

**Apple's unkept promises:**

**Cheap iPhones come at high costs  
to Chinese workers**

**July 29, 2013**



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## Executive Summary

### **Pegatron's competitive advantage**

Apple is preparing to release a cheap iPhone. Just how does a prosperous company like Apple produce a discounted version of its phones?

At this moment, in Shanghai, China, workers in Apple's supplier factory Pegatron are monotonously working long overtime hours to turn out a scaled-back, less expensive version of the iPhone. Six days a week, the workers making these phones have to work almost 11-hour shifts, 20 minutes of which is unpaid, and the remainder of which is paid at a rate of \$1.50 an hour (\$268 per month) before overtime. This is less than half the average local monthly income of \$764 and far below the basic living wage necessary to live in Shanghai, one of costliest cities in China. So these workers rely on long overtime hours. If a worker does not finish three months at Pegatron, the dispatch company that got the worker hired will deduct a large portion of his wages.

After a grueling day's work, what a worker has to look forward to is a 12-person dorm room, lining up for a quick cold shower in one of the two dozen showers shared by hundreds of workers.

At Pegatron, over 10,000 underage and student workers (interns), from 16 to 20 years of age, work in crowded production rooms, doing the same work as formal, adult workers. But some students are paid lower wages because schools deduct fees for the internship, while other students will not have their wages paid to them on time.

At Pegatron, a pregnant woman interviewed was working equally long overtime hours, despite Chinese laws protecting the health of pregnant women by mandating an eight-hour workday. After four months of intense work, she decided to leave and give up her maternity benefits rather than jeopardize the health and well-being of herself and her unborn child.

In addition, Pegatron has violations related to discriminatory hiring, harassment and abuse, fire safety, and more.

So what is the competitive advantage that Pegatron has utilized to win Apple's order of the cheap iPhone? Extensive labor violations and suppressed wages that cheat workers of a living wage, a healthy working environment, and a voice. As Apple launches its cheaper iPhones, it continues to profit while cheapening the value of the workers in its supply chain.

### **The labor violations of Apple's supplier: Pegatron Group**

Pegatron Shanghai is a subsidiary of the Pegatron Group. In 2013, Apple has increased its order to Pegatron factories, and as will be explained below, these factories all utilize the labor violation "advantage".

From March to July 2013, China Labor Watch (CLW) sent investigators into three Pegatron Group factories to carry out undercover investigations and conduct nearly 200 interviews with workers outside the factories. The factories included Pegatron Shanghai (producing the iPhone), Riteng (a

Pegatron subsidiary in Shanghai producing Apple computers), and AVY (a Pegatron subsidiary in Suzhou producing iPad parts). Together, these three Pegatron factories have more than 70,000 employees.

CLW's investigations revealed at least 86 labor rights violations, including 36 legal violations and 50 ethical violations. The violations fall into 15 categories: dispatch labor abuse, hiring discrimination, women's rights violations, underage labor, contract violations, insufficient worker training, excessive working hours, insufficient wages, poor working conditions, poor living conditions, difficulty in taking leave, labor health and safety concerns, ineffective grievance channels, abuse by management, and environmental pollution.

In short, the Pegatron factories are violating a great number of international and Chinese laws and standards as well as the standards of Apple's own social responsibility code of conduct.

In May 2013, Apple heralded that its suppliers had achieved 99 percent compliance with Apple's 60-hour workweek rule, this despite that fact that 60 hours is a direct violation of China's 49-hour statutory limit. This "accomplishment" is further discredited by the fact that average weekly working hours in the three factories examined are approximately 66 hours, 67 hours, and 69 hours, respectively. For instance, in Pegatron Shanghai, our investigation uncovered that workers were forced to sign forms indicating that their overtime hours were less than the actual levels. During the period of this investigation, CLW carried out undercover probes of five other Apple suppliers in China (corresponding reports to be released at a later date), and all but one factory violated the Apple's purported 60-hour accomplishment.

Indeed, a number of Apple's social responsibility promises are being broken, including those related to worker safety, protecting the environment, and more. None of the Pegatron factories investigated here, for example, provide sufficient safety training to workers. At Riteng and AVY, waste water is disposed of directly into the sewage system, polluting the local water source.

Conditions at these factories are so poor that most workers refuse to continue working for long. In a period of two weeks, 30 of 110 new recruits at AVY left, presumably unwilling to accept the work intensity, low pay, living conditions, and harsh management style characterizing the facility.

Apple continues to source from Pegatron factories despite serious labor rights violations. That Apple has made promises on the conduct of its suppliers means that Apple is complicit in the persistence of violations at these factories.

Apple has zero tolerance for lapses in the quality of its products. If a quality issue arises, Apple will do everything it can to have it corrected immediately. But a lower level of urgency apparently applies in responding to labor rights abuses. Despite its professed high standards for the treatment of Apple workers, serious labor violations have persisted year after year. Apple must prioritize its efforts into halting the abuse of the workers making Apple products.

In order to clarify the depths of this problem, in the next section, we compare the violations uncovered by CLW in the Pegatron factories with 17 promises that Apple has made about its supplier code of conduct.

## Apple's 17 promises vs. 17 realities

All Apple code of conduct standards mentioned below can be found on Apple's [Supplier Responsibility webpage](#).

### 1. Apple: We limit work weeks to 60 hours; we have 99 percent compliance on this standard.

At the three Pegatron factories that CLW investigated, weekly working hours for the majority of production workers were about 66, 67, and 69 hours, respectively. When orders were being rushed, these hours were even longer and workers seldom received a day off. China's legal limit is 49 hours per week.

In these factories, pregnant women were made to work the same long hours as other workers, putting in 11-hour days for six days per week. Chinese law restricts employers from letting pregnant women work over eight hours per day.

### 2. Apple: All overtime must be voluntary.

All three Pegatron factories require workers to do overtime, especially during busy seasons. At Riteng, workers are forced to do overtime through coercion; if a worker chooses one time not to accept scheduled overtime, the factory will not provide her an opportunity to do any overtime work for the entire month as punishment.

### 3. Apple: We don't tolerate underage labor. Our code requires our suppliers to provide special treatment to juvenile workers.

In two factories, we discovered many workers under the age of 18 working the same long hours under the same conditions as adult workers.

Underage workers often enter the factories as student "interns" required to work at the factories by vocational schools.



	一類加班	二類加班	三類加班	開始日期	結
一週 擇組組裝	2.5	0.0	0.0	20130704	18
一週 擇組組裝	2.5	0.0	0.0	20130703	18
一週 擇組組裝	3.0	0.0	0.0	20130628	17
一週 擇組組裝	2.5	0.0	0.0	20130701	18
一週 擇組組裝	2.5	0.0	0.0	20130702	18
一週 擇組組裝	0.0	10.0	0.0	20130629	08.3
一週 擇組組裝	2.5	0.0	0.0	20130626	17.3
一週 擇組組裝	2.5	0.0	0.0	20130627	17.3

This image displays the working hour records of our investigator at Pegatron during the period from June 26 to July 4. The columns, from right to left: the date of calculation, triple wage overtime hours (holiday), double wage overtime hours (weekend), and working day overtime hours. Within the seven-day period from June 28 to July 4, our investigator worked 23 hours of overtime. If we add in the three hours of unpaid overtime spent in daily meetings as well as the 40 normal hours of work, then our investigator worked 66 hours during this week, in violation of both the Chinese law and Apple's code.

#### 4. Apple: Many underage workers are recruited via third-party labor agents.

In each of the three Pegatron Group subsidiaries factories, there was a heavy reliance on third-party labor agents—i.e., dispatch labor companies—to hire workers. The majority of workers at



Our investigator, on the night shift at AVY, should have been off the clock at 8 AM, but at nearly 8:30, workers were still standing in a meeting being reprimanded by their supervisor.

these factories were hired through such labor agents. In Jiangsu Province, the location of AVY, local law limits the proportion of dispatch labor to 50 percent. An upcoming national law will limit dispatch labor at any given employer to 10 percent.

#### 5. Apple: We require all of our suppliers to compensate workers for any illegal deductions and wage deficiencies.

Each of the three factories we investigated had unpaid overtime violations in which they did not compensate workers for daily 15- to 30-minute meetings, adding up to 7 to 14 hours of unpaid overtime per worker per month. If AVY workers resign within the first two weeks, it is so difficult to receive owed wages that they simply leave without receiving their rightfully owed compensation.



A Pegatron poster lists numerous “hiring standards”, including being taller than 150 cm, no older than 35, of certain ethnic groups, and free of tattoos or colored hair.

#### 6. At our direction, suppliers who used to screen for medical conditions or pregnancy have stopped discriminatory screenings. We also required them to establish clear policies and procedures to prevent recurrence.

The Pegatron factories had a list of discriminatory hiring practices, including refusing to hire people shorter than 4 foot 11 inches tall, pregnant women, those older than 35, people with tattoos, or people of the Hui, Tibetan, or Uighur ethnic groups. At AVY, male applicants

were made to strip off their shirts for a tattoo check in public areas two separate times.



### **7. Apple: Excessive recruitment fees and bonded labor are strictly prohibited.**

Labor agencies hiring for the Pegatron factories required fees of up to 500 RMB (\$80). Hiring fees are in violation of Article 14 of China's Provisions on Employment Services and Employment Management.

At AVY, workers' IDs were held by the labor agencies for three to 14 days, preventing workers from resigning and violating Chinese law. At Pegatron Shanghai, if a worker hired by a labor agency did not complete three months of work at the factory, he would have 600 RMB (\$98) deducted by the labor agency.

### **8. Apple: We require suppliers to implement Apple-designed training programs to educate workers about local laws, their rights as workers, occupational health and safety, and Apple's Supplier Code of Conduct.**

Each Apple supplier factory we investigated failed to provide more than eight hours of training to workers, falling short of the 24 hours required by Article 15 of China's Provisions on Safety Training of Production and Operation Entities. Moreover, training was not conducive to workers actually learning any of the relevant information; it simply consisted of rolling through perfunctory slideshow presentation, after which workers were told to copy answers to all questions on the training test.

### **9. Apple: We require suppliers' supervisors and managers to be trained on effective management practices, including worker-management communication, antiharassment policies, and worker protections.**

Pegatron supervisors harassed and abused workers by swearing at them and threatening collective punishment. If workers at AVY did not finish 600 iPad back covers during a single shift, they would be made to stay late without wages and accept scolding in front of others.

### **10. Apple: Our suppliers must follow strict standards when hiring students.**

Large numbers of student workers at the factories that CLW investigated are used as cheap labor to make Apple products. Many students are required to work at the factories despite the production work being unrelated to their studies. For example, a Gansu student at Pegatron studying early education was required to work on the production line. Student workers were forced to pay fees to their teachers and their schools and were not always paid on time.



This 17-year old worker did not receive his wages on time, receiving his wages at least five days later than the schedules time.

**11. Apple: Workers have a right to be in an environment where they can voice their concerns freely — and where managers and supervisors act on those concerns.**

None of the Pegatron factories in our investigations had effective grievance channels. Even when some sort of system was in place, relevant information was hurriedly passed by in new worker training. At AVY, when asked about the factory's grievance channels, a team leader responded that there are no channels or mechanisms for workers to use. After cutting his finger on a work piece, our investigator asked his supervisor for leave so that he could get it treated, but the supervisor made the investigator wrap his finger in industrial-grade plastic tape and continue working.

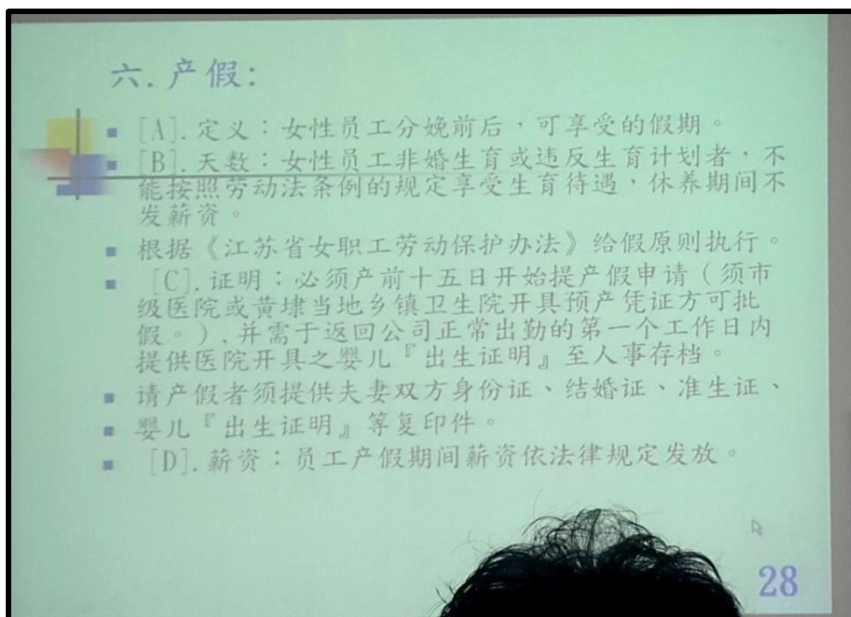
**12. Apple: To reduce the risk of hazards in the workplace, suppliers must provide proper protective gear, guardrails, safety harnesses, and other safety equipment, as well as comprehensive, up-to-date training for workers.**

Workers making Apple products at the Pegatron factories did not receive the legal 24-hour minimum of training time. Training itself was superficial and rushed; trainers would simply let trainees copy down the answers to the training tests. This has led to a lack of knowledge among many workers about the harm that chemicals with which they come in contact can have on their health. For example, many workers at Pegatron were not wearing masks despite being in contact with harmful chemicals.

**13. Apple: We are committed to worker well-being.**

Pregnant women making Apple products at these factories cannot take maternity leave if they became pregnant out of wedlock or if they are having a second child outside of China's family planning policies. This inability to take leave forces mothers to make a choice between their baby and their job.

Many workers making Apple products at these three factories must stand while working for 11-hour shifts. They live in crowded dorm rooms of 8



This image displays a PPT from new employee training at AVY. The PPT lays out AVY rules related to maternity leave. The following are two key sentences (second and third bullet point, respectively) from the PPT:

- "[B] Female employees who become pregnant out of wedlock or who violate family planning policy cannot enjoy maternity leave or paid maternity leave as laid out by Labor Law."
- "In applying for maternity leave, the employee must provide the ID cards of herself and her husband, a marriage certificate, and a birth permission document."



to 12 people with insufficient bathroom and shower facilities and often no warm water. For example, at AVY there are 10 showerheads for about 120 workers. In Riteng dorms, management and security guards will, without prior warning or permission from workers, enter dorm rooms and take pictures of the rooms.

Hourly wages for workers producing Apple products (between \$1.30 and \$1.50) are not high enough to meet basic needs. For example, in Shanghai, China's most expensive city, where the average wage is \$764, workers at Pegatron only earn \$268 before overtime. This has made workers dependent on overtime to earn a living wage, so much so that overtime wages constitute more than half of a worker's monthly wages.

**14. Apple: It is critical that both suppliers and Apple employees are prepared to identify hazards.**

In the factories we investigated, there were insufficient fire escape routes, insufficient or a lack of fire prevention training, and few workers had the opportunity to participate in fire drills. Additionally, both Riteng and AVY lacked first aid kits in their production facilities.

**15. Apple: We do not tolerate environmental violations of any kind. We hold suppliers accountable to the environmental standards of our Supplier Code of Conduct — standards that are some of the strictest in our industry and many others.**

At AVY and Riteng, our investigators discovered industrial wastewater being directly poured into the sewage system.

**16. Apple: An Apple auditor leads every onsite audit, supported by local third-party auditors who are experts in their fields.**

Audits often overlook labor violations because factories make preparations ahead of time. Pegatron, for example, forces workers to sign falsified attendance records which detail overtime hours at sometimes half the number of actual overtime hours worked.

**17. Apple: While disciplinary pay deductions are legal in some countries, they are a violation of Apple's Supplier Code of Conduct.**

Chinese law prohibits employers from fining employees as punishment. The AVY plant, however, has a number of fines for certain worker behaviors, including but not limited to failing to tuck in one's chair after eating, failing to eat at predetermined times, and absence from unpaid meetings.

## Investigation background

In the past few years, CLW has given considerable attention to labor abuse in the Chinese supply chain of the global electronics industry. In July 2011, CLW published an extensive investigation of 10 Chinese supplier factories that manufactured for multiple international brands. And in August 2011, CLW published an investigation on BYD, the largest Chinese private electronics manufacturer. In June 2012, CLW published an investigative report covering 10 Apple supplier factories in China. We followed up in August, September, and December with several reports on 11 factories producing for Samsung, Apple's largest competitor.

Beginning in March this year, we carried out a new series of investigations on Apple suppliers. The three factories covered in this report, namely Pegatron Shanghai, Riteng (in Shanghai), and AVY (in Suzhou) are subsidiaries of Pegatron Group, a supplier to such electronics brand companies as Dell, Microsoft, and HP. In this report, these three factories will be collectively referred to as "the Pegatron factories". Currently, Pegatron Shanghai is the second largest Apple supplier factory in China. It primarily manufactures the iPhone for Apple and is currently manufacturing the soon-to-be-released cheap iPhone.

Among the Pegatron factories, Pegatron Shanghai and Riteng are mainly tasked with producing cell phone and computer parts for Apple, while AVY produces iPad parts. AVY, according to its website, is also producing for Nokia, Panasonic, HP, Dell, Asus, Acer, and Sony. The investigator we sent to AVY happened to be assigned to a production facility that manufactures for Apple. Since we have not confirmed which other brands are currently being produced at AVY, this report only discusses the labor conditions of those facilities responsible for Apple production.

From March through July 2013, we sent several undercover investigators into the abovementioned factories under the pretext of being workers. These investigators, three of whom have more than two years of investigative experience at CLW, stayed in the factories for two to six weeks. In some factories we sent more than two investigators. In addition to the undercover probe, we sent other investigators outside the factories to gain and confirm information via 200 worker interviews.

## Investigative Report of Pegatron Technology (Shanghai)

### Primary legal and ethical violations at Pegatron Shanghai

- Majority of workforce is composed of dispatch workers.
- Majority of workers hired by dispatch labor companies do not have five types of insurance and a housing fund, as required by law.
- If dispatch workers do not complete three months of work at Pegatron, the dispatch company will deduct a 600 RMB (\$97) fee.
- Discriminatory hiring practices that restrict the hiring of:
  - certain ethnic groups (Hui, Tibetans, Uighurs);
  - people under 1.5 meters (4 feet 11 inches) tall;
  - people over the age of 35;
  - pregnant women.
- Discrimination toward women who are pregnant out of wedlock, do not have a birth permission document from the government, or who do not abide by China's family planning policies. Women who fall under these categories cannot enjoy maternity leave at Pegatron.
- Matching the work load of most other workers, pregnant women are made to work 286 hours of overtime per month; by law, pregnant women should not be made to work more than 44 hours per week.
- During busy seasons, worker training does usually not meet the statutory minimum of 24 hours.
- During worker training, the trainer simply lets trainees copy the answers to the training test.
- There is insufficient time during training for workers to understand how to utilize grievance channels within the company.
- Underage workers (under 18) do not receive any special protection, working the same long hours under the same conditions as adults.
- The factory uses many student workers, some of whom are required to pay fees or wages to their schools.
- Most workers normally work 63 hours per week during the low season and 66 hours per week during the busy season, both of which greatly exceed the legal limit of 49 hours per week. Workers perform about 110 hours of overtime per month.
- Workers are made to sign falsified overtime record sheets.
- Workers' 9.31 RMB (\$1.50) minimum wage is insufficient to meet the basic needs of life in Shanghai, making workers dependent on overtime work to make a living wage.
- Unpaid overtime. Workers are required to join a 20-minute meeting every morning without pay, adding up to a day of unpaid overtime over the course of a month.
- Workers restroom breaks are limited. If a worker want to go to the restroom for a second time in a single day, his team leader will scold him.
- 12 workers live in a single crowded dorm room.

- Due to hundreds of workers having to share two dozen showers, some workers are unable to shower until midnight.
- Even if a worker lives 20-minutes off campus, he or she must travel all the way back to the factory to personally submit a sick leave application.
- Pegatron does not usually allow workers to take leave.
- Forced labor. Overtime is mandatory for most workers.
- Chemicals are used during the production process, but most workers lack knowledge of the risk of these chemicals to their health.
- Insufficient fire escape routes.
- Lack of fire prevention training.
- Very few worker have the opportunity to participate in fire drills.



Factory gate and factory building displaying the company name.

## I. Company Profile

Pegatron (Shanghai) Ltd Co. is part of the Pegatron Group, which was a subsidiary of Pegatron Group until 2010. Pegatron primarily assembles cell phones and tablet PCs for Apple. Its assembled products include iPhone 4, iPhone 4s, iPhone 5, and low-priced plastic iPhones. Some of Pegatron's major equipment, such as micro-computer and detection hosts, is provided by Apple.

During the time of the investigation, Pegatron had around 50,000 to 60,000 employees. Due to the influx of new iPhone orders and an increased need for workers, the company recruited between 1,000 and 1,500 new workers each day in June. Pegatron's workforce is expected to exceed 100,000 during the second half of the year.

## II. Recruitment and Resignation

### Recruitment channels

The company hires workers through 1) recruiting outside the company gate, 2) internal recommendations, and 3) labor dispatch companies. Of these methods, new workers are mainly recruited through labor dispatch companies, among which the larger ones will assign the recruitment work to several smaller ones. The major labor dispatch companies Pegatron works with include Shanghai Zhenghang, Shanghai Ruijie, Shanghai Haotai, Shanghai Tongxian, Shanghai Bode, Shanghai Caizhi, Shanghai Xiangjian, Shanghai Qianmeng, Shanghai Huinuo, Shanghai Fujing.

90 percent of Pegatron's workers are recruited via labor dispatch companies. A dispatch worker can gain status as a formal employee after working at Pegatron for 6 months. It is estimated that around 70 percent of the Pegatron workers sign their contracts with labor dispatch companies. Different from formal workers, these dispatch workers cannot live in factory dorm and therefore have to spend an hour each day on bus transportation. Also, dispatch workers do not enjoy social insurance.



A Pegatron Technology (Shanghai) recruitment advertisement outside a labor dispatch company which shows age requirement and promises every applicant a job at Pegatron.

Labor dispatch companies receive a commission of 600 RMB (\$97) for every worker they introduce who works in the factory for more than 6 months. Workers are not given permission to resign during the first three months, and will not receive their wages should they choose to leave without



going through the formal resignation procedures. If a worker resigns voluntarily after the 10th day of each month, the day on which wages are distributed, she loses half a month's wage, which will be given to the labor dispatch company. Workers who were hired through labor dispatch companies receive wages from their respective dispatch companies instead of Pegatron. If dispatch workers do not complete three months of work at Pegatron, the dispatch company will deduct a 600 RMB fee.

### Hiring restrictions

Must possess basic reading/writing abilities; more than three months of work experience; no tattoos or cigarette burns; and no unusual hairstyles or hair colors.

### Discriminative recruitment regulations

The factory will not hire anyone with infectious diseases, any Tibetans or Uyghurs, or pregnant women. The factory only hires people between the ages of 16 and 35. The factory requires that workers be no shorter than 1.5 meters (4 feet 11 inches).

### Recruitment procedure

Labor dispatch companies bring job applicants to the factory gate at 9 am and get them into line. The rest of the procedure includes making factory IDs, introducing the factory to workers, signing labor contracts, physical examinations, training, distributing locker keys and uniforms, and assigning dorms. All these must be completed in two days and the schedule is really tight. On the second day, these activities run from 7 am until 11 pm, when dorms are assigned.



A Pegatron poster lists numerous "hiring standards", including being taller than 150 cm, no older than 35, of certain ethnic groups, and free of tattoos or colored hair.



*Recruitment at Pegatron*

## Training

Training is carried out by the training committee and mainly includes:

1. Corporate social responsibility, including the nature of sweatshop products, overwork, child labor, dangerous environments, discrimination, sexual harassment, abuse, and the Electronics Industry Citizen Coalition, an industry group responsible for corporate social responsibility.
2. Factory-specific safety training, including knowledge on fire-control and safety and the location of the medical infirmary. In the section on occupational safety, workers are given examples of past work injuries such as fingers jammed by conveyors or cut by rubber cutting machines.
3. Factory regulations: standard attire and work; walk only in designated areas marked by yellow lines. Additionally, regulations on entering the factory area: wear one's factory ID, uniform, and antistatic shoes. Do not wear metallic items, accessories, or belts; certain items will be detected at the security gate, such as scissors and digital pens, waste, factory products, digital storage products, and cameras.

Employees take a simple test after the training. During the test, the trainers reveal the correct answers and the test takers write the answer based on this. This test is a formality, and new employees do not learn much from it.

## Resignation procedure

There are two types of resignations: formal and informal. Through formal resignation, workers hand in a resignation form to the team leader. After getting approval, they have to work for another month before receiving their wages. Through informal resignation, workers inform the team leader and simply do not show up for work the next day. On the factory record, these workers are recorded as absent. After three-days of absenteeism, workers can get their wages. There are no fines imposed on employees for the three days of absenteeism. The vast majority of workers resign in this informal way.

Pegatron informs its workers during recruitment that they are not allowed to resign during the first three months or else they won't get paid. After three months in the factory, the resignation procedure is as follows: 1) After receiving resignation instructions from an administrative assistant, a worker gives back her antistatic hat and necklace; 2) she returns her antistatic uniform, overalls, antistatic shoes, combination lock, etc. to the administrative office; 3) she checks out at the dorm management office; 4) she returns her identification card and quality card to human resources; 5) she leaves.

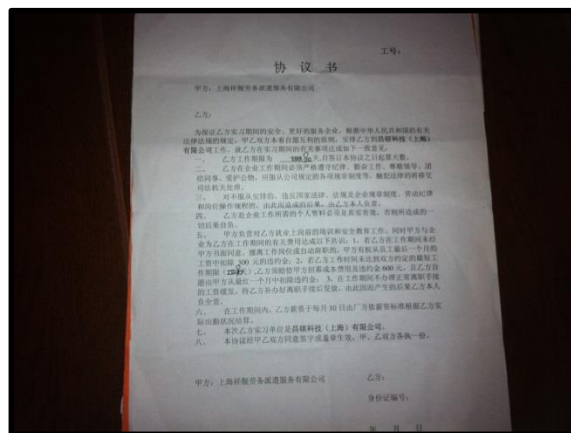
## Child labor and underage employees

There are underage employees. Workers under the age of 18 do the same amount of work as adult workers and receive no special protection. A 17-year-old employee working on the same assembly line as the investigator had the same working schedule as other operators on the assembly line, which is 10.5 hours per day. After work, he usually has a late night meal at a night market, catches the company shuttle back to his dorm, takes a shower, does his laundry, and then lies in bed, surfing on the Internet with his cellphone. This is clearly in violation of Chinese regulations that require special protection for underage workers.

## Student workers

A trainer said during new employee training that Pegatron is willing to accept student workers because such workers, managed by teachers, are unlikely to resign during the contract period. However, under constant scolding and harsh working environments, many of the student workers still do not stand more than a few days of work, unlike workers recruited from outside the school. It is the company's explicit policy not to recruit short-term workers with three-month contracts, but they will apparently accept student workers with three-month contracts.

The investigator interviewed a student worker from Chongxin (Gansu) Vocational Training Center who was majoring in pre-school education. Working in the electronics industry is largely unrelated to her major. Just like the other 97



A copy of labor contracts for a student worker

student workers she came with, she signed a 6-month contract.

Given that there are about 10,000 student workers at Pegatron and each school sends around 100 students, Pegatron likely has about 100 partner schools. As students enter the company, they don't even know whether or not their wages and benefits will be distributed to them on time and in their full amounts. Student workers do the same work as adults and have to give some of their wages to their respective schools.

### Female workers rights

Most pregnant female workers at Pegatron are unable to enjoy maternity leave. Given the high labor intensity, pregnant women often leave the factory after a few months. Chinese law does not permit employers to let pregnant women work for more than eight hours per day, 44 hours per week, but female workers at Pegatron, pregnant or not, all work almost 70 hours per week, or about 10.5 hours per day. In interviews, pregnant workers did not know that such hours violated Chinese law.

Pegatron does not provide paternity leave for pregnant women who do not abide by family planning policies or those who become pregnant out of wedlock.

### Physical Examination

The next morning after entering the firm, new workers receive a physical examination which costs 50 RMB (\$8.13) for adult workers and 60 RMB (\$9.8) for underage workers. The exam includes height, weight, vision, blood test, chest X-ray, and ECG.

### Scam during the hiring process

During recruitment, a few young people would silently hand out notebooks and ball-point pens to new employees, leading these workers to believe that these items are free gifts from the company. If an employee takes these items, the young people will approach her, trying to charge the worker 20 RMB (\$4.07). If the worker declines, these people will gather around the worker, accusing him loudly of not paying for the goods he took. Usually the worker is compelled to pay.

## III. Labor Contract

Pegatron mainly hires through labor dispatch companies, which sign labor contracts with the workers they recruit. The term of contract is two



Workers getting off work



years, with a two-month probationary period.

#### IV. Working hours

Workers are gathered three times a day, in morning, noon and evening, for meetings. Workers stand through the meetings and are required by team leaders to gather 20 minutes prior to the meeting without clocking in. During the meeting, workers shout out slogans and clap their hands. The slogans all have the same theme, such as “quality, discipline, unity. I’m the best! Work hard!”

A regular day time shift starts at 9 a.m. and ends at 9 p.m. During this 12-hour shift, employees spend 1.5 hours on two meals and work 10.5 hours. There is no break or even time to go to restroom. Operators who would like to use the restroom during working hours need to inform their team leader and get approval. A worker will be scolded for going to restroom twice or more each day.

Pegatron once had regulations that restricted overtime to no more than three hours per day. But the factory would constantly break its own regulations by letting its employees do more than three hours of overtime per day. When quality dropped or when production did not meet quotas, workers would work 12 hours a day.

During the period of our investigation, Pegatron Shanghai had begun producing the cheap iPhone. Because this new iPhone product is evidently in the early stages of coming to market, some of the production lines for the cheap iPhones are only carrying out low production quotas. Though workers on these lines are not made to do as many overtime hours as workers on other Pegatron lines, workers on the cheap iPhone lines still need to do over a dozen hours of overtime per week. However, because Pegatron workers depend on overtime to make a reasonable wage, these workers’ livelihood will be affected.

Based on wage slips, we cannot tell how many hours of overtime a worker has done, but we can see the amount of overtime wages.

Workers can inform the management orally that they don’t want to work overtime. But they still need to get management’s approval, and this is almost never granted.

Pegatron has a falsified attendance recording system in which workers’ overtime is recorded to be less than the real amount. Each week, all workers are required by an HR assistant to check yes and sign their names on an overtime form. Workers are required to sign and are not to pay attention to the number of overtime hours written on the form; the document’s only



Exhausted workers lying by the factory gate



purpose is to deceive Apple during inspections. On this form, the overtime is listed as 10 to 16 hours per week. However, workers usually do more than 20 hours of overtime work per week with team leaders doing even more as they must start working one hour ahead of and sometimes get off work later than other line operators. For team leaders, overtime work adds up to around 30 hours per week.

### Working Schedule

<i>Shift</i>	<i>Working hours</i>	<i>Note</i>
Day	9:00—21:00	50 minutes for lunch and 40 minutes for dinner
Night	21:00—9:00 (the next day)	One-and-a-half hour break, same as day shift



Workers' bags are checked before they get off work

### Attendance

Attendance is recorded by a slide card check-in mechanism and checked by roll call by the supervisor before work. Workers need to clock-in at designated areas. If they forget, they can tell their supervisor, who will inform the administrative department of the worker's attendance. Failure to do so would result in an absenteeism and no pay. Workers are not allowed to clock-in twice or clock-in for others. If a worker is found clocking-in for others, she will receive a demerit.

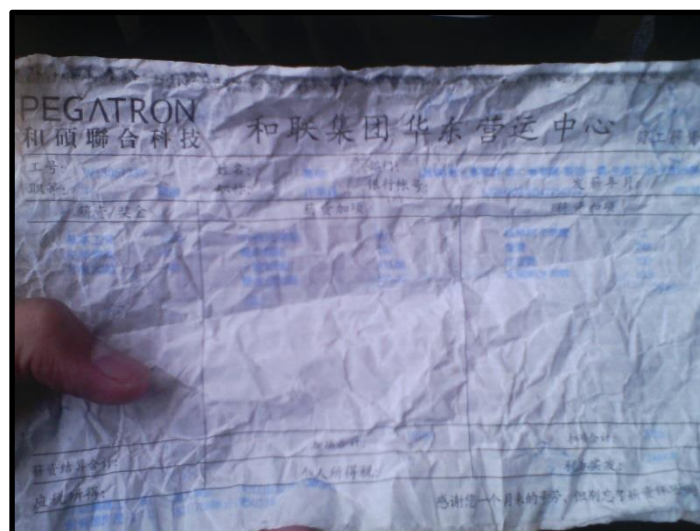
## V. Wages and benefits

### Wages

Pay stubs are sealed and it is against factory regulations to ask how much others earn. Low-level workers receive a performance wage, which is either 0, 50 (\$8.13), 100 (\$16.26), 150 (\$24.39), or 200 (\$32.52) RMB. The amount of the performance wage is subject to a team leader's arbitrary judgment.

A Pegatron worker receives a wage of around 3000 RMB (\$487) and sometimes less than 3000 RMB during the low season. An investigator saw one worker's pay stub from May in which he earned 2100 RMB (\$341).

Wages are distributed on the 10th day of each month, but the wages are calculated on the 25th of the previous month.



A Pegatron worker's pay stub

### Wage breakdown (monthly, unless otherwise noted)

Item	Amount or other	Notes
Base wage	1620 RMB (\$263.4)/month	Hourly wage: 9.31 RMB (\$1.50)/hour
Overtime pay	13.96 RMB (\$2.27)/hour on week days 18.62 RMB (\$3.03)/hour on weekends 27.93 RMB (\$4.54)/hour on legal holidays	
Seniority bonus	After 3 months: 140 RMB (\$22.76) After 6 months: 180 RMB (\$29.26) After 9 months: 180 RMB (\$29.26)	
Position bonus	60 RMB (\$9.76)	Only management enjoy this subsidy

Meal subsidy	280 RMB (\$45.53)/month	For all workers
Performance wage	50 RMB (\$8.13), 100 RMB (\$16.26), or 200 RMB (\$32.52)	The amount is decided by the supervisor based on the worker's performance.
Night shift subsidy	9 RMB (\$1.46)/day	

### Deduction breakdown

Item	Amount	Notes
Accommodation fee and utility expenses	Around 130 RMB (\$21.14)/month	Shared equally among each resident of a dorm room, based on the actual utility expense.
Taxes		Apply when monthly income exceeds 3500 RMB (\$569.1).
Social security	Around 200 RMB (\$32.52)/month	Applied only to formal workers. Usually temporary workers become formal workers after 3 months.

*Note:* Employees have to pay for certain lost items: 50 RMB (\$8.13) for a uniform, 55 RMB (\$8.94) for a dust-resistant jacket, 15 RMB (\$2.44) for a hat, 35 RMB (\$5.69) for slippers, 15 RMB (\$2.44) for a lock, 10 RMB (\$1.63) for a key, and 25 RMB (\$4.07) for an ID card.

### Difficulty in resignation

#### Procedure of asking for leave

Personal leave: 1. Ask permission from the team leader; 2. Fill out personal leave form; 3. Give the form to the administrative assistant.

Sick leave: 1. Ask permission from the team leader; 2. Get medical certificate from a doctor in a factory clinic; 3. If the worker cannot receive proper treatment at the factory clinic, a medical certificate from formal outside hospitals can be accepted.

Workers are not allowed to ask for leave via phone. Even if a worker feels uncomfortable and wants to take the day off, she must travel to the factory and ask for permission personally from the supervisor. This process is very time-consuming, especially for those living outside the factory.

For example, a middle-aged female worker on our investigator's assembly line was suffering from a severe cold accompanied by a sore throat and difficulty swallowing. She called the team leader,

asking for leave. The team leader insisted that she come to the factory in person and fill out the time-off form herself, otherwise her absence would be treated as absenteeism. The worker found it unreasonable to come all the way to the factory under such discomfort just to fill out a form.

Workers can only take limited days of sick leave. The factory is very strict about that. It does not matter what the medical certificate says: a worker who asks to take a sick leave of longer than 7-days will not be granted sick leave. Rather, her absence is treated as recuperation or normal time-off, which means that she will not receive sick leave wages.

### Other benefits

Workers get a 280 RMB (\$45.53) monthly meal subsidy. Workers can get a piece of fruit for free at staff cafeteria every Wednesday during lunch and a traditional rice wrap (zongzi) for those who come to work on Dragon-boat Festival.

Entertainment and amenities inside the factory include a supermarket, post office, bank branch, hair salon, library, basketball court, gym (for 50 RMB (\$8.13)/month), and internet cafe. The internet cafe and the basketball court, both frequented by workers, are crowded. During shift changes, the supermarket inside the factory area is crowded with workers just coming off work. Customers have to wait in line for more than 10 minutes. The library is relatively less used by workers. The computer and internet use in the internet cafe costs 4 RMB (\$0.65)/hour. It costs at least 20 RMB (\$3.25) to get a haircut at the hair salon. The fruits in the factory fruit shop are priced higher than those in the outside stores.

## VI. Living conditions

### Meals

Prices. 2 RMB (\$0.33) to 5 RMB (\$0.81) for breakfast and 5 RMB to 10 RMB (\$1.63) RMB for lunch and dinner. Monthly meal expenses for workers are around 400 RMB (\$65.04) to 600 RMB (\$97.56). Workers need to wait in line, sometimes for more than 10 minutes, to get food.

Out of concern that the main cafeteria may be overwhelmed during meal breaks, the factory also created a dining area in each of the production buildings. The time machines for clocking in and out were set up by human resources so that workers are not authorized to go outside the factory during lunch and dinner times. Those who want to go outside during working hours need to file an application and give it to the manager. Usually, workers are only authorized to go outside the factory building after their day's work is done. For breakfast

workers can usually choose among steams buns, deep-fried dough sticks, and porridge. There are two types of lunch combos, one for 5 RMB (\$0.16) and one for 8 RMB (\$1.30); each includes four



Cafeteria at Pegatron

dishes, with the 8 RMB combo containing more meat. The 5 RMB combo tastes awful. So workers would rather choose the more expensive 8 RMB option. Dinner dishes are similar to lunch dishes.

The food is bad, with most of the dinner food being reheated lunch food. Many workers would rather skip dinner and have a late night meal outside the factory after work.

### Dining hours

Breakfast	6:00—8:45
Lunch	11:30—13:00
Dinner	16:30—18:30
Late-night meal	23:30—1:30

### **Accommodations**

A dorm room at Pegatron can accommodate 12 people. From Monday to Friday, residents have to clock-in within 24 hours or else they will be considered checked out of the dorm. Workers need to swipe their ID cards to enter the dorm, and they need to register their valuable belongings.

All dorm room residents are responsible for damaged items if no one can identify who was actually responsible for the damage. The 20 square-meter dorm is very crowded with 12 residences, leaving about 2 square meters per person.

There are not enough dorms in the factory complex to accommodate workers, so there are a dozen other dorm buildings in the area surrounding the factory. The factory provides shuttle bus service, which takes around 20 minutes each way.



A crowded and messy dorm room



**Table of punishments for dorm residents**

No.	Description of actions	Punishment
1	Residents of dorms that fail the 5S sanitary inspection and still cannot meet the standard after a certain period.	Warning
2	Sitting on balcony railings or windows and continuing to do so after warning.	Warning
3	Relocating or using for unintended purposes the dorm furniture or public property in the living area.	Warning
4	Keeping pets inside the dorm.	Warning
5	Drinking alcohol within the living area.	Minor demerit
6	Entering others' rooms without permission of dorm administrative or resident of that room.	Minor demerit
7	Changing dorms or beds without permission.	Minor demerit
8	Entering dorm office without permission.	Minor demerit
9	Non-resident trying to swipe their cards at dorm buildings.	Minor demerit
10	Selling goods or conducting other profit-seeking behavior, such as selling tickets, inside dorm area.	Minor demerit
11	Uncooperative with administrative or security personnel during inspection of dorm.	Minor demerit
12	Entering other dorm buildings without permission.	Major demerit recording
13	Using electronic equipment not permitted by regulations.	Major demerit
14	Borrowing identification card from others or lending card to others to get them inside the dorm.	Major demerit
15	Uncooperative with administration during emergency.	Major demerit
16	Leaving cigarette butts or ash in the non-smoking areas of the dorm.	Major demerit
17	Conducting illegal activities such as gambling, taking drugs, keeping or spreading illegal materials.	Dismissal
18	Caught smoking in the non-smoking area.	Dismissal
19	Bringing non-residents or non-workers inside the dorm building.	Dismissal

## VII. Occupational safety and labor protection

Workers do not know that an “Environment, Health, and Safety Committee” exists at the factory and do not really benefit from the environmental safety training because they usually don’t pay much attention during the training. Trainers usually just give workers the correct answers for them to copy on the corresponding test after training.

The factory does not provide enough occupational safety training in regards to production operations. Workers were not told that the working environment is likely to cause harm to their health.

The production facilities contain many harmful substances, such as toluene, formaldehyde, lead smoke, ethanalamine, butanone, isopropyl alcohol, carbon dioxide, dust, and laser radiation. However, due to insufficient emphasis on labor protection, several workers do not wear masks when performing their tasks. Since frequent exposure to alcohol can lead to dermatitis, certain workers should receive regular physical examinations. But many workers regularly put their bare hands on alcohol-stained cloth.

There is also the problem of sexual harassment. In the factory, male workers tell female workers dirty jokes. The majority of female workers are not clear about the concept of sexual harassment.

## VIII. Fire prevention

Employees have never heard of a fire drill being carried out in Pegatron. There is also no fire prevention training. The temporary small stores set up in the fire passageways pose a potential threat to safety. Some individual production facilities have organized fire drills, but workers rarely have the opportunity to participate. There are not enough emergency ladders in these facilities, and the factory has not provided sufficient fire escape routes.

## IX. Rewards and punishments

### Rewards

Workers receive a 40 RMB (\$6.5) award as praise for good work, a 100 RMB (\$16.26) for a small contribution by the worker, and 200 RMB (\$32.52) for a major contribution.

No.	Description of actions	Reward
1	Good leadership/technical skills that contributes to the development of the company.	praise
2	Providing good advice that is adopted and brings good results	praise
3	Reporting major violation of regulations or behaviors that are bringing damage to the firm	small contribution
4	Making great progress on the projects for which the employee is responsible	small contribution
5	Achieving excellent results in national-level technical skills competition or performance ratings	major contribution

6	Carrying on important tasks independently at company-organized activities and making major contributions	major contribution
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## Punishments

The following table comes from Pegatron’s “Employee Rewards and Punishments Management Method” manual.

No.	Description of actions	Punishment
1	Eating in work areas where food is not allowed.	Warning
2	Late to or leave early from meetings.	Warning
3	Continuing to refuse to accept work arrangements or transfers after warning.	Warning
4	Violating the regulation on electrostatic detecting.	Warning
5	Not focusing on work or conducting activities irrelevant to work during working hours.	Warning
6	Posting advertisements or passing out leaflets without permission.	Warning
7	Meeting guests during working hours without permission.	Warning
8	Entering prohibited areas or bringing non-employees inside the firm without permission.	Minor demerit
9	Leaving post without permission or before replacement arrives.	Minor demerit
10	Spreading malicious rumors that harms the company’s or others’ reputation.	Minor demerit
11	Avoiding responsibility under special circumstances and causing damage.	Minor demerit
12	Causing damage by not performing the monitoring responsibility of a supervisor.	Minor demerit
13	Causing damage by failing to perform a certain task within the worker’s responsibility or neglecting work.	Minor demerit
16	Smoking in non-smoking areas or being found to have smoked in such areas.	Major demerit
17	Revealing or asking about other employees’ wages.	Major demerit

18	Maliciously attacking or making false accusation against coworkers or providing fraudulent evidence.	Major demerit
19	Leaving post without good cause.	Major demerit
20	Making false statements or guarantees to outsiders under the name of the company.	Major demerit
21	Changing standard operating procedures without permission and causing damage to the company.	Major demerit
22	Harming corporate image via personal misconduct exposed by media.	Major demerit
23	Receiving three minor demerit recordings in a year.	Major demerit
24	Negligence of work leading to the injury of others or other damage to the company or other people.	Major demerit
25	Smoking in areas where fire is strictly forbidden.	Dismissal
26	Entering the firm using fake documents such as a fake ID, diploma, or health certificate or making false statements during recruitment.	Dismissal
27	Affecting regular work by taking other jobs or running other businesses without permission after a warning; working for others as a Pegatron employee.	Dismissal
28	Leaking company secrets.	Dismissal
29	Disobeying reasonable orders that lead to serious damage to the firm.	Dismissal
30	Posting or passing out inflammatory or false documents that may harm company-worker relations; illegal strikes, work slowdown, or instigating others to slow down or to go a strike.	Dismissal

## X. Union

The workers are aware of the existence of a union in Pegatron but do not know the location of the union office.

## XI. Other issues

### Crude management style

a. Verbal abuse and threat. The management would say such thing as “If you don’t obey, I will expose you to the blazing sun until 12 o’clock.” “Which son of a bitch is talking?” “Don’t get things

wrong during exam, or else you'll be kicked out." "Don't talk; be quiet! Who's still fucking talking over there?" "Can you do this or not? If you can't, just get the hell out of here!"

b. Collective punishment. "If I ever catch someone who hasn't cleaned up the area under his seat, the whole assembly line will work overtime for nothing. Don't get others in trouble."

c. Physical abuse of subordinates. According to a warning notice posted on a factory bulletin board, a manager hit a worker in June.

The content of this notice is as follows:

#### Notice

On June 11, around 20:30 p.m., team leader Liu on assembly line AF04 of section F3 had a dispute with his team member because the worker did not shout the team slogan loud enough. The team leader proceeded to assault the team member. Liu shall be suspended and the team member he assaulted will be assigned to a position on another assembly line.

#### Workers' resistance

a. Resignation. Workers can "vote using their feet", i.e. leave Pegatron. But if a worker resigns when she has only worked for a dozen days or so, she will not receive her wages.

b. Resign after damaging production materials. There were many past cases in which resigning employees, out of anger and resentment, threw away cell phone components or flushed them down the toilet.

c. Violence. Last year a young worker was fired and left Pegatron without pay. With no money to call his family and friends, the worker waited outside the factory for three days and stabbed his team leader responsible for getting the worker fired, killing the team leader. According to one worker, there have been other such incidents.



## July 9, 2013: A day in Pegatron

The alarm rang once at 6:30a.m., but it didn't wake me. Five minutes later it rang again, and this time I struggled to roll out of bed. It's almost 7 a.m. after I washed my face and brushed my teeth. I didn't have breakfast today because of the bad memory breakfast in the dorm yesterday morning left me. Yesterday, I spent 5 RMB (\$0.81) on two stuffed steamed buns and a cup of cold soy-bean milk. The breakfast was clearly not worth the money.

I waited for the Pegatron shuttle to take me to the factory. There aren't enough dorm rooms for all the workers, so the factory rented a dozen other properties nearby. A dorm room usually has 10 to 12 people, with a monthly rent of around RMB 100 (\$16.29) per person.

The factory shuttles are Pegatron-rented buses, with a capacity of 50 passengers per bus. So the thousands of workers, anxious of being late for work, all tried to get on the first bus they saw. Being late for work will affect an employee's performance wage or even get her fired if she has been late several times. It took me more than 10 minutes waiting for the bus, and another 20 minutes on the bus. I finally arrived at the factory on 7:30.

After arriving at the factory, I walked to my locker to change into an antistatic uniform and slippers and then waited in line to enter and pass the security check. Before I get to my assembly line on the fourth floor, I have to pass yet another security check. 7:30 to 8:00 is a high period for shift changes, so the place was overwhelmed with people.

It takes 20 to 30 minutes to change into uniform and get to the workshop for the morning meeting. I usually arrive at the meeting location at 8:00 a.m. Work doesn't begin until 8:30, but workers are required by their supervisors to arrive 20 minutes earlier for the morning meeting. One of my coworkers brought up that the morning meetings take up unpaid personal time, but the team leader replied that the arrangement was made by upper level management and was not to team leaders to change.

The meeting mainly consisted of team leader shouting at workers. I suspect that team leaders are doing this because they, too, got shouted at by their supervisors every day during even early morning meetings. The most common reasons for criticism include mistakes that some people may have made at work or failure to meet production quotas. The length of the our meeting can range from a dozen to more than 20 minutes. Today, our meeting lasted for 18 minutes.

Workers stand in a straight line throughout the entire meeting and are sometimes required to stand in a soldier-like posture. Our team leader is a military veteran and seems to have a thing for playing a military instructor. According to him, standing straight like this can improve team coordination and cultivate a discipline. But it is really exhausting to stand soldier-like for half an hour.

On the production line, the first thing I do is to put on an antistatic anklet by putting a ring with a metal chip on my ankle. The ring has antistatic wire attached to it. Workers are not permitted to talk during working hours. Talking will not only result in being scolded by the line leader, but it will also affect your monthly income. If a worker manages to finish his work earlier, he is not free to move around. Instead, he must form a line with others that finish early, sit on a stool, and read the SOPs (Standard Operating Procedures).

The task on my assembly line is to assemble back covers. The assembling of other parts of the cell phone, including the final assembly into a finished product, is assigned to different production facilities, each facility partitioned off by heavy curtains so that workers in different departments are isolated from one other. Today's work is to paste protective film on the iPhone's plastic back cover to prevent it from being scratched on assembly lines. This iPhone model with a plastic cover will soon be released on the market by Apple. The task is pretty easy, and I was able to work independently after a five-minute instruction from a veteran employee. It took around a minute to paste protective film on one rear cover. The new cell phone has not yet been put into mass production, so quantity is not as important. This makes our job more slow paced than in departments that have begun mass production schedules.

At 10:30 a.m., I told my team leader that I wanted to go to the restroom and got his approval. I felt lucky about this after my experience yesterday in which I had been yelled at by the team leader when I asked to go to the restroom. He said, "No one else wants to go. Only you are such a pain!" Since workers in my department must always sit while working, this five-minute break is precious. A worker can stretch for a minute and have some water, since they are not allowed to bring water to their work post. One worker can apply to go to the restroom once or twice per day, but whether or not they get approval depends almost entirely on their team leader's arbitrary judgment. And not every team leader is agreeable. According to factory regulations, except for the two meal breaks, one at noon and one in the evening, there are no mandatory breaks for workers to go to the restroom or have water.

Lunch break started at 11:30 a.m. The cafeteria is located on the second floor, which is not too far from the fourth floor where I work. But due to the high volume of workers during lunch break, the administration has set up a path from production facilities to cafeterias which takes longer to walk. I spent five minutes walking to the cafeteria and another few minutes waiting in line to get food. There are two types of lunch combos: the 8 RMB (\$1.30) one and the 5 RMB (\$0.81) one. Both include two meat dishes and two vegetable dishes, with the 8 RMB (\$1.30) combo containing more meat.

I went to bed at 12:00 a.m. last night and got up at 6:30 this morning. I felt I needed to take a nap during today's lunch break in order to stay awake during afternoon's work. So after I finished lunch I took a 20-minute nap in a chair, but because I didn't have the ability to set an alarm (cell phones are forbidden in the factory), I got back to work five minutes late. I was scolded and was warned that such behavior would not be tolerated next time.

Work after the lunch break started at 12:20, continued through the next five hours or so, and ended at 17:10. The entire time, I had to keep quiet and not talk to others. I checked my watch every now and then, hoping that night time would come sooner.

Dinner break lasted for 40 minutes. But I did not have dinner at the cafeteria and would rather wait until I got off work at 9 p.m. to eat outside. This was due partially to the awful taste of cafeteria food—it is essentially reheated lunch food—and partially to my need to take a nap during the break after the exhausting shift.

At 9:15 p.m. I clocked out. It had taken around ten minutes to have the afternoon meeting and another five to wait in line to get past the security gate. I had lost count of the number of times I had to wait in line at Pegatron in a day. This sort of waiting was really starting to get on my nerves.

After passed through the security gate, I went to my locker to get changed, had some food at the night market in the factory campus, and then waited for the shuttle to take me back to the dorm. It was already 10:30 p.m. when I arrived back at the dorm.

I had to be quick to find some clean clothes and take a shower because there would soon be no water for the shower. Although there was only cold water in the shower room, it was better than nothing. I hesitated for a bit as to where to hang my washed clothes: the unventilated dorm room in which clothes would dry slowly or the drying room where clothes are often taken by others. After giving it some thought, I decided that I should hang the clothes inside the dorm room.

After I climbed to the upper bunk of the bunk bed where I sleep and lied down, I checked the time: 23:10. I then connected to the 3G internet with my cell phone and checked the news. After half-an-hour of surfing the Internet, I fell asleep. Tomorrow I would have to get up at 6:30 a.m.

## Investigative report on AVY Precision Electroplating (Suzhou)

### Primary legal and ethical violations at AVY

- Proportion of workforce composed of dispatch workers surpasses statutory limit.
- Dispatch labor companies are not sufficiently regulated; some do not tell applicants that they will be dispatch workers (as opposed to formal employees of AVY).
- Dispatch labor companies charge workers fees of between 50 and 200 RMB (\$7.87 and \$31.50).
- Dispatch workers do not receive social insurance, a violation of Chinese law.
- Forced labor. Dispatch labor companies detain the personal IDs of workers for between 3 and 14 days, preventing workers from leaving the factory.
- Hiring discrimination:
  - Do not hire those over the age of 35;
  - Do not hire those with tattoos.
- In public areas and in front of many people, workers are made to strip off clothing and undergo tattoo examinations. Such examinations are carried out twice in different places.
- Despite paying a health exam fee, under most circumstances workers will neither receive a copy of the results nor be allowed to see the results.
- The eight hours of new worker training provided to workers does not meet the statutory minimum of 24 hours.
- New worker training is superficial; trainers simply let workers copy all of the answers to the training test.
- Technical training provided to workers is superficial like the new worker training.
- On the workers' contracts, there is a line that says if a worker uses a fake ID to apply, the dispatch company will take no responsibility for compensation or reporting in the case that the worker in question is injured.
- Workers have 11 hours of work every day, adding up to 136 hours of monthly overtime, over three times the statutory limit.
- AVY discriminates against pregnant women. If a woman does not have a birth permission document or became pregnant out of wedlock, she cannot enjoy maternity leave.
- AVY violates regulations on the amount of time pregnant women can work. Pregnant women at AVY also average 136 hours of overtime per month.
- Unpaid overtime. Every month, each worker is unpaid for about 14 hours of overtime work. This work is in the form of two meetings—one in the morning and one in the evening.
- Forced overtime; overtime is mandatory at AVY.
- Dorms are crowded; there are 12 people per room.
- One floor in a dorm building only has ten showers, which are shared by 120 workers.

- The showers do not have hot water.
- The base wage of AVY workers cannot meet basic needs, so workers rely on overtime. This has resulted in a case where overtime wages compose of more than half of workers' monthly wages.
- 80 percent of workers stand while working their 11-hour shifts.
- The process for workers to leave their post to drink water (or go to the restroom) is unreasonable. In this process, the worker has to pass the water fountain three times but is only allowed to take a drink during one pass. It's a waste of time.
- A new worker is only able to practice their specific job with a veteran worker a couple of times before taking independent responsibility for his work. But if any problem occurs, the worker's supervisor will blame the worker rather than teach him.
- Labor intensity is high at AVY. Workers must finish 600 iPad back covers every day. This comes out to about one cover per minute. During a 13 second period of time, a worker must complete many movements as part of the production process.
- If a worker does not meet the 600-cover quota, he will be made to stay after work for criticism as well as pointed out at meetings for criticism.
- Environmental pollution. At AVY, water-soluble cutting solution is poured directly into the sewage system.
- Workers come into contact with various harmful chemicals, but because worker training does not effectively provide the requisite knowledge to workers, many workers do not understand the risk of their job to their health.
- The production facility does not have a first aid kit.
- The investigator cut his finger, but his supervisor did not allow him to take leave to get medical treatment. Instead, the supervisor had the investigator use industrial-grade tape to wrap his finger and continue working.
- AVY has a number of fines that it imposes on worker behavior, which is not in accordance with Chinese law.
- The factory deducts three days' pay for one absent day.
- AVY does not have any effective grievance channels.

## I. Company Profile

Established in July 2003, AVY Precision Electroplating (Suzhou) Co., Ltd (hereafter referred to as AVY) is located at 9 Chunqiu Road, Panyang Industrial Park, Xiangcheng District, Suzhou, Jiangsu Province, China, with its new factory located at 58 Chunqiu Road.



Entrance to AVY's new factory

AVY, along with Pegatron Technology (Shanghai) Ltd., and Mingshuo Computers (Suzhou) Ltd., is a subsidiary of the Pegatron Group. Being a leading computer exterior parts manufacturer, the factory's customers include Apple, HP, Nokia, Panasonic, and Sanyo. Currently, Apple is its main client, and AVY is producing iPad and Apple notebooks exteriors. AVY's services include but are not limited to diamond-burred machining, CNC machining, sandblasting, anode processing, and mold manufacturing.

Due to its production model, the majority of the factory's roughly 3,000 employees are male, with female workers composing less than 30% of the workforce. The new factory, with around 400 employees, is actually the SY department of AVY, producing only iPad rear covers.

## II. Recruitment

Unlike the recruitment of management, technical and support personnel, the factory does not directly recruit production line workers. Rather, it relies upon labor dispatch companies to recruit such workers, the three main dispatch companies being Yingjie, Junshun, and Yucai. Workers recruited from these companies wear vests which bear the codes 001, 002, and 003, respectively.

Labor dispatch companies either rely on the many small employment agencies in the surrounding areas of the factory to introduce new workers or recruit workers directly. Unless specifically asked, a labor dispatch company or employment agencies will not inform job applicants that they are to become dispatch workers. This investigation was carried out during the peak recruitment season, so dispatch companies and employment agencies did not usually charge job applicants. But according to workers, when the factory does not have such a critical need for new workers, dispatch companies or employment agencies will impose on job applicants a fee that ranges from 50 RMB (\$7.87) to 200 RMB (\$31.50).

AVY usually recruits workers between 16 and 35 years old, but this age restriction can vary over time. The minimum age during our investigation was 22. The labor dispatch companies serving the factory will change their recruitment criteria accordingly.

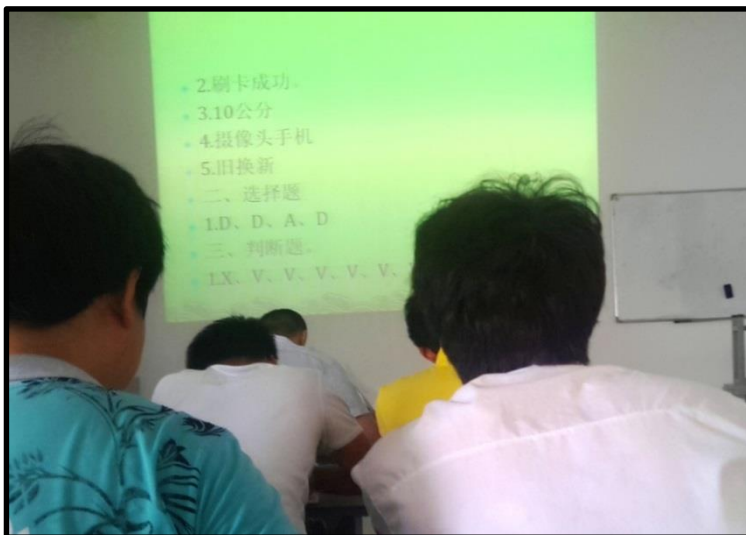
The first step in getting a job in AVY via employment agencies is to sign up with an agency, which will then send workers to labor dispatch companies in batches. These workers' IDs will be held by the dispatch company before the workers are sent to AVY to receive interviews and physical



examinations. The interview, carried out publicly at the factory’s “health information office”, primarily consists of an ID check and an examination in which the interviewers will ask every male job applicant to take off his shirt to make sure that he does not have a tattoo. After passing the interview and tattoo check, a job applicant must pay a 50 RMB (\$7.87) physical examination fee to his respective dispatch company and a 20 RMB (\$3.15) vest fee. The vest is used for identification. It is a sleeveless top which bears the words “New Employee” on the back and the identification code of the employee’s labor dispatch company on the front.

Labor dispatch companies claim they retain workers’ IDs in order to set up wage accounts for new employees and that the IDs will be given back to workers in three days. But our investigators’ IDs were kept by their labor dispatch companies for seven and 14 days, respectively. One investigator had to argue with the dispatch company several times to get it back. According to interviews with workers, IDs can be detained by dispatch companies for as short as three days or as long as 14 days. AVY knows that the labor dispatch companies are detaining workers’ IDs, but turns a blind eye to it. In interviews, some workers expressed to the investigator that because AVY’s working and living conditions are so poor, they wanted to leave the factory. But with their IDs detained, they could not leave and had no choice but to continue working.

The physical examination takes place at the factory and is carried out by personnel from Pingjiang Hospital. The aspects of the examination include but are not limited to height, weight, blood pressure, vision, hearing, color perception, blood, and ECG. The results are not shown to workers. Instead, the results will be directly documented by the factory. A worker will only receive a simple notification that expresses “fail” if he does not pass the exam. A worker who received the exam at the same time as our investigator was told that he failed the blood test, and it was suggested to him by his dispatch company that he pay another 30 RMB (\$4.72) to retake the blood test. The worker passed the second test, but the factory still rejected him out of suspicion that he might have altered the test. The worker was eventually rejected to work at AVY, and he didn’t receive his physical exam results until after rejection.



On the last slide, there are answers to all of the test questions on the test paper

After passing the physical examination, workers are assigned to different departments based on production needs. There was no choice for workers but to accept the factory’s job arrangements. When being assigned a department, workers will be once again be made to take off their shirts for a

tattoo check. This examination is carried out publicly in the factory cafeteria, in front of interviewers, all new employees, and agents from dispatch companies.

After all these procedures have been completed, the factory will gather new employees for an eight-hour training session, which covers the introduction to AVY history, basic GP knowledge, HR regulations, production safety, confidentiality, company discipline, and punishment. A relevant test paper will be handed out to workers before the training. During the training, trainers run a slideshow and occasionally offer simple explanations of the slide content. Trainees are not given enough time to finish the test paper during the slideshow, but on the last slide, there are answers to all of the test questions. Trainees are asked to copy down these answers and sign an attendance form.

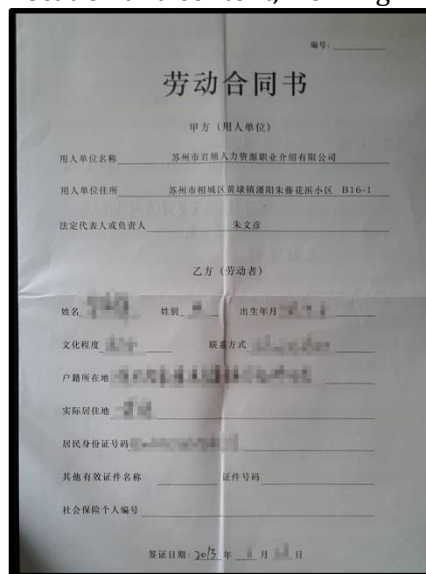
After dinner, workers receive technical skills training in their respective production areas. The entire training consists of watching a video. During the one-hour training, the lecturer said less than 20 sentences, all of which were him reading off test answers. At the end, the lecturer lets the trainees copy the answers directly from previous tests and then asks them to sign an attendance form.

### III. Labor contracts

After passing the physical examination, workers sign labor contracts with their respective labor dispatch companies. The contract covers contract expiration, work location and content, working hours and vacation policies, wages and compensation, social insurance, labor protection and occupational risk prevention, labor dispute processing, and others issues. When signing the contract, workers are instructed by their labor dispatch company to fill in their personal information, contract terms, work location, working hours, base wages, etc. and then sign their names on the contract. A worker cannot negotiate with his labor dispatch company regarding the terms of his contract.

The last clause of the contract clearly states in bold letters that if a worker provides the firm an ID number different from his real ID number, the dispatch company will neither compensate the worker nor file a declaration in the case of a work-related injury.

There are two copies of a contract. A worker and his dispatch company each keep a copy. When workers will receive their copy of the contract varies across firms. A dispatch company may bring the company-signed contract to workers, who can then keep a copy right after signing. Other companies may take the contract back after a worker signs it, and then later gives the contract back to workers with the labor dispatch company's stamp and signature on it. In the latter case, the time it takes ranges from 3 days to 22 days or even longer.



劳动合同书

甲方（用人单位）

用人单位名称：苏州市君照人力资源服务有限公司

用人单位住所：苏州市相城区黄埭镇浏阳河花园小区 D16-1

法定代表人或负责人：朱文彦

乙方（劳动者）

姓名： 性别： 出生年月： 文化程度： 联系方式： 户籍所在地： 实际居住地： 居民身份证号码： 其他有效证件名称： 证件号码： 社会保险个人编号

签订日期：2015年 月 日

A copy of labor contract

## IV. Working hours and leave

The company has adopted a system of five eight-hour working days per week. Anything outside of these hours is recorded as overtime. Workers switch between day and night shift once a month. The shifts themselves occur over a 12-hour period.

The day shift begins at 8:00 and ends at 20:00. There are two 10-minute breaks, at 10:00 and 15:00, and two half hour meal breaks, at 12:00 and 17:00. The night shift starts at 20:00 and ends at 8:00 the next morning. Workers on the night shift take the same amount and number of breaks as day shift workers. The meal times of both day and night shift workers vary across production facilities, but the length of each meal break is fixed at 30 minutes.

But our investigator was told that due to an upcoming large order, for about 20 days, all the workers in the new factory (SY department) would not switch day and night shifts. Additionally, 10-minute work breaks would be cancelled and work would continue during meal times via post rotation. Post rotation includes a process by which two workers from the same unit take meal breaks at different times; while one person goes on break, the other must do the work of two people. Via post rotation, production never ceases, though workers are not given any extra compensation for the greater work demand.



Workers clocking out



Workers were required to attend unpaid meeting after their shift ended.

Apart from depriving workers of their 10-minute breaks and normal meal breaks, the factory also requires employees to clock-in 15 minutes early for a morning meeting and attend a meeting for 15 minutes after workers have clocked-out. Apart from that, there is also a 30-minute weekly meeting for all workers. Workers are not paid for either of the daily meetings or the weekly meeting.

Before all the meetings, attendants are required to shout out slogans such as “Safety first! Efficiency first!” The contents of the meetings are always the same: the importance of discipline, production tasks, roll call, etc. Words related to punishment, such as “demerit recording” and “dismissal”, are repeated a lot during meeting. Workers need to sign their names on an overtime registration form before they get off work. They also have to show up at the roll call during the meeting before work. Failure to do so would result in the entire day’s work going unpaid.

During low seasons, employees usually work 8 hours a day, 24 days per month. But according to a veteran employee, low seasons are rare at AVY. Most of the factory’s current employees are newly-

hired. Having never experienced a low season, they work 12.5 hours a day (including the two 15-minute daily meetings) and seldom take a day off during the entire month.

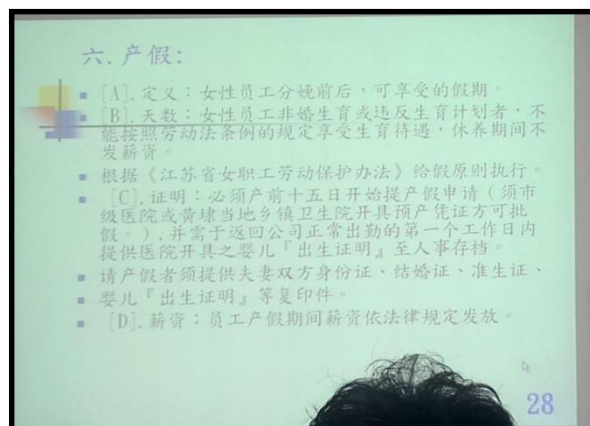
Overtime work at AVY is mandatory, including overtime on weekends and legal holidays. A worker who does not want to work overtime needs to ask for leave according to certain procedures, otherwise he will be recorded as absent. In the CNC section of the SY department, those who do not want to work outside the eight-hour regular schedule need to let their team leader know before work so that the leader can prepare more machines to make sure the worker's 12-hour work task can be finished in eight hours. This way, although the worker has to work harder to finish a 12-hour task, his attendance and wages will be based on an eight-hour period of work.

Employees can apply for personal leave, paid personal leave, sick leave, annual leave, marriage leave, maternity leave, abortion leave, nursing leave, breast-feeding leave, work-related injury leave, and funeral leave. Paid personal leave is reserved only for management or technical personnel and does not apply to production line workers. To ask for sick leave, employees need to get a medical certificate from a city-level hospital or from the local clinic of Huangtai County, in which the factory is located. Those who take sick leave for more than 12 days per year will be counted as absent. In order to apply for maternity leave, employees must be married and abide by all family planning regulations. A worker must provide the IDs of both herself and her spouse, her marriage license, permission to give birth, and the baby's birth certificate.

## V. Living conditions

Though there is a staff cafeteria at AVY, food service is provided by a third-party food service. Due to the fact that the new factory cafeteria has only basic facilities such as tables, chairs, and air conditioning—in the cafeteria at the old factory, there are also fans—and the limited time allocated to meals, workers do not tend to linger after meals.

On any given day, only lunch and dinner are provided in the cafeteria, and only for those who are working on that day. Two meals are also provided for night-shift workers. But the cafeteria does not serve food for those on leave because the cafeteria is located inside the factory. Breakfast is not served in the cafeteria. Each meal includes four dishes and a cup of soup. There is one meat dish, usually fish, meat balls, or pork, which usually still has hair on it. The other three dishes are vegetable dishes, usually including bok choy, cabbage, tofu, and eggplant. Each meal usually has a



This image displays a PPT from new employee training at AVY. The PPT lays out AVY rules related to maternity leave. The following are two key sentences (second and third bullet point, respectively) from the PPT:

- "[B] Female employees who become pregnant out of wedlock or who violate family planning policy cannot enjoy maternity leave or paid maternity leave as laid out by Labor Law."
- "In applying for maternity leave, the employee must provide the ID cards of herself and her husband, a marriage certificate, and a birth permission document."



total of five dishes from which to choose, from which workers can choose four. The soup is either egg drop soup or bean soup. Workers get in line and swipe their cards to receive food and rice. Workers take the rice and soup themselves.

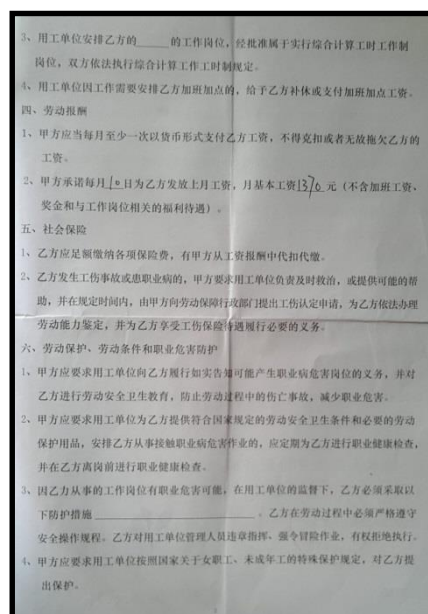
The cafeteria is clean, but the food is awful. In order to lower costs, the food service provider boils everything, even for dishes that should be cooked in other ways. The investigator was even given pork with hair on it several times. He talked to the food service provider about this but was told, "How can pork not have hair?"

Veteran employees said that there used to be a piece of fruit given as part of each meal, but during the time in which the investigator worked at AVY, there was not any fruit given. Only a slice of watermelon was distributed to workers on training day.

There are dorms in both the old factory and the new one. Residents need to pay, when they check in, a deposit of 50 RMB (\$7.87) as well as the rent for the first calendar month and the first whole month. The rent is 100 RMB (\$15.75) per person per month for dorms in the new factory and 120 RMB (\$18.90) for dorms in the old factory. Rent for the second whole month is deducted directly from the residence's wage. For example, if a worker checks into a dorm in the new factory on May 15, he has to first pay a 50 RMB (\$7.87) deposit plus a 100 RMB (\$15.75) for May's rent. On June 1, he has to pay another 100 RMB for the June's rent. In July, rent will be deducted directly from his wages. Those who stay in the dorm for at least three months can get their deposit back when they move out. Those who have stayed for less than 3 months cannot.

Each room in the new factory dorms can accommodate 12 people via six bunk beds. Workers can place their toiletries on a table inside the room. There is an outlet for charging cellphones. Hanging on the ceiling, about three meters high, are a fan and two fluorescent lights. This consists of all the furniture in the dorm. In some dorms the fan is broken. On each floor there is only one restroom, one shower room, and one washroom, shared by the residents of a dozen rooms (or about 144 people). In the shower room there is no hot water and no facilities except for a dozen showerheads. The shower room on the base floor is just a garage with a dozen taps installed. There is no janitor to clean up the public areas, such as hallways, restrooms, washrooms, or shower rooms. Garbage is scattered all over the floor. There is no entertainment except for an internet cafe on the fourth floor, which workers have to pay to use.

In the old factory dorms, each room contains five bunk beds which can accommodate up to 10 people. There is also a restroom, two fluorescent lights, and a ceiling fan in each room. Dorms in the old factory are better managed, with a janitor to keep the public areas clean. But the facilities, as simple and as crude as in the new factory dorms, cannot meet the needs of the residents.



This image displays a page on labor contract. The base wage is 1,370 RMB (\$215.75)

## VI. Wages and benefits

The base wage for a worker at AVY is 1,370 RMB (\$215.75)/month, which was the minimum wage in Suzhou at the time of this investigation. (The minimum wage of Suzhou was adjusted to 1,530RMB (\$240.95) on July 1, 2013.) For overtime hours during the workweek, on weekends, and during legal holidays, workers get paid 150%, 200%, and 300% of their regular wages, respectively. Between July and September, there is a monthly 200 RMB (\$32.59) high-temperature subsidy. Night-shift workers receive a daily 4 RMB (\$0.65) subsidy, which workers who resign or get dismiss do not receive.



*CNC production facility*

There is also supposed to be a position subsidy which ranges from 0 to 420 RMB (\$66.14) based on the specific working environment and position. However, none of the workers interviewed by our investigator reported having ever received such a subsidy.

The pay period is from the 26<sup>th</sup> to 25<sup>th</sup> of the next month. On 10 day of month, the prior month's wages will be distributed to each worker's bank account. Pay stubs, given to workers before wages are distributed, will list the days of work, the amount of overtime work, base wages, overtime wages, allowances, subsidies, deductions, and social insurance.

Usually a worker has a monthly wage of between 2,800 RMB (\$440.94) and 3,000 RMB (\$472.44). If he does not take a single day off during the entire month, his total wages will be around 3,500 RMB (\$551.18).

## VII. Working conditions

More than 80% of the posts in this factory require workers to constantly stand while working. Inside the factory there are few places where workers can rest. There is only a smoking area where workers can sit for a while after meals. Those who do not smoke have to sit on the stairs or the edge of flower beds.



*Exhausted workers resting in a smoking area*

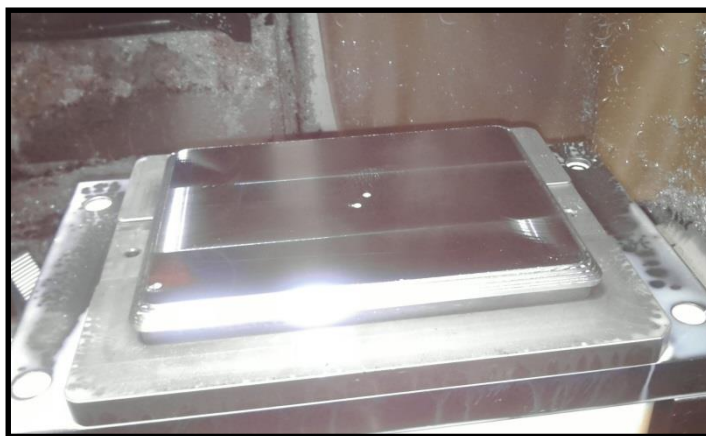
Those who want to leave their posts to get some water or go to the restroom have to register at the production facility's registration area and put on a vest that identifies them as a worker that is away



from his post. Though two CNC workshops at the new factory are not located in the same building, the two share a registration area. In order to get some water, a worker in one building has to walk past the drinking area to get to the registration area, return to the drinking area to have water, go back to the registration area to return the vest, and again walk past the drinking area to go back to his post. The process of drinking water, which would have taken less than three minutes, therefore has to take at least five minutes. Using the restroom takes even longer.

New employees only watch veteran employees perform a task for a couple of times before the new employees operate CNC machines independently, without further training or guidance. If they do something wrong, the team leader will scold the workers directly instead of helping them understand the situation or showing them how to do things correctly.

Work for production workers is intense. Take for example the second CNC procedure of iPad rear cover production. Workers at this post need to first check the mold, blow off any aluminum dust or the cutting fluid on the mold using an air gun, put a work piece of around 1 kilogram into the mold, close the pressure lock, beat the four corners of the work piece using a rubber hammer to make it adhere closely to the mold, close the gate of the CNC machine, and turn on the machine to process the work piece, which can take 41 to 47 seconds, during which time the worker needs to rinse the previously processed work piece, dry it with an air gun, and put it in a tray. After the machine finishes the process, the worker opens the gate and the pressure lock, blows off aluminum dust or cutting fluid from the work piece, take out the work piece, and put it into the water basin. And then the cycle is repeated all over again.



*Producing Apple*

A worker needs to finish 600 work pieces in 12 hours, during which he has to spend 15 minutes doing pre-work preparation, 5 minutes drinking water, 10 minutes going to the restroom twice, 30 minutes to clean up the aluminum dust inside the machines every two hours, 30 minutes to clean up the machine after work, and 30 minutes eating. (It takes an hour to eat two meals. As noted, another worker will be asked to fill in for the one who is having meal. But the work will go relatively slowly since one person is doing two people's work. When workers are covering for one

another during meals, the meal time counts as a half hour.) This means that a worker actually has to finish 600 pieces in 10 hours, or about one piece per minute. The longest machine-processing time is 47 seconds. Therefore a worker needs to finish all the above actions in a work cycle except for cleaning the work piece in about 13 seconds. If a worker also needs to fetch new work pieces, he needs to finish cleaning the previous work piece as well as get the unprocessed work piece within 47 second. This doesn't even include the time it takes to repair the machine if it breaks or the extra time required if work pieces do not arrive in the production facility on time. If either of the previous two circumstances occur, a worker will not be able to meet his quota.



*An oil-stained fan in the production facility*

Those who cannot meet quotas will receive detention after work and be asked by the team leader to apologize. They will also be criticized and be asked to raise their hands during the weekly meeting. If a worker fails to meet quotas five days in a row, he will be sent to the HR department or get dismissed.

Apart from the work intensity, employees also have to put up with the crude management style of team leaders, who scold workers regardless of their reason for not completing quotas.

The managers frequently use punitive words toward workers, such as “warning”, “demerit recording”, and “dismissal”. It has become a common practice in this factory.

Cellphones are strictly forbidden in the entire production area. Though there are lockers in these areas, they are not assigned for worker use. During working hours, the team leader will hold workers' cellphones. Workers are not even permitted to use cellphones during meal time, for which they are not being paid.

## VIII. Environmental pollution

The factory has regulations on environmental protection, but the investigator often found the factory dumping hazardous liquids directly into the sewage system. There are blue plastic bins next to each machine in the CNC facility. These bins originally contained tap water. However, work pieces, which are cleaned in these bins, are covered in cutting solution. After washing a number of work pieces in a bin, the water will turn white with pollution from the solution. After a few hours, the water in each bin needs to be changed out. The old water is poured into recycling troughs behind each CNC machine. But after the trough is full, workers cannot pour any more old water into it without spilling this dirty water onto the floor. Workers have no choice at this point but to pour

the dirty water into the drains connected to the sewage system near restrooms. Workers then use a water hose in the restroom to clean out the bins.

## IX. Occupational safety

Occupational safety hazards in this factory include acidic chemicals, noise pollution, dust, and potential machine injury. Acidic chemicals appear during the anodization process and the other three during the polishing and drilling processes.



*A supervisor made the investigator wrap his wounded finger in industrial tape.*



*A worker's arm had an allergic reaction after being exposed to acidic chemicals*

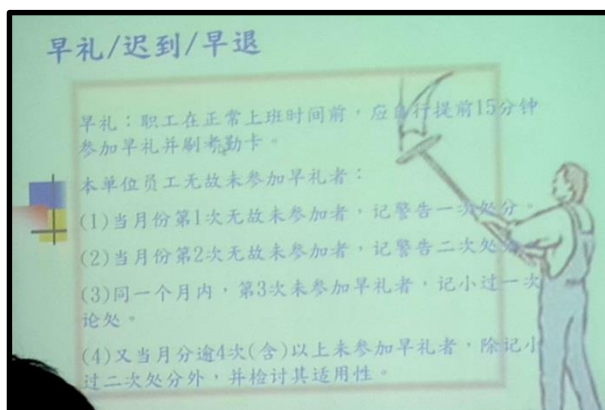
Though there is an occupational safety section during new employee training, it consists of a trainer playing a slideshow without really helping the workers fully understand the preventive measures and the real consequences of occupational injuries. The answers to the test questions are announced and copied down by workers.

The noise in CNC department is very loud. Workers are given and are required to wear silica gel ear plugs. Some workers find it uncomfortable to wear the provided in-ear buds, but the factory does not offer more comfortable sound-proofing earmuffs.

The inside of the CNC machine is filled with sharp aluminum

dust, which often cuts workers' arms during the machine cleaning process. However, the factory does not take any measure to prevent or deal with such injuries.

The factory lacks a first-aid kit or any other basic medical facilities. Wearing a worn glove, the investigator once cut his finger on the edge of a work piece, but was told by the team leader that there was no bandage inside the factory. He was not permitted to go outside the factory for treatment. Finally, after repeated requests to get treatment, the investigator was told to wrap his finger with industrial-grade plastic tape used and continue working.



This image displays a PPT from new employee training at AVY. The content is as follows: Employees must arrive 15 minutes earlier for morning meetings.

- (1) Absence from morning meetings will result in one warning for the first time;
- (2) Absence will result in two warnings for the second time;
- (3) Absence three times in a month will result in a minor demerit recordings
- (4) Absence four or more than times in a month will result in two minor demerits and possibly the worker's dismissal.



Workers in CNC department are given knitted gloves due to their hands' frequent exposure to the cutting liquid. Far from water-proof, these gloves are actually prone to absorbing water. After two or three hours at work, these gloves are soaking wet. One worker's skin had an allergic reaction to the cutting liquid, but his request to take leave was rejected.

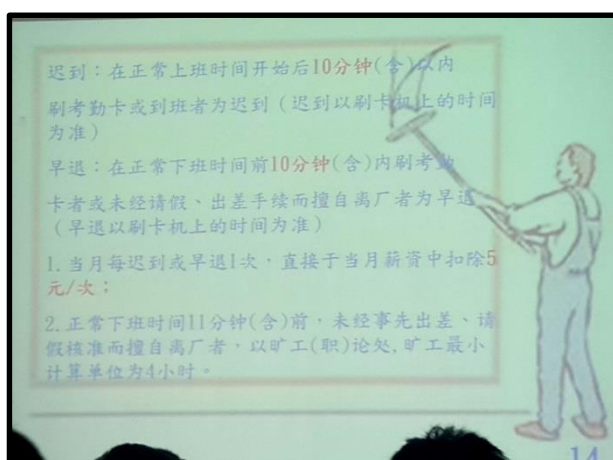
## X. Reward and punishment

During the training, workers are told that there are three types of rewards in this factory, namely praise, small contributions, and major contributions. But it is not yet clear as to what kind of actions would result in these rewards. Based on the experience of the investigator and his interview with workers, there does not seem to be any reward policy or measures.

The punishment typologies include warnings, minor demerits, and major demerits, for which offenders are fined 30 RMB (\$4.72), 90 RMB (\$14.17) and 270 RMB (\$42.52), respectively.

Based on the new employee training, interviews with workers, and investigator experience, workers with the following conduct will receive a warning:

1. fetching food from the wrong window;
2. not waiting in line to get food;
3. straying off the designated route when fetching food;
4. taking condiments outside the designated area in the cafeteria;
5. not getting in line when fetching rice and soup;
6. failing to clean up the table after meal;
7. failing to tuck in the chair after a meal;
8. straying off the designated route when returning dishes;
9. wasting food;
10. failing to dump leftovers into designated trashcans;
11. taking fruit outside the cafeteria during meal time;
12. not wearing sound-proof ear plugs as required;
13. absence from morning meetings—one warning for the first time and two warnings for the second time;
14. failing to cooperate during security inspection;
15. trying to open doors in unauthorized areas;
16. violating dorm regulations.



This image displays a PPT from new employee training at AVY. The content is as follows: Workers are late for work if they arrive less than 10 minute after work starts. (The calculation is based on the time employees clocked in.) Workers are treated as leaving early if they clocked out less than 10 minutes before work ends, or if they leave the factory area without asking for permission. (The calculation is based on the time employees clocked in.)

1. Those who are late for work once will be fined 5 RMB (\$0.79).
2. Those who leave the factory more than 11 minutes before the work ends, or take leave without the approval from the factory, will be treated as absenteeism. The minimum unit of absenteeism is 4 hours.

Workers will receive minor demerit recordings for:

1. failing to have meals at the required times;
2. absence from morning meetings three times in a month—absence from morning meetings four or more than times in a month will result in two minor demerits;
3. violation of dorm regulations that fit the criteria for receiving minor demerit recordings.

The actions that will result in major demerit recordings include:

1. carrying cellphones into the factory, which result in two major demerit recordings and dismissal;
2. not registering in the registration area when leaving one's post;
3. absence from after-work meetings;
4. dropping work pieces in the CNC section;
5. being found to have thrown out work pieces inside or around the CNC machine.

The following conduct will result in dismissal:

1. serious cases of resisting security inspection;
2. carrying cellphones into the factory;
3. absence from work for two days, consecutively or in total;
4. others violations that amount to dismissal.

Workers lose three days' wages for one day's absence. The following behavior will also result in a fine:

1. those who are less than 10 minutes late for work or leave less than 10 minutes early will be fined 5 RMB (\$0.79)—more than 10 minutes will be considered an absence;
2. taking leave without showing the required certificates or documentation or taking leave without gaining the permission of the factory will be treated as absence.

During the period of the investigation, one worker at AVY took sick leave without his team leader first approving his certificate. It resulted in an absence recording.

## **XI. Other issues**

To resign, a worker needs to inform his department three days prior to his leave. For those workers in the probationary period, resignation needs to be handed one month beforehand, otherwise they will be treated as having resigned informally and lose 15 days' wages. No matter the reason for resignation, resigning workers are only able to get their wages based on the predetermined AVY schedule. So if a worker leaves the factory on August 8, he must wait until September 10 to receive his wages from the period of July 26 to August 8.

Grievance channels, according to the new employee training, include verbal grievances, letter, phone, text message, email, and other channels. However, there was no time during the training to



record all of these methods. Our investigator once asked the team leader about the grievance channel and complaint mechanisms, and he replied that there were none. By using his cellphone to take pictures during training, the investigator was able to record information on an instant messaging grievance channel. He later sent a message that included a complaint and inquiry. The reply to his message came more than 50 hours later.

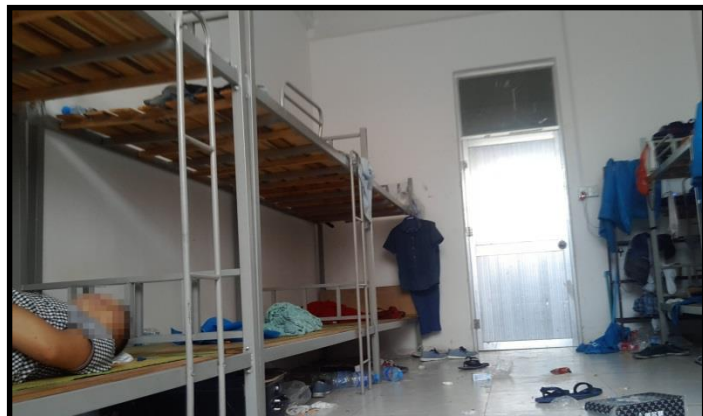
Due to the work intensity, poor living conditions, and crude management style, worker turnover is very high, especially in the new factory. In a period of two weeks, the new factory recruited around 110 new workers. But there were only less than 30 of them left by the end of the two weeks.

The investigation was carried out during the middle of school summer vacation period; as a result, there were many student workers, usually 18 or 19 years of age. These young workers receive no special protection and are responsible for the same work and hours as other employees. In the investigator's production facility, there were around 40 workers, 18 of whom were student workers. One of them once told the investigator that among the 13 student workers from his school, only four could last more than one week. The others simply left, resigning informally.

AVY's Living Conditions (photos)



A garage converted into a shower room with no hot water and just a dozen showerheads.



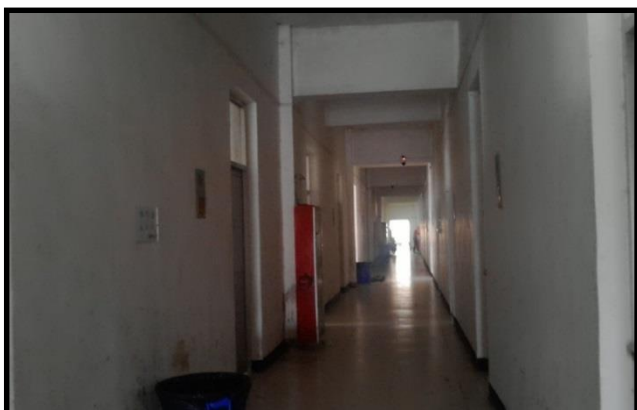
Restroom. There is one on each floor in the dormitories.



Three photos above: AVY dorm room.



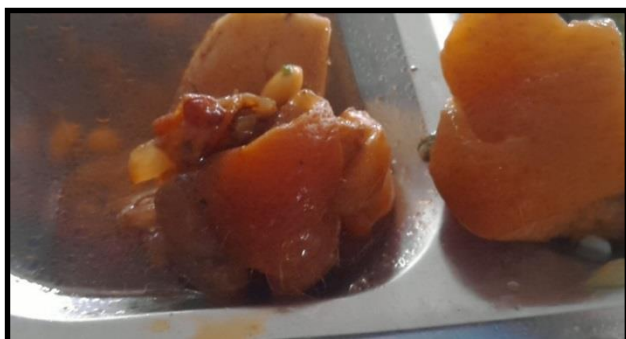
Drinking fountain outside a production facility.



*Hallway in a dormitory building*



*Three photos above: cafeterias at AVY.*



*Food in the cafeteria; the pork still has hair on it.*

## Investigator's Diary at AVY

### The first day

Today is my first day at AVY, the day of registration. During registration, workers sign various documents and receive training.

The documents I signed included a labor contract, which I would really would have liked to read carefully in order to understand the content before I signed. But this request was not granted: there was no time given to look into the document and it was taken away once workers signed their names in the designated area. As a result, workers didn't know the content of contract they had just signed. I figured there might be time during the training for us to read the documents and ask questions, but it did not turn out that way.

I found the training, which took place in a special training room, unreasonable. During the training, different trainers took turns running slideshows which covered occupational safety, factory discipline, punishment, etc. This method would not be much of a problem if it weren't for the fast pace of the slideshow. The trainer would usually turn to the next slide before the trainees fully understood or even finished reading the content. Although trainees were given some test papers before the training, it was impossible to finish these exams when workers could barely finish reading the slide content. Not to mention that workers were interrupted and asked to sign training attendance forms every now and then. By then I already came to understand that the purpose of the training was not for workers to gain the relevant knowledge but to get their signatures on the attendance form. At the end, the trainers would simply show the answers to test questions on a PPT for us to copy down on our test papers.

### The second day

Yesterday I was assigned to work the night shift in the new facility. After getting some rest during the day, I started working my night shift. Since it's the first day of work and I'm already on the night shift, I found it somewhat difficult to get used to my working hours and new work environment.

Before entering the production facility, we attended a meeting which mainly included shouting out slogans, checking workers' attendance, and stressing the importance of productivity and discipline. On the production floor, I started by watching a veteran worker perform the relevant work task. As it turned out, the "veteran worker" only started working here three days earlier than me and was already mentoring new employees. It made sense because few in this facility could last more than three months.

After watching this veteran employee performing the task only a couple of times, I started operating machines independently. Though the task did not require much technical skill, I still found my work stressful: it was mechanical operation after all. Workers were required to stand while performing their work and there was not a single stool to sit on in the entire workshop. After an hour at work, my legs felt kind of numb. But the thought of being able to take a 10-minute-break after two-hours of work, as we were told during the training, cheered me up. Even 10 minutes would help. But soon team leaders came to tell me that the 10-minute break was cancelled. At first,



I thought it was just a temporary arrangement and that we could get another 10-minute break at night. So I asked the team leader whether there was another break. The leader replied that all 10-minute breaks were cancelled from now on and that employees must work at all times, except during meal breaks. I found it hard to accept this arrangement, since I had been looking forward to the 10-minute break after more than an hour at work. Now that it looked like I would not get any break, I kept on working, every now and then swinging my leg a little bit. The comfort this action brought lasted only for a few minutes. Afterwards the soreness on my leg crept back and became more intensive by the minute. I even wished I could sit on the floor for a few minutes. But even that was forbidden by the factory. Now all I could count on was the break during meal time.

The long-awaited meal break finally came. But the team leader told me that instead of enjoying my meal break right then, I had to first fill in for a co-worker for half an hour while he had his meal. During this time I would have to operate two machines, mine and the co-worker's, simultaneously. After the co-worker came back from his meal, he would take my place, operating two machines for both of us, while I had my meal break. I was devastated upon hearing the news: my legs already hurt so badly that I could barely stand on my own. And the next half an hour would be even harder for me, since I would be in charge of two machines. I could only hope for my co-worker to return to his post sooner so that I could take a break.

Fortunately that co-worker came back to replace me after only 20 minutes or so. However, my relief soon vanished with the realization that I could barely move my legs and turned into disappointment when I found out that the factory cafeteria was located on the third floor. After dragging my tired body to the cafeteria, almost on all fours, I saw that the cafeteria was not crowded, but with only one serving window, I had to wait in line to get food, which means more standing for me. After 10 more minutes of waiting, I got my food and found a place to sit. The food was quite tasteless. That's when I found out what happens when you are really exhausted: you don't even feel like eating. Only soup could bring you some comfort. After I finished my meal, I kept sitting in the cafeteria, unwilling to move, legs totally numb. Despite my wish to sit there for a bit longer, it was only a few minutes before I had to get back to work. And I thought of my coworker, who was filling in for me. I imagined how exhausted he must be, and the longer I sat here, the longer he must do two people's work. So I forced myself to stand up and go back to the workshop. This few minutes' rest really helped, but I dreaded the prospect of having to stand for another eight hours while I was working. I was starting to worry that I might not make it.

Finally the morning came and the shift ended, I was already staggering, feeling like I could fall down any minute. But I hung on, knowing that soon I would be able to go back to my dorm and get some rest. However, the blow came when we were required to attend a meeting under the blazing sun. After the workers shouted out slogans once more, the meeting proceeded to productivity issues. Workers in my post were required to finish 600 pieces per day, but I only finished around 350. After all, it was my first day at work. I was still not familiar with my task, and the work was delayed somewhat by a few machine glitches. But as I stood in line among hundreds of other workers, I didn't get a chance to explain as a manager called out the names of those who failed to meet their quota, including me, and asked the these people to raise their hands for the whole crowd to see, so that people would know who did not meet their quota.



The meeting lasted for half an hour, and at 8:28 in the morning we were finally allowed to clock-out, though we were supposed to get off work at 8:00. After 12 hours of intense work which had made my legs totally numb, and another half an hour of meeting under the blazing sun, I finally got off work. Being unable to leave the factory immediately in such deep fatigue, I found a flower bed and sat down on its edge. I watched as my co-workers all found somewhere to sit before they clocked out. Too tired to talk or even complain, we sat in silence.

I was really scared of having to resume work at night after a dozen hours' rest. Four new employees quit that very night.

## Investigative Report on Riteng Computer Components (Shanghai) Co., Ltd.

### Primary legal and ethical violations at Riteng

- Large numbers of dispatch workers, in excess of local statutory limits.
- Workers do not know whether or not they have social insurance.
- Dispatch companies charge workers fees of between 100 and 500 RMB (\$16 to \$80).
- Hiring discrimination:
  - No hiring of those over 35 years of age;
  - Gender discrimination.
- Some workers are not given copies of their labor contracts.
- Unregulated dispatch companies will cheat workers, telling them that Riteng has job vacancies and collecting fees from workers even when Riteng isn't hiring.
- Underage workers and student workers do not receive special protections—e.g., standing while working for the same long hours as adults; a 17-year old worker said that he had to stand the entire day and complete 800 products by the end of that period of time.
- Teachers demand fees from student workers.
- Training during peak seasons does not meet the statutory minimum of 24 hours
- During the peak season, some workers may not get a rest day during the seven-day week.
- During the peak season, overtime reaches 126 hours per month, 3.5 times the legal limit.
- When the factory is busy, workers are not allowed to take 15-minute breaks, as is usually the case.
- Unpaid overtime: a daily 30-minute meeting is not calculated into working hours, equaling 14 hours of unpaid overtime ever month.
- If workers do not meet quotas, their overtime shifts will be extended even longer, and sometimes they will not be permitted to eat during these extended shifts. For example, on March 29, the night shift did 13 hours of work and was permitted only one meal.
- Some workers stand for the entirety of their shifts.
- Dorms are crowded; one room contains 8 to 12 people.
- There is no hot water in the dorms or dorm showers.
- The factory violates worker privacy; dorm managements and security guards will enter dorm rooms without knocking or without the prior permission of workers, taking pictures of the dorm.
- In Assembly Department One, the fire extinguisher has collected a lot of dust and has not been examined by anyone for a long time.
- Fire escapes are too narrow (only about a meter) and too slippery.
- The production facility has no first aid kit.
- Riteng does not have any effective grievance channels.

## I. Company Profile

Riteng Computer Components (Shanghai) Co., Ltd. (hereafter “Riteng”), was established in 2005 as a subsidiary of Pegatron Group, similar to Shanghai Pegatron, Suzhou Mingshuo, Kaishuo, Junshu. Riteng is located in Shanghai Songjiang Industrial Zone and specializes in producing 3C exterior components. Riteng was established with \$20 million in investment.

Address: No. 1168 Ronghua Road, Songjiang Export Processing Zone, Shanghai

Telephone: 021-61951868

Fax: 021-57609797

Products: Accessories for Apple laptops



*Apple computer part produced in this factory*

Riteng has three factories. Factory 1 is at No.1168 Ronghua Road, Factory 2 is on Kangdian Road, and Factory 3 I on Shenggang Road.

## II. Recruitment

Riteng hires workers through two methods: employment intermediaries and internal referral.

### Employment agencies and labor dispatch companies

Within three kilometers of Riteng’s factory campus, there are hundreds of employment agencies and labor dispatch companies. Each of these agencies and companies has Riteng’s recruitment information. During the peak season or during labor shortages, Riteng will entrust these companies to hire a sufficient number of workers. The fees these companies charge to workers varies, normally ranging anywhere from 100 RMB (\$16) to 500 RMB (\$80).

#### Recruitment by Shanghai Xubiao Labor Dispatch Company

Shanghai Xubiao Labor Dispatch Company (hereafter as “Xubiao”) asks workers to pay for 100 RMB (\$16) as a registration fee. If a worker decides not to work at Riteng after paying the fee, Xubiao will not refund the money. In addition, workers have to pay for another 300 RMB (\$48) in administrative fees and 50 RMB (\$8) in physical exam fees—the exam is conducted by Riteng’s Physical Examination Center.

Xubiao’s hiring criteria for Riteng is that workers be 16 to 35 years of age and should not be of Sichuan origin. When asked why they wouldn’t take workers of Sichuan origin, Xubiao staff said that this is Riteng’s requirement and they did not otherwise explain the reason.

Xubiao also discriminates based on gender. During the off season, Riteng only hires female workers. Workers hired through Xubiao sign two duplicate copies of a labor dispatch contract but do not receive a copy of the contract.

### Recruitment of Shanghai Xinkunhao Job Introduction Company (hereafter “Xinkunhao”)

The investigator had first-hand contact with Xinkunhao, an undocumented employment agency. They do not have a business license, so when local officials arrive for inspection, Xinkunhao will pull down the store front gate and close the office.

Xinkunhao does not have many staff members. When workers pass by, staff will solicit them. When Riteng has stopped all hiring, Xinkunhao will deceive job applicants, convincing them that Xinkunhao has connections within the factory and can guarantee a job. The investigator paid 100 RMB (\$16) for the registration fee and received a receipt without an official seal or a company name. On this receipt, it says that if the job applicant gives up during the application process, he cannot receive a refund.

### Shanghai Zeyu Labor Dispatch Company (hereafter “Zeyu”)

According to workers at Riteng, Zeyu is a labor dispatch company entrusted by Riteng. Using Zeyu to enter Riteng, workers do not pay for the service initially. Rather, a 500 RMB (\$80) fee is taken out of the workers’ first month’s wages.

Workers only have to hand over a copy of their ID and eight photos when applying for a job. Job applicants should be between 16 and 35 years of age. Workers sign a labor contract with Zeyu to work at Riteng. Although workers sign two copies of the contract, Zeyu keeps both. There is a 50 RMB (\$8) physical examination fee.



Shanghai Zeyu Labor Dispatch Company

### **Internal Referral**

If a job applicant has families or friends working at Riteng, they can ask them to refer the applicant for a position. Workers do not have to pay for the introduction fee if they are referred through families and friends. Workers only need to submit an ID and four photos. However, they have to pay 50 RMB (\$8) for the physical examination fee.

One week after beginning work, workers will receive two sets of uniforms. If they work for less than half a year at Riteng, then 60 RMB (\$9) will be deducted for each uniform.

### **III. Student labor and underage labor**

During the winter and summer, Riteng will hire a batch of students. These are students from technical schools, universities, and colleges from the midwestern regions of China. During the period of this investigation, we confirmed that there were 40 technical students from Huanggang, Hubei. They are working in Subdivision I of the assembly department of Riteng. The youngest among them was born in February 1997, just meeting the 16 year old age limit.

A student who was born in August 1996 told the investigator that he has been working at Riteng for more than a month. His main job is to operate a press machine. The steps of the operation include picking up an Apple computer cover assembled by other students, pressing them, and then placing them on the conveyor belt. He finishes a single cycle every 30 seconds. He always stands while working and finishes at least 800 products per day. When the investigator met him, he complained that he was exhausted from work.

The student had only studied for one and a half years before being brought to Riteng by the teacher. After arriving at the factory, the teacher charged each student 400 RMB (\$64) as a transportation and registration fee. The student worker also told the investigator that there should be a 15-minute break during work but his assembly line's foreman does not allow workers to rest. The foreman also does not permit them to drink water or use the restroom. He also told the investigator that for breakfast in the cafeteria, they were only allowed to have two steamed buns each and felt very hungry. The security in the canteen will scold workers if they take too much food or have leftovers. Security may even record workers names for these reasons.

This student also told the investigator that because he stands all day at Riteng, his feet were hurt, but he couldn't get a day off even if he wanted to because his supervisor is very mean. He also complained that there was little entertainment for workers and the dorms were awful with too many people in each room and no hot water for showering.

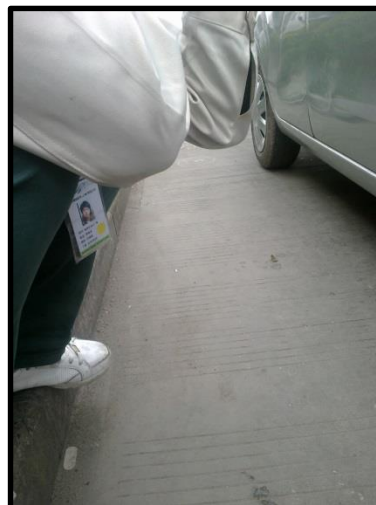
## IV. Job training and labor contract

### Job training

Whether or not hired through employment agencies, labor dispatch companies, or internal referrals, workers will receive 1 to 7 days of occupational training. During the slow season, the training lasts for 5 to 7 days. During the peak season, it only lasts for a day. Workers do not have to pay for the training and they receive basic wages during the training period. Riteng reiterated multiple times that workers cannot bring cell phones or take pictures in the factory. When workers go outside of the factory campus, they are subject to inspection, even including being forced to open up the rear compartments of their motorbikes. If rules are broken, workers will be recorded or punished.

### Labor contracts

Workers hired through labor dispatch companies sign labor dispatch contracts. Those hired via internal referral sign a formal labor contract with Riteng. There are two copies of the contract. The term of the labor contract is three years and the probation period is six months. When asked about the specific contract content, workers were unable to tell the investigator. They said that they were



*Factory ID of a 17-year-old student worker*



just made to sign their names in designated places and the labor dispatch companies or Riteng did not allow them to see the specific content. Some workers expressed that there is no official seal from the labor department on the labor contract. Workers do not know whether or not Riteng has implemented the contents of the labor contract.

## Part V. Working Hours

### Working hours

The factory is currently operating in two shifts: a day and night shift. Around the 15th of every month—usually on a Sunday—day-shift workers switch to night shift and visa versa. Workers are usually given one day of rest during this time. Workers base working hours are 8 hours per day. During busy seasons, workers are on the job 7 days per week, working at least 3 hours of overtime every day, or 84 hours per month. During less busy seasons, they will work 5 to 6 days per week with 2 hours of overtime per day, or 40 hours per month.

All interviewed workers said that the factory will not let them rest for the allotted 15-minute period. Additionally, despite the 45-minute lunch period, workers will only get 30 minutes for the meal. When things are busy, workers will not even get 30 minutes.



*At 20:25, workers got off work*

### Time recording

Workers use a card system to clock in and out. If a worker forgets to swipe her card more than three times in a single month, then she will be deducted one day's pay. According to workers, this is about 70 RMB (\$11).

### Production intensity

The factory has production quotas every day. In Factory 1, one production line is expected to assemble 2,600 Apple laptop covers per day. Workers responsible for the placement of Apple logos on computer covers have a quota of 100 per hour per worker. Workers in the laser facility are expected to press 600 computer covers every hour.



*Apple computer part.*

When the investigator asked workers whether or not they can meet these quotas, they expressed that after getting used to the work, they usually can. But if workers ever work slowly, then they may not finish their quota in time. In such cases, the factory will add more overtime hours. For instance, on March 29, the night shift worked a 13-hour shift, from 8:00PM until 9:30AM, only eating one

meal during that time. When walking out of the factory after the shift, one worker complained, “Nine hours of straight work without rest or a meal, what sort of factory is this!”

## VI. Wages and Benefits

### Wages

Until recently, Riteng workers had a base monthly salary of 1450 RMB (\$233), about 8.3 RMB per hour (\$1.34). In July, the base salary was raised to 1620 RMB (\$264), about 9.2 RMB per hour (\$1.51). Overtime on Monday through Friday is calculated at 1.5 times the base hourly salary, and weekend overtime is calculated at double base wages. Wages are distributed on the 15th of every month directly into workers bank accounts. Dispatch workers’ wages are also distributed by Riteng. Workers are given a pay stub that includes base wages and overtime wages, as well as deductions for dormitory fees, laundry fees of 30 RMB (\$5) per month, and electricity fees of 30 RMB (\$5) per month. Night shift workers receive a daily subsidy of 9 RMB (\$1.45).

Workers said that after calculating all wages and deductions, including overtime wages, they might take home 2000 RMB (\$322) during non-peak seasons and 3000 RMB (\$483) during peak seasons.

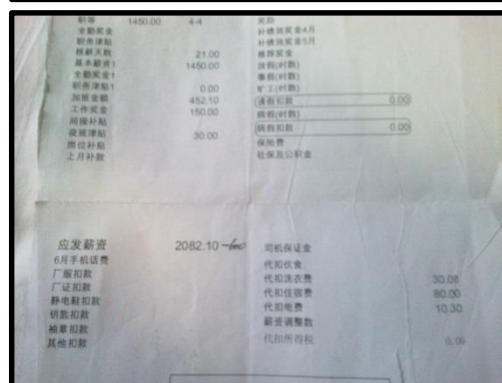
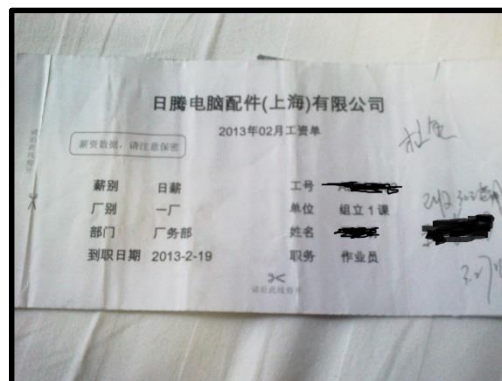
### Benefits

Workers expressed that they are not given paid leave. Taking a day off for any reason will cost a worker 70 RMB (\$11). After working for a year, workers will get an annual paid leave during the Chinese New Year period. As to whether or not they have maternity or marriage leave, workers expressed that they didn’t know. Workers were also unaware of whether or not the factory purchased social insurance for them. The factory did not educate workers on these issues either.

The factory has an internet café with slow computer and slow internet, workers say. They have to pay 4 RMB (\$0.65) per hour for the use of the internet, but they must buy internet time in 20 RMB (\$3.23) intervals. There are basketball courts with two hoops near the factory, but there isn’t a basketball. There are also no facilities for other activities, such as ping pong or badminton.

## VII. Living Conditions

The factory provides three meals to workers. Breakfast includes steamed buns, stuffed steamed buns, and fried rice. Lunch and dinner includes rice, three types of food, and one soup. Workers can decide whether or not they want to eat in the cafeteria, but they are given no subsidy if they choose



A worker's pay stub

to eat elsewhere. The cafeteria is too small to accommodate all workers, so workers have to eat in two groups.

There are guards in the cafeteria. And they restrict workers from speaking loudly, wasting food, or putting things on tables. If a worker even places a plastic bag on the table, a guard will scold the worker.

Many workers choose to eat outside of the factory grounds, buying from food carts. The investigator asked their reasoning. Workers said that cafeteria staff didn't wear masks on their mouths, the food isn't good, and the proportions are too small. Workers are only able to eat in the cafeteria three times per day, each time only swiping their card once. Even if they are still hungry, they cannot get more food. The cafeteria doesn't provide food for workers not on duty. So if a worker is discovered swiping her card on the weekend and she isn't working on that weekend, then the factory will deduct 100 RMB (\$16) from her wages.

The factory provides dormitories for workers, each month deducting 180 RMB (\$29) for dorm fees and 30 RMB (\$5) for electricity fees. One dorm room has 8 to 12 workers. A dorm room has closets, air conditioning, and a fan. Every floor has one common restroom and shower room. Each restroom only has 7 toilets, so when workers are just getting off their shifts, there aren't enough toilets for everyone to use. The showers do not have hot water. There are exit signs in the hallways of the dormitories, but there are no fire extinguishers or first aid kits.

There are factory management staff in each dormitory. Workers say that management and guards conduct regular rounds in the dormitory, entering rooms without knocking on doors. They will enter and take pictures of the room. Workers expressed that this is a violation of their privacy.

Due to the conditions of the dormitories, many workers decide to live outside the factory, in which case the factory provides no subsidy. If a few workers decide to rent a 30 to 50 meters squared (322 to 538 feet squared) apartment together, their monthly rent and utilities may total 300 to 500 RMB (\$48 to \$80).

## VIII. Occupational safety

Before starting work, workers participate in occupational safety training that primarily focuses on preventing poisoning and gas leakage. Workers are told to abide by rules in production facilities and not to touch equipment other than those involved with their position.

Workers did not know whether or not the factory had a worker safety committee. There was a fire extinguisher in the production facility, but it had collected a good deal of dust and had probably not been inspected for a long time. There are safety exits labeled in the facility, but the stairwell is very narrow, only about 1 meter (3.3 feet) wide and the floor is slippery. During shift changes and rest periods, the stairwell becomes very crowded. There are not a sufficient number of fire escapes.

Every few months there is a fire drill. Only factory management and guards participate in the drill; workers do not participate.

## Protective gear

Workers are given mouth masks and gloves in the production facilities. In the pressing room, workers will also wear ear plugs. If they lose the plugs, they can buy a pair for 2 RMB (\$0.32). If mouth masks and gloves become worn, workers can exchange them. Workers receive health exams when they enter the factory but not when they leave. There is no first aid kit in the production facilities.

## IX. Bonuses and punishments

If workers are 30 minutes late to work, then the factory records them as having skipped a half day of work and deducts one day's pay. If they are late one hour, then two day's pay is deducted. If workers leave early and try to swipe their card, then their attendance isn't recorded for that day. Workers must wait until the predetermined time for the end of the shift before they can swipe their card.

Workers who have worked for an entire year at the factory will receive a 1450 RMB (\$233) bonus at the end of the year. Raffle prizes are also sometime give out.

Workers will be scolded for going to the restroom without the required post-leave pass. They are also scolded for going to the restroom any longer than 10 minutes.

## X. Union and grievance channels

Only three workers indicated to the investigator that Riteng had a union, but they didn't know what it did. All other interviewed workers weren't even aware of a union in the factory. They also didn't know whether or not the factory had a worker hotline through which they could voice grievances.

The factory does not post or distribute any information about mechanisms that workers can use to protect their interest or make complaints. If workers run into any problems in their living or working conditions, workers told the investigator that they first seek out their supervisor. If the supervisor can't resolve the problem, the workers seek out the department head or HR office. There is a "vice president" letter box in the production facility. But workers told the investigator that the box was hung for Apple to see when they inspect the factory. It is for viewing only and isn't actually utilized.

## XI. Audits

Workers told the investigator that the Riteng factory regularly receives audits or inspections from Apple. The factory will prepare for these visits, telling workers to be neat and orderly, not to speak to the visitors, and to work a bit slower in order to ensure the quality of the products during the inspections.

## XII. Resignation

Workers hired via dispatch companies or employment agencies have a probation period of a half year. If they wish to resign during this period, they need only fill out a resignation form a week before leaving. After the probation period, they need to fill out the form a month ahead of time. During the peak season, resignation will not be approved. One worker who already resigned from Riteng told the investigator that the resignation process is complicated because the worker has to obtain signatures from a number of managers. After resigning, a person will receive unpaid wages on the following month during the normal wage distribution period. If the worker had not worked for an entire month before resigning, then she has to go to the factory on the following month to receive cash payment. After resignation, workers must wait three months to reapply to Riteng.

### **XIII. Environmental issues**

In order to reduce costs, Riteng dispenses of cutting oil and other waste directly into the sewage system, polluting the local water.

### **XIV. Women's rights**

Many female workers do not know that they have the right to maternity leave. Pregnant workers hope to work like a normal employee. Pregnant women at Riteng put in hours of overtime every day, typically working 11 hours per day or almost 70 hours per week. Pregnant workers did not know about the laws in China meant to protect pregnant women. For example, pregnant women should not be made to work over eight hours per day, and their weekly work hours should not surpass 44 hours. Riteng will not provide maternity leave to pregnant women who do not provide a birth permission document from the government or those women who became pregnant out of wedlock.

### **XV. Worker dissatisfaction and expectations**

#### **Development is dependent on personal connections**

Workers expressed that if a person wanted to have potential for long-term development in Riteng, then that person would need to develop a close relationship with their shift leader. If a person is close to the leader, then work is more relaxed for that person.

#### **Work is too intense and day and night shift transfer periods are too frequent**

Every worker expressed that work was exhausting. Every department requires workers to stand while working. Workers also believe that the monthly transfer of day and night shifts is too frequent. By the time that workers have readjusted themselves to a new schedule, it is time to transfer again. Workers suggest a transfer once every three months .

#### **The production facility is loud and substandard; living conditions are poor**

Workers in the pressing room said that it is too loud. Workers in the polishing room said that there is too much dust and a mask doesn't help. Assembly workers expressed that that the assembly facility has too many workers for the space allotted and shift changes are consequently very



crowded. The stairwell is too narrow and the production facility isn't well ventilated. Workers said that cafeteria food is bad, they don't get enough food to be full in the morning, and they can't even eat in the cafeteria during the weekend if they are not doing weekend overtime. Workers also said that the dorm conditions are bad, dorm management is chaotic, and dorm fees are too high.

### **Base salaries are low and overtime is excessive and irregular**

All workers said that Riteng's base salary for workers was too low and there were too many overtime hours. At the same time, overtime is irregular. Often, workers are only told about overtime right before the shift, and workers have no ability to prepare for it. Technicians in the Riteng design office said that Riteng loves "to carry out sudden attacks" of changes in workloads. Overtime is not preplanned, and workers must accept overtime shifts.

### **Management shifts workers around at its own will**

When a product quota is urgent, management will suddenly transfer workers from other production lines. Such transfers occur within and between production facilities. Workers indicated that these transfers are not made after consulting with workers. The management simply transfers them at its own will. If a worker doesn't perform well, her supervisor could easily shift her to the most tiring position.

### **Low-level managers are crude**

In the assembly department, workers all expressed that a particular supervisor of theirs was crude. If you try to speak with her, she is not only unfriendly, but she will also scold you. After standing and working for hours day after day, when a worker asked to take a day's leave, she'll never approve it and instead record the worker as absent if the worker take leave. During the off-peak season, she'll even intentionally create difficulties for workers, for example trying to figure out ways to make them resign.

But this supervisor is just one example. Another worker accidentally dropped an Apple casing on the floor on March 28. The line leader subsequently cursed out the worker and then fined him. The worker was very upset about this. After work, he had hometown friends fight the line leader.

### **Workers expressed a number of improvements**

They wish that the dorm conditions were better and that workers choosing to live outside of the dorms could receive a subsidy. They wish that the factory could provide some extracurricular activities for them. They would like overtime hours to be reduced and the base wage to be raised. They wish that the factory shuttle bus could take them directly home. Workers also suggest that the factory build a roof over the bike and scooter parking area so that workers' vehicles don't get soaked when it rains.

### Riteng Living Conditions (photos)



*Above: Crowded and messy dorm room*



*Two photos above: Riteng dorm room and hallway in a dormitory building.*



*Riteng's cafeteria*