$555).

Payday is on the fifteenth of each month, and the factory also gives workers their pay slips at that time. Workers on the night shift get a bonus of 15 RMB (\$2.4) per night. Also, workers who do not ask for vacation or skip any shifts throughout a month will receive a 100 RMB (\$16) bonus. The factory buys social insurance for all workers.

3. Work Environment and Occupational Safety

Kenseisha provides masks, gloves and other protective equipment to workers but use of the equipment is not closely monitored; some workers wear it and others do not. The factory produces aluminum products, and there is scrap metal strewn around the factory premises. According to workers, work-related injuries occur occasionally.

4. Meals and Housing

The factory provides free meals to workers on their workdays. If a worker is not working on a certain day, they can still eat in the cafeteria for 1 RMB (\$0.16) per meal. According to workers, the quality of the food in the cafeteria is so bad that many workers go to a small shop on the factory premises to buy instant ramen noodles or leave the factory to buy bread

in the Export Processing Zone instead. Because workers only have 30 minutes for each meal, they have to eat quickly with little or no downtime. At best the workers can have a quick smoke break before rushing back to work.

The factory does not provide dorms for workers. Most workers live with their coworkers in housing near the factory. The dormitory next to CITI INVEST has the highest concentration of Kenseisha workers, and workers typically ride bikes and scooters to and from work. The factory provides no accommodation allowance.

5. Labor Dispatching

The factory does not directly recruit workers outside its gates or in the nearby residential communities. When management is short on workers, they generally hire workers through referral agencies. In the neighborhood around the factory, there are big and small agencies along the road; some are in retail spaces, and others are just booths set up on the street with a table, a couple of chairs, and a recruitment poster. The agencies promote factories in the Export Processing Zone as well as factories in other areas. Workers must inquire with the agencies to find out which factories are hiring. There are some factories which have stopped hiring, but the agency still keeps up the related recruitment poster.

Most referral agencies say that they will only collect a referral fee after a successful interview, but most collect the fee before the interview anyway. If the interview is successful, the fee stays in the hands of the referral agency. If it fails though, it is difficult to get the money back because the referral agency will say there are more factories for workers to choose from.

A vast majority of factories in the Pearl River Delta hire their workers through referral agencies, increasing the financial costs of jobseekers and meanwhile effectively avoiding the legal responsibilities of an employer. Some workers also reported that the fee that referral agencies collect is split with factory management.

United Win Technology Limited

Factory Introduction: Established in December 1999 in the Suzhou Industrial park, United Win Technology Ltd. Co. is a wholly independently invested venture with a total of \$204 million USD of the Wintek Corporation. The factory grounds cover an area of 97,339 sq. meters. The company went into production in April 2000. The factory is primarily engaged in production of ITO conduction glass. This includes touch panels and other panels such as LCD, TN, STN, CSTN, and TFT. The factory is engaged in the development, design, manufacturing, sales, and maintenance of these products. The company's manufactured products are used in PDAs, communication products, all types of business related machines, calculators, car audio stereos, video games, and a multitude of other products. The factory employs around 18,000 workers, and 20,000 workers during the peak season.

1. Hiring Practices

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

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

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

distribution date directly into workers' bank accounts.

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

2. Work Hours

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

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

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

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

In the production department, each production line is staffed by 43 people. Each day workers sit and continuously work for approximately 4 hours before resting again. If a worker must drink water or use the restroom in the middle of the four hours, they must request to leave their post with the line leader. Workers may not leave their post for more than 15 minutes.

Every day there is a production output quota; however, workers are not clear exactly how it is calculated. If the production quota is not met, the line leader will lecture the workers and write a report. The report will not be published, but is added to the information for promotion consideration.

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

3. Wages and Benefits

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

When workers first entered the factory in 2010, their salary was \$162 USD per month. After the end of the probation period and passing an examination, wages rose to \$186 per month.

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

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

4. Meals and Housing



The dorms provided by the factory

The factory provides breakfast and lunch meals. If there is overtime work, they will also provide dinner. Workers do not pay for any of these meals. The factory does not cover living expenses, although there is a worker dormitory. For workers who have recently entered the

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

5. Work Environment and Occupational Safety

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

During the October 28, 2010 investigation in Suzhou at the No. 5 Suzhou Hospital Department of Internal Medicine, we received confirmation that in 2010 there were over 40 patients from the Lianjian Suzhou factory receiving medical treatment¹⁴. Hospital workers were unsure if workers were again in the hospital for medical treatment due to exposure to toxic chemicals in May of 2010. Official representatives from the No. 5 Hospital would not reveal these details. In May there was a female employee who collapsed on the production line because of exposure to n-hexane.

¹⁴ The victims: we hope Apple can do more to help us with the compensation.
<http://tech.sina.com.cn/it/2011-02-18/17165192085.shtml>

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

6. Miscellaneous

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

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

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

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

Tenglong Hardware (Changshu) LLC

The company was founded in July 2007. It is a subsidiary of the Liow Ko Co.,Ltd AND QSMC. At the beginning of the establishment, Tenglong specialized in producing parts for motorcycle, sewing machine, bicycle and sports equipment. Now it has developed into a comprehensive metal work factory. Since 2000, in order to meet the requirements of the market, Tenglong invested energetically in producing cases for computer, communication, and consumer electronic equipment. Its mature techniques in pressing and forging, CNC, ultrasonic, ray carving and ray welding, created a solid record of expertise in the metal forging field. At present, Tenglong allies with QSMC and provides more professional techniques and service to customers.

Tenglong is located in the high-tech industrial park on Jinzhou Road; the factory area is more than 60,000 square meters and there are 3,700 employees.

1. Hiring Practices

There is no recruitment occurring by the factory doors; the workers are typically recommended for work through an agency, though some are recruited through their schools. The fee charged for this recommendation differs, some will charge a 50 yuan (\$8) recommendation fee, some ask for 100 yuan (\$16). To be accepted for employment through a local recruitment agency's recommendation, the worker needs to submit his or her ID card, then go to the factory for an interview under the guidance of an employee from the agency. The required height is over 166 cm for men, and over 155 cm for women. As for the educational background, junior high school graduation is the minimum requirement; however it is possible to receive a fake diploma from the agency. Outside one of the agencies there is a sign reading “No people from Shandong wanted”.



The sign in front of a recruitment agency

Before starting their employment, the workers need to complete a health examination; the fee - paid in full by the worker - is 60 yuan (\$9.5). The factory provides work clothes free of charge. If they want to end their production, the workers need to submit their resignation one month in advance.

The labor contract is signed by the labor service agency; it is a dispatch labor contract. The stipulated time is two years, without any probation period. If the worker wants to become a directly-hired employee of the factory, he or she must wait until the completion of the two-years contract, however it is also possible for someone who has a good work record to become a directly-hired employee.

2. Hours and Remuneration

The factory policy about working time is 8 hours per day and 5 days per week. From Monday to Friday, the regular working time is 8 hours and overtime is 4 hours. Overtime on Saturday and Sunday is 12 hours. It is known that this factory has maintained long-term order and stability, and overtime hours are also relatively set. The shifts begin and end at 8 a.m. or 8 p.m., with 12 work hours a day. However, workers must arrive 15 minutes before their shift for a group meeting, and the meeting time does not count towards work time. During the off-season for production, workers can rest one day a month, while during the peak production season workers do not rest a single day over an entire month.

The salary constitutes two parts: basic salary and overtime pay. The basic salary is 1140 yuan (\$181) per month; the overtime pay is 1.5 times the basic salary, which is 9.8 yuan (\$1.6) per hour; the overtime pay on weekend is 2 times the basic salary, amounting to 13.1 yuan (\$2.1) per hour; the overtime pay on a holiday is 3 times the basic salary, totalling 19.65 yuan (\$3.12) per hour. A worker's monthly pay is around 3,000 RMB (\$ 476). For workers who do not have a "positive" performance, their wages are placed on a card and distributed by an employment agency, while pay slips are issued by the factory's human resources department.

3. Work Environment and Occupational Safety

The workers in Tenglong have to work standing on their feet all day and the dust in the workplace is massive. According to one interviewed worker: "air quality in the factory is so poor, work in the workshop just like a street cleaner"

4. Meals and Housing

The factory provides free working meal but no dormitory. Most workers will choose to live in a dormitory arranged by the employment agency or rent house outside the factory. The dormitory arranged by the employment agency will cost 120 yuan (\$19) /month and 8 people live in a room. Because the workers living in the same room are from different factories, it is difficult to manage.

5. Labor Dispatching

QSMC, FDCPX, SUNREX and other large factories are close to Tenglong. It is strange that those factories did not hire workers directly but through employment agency to hire contracted workers. Fees charged by the agencies can range from as little as tens of yuan up to several hundred yuan. Workers sign the contracts with the employment agency. In the low season, the factory lets the employment agency take charge of contracted workers, especially when a labor dispute happens. Factories use this method to avoid employment risk.

There are more than 10 employment agencies in the factory district. The main reason they are established is the factory did not hire workers directly. They can earn benefits both from workers and factories, which party is responsible can sometimes be unclear. Workers are the only party whose interests are impacted in this situation.

Jabil Circuit (Shenzhen) Co., Ltd.

Factory Profile

Founded in 2004, Jabil Circuit (Shenzhen) Co., Ltd. is an affiliated branch of Jabil Group located in the Democratic High-Tech Industrial Park in Shenzhen's Bao'an District.





1. Hiring Practices

Jabil uses four different methods to hire workers. The first is directly hiring workers through the factory. On recruitment days, factory management will put up a recruitment notice outside the factory's main entrance in the morning. Around one o'clock in the afternoon they will begin recruiting by the factory gates. Prospective employees must bring proof of identification, their most recent diploma, other relevant documentation, and a pen. Workers that are hired go to Shajing Disease Prevention Health Clinic for a health examination that same afternoon. The fee for the exam is paid out of pocket by the worker. The second hiring method is to recruit workers by posting a notice outside the office of one of Jabil's subcontracted factories. Even though this path to employment is not directly through Jabil, no referral fee is charged. The third way is for the worker to be recommended by a local referral agency for a fee of 210 RMB (\$33). Many workers report that the Shajing Talent Referral Office requires an additional 500 RMB (\$80) work fee. The fourth method is to be hired as a dispatch worker at the Anxin Labor Services Dispatch Company and then be dispatched to Jabil.

Shenzhen Talent Human Resources Co. Ltd. takes advantage of workers seeking employment at Jabil, in effect swindling them of anywhere between 110 and 710 RMB (\$18

to \$113). They promise jobseekers that they will only need to pay after a successful interview, but the interviews that they arrange are all for show, conducted by one of their own employees instead of a hiring manager from the factory. During the so-called “interview” workers are asked for proof of identification and to describe their personal background, but the positive result is all but guaranteed. Workers are then expected to pay the agency fee (210 RMB/\$33 for men, 110 RMB/\$18 for women). After payment is received, they will be issued a “Letter of Recommendation,” but having not yet interviewed at the factory, employment is not guaranteed as advertised. The standard fee for Shenzhen City Zhichengtong Labor Services Dispatch Company is 300 RMB (\$48) for a male worker, but female workers are recommended to the factory free of charge. Restrictions include no tattoos, no nail polish, and no unusual hairstyles. However, there are no restrictions on region, ethnicity or religion.

Underage workers that are recommended by referral agencies or labor dispatch companies can be accepted, but they need to pay a 210 RMB (\$33) referral fee and a 500 RMB (\$80) work fee. They fill the same positions and perform the same tasks as other workers.

As part of the hiring procedures, workers must submit four copies of their ID for factory records. The factory quickly checks the authenticity of the ID card, diploma, and health certificate before returning these documents to the worker. Workers who need to register for a social security card must leave their ID card with the company for one week. The factory does not hold on to any documents as leverage against workers or require a monetary deposit. While the factory does not charge any expenses, the referral agencies and labor dispatch companies that workers use to seek employment charge 210 RMB (\$33) or more. When the factory is in urgent need of employees, the labor dispatch companies will not charge female workers a referral fee.

The factory provides workplace training for all new employees. The training period is typically two days but sometimes only one day, and covers background information on the factory, worker safety, and factory rules and regulations. The workers receive full pay for the

duration of the training. The factory also provides work uniforms free of charge, and when workers leave the factory, they are not required to return the uniforms to the factory.

The probationary period is for three months, after which qualified workers will transfer to direct-hire positions. Workers who do not meet the factory's standards will stay as dispatched workers. During their trial period, workers can leave after giving three days' notice, but the factory does not always approve a worker's request to resign right away. Most workers said it was fairly easy to leave the company though. After the trial period, workers must submit their intent to resign 30 days before leaving. Workers whose requests are not approved will work halfheartedly until they are fired.

As long as workers follow the guidelines, workers are paid outstanding wages when they leave the factory.





2. Labor Contract

Workers fill out and sign a contract with the labor dispatch company their first day on the job. The term of the contract is one year with a one-month trial period and a three-month period before dispatched workers can become direct-hire employees. The contract also covers wages and benefits, basic social security programs, conditions for violation and termination of contract, and place of work. Workers are given a copy of the contract for their personal records. Some employees reported that new workers are not given a labor contract until they are directly hired by the factories after three months on the job.

After three months, dispatched workers with a good work record will be directly hired by the factory. However, some workers choose to turn down the offer and remain with their labor dispatch company. One reason an employee might decide to do this is because the factory deducts 400 RMB (\$64) from direct-hire employees' monthly paychecks for social insurance and other programs, but only deduct 200 RMB (\$32) from dispatched workers. Labor dispatch companies deduct an additional 100 RMB (\$16) per month for a service fee.

3. Hours and Remuneration

In 2011 the peak production period at Jabil was from March through May. During this stretch, workers had two hours of overtime each regular work day, ten hours of overtime on off-days, and one day of rest per week. Altogether, workers averaged 84 overtime hours per month. Except for the plastics department and administrative office, which operate on a one-shift system, departments in the factory run on a two-shift system. The day and night shifts go from 8 to 8 each day, and workers are given 24 hours to rest and adjust before switching shifts at the end of each month. Workers have between four and eight days off each month, and the longest stretch that a worker will have to work is six consecutive days. During each shift workers have one hour for lunch and one hour for dinner. Workers have at least 10 hours to rest each day.

The average monthly salary is between 2,500 RMB (\$397) and 4,000 RMB (\$635). However, workers who log little overtime only earn between 2,100 RMB to 2,500 RMB (\$333 to \$397). Wages are calculated by adding base salary, overtime pay, and bonuses and then deducting social insurance, 60 RMB (\$9.5) for rent, 5 RMB (\$0.8) for utilities, and any fines. Altogether, the factory deducts over 400 RMB (\$63) from the wages of direct-hire employees, and the labor dispatch company deducts more than 200 RMB (\$32) from their dispatched workers. Workers' referral agencies pay the first three months of a worker's salary and deduct a service fee of over 100 RMB (\$16) each month. Workers in groups that manufacture finished products earn an average monthly salary between 2,500 RMB and 3,000 RMB (\$397 to 476), while workers in processing groups make between 3,000 and 3,500 RMB (\$ 476 to 555).

4. Meals and Housing

The factory provides dormitories to workers at a cost of 60 RMB (\$9.5) per month plus 5 RMB (\$0.8) for utilities. Workers are not charged for meals.

Workers can choose whether to take their meals in the cafeteria or in the dorms. Workers do not need to pay for meals if they do not eat in the cafeteria, but they will not receive any subsidy either. Meals typically consist of five dishes and one bowl of soup. According to workers, the food tasted good before 2012 but the quality has declined dramatically this year.

Many workers expressed dissatisfaction with the condition of the dormitories. Sometimes, it is very noisy in the dorms, especially when workers are getting ready to start their shifts. Because night and day shift workers often sleep in the same room, the schedule conflicts make it difficult to sleep, and many workers typically only get four hours of sleep per day.

There are closets for workers to put their clothes and shoes in, and every dorm room is also equipped with a bathroom, balcony, electric fan and water heater.



5. Work Environment and Occupational Safety

The workers are not sure if there is a committee for safe working conditions in the factory. The factory provides workers with antistatic wristbands as well as finger cots that they must replace every day.

Occasionally, workers may get hurt on the job, but it does not happen frequently. Workplace injuries are largely the result of worker misconduct or carelessness. Workers are generally

unaware of related occupational illnesses.

There are no first aid kits in the workshops or in the dorms, but there is a clinic in the factory.

In 2011, there were fire drills conducted every two months. The latest one was in December 2011 and was conducted in the production area of the factory and in the dormitories.

6. Labor Dispatching

According to the interviews we conducted, the factory presently employs more than 3000 workers with a male-to-female ratio of about 1:5. More than 900 of these workers are directly employed by Jabil, approximately 1,600 are employed by dispatching companies, and the remaining 800 are employed by the two subcontractor factories that operate inside Jabil. Of these 800, only 500 or so are directly employed by the subcontractor factories; the other 300 are from dispatch companies.

New hires are often recruited through two unconventional channels. The first is to be introduced to a labor dispatch company or subcontractor factory¹⁵ through a referral agency. The second is to be approached directly by employees of dispatch companies and subcontractor factories who recruit near the factory gates and trick prospective workers by claiming to be Jabil's own HR personnel. With this second hiring method, many workers don't know they are not employed directly by Jabil until they receive their first paycheck. This deceptive technique is primarily used by dispatch companies; subcontractor factories generally inform new workers of their actual employment status after they are hired.

Official factory workers and dispatched workers work in the same place, complete the same tasks, live in the same dorms, and eat the same food. However, differences exist in the following ways:

¹⁵ The term "subcontractor factory" refers to companies that are contracted by Jabil to staff and manage certain aspects of the production line and work process.

Job Search and Employer. Official factory workers are hired directly by Jabil's human resources department through an open and transparent process. They sign a labor contract with Jabil, and their sole employer is Jabil. Dispatched workers are introduced to dispatch companies by independent headhunters or are hired by dispatch company recruiters pretending to be from Jabil. Their actual employer is the dispatch company, but few workers are aware of this fact.

Benefits. Official factory workers receive free room and board as well as a monthly food stipend of 400 RMB (\$64). Their only expense for living in the dorms is a couple RMB each month for utilities. Workers from dispatch companies and subcontracted factories, however, must pay 60 RMB (\$9.5) per month to live in the factory dorms.

Salary. According to initial analysis of our completed surveys, in a month where workers worked 250 hours (25 days x 10 hour/day, an approximation of an average work schedule), there were 26 workers who earned less than 2,500 RMB (\$397), of which 24 (92.3%) were dispatched worker. There were also 26 workers who earned more than 2,500 RMB, of which 13 (50%) were workers directly hired by Jabil.

Pay Schedule. From worker interviews we learned that official factory employees are typically paid on or around the tenth of each month, while workers from dispatch companies and subcontractor factories are paid on or around the fifteenth of each month.

Work Time and Overtime Limits. During peak production season, Jabil caps the amount of overtime for official factory workers to 80 hours per month, and when the off season comes Jabil will make sure these workers still have normal work schedules. Workers from subcontracted factories have no such restrictions on overtime, and when production demands more labor, Jabil can assign so much overtime that it pushes workers to their

physical limits.



The dispatch companies are hiring workers in the dining halls of Jabil

7. Survey Results

According to the completed surveys we received, most workers hailed from Hunan, Guangdong, and Guangxi provinces. The factory's turnover rate is extremely high—only 23% of respondents had worked at the factory for more than a year, and most other workers had been there less than six months. Of those surveyed, 73% of the workers were unmarried, suggesting that the workforce is predominantly composed of the “new generation” of workers.

Based on the results of our survey, Jabil's main source of business is producing headphones, cellphone cases, and keys for Apple. However, while 74% of workers are interested in or willing to buy Apple products, more than 53% of workers have virtually no understanding of these products.

According to our investigation, the factory has a day shift and a night shift that begin at 8am and 8pm, respectively. Each shift includes two one-hour breaks, making a standard work day ten hours long. Employees work six days a week and between 24 and 26 days per month. The baseline salary of ordinary workers is set at the local minimum wage of 1,320 RMB (\$210) per month. However, with overtime wages included, the average monthly salary comes out to 2,500 RMB (\$397). Of the workers we surveyed, only 9.6% were satisfied with their current salary, and over 64% thought that their current salary should be between 3,000 and 3,500 RMB (\$476 and \$556) per month.

8. Miscellaneous

Workers receive bonuses for full attendance (60RMB (\$9.5)/month), high performance, and superior work ethic.

Workers are not frisked when they enter or leave the factory. The management of the factory is well organized, and workers are not insulted, scared, beaten, or harassed.

However, managers in some departments are quite rude and merciless to their workers.

The security guards are dispatched workers from security companies, and the maids and janitors are dispatched workers from labor service companies. The security guards are paid 6 RMB/hr for overtime work, regardless of whether it is on a weekday or weekend. In most cases, they work 28 days per month and have two days off. Cleaning staff have a similar work schedule, but they receive 8 RMB (\$1.3)/hr for working overtime. However, they are rarely required to work overtime.

The security guards can be separated into two groups—one group is from independent security companies and the other is employed directly by Jabil. The security guards from the latter group receive a wage calculated according to relevant labor laws. Meanwhile, the overtime pay of the first group is lower than the legal minimum wage.

Letter to Apple

Tim Cook
CEO, Apple Inc.
1 Infinite Loop
Cupertino, CA 95014
408.996.1010

Dear Mr. Cook,

I have written to you many times before but have never received a response. Today, I write to you again to share our investigative findings on the disturbing working conditions at ten Apple suppliers in China that we randomly chose from Apple's list of suppliers. We are glad to find that Foxconn has made some changes to its labor practice under pressure from labor right organizations and after continuous media exposure. Conditions at Foxconn remain far from satisfactory, however. Of even greater concern, Foxconn is far from the worst of Apple's suppliers. In fact, because it has already been under public scrutiny for years, it is one of the best of Apple's suppliers. Serious problems still exist at Apple's other suppliers.

Early this year, Apple promised that it would improve the working conditions in its supplier factories and hired the Fair Labor Association to conduct independent audits of its Foxconn factories. In order to live up to its promises, Apple must verify the violations that CLW has discovered and implement remediation plans in all the supplier factories immediately. Specifically, we urge you and Apple to pay attention to the use of labor dispatching prevalent in virtually all of Apple's suppliers. We believe this is an unfair labor practice that violates the rights of dispatched workers.

The factories we investigated are: AVY Precision Surface Technology (Suzhou), Riteng Computer Accessory Co., Ltd. (Shanghai), Dong Yang Precision Appliance Co., Ltd (Suzhou), Catcher Technology (Suzhou) Co., Ltd., Foxconn Technology Group (Shenzhen), BYD Electronic (International) Company Limited (Shenzhen), Kenseisha (Shanghai) Precision Machinery Processing Co., Ltd., United Win Technology Limited (Suzhou),

Tenglong Hardware (Changshu) LLC, and Jabil Circuit (Shenzhen) Co., Ltd.

The problems we found include:

1. Overuse of dispatched workers: The biggest problem overlooked by Apple in its Social Responsibility Reports is the prevalent use of dispatched labor in its supply chain. With the exception of Foxconn in Shenzhen, which transferred all dispatched workers to direct-hire status in 2011, the factories we investigated overused dispatched labor, including Jabil where dispatched labor made up almost 90% of the workforce.
2. Excessive Overtime: The average overtime in most of the factories was between 100 and 130 hours per month, and between 150 and 180 hours per month during peak production season. This is especially alarming when compared to China's legal limit of 36 hours per month.
3. Workers are exposed to a variety of dangerous working conditions. For example, some workers at Tenglong reported that their work area was poorly ventilated and that the air was dense with metal dust. Workers in most other factories also reported safety concerns and hazardous working environments.
4. Factories unfairly calculate workers' work time. For example, workers at Jabil must attend a 15-minute meeting every morning before their shift, but they are not paid for this time. Most factories also restrict workers' bathroom breaks in an inhumane fashion.
5. A majority of workers were unsatisfied with the food offered in the factory cafeterias, often finding it unsanitary for instance, and hoped that meals would be improved. They also frequently found their dormitories to be overcrowded, dirty, and lacking in facilities.
6. Most workers are not familiar with unions and their basic function, and have little ability to promote improvements in working conditions absent outside assistance.
7. Low wages and management policies compel workers to accept overtime hours well in excess of the legal maximum. Most of the factories we investigated only pay a basic salary equal to the minimum wage stipulated by the local law, which is around \$200/month in most areas. Because the basic salary is not enough for the workers to sustain themselves in the city, they have to work long hours to support themselves.
8. Work intensity is very high. Workers generally work 11 hours each day, including on

weekends and holidays. They can only take a day off every month, and in the peak season they may need to work for several months without a single day off. They work on the assembly line standing on their feet all day, and often only have two 30-minute meal breaks each day.

9. Some factories do not pay for workers' social insurance, work injury insurance, and other insurance as required by law.

10. Some factories do not pay workers overtime pay. For example, Riteng employees who work more than 80 hours of overtime in a month receive a "bonus" instead of overtime pay. The amount of the bonus is less than the overtime salary according to the law.

We look forward to a conversation with Apple about how to improve factory conditions and the problems with its auditing system in particular. CLW supports Apple's goals of developing an effective system to respond to external allegations and of making its suppliers compliant with relevant regulations. These goals can easily be achieved by the factories if Apple shares a modest share of its enormous profits with them; these funds can be tied to improving the conditions of the workers who produce Apple products. If you have any questions, please feel free to contact CLW by email (clw@chinalaborwatch.org) or phone (212-244-4049). I look forward to receiving your response.

Sincerely,

Li Qiang
Executive Director

Survey

Dear Friends:

This is a questionnaire designed by China Labor Watch in the purpose of understanding the Chinese workers' status and value in the supply chain of Apple, and the working and living condition of the workers in the production line of Apple in China. We hope you can make some time to fill in the questionnaire. Thanks very much for your cooperation!

Instruction:

- 1、 This is an anonymous questionnaire. Please rest assured that all information collected will be kept strictly confidential and will not cause any bad influence on you.
- 2、 Please read the questions carefully and answer independently. There is no “right or wrong” answer. Please fill in with the true fact and your real feeling.
- 3、 You are asked to fill in the blank on “_____”, Please mark “√” on your choice in the multiple choice. For example, A male. It is a single choice without further instruction.

Your basic information

Gender: A Male B Female

Date of Birth _____ Education _____

Date of start work in the factory____ Length of work _____years Hometown _____

Marital Status: A Single B Married C Divorced or widowed

Living Status: A In the dormitory with family

B In the dormitory by yourself C Rent house with family

D Rent house by yourself E Others,

Your current job in the factory:

A General workers B Skilled labor

C Line leader, group leader or other line manager

D Secretary or other office workers E Others_____

Which parts of Apple you produced

Do you familiar with Apple company?

A Very familiar and understanding the movement of products

B Familiar and interesting in the product

C Heard about, but don't care

D Not familiar and no interesting E Totally not familiar

Do you use Apple product?

A. I'm using _____ (product name)

B. I don't use but want to have one

C. I don't use and do not want to have one

Do you know the price of Apple product? Please fill in your estimation

Iphone _____

Ipad _____

Macbook_____

Others_____

Which kind of electronic products do you have?

Cellphone A.No B.Yes_____ (brand) _____ (price)

Computer A.No B.Yes_____ (brand) _____ (price)

Others _____

Working hours, wages and working condition

Which is your major job in Apple production line (Name of the workshop, major job)

Do you know the size of the Apple's production line? How many workers work for Apple's

parts? How many product lines?

Working hours

You work _____hours per day including overtime work, you work _____days per month including overtime work.

Do you satisfied with the current working hours?

- A Very satisfied B Satisfied C Acceptable D Not satisfied
E Not very satisfied

You want to work, including overtime work_____hours per day, _____per month.

If your factory has proration per day or week (if has, the proration is _____)? Are you afraid that you can not fulfill it?

- A. Not afraid
B. Sometimes
C. Often
D. No proration

Wage

Your average wage including overtime work wage is_____ per month. Your basic salary is_____.

Are you satisfied with the current wages?

- A Very satisfied B Satisfied C Acceptable D Not satisfied
E Not very satisfied

How much do you expect for salary? _____.

Your spend_____yuan per month (including clothing, food, living, transportation, communication cost, entertainment); How much do you think is enough for those cost per month

What's the top three highest spend for you:

- A Living or renting
- B Food and snack
- C Transportation
- D Communication cost
- E Internet, karaoke and other entertainment
- F Clothing
- G Hairdressing and beauty
- H Dinner and gifts and other social activities
- I Studying
- J Others, for example _____

Working condition:

What is the danger in your workshop?

- A. Noise
- B. High temperature
- C. work-related injury
- D Dust
- E Odor
- F Chemical product
- G Radiation
- H. Not know
- I Others _____

Is there any influence to your health in your workshop or production line?

- A Very big influence
- B Big influence
- C Small influence
- D No influence
- E Not know

The special influence is _____ (cardio-pulmonary function, pneogaster, skin or explosion)

What's your opinion about the factory in protecting occupational safety and health of employee? (the fire fighting equipment, emergency medical aids, escapeway)

- A. Very good
- B Good
- C. Acceptable
- D Very bad
- E Don't know

What's your opinion about the appliances for labor protection in the factory?

- A. Qualified and adequate
- B. Have but inadequate
- C. Have but disqualified
- D. None

Do you think the occupational safety training is adequate?

- A Very adequate
- B Adequate
- C. Acceptable
- D. Bad
- E No training
- F. Don't know

Is there any work-related injury in your factory and workshop in 2011? A. Yes B. No

If yes, how many and the reason? _____

Factory management:

Do the managers, group leaders verbal abuse the employees?

- A Yes and I'm dissatisfied
- B Yes and very common
- C Yes and understandable
- D Few
- E Never
- F Don't know

Do you think the regulations in the factory are reasonable?

- A Not reasonable, for example:
- B Reasonable

Trade union

Is there any trade union in your factory?

- A Yes
- B No
- C Don't know

If there is a trade union in your factory, do you know the activities of the union?

- A Yes, for example:
- B Don't know

What's your opinion about the trade union? (You can chose more than one)

- A Union can represent the workers' benefit

- B Union can solve problems
- C Union represents the employers
- D Union only collect the union dues
- E Don't know the union

Have you provided suggestions to the factory?

- A Never
- B Sometimes
- C Often

When you make a suggestion, the factory will

- A Ignore
- B Reply but not change
- C Accept and change
- D Totally accept and change immediately

Living condition in the factory

If you live in the dormitory provided by the factory, how you think about the living condition of the dormitory?

- A Very good
- B Good
- C Acceptable
- D Bad
- E Very bad
- G No dormitory
- H Don't know

What's the problem you think in the dormitory provided by the factory? (You can choose more than one)

- A Too many people and very crowded
- B Lack facility
- C Poor ventilation and lighting
- D Poor sanitation and environmental conditions
- E Poor security
- F High expensive
- G Bad relation between roommate
- H. Unreasonable arrangement of roommate
- I. Short of water and toilet
- J Others, for example

What's your opinion about the food in the canteen?

- A Very Good
- B Good
- C Acceptable
- D Bad
- E Very bad
- F Factory doesn't provide food
- G Don't know

What's the improvements you think the factory should have? (You can choose more than one)

- A High cost
- B Sanitation of the food
- C Food is inadequate
- D Few kinds of food
- E No nutrition
- F Few flavors
- G、 Others_____

What do you like to do in your free time besides sleeping? (You can choose more than one)

- A Nothing
- B Shopping
- C Listen to the broadcast, watch TV and read books
- D Surf the internet
- E Spend time with family
- F Part-time job
- G Physical exercise
- H Go to the party
- I Study
- J Others, such as

Are you satisfied with the factory?

- A Yes, very satisfied and will continue work here
- B Satisfied, but if have better opportunity, I'll leave the factory
- C Not satisfied and going to leave the factory

What's the improvements you think the factory should have? (You can choose more than one)

- A Improve the food in the canteen
- B Improve the living condition of the dormitory
- C Organize the employees' entertainment activity
- D Providing study opportunity to the employees
- E Improve the occupational safety
- F Pay the employees in time
- G Control the working time
- H Improve the managers' skill
- I Improve the grievance appeal system
- J Others, such as

Others

Why you choose to go out to work (You can choose more than one)?

A High salary B More opportunities C widen my horizon D Have acquaintance E

Like the life in city

F Others, such as

What is the thing you care about most? (You can choose more than one)

A Promotion opportunity B Increasing wage

C Deduction working time (including overtime work)

D Reduce work stress

E Increasing knowledge and skill F Entertainments

G Improving the dormitory condition H Good relationship

I Reward systems J Occupational safety and health

K protection of rights L Show individual's value

M Punishment system N Others_____

What are you going to do in the next five years (You can choose more than one)?

A Keeping working B Back home and be a farmer

C Be a professional employee D Set up my own business

E Don't know F Be a manager G Others_____

It is the end here, we are very appreciating your cooperation !

Acknowledgement

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Relative Videos about the investigative report:

Production Line in Catcher <http://youtu.be/UknhWoL6GWQ>

Cafeteria and Break Room in Catcher http://youtu.be/m3kK3FOn_40

The Front Door and Living Area of Kenseisha <http://youtu.be/FB1mxj7ZsjM>

China Labor Watch has conducted a series of investigation and released the relative reports in the factories of the electronic industry, below are the links to the relative articles:

BYD COMPANY LIMITED INVESTIGATIVE REPORT

<http://chinalaborwatch.org/pro/proshow-153.html>

Tragedies of Globalization: The Truth Behind Electronics Sweatshops

<http://chinalaborwatch.org/pro/proshow-149.html>

The Tragedy of the Foxconn Sweatshop <http://chinalaborwatch.org/pro/proshow-98.html>

Make a Donation

China Labor watch is an independent not-for-profit organization 501(c)(3) whose mission is the realization and defense of labor rights in China. Donations to CLW are tax deductible and we will send you a receipt for your tax purposes.

Your donation funds investigations, press releases and other crucial expenses that enable CLW to protect workers in China making products for sale in the US and abroad. Investigations cost between \$1,000 to \$5,000 per factory (depending on the type of investigation and number of follow-up trips), and a single investigation can make a difference for several thousand workers. Your donation makes this work possible!

We can assure you any amount goes a long way in improving workers' working conditions in China. Donations can be made on-line at <http://www.chinalaborwatch.org/involv.html>, <https://www.networkforgood.org/donation/MakeDonation.aspx?ORGID2=113596560> or checks can be made to "China Labor Watch" and mailed to:

China Labor Watch
147 W 35 Street #406

New York, NY 10001

All donations are tax-deductible. If you would like a receipt, please print the donation form, sign and mail it with your check.

Thank you so much for your support!