



# The Dark Side of the Glittering World

## A Report on Exploitation in Toy Factories in China

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## Executive Summary

### 1) Context: the Left-Behinds of the Chinese Economic Miracle

From the late 1970's, China's economy has enjoyed 30 years of explosive growth. With its 1.4 billion inhabitants, it is now the world's largest economy. This economic miracle, now on everyone's lips, has lifted hundreds of millions of Chinese out of poverty and made China a key player in globalization. A middle class, consuming goods and services, and confident in its potential for enrichment has emerged.<sup>1</sup>

But this economic transition has a dark side: it is taking place at the expense of a significant part of the Chinese population. Migrant workers, known as *nongmingong*<sup>2</sup>, come from poor agricultural regions in the country. Estimated at nearly 290 million<sup>3</sup>, migrant workers toil in the manufacturing industry that make China the world's factory: electronics, textiles, toys, etc. Organized according to the registration system called *hukou*, these workers remain migrants throughout their lives within their own country. For larger cities in Guangdong Province where a substantial number of factories are located, it is almost impossible for rural residents to change their hukou due to strict regulations put in place. The consequences are serious: this new proletariat face unequal access to basic services provided to other citizens, such as education of children and healthcare. A third of the migrants are woman. With a country shifting from being the global workbench in the last few decades to a more service-oriented economy, this marginalized group remains for a big part working in the manufacturing industry such as the toy industry. In 2018, approximately 30% of migrant workers were employed in the manufacturing industry, compared to around 50% in the service industry.<sup>4</sup>

The Chinese government has enacted labor laws which are comprehensive, albeit the lack of freedom of association. Workers have the right to be paid in full and on time, a formal employment contract, a 40-hour working week with fixed overtime rates, social insurance and severance pay in the event of contract termination. Additionally, equal pay for equal work and protection against workplace discrimination are included in labor laws.<sup>5</sup> There are several laws that protect the rights of women, and which also mention that employers are to prohibit sexual harassment against women. However, the implementation of these labor laws are poor, especially in factories where migrant workers are working. Rights violations in Chinese factories have been well documented by human rights activists, investigative journalists and labor NGOs. China Labor Watch has conducted repeated investigations into toy factories,<sup>6</sup> revealing a multitude of serious violations of labor laws. These violations range from excessive overtime hours to

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<sup>1</sup> Cheng, Evelyn. "China's Giant Middle Class Is Still Growing and Companies from Walmart to Start-Ups Are Trying to Cash In." *China Economy*, CNBC, 30 Sept. 2019, <https://www.cnbc.com/2019/09/30/chinas-giant-middle-class-is-still-growing-and-companies-want-in.html>.

<sup>2</sup> Hawkins, Amy, and James Thorpe. "The Migrant Workers Behind China's Economic Miracle Are Miserable." *Global*, The Atlantic, 31 May 2019, <https://www.theatlantic.com/international/archive/2019/05/china-migrant-workers-miserable/589423/>.

<sup>3</sup> "Migrant Workers and Their Children." *China Labour Bulletin*, May 2019, <https://clb.org.hk/content/migrant-workers-and-their-children>.

<sup>4</sup> "2018 Nongmingong Observation Report." *Latest Statistics*, National Bureau of Statistics, 29 Apr. 2019, [http://www.stats.gov.cn/tjsj/zxfb/201904/t20190429\\_1662268.html](http://www.stats.gov.cn/tjsj/zxfb/201904/t20190429_1662268.html).

<sup>5</sup> "Labour Relations in China: Some Frequently Asked Questions." *China Labour Bulletin*, July 2018, <https://clb.org.hk/content/labour-relations-china-some-frequently-asked-questions>.

<sup>6</sup> Since 2001 China labor watch has published 24 reports on the toy industry alone: *Toys Reports*, China Labor Watch, <http://www.chinalaborwatch.org/reports/industry/8>.

very low base wages that deny workers a life of dignity. Workers also work under dangerous working conditions due to the use of toxic chemicals. Local governments, relying heavily on investment for economic development, turn a blind eye to rights abuses occurring in factories and fail to properly enforce labor laws.

Foreign multinationals, in order to address reputational risks, publish codes of conduct listing the rights and working conditions they require their suppliers to respect: decent wages, acceptable working hours, complaint mechanisms to combat discrimination, etc. They often claim to verify compliance with these codes through audit systems. But these good intentions have proven to be a failure and show that companies are merely window dressing. The reason is simple: multinationals do not tackle the fundamental issues in their supply chain. By putting pressure on the prices of manufactured goods, setting short production deadlines, forcing factories to compete over short-term contracts and orders and demanding maximum flexibility, multinationals create the conditions of exploitation observed year after year in factories. Even companies that have promised to uphold human rights continue to blatantly violate the rights and interests of workers who manufacture their products.

Furthermore, labor rights advocacy has deteriorated recently in China. Since the early 1990s, labor rights activists and NGOs provided legal assistance to workers, raised awareness of labor rights and laws, held training sessions for workers and guided workers in collective bargaining with management. Activists located themselves in the Pearl River Delta where the manufacturing industry was booming. Since gaining power in 2013, President Xi Jinping has ramped up repression and crackdowns on rights activism, detaining feminist activists, labor activists and human rights lawyers.<sup>7</sup> Labor rights organizations who once operated in a more open environment, have scaled back on activities or transformed into community service organizations. Some have even chosen to close their doors. Last summer, workers at Shenzhen Jasic Technology were heavily repressed by the factory after a unionization drive. Students from across the country voiced support for the workers, with some travelling to Shenzhen to participate in protests. The government responded by arresting and detaining not only students and workers, but staff from NGOs and civil society organizations. Arbitrary detentions and arrests continued this year, targeting even individuals who were not associated with the Jasic incident.<sup>8</sup>

## 2) In a Nutshell: Working Conditions in the Toy Industry

Since 2001, China Labor Watch has released investigative reports on the working conditions in the toy industry in China. Our goal is to hold accountable major toy companies who continue to exploit Chinese

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<sup>7</sup> Fincher, Leta Hong. "Xi Jinping's Authoritarian Rise in China Has Been Powered by Sexism." *The Washington Post*, 1 Mar. 2018, <https://www.washingtonpost.com/news/global-opinions/wp/2018/03/01/xi-jinpings-authoritarian-rise-in-china-has-been-powered-by-sexism/>.

Elmer, Keegan. "At Least Five Labour Rights Activists Arrested across China." *South China Morning Post*, 22 Jan. 2019, <https://www.scmp.com/news/china/politics/article/2183209/least-five-labour-rights-activists-arrested-across-china>.

Lau, Mimi, and Rui Guo. "Chinese '709' Rights Lawyer Wang Quanzhang Stands Trial as His Wife Is Forced to Stay Away." *South China Morning Post*, 26 Dec. 2018, <https://www.scmp.com/news/china/politics/article/2179524/chinese-rights-lawyer-wang-quanzhang-court-final-case-2015>.

<sup>8</sup> Lin, Kevin. "State Repression in the Jasic Aftermath: From Punishment to Preemption." *Made in China*, no. 1, 18 Apr. 2019, <https://madeinchinajournal.com/2019/04/18/state-repression-in-the-jasic-aftermath-from-punishment-to-preemption/>.

Pringle, Tim, and Anita Chan. "China's Labour Relations Have Entered a Dangerous New Phase, as Shown by Attacks on Jasic Workers and Activists." *South China Morning Post*, 19 Sept. 2018, <https://www.scmp.com/comment/insight-opinion/article/2164817/chinas-labour-relations-have-entered-dangerous-new-phase>.

workers. Shockingly, the same issues that were inherent in the industry since the first investigation prevail this year:

- Workers only receive the minimum wage, which is considerably lower than needed for a decent standard of living. Workers can only earn enough in peak season by putting in excessive overtime hours.
- During peak production season, workers in the investigated factories put in 60 to 126 overtime hours per month despite Chinese labor law stipulating that overtime hours are not to exceed 36 hours a month. One factory, Wing Fai, did not even grant workers one rest day per week as required by law.
- Workers did not take part in the legally mandated 24 hours of pre-job safety training which should cover the handling of any toxic substances they may come into contact with, in addition to the safe operation of machinery, that can cause permanent harm or damage. Workers did not receive enough personal protective equipment (PPE), even though masks, gloves and/or ear protection were handed out more often than in previous years. In addition to not receiving the necessary PPE, it was also sometimes questionable if the PPE handed to workers provides them adequate protection.
- Poor living conditions are still common in the factory's dormitory. This includes overcrowded rooms and poor sanitary conditions, bedbugs, no hot water and safe storage for valuables.
- There is still a lack of independent unions which represent workers' interests and a lack of effective grievance channels. Workers can only address issues with line leaders or management. When workers face issues at work, they mostly choose to resign or endure the difficulties.
- Women workers are often victims of verbal abuse and sexual harassment. They also have difficulties being promoted to management level staff when compared to male workers. Workers who are pregnant also do not receive any special care and continue to work overtime, night shifts and are exposed to toxic chemicals.

On the other hand, it is also worth noting that some improvements have been made since the early 2000s. Although limited, they provide evidence that by placing brand companies and factories in the spotlight for worker rights abuses, working conditions can be improved. Here are the main victories:

- The working hours have decreased from frequently more than 14 hours to an average 11 hours in peak season in a day.
- Wages have increased as local minimum wages have also been raised. For example, in 2013, Guangzhou's minimum wage was 1550 RMB (\$221.4) and this increased in 2015 to 1895 RMB (\$270.7) and was raised last year to 2100 RMB (\$300).<sup>9</sup> However, living expenses have also gone up, hence the minimum wage doesn't come close to an actual living wage in Southern China where most toys are manufactured.
- More factories now make social insurance contributions for workers. However, the amounts are frequently not paid in accordance with the law.
- Health and safety measures have improved. But the highly toxic, cancer-causing chemical benzene is still not prohibited and has been used widely in the toy industry. This shows factories are far from being a safe working environment.

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<sup>9</sup> "Guangdong Revises Minimum Wage Levels." *China Briefing*, Dezan Shira & Associates, 6 Mar. 2013, <https://www.china-briefing.com/news/guangdong-revises-minimum-wage-levels/>.

Koty, Alexander Chipman. "Guangdong's Minimum Wages to Increase July 1." *China Briefing*, Dezan Shira & Associates, 27 June 2018, <https://www.china-briefing.com/news/guangdong-minimum-wages-rise-july-1/>.

- The issue with wage arrears has become less common in factories. Previously, workers had their wages withheld, making it difficult for them to quit as they were forced to forgo their wages if they chose to resign.
- There were cases of child labor in earlier years. However, our investigations into toy factories recently have found no cases of child labor.
- Workers are now receiving paid sick leave, paid leaves including maternity leave and bereavement leave and also have statutory holidays off.

### 3) Our In-Depth Investigation into Five Toy Factories

This year we have conducted investigations into five toy factories, which manufacture for the largest toy companies in the world. The working conditions are similar across all five factories. Although this is only a small sample of thousands of toy factories in China, but if some of the most profitable toy companies are unable to ensure their workers work in decent conditions, we can only assume that the factories of smaller companies are even worse.

<b>Factory name</b>	<b>Brand companies</b>
Wah Tung (He Yuan) Toy Products Ltd. Co.,	Disney, BuzzBee
Dongguan KongXing Industry Co., Ltd.	Basic Fun!, Disney, Hasbro, fGTeev.
Foshan Nanhai Mattel Precision Diecasting Co., Ltd.	Mattel
Dongguan Wing Fai Foam Products Co., Ltd.	Legoland, Lego, Disney
Everfront Plastic and Electronics Manufacturing Co., Ltd.	Hasbro (Plumber Pants, Power Rangers, Toilet Trouble, Transformers, Porcupine Pop, Nerf), MGA Entertainment (L.O.L! and Poopsie Slime Surprise), Inspiration Works, Melissa & Doug

### Main issues in the industry and findings of this year's toy report

To understand the main issues in the toy industry in China better we have highlighted five of the major issues, which persist, in detail below. As shown, the manufacturing industry including toys, faces a great deal of pressure to stay competitive in the global market.

#### Living Wages, No Less

A living wage is defined as “the remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family (of four people). Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.” A living wage is a human right as stipulated in article 23 of the Universal Declaration of Human Rights.<sup>10</sup> What would a living wage amount to in China? The Global Living Wage Coalition executed a study in 2015, which looked at the cost of basic but decent living for a family. The result is 2818RMB (\$398.4) for one person in Shenzhen.<sup>11</sup>

<sup>10</sup> “Universal Declaration of Human Rights.” *United Nations*, <https://www.un.org/en/universal-declaration-human-rights>

<sup>11</sup> Using the Anker method from 2017 and data from August 2015. The global living wage coalition has executed a base line study for a living wage for different locations in 21 countries. The cost for a family in Shenzhen was set at 4464RMB (\$637.7) for a family of 3.5 with 1.78 workers. Using a different method and time period this amount is different from the one calculated by worker empowerment in 2017, which came to a considerably higher amount for a decent standard of living the nonetheless also proposed a minimum wage of 2970RMB (\$420.3) in Guangzhou a comparable city to Shenzhen.

The toy industry has consistently maintained a base wage that is close to or equivalent to the minimum wage. The minimum wage has risen over the years in China due to a rise in housing prices and commodity prices. However, the minimum wage remains far from a living wage. In Guangdong province, home to a large number of factories, the minimum wage standard was frozen for three years in response to rising costs of production that could potentially threaten the competitiveness of China's economy in the world market. All five factories in this year's report are located in Guangdong province, where the minimum wage was between 1410 - 1720 RMB (\$201.4 - \$245.7 USD). Only Foshan Mattel with 1860RMB (\$263.2) paid slightly more than the amount required by law. All factories fall considerably short of paying a living wage, even when compared with the 2818RMB (\$398.4) figure calculated for 2015. Without extensive overtime, the wages workers earn are insufficient in sustaining their livelihood. As such, the push for a living wage is crucial for the toy industry. Furthermore, many of the workers in toy factories are migrant workers from rural areas, leaving behind their family due to the high cost of living in cities. A large portion of the wages these workers earn are usually sent back to family in their hometowns.

In peak season, including excessive overtime, the wages in Wah Tung were still only 3000 RMB (\$424.6), at Kongxing workers earned between 3400-3800RMB (\$481.2 - \$537.8), at Foshan Mattel 3400-4000RMB (\$481.2 - \$566.1), at Wing Fai 3500-4000RMB (\$495.4 - \$566.1) and at Everfront 3600 - 4200RMB (\$514.3 - \$594.4).

### Excessive Overtime

Excessive overtime hours come hand in hand with low wages, as many workers prefer to put in overtime hours where they can earn 1.5 times – or on weekends twice – the hourly wage. Although overtime hours have decreased from an average of 150 overtime hours a month, during investigations conducted between 2001 to 2005, to an average of 100 hours a month in peak season, **this is far from the legally mandated 36 hours of overtime a month.** Excessive overtime remains a widespread issue across the toy industry as factories push workers to complete orders, especially during peak season, manufacturing toys for the Christmas sale.

This year, Wah Tung factory workers were putting in 60 overtime hours a month, which still exceeds the legally stipulated 36 hours. This is a remarkable drop considering Wah Tung had the highest number of overtime hours last year with 175 hours a month. At Everfront, workers put in 109 overtime hours a month, at Kongxing, 99 overtime hours a month and in Foshan Mattel, workers were clocking in 110 overtime hours. Workers at Wing Fai also must work mandatory overtime during peak season and worked the most overtime hours with 126 hours in total a month. Workers also worked consecutively for 11 days without a day of rest. Although overtime may be voluntary, more often than not, workers choose to work overtime to earn decent wages. Though, it should also be noted, that this year we found workers were paid the full overtime pay at Wing Fai and Kongxing even when they completed their evening targets early. This is a considerable improvement. However, we also found the opposite in several factories where targets were increased, although workers were still putting in the same hours. This occurred at Kongxing, Foshan Mattel and Everfront, which shows that the amount of orders and time requests directly affect workers well-being.

### Labor Protection

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“Living Wage for Shenzhen, China.” *Global Living Wage Coalition*, Aug. 2015, <https://www.globallivingwage.org/living-wage-benchmarks/urban-shenzhen-china/>.

“Investigative Report on Workers’ Wage and Living Expenses in Four Tier Cities in Guangdong Province.” *Worker Empowerment*, 22 Jan. 2018, <http://www.workerempowerment.org/en/research-reports/260>.

Workers at toy factories come into contact with a range of toxic chemicals, including paint thinners, n-hexane and other solvents. Workshops have a noticeable pungent smell. Even though this has improved, workers are still not sufficiently protected. Workers are unsure of the products they are in contact with, and the factory fails to provide adequate protective equipment or training for workers to ensure they are well protected in their work positions.

This year, most factories provided at least some personal protective equipment (PPE) such as gloves and/or masks. However, at Everfront, workers were only provided with these during audits and inspections. In Foshan Mattel, only some workers had helmets and gloves in their positions. But even where PPE is handed to workers they are unsure if the equipment provides adequate protection. For example, Wing Fai workers wearing a simple mask could still smell the toxic chemicals in the workshop.

Chinese labor law requires a pre- and post-job physical examination for workers who are in contact with occupational hazards in the workplace. This year only Kongxing and Foshan Mattel provided them as necessary. Everfront provided workers in the spray-painting department with monthly and pre-job physical examinations. Wah Tung and Wing Fai did not provide any physical examination at all.

Whilst the state mandates that workers are to receive 24 hours of pre-job safety training, all factories failed to meet this standard. Kongxing, Foshan Mattel and Everfront provided training, but this did not include substantive content about the type of chemicals workers would come into contact with, and other occupational hazards and preventive measures.

### **Living conditions and social security**

A large number of the workers in the toy industry are migrant workers coming from rural parts of China to Guangdong Province. They often work and live on the factory premises. Dormitory conditions are therefore an important factor in the assessment of a factory. As workers spend almost all their time in the factory, overall management culture affects not only their work but their lives in general. Another very important factor is the social security of workers. As the manufacturing industries in China face an aging workforce,<sup>12</sup> the issue of social insurance has become a major workers struggle. There are still considerable shortcomings of factories not paying the required social insurance amount automatically and unconditionally to all their workers. China's social insurance law mandates that employers are to provide all workers with social insurance and to contribute to the housing provident fund. Workers and employers are required to make contributions. Social insurance covers five types: pension, medical, maternity, unemployment and work injury. The housing provident fund is for workers to save funds to purchase, rent or maintain their homes. Finally, yet importantly, mandatory paid leave is another important issue for migrant workers specifically.

The living conditions in Wah Tung are terrible. Eight to ten workers share a room in the dormitory and the bathroom has no hot water running. Since last year the leave policy improved and it is now possible to take leave. It remains unclear though if this leave is paid or not. The factory purchases insurance but only for workers who are less than 50 years old. The management culture has relaxed noticeably but a system of monetary penalties, for minor violations like leaving the lights on in the dormitory, are still in place.

Everfront also has dreadful dormitory conditions. There are 10 to 15 workers in one room only with a fan. The rooms got extremely hot and sometimes workers sleep in the hallways. The workers needed to bring their own blankets and pillows. It was very messy and dirty. Some bunk beds were very thin and even tilting up. There were also bed bugs. Because there were so many workers, queuing for the shower took about two hours. However, the factory offers paid leave and purchases insurance according to the law.

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<sup>12</sup> "Migrant Workers and Their Children." *China Labour Bulletin*, May 2019, <https://clb.org.hk/content/migrant-workers-and-their-children>.



The overall management culture can be summarized as abusive and workers are not treated decently and are yelled at regularly.

Foshan Mattel has installed A/C in the dormitories, but still squeezes 8 workers into a room and even sent workers to a dormitory of another factory – due to lack of space – where conditions were even worse. Foshan pays the required social insurance and has paid sick leave and national holidays for workers. However, the general management culture in Foshan Mattel is unfriendly and at times, even abusive. Management staff are rude to and even yell at new workers, and three of the ten female workers who were interviewed reported they were being harassed. The investigator felt unsafe herself.

Kongxing has decent living conditions with 6 to 7 workers in one room with an A/C and bathroom attached. The factory has paid sick leave and national holidays for workers. It fails to purchase social insurance automatically but instead leaves it to the workers to ask for it themselves. The overall management culture is quite relaxed. Workers can leave the line to go to the bathroom and can talk to each other or listen to music.

Wing Fai offers free dormitory rooms but the conditions are horrible. There are only 3 to 4 workers in a room, but bed bugs were present, and workers are prohibited from using the light during the day. There is only one hot water room in the corridor where workers have to take back to the restrooms. Hot water is only provided at certain times. The factory purchases insurance for regular workers but fails to do so for temporary workers. The factory has paid leave.

### **Worker Representation**

Workers representation is a delicate issue in China, and workers do not have freedom of association. Unions established must be affiliated with the All China Federation of Trade Unions (ACFTU), the sole legally mandated trade union in the country. Although the ACFTU touts over 300 million members and has made efforts to boost the number of members, unions established at workplaces are a mere formality and rarely are a means for workers to address rights issues. In our previous investigative work, where we found unions at the factory, union leaders were generally appointed by factory management, as opposed to being elected by workers. Workers remain unaware of the functions of a union. Without a functioning union or worker representatives, most workers can only endure the conditions or speak to their workshop line leader.

This year was no different. Wing Fai, Foshan Nanhai Mattel and Kongxing did not have a union let alone real worker representation. At Everfront and Wah Tung workers were unsure whether a union exists, which is equivalent to not having a union at all. There were also no effective grievance mechanisms to be found. In Kongxing we found an ICTI Hotline number displayed, but workers did not know what the phone number is for. In Wah Tung, a complaint to a confidential hotline was even leaked to the line manager at issue. And Everfront had a poster with a hotline number but it was not used by workers.

### **4) Unfair treatment, discrimination, gender based violence faced by women factory workers**

In the toy industry worldwide, the female workforce is estimated at 60% according to IETP.<sup>13</sup> In China, women make up 57% of the labor force, but earn on average 35% less than men for doing similar work, ranking in the bottom third of the Global Gender Gap Index.<sup>14</sup> It is rare for recruitment notices to place restrictions on gender. However, there is a serious gender imbalance between male and female workers,

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<sup>13</sup> Ma, Bella. “Women’s Empowerment in the Toy Supply Chain.” *ICTI Ethical Toy Program*, <https://www.ethicaltoyprogram.org/en/womens-empowerment-in-the-toy-supply-chain/>.

<sup>14</sup> “The Global Gender Gap Report 2017.” *World Economic Forum*, 2 Nov. 2017, <https://www.weforum.org/reports/the-global-gender-gap-report-2017>.

and higher management positions are dominated by male workers. Female workers usually make up a large portion of regular workers, line leaders and group leaders. The reasons for this are various: The toy industry, although labor intense, is less physically demanding than for example the construction industry. Workers who stay in toy factories for a long time, despite the low wages, are mostly female workers with low educational level and of older age. Our investigation shows that they often focus on stability and avoid being unemployed after resignation and therefore remain in the factories.

Many factories prefer to hire female workers, as Chinese society still sees them as more docile, obedient and less likely to be troublemakers. Contrary to this, female workers have been in the front lines of strikes and protests, and at times, shielded their male colleagues from police brutality. They have increasingly become more militant, participating in collective actions and taking on the role of worker representatives to negotiate with management. An example is the strike which broke out in March last year over International Women's Day at Shimen Factory, a luxury handbag factory, where female workers made up 80% of the workforce.<sup>15</sup> The strike ended after the company agreed to the demands of workers, which included compensating workers for owed social insurance contributions and housing provident funds.<sup>16</sup> In the 2015 Lide shoe factory strike, where workers protested relocation compensation and social insurance. Female workers not only actively participated in the strike but also became worker representatives, negotiating with management.<sup>17</sup>

On the production line, female workers face various challenges. They have less chances of being promoted to higher management positions, and lack protection during pregnancy as they continue to work overtime and are exposed to toxic chemicals. Female workers usually leave their children behind in their hometowns due to the financial constraints and the highly restrictive hukou registration system limits migrant workers access to social and education services. A 2013 study<sup>18</sup> revealed an alarming 70% of female factory workers have experienced sexual harassment.

#MeToo became a global movement last year and although the internet remains heavily censored in China regarding feminism and women's rights, victims of sexual harassment made national headlines as they came forward with stories of their own. Despite this, female workers from factories have rarely made their voices heard publicly regarding their experiences of sexual harassment. An exception being a letter in January 2018, in which a female worker from Foxconn, a major electronics factory in China, demanded the factory to establish systems to combat sexual harassment and address issues of gender inequality. In the letter, she writes: "Loudly telling dirty jokes, ridiculing female colleagues about their looks and figures, using the excuse of "giving direction" to make unnecessary body contact...in factory workshops, this kind of "sexual harassment culture" is prevalent, with many people having grown accustomed to it."<sup>19</sup>

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<sup>15</sup> "On International Women's Day, Guangzhou Shimen's Women Workers Are Acting!" *China Labor Watch*, 8 Mar. 2018, <http://www.chinalaborwatch.org/newscast/653>.

<sup>16</sup> Li, Jane. "Eight-Day Strike at China Factory Making Michael Kors Bags Ends as Workers' Pension and Wage Demands Met." *South China Morning Post*, 18 Mar. 2018, <https://www.scmp.com/business/china-business/article/2137548/eight-day-strike-china-factory-making-michael-kors-bags-ends>.

<sup>17</sup> Feng, Coco, et al. "China's 'Factory Girls' Have Grown up—and Are Going on Strike." *Quartz*, 9 Mar. 2015, <https://qz.com/351393/chinas-factory-girls-have-grown-up-and-are-going-on-strike/>.

<sup>18</sup> "Up to 70 Percent of Women Factory Workers in Guangzhou Sexually Harassed." *China Labour Bulletin*, 6 Dec. 2013, <https://clb.org.hk/en/content/70-percent-women-factory-workers-guangzhou-sexually-harassed>. "The Sexual Harassment of Women Factory Workers in Guangzhou." *The Sunflower Women Workers Centre*, 25 Nov. 2013, [https://clb.org.hk/sites/default/files/archive/en/Image/research\\_report/sexual harassment survey sunflower centre.pdf](https://clb.org.hk/sites/default/files/archive/en/Image/research_report/sexual%20harassment%20survey%20sunflower%20centre.pdf).

<sup>19</sup> Feng, Jiayun. "I Am A Woman Worker At Foxconn, And I Demand A System That Opposes Sexual Harassment": A Translated Essay." *SupChina*, 26 Jan. 2018, <https://supchina.com/2018/01/26/i-am-a-woman-worker-at-foxconn-demand-system-opposes-sexual-harassment/>.

This year's toy report focuses not only on the general labor violations but also reveals how much more needs to be done in terms of protecting the rights of female workers. The report found that male workers are usually promoted to higher positions, pregnant workers were working excessive overtime and there were even cases of sexual harassment. One female worker at Foshan Mattel mentioned she was followed by two male workers on the same assembly line who used their cell phones to take photos of her. Female workers were often scolded and criticized more compared to male workers. Social insurance in China includes maternity insurance. For factories that did not pay social insurance, pregnant workers also did not receive maternity insurance, which covers medical checkups and also provides stipends after giving birth. According to Article 12 of the "Special Provisions on Labor Protection of Female Employees", labor unions should monitor compliance of employers with this law. However, there are no independent labor unions or worker representatives present in the factories workers can only go talk to workshop line leaders or administrative departments if they have problems. Knowing how difficult it is to come forward with a claim of sexual harassment this is even more problematic.

### **5) Conclusion**

Year after year, we have called on brand companies to address the ongoing rights violations at their factories and to ensure that the workers in their supply chain are fairly treated. Brand companies and factories are well aware of the labor laws in China and also international labor standards. Yet they continue to expose loopholes and evade laws, all in the pursuit of profits. With the rising costs of production in China and the U.S. -China trade war, this may well push factories and brand companies to move their operations abroad. However, these working conditions will only be replicated in other countries where labor laws are even weaker and are hardly enforced. Therefore, it is the responsibility of brand companies to take serious measures in fundamentally reforming the working conditions in their supply chain.

## Summary of Rights Violations

	Wah Tung (He Yuan) Toy Products Ltd. Co.	Everfront Plastic and Electronics Manufacturing Co., Ltd. (Dong Guan)	Nanhai Mattel Precision Diecasting Co., Ltd. (Foshan)	Kongxing Industry Co., Ltd. (Dong Guan)	Wing Fai Foam Products Co., Ltd. (Dong Guan)
Gender discrimination at the management level	X			X	X
Sexual harassment allegations			X		
Pre-job physical examination not provided to all workers	X	X	X	X	X
Overtime is not voluntary*			?		X
Excessive overtime work*	X	X	X	X	X
Failure of paying a living wage	X	X	X	X	X
Unpaid working hours					
Factory mistreats workers	X	X	X		
Factory does not explain the labor contract to workers	X	X	?	X	X
Workers do not receive a copy of the contract					
Blank contracts signed					
Factory does not provide 24 hours of pre-job safety training *	X	X	X	X	X
Factory does not provide workers with protective equipment*		X	X		X
Factory lacks sufficient			X		X

occupational health and safety measures*					
Fire hazards present in factory workshops*					
Poor living conditions	X	X	X		X
Failure to purchase social insurance in accordance with the law*	X <sup>20</sup>			X	X <sup>21</sup>
Lack of independent worker representation	X	X	X	X	X
Lack of effective complaint channels	X	X	X	X	X

NOTE: “\*” represents a violation of Chinese labor law

<sup>20</sup> Workers over 50 years of age cannot have social insurance

<sup>21</sup> Temporary workers do not have social insurance

## Women's Rights in Toy Factories

For this year's report, China Labor Watch interviewed 42 female workers, gaining insight into the women's rights situation in toy factories in China. There were four key issue areas and these are highlighted below:

### Promotion

According to China's Protection of Women's Rights and Interests Law: "In such aspects as promotion in post or in rank.... The principle of equality between men and women shall be upheld and discrimination against women shall not be allowed." However, in toy factories, there is clear gender discrimination at management level positions. Female workers generally earn the same wages and have the same labor intensity as male workers. But despite having the same skill sets as their male colleagues, female workers in toy factories face challenges in job promotion. According to the observations of our investigator, although the majority of regular workers, line leaders and group leaders are female, male workers are more likely to be promoted to higher management positions such as department managers.

At the Wah Tung factory, in one line, two of the line leaders were male, and there were no female line leaders. Whereas on a production line of 30 workers, the investigator observed only 3-4 workers were male. At Kongxing, the ratio of male to female managers is 7:3, and based on the investigator's analysis, promotion for regular workers is highly dependent on their relationship with managers rather than their actual work performance. In general, male workers in the factory have closer relationships with their supervisors than female workers. Therefore, it is much easier for male workers to be promoted.

At Wing Fai, approximately 40% of workers were female, and although the line leaders were generally female, positions for managers and above were male workers. At Everfront, the male to female ratio is 6:4 for regular workers and management staff. At Foshan Mattel the majority of workers at the factory were male, and females took up line leader positions.

### Pregnancy and Maternity Protection

#### *Maternity Insurance*

China labor law mandates employers are to purchase social insurance for all workers, in addition to the housing provident fund. The social insurance covers five types: maternity, old-age, unemployment, work injury and medical. The housing provident fund is for workers to save and withdraw funds to purchase, renovate or rent housing. For female workers, maternity insurance is especially important as it covers medical check-ups during pregnancy and birth control. The insurance also provides female workers with an allowance during maternity leave in addition to the wages provided by the employer.

For employers that fail to purchase social insurance for workers, and therefore who do not make contributions for workers' maternity insurance, they are to provide maternity subsidies and also cover medical expenses for female workers as stipulated in the "Special Rules on the Labor Protection of Female Employees".<sup>22</sup> The investigator did not find information regarding this at any of the factories where workers did not receive social insurance.

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<sup>22</sup> "Article 8." *Special Rules on the Labor Protection of Female Employees*, The State Council of the People's Republic of China, 2012, <https://www.ilo.org/dyn/natlex/docs/ELECTRONIC/95280/112948/F2014302976/CHN95280.Chn.pdf>.

At Kongxing, the factory does not automatically purchase social insurance for all workers. Workers who wish to purchase social insurance are to notify their department staff after working at the factory for a month. Only regular workers at Wing Fai receive social insurance but it is not mandatory for all to have social insurance unless they are in a special position.

At Wah Tung, the factory covers social insurance only for those who are younger than 50 years of age. Workers at Foshan Mattel will receive social insurance after working at the factory for a month. Finally, at Everfront, workers receive social insurance in the second month of employment and temporary workers can receive one month's insurance after working two months.

### *Paid Maternity leave*

In 2012, the Chinese government increased the number of days of maternity leave for workers from 90 days to 98 days, meeting the minimum maternity leave as stipulated by the International Labor Organization's Maternity Protection Convention.<sup>23</sup> This is a national regulation however, and each region in China has established their own regulations regarding maternity leave. In Guangdong, where the five toy factories in this year's report are located, the statutory minimum is 178 days of leave.<sup>24</sup>

Both Foshan Mattel and Everfront met Guangdong's standards and workers received 178 days of paid maternity leave. Maternity leave is provided for workers at Wah Tung and Wing Fai, but the number of days is unknown. The investigator did not obtain information regarding maternity leave at Kongxing.

### *Special facilities and protections for pregnant women*

According to workers at Wing Fai, pregnant workers will continue to work in the same position and work overtime. The factory does not set up regulations to switch positions for pregnant workers. This is in violation of the "Protection of Women's Rights and Interests Law", where women are to be under special protection during their menstrual period, pregnancy, obstetrical period and nursing period. China's "Special Rules on the Labor Protection of Female Employees" also stipulates "the employer shall not prolong labor hours or arrange night-shift labor for female employees in or after the seventh month of pregnancy and shall give certain rest time during their labor hours."

Foshan Mattel took some measures to protect pregnant workers. Pregnant workers from the injection-molding department, which had a noticeable pungent smell, were transferred to other departments. The factory also does not allow pregnant workers to work overtime if they are more than seven months pregnant.

The "Special Rules on the Labor Protection of Female Employees" also mentions that workplaces with a large number of female workers "shall base on their demand based on their demand, establish facilities such as clinics for female employees, lounges for pregnant women and feeding rooms". The investigator did not come across this at any of the factories.

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<sup>23</sup> "International Labour Standards on Maternity Protection." *International Labour Organization*, <https://www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/maternity-protection/lang--en/index.htm>

"Expecting in China: Employee Maternity Leave and Allowances." Edited by Weining Hu, *China Briefing*, Dezan Shira & Associates, 6 Apr. 2017, <https://www.china-briefing.com/news/maternity-leave-allowance-china/>.

"女职工劳动保护特别规定 第七条." 中华人民共和国国务院令 第619号, 28 Apr. 2012, [http://www.gov.cn/zwjk/2012-05/07/content\\_2131567.htm](http://www.gov.cn/zwjk/2012-05/07/content_2131567.htm).

<sup>24</sup> "广东省人口与计划生育条例 第三十条." 民商法律网, June 2018, [http://m.liuxiaoer.com/cx/1257\\_2.html](http://m.liuxiaoer.com/cx/1257_2.html).

## Left Behind Children and Migrant Children

Left-behind children has become a major social problem in China. These children stay in their hometowns, usually in rural and remote areas of the country as their parents search for better job opportunities in urban areas taking up positions in factories. The children are left to the care of their grandparents and at times, the children are forced to look after themselves. The wages their parents earn are mostly sent back to their hometown. The plight of left-behind children is certainly not foreign to the toy industry. In 2015, four children in a village in China committed suicide by drinking pesticide after being abandoned by their parents who had left them for work. Their mother was working in a toy factory in Guangdong.<sup>25</sup> Furthermore, migrant children, children who have migrated to urban areas with their parents, also face discrimination.

Both left-behind children and migrant children suffer from lack of adequate care from their parents. In this year's investigation, a female worker at Wing Fai had her aunt's sister look after her 11-year-old daughter. Another female worker had two children, and her mother takes care of them. At Foshan Mattel, a worker mentioned having two children who are staying with their grandparents since she and her husband have to earn for the family and do not have time to take care of their children.

Women continue to shoulder the burden of care for their children. Many female workers have to consider several factors when faced with the choice of leaving their children behind in their hometowns or bringing their children to cities. Work hours are long in the toy industry and with workers putting in on average 100 overtime hours a month, there is hardly enough time for female workers to look after their children. Workers' base wage is usually equal to the local minimum wage and they must rely on excessive overtime hours to earn decent wages. Dorm rooms are for workers at the factory with four or more to a room and are unable to accommodate families or workers with children. Most workers choose to stay in dormitories, where the rent is provided for free or cheaper than an apartment in the local area. Living expenses in cities are also much higher, and the wages workers earn is insufficient in providing for their entire family. During off-peak season, workers earn even less, and take home an amount that is close to the base wage.

China's hukou registration system also creates many barriers for migrant children regarding education. Children with a rural hukou face discrimination in enrolling in local public schools and many schools require rural children to submit a host of documents or to take additional admission tests before allowing them to enroll. For rural children who are able to enroll in public schools, teachers may place them in separate classes. As such, migrant workers send children to unauthorized private schools, where infrastructure is poor and the quality of teaching is comparatively worse<sup>26</sup>.

Given the nature of the work in the toy industry, children of migrant workers are inevitably impacted. Migrant workers place priority on work and earning an income that sustains their family, rather than building an emotionally supportive home. Their grandparents and other family members are usually unable to provide the adequate educational and support needed. As children rarely see their parents, this significantly affects their development and emotional wellbeing.

## Sexual Harassment

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<sup>25</sup> Phillips, Tom. "Chinese Police 'Find Suicide Note' in Case of 'Left behind' Children Deaths." *The Guardian*, 14 June 2015, <https://www.theguardian.com/world/2015/jun/14/chinese-police-investigating-deaths-of-left-behind-children-find-suicide-note>.

<sup>26</sup> Antoninis, Manos. "For China's Migrant Children Struggling to Get into Schools, Policies May Have Changed but Attitudes Haven't." *South China Morning Post*, 22 Nov. 2018, <https://www.scmp.com/comment/insight-opinion/hong-kong/article/2174363/chinas-migrant-children-struggling-get-schools>.



China does not have a specific law targeting sexual harassment though there are several national laws mentioning sexual harassment. Article 11 of China's Special Rules on the Labor Protection of Female employees specifies that "Employers shall prevent and prohibit the sexual harassment of female employees in their work places." Article 40 of the "Protection of Women's Rights" prohibits sexual harassment against women. Although current laws do not define sexual harassment, a recent draft of the Civil Code includes a definition and has increased protections for employees against sexual harassment, placing more responsibility on employers to prevent sexual harassment.<sup>27</sup>

In this year's toy report, cases of sexual harassment were discovered. Foshan Mattel had several cases of sexual harassment reported by female workers. Based on the feedback received from female workers, there were many male workers in the factory and many of them who were regular workers as well, were asking female workers out or would chat a lot to them. Many summer temporary workers are younger females. Three of the interviewees have claimed they've been harassed by their male colleagues, who were also regular workers. One stated she was asked out for dinner repeatedly by a male worker even though she firmly rejected him. There was a summer temporary worker who said there was an older male worker who constantly came to talk to her during break times. Another worker mentioned said she was followed by two male colleagues and they took photos of her secretly. She felt very unsafe. She did not consider contacting the union at the factory as she had no evidence for this, and believed it may have been just her misconception. She also did not report this to the factory. If she confronted the male workers, they could have also said they just happened to be taking the same route.

Foshan Mattel, male and female workers live in the same dormitory building at Foshan Mattel but on different floors. Male workers live on the first floor to the fourth floor. Female workers live on the fifth and sixth floor. There is a security door between the first and second floor, and anyone who passes the security door can go freely between the fourth and fifth floor. There is no access control between the fifth and sixth floor, hence there is a lack of security for female workers. During the investigation, there was a male worker who came up to the 5th floor and stood right outside of the women's bathroom to chat to a female worker. Male workers are prohibited from going to the female dormitories, but there is no one to monitor this.

At Wah Tung, Kongxing, Everfront and Wing Fai, female workers did not report cases of sexual harassment. However, as sexual harassment issues are generally very difficult for victims to speak about, we cannot confirm that this is not an issue at the factory.

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<sup>27</sup> Wong, Dorcas. "Sexual Harassment in China: #MeToo Movement Prompts New Legal Developments." *China Briefing*, Dezan Shira & Associates, 26 Sept. 2018, <https://www.china-briefing.com/news/sexual-harassment-china-metoo-movement-prompts-new-legislation/>.



## Wah Tung (He Yuan) Toy Manufacturing Ltd. Co. Investigative Report

### Company Profile



(The front gate of Wah Tung toy factory)

Wah Tung Toy Products Co.,Ltd. was founded on the 29th of December in 1987. The company is located in Gaotang Industrial Park in the Yuancheng district of Heyuan, Guangdong, China. The factory mainly manufactures electronic toys, metal toys, wooden toys, electric toys, dolls, stuffed toys, plastic toys, gifts, souvenirs and gifts, etc., and their products are sold to America, Japan, Europe and Australia. The factory occupies more than 40,000 square meters and employs around 2,000 workers.

#### Basic Information<sup>28</sup>

Factory Name: Wah Tung Toy Products Limited Company

Address: Gaotang Industrial Park, Yuancheng District, Heyuan, Guangdong, China

Number of Workers: 2,000

Main Products: Electronic toys, metal toys, wooden toys, electric toys, dolls, stuffed toys, plastic toys, gifts, souvenirs and gifts, etc.

Clients: Disney<sup>29</sup>, Buzzbee

Male to Female Ratio of Workers: Unknown

Male to Female Ratio of Managers: Unknown

Number of Workers Interviewed: 10

Male to Female Ratio of Workers Interviewed: 2:8

<sup>28</sup> Figures below are an estimate based on investigator's observations.

<sup>29</sup> According to workers, the factory manufactures for Disney. Wah Tung was also found on Disney's supplier list.

Methods of Interview: Face to face  
Average Age of Workers: Unknown  
Product Photos:



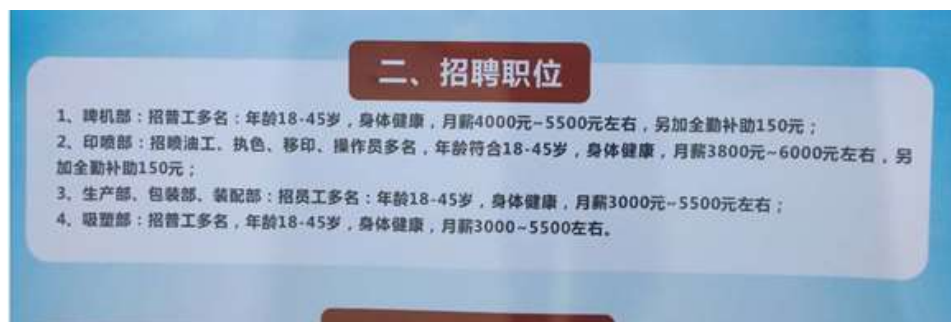
BUZZBEE Air Warriors Gladiator Blaster

## Section 1: Recruitment and Resignation

### Hiring Policy

#### Hiring Requirements:

There are no gender restrictions on recruitment, but there is age discrimination, as applicants are required to be between 18 to 45 years old. Applicants need to bring their ID cards as well as two photocopies and two one-inch color photos for the interview.



(Job Advertisement)

Photo Translation

Open Positions:

1. Injection Molding Department: Hiring healthy workers aged between 18 to 45 years old. Monthly wage 4000 - 5500 RMB (\$571.43 - \$785.71), plus 150 RMB (\$21.43) full attendance bonus.
2. Printing and Spraying Department: Hiring healthy oil-spraying, coloring, printing, and operating workers, aged between 18 to 45 years old. Monthly wage 3800 - 6000 RMB (\$542.86 - \$857.14), plus 150 RMB (\$21.43) full attendance bonus.
3. Production, Packaging, Manufacturing Department: Hiring healthy staff aged between 18 to 45 years old. Monthly wage 3000 - 5500 RMB (\$428.57 - \$785.71).
4. Thermoforming Department: Hiring healthy workers aged between 18 to 45 years old. Monthly wage 3000 - 5500 RMB (428.57 - \$ 785.71).

Entry Methods:

The factory recruits directly through the online job posting platform.



(Interview information and directions to the factory)

Position Assignment:

Male workers and female workers are mostly assigned to the same position and do the same work. There aren't many male workers. Those who are assigned to heavy lifting are almost all male workers. The investigator only saw one or two female workers in positions with heavy lifting.

The factory is hardly recruiting any new workers due to fewer orders this year. The number of overtime work in the factory has also decreased.

Underage Workers:

The factory does not hire underage workers.

### Physical Examination:

There is no pre-job physical exam and post-job physical exam in this factory. The interviewed workers did not know whether the workshop had raw chemical materials that were harmful to them. The factory has never arranged for a physical examination for workers.

### Training and Orientation:

Workers do not receive any pre-job training.

### Resignation:

Workers need to apply in advance to leave their job. Because there are very few orders at the moment, workers do not need to work overtime. This has led to many workers quitting the factory. Workers can receive their wages the day after they go through the resignation procedures.

The investigator did not see the line leader dismissing workers. Usually the line leader asks the workers to leave the factory, because this way, the factory does not need to pay compensation.

## **Section 2: Labor Contract**

### Signing Process:

The factory requires workers to sign a voluntary overtime agreement when they sign their labor contracts. The agreement states that the worker volunteers to work overtime (as opposed to being forced by the factory).

## **Section 3: Working Hours**

Workers work 8 hours a day from Monday to Friday if there is no overtime work, and with overtime work, they put in 10-11 hours per day. Overtime work hours are 8-10 hours on Saturday and workers have Sunday off.

In an investigation in August, the investigator discovered that workers hardly work overtime anymore. The overall overtime hours a month were less than 60 hours in August, compared to on average 100 hours a month in other toy factories.

## **Section 4: Labor Remuneration and Benefits**

### Wages:

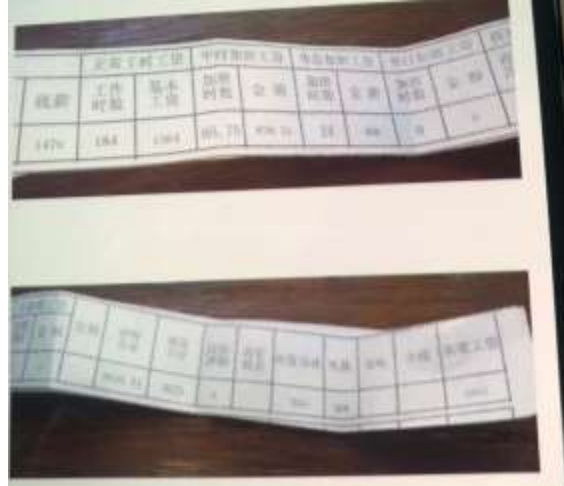
The monthly base wage is about 1,500 RMB (\$214.3). The wages are around 2000-3000 RMB (\$285.7-\$428.6).

Workers' wages consist of: regular wages + regular overtime wages + weekend overtime wages + statutory holiday overtime wages + annual leave pay + position stipend + social insurance.

During peak season, the daily wage is around 120 RMB to 130 RMB (\$17.1-\$18.6).

During off peak season, the daily wage is around 80 RMB to 100 RMB (\$11.4-\$14.3).

Currently the factory has few orders so the production target is quite low. Thus, there aren't many overtime hours everyday. As a result, workers' wages have also decreased compared to peak season last year.



(Workers' monthly paystub)

Leave Policy:

Prior to this year, it was difficult for workers to ask for leave. However, the factory has made some improvements and it is much easier to ask for leave, sometimes even for a long period of time, as long as workers have a valid reason. The factory also now offers maternity leave after the rectification. One interviewed female worker said she took 20 days of leave because she was taking care of her daughter-in-law after she gave birth to her grandson.

Holidays:

The investigator is unsure if there are statutory holidays.

Social Insurance:

The factory covers social insurance for workers who are less than 50 years old. According to the paystub the investigator obtained, regular workers now pay 308 RMB/month (\$43.2) for their social insurance. Workers who are 50 years and older do not receive social insurance.

**Section 5: Dining and Accommodation**

Workers can choose to eat at the staff cafeteria or eat out, and they can also choose to live in the dormitory provided by the factory or rent a place somewhere close to the factory. If the worker lives in the factory dorms, this is provided for free. If the worker wants to rent a place outside, he/she will not receive any accommodation subsidy.

Dining Conditions:

There are two staff cafeterias in the factory. One is a little larger and more expensive than the other cafeteria. For breakfast and dinner, the cafeteria serves rice noodles for 3-5 RMB (\$0.4-\$0.7). For lunch, one cafeteria offers 6 RMB (\$0.9) per meal set and the other one offers 7 RMB (\$1) per meal set. Even though there are two cafeterias in the factory, the cafeterias are packed during lunch. It is difficult for workers to purchase meals if they are late, as the cafeteria will sell out of food.

If workers choose to go out to eat, they can either go to some food carts right outside the factory gate or go to some restaurants along the street outside of the gate. The prices vary. Workers can purchase Liang Pi and Liang Mian (cold noodles) for 4 RMB (\$0.6), pork rice ball for 2 RMB (\$0.3), a bowl of congee for 2 RMB (\$0.3), a bowl of rice noodles for 3 RMB (\$0.4), and a boxed lunch for 8-10 RMB (\$1.1-\$1.4).

Accommodation Conditions:

There are dorms for regular workers and dorms for middle and higher management, eg. Line leaders and above. In a regular dorm, 8-10 regular workers share one room which is very run down. There is no air conditioning in any rooms but only two small fans and a storage cabinet. The room has its own bathroom but there is no hot water in the shower. There is a hot water dispenser near the staircase on every floor and workers need to go out to the hallway to get hot water with a bucket each time they want to take a hot shower. There are no wall outlets in the dormitory, so workers can only charge their phones by using the dorm manager's room

Male workers and female workers share the same dormitory building. Female workers stay on the 2nd, 3rd, 4th floor of the building and male workers are on the 5th and 6th floors. Dorms for line leaders are randomly located on every floor of the building.



(Wah Tung's dormitory building)

## **Section 6: Occupational Safety and Labor Protection**

### Safety Equipment:

The factory installed first-aid boxes at the workshop.

### Personal Protective Equipment:

The factory provides gloves and masks for workers as daily protective equipment. Workers who come into contact with glue or alcohol in their position in the packaging department have gloves and masks every day. There are no gloves/masks for other positions. For other departments, investigator is unsure. According to workers, the wages in the production department are higher than in the packaging department, but there is a pungent smell.

### Environment, Health and Safety Committee:



There is an environment, health and safety committee in the factory. Starting from 2019, the committee has organized events to promote a healthy working environment and work safety. Most of the events last for only two hours.

### **Section 7: Fire Safety**

There was a fire drill this year and the factory installed fire distinguishers in the factory.

### **Section 8: Rewards and Penalties**

The factory has a long list of penalties and most penalties involve fines. If a worker breaks any rules, he/she will need to pay the fine, payable in cash, directly to his/her line leader.

Examples of penalties and fines:

Wearing slippers to work...10 RMB (\$1.4)

Absent for half a day... 10 RMB (\$1.4)

Absent for a day ... 20 RMB (\$2.9)

Late for 5 mins ... 5 RMB (\$0.7)

Late for 10 mins ... 10 RMB (\$1.4)

Leaving the lights on when no one is at the dorm ... fines based on the circumstances

Since there was no training before the job, workers do not know the rules and did not receive any paper instructions about the rewards and penalties policies. All the penalties were just told by their line leaders in person. The investigator found out there was a staff manual posted on the notification board. The paper, however, had already yellowed and the characters were all too small to read.

Interviewed workers stated they were unclear about the rewards policy in the factory.

### **Section 9: Labor Union and Grievance Procedures**

#### Labor Union:

Interviewed workers were not sure if there was a labor union in the factory. They said they've never been contacted by any union staff. When there is an issue, managers will have a meeting first then deliver their solution to workers.

#### Grievance Procedures:

There is an employee hotline in the factory and workers can call the hotline to complain, but the factory didn't inform workers about the hotline. As a result, many workers don't know there is a number they can call. Workers also expressed that they had no idea about any other way to file a complaint.

## Dongguan Kongxing Industry Co., Ltd. Investigative Report

### Company Profile

Dongguan Kongxing Industry Co., Ltd. was founded in February of 2010, and is located in the fifth industrial zone in Xiegang Town in Dongguan, Guangzhou. The factory covers an area of 15,000 square meters and employs 700 workers. The company supplies various kinds of toys and stationeries such as plastic toys, electronic toys, soft vinyl toys, stuffed toys. The company sells their products mostly to Europe, America, Australia and Japan.



(The front gate of Kongxing toy factory)

### Basic Information<sup>30</sup>

Factory Name: Dongguan Kongxing Industry Co., Ltd.

Address: 5th industrial zone, Xiegang, Dongguan, Guangdong

Number of Workers: 700

Main Products: Stationeries, plastic toys, stuffed toys, soft vinyl toys, electronic toys, etc.

Clients: Basic Fun!, Disney, Hasbro, fGTeev

Male to Female Ratio of Workers: 1:1

Male to Female Ratio of Managers: 7:3

Number of Workers Interviewed: 18

Male to Female Ratio of Workers Interviewed: 1:1

Methods of Interview: Face to face

Average age of Workers: 35 years old

Product Photos:

<sup>30</sup> Figures below are an estimate based on investigator's observations.

Hasbro/Basic Fun!



My Little Pony

Disney/Basic Fun!



Disney Frozen II Snow Globe Surprise



Lion King and Toy Story 4

FGTeeV



FGTeeV Squishy Figure

## Section 1: Recruitment and Resignation

### Hiring Requirements:

The factory recruits workers who are over 16 years-old. The factory does not have any regional, ethnic, religious or gender restrictions on applicants. Applicants need to provide a valid ID card, a copy of their ID cards and photos for the interview.



(Job advertisement and hiring requirements)

### Hiring Process:

During the application process, human resources (HR) asked workers to stick a copy of their ID cards to the personal information form, which they filled out for their application. HR asked workers to fill out several forms including a background check form, voluntary overtime work form, notice of work hazards and training form for new employees. The voluntary overtime form states that workers have agreed to work overtime voluntarily. After this, HR gave a pre-job training to new workers. HR introduced the wage calculation, wage payment, working hours, attendance performance, annual leave, social insurance, benefits and allowances, accommodation and resignation. The pre-job training session was about 30 minutes and workers were paid for this. After this, new workers went into the workshop to work for about an hour. HR started taking their photos, recording their fingerprints and making factory cards for the new workers. Uniforms will be provided to new workers after they work at the factory for one to two weeks.

### Entry Methods:

The factory recruits workers directly. In addition to recruiting regular workers, the factory also recruits temporary workers, including student workers, during peak season. If it is not peak season, the factory does not recruit temporary and student workers.

During the investigation period, the factory did not cooperate with any dispatch company or agency, and all workers were directly recruited by the factory.

According to the investigator's observation, during the investigation period, the ratio of regular workers and student workers was 9:1 (around 10% of the student workers). The student workers were not organized to have internships by their schools, but were introduced by their friends or relatives and went to apply for jobs by themselves.

#### Position Assignment:

Workers can choose which department they would like to work in when they are applying for a job, but the exact position will be assigned by their managers and leaders. Usually the workload of male workers is slightly heavier than that of female workers. The production targets are the same, however male workers are usually assigned to positions where they operate machines, and press and drill.

#### Underage Workers:

The factory recruits temporary workers (including student workers) during peak season.

The labor contracts and wages of student workers are the same as regular workers. Because there are no night shifts in the assembly department, student workers who work for the assembly department will not need to do night shifts. There are also student workers in the injection-molding department.

#### Physical Examination:

Workers who will be exposed to toxic or hazardous chemicals are required to have a pre-job physical examination and a post-job physical examination for occupational diseases. Workers in the assembly department do not have a physical examination. According to the investigator's survey, most of the positions in the assembly department are harmless and workers do not come into contact with anything toxic, hence workers do not need to have a physical examination. Though underage workers in the assembly department are required to have a physical examination. Workers in departments such as the printing and injection-molding department also need to have a physical examination.

The examination fee of 70 RMB (\$10.0) will be paid by workers first, and the factory returns the fees to workers a month later. The costs of physical examinations are covered by the factory. Workers are able to receive a copy of their physical examination report.

For the physical examination process, the workers need to go to Xiegang People's hospital and submit their medical checklists to the hospital and then take a basic physical examination.

#### Training and Orientation:

For the training and orientation, HR introduced the wage calculation, wage payment, working hours, attendance performance, annual leave, social insurance, benefits and allowances, accommodation and resignation. The training and orientation session was about 30 minutes and workers were paid.

#### Probation:

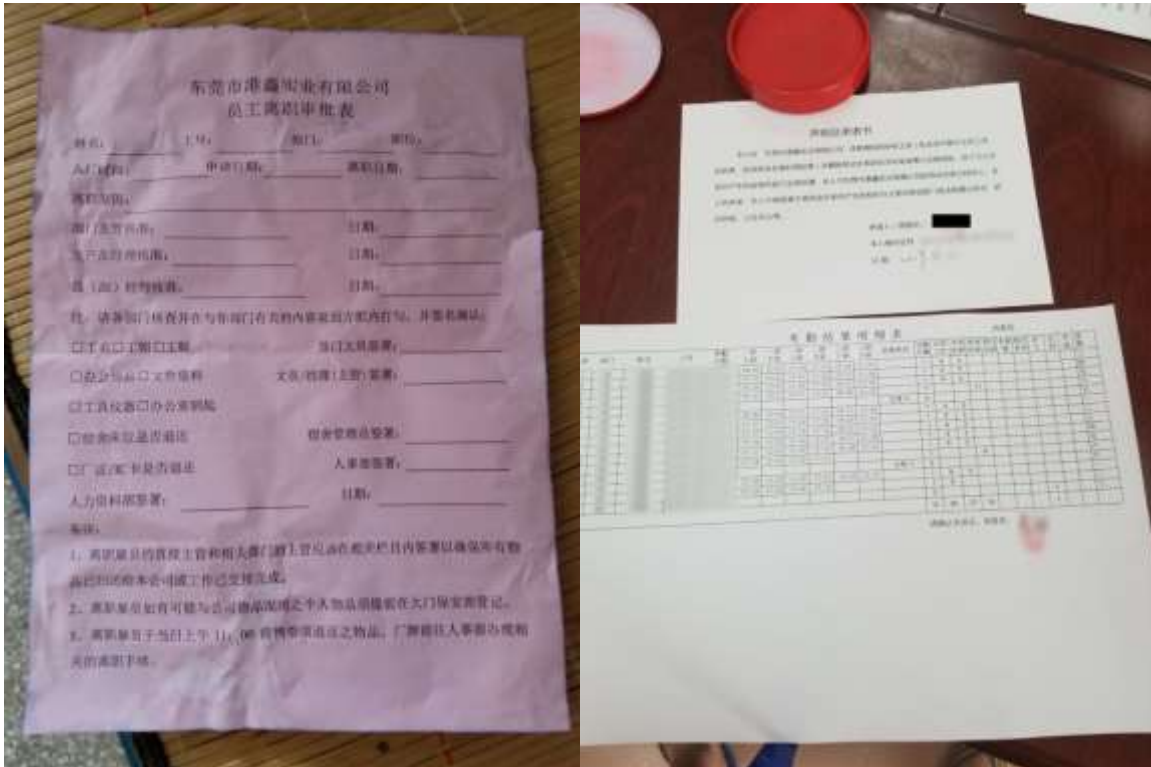
The probation period is one month. The wages during probation are the same as the wages after probation, but workers will not receive the full-attendance bonus during the probation period.

#### Resignation:

During the probation period, workers need to submit their resignation application three to seven days in advance. After the probation period, for regular workers, they need to apply for resignation one month before, and for temporary workers, they need to apply for resignation half a month in advance. HR will run through the resignation process for workers every Monday, Wednesday and Friday.

On the day they leave the factory, workers need to hand in their hats, armbands, and uniforms at 10:00 am, and they then need to confirm the exact hours they worked for the month with HR. If workers lost any of their hats, armbands, and uniforms, they don't need to pay compensation. The workers need to hand in their factory cards and sign the paystubs for their wages at around 3:00 pm. They will need to move out of their dormitory room by 6:00 pm. The wages for the previous month will be paid into their bankcards and the wages of the current month will be paid in cash.

If the worker goes through the resignation process, they can resign. The investigator learned from workers that resigning from the factory was very easy.



(Left: application form for resignation; Right: a form to confirm work hours and resignation)

## Section 2: Labor Contract

### Signing Process:

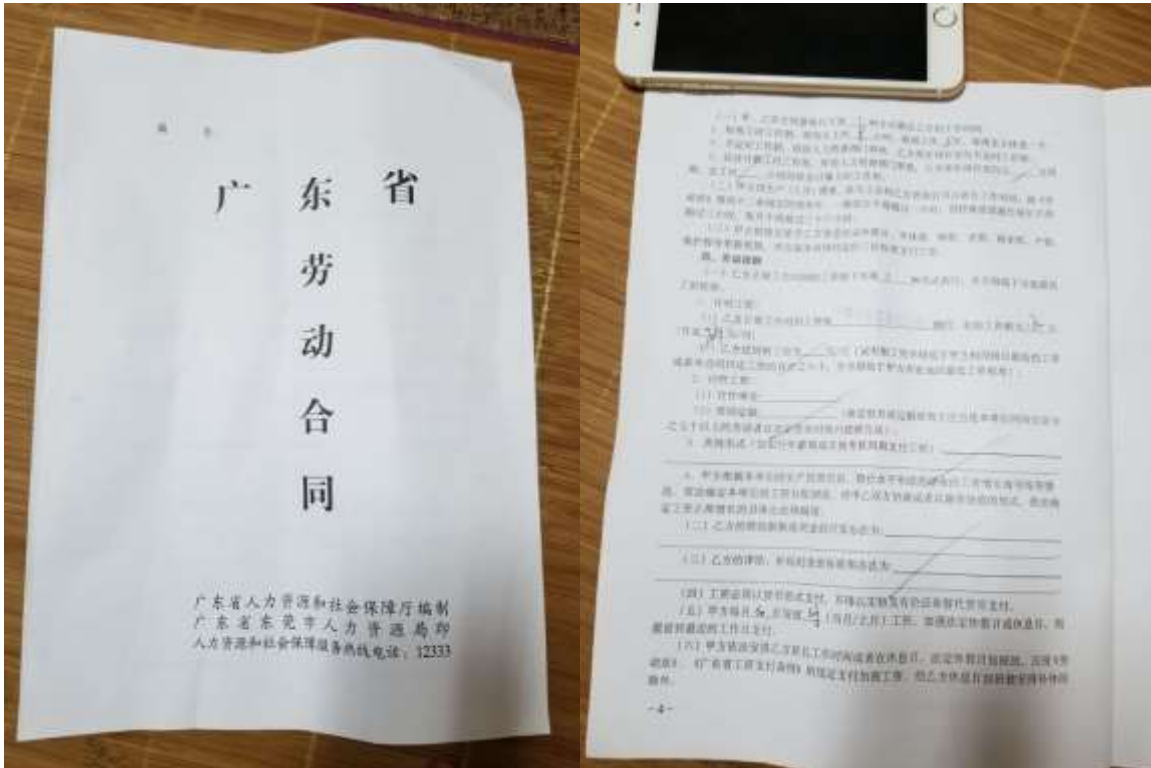
The factory usually signs labor contracts with new workers a few days after they have started working at the factory. Some workers may receive their contracts two to three days after they join the factory, and some workers may receive their contracts a week after they were employed. All workers receive a copy of their labor contracts.

When signing the labor contract, HR distributed contracts with the content filled out. The workers only needed to sign their names and fingerprint the contract. HR did not explain anything about the contracts and the workers did not understand the meaning of the contracts either. Some workers felt that the labor contract was useless.

Contract Terms:

The content of the contract includes - contract period, work content, work place, working hours, rest and holidays, wages, social insurance, welfare and benefits, labor protection conditions, occupational disease protection, contract changes, contract termination, contract mediation, contract arbitration, service period, non-compete clause and others.

Regular workers have the exact same contract as student workers.



(Contract terms. HR did not explain the terms for new workers while training.)

**Section 3: Working Hours**

The factory adopts a five-day, eight-hour work system. Currently, workers in the assembly workshop work 3 hours of overtime a day on weekdays, and 8 or 10 hours of overtime on Saturday. Workers do not need to work on Sunday. Workers put in around 99 overtime hours a month on average. This includes 65 overtime hours on regular work days and 34 hours of weekend overtime. According to the investigator's interviews, peak season is from April to September, and the rest of the year is off-peak season. During off peak season, overtime work is at maximum 3 hours a day and at times there is no overtime work. During peak season, overtime work is 3 hours a day on average, but sometimes workers may need to work 4 hours of overtime. The month with the most overtime work is April and workers need to work 4 hours of overtime everyday, getting off work at 10:30 PM. According to workers, they received the highest wages in April, which is more than 3800 RMB (\$542.9).

Not every department has night shifts. For example, there are no night shifts in the assembly department, but the injection-molding department has night shifts.



The assembly department adopts a one-shift system:

Assembly Department	Morning	Afternoon	Overtime Work
One-Shift System	8:00-12:00	13:30-17:30	18:30-21:30

Workers can choose not to work overtime, but they need to verbally notify their line managers before they get off work in the afternoon. There is no punishment for workers who refuse to work overtime. Workers have a day off every Sunday. Workers have 1.5 hours for lunch and rest at noon and an hour for dinner and rest in the afternoon.



(Workers on the way to work)

There are production targets for each production line. The workers are allowed to get off work and rest once they finish the production target. If the workers work fast, they can reach the production target at around 8:00 pm, and then they can rest. Workers need to come back to the workshop to clock out at 9:30 pm if they get off work early, and the factory will still pay them 3 hours of overtime pay even though they only worked 1.5 hours of overtime.

The production target was 16,000 previously, but currently, the new workshop leader has increased the production target by 2000, but this is not easy to fulfill, and workers need to work overtime till 9:30 pm. Many workers are complaining that despite the production target increasing, their wages are remaining stagnant.

The workers record their working hours by swiping in and out with their fingerprints. It takes only two minutes to line up and swipe out after work. The working hour record is comprehensive, and if there are any errors, the workers can ask for this to be corrected when they confirm their working hours and wages with HR on the 2nd of every month.



(Workers lining up to swipe out of work.)

#### **Section 4: Labor Remuneration and Benefits**

##### Wages:

The monthly wages of the workers in the assembly department is about 3400 RMB (\$485.7). The base wage is 1720 RMB/month (\$245.7) and the rest of the wages are mostly from overtime work. The wages include regular work, payment for overtime work on weekdays, payment for overtime work on weekends and full attendance bonus. Workers who work in the assembly department have no other subsidies other than the seniority subsidy. Workers who work in the injection molding department may have a specialty position bonus and a high-temperature subsidy. The workers are paid based on their work hours. The wage is 9.89 RMB/hour (\$1.4) for regular work hours, 14.84 RMB/hour (\$2.1) for weekday overtime work, and 19.78 RMB/hour (\$2.8) for weekend overtime work. The full attendance bonus is 50 RMB (\$7.1) per month. Workers who take leave, are absent or who forget to clock in and need to adjust the attendance record more than 3 times will not receive the full-attendance bonus for that month. The workers who live at the factory dormitory will have a 45 RMB (\$6.4) accommodation fee deducted from their monthly wages.

The factory staff will confirm the monthly wages with the workers on the 2nd of every month, and workers will receive their paystubs on the 20th. The factory will directly transfer the monthly wages to workers' bank account on the 27th of every month. The actual wages that workers receive are the same as the wages shown on the paystubs and the information on the paystubs are the same as the attendance records.



月数	部门	姓名	月薪	加班	扣款	实发工资	养老保险	医疗保险	失业保险	住房公积金	其他	合计	备注	日期
10			5,800	1,000	100	7,800	150	100	100	100	100	1,500		2010.10.20

(Workers would receive their paystubs on the 20<sup>th</sup> of every month. Their salaries were the same as the amount shown on the paystubs.)

Leave Policy:

Workers will still receive their wages during sick leave. The workers who wish to apply for sick leave will need to notify their line managers and fill out a sick leave application form. The line managers normally will not make it difficult for workers to apply for sick leave. After coming back to work from sick leave, workers need to provide a sick leave certificate issued by community clinics or hospitals.

Holidays:

Workers have paid annual leave and 11 statutory holidays. The investigator did not find any information about paid maternity leave, marriage leave and bereavement leave.

Workers who work at the factory for more than a year but less than 10 years will have 5 days of paid annual leave. Workers who work at the factory for more than 10 years but less than 20 years will have 10 days of paid annual leave. Workers who work at the factory for more than 20 years will have 15 days of paid annual leave.



(Workers on the production line)

### Social Insurance:

Workers who wish to purchase social insurance will need to go to the department staff and apply for it after a month of employment. The types and amounts of the purchased social insurance are unclear. Most of the workers do not purchase social insurance because the wages are not high and they are unwilling to have social insurance fees deducted from their wages. According to relevant labor laws, workers must purchase social insurance once they have established an employment relationship.

For workers who purchase social insurance, the details such as deduction items and amounts will be shown on their monthly paystubs.

### Recreational Facilities:

There are no recreational facilities at the factory.

## **Section 5: Dining and Accommodation**

### Dining Conditions:

Since 2019, workers received three meals a day, which was covered by the factory. Workers can also choose to dine in or out of the staff cafeteria. There are no other meal subsidies.

The staff cafeteria offers different varieties of food every day. For breakfast, there is pork and thousand-year old egg congee, porridge, steam buns, pork buns, fried dough, fried rice noodles etc. For lunch and dinner, the cafeteria offers a meal set with two meat dishes and one veggie dish, along with soups like bone broth, egg and seaweed soup, or tomato seaweed soup.



(Left: workers lining up for food; Middle: workers eating at the cafeteria;  
Right: Meals at the cafeteria)

### Accommodation Conditions:

For the dormitories, 6- 7 workers share one room that has an AC, a fan, bathroom, shower, and a balcony. There is no lock on the door. The factory requires anyone who is moving out of the dormitory to only do so during workers' break time at noon and in the afternoon, so that at least there will be someone in the room to make sure no personal items are stolen. There is a 45 RMB (\$6.4) accommodation fee per month, which includes water bills and electricity fees. If workers are moving out in the middle of a month, their

water bill and electricity bill will be charged by day and will normally cost 1.5 RMB/day (\$0.2). There is no first aid kit in the dormitory building.



(Left: Kongxing's dormitory room; Middle: a bathroom in the dormitory room;  
Right: workers usually dried their clothes on the balcony in the room)

## Section 6: Occupational Safety and Labor Protection

### Safety Equipment:

There are maintenance workers cleaning the workshop regularly. The workshop is spacious. Most of the hallways are unblocked, however, few walkways are blocked by materials and production equipment. There is a fan in every workshop, so it's cooler than outside. The workshop equipment is regularly inspected. In addition, each workshop is equipped with a first aid kit that is unlocked.

### Personal Protective Equipment:

The investigator did not witness toxic or hazardous substances on the third floor of the assembly department. Some powder packing workers were required to wear a mask for protection. Workers on the first floor of the assembly department come into contact with toxic chemicals and workers wear protective dust masks. The investigator believes it may be some oil paints. No gloves are provided.

### Environment, Health and Safety Committee:

There is no clear indication to suggest the factory has an environment, health and safety committee and according to the workers from the assembly department, there is no pre-job training in environment, health or safety.



(A notice about toxic ingredients on the wall of workshops)

### Section 7: Fire Safety

Walkways and emergency exits in the workshop are clearly marked and the lighting inside of the workshop is adequate, but walkways may be blocked by materials and production equipment sometimes. The cartons in the workshop are flammable and these are stacked near the passageways.

The workshop has fire extinguishers placed around the surrounding walls. The fire extinguisher in the factory is full of gas and is checked once a month.



(Left: fire-call number and checkup list; Middle: fire alarm bell; Right: checkup list and a fire extinguisher mark)

Walkways and emergency exits in the dormitories are also clearly marked and the lighting inside the dormitories is adequate. There is no debris blocking the hallway. The emergency exit door is not locked. There are no flammable substances in the dormitory area. The fire extinguisher in the dormitory area is full of gas, but it was not checked once a month. The investigator discovered in August that the last inspection of the fire extinguisher was in June.



(A map for emergency exits and fire extinguishers)

The factory has a fire drill every six months but not all workers participated. According to workers' feedback, the factory had fire drills in the production area in July, and the factory only allowed some workers to watch how to operate a fire extinguisher.

## Section 8: Rewards and Penalties

The factory has factory regulations, but the investigator is unsure if there are any rewards. During the training period, the factory only mentioned that if a worker is absent on three consecutive days, this would be seen as an automatic resignation.



(A notice board about factory regulations)

## Section 9: Labor Union and Grievance Procedures

### Labor Union

There are no labor unions in the factory, and workers can only go and talk to workshop line leaders or administrative departments if they have problems.

### Grievance Procedures

There is an ICTI ethical toy program workers' hotline on the back of factory ID card, but workers do not know what the phone number is for and the factory has never mentioned it either. No one has called the number before.





(Left: a hotline number poster on the workshop wall; Middle: a hotline number poster on the bulletin board; Right: hotline number on the backside of the factory card)

## Section 10: Other

### Employee Relations

The management is relatively tolerant in the factory. Workers are allowed to walk around if they wish to. They can go to the bathroom and drink water during their shifts, and they can enter and leave the dormitory freely after work. Workers entering and leaving the factory will not be searched. None of the interviewees reported any insults, beatings or sexual harassment in the factory.

### Client Visits and Audits

There were clients who sent their audit team to inspect the factory. On the day of the factory inspection, the factory arranges workers to dispose of the defective products accumulated for the week, and to place other materials in an orderly manner. The investigator asked the supervisor who the client was, but they were unsure.

### Worker Satisfaction

The investigator asked workers why they choose to work in this factory. Some workers said they were introduced to work at the factory by their relatives and others came here because the assembly department only requires long day shifts, plus the work is relatively easy compared to other factories.

The interviewed employees felt that the current wages are a little less compared to other factories. The average monthly wages in a year is about 3,400 RMB (\$485.7). If you work overtime, you only earn 3,700-3,800 RMB (\$528.6-\$542.9). This includes a base wage of 1,720 RMB (\$245.7), with regular overtime of three hours and weekend overtime of 11 hours. Using August as an example, workers work 22 days and there are five Saturdays that they are working. Regular work hour wages:  $22 * 8 * 9.89 = 1740$  RMB (\$248.6). Regular overtime:  $22 * 3 * 9.89 * 1.5 = 929$  RMB (\$132.7). For weekend overtime:  $5 * 11 * 9.89 * 2 = 1087$  RMB (\$155.3). Full attendance is 50 RMB (\$7.1) and accommodation fees are 45 RMB (\$6.4). This brings the total to 3,811 RMB (\$544.4).

Some employees feel that the overtime hours are a bit too long, but some workers hope that there can be more overtime, because the monthly wages is mainly based on overtime, and you can't earn much without overtime.

The management team is quite tolerant. Although during the morning meeting workers were told not to wear slippers, or listen to music with headphones while working, the line leaders will not say anything if someone is caught doing so. The assistant line leader will come and help anyone if they need to take a bathroom break or drink some water. The investigator has not noticed any workers who were fined because they violated the workshop regulations. The conditions are comparatively quite good: the work load is quite okay. Workers get free food and there is an AC unit in the dorm. The factory also held meetings for student workers before they leave the job and treat them to a nice meal. From the investigator's observations, the factory does a good job protecting the worker's safety, by offering protection equipment to those workers who are exposed to toxic or hazardous chemicals. On the other side though the wages is too low and the production goal is increasing constantly.

Some of the employees interviewed said that they would find some temporary work that has more freedom in the future, and some plan to find a job with higher wages.

### **Investigator's Journal Entry**

Today's temperature was 37 degrees Celsius which was relatively high, and according to the weather forecast, it felt like 48 degrees Celsius. This was a very hot day. Luckily, there is an air conditioner in the dormitory. I have worked for so many toy factories in Dongguan, and this is my first time working for a toy factory with an air conditioner in the dormitory room. The workers do not even need to pay for the electricity bill and the meals. There are only 7 people living in the same dormitory room with me, and 3 of them are student workers who will leave the factory around the 20th of this month. After they leave, we will have only 4 people in this room.

I work in the assembly workshop on the 3rd floor where they make toys for Disney's Frozen 2. My job is to check the firmness of the plastic balls (there are toy characters inside the balls). I need to knock the balls on the production line and see if the balls break or leak any dust. The work is very simple and not stressful. I usually work with only one hand. The daily production target is 16000. Though the target seems to be rather high, the workers can actually finish it quite quickly. We have 4 hours of work in the morning and afternoon, and usually 3 hours of overtime work every day. But we often reach the production target around 8:00 pm and then we can leave early. We just need to come back to the workshop to swipe out of work at 9:30 pm. However, not every production line can complete their production target at 8:00 pm, I worked for another production line yesterday, and we worked until 9:30 pm.

There are quite a lot of student workers in this line and a large number of the younger workers in this workshop are probably student workers. Once they leave the factory, the rest of the workers will be assigned to different production lines. I don't know which line I will be working for and I'm not sure if I can get off work at 8:00 pm then. If I am still on this line, I will be a senior worker by then. When we are bored, we chat with each other on the same line or listen to music. Workers on this line are quite friendly, and I find that workers who come from a more remote area are much kinder.

After having lunch, I went back to my dorm to lie down. I used my phone and took a nap. The noon break was 1.5 hours, so I went back to the workshop at 1:25 pm. I swiped in to work at 1:30 pm. From my work position, I could not really feel the wind from the fans and I could even smell the sweat under my armpits. It was a really hot day.

I went back to my dorm to rest. The dorm was really cool. During the afternoon break, a roommate finished his resignation process and was preparing to leave. By the time he came back to clean his stuff,

we were all there, and it was good that our belongings would not be stolen. Afterwards, a resident assistant came to check the room again. I think it was quite good, at least, it was safer.

I went back to my dormitory. There were two young men who were student workers. They took leave and stayed at the dormitory to enjoy the air conditioner this afternoon. Around 8:00 pm, our roommates who worked for the injection molding and spray-painting departments also got off work. Other roommates got off work and came back to the dormitory as well. There were two regular workers who wanted to resign in our dormitory. They complained that the wages were not enough that they only earned 3000 RMB (\$428.6) for the first month, though they didn't work the full month. Living costs here were expensive. The 3000 RMB (\$428.6) wage was not enough for them to support their family.

On such a hot day, it was definitely better to stay in the dormitory and enjoy the air conditioner. At 9:30 pm, I went to the workshop to swipe out of work, and then went back to the dorm to wash my clothes and take shower. I lay in bed to use my mobile phone, and went to sleep at 11:00 pm.

## Foshan Nanhai Mattel Precision Diecasting Co., Ltd. Investigative Report

### Company Profile



(The front gate of Foshan Nanhai Mattel toy factory)

Foshan Nanhai Mattel Precision Diecasting Co., Ltd. was founded in June of 1999, and is located in East Yong'an Road in Gunayao, ShiShan town, Nanhai District of Foshan City, Guangdong, China. Foshan Nanhai Mattel is one of the seven manufacturing companies for Mattel Inc. in China. The company mostly produces Fisher-Price brands alloy toys, plastic alloy toys and electronic toy products. The company occupies 90,000 square meters and employs around 3,000 workers.

#### Basic Information<sup>31</sup>:

Factory Name: Foshan Nanhai Mattel Precision Diecasting Co., Ltd.

Address: East Yong'an Road, Guanyao, Nanhai District, Foshan City

Number of Workers: Unknown

Main Products: Production of alloy toy cars, plastic alloy products and other toy products

Clients: Mattel (Thomas Train, Mini Thomas Train, Fisher-Price game controller)

Male to Female Ratio of Workers: 7:3; over summer vacation 8:2

Male to Female Ratio of Managers: 2:8

Number of Workers Interviewed: 14

Male to Female Ratio of Workers Interviewed: 4:10

Methods of Interview: Face to face

Average Age of Workers: Unknown

Product Photos:

<sup>31</sup> Figures below are an estimate based on investigator's observations.



Mattel Brands Thomas Mini Fig Asrt Checklane



Fisher-Price Silly Safari Swirlin' Surprise Elephant, Multicolor

## Section 1: Recruitment and Resignation

### Hiring Policy

#### Recruitment requirements:

The factory hires regular full-time workers as well as temporary workers. There are no restrictions on gender, region, ethnicity, and religion. Applicants must be healthy and above the legal minimum age for employment which is 16 years of age. All applicants need to bring a valid ID card with two copies, and two 1x1 inch ID photos. Individuals with disabilities who have a valid disability certification may also apply. According to workers, during peak season every year, the factory would also hire retired workers and student workers between the ages of 16 to 18 as there is a labor shortage.

Regular assembly line workers do not have a physical examination, only those who work in special positions, such as the injection molding department, are required to undertake a physical examination and the factory covers the cost of this. During the interview, applicants are not charged any fees.

#### Recruitment Process:

Individuals who apply for a full time regular position have the same interview as those who apply for a temporary worker position. However, those applying for temporary work need to fill in their finish date on their application form. Our investigator found the Foshan Nanhai Mattel Co., Ltd.'s hiring post on the website 58.com and contacted the recruitment team directly over the phone. Currently, Mattel is only looking for regular workers because they have already hired many temporary workers for the summer.

Regular workers earn a base wage of 1860 RMB/month(\$265.7) and work 8 hours a day. Workers can volunteer to work 3 hours of overtime everyday during peak season, and will be paid 1.5 times the hourly rate for overtime work and for work on Saturday, workers earn double the hourly rate. Everyone has one day off a week.

Mattel HR invited the investigator to interview on Monday through Wechat. HR also told her that there is a temporary place for her to stay and the interview location is the recruitment center next to the factory.

The investigator arrived at the recruitment center at noon and all the staff were at lunch break. A security guard told her and other applicants to fill the application form first. They finished the form and waited inside until 1:30 pm. Another security guard and a staff wearing a factory name tag came in and collected their applications. They directed everyone into a small room and checked everyone's outfits. Workers are not to wear shorts, sandals, slippers, or off-the-shoulder tops. If anyone violates the dress code, they will be asked to change immediately. After a brief visual inspection, the same staff member led all the applicants around for a five minute factory tour. The applicants briefly went through the injection molding department on the first floor and the pad printing and assembly department on the second floor. Then, everyone went back to the room for their interviews.

The interview started with the introduction of job duties in each department. The factory has five departments and four of which are hiring at the moment (Spray-painting, Assembly, Pad Printing, Injection Molding). The printing and materials department were not hiring during that time. Workers who work at the Pad Printing and Injection Molding departments receive a hazardous process subsidy. The maximum subsidy for Pad Printing is 350 RMB/month (\$50.0). However, if applicants want to be assigned to the Pad Printing or Injection Molding department, they are required to take a medical exam first. The medical exam includes a blood test as well as a vision and hearing test.

The staff wearing the factory name tag asked applicants who passed the interview which department they'd like to work in and told them to write this down on the application form. All departments require a

medical exam except the assembly department. Applicants choose which department they would like to work in. Everyone then took their ID cards and went for a photoshoot at the front desk. The HR staff told everyone that they needed to bring a copy of their bankcard the next day for their monthly wage deposit in the future and it must be a China Construction Bank card. For anyone who doesn't have a bank account with CCB, the factory can offer to open an account quickly. For those who already have one, they are to bring their own cards.

#### Recruitment Channels:

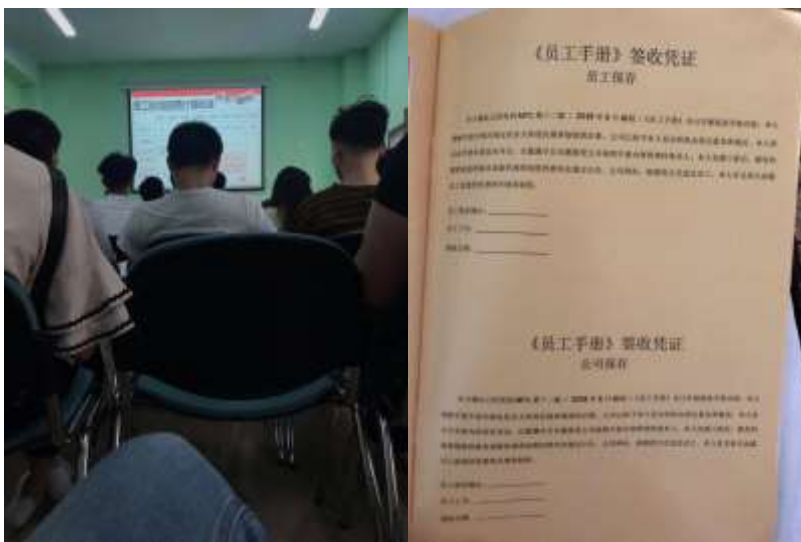
The factory has three channels to recruit new employees.

1. Direct Hiring: The Human Resources team recruits directly either on site or through job posting websites.
2. Employee referral: Anyone who is currently working at the factory can refer a new employee for an interview. Referee and referrer both receive a bonus of 300 RMB (\$42.9) after working for three months.
3. Rehiring: The factory rehires workers who previously worked at the factory. Although the rehired workers don't receive any benefits.

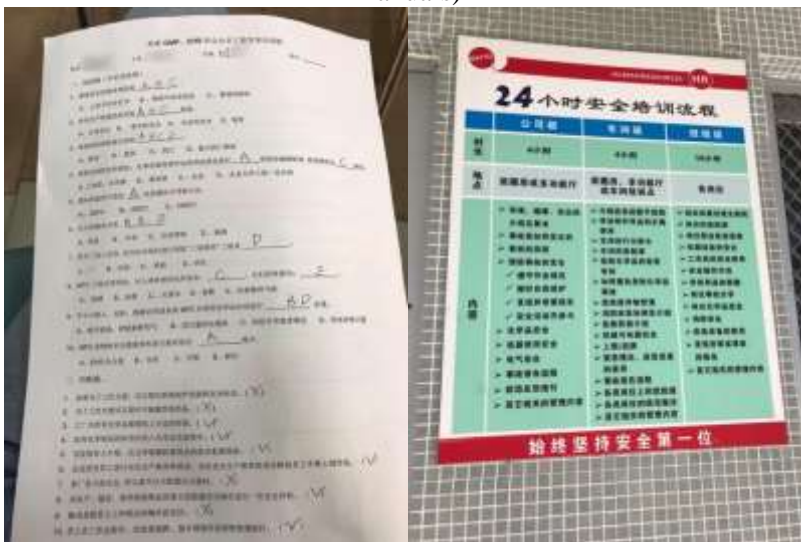
#### Training:

The training for new workers is supposed to be 24-hours. However, the actual training only lasts 4 hours. During the rest of the training hours, new workers worked in the workshop. The 4-hour training includes 2 hours of signing documents and papers.

Workers signed in with the teacher at the training classroom in the morning. The teacher then distributed an employee manual and new workers are to sign their names on the last page which implies they have read through the whole manual. Workers then watch several training videos on the topics of safety, job duties, working environment, salaries and benefits, and a confidentiality agreement etc. The confidentiality agreement covers non-compete and non-disclosure agreements. New workers need to sign after every single video. At the end of the last video, the teacher came and explained workers' benefits and the factory's policy on the full attendance bonus. For example, workers will receive a 150 RMB (\$21.4) bonus if they put in 168 hours a month. After that, new workers signed the contract. New workers were given their own copy of the contract. After signing the contract, the teacher gave everyone a test on environment, health and safety. He also provided the answers afterward and told workers to correct the answers themselves. On the back of the test paper, there was an advance wages application for worker's food subsidies. After the training, the teacher distributed everyone their factory ID and uniforms. The whole training process took about 2 hours and does not include the time spent signing contracts etc.



(Left: training session for new workers; Right: workers needed to sign on the last page of their employee manuals)



(Left: a test sheet about environment, health and safety issues; Right: a poster in the factory shows that there would be a 24-hour long training, but the training session was only 4 hours)

In the afternoon, new workers were assigned and taken to different departments and began working. Workers were paid for the training session. According to the investigator's experience, the training session on occupational safety and workshop training did not cover knowledge about production safety such as the sources of hazard. Besides, production lines in the factory produce different products and workers in each line usually get rotated to different work positions. But the factory did not provide enough training or tell workers which production lines have dangerous chemicals or hazardous machinery. New workers only watched a short video about general work safety protection during the training session. Workers need to ask factory staff for safety protective equipment such as helmets and gloves and staff do not voluntarily hand these out.

Student Worker:

The factory usually recruits 16-18 year old student workers during the peak season each year, but there are no student workers that are organized by schools to intern at the factory.



### Physical Exam:

Workers were organized by the factory to have a physical exam together at a hospital outside the factory. The exam includes blood tests, vision and hearing tests.

Because the assembly department is not a specialty department, there is no pre-job or post-job physical examination. The injection molding and pad printing department, on the other hand, are specialty departments, and workers come into contact with hazardous toxic materials. Workers are required to undertake a pre-job physical examination and they also take a post-job physical examination as well. However, if temporary workers require the factory to pay for the post-job physical, then they must return to the factory and work next summer. Or else, workers have to pay for their own physical examination. The physical examination is done at a hospital outside of the factory.

Workers are unable to receive the results of their physical examination

### Probation period:

There is a one month probation for every new worker. Workers who are on probation are paid the same as regular workers, but the factory does not purchase social insurance or the housing provident fund for them.

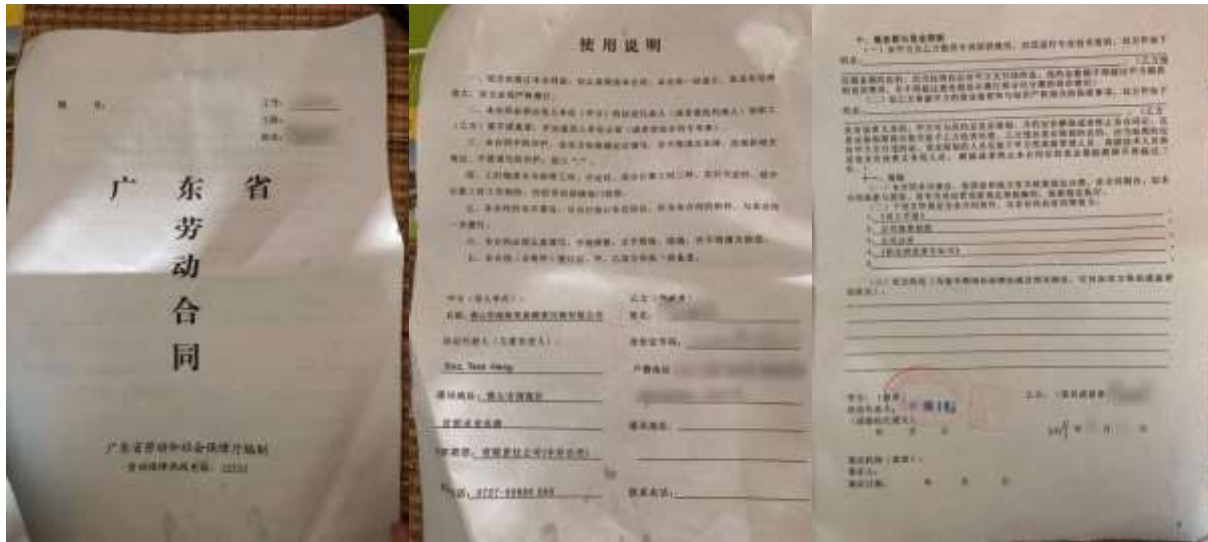
### Resignation:

Workers who wish to quit must submit a resignation letter in advance. Regular workers are to give at least a weeks' notice if they wish to quit. Workers who are still on the probation period and also student workers are required to give at least three days notice. Workers will receive their final wages by the 10th of the following month after they quit. Workers need to pack their belongings and return the dorm room key to the front desk, then go to the resignation office to return their uniform and factory ID on the last day of work. They will also need to sign and make sure their last pay stub is correct before they leave.

## **Section 2. Labor Contract**

Regular workers and temporary workers both need to sign a one-year labor contract with the factory. Both types of workers have a one month probation period. For the contract, workers need to fill in their name, address and ID number, and then sign.

The content of the contract includes the duration, work location, work content, working hours and vacation, compensation, social insurance and welfare, labor protection, labor conditions and occupational hazard protection, etc.



(Left: the cover page of the contract; Middle: contract terms; Right: the last page for workers to sign)

### Section 3. Working Hours

#### Work Schedule

	Day	Week	Month ( 31Days )
Weekday Work	8HR	40HR	176HR
Weekday Overtime Work	3HR	15HR	66HR
Weekend Overtime Work	11HR	11HR	44HR
Longest Working Hours			Around 286HR

During the investigation period, it was the factory's peak season, and also because of the high resignation rate, workers had to work overtime everyday. Senior workers said they only needed to work two hours of overtime a day during off peak season and did not need to work on Saturday.

The production targets for each assembly line were different. Some assembly lines have a target of 1200, 1400 or 1600 for each worker a day. The production target of the assembly line which the investigator was assigned to was 4800 for two workers a day and 5200 for three workers a day. The production target of the injection molding department was 2900 for a worker a day. Some production targets were really hard to meet, and for workers who do not meet the production target, line managers would usually scold them or assign someone else who workers fast to the position.

Workers need to swipe their cards within the 14 minutes before their shift starts, and need to swipe their card within 14 minutes after their shift ends. This period of time is unpaid. If there are any technical issues and workers cannot swipe in or out correctly, they can contact their line managers to correct the attendance record.

Workers switch shifts every half a month and the new shift will start on the day after the rest day for the week.



(Workers on the production line)

Working Time :

Two-shifts system	Work hour	Breaks	Work hour	Break	Work Hour
Day shift	7:00 ~ 11:00	11:00 ~ 11:40	11:40 ~ 3:10	3:10 ~ 3:30	3:30 ~ 7:00
	7:30 ~ 11:30	11:30 ~ 12:10	12:10 ~ 3:10		3:30 ~ 7:30
Night shift	7:00 ~ 11:00	11:00 ~ 11:40	11:40 ~ 3:10	3:10 ~ 3:30	3:30 ~ 7:00
	7:30 ~ 11:30	11:30 ~ 12:10	12:10 ~ 3:10		3:30 ~ 7:30
Overtime	4:00 ~ 7:00				
	4:30 ~ 7:30				

Both the day shift and night shift have two different schedules, as well as overtime and they are 30 minutes apart. The injection molding department's work hours are from 7am to 7pm and they have Thursdays off. (Although the injection molding department has to work on Sundays, they do not receive double pay for this. This is legal as labor law only stipulates workers are to have one day of rest per week.)

#### Section 4. Labor Compensation and Benefits

During the investigation period, it was peak season at the factory. If workers do not take leave, arrive on time for work and do not leave early, the monthly average wage each worker receives is about 3400-4000 RMB (\$485.7-\$571.4) which are the net wages workers receive after deducting accommodation fees, social insurance and income tax. The wages include the monthly base wage of 1860 RMB/month(\$265.7), and overtime pay as well as various subsidies.

Overtime pay and various types of subsidies are as follows:

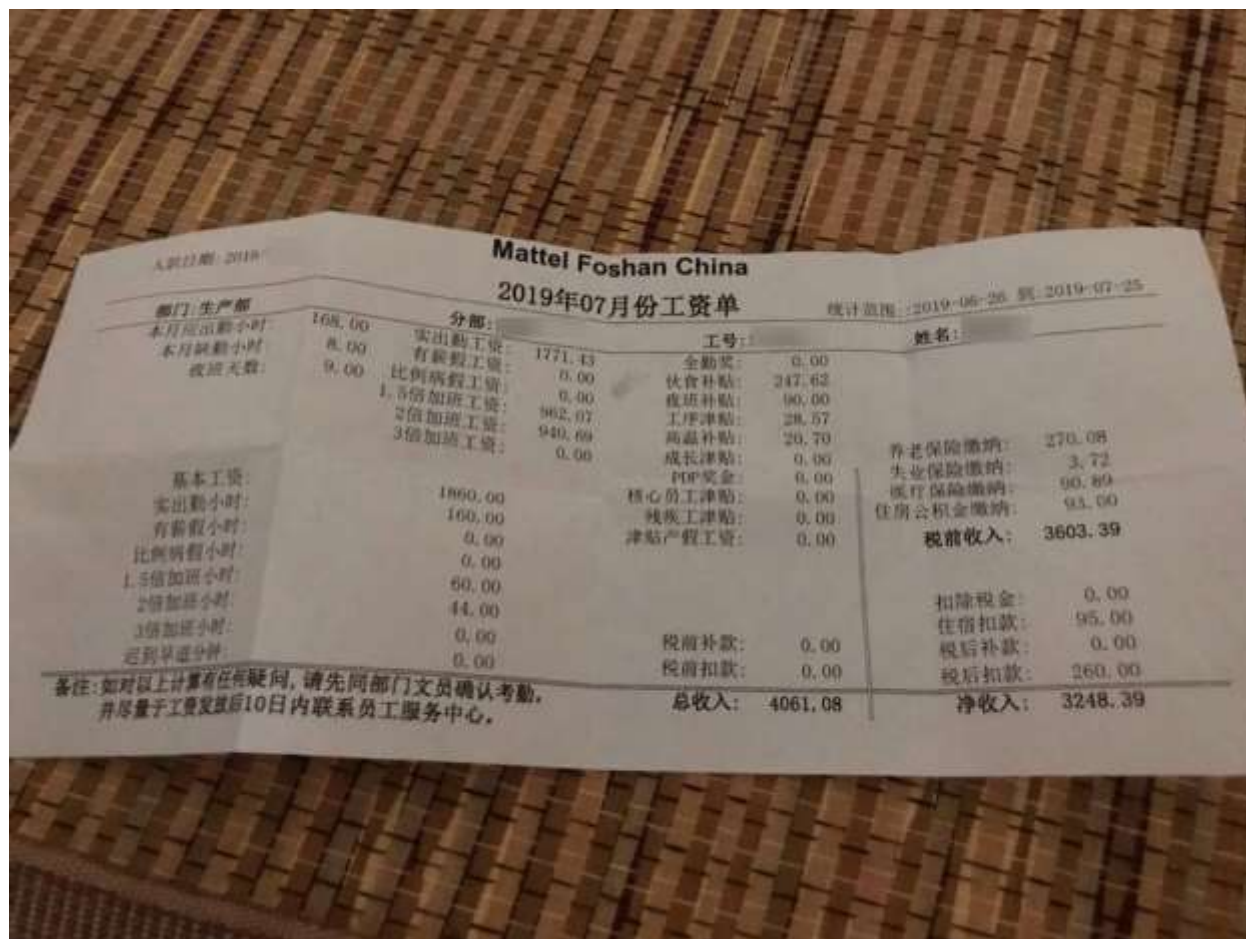
- 1.5 times the hourly rate for overtime on weekdays; 2 times the hourly rate for overtime on weekends.
- 10 RMB/ day (\$1.4) night shift allowance
- 260 RMB/ month (\$37.1) meal subsidy. The factory will pay the first month's meal subsidy in advance.
- 150 RMB/ month (\$21.4) full attendance bonus. To receive the full attendance bonus, workers cannot take personal leave, be absent or take sick leave. Workers cannot leave early or be late more than three times that month. If workers are late or leave early for more than 5 minutes, they will not receive the full attendance bonus for the month.
- Up to 200 RMB/ month (\$28.6) in high-temperature subsidies. Only certain departments receive this subsidy. Workers at the assembly department do not receive this subsidy, workers in injection molding department receive around 200 RMB/ month (\$28.6).
- Hazardous process subsidies. Workers who work at the Pad Printing and Injection Molding departments receive a hazardous process subsidy. The maximum subsidy for Pad Printing is 350 RMB/month (\$50.0).

Workers who do not live at the factory dormitory do not receive an additional accommodation subsidy.

Summer workers, like regular workers, will have 457.69 RMB/month (\$65.4) deducted from their monthly wages for social insurance and housing provident fund after working for a month.

#### Payment Method

The wages will be paid, at the latest, on the 10th of each month. Wages will be paid to the bank account that the worker provided to the factory during the training session. There is a paystub showing all the details about the wages including the deductions for accommodation fees, social insurance, housing provident fund and personal income tax to each worker. If a worker is absent for a day, the factory will deduct wages for that day.



入职日期: 2019-07-25  
部门: 生产部  
统计范围: 2019-06-26 到 2019-07-25

**Mattel Foshan China**  
**2019年07月份工资单**

姓名:		工号:	
本月应出勤小时: 168.00	分部:	全勤奖: 0.00	
本月缺勤小时: 8.00	实出勤工资: 1771.43	伙食补贴: 247.62	
夜班天数: 9.00	有薪假工资: 0.00	夜班补贴: 90.00	
	比例病假工资: 0.00	工龄津贴: 28.57	
	1.5倍加班工资: 962.07	高温补贴: 20.70	
	2倍加班工资: 940.69	成长津贴: 0.00	
	3倍加班工资: 0.00	PDP奖金: 0.00	
		核心员工津贴: 0.00	
基本工资:		残废工津贴: 0.00	
实出勤小时: 160.00		津贴产假工资: 0.00	
有薪假小时: 100.00			
比例病假小时: 0.00			
1.5倍加班小时: 60.00			
2倍加班小时: 44.00			
3倍加班小时: 0.00			
迟到早退分钟: 0.00			
		税前补款: 0.00	
		税前扣款: 0.00	
		总收入: 4061.08	
			姓名:
			养老保险缴纳: 270.08
			失业保险缴纳: 3.72
			医疗保险缴纳: 90.89
			住房公积金缴纳: 93.00
			税前收入: 3603.39
			扣除税金: 0.00
			住宿扣款: 95.00
			税后补款: 0.00
			税后扣款: 260.00
			净收入: 3248.39

备注: 如对以上计算有任何疑问, 请先向部门文员确认考勤, 并尽量于工资发放后10日内联系员工服务中心。

(Payment and deduction details are shown on the monthly paystub)

### Benefits

Social Insurance	After working at the factory for a month, the factory will deduct social insurance payments from wages for summer workers and regular workers. The factory only applies for a social insurance card for workers after they have been employed for two months. If workers want a social insurance card but have only paid social insurance for one month, then they will need to go to the bank to apply for the card themselves. The social insurance card is a certificate for various social matters, such as checking the payment status of social insurance online or applying for unemployment insurance. As long as citizens pay for their social insurance, their rights will not be affected even if they don't have a social insurance card. But if they don't have one, there are more steps to take when they try to access services, which may be troublesome. Many summer workers do not know there is a social insurance card and line managers do not tell them either.
Wages for Leaves	Workers receive wages during sick leave but will not receive wages for personal leave. Workers who wish to apply for sick leave will need to submit a doctor's certificate. The doctor's certificate can be issued by the factory's doctor and doctors outside the factory, and doctors need to clearly mark the time sick leave was taken on the certificate. For certificates issued by non-factory doctors, the certificate must be stamped and approved from at least a town level hospital.
Paid Leaves	Bereavement leave, Sick leave, Work injury leave, Marriage leave, Maternity leave, Annual leave

National Holidays	Factory will pay wages to workers.
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#### Paid Leaves

Bereavement Leave	3 Days
Marriage Leave	3 Days
Maternity Leave	98 days (15 days before you give birth), plus an additional 80 days. For difficult labor, workers receive an extra 30 days. For twins or multiple births, the worker will receive an additional 15 days per baby.
Sick Leave	Based on the worker's seniority/tenure : <u>Less than 10 years</u> 3 months if working at the factory for less than 5 years 6 months if working at the factory for more than 5 years <u>More than 10 years</u> 6 months if working at the factory for less than 5 years 9 months if working at the factory longer than 5 years but less than 10 years 12 months if working at the factory longer than 10 years but less than 15 years 18 months if working at the factory longer than 15 years but less than 20 years 24 months if working at the factory longer than 20 years
Work Injury	Based on the medical certificate
Vacations and Annual leave	40 hours/year if working at the factory for less than 5 years. 56 hours/year(5 to 10 years) However, if you already took sick leave that lasted more than 2 months, you cannot receive paid annual leave during the same calendar year 80 hours/year(10 to 20 years) However, if you already had a sick leave last more than 3 months, you can not receive paid annual leave during the same calendar year 120 hours/year(More than 20 years) However, if you already had a sick leave more than 4 months, you can not receive paid annual leave during the same calendar year

There are 178 days of maternity leave. Workers usually choose to start taking leave a month before delivery, so they can still have time to take care of their babies for some time after delivery. In order to have enough time to take care of their new-born babies, pregnant workers usually keep working until a month before delivery. Female workers can take leave to take care of their children, but it will be considered as personal leave and they will not be paid.

#### Recreational Facilities

The factory has a TV room, free Wi-Fi (connected but workers are unable to use it), function room (open on Saturday night), library, medical room, snack shop (closes at around 8:00 pm), gym, badminton court (on the second floor of the dormitory), a basketball court, soccer field (the investigator did not see it)

### **Section 5. Dining and Accommodation**

#### Dormitory

The factory provides dormitories to workers. There are two dormitory buildings in the factory. Because there are quite a large number of summer workers in July and the regular dormitory of Mattel factory is

already full, the factory sends a number of summer workers to dormitories they have rented from Zhongmei Toy Factory (Foshan Nanhai Zhongmei Toy Factory) to live there temporarily. The temporary dormitories at Zhongmei Toy Factory for male workers are on the first floor and the temporary dormitories for female workers are on the fifth and sixth floors.

Length of Service Years	Accommodation Fee (RMB/ Person/ Month)	Accommodation Fee (USD/ Person/ Month)
The First Year	45	6.4
The Second Year	35	5.0
The Third Year	25	3.6
The Fourth Year and Above	15	2.1



(Left: Mattel's dormitory room; Right: a balcony at the dorm room. Workers usually dried their clothes on the balcony)

There is a shuttle bus for workers' to travel between Zhongmei Toy Factory and Mattel Factory, and it usually takes about ten minutes to travel from Zhongmei Toy Factory to Mattel Factory. If workers walk from Zhongmei Toy Factory to Mattel Factory, it usually takes about forty to fifty minutes.

The regular dormitory room in Mattel Factory is an eight-person room without separate toilets and shower rooms. Workers need to use the bathrooms in the corridors to take a shower or wash their faces. There are 20 separated shower rooms and toilets shared by around 200 workers on each floor. There is one A/C, four fans and one balcony in each dormitory room.



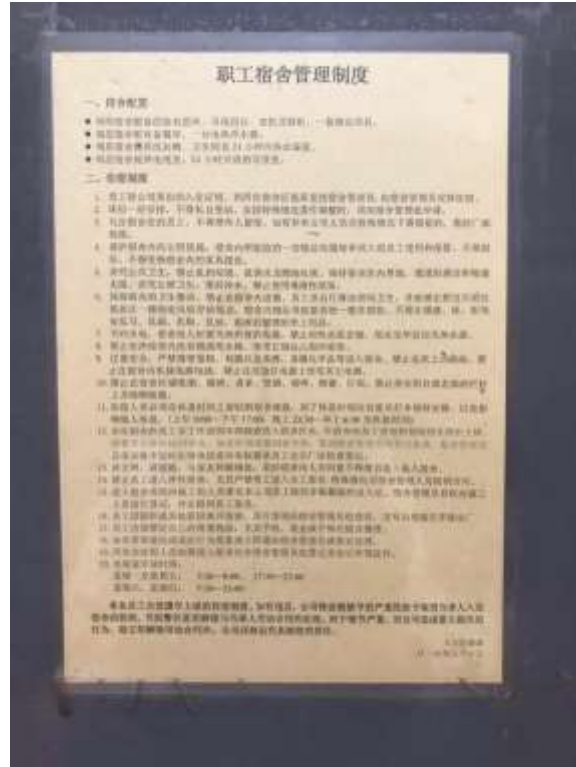
(Left: public bathrooms in the corridors; Right: there was no door and no privacy in public bathrooms)

The dormitory room in Zhongmei Toy Factory is a six-person room but there is only one fan and there is no A/C in the room. People said that the factory will arrange regular workers who are now living at the Zhongmei dormitories to move back to Mattel's regular dormitories first after summer workers leave, and temporary workers will be moved back after when there are more empty rooms.

There is another dormitory building next to the workers' dormitory building, which is for line leaders and managers. There are refrigerators, A/C and other furniture at the dormitory rooms in that building. There are four people to a room.

The dormitory accommodation fee for the first year is 45 RMB/month (\$6.4); for the second year, the accommodation fee is 35 RMB/ month (\$5.0), for the third year, 25 RMB/ month (\$3.6), and from four years onwards, it is 15 RMB/ month (\$2.1). In addition, from May to September, another 50 RMB/ person/ month (\$7.1) will be charged for electricity for the A/C.





(Dormitory regulations)

Dining

Workers can eat in the factory cafeteria. In the first month of work, the factory will charge new workers 260 RMB (\$37.1) in advance as a meal subsidy. New workers can decide by themselves whether they want to eat at the factory cafeteria or not. If workers choose to eat outside the factory, they will not be charged the 260 RMB (\$37.1). A meal set costs 2 RMB (\$0.29) for one meal set and includes three vegetarian dishes, and there are noodles and some Hunan dishes. Workers can also have self-selected dishes which generally cost 3-4 RMB (\$0.29 - \$0.57) for one dish.



(Left: factory cafeteria; Right: cafeteria staff making food for workers)

There is also a fruit shop and a milk tea shop in the cafeteria.

Some old workers said that the cafeteria is not clean, and some senior workers mentioned they used to find hair, aluminum wire or even green worms in their dishes. The cafeteria staff do not wash the dishes properly.

Meal Service	Service Time
Breakfast	6:30 ~ 8:00
Lunch	11:00 ~ 13:00
Afternoon Tea	15:10 ~ 15:30
Dinner	18:00 ~ 20:00
Midnight Snacks	23:00 ~ 00:30

Because the assembly department usually does not work on Sunday, and only workers from the injection molding department work on that day, there will be fewer shops and windows open on Sunday.

There is a water bar in the cafeteria at 3:10 am for the night shift workers, and the water bar sells bread, chicken legs, sausages and milk tea.

There are also a variety of snacks sold at the entrance of the factory such as spicy hot pot, fried rice noodles, and some other snacks from Sha County, and it costs about 7-8 RMB (\$1.0-\$1.1) per serving.



(Water bar sells snacks, bread and beverages to workers)

## Section 6: Occupational Safety and Labor Protection

### Safety Equipment

There is no first aid kit in the dormitory, but there is a medical room on the first floor of the dormitory.

There is a first aid kit in the factory office.

### Personal Protective Equipment

During the probation period, the factory will provide a vest to new workers and uniforms will be provided a month later.

The investigator was assigned to a position without personal protective equipment. When she was assigned to other positions for temporary support, she found that workers at those positions had helmets and gloves for safety. But the factory staff and managers did not give her the same protective equipment when she worked there, because she was just providing support work, though she was actually doing the same work as other workers. One time, a line manager gave her a pair of gloves when she was assigned to support another line, but it was after an hour of work. When she supported the position with the ultrasonic lace machine, she did not receive earplugs; and when she used paint thinner to work at another position, she was not provided gloves and masks. Another worker was transferred to the position to cover her afterwards, and he did not receive protective equipment either. The worker who worked next to her in the position with the ultrasonic lace machine asked the line leader for masks and gloves the following day. He said the smell was too strong and he really needed protective equipment, so he decided to ask for them himself.

The investigation did not have protective equipment such as gloves when she worked at the position which used paint thinners, and she was not informed by the factory staff or managers that the ultrasonic

lace machine would cause damage to her hearing. If workers are in contact with paint thinners and require protective equipment, they need to ask for it.

#### Environment, Health and Safety Committee

There is no Environment, Health and Safety committee at the factory.

#### Work Injury

During the investigation, one day, the investigator felt slightly dizzy because she ate too little breakfast that morning. She was taken to the medical room, and the doctor suggested her to take a half day rest without pay and did not do any further examinations.

### **Section 7: Fire Safety**

There are six fire extinguishers, nine smoke detectors and five emergency exits on each floor.

There is no fire drill, but a TV on the first floor plays a video about fire safety on repeat.

There are clear signs and adequate lighting at the emergency exits and passages at the workshops and dormitories. At the same time, there is no clutter blocking the passages and exits.



(Left: Evacuation plan in dormitory; Right: Fire extinguishers)

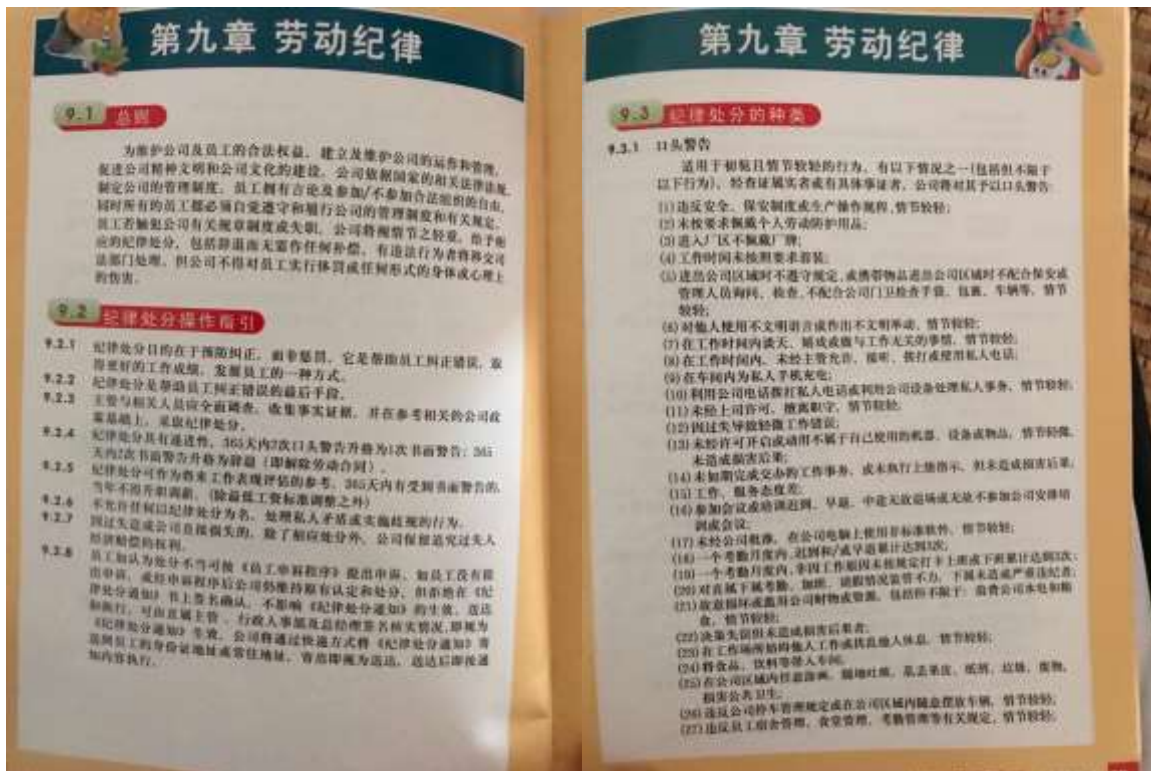
### **Section 8. Rewards and Penalties**

There are specific regulations on workers' attendance system. Workers must swipe their cards themselves to clock into work and clock off at work. It is a violation of regulations if the worker asks another worker to help them swipe for attendance or if they help others swipe their cards. Workers must swipe their cards within 14 minutes before their shift starts and within 14 minutes after their shift ends. Workers who violate the regulations may be dismissed by the factory, however, these regulations are not strictly enforced.

If a worker is unable to swipe his card in or out due to some official business or other reasons, they can contact a manager or someone above, and then ask the Human Resources Department to confirm and then make adjustments to their attendance. Otherwise, the worker will be considered as absent and the wages for that day will be deducted.

According to the employee manual from the factory, the disciplinary action is cumulative. Two verbal warnings within one year is equivalent to one written warning, and two written warnings within a year equals a dismissal. A worker who received a written warning cannot be promoted and their wages will not increase for that year.

Regarding the operational procedures of each assembly line, there will be special quality inspectors taking samples for inspection, and staff from the quality control department will also walk around to check. But in reality, workers will only follow the Standard Operating Procedures (SOP) when inspectors or staff from the quality control department come to check. Normally, workers will just work as they like.



(There are detailed factory regulations in the employee manual)

## Section 9. Labor Union and Grievance Procedures

### Labor Union

There were labor representatives but the investigator did not find a labor union at the factory. If workers encounter an issue or problem, they directly contact the employee service center.

### Employee Service Center

The employee service center is at the entrance of the factory. Workers can ask for help, complain and complete their resignation procedures here. During the investigation period, the investigator did not see or

hear any worker going to the service center to complain, and there were no special procedures for handling sexual harassment or abuse.

Other than completing resignation procedures at the employee service center, workers also need to go to the office on the first floor of the workers' dormitory to sign paper forms. The opening hours are Monday, Wednesday and Friday. In the past, workers could complain and complete the resignation procedures all together at the same place. But several senior colleagues said there were too many workers resigning, and to prevent other workers from also wanting to resignation, the factory arranged a separate room for resignation procedures.

### Grievance Procedures

There is a hotline number on worker's factory cards and the employee's guidebooks.

Though there are grievance channels for workers to complain, interviewed workers said it was just a mere formality. Even if there is really an issue, factory staff always protect one another, and there is no promising way for the workers to settle their issues. If the complaints are about problems that the factory does want to solve, then they will be very efficient. But if it is a problem that they do not want to address, workers can only complain and release their emotions to the staff there. For example, a worker complained that the workshop was too hot when they were working on the production line and factory staff setup fans at the workshop the following day. However, another worker complained about management issues regarding line managers, but there was no review meeting and the line manager was not punished.

## **Section 10. Others**

### Reasons for working at the factory:

Some of the workers at the Mattel factory are locals who stay here for their social insurance. There are also workers from other cities or regions, most of them were introduced to the factory by their friends from the same hometowns or cities, because there is an internal referral bonus if you introduce a new worker to join the factory and the worker stays at the factory for 3 months. For these cases, both workers will receive a 300 RMB (\$42.9) bonus as a reward.

### Worker Satisfaction

Some workers are complaining that their production target has increased over these years, while their wages have remained the same. When the investigator interviewed workers what they wanted to complain most about, the first thing that comes to workers' minds was to reduce the production target. Generally speaking, many new workers join the factory during peak season, but a lot of workers resign during that period as well. The main reason for workers resigning is the heavy workload. Many workers complain that line leaders push them to work harder and faster. If workers make any mistake or do not work fast enough, line leaders usually scold them badly. Quite a number of workers, both male and female workers, can't stand this situation and decided to quit. The interviewed workers said that this factory does not treat workers as human beings as they set an incredibly high production target. New workers who are not familiar with their tasks are also asked to have the same production target as more senior workers, and if they do not reach the target, they will be blamed by the factory staff. The interviewed workers said that many female workers had experienced being told off until they were crying, and most of them would resign after two days.

### Client Visits and Audits:

The investigator did not see any client visits or audits during the investigation period.

## Investigator's diary

### Day 1

Having been shown around the factory after the staff checked our forms, we were taken to a training room for the introduction of every product line and were asked about our preferences. We first saw the printing workshop, which was very noisy and all the workers were wearing noise-cancelling headphones. We then saw the painting workshop and there was a pungent smell, yet the trainer stressed that the smell is non-toxic. The final workshop we saw was the assembly workshop and most of the workers here were quite young. There were over ten people in each line. Finally, the trainer recommended me and another girl to go to the “Thomas & Friends MINIS Toys” assembly department.

### Day 2

I was assigned to the assembly department of Thomas & Friends MINIS trains in the afternoon. Some senior workers told me that compared to other assembly departments, this department is much easier to take leave. Generally speaking, peak season at the factory is before September, and it is off peak season after September. Many workers normally choose to resign and find jobs at other places during this period because the factory does not let workers work overtime work during off peak season. Without overtime payment, workers can only receive the base wage of 1860 RMB (\$265.7) per month, and after deducting social insurance and provident fund fees, the wages workers receive are even lower.

Another reason that more and more workers are resigning is because the production target keeps increasing every year without a wage increase. The base wage used to be 1680 RMB (\$240.0) and it was increased to 1860 RMB (\$265.7) this year, but the factory canceled a 200 RMB bonus (\$28.6) for workers this year, which means that the actual wages did not increase. Hence more and more workers chose to resign, and some of the workers are willing to return to the factory to work during the peak season and then leave again during the off peak season.

Some old workers also told me that although the factory told us and emphasized that the injection molding process is non-toxic, it does have a strong smell, and this smell is actually harmful. Female workers who are pregnant normally will be transferred to our department which has no smell.

### Day 4

At 3:00 pm in the afternoon, I was chosen to join in on a group meeting. All attendees in the group meeting were new workers because the HR management team would like to collect some opinions from new workers. Some of the new workers mentioned that line managers were unfriendly towards new workers, and there were banners in the factory saying that they would help new workers but they were actually bullying new workers. Workers also mentioned that there were several line managers who were just promoted because it was peak season and this caused a lot of problems as they lacked management experience. The HR management team said they would improve and resolve these issues. (Afterwards, some seniors workers said the team session is just for new workers to complain and the HR management team will not really address the issues.) After the team session, we went back to our position to work.

### First night shift

During the 40 minutes break in the afternoon, I went back to the dormitory with my roommate to grab something. A roommate who is working the day shift told us that a younger female worker who is working at the same assembly line as her was harassed. The worker was followed by two male workers on the same assembly line, and they also took photos of her. She did not know this at the very beginning, but her friend who used to work with her was arranged to work the night shift recently, so she ended up working on the assembly line by herself. And then she found out that the two male workers started using mobile phones to take photos of her. She said she was scared. However, she didn't consider contacting the labor union, because she had no evidence and was afraid that it was just her misconception.

### Day 8

Tonight is the second night of my night shift. My job today was to box the Thomas toy trains in the correct boxes based on the barcode and order number. I was standing the entire night and felt more tired than the first night.

Regarding the production quota, a younger female worker on our line told me that she used to produce 3800 pieces with another worker one year ago. But the production goal has now increased to 4500 pieces for two workers.

### Day 9

I was assigned to put on stickers, but another male line leader came over a minute later and transferred me to a new line again which was the ultrasonic welding line. The line leader of this line is a girl wearing a pink outfit. She asked me to weld wires but I don't know how to do it because I was never trained. So I was transferred me again to the next line. There were only few workers working on this line.

The last line I was assigned to today was to assemble a globe-shaped toy. The process was gluing two half spheres together and then put a sticker on the globe, during which we used the lacquer thinner. The lacquer thinner should not have direct contact with our skin, but the line leader did not give me any protection equipment or tools. The lacquer thinner had such a strong smell and dried very quickly after touching my hands.

### Last day

Sister Shu and Brother Fu also heard the news about me leaving and they asked me why. I told them it's too tiring to work here. Brother Fu told me the guy who was hired on the same day as me was also quitting. The reason was he got yelled at by our line leader all the time and was fed up. The line leader said he either worked too slowly or made too many mistakes. Fu also said that the management team at Mattel were forcing new workers to quit because they were comparing the new workers' performance with senior workers.

Shu explained to me that the production goal is very high right now, because the factory is hoping to complete all orders before October. That way, workers won't need to work overtime on the weekends after. After October, workers will only work two hours of overtime from Mondays to Fridays. If there is no overtime, more workers will leave the factory.

## **Worker's stories**

### Miss Zhang



I met Miss Zhang on the day of the interview. She is 20 years old and she is only here for a temporary summer job. She has a friend working at the factory, so that is why she also came to work here. On the second day of training, HR staff told her that she can't work here because they are not hiring any temporary workers at the moment. But because the factory forgot to notify her about this and she had come all the way from another province for the job, they let her stay and work as a temporary worker.

She told me she's worked as a temporary worker in many factories and she loves to explore different cities depends depending on where her job takes her.

### Miss Luo

Miss Luo is my roommate and she is also a temporary worker. She's been working here for over a month. She did not receive the full attendance bonus for her first month because she had asked for a few days off. She works at the injection molding department and the male to female ratio is 3:7. There are many married middle-aged female workers there. Technicians in their department are mostly men and they do not like to talk to the middle-aged female workers. Technicians generally help maintain and repair the machines. If a middle-aged female worker asks for help, the male technician wouldn't bother to answer. If a younger female worker asks for help, they would change their attitude immediately. She told me that there were a lot of male workers in this factory and they would ask anyone out as long as you are a girl. She was approached by male workers a lot, but did not seem bothered by this.

Miss Luo's production goal is 2900 per day. But she could only finish 2400~2500 per day because she is still new to the job. She said the senior workers usually work diligently to finish their production goals everyday otherwise the line leader would yell at them, and most of the line leaders who scold workers are female line leaders. In general, younger line leaders tend to scold workers less than older line leaders.

Luo told me she's leaving on the 16th. She said it's too tiring to work the night shifts and she has to go back home and pick up her graduation documents.

### Mr. Fu

Mr. Fu is an older male worker on the same production line as me. Our department is in charge of assembling the toy train and each line has three workers. One worker puts together the toy's wheels and the train. Another worker puts together the head of Thomas on the body of the train. The third worker then tightens the screws. Mr. Fu worked together with me on this and told me he's been at the factory for three years already. When he first came to work for the factory, his base wages were 1680 RMB/month (\$240.0). His wages is 1880 RMB (\$268.6) now but there was a 200 RMB(\$28.6) bonus that was also cancelled. So basically his wages have stayed the same. Every year for the past three years, the production goal has increased.

I asked him what he would say if he was asked to offer his opinion to the labor union. He said he wanted the factory to decrease the production quota for workers. There are some group meetings arranged by HR that are held at the factory now and then, and senior workers are never invited because they usually have more questions and complaints. Also, the group meetings are always scheduled during the break, so although senior workers aren't able to participate, there are hardly any workers who would use their breaks to go and complain at the meetings.

Fu said the work in our department is comparatively easy. Even though our department is quite small, we still have two line leaders and one manager, so it is an independent department. He told me that the manager is paid around 10,000 RMB per month (\$1428.6) and I asked him how he knew. He said one of his friends' husband is a manager at the factory.

Mr. Fu mentioned the downside of working in the injection molding department, he said the toxic materials can cause harm to the uterus of females.

### Little Sister Li

Li is younger than me and lives in the same dorm. She is a summer temporary worker and has worked at the factory since June 20th. She told me some female line leaders are very rude. They've made some younger girls like her cry before.

She mentioned that many material handlers in the factory were men because material handlers need to go to the storeroom and drag a lot of the goods, and it is very heavy. It would be difficult for female workers to work in those positions. She remembered that she was assigned to a position that had more physical labor, and she almost cried. The job was to pack items. She needs to put together a large box and pack it with products, then tape the box. At the end of the day, both of her hands had blisters.

Li's mother also works at the factory and has worked here for over 10 years. She is now a line leader. Li's mother complained about the smell in the injection molding department. She didn't feel very well and went to see a doctor. However, the medical exam showed nothing. The doctor told her mom to switch to a different work environment and she did. Now she feels much better.

For the time that I've known her, she's always complained about this one older guy in the factory who keeps bugging her. He constantly asks her out for dinner. She has complained to workers only, but never complained to the group leader. She hasn't thought about making a complaint to the service center.

### The auntie from the dorm

The auntie from our dorm has worked at the factory for a month. She plans to work here till the end of this year. Because we are on different shifts I barely saw her. I had time to have a chat with her today. She told me her husband is coming to meet her next month and they might rent a place outside of the factory. She said she has two kids and they were staying with their grandparents because both she and her husband have to make money for the family and they don't have enough time to take care of their children.

She feels her line leader, which are mostly females, never yells at the male workers even though they work very slowly and are less productive. She said there was a girl in her line that left the factory because she was scolded until she was crying.

The auntie thought there were some jobs in the factory that were supposed to be assigned to male workers such as technicians and material handlers. But sometimes, those jobs were assigned to female workers and seemed unfair. The auntie further said because material handlers usually carry heavy stocks and the workload is often heavier, many female workers thought male workers should be the ones to do this work.

### The auntie from my hometown

I met an auntie from my hometown. She has worked in the factory for 17 years. She will retire next month. Her plan is to finish all her paid annual leave next month before she leaves. A senior employee like her gets 48 hours of paid annual leave every year. She told me everytime she asks for an annual leave, she would only use a couple of hours in the morning, instead of a whole day. If the workers ask for a day's leave, they have to come back during overtime to work three more hours. If they do not come back in the evening, they will not get any compensation even though they used annual leave. So she only rests for a couple of hours and works overtime in the evening to earn 1.5 times wages for the overtime. The wages

are better than a standard day's leave. Usually it is local workers who take a whole day's leave. Another middle aged worker found that her wages was lower than expected after coming back from annual leave. She asked Mr. Fu who said that although she used annual leave, the standard one-day leave only covers 8 working hours. Since she did not show up for the 3-hours of overtime, she did not receive overtime pay. She has one daughter that was raised by her mom, so her daughter was never close to her.

She has worked in an electronics factory, shoe factory and metal factory. She felt that electronics factory has the best and cleanest working environment. The dirtiest one is the metal factory because she was cleaning pipes.

She said most of the workers here are locals who just want social insurance and those local workers look down on migrant workers like her.

She has worked in the Thomas Train assembly department for 2 years, injection molding for 6 years and another 6 years in quality control. When she first came to the factory, they were still making steel toys for the first 3 years.

She has witnessed a lot of unfair treatment in the factory. Many line leaders were promoted from the material handlers position, and there are material handlers bribing the line leader with gifts now and then. I asked her about the worker care centre at the factory. She said it was tokenism. Workers won't go find and find trouble for themselves. They'd rather just keep their mouth shut.

#### Yuan

Yuan is also a summer temporary worker. She came with Li. She is one of the only two female workers in her production line. There is an older male worker constantly coming to talk to her whenever it's break time. She is terrified, and is afraid to stay at her work position during the break and always comes to chat to the investigator. She said her production goal is 1,400 per day. If she works diligently, she can finish by 6:30 pm. If not, she will have to stay for 30 mins longer.

## Dongguan Wing Fai Foam Products Co., Ltd. Investigative Report

### Company Background:

Dongguan Wing Fai Foam Products Co., Ltd. was founded in 1989, and is a subsidiary company of Wing Fung Manufacturing Co. in Hong Kong. Dongguan Wing Fai Foam Products Co., Ltd. employs 200~300 workers and is located on Xingye 2nd street in Jing Qiao Industrial Zone at Qingxi Tuqiao village, Dongguan city, Guangdong province, China. The company occupies more than 20,000 square meters, and main products are EVA toys, gifts, stationery, educational toys, arts & crafts, shoes, and bags. Products are mostly sold to Japan, America and East Europe.



(Boxes for Lego products)

### Basic information<sup>32</sup>

Factory Name: Dongguan Wing Fai Foam Products Co., Ltd.

Address: Xingye 2nd street in Jing Qiao Industrial Zone at Qingxi Tuqiao village, Dongguan city, Guangdong province, China.

Number of Workers: Around 200 to 300 (Regular Workers: 20%; Temporary Workers: 80%)

Main Products: EVA toys, gifts, stationery, educational toys, arts& crafts, shoes and bags

Clients: Legoland, Lego, Disney<sup>33</sup>

Male to Female Ratio of Workers: 6:4 (workers in the assembly department are mostly female)

Male to Female Ratio of Managers: Unknown

Number of Workers Interviewed: 10 workers

Male to Female Ratio of Workers Interviewed: 1:9

Methods of Interview: Face to face; Wechat. Interviewed workers in manufacturing and silk printing department

<sup>32</sup> Figures below are an estimate based on investigator's observations.

<sup>33</sup> According to workers, the factory manufactures for Disney. Wing Fai was also found on Disney's supplier list.

Average Age of Workers: Unknown  
Product Photos:



Legoland King's Market Role Play Accessories



Legoland King's Market Role Play Accessories

## Section 1: Recruitment and Resignation

### Employment Policy

#### Recruitment requirements:

The factory recruits regular workers and temporary workers. There are no restrictions on region, ethnicity, religion or gender. Anyone over 18 years and over can apply for work at the factory. There are no restrictions on age when applying. But the oldest worker in the factory at present is 50 years old.

During the interview, the applicants need to bring a valid ID and a copy, including two one-inch-by-one-inch photos. Workers are not required to pay any fee during the interview, and will not have their IDs withheld. Applicants can choose to be temporary workers or regular workers. But during the interview, the factory's human resources department staff will try to convince workers to be regular workers.

#### Recruitment procedures:

The interview procedures for temporary work and regular work is the same. After leaving the luggage at the security office, the investigator was brought to the HR department by staff. The HR department will first request applicants to fill in the application form, which includes educational background, address, and phone number. The HR staff will assign positions accordingly. The HR staff required workers to sign and fingerprint after reading through the employment requirements and labor protection requirements. The labor protection requirements are mainly about having one day of rest each week. The HR staff did not mention training for new workers. The staff only explained the application requirements and confirmed the personal information on the application form with the applicant. After workers signed the document, the staff required applicants to submit a copy of their ID and the photo. At this point, the interview finished and applicants are now officially employed. Then the staff arranged for new workers to go to the security office for their dormitory keys and move into the factory's dormitories.

#### Recruitment Channels:

The factory has two main recruitment channels. 1. The factory recruits workers directly through various online platforms. 2. The factory recruits regular workers and temporary workers through the agencies.

#### Training:

The factory does not provide new workers with training. The only content they provided that was related to the training was the employment requirements during the interview. At the interview, the staff explained the content on the employment requirements. For example, workers are prohibited from leaving the factory after midnight; workers must not smoke in the factory, they can only smoke in the smoking area. The wages are paid around the 28<sup>th</sup> of every month with cash. Workers are to swipe into work and out of work within the 14 minutes before or after the shift officially starts and ends.

#### Probation period:

The probation period is only one month

#### Position assignment:

Workers cannot choose which department to work in. There are five departments in total: production department, manufacturing department, silk printing department, spray painting department, and printing department. Besides, there are quality control positions set apart from the departments. Among the departments, the production department is responsible for assembling; the manufacturing department produces parts for the production department to assemble and wrap up; the silk printing department uses

silk screen printing technique exposed to ev plastic materials; the spray painting department mainly paints the products; the printing department transfers the prints from one surface to the designated spots using a certain technique; while quality control will take samples for examination regularly. Workers are assigned to departments where there is a labor shortage. The silk screen printing department requires work experience. The factory assigns female and male workers to positions according to the physical intensity of the positions. Generally, female workers are assigned to positions in the production department where the physical intensity is less. Male workers are assigned to positions where it is more physically intense like the manufacturing department since they are required to operate the machine.

#### Underage workers:

No student workers were found at the factory.

#### Physical examination:

None of the workers undertook a physical examination.

#### Resignation

According to the factory's labor protection equipment form, those recruited directly by the factory can only start resignation procedures in the middle and the end of the month. If regular workers wish to resign, they have to apply a month in advance. For temporary workers who have not fulfilled a month of work, they have to provide notice 15 days prior.

Temporary workers recruited by agencies just have to apply a day before and they can leave the next day. If the worker resigns without submitting a resignation form, it will be treated as leaving voluntarily and the worker won't receive the month's wages.

### **Section 2: Labor Contract**

#### Signing process:

The factory does not sign a contract immediately when workers are employed. The factory will wait until the worker has been employed for some time, half a month or a month before signing a contract with workers. Regular workers and temporary workers receive the same version of the contract and will receive a copy. By the time the investigator had left the factory, they still had not signed a contract.

#### Content of contract:

The contract is Guangzhou's labor contract.

### **Section 3: Work hours**

The factory implements a five day, eight-hour work system. The eight hours refer to day shifts. During peak season (from August onwards), workers put in three overtime hours from Monday to Friday and put in a day of overtime on Saturday. Workers rest on Sundays. When the investigator entered the factory in peak season, they were rushing orders. So workers did not have a rest on Sunday, which was used to complete the orders. Workers worked consecutively for 11 days without rest. Every day, workers worked 8 regular hours, and then worked 3.5 overtime hours, clocking in 11.5 hours for the day. For workers in the production department, the production quota during peak season is 4000 pieces. Under regular circumstances, workers are able to complete the production quota for the day by 8:30 PM at night. At other times, there is generally no quota. If workers finish work before the shift ends, they can finish work early but will return to the workshop at the time the shift actually ends to swipe out of work. Workers will still be paid for 3.5 hours of overtime.



(Left: workers were discussing the overtime work issue on WeChat; Right: a notice from the factory about overtime work and holidays)



(A cart to deliver products to different workshops)



Workers start work at 8:00 AM and can swipe into work between 7:46 AM to 7:59 AM. Workers work four hours in the morning and have a meal break at 12:00 PM for 1.5 hours. They then work from 1:30 PM till 5:30 PM. If there is overtime at night, then workers work from 6:30 PM until 10:00 PM. If a worker does not check in and out of work on the machine, there will be a fine. If a worker forgets to clock in, they need to explain to a line leader. Only the silk printing department has night shifts. The night shift stipend is 13 RMB/night, and workers also receive cup noodles. For night shifts, workers start work at 8:00 PM and finish at 8:00 AM.



(Left: a worker's seat; Right: finished products)

Regular workers	Regular hours	Overtime hours
Every day	8 hours	3.5 hours
Every week	5 days	1 day (Saturday)
Every month	22 days	Longest overtime hours was 126.5 hours a month
Wages	1720 RMB/month (\$245.7)	Workers earn 1.5 times the hourly wage for regular overtime; 2 times the hourly wage for overtime on weekends

Temporary workers	Regular work	Overtime hours
Every day	8 hours	3.5 hours
Every week	5 days	1 day
Every month	22 days	Longest overtime hours was 126.5 hours/month
Wages	13 RMB, 13.5 RMB, 14 RMB, 14.5 RMB/hour (\$1.86, \$1.93, \$2.00, \$2.07/hour)	There are no overtime subsidies, workers are paid by the hour

During off-peak season, workers can choose not to work overtime. If they wish to not work overtime, they must inform their group manager before 3:30 PM that day. During peak season workers must work overtime. The investigator heard from another department that the group leader had said: “You aren’t allowed to take leave, unless you cannot stand up.”

	Work hours
Morning	8 : 00-12 : 00
Lunch break	12 : 00-1 : 30
Afternoon	1 : 30-5 : 30
Overtime	6 : 30-10 : 00

#### Section 4: Wages and Benefits

##### Wages:

The wage for regular workers consists of a base wages and overtime pay. The base wages for regular workers is 1720 RMB/month(\$245.7). Workers receive 1.5 times the pay for overtime on weekdays and twice the pay for overtime on weekends. Regular workers also receive a 150 RMB/m(\$21.4) as a position bonus. The position bonus is different for every department, and is the lowest for those in the assembly positions.

Temporary workers also receive a base wage and overtime pay. Temporary workers wages receive a different hourly wage based on when they were hired by the factory. There are four levels of hourly pay among temporary workers: 13 RMB/h, 13.5RMB/h, 14 RMB/h, 14.5 RMB/h.(\$1.86, \$1.93, \$2.00, \$2.07/hour). Temporary workers are paid differently depending on when they were recruited by the

factory and which department they work for. As such, the employment requirements form prohibits workers from discussing their wages.

Furthermore, temporary workers do not receive 1.5 the pay or double the pay for overtime hours. If they work overtime, they only receive the wages for regular working hours.

During peak season, regular workers' net wages (not including social insurance) is around 3,500 RMB/month (\$500). Temporary workers' net wage (not including social insurance) is above 4,000 RMB/month (\$571.4). Temporary workers' wages are higher as workers are paid hourly wages, whereas regular workers receive the base wage plus overtime wages.

In addition, the factory issues all workers' wages in cash at the end of every month usually on the 28th. It was believed that they can avoid paying personal income tax this way. Workers need to be physically present at the factory to receive their wages and deposit the cash into the bank themselves.

Holidays:

Regular workers have paid annual leave and maternity leave.

Temporary workers have 4 days of paid annual leave if they've worked in the factory for over 2 years.

If a worker gives up taking paid annual leave, he/she can then receive 4 days' wages as a bonus.

Social Insurance:

	Social Insurance	Holiday Pay	Paid Leave	Statutory Leave
Regular Workers	Regardless of whether workers are local workers or migrant workers, they still receive social insurance, but are required to inform the human resources department. Workers can choose whether or not to purchase insurance. Social insurance is purchased according to the minimum wage standard of Guangzhou city. Every month, workers contribute 306 RMB (\$43.7), and the factory contributes around 600 RMB (\$85.7). However, the first month is the probationary period, and workers do not receive social insurance. Workers in special departments must purchase social insurance, such as the first floor of the manufacturing department where workers operate machines. The factory also purchases commercial insurance for every worker, which is a couple of RMB, and the worker isn't required to contribute to this. Workers need to apply for the social insurance card themselves.	Unsure about sick leave pay and work injury pay	Paid annual leave and maternity leave	Paid

Temporary Workers	Do not receive social insurance or the commercial insurance.	None	Workers receive 4 days of paid leave for every 2 years worked. If workers do not wish to take leave, they will receive additional 4 days' wages.	Unpaid
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There is no housing provident fund provided.

Recreational Facilities:

The factory does not have any recreational facilities. There is only a smoking area for workers to smoke in.

**Section 5: Dining and Accommodation**

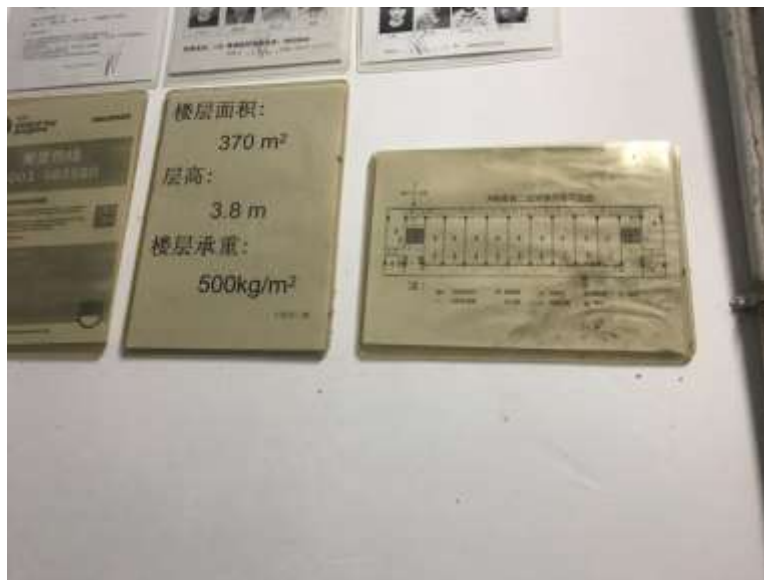
The factory provides dormitory rooms for workers for free, however, the conditions are terrible. There are 3-4 workers in a dorm room. The factory prohibits workers from switching on the lights during the day. There is a hot water room in the corridors, and hot water is only provided at certain times (Mornings from 7:00 AM to 8:00 AM; afternoons from 5:30 PM to 6:30 PM; nights from 8:30 PM to midnight). For showers, workers need to go to the corridor with a bucket for hot water to bring back to the restrooms to take a bath.



(Left: the dormitory corridor; Middle: the door of the dormitory room; Right: the room is messy and the floor is broken)



(Left: the bathroom doors are broken; Right: there is only one squat toilet in the bathroom)



(the floor guide and building information)

Male and female workers live in the same building on different sides, using separate stairs. And there is a steel door on each floor to divide the male and female dormitories. In the female dormitory area, there is a room on each end of the hallway provided for couples. Couples rooms share a bathroom, and these are the only rooms with shower heads. There is a camera on the second and third floors of the dormitories, but not on the fourth floor.



(There is access control between the male's and female's dormitory rooms)

There was heavy rain one night and the washroom door was blown down in the investigator's dormitory. The dormitory staff said a form needed to be filed before the door could be repaired. The bathroom doors are also broken. Some bathroom doors were ripped off the hinges and workers have to lift the door up to get in and out of the bathroom.



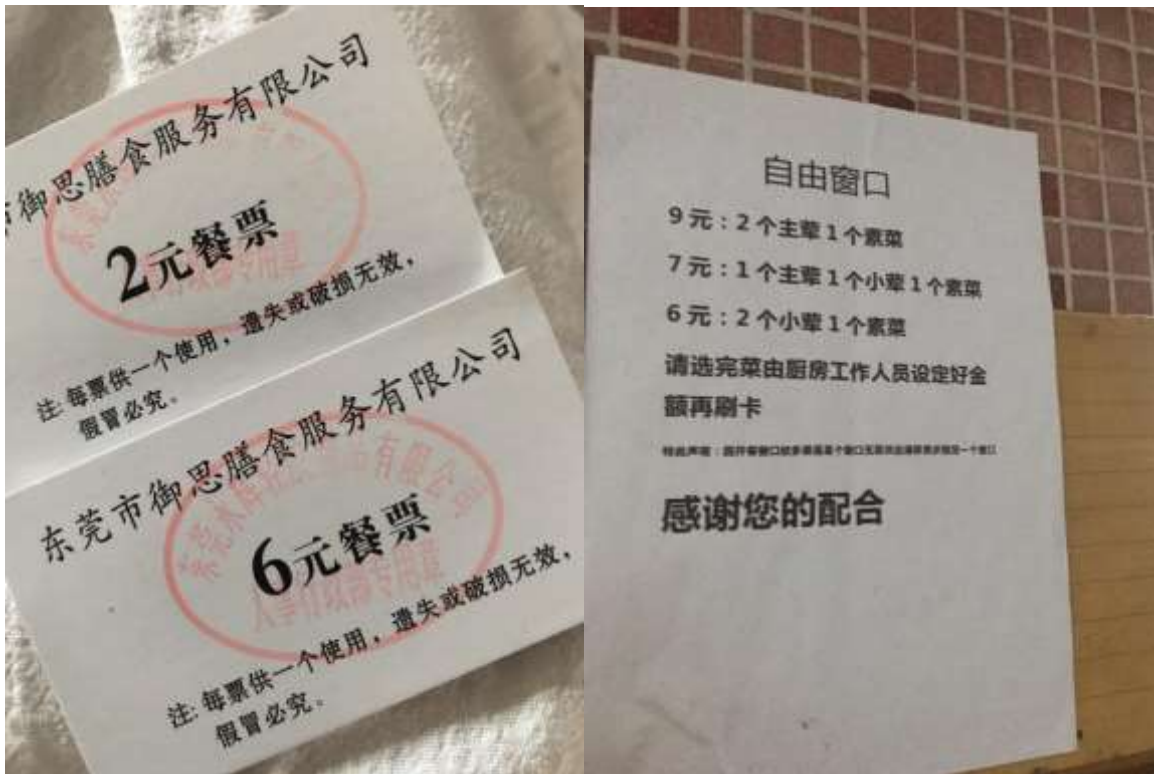
(the blown down door)

There were bedbugs in the dorm and workers often have bug bites.

Workers do not have any compensation if they choose to live outside of the factory.

There is Wi-fi in the dormitory building, but workers still cannot use the internet despite connecting to it.

Workers can eat at the cafeteria. Every month, workers receive a meal stipend for 26 days. They would receive a 14 RMB (\$2.0) meal stipend every day. 2 RMB (\$0.29) for breakfast, 6 RMB (\$0.86) for lunch and 6 RMB (\$0.86) for dinner. The meal stipend can only be used for that month and any unused amount will not rollover to the next month. Workers can only eat what the cafeteria prepares. Breakfast is usually noodles. For 6 RMB (\$0.86), workers can get two small meat dishes and a vegetable dish. For 7 RMB (\$1.00), workers can get two meat dishes, and a vegetable dish. The cafeteria does not open at night, while the gate closes at midnight, so the night shift workers cannot go to the cafeteria or go out the factory to buy snacks. So night shift workers get instant noodles for compensation.



(Left: dining tickets; Right: a menu poster on the wall of the cafeteria)

If workers do not wish to eat in the cafeteria, they can go to the snack window to purchase some snacks, instant noodles and drinks. Workers need to bring their own tableware and dishwashing liquid to the cafeteria. The cafeteria also has a drying rack. Every day, workers can spend at most 50 RMB (\$7.1) in the cafeteria. For breakfast they can spend a maximum of 10 RMB (\$1.4), for lunch and dinner, the maximum is 20 RMB (\$2.9). When they exceed this amount, their cards cannot be used for the rest of the day. When meal times are over, or the cafeteria has closed, workers cannot purchase any snacks. The cafeteria's snacks are a little more expensive than those sold outside the factory. Instant noodles sell for 4.5 RMB (\$0.64) in the factory, and cost 4 RMB (\$0.57) at stores outside the factory.



(Left: cafeteria; Right: a notice from the factory)

There is a market around 5 minutes walk from the factory. The market has booths selling midnight snacks, and a convenience store.

### Section 6: Occupational Safety and Labor Protection

The factory does not have an Environment, Health and Safety Committee. Temporary workers and regular workers do not receive any pre-job safety training or environmental safety training. One first-aid kit is located at the workshop, but the first-aid kit in the dormitory was empty.



(the empty first-aid kit in the dormitory)



During the investigation period, a worker's hand was caught in a machine. Factory staff were about to give her first-aid treatment, but she refused because she was afraid of getting an injection. She was switched to another position the next day.

Workers are not allowed to wear slippers to work. But the rule is not strictly obeyed. On the 3rd floor, workers may use paint thinner and other toxic chemicals which has a very pungent smell. The factory provides masks for workers to pick up by themselves. Even though workers wear masks, they can still smell the chemicals. There is a notice reminding workers to use protective equipment. But the factory does not provide any apart from the masks.

There is no other protective equipment. The eye washer in front of the restroom is broken, and workers just use it to wash their hands.

### Section 7: Fire Safety

There are firefighting equipment and fire extinguishers on every floor, but they are covered in dust. However, inspection labels have been torn off. The investigator found that some fire extinguishers were inspected in 2013, some haven't been inspected for even longer.

There is an emergency exit sign on each floor of the dormitory. The fire extinguisher in the factory is in the same condition as those in the dormitory. They are very old and many of the labels have been torn off. The factory did not hold any fire drills.



(A fire extinguisher in the corridor)

### Section 8: Rewards and Penalties

The factory does not have a particular reward and punishment system. Smoking inside the factory is prohibited. Workers cannot exit the factory after midnight. For workers who fail to swipe into work, they will be regarded as being absent for the day. They will not receive wages for the day.

### Section 9: Labor Union and Complaints Channels

The factory does not have a union. Workers do not have any complaints channel. If workers complain, they will be told they are not suitable to work at the factory, and the group leader may advise the worker to resign.

### Section 10: Other

A lot of workers choose to work at the Wing Fai factory because the factory does not have night shifts except the silk printing department. Usually it is not very busy or stressful unless they need to rush orders. The management is not very strict and workers are free to go to the bathroom or drink water when they are working. They don't have to swipe cards when entering and exiting the workshop or the factory gate. The factory will not search the workers' belongings. However, if workers have to leave the factory during working hours, they must obtain a notice or a leave slip from the group manager, or they are prohibited from leaving the factory.



(The factory gate)

## Investigator's Diary

2019. Day 1

Over ten people started working today besides myself. The manager told the agent of the dispatch company to tell workers don't hurry to sign the contract. Workers should try to work and see if they are capable in those positions. I asked the manager whether there was a training session tomorrow. He instead asked me to come to the office tomorrow morning at 7:55 AM to register my fingerprints.

I was assigned into a dorm. After going into the dorm, I found that there were 7 beds, occupied by 4 people. The room is in terrible condition. The cement floor has potholes and there are only two fans and two power outlets. Every dorm is equipped with one restroom and a sink. You have to collect hot water at the staircase and come back to the restroom for a bath. My roommate said there were many empty dorms on the 4th floor as there weren't many people.

Our neighbor told me there were several departments, such as the silk screen printing department, assembly department, oil spraying department, and others that she was not clear about. You have to work night shifts in the silk screen printing department when it gets busy, she said. The assembly department is better since it doesn't smell compared to the silk screen printing department. Some departments are rather noisy. It may be manufacturing department. However, the assembly department uses a type of adhesive glue with a pungent smell called Duo Zheng Spray Glue.

2019 Day 3

The lady across the table during lunch told me that workers will be divided into two groups to go to the cafeteria because there are too many of us. After lunch, we still had about 40 minutes left of the break. Some workers said that the dorm 207 is the worst, and there are many vacant rooms on the 4th floor without security cameras. The couple's rooms are located at the ends of the corridors, two rooms share one bathroom with shower head. Only the 2nd floor and the 3rd floor have security cameras. There is a room on the 3rd floor which is newly renovated, but no one was assigned to it. The door of the restroom in dorm 207 is broken, and people have to move door aside before taking a bath. They tried to contact security for a replacement. But the guard said that an application was needed, and referred them to the human resource department.

I went down to see the announcement the other day. I thought we'd get a 3-day holiday for the Mid Autumn Festival. But other workers told me that we only have one day off, since the factory is trying to catch up with production. The notice said we had to work on Sunday the 8th in order to make up for the holiday on Saturday the 13th.) That is, workers needed to work from the 2nd all the way until the 12th, we would take a day off, and then work for six consecutive days. (Not sure if we'll have a day off on Sunday next week). We were told that we could have one day off every week. This factory does not offer compensation for re-employment after resignation, nor does it provide bonuses for recommending workers to the factory. None of the positions offers medical examinations. Besides, the temporary workers do not receive overtime pay. They receive regular wages for the overtime workers they work. Only regular workers receive overtime pay.

We are not allowed to discuss our wages rates. But if the workers work overtime the entire month, the regular workers will earn 3,200 RMB (\$457.1) after contributing 300 RMB(\$42.9) to insurance, while temporary workers can receive over 4,000 RMB (\$571.4) since they do not pay for insurance. As a result, most of the workers prefer to be temporary workers, and then after peak season, they can work at other

factories. The hourly rates for temporary workers are fixed and they are paid the same rate for overtime hours or regular hours.

A female worker said they chose to work here because there were no night shifts, and the factory does not rush workers so the work is relatively simple.

2019 Day 4

I bought instant noodles for dinner and there is hot water provided next to the security office. My roommate said they had night shifts in the silk screen printing department, with a stipend of 13 RMB/night (\$1.86) and they would also receive a pack of instant noodles. But few people like working night shifts for it is tiring. The night shifts are usually from 8:00 PM to 8:00 AM.

I wanted to go out this evening to have my hair washed, since there is no shower head in the dorm to clean my hair thoroughly. Then Ying told me that there is a bathroom between two couples' rooms. I did not see it at first. She then told me I could go to one of the couples' rooms on the left at the 2nd floor, where an uncle lives there and I could wash my hair there. I asked her whether male workers also live in this building. She answered that the male workers usually reside in couples' rooms. There is one mixed dorm building, with male workers living in the left wing while the female workers living in the right wing. An iron gate separates the two areas. But the male workers living in the couples' rooms can also get into the female area in the 4th floor at night. It is rather inconvenient for me.

2015 Day 5

I had a morning meeting today. The manager told us that we should work diligently as long as we stayed here. We can get off work once we had completed the production target for the day. He will stay with us until 10:00 PM if we have not completed the target. These 2 months are special periods and we needed to complete the orders before Oct. 10th. We were busy rushing orders these two months. He did not want to recruit anyone not able to work overtime here. If anyone needs a break, they should ask for permission from their group leader before 3:30 PM in the previous day. It also applies to overtime work. Any petition received later than 3:30 PM will also be considered as absent from work for the day.

Worker Stories

Aunty 1:

She came to the factory the same day as me. She came here because her nephew worked in the factory. She once worked in factories in ShanTou City. But she could only earn around 4,000 RMB (\$571.4) even though the jobs were tiring. It was easier to earn 4,000 RMB (\$571.4) here. She has two sons: the older one is 18 years old, in the second year of high school; the younger one is a 11-year-old daughter and her aunt's sister looks after her. Her husband is also working in other cities. Because her husband's work is very tiring, she does not stay with him.

Aunty 2

She has worked here for 3 years in the silk screen printing department. Her husband is also working in another city since he did not want to stay here. Her daughter is 23 years old now, and she started working and did not attend college. She does not need to worry about her daughter now. The aunty has been working night shifts recently, starting from 8:00 PM every night. She said that the silk screen printing

department stunk badly. Many people did not want to work night shifts even with the stipend. She has never heard of any complaint channels here or a union.

#### Aunty 3

She comes from the same area as me. She has been here for 2 months. She told me immediately when I arrived that the smell here is terrible and might cause acne and even infertility. She has a son admitted into college. Her husband is working in another city as well.

#### Aunty 4

She quit her job at the same time as me. Both of us worked for only a few days. But she was introduced to the factory by an agent. She said her husband came to apply for a job at the factory, but the factory does not hire male workers so she plans to move.

#### Ying

She came here less than a year ago. She said she would not stay here for long. She is two years older than me and told me that the relationships here were complicated that many workers had secret lovers. She was also a temporary worker. The factory has two buildings, and we live in the building on the left side, on the 3rd floor. Because we were manufacturing Legos on this side, which had higher standards, the glues and facilities here were better than the second floor. She has a younger brother who always asks her for money. Her parents do not provide for her anymore.

#### Bobo

She has worked for many different factories before coming here. She worked for 10 years but it is more relaxed here as there are no night shifts so she stayed. She has two children but her mom takes care of them. She also asked for several days' leave this Mid Autumn Festival so she could go home.

She had been here for 2 years. The first time she worked at the factory, she was the only regular worker among the group of 10 people hired into the factory last year. But she did not have assignments then. So she applied to be a temporary worker. However, the factory did not accept her application. At that time, she had to contribute 100 RMB (\$14.3) for the meal stipend. So she quit before Spring Festival. This year she came back as a temporary worker. Last year she earned 3,600 RMB (\$514.3) at most as a regular worker including overtime pay without insurance contribution. But now she can earn over 4,000 RMB (\$571.4) as a temporary worker. Bobo said this department was rather smelly but the smell was not harmful even if workers are exposed to it for one or two months. The problem was that she lived in a rented apartment outside the factory. The road leading outside was so dark without any lighting. But she has become accustomed to it.

## Everfront Plastic and Electronics Manufacturing Co., Ltd.

### Company Profile

Dong Guan Everfront Plastic and Electronics Manufacturing Co., Ltd. is located at East 10th Road in Longyan Community of Humen Town in Dongguan, Guangdong and was founded by Cheung Choi Ngor in 2012. Everfront is one of the OEM factories for Wah Shing Toys (WST) Co., Ltd., which is a Hong Kong-funded enterprise, listed on the Singapore Exchange, and a wholly owned subsidiary of the listed company South China Holdings Co., Ltd. WST owns and operates seven factories, one R&D laboratory, and one mold manufacturing facility in Hong Kong and South China, and has employed over 3000 workers. Company's products include plastics, electronic games and toys, stuffed toys, wireless remote control toys and gifts and premium items. Their products are sold to Japan, the United States and other countries around the world.



(Everfront toy factory's front gate. The tent with a red banner is the area for workers to apply for jobs)

### Company Basic Information<sup>34</sup>

Factory Name: Everfront Plastic and Electronics Manufacturing Co., Ltd.

Address: 10th East Road, LongYan Industrial Park, Humen Town, Dongguan City

Number of Workers: 3,000

Main Products: Plastics, electronic games and toys, stuffed toys, wireless remote control toys and gifts

Clients: Hasbro (Plumber Pants, Power Rangers, Toilet Trouble, Transformers, Pocupine Pop, Nerf), MGA Entertainment (L.O.L! and Poopsie Slime Surprise), Inspiration Works, Melissa & Doug

Male to Female Ratio of Workers: 1:1

Male to Female Ratio of Managers: 6:4

Number of Workers Interviewed: 20

Male to Female Ratio of Workers Interviewed: 7:3

Methods of Interview: Face to face

Average Age of Workers: 30

Product Photos:

<sup>34</sup> Figures below are an estimate based on investigator's observations.

Hasbro



Plumber Pants Board Game/ Ray Mon Plombier



Saban's Power Rangers Beast Morphers



Attenzione Allo Sciacquone (Toilet Trouble Flush Down)



Porcupine Pop





Nerf Sports- Nerf Dude Perfect Signature Bow (With Two Whistling Arrows)

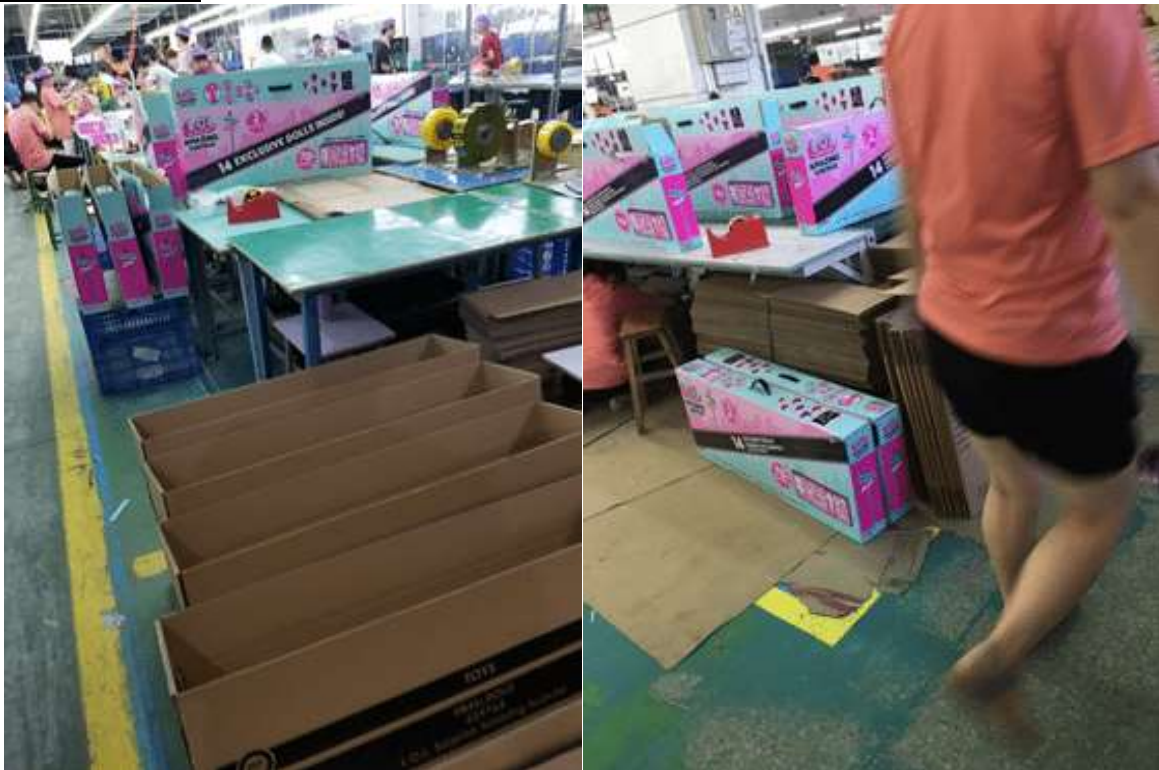


Nerf Sports- Zombie Strike Dreadbolt Crossbow



Transformers

MGA Entertainment



L.O.L. Surprise! – Amazing Surprise With 14 Dolls and 70+ Surprise



Left: L.O.L. Surprise! – Makeover Series #Hairgoals Wave 2;  
Right: L.O.L. Surprise! – Winter Disco Glitter Globe



Poopsie Slime Surprise – Poopsie Unicorn Crush

Melissa & Doug



Melissa & Doug Fashion Design Activity Kit

Inspirational Works



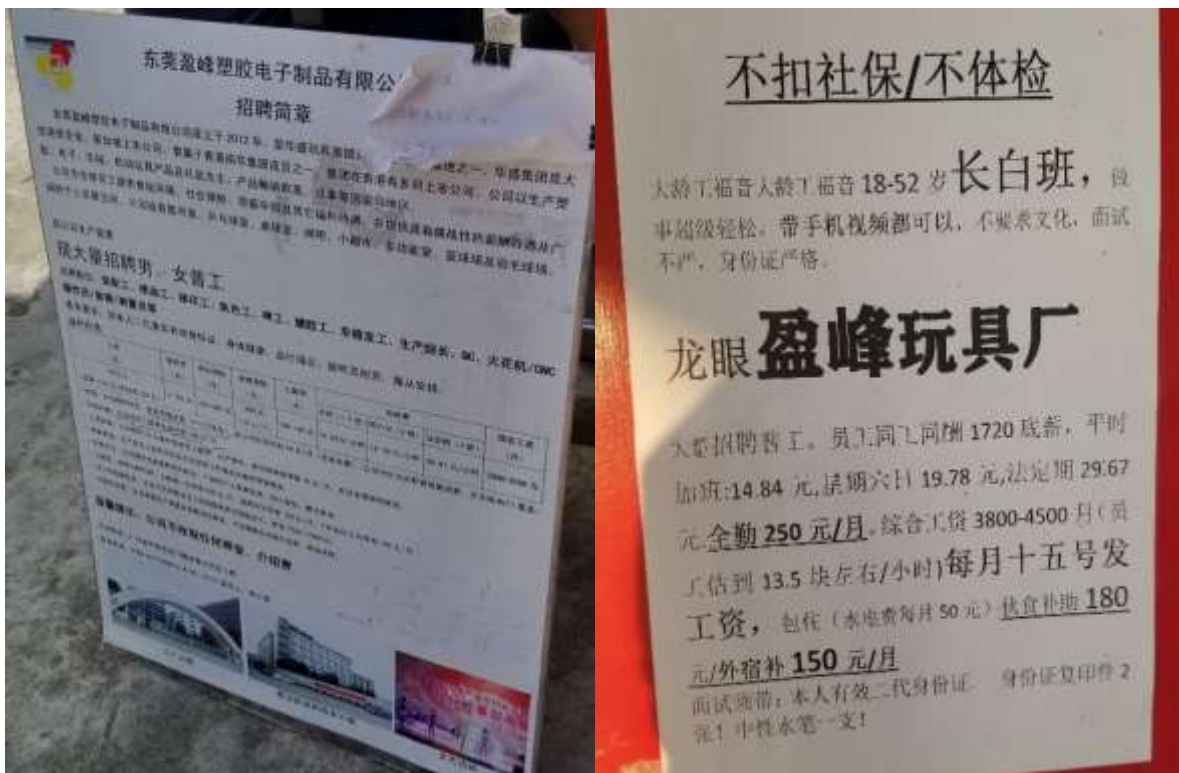
Inspirational Works Holly's Magical Learning Wand

## Section 1. Recruitment and Resignation

### Hiring Policy

#### Hiring Requirement:

The factory hires regular workers as well as temporary workers. The age requirement for regular workers is between 24 and 52 years old, and the minimum age requirement is 18 years old for temporary workers. According to the hiring requirements posted outside of the dispatch company, there are no regional, ethical, religious, and gender restrictions for applicants. Applicants will need to provide a valid ID card and a copy of the ID card for the interview. There were almost no requirements for applicants who wanted to work in the assembly department. As long as you were willing to work, you could work in the assembly department. As there were other requirements for workers who were working in the injection molding or spray-painting department, the factory sends professionals to interview these workers.



(Job advertisements)

#### Recruitment Process:

**Interview:** For the assembly department, both regular workers and temporary workers do not have an interview. Workers are only asked their ages, and no other questions. They then fill out an application form. Only the assembly department recruits temporary workers. There are different requirements for other departments, for example, those in the spray painting department will be interviewed by staff.

**Paper Test:** Applicants need to take a paper test during the interview. However, the paper test was meaningless because the factory staff would directly tell applicants answers to the paper test, and the applicants only need to write the answers down. .

Employment procedures: Employment procedures for regular workers starts at 9:00 am the next day. New workers needed to fill in the contract, declaration and other forms according to the instruction of Human Resources (HR). HR did not explain the contract to workers and asked new workers to read it by themselves. After filling in all the forms, new workers needed to take photos for their factory ID cards, and then participate in a short and simple pre-job training session.

Temporary workers start employment procedures at 2:00 pm the same day as regular workers. They also filled in the contract, declaration and other forms according to the instruction of HR. All the forms and contracts were signed with the factory but not with agencies or dispatch companies. The wage agreement for temporary workers in the contract was the same as regular workers, that is, a 1720 RMB(\$245.7) monthly base wage, 9.89 RMB/hr (\$1.4) hourly wage. Workers earn 1.5 times the hourly wage for weekday overtime work, and twice the hourly wage for weekend overtime work.

Temporary workers were also requested to confirm the statements on the employee declaration that “The dispatch companies and agencies do not regulate when temporary workers can resign.” and “Before joining the factory, the dispatch company has confirmed that there will be equal work and equal pay for temporary workers and regular workers.” These statements were contrary to the fact.

The investigator asked the staff from the dispatch companies about the statement. The staff replied, “These statements do not matter and they are just forms. You will receive the amount that your agencies or dispatch companies told you.” Moreover, after the investigator asked other workers at the factory, they also mentioned that temporary workers would receive 15 RMB/hr(\$2.1) or 16 RMB/hr(\$2.3).

Temporary workers did not sign any agreement or contract with dispatch companies.



(Workers on the way to work)

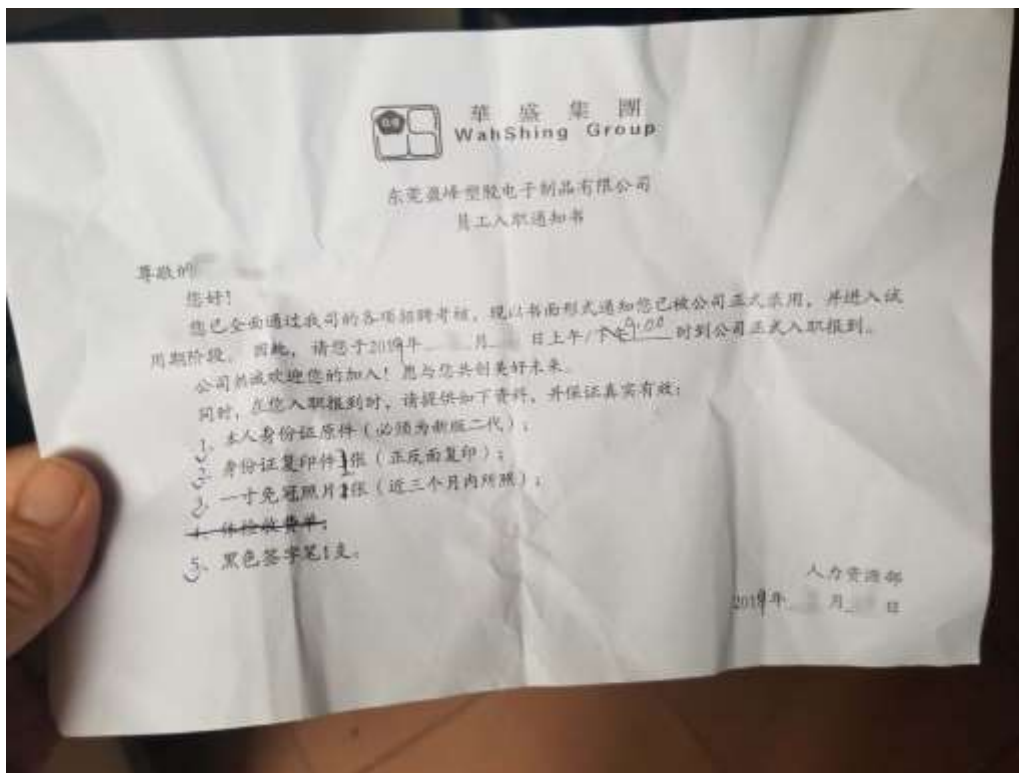
### Method of Entry

Applicants can apply for a job at the factory directly or through dispatch companies.

The factory usually recruits regular workers on a recruiting site outside the front gate. The factory recruits workers every day during peak season except on Sundays. The investigator is unsure whether the factory recruits during off-peak season. There is a canopy at the left side of the gate, a table and chairs set for recruiting. The investigator applied to become a regular worker.

Dispatch companies mostly recruit temporary workers from their branches located in different regions of China. When temporary workers are employed by the factory, they need to write the names of their dispatch companies on a piece of paper. Staff at the dispatch companies will tell the workers their companies' names.

Most of the workers in the factory were recruited by agencies and three dispatch companies, and these workers were called "temporary workers". Those introduced by agencies are also considered to be recruited under certain dispatch companies. The ratio of temporary workers to regular workers is around 7:3. Temporary workers' wages are 14 RMB/hr (\$2.0) in July, and increased to 15 RMB/hr (\$2.1) or 16 RMB/hr (\$2.3) in August.



(An on-board reminder for new workers)

### Position Assignment:

The investigator was assigned to the assembly department.

Workers directly recruited by the factory can apply for positions at other departments if they meet the requirements. But they must take another interview. However, workers recruited by dispatch companies could only work for the assembly department.

The workers in the assembly department need to assemble the parts manufactured in other departments into complete products, and then wrap them up. The process is the last process on the production line. The assembly workers wear orange uniforms. According to the investigator's observation, the assembly workers account for over 85% of the total workers. But the exact number is unclear.

Underage workers:

The factory doesn't hire underage workers (16-18 years old). But there are student workers in the factory.

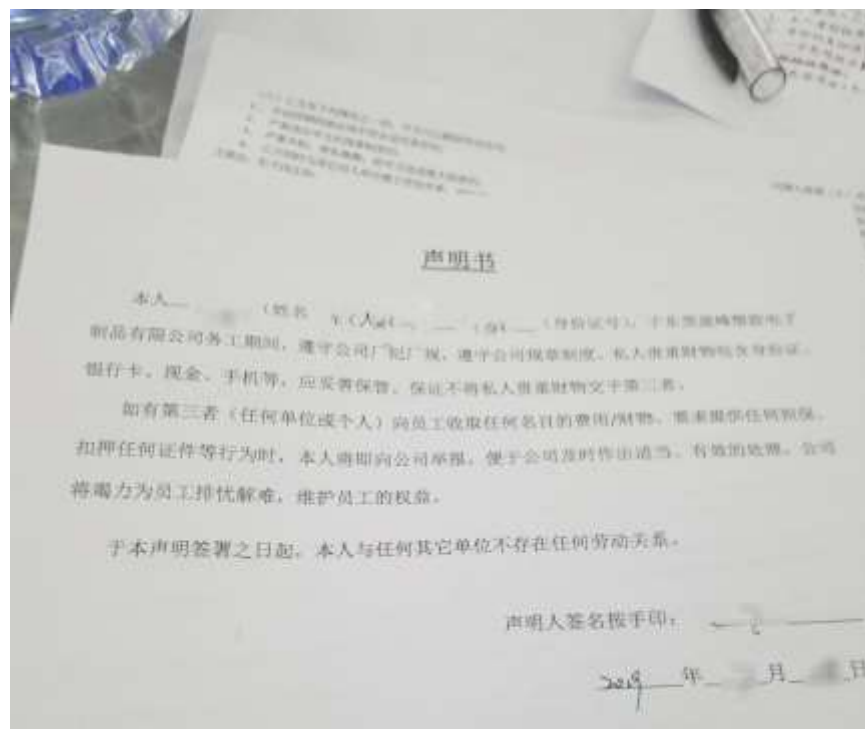
Physical Examination:

The assembly department that the investigator was assigned to did not require a pre-job physical examination. Workers in the injection molding department also do not take a physical examination.

Applicants who interview for the spray painting position need to have a pre-job physical examination, and the factory will cover the expenses for the physical examination. During their employment, workers who work at the spray painting department are required to have monthly physical examinations and these are covered by the factory. The specific procedures for the physical examination are unclear. The investigator did not meet any worker that had taken a physical examination.

Training:

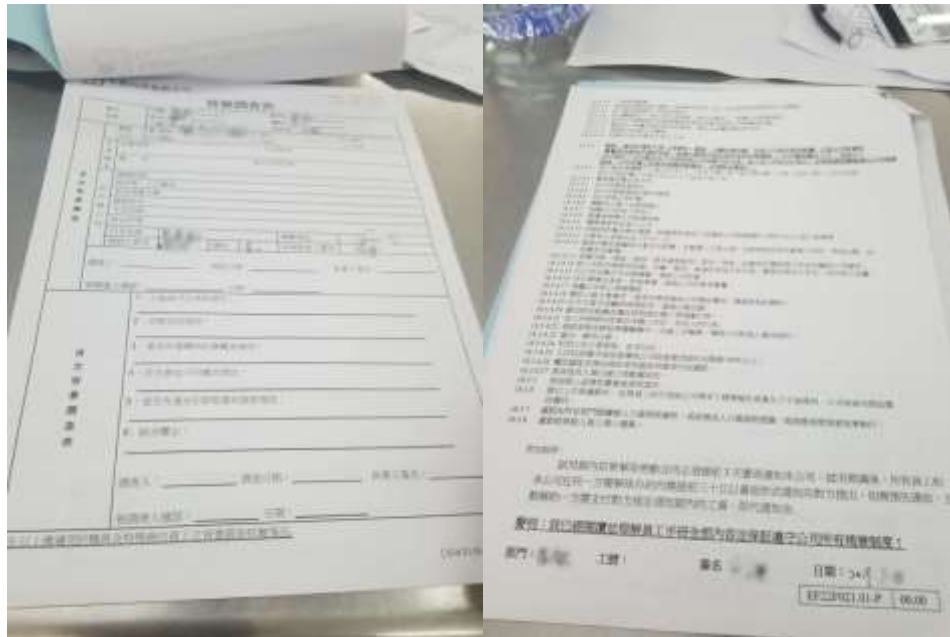
According to the investigator's experience, new workers only need to sign a few papers for the employment procedures. HR staff from the factory told the investigator to sign a confidentiality agreement, employee confirmation letter, background check letter, and the employee handbook, etc. Chapter 18 of the handbook includes the rules and regulations in the factory. Workers are asked to sign the chapter which signifies they understand and agree to the rules and regulations stipulated. The training session for new workers was very short. New workers were asked to fill in the answers on the training test that HR reads out loud.



(New workers need to sign a personal declaration during the training session.)



The training session did not offer any substantive content related to workers. The session did not cover areas such as wages and benefits, factory fire safety, occupational safety protection. After finishing the photoshoot for the factory ID cards, the HR staff told the new workers some precautions about the factory rules, including meeting at the front gate at 7:50 am the following day; workers are prohibited from wearing slippers and carrying glass water bottles; workers who come to work late, leave early, or ask for a leave will be deducted 100 RMB (\$14.3) from their full attendance bonus, and everyone should prepare a copy of their China Construction Bank card to submit to staff; workers need to use cash to refill their dining card; and workers should work at the factory for at least a month before resignation. Last but not the least, if workers wish to resign, they should submit their application a week in advance. The HR staff spoke really fast on the above issues, and it took less than 10 minutes. The whole process which includes filling in all the forms and HR's announcement usually lasts around 15 minutes.



(Left: background check letter; Right: factory regulations)



(A test sheet during the training session)

When entering the workshop for the first time, the leader of the workshop will also give a 10-minute introduction and talk about the leave policy and other information workers need to know.

When assigned to the line, the workers will receive some guidance on the position.

The employment procedures took about an hour and twenty minutes. The training is unpaid. At the end, workers were assigned their dorm rooms. Those who were not living in the dormitories could go home.

The next day, new workers gathered in front of the factory's gate and waited in line to pick up their factory ID cards, then signed their names on the "New Employees Training sheet" and scanned their faces into the factory's facial recognition system. New workers were told about the rules inside of the workshop and given hats which are meant for gathering their hair. Later on, the HR staff asked new workers to sign the RoHS (Restriction of Hazardous Substances) sheet, however, none of the workers received any kind of RoHS training.

#### Probation period:

The probation period is three months, and afterwards, workers can switch into regular workers. The wages during the probation period is the same as the wages after the probation period.

#### Resignation:

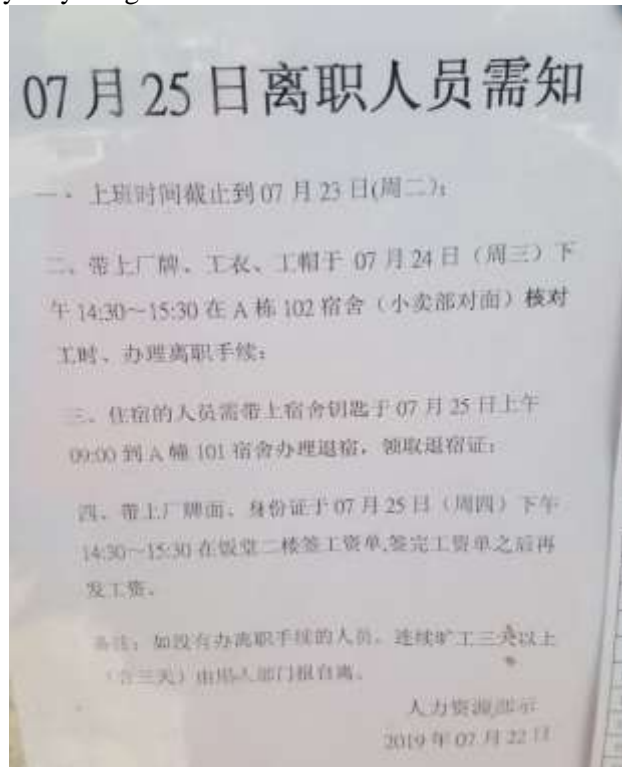
Under the labor contract, if a worker wishes to resign during probation, he/she has to put in a request three days ahead. This contradicted the information provided by HR that workers are to put in a request a week ahead. For workers who have passed the probation period, they are required to apply a month in advance to have their resignation approved.

If a temporary worker recruited by dispatch companies wishes to resign, he/she has to check the agreement with the dispatch companies first. In general, temporary workers need to work for at least a month before applying for resignation. Otherwise, line leaders may not approve their resignation application and only when it is urgent that temporary workers can resign before they have completed a

month of work at the factory. Temporary workers who resign without going through the resignation procedures will not receive wages for the month.

For the resignation process, workers who applied for resignation would be notified by the factory HR to confirm and review their working hours and complete the relevant paperwork. The next day, workers then move out from their dormitory, sign their paystub and will receive their wages on the same day.

The wages of temporary workers are composed of two parts: one portion is the same as regular workers and is paid by factories; the other portion is paid by onsite staff of the dispatch companies. Workers receive their wages the day they resign.



(Resignation procedure and requirements)

## Section 2. Labor Contract

### Signing Process:

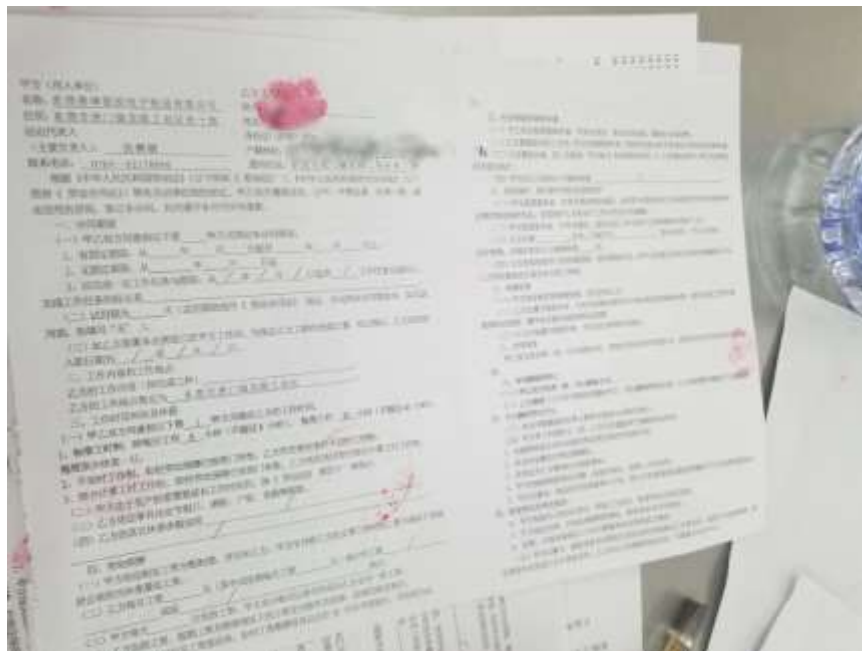
Workers signed the labor contract during the employment process. The HR staff distributed two copies of the labor contract to workers and workers only needed to fill in their personal information and sign. The staff did not explain to the workers the content of the contract, and workers knew nothing about their rights and benefits. The staff asked workers to write the start date of the contract as the following day. After signing these documents, the staff took photos for each worker to make factory ID cards.

New workers gathered together the next morning. The factory HR and staff from dispatch companies distributed the confidentiality agreement and a copy of the labor contract to new workers. All forms and contracts were signed with the factory but not dispatch companies.

### Contract Terms:

The contract for temporary workers and regular workers is the same. The contract period is two years. But the contract is not strictly upheld.

The content of the labor contract includes contract period, work content, location, working hours, holiday policies, wages, social insurance, welfare and benefits, labor protection, working conditions, occupational disease protection, rules and regulations, contract renewal, contract cancellation and termination, etc.



(Terms of the labor contract)

### Section 3. Working Hours

The factory operates a five-day, eight-hour working time system. Workers put in 3 hours of overtime work on weekdays and 11 hours of overtime work on Saturday, and have a day off on Sunday. On average, workers put in 109 overtime hours every month. Workers had the most overtime work hours in June, July and August, with an average of around 109 overtime work hours every month.

Currently, the 3rd floor of Building A of the assembly department adopts a one shift system, and workers start work at 7:30 am. Workers at other buildings start working at 7:45 am, 8:00 am or 9:00 am. There was only one assembly line for night shift workers and the investigator was not sure about the night shift workers' schedule. Workers have an hour break for lunch (12:30 pm- 1:30 pm). Workers start working again from 1:30 pm and continue working until 7:30 pm without a break.

Work Time	Morning	Afternoon	Overtime Work
One Shift	7 : 30-12 : 30	13 : 30-16 : 30	16 : 30-19 : 30

If workers do not wish to work overtime, they are to apply with their line managers. Some workers said it was difficult to obtain approval, but are unsure if there is any punishment.

Workers work 11 hours a day and had a day off every week. Workers have a one hour meal break everyday.

There was no clear production goal but some new workers said the work was very tiring, and they could not even pause for a second to rest. They were required to find someone to takeover their work if they went to have a drink or use the bathroom.

Workers swipe their cards before and after work and sign in manually to record their working hours. Workers need to finish swiping their cards 15 minutes before the shift starts, and if someone is late for 3 minutes, 100 RMB (\$14.3) will be deducted from the worker's monthly full attendance bonus. Leaving early and taking leave would also lead to a deduction of 100 RMB (\$14.3) from the worker's full attendance bonus. Their 250 RMB(\$35.7) monthly full attendance bonus will be deducted until there was no bonus left.



(Workers on the production line)

During lunch break and when the shift ends, many workers get off work at the same time, and the workshop becomes very crowded and the corridors are fully occupied. Around 700 or 800 workers rush to swipe their cards out of work. Although there were around 10 machines, most of them were not working, and workers needed to try each of the machines in order to swipe out. The efficiency was low. It took 7-12 minutes from the time the shift actually ends until workers actually swipe out. This time is unpaid.

The working hour records are comprehensive and errors can be corrected. There was a workshop meeting before the shift starts, and the meeting time is paid and lasts around five minutes. The meeting is to review the work performance and mention precautions to workers. There was no meeting after work.

#### **Section 4. Labor Remuneration and Benefits**

##### Wages:

Monthly wages: Base wages 1720 RMB (\$245.7) + Full attendance award 250 RMB (\$35.7) = 1970 RMB (\$281.4)

According to workers, wages for regular workers during peak season are around 4200 RMB (\$600.0), and the wages during off-peak season are around 3200 RMB (\$457.1). On average, the monthly wages are around 3600 RMB (\$514.3).

During the investigation period, the monthly wages for temporary workers are 4500 RMB to 4800 RMB(\$642.9-\$685.7).

The monthly wages also includes various subsidies:

- Accommodation subsidies (for workers live outside the factory): 150 RMB/month (\$21.4)
- Night shift allowance: 10 RMB/night (\$1.43)
- Position bonus (for workers exposed to chemicals only): 130-500RMB/month (\$18.6 to \$71.4)
- Meal subsidy: 180 RMB/month (\$25.7) Temporary workers' subsidy will be put on their dining cards, while regular workers' will have the subsidy included in their wages.
- Full attendance bonus: 250 RMB/month (\$35.7)
- Performance bonus: up to 728 RMB/month (\$104)
- Seniority bonus: Based on workers seniority, workers working over one year receive 100 RMB/month (\$14.3) and two years receive 120 RMB/month (\$17.1) and receive 140 RMB/month (\$20.0) for three years and more.

There are some deductions from the wages:

Water and electricity bills: 50 RMB/month (\$7.14)

Social insurance fees: 300.7 RMB/month(\$42.95)

Overtime work makes up around 45% of workers' total wages.



(Workers on the production line)

Workers in the assembly department are paid an hourly wage of 9.89 RMB (\$1.41). Overtime pay on weekdays is 14.84 (\$2.12) RMB/ hour (1.5 times the regular hourly pay); weekend overtime pay is 19.78 (\$2.83) RMB/ hour (twice the regular hourly pay); and overtime pay for statutory holidays is 29.67 (\$4.24) RMB/ hour (three times the regular hourly pay).

Temporary workers are paid according to the agreement they made with the dispatch companies or agencies. The wages of temporary workers vary from 15-17 RMB/hour (\$2.1- \$2.4) according to the agreement and when they were recruited. If there are 270 working hours in a month, some receive the lowest wage of 15 RMB/hour (\$2.1), some receive a little higher at 16 RMB/hour (\$2.3). Some reach an agreement with the dispatch company that they can receive 17 RMB/hour (\$2.4) if they work for at least 55 days, and then they can receive around 4050-4590 RMB/month (\$578.6- \$655.7). Plus the meal subsidy 180 RMB (\$25.7), the total wages they receive are 4200-4800 RMB/month (\$600.0- \$685.7).

Workers receive their wages on the 15th of every month, and the wages are paid into their China Construction Bank accounts. The wages of regular workers are paid by the factory. Temporary workers' wages are paid in two portions, one portion is the same as regular workers and the factory pays this. The other portion is the difference and is paid by a staff from the dispatch company who stays at the factory. Workers receive pay stubs, which lists the details of wages paid and deductions made. Actual wages paid is the same as the amount listed on the pay stubs. The pay stubs and the attendance records are also the same. Deductions include accommodation fees and social insurance fees. According to the Workers' Confirmation Letter, accommodation fees for workers are 1.67 RMB per day (\$0.2), and about 50 RMB per month (\$7.1).



(Monthly paystub)

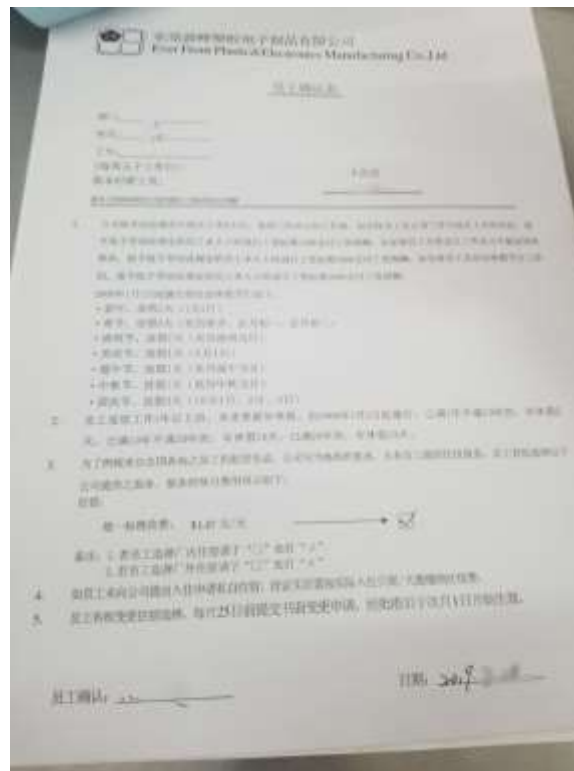
### Leave Policy

The factory offers paid annual leave, maternity leave, marriage leave, funeral leave, and sick leave.

**Sick Leave:** Workers receive wages during sick leave. The wages during sick leave will be 80% of the local minimum wage. Workers who wish to apply for sick leave will need to speak to the line leader first and complete a sick leave form. When workers return to work, they will need to bring a medical record issued by a doctor. The factory has not clarified how many days workers can take for their sick leave.

Except for paid annual leave, workers need to submit supporting documents after returning to work for other types of leave. For paid maternity leave(178 days), marriage leave(3 days) and funeral leave(3 days), the application process is similar to the process of applying for sick leave.

**Paid Annual Leave:** Workers who work in the factory for over a year will receive paid annual leave. Workers will receive five days of annual leave if they've worked for over a year and less than 10 years. Workers will receive 10 days of annual leave if they've worked for over 10 years and less than 20 years. Workers will receive 15 days of annual leave if they've worked for over 20 years.



(A confirmation letter to apply for leave)



Holidays :

Workers are paid for statutory holidays.

Social Insurance

Regular workers are required to buy social insurance and this begins on the second month of employment. The temporary workers can receive one month's insurance after working two months.

The factory also purchases social insurance for migrant workers (who are not registered residents in Dongguan).

The social insurance purchased by the factory does not include the housing provident fund.

Social insurance includes: pension, medical insurance, unemployment insurance, work injury insurance and maternity insurance. Social insurance is purchased according to the minimum wage standard. Workers themselves need to contribute 300.76 RMB/month (\$43.0) and the factory contributes 561.53 RMB/month (\$80.2).

In general, workers will not withdraw or cancel their social insurance when they resign. They can directly transfer the social insurance to their next employer or to their hometown (because it affects their retirement pension). Workers who wish to transfer their social insurance to employers will need to contact their new employer first and then go to the Social Insurance Bureau to fill out a form to complete the process.

Social Insurance Payment List in Dongguan

Item	Payment Base (RMB/USD)	Company		Employee		Total (RMB/USD)
		Ratio	Payment Amount (RMB/USD)	Ratio	Payment Amount (RMB/USD)	
Pension	3376 (\$482.3)	13%	438.88 (\$62.7)	8%	270.08 (\$38.6)	708.96 (\$101.3)
Medical insurance	4895 (\$699.3)	1.6%	78.32 (\$11.2)	0.5%	24.48 (\$3.4)	102.80 (\$14.7)
Unemployment insurance	3100 (\$442.9)	0.48%	14.88 (\$2.1)	0.2%	6.2 (\$0.9)	21.08 (\$3.0)
Work-injury insurance	3100 (\$442.9)	0.25%	7.75 (\$1.1)	0%	0	7.75 (\$1.1)
Maternity insurance	3100 (\$442.9)	0.7%	21.7 (\$3.1)	0%	0	21.7 (\$3.1)
Total	-	-	561.53 (\$80.2)	-	300.76 (\$43.0)	862.29 (\$123.2)

### Recreational Facilities

Except for the chairs at the corridor, there are no recreational facilities in the factory.

There was a basketball court next to the dormitory building and factory cafeteria, but the court was filled with stocks and products. No one really used the court.

## **Section 5. Dining and Accommodation**

### Dining Conditions

The factory offered breakfast, lunch and dinner to workers. They served, for example, steamed buns, fried dough sticks, soybean milk and porridge for breakfast and it costs around 2-3 RMB(\$0.3-\$0.4) a meal. There were noodles and meal sets for lunch and dinner. Noodles were 6 RMB/serving (\$0.9) and meal sets were around 7-10 RMB/ serving (\$1.0-\$1.4) and there were vegetables and meat. The investigator learned from other workers that compared to other factories they used to work for, the meals at this factory were a bit expensive.

Workers can decide whether they wish to eat and live at the factory, and if they choose not to, they will not be charged the fees. Workers who do not eat at the factory cafeteria but dined out can still receive the monthly 180 RMB(\$25.7) meal subsidy. The temporary workers will receive the subsidy in advance on their dining cards, but regular workers will be compensated when they receive their wages. If the workers wish to add money to their dining cards, they have to pay the extra amount themselves.

Most of the workers did not eat at the cafeteria because there were too many workers in the factory (around 3,000-4,000 people), and the cafeteria could only accommodate 1,000 workers at a time. Workers needed to queue for a long time and the line went to the entrance of the cafeteria. Meanwhile, the cafeteria was very hot. Most of the workers went to restaurants near the factory to eat, but the meal price at those restaurants was a little bit higher than the factory cafeteria, and it took about 7-8 minutes to walk from the factory to the restaurants.



(Left: factory cafeteria; Right: restaurants near the factory)

### Accommodation Conditions

There were around 10-15 workers living in one dormitory room, with the majority housing 15 workers. There was a restroom, fan, a shower room, USB chargers for mobile phones and a balcony. There were also lockers in the room. The workers needed to bring their own blankets and pillows.

In dormitory building B, the first three floors are female dorms and the three floors above are male dorms. There is no access control between the different floors. The male dorm rooms did not have locks and the investigator is unsure whether the female dorm rooms had locks.



(Dormitory regulations)

The dormitory room was very messy and dirty. Some bunk beds were really thin and even tilting up. It was unsafe. The USB charging ports were far away from the beds so workers could not directly charge their phones on the beds. Normally, workers would charge their portable chargers first and then use the portable chargers to charge their phones.

There was no handrail for some of the upper bunks, and workers risked falling down while sleeping. Workers at the lower bunks complained that they could not feel the wind blow from the fans and it was really hot. Therefore, some workers would buy one or two small fans for themselves. Sometimes when the room was too hot, some workers would sleep in the hallway.

There were bed bugs in the dormitory. Some workers were bitten by bed bugs and it was too itchy to sleep at night. The factory does not pay for workers who go to see a doctor for medicine for the bites. A lot of workers in different rooms kept the lights on all night to prevent bed bugs from coming out. The factory tried to exterminate bed bugs, and there was some improvement, but it wasn't very thorough. The bed bugs came back again. Recently, the factory switched all the bed frames from wooden to plastic ones and that helped a lot with the bed bug issue.



(Notices regarding bed bug extermination)

There were no keys for the dormitory room, so people who were not living in the room could also enter the room freely, which was really unsafe. Besides, some rooms do not have lockers for workers to lock up their valuables. There were too many workers in a room and it took about two hours to queue up for a shower. There was only one water heater. Workers living on the same floor had to share the hot water from only one water heater to shower in winter. This was very inconvenient.

Many workers chose not to live in the factory's dormitories. They would rent a place a mile away from the factory and either ride a bicycle or electric bike to work. The rent for these apartments is around 300-400 RMB/month (\$42.9-\$57.1), plus electricity bills and water bills. The total is over 500 RMB/month (\$71.4).

There are dormitory management regulations at the factory's dorms. For example, it is forbidden for outsiders to enter and leave the workers' dormitory, and no one can enter or leave other's dormitory without their consent. Workers cannot place their own items on vacant beds. Workers cannot use electric rice cookers or portable electric stoves in the dorms. Workers cannot go up to the rooftop. The regulations also mention that workers of the opposite sex cannot live in the same dorm. If a worker has violated the factory's dormitory management regulations and receives two written warnings, he/she will be will not be able to live at the dormitories anymore.



(The dormitory rooms are messy, and some bunk beds are even tilting up)



(The bathroom and shower room are small and dirty)

## Section 6. Occupational Safety and Labor Protection

### Safety Equipment

There were fans above assembly lines, and the workshop temperature was cooler than outside. The workshop was also clean.

However, sometimes the material boxes might be pressed against the yellow line which made the passageway of the assembly lines very narrow, and sometimes the material boxes or paper boxes might even occupy the whole passageway. Due to the speed of the production, the production materials were piled up besides the workers at the downstream of assembly lines. The piles of material boxes gave the workers little room to move, and also blocked the way for assembly workers to go through the passageway.

There were first aid kits in the office of the workshops and dormitories.



(Some material boxes occupied the passageway)

### Personal Protective Equipment

New workers receive their uniforms (two pink T-shirts) two days after they start working and the staff from the assembly workshop also distribute hats to the workers to gather their hair. The uniforms are free but workers need to return them to the factory when they resign. If workers lose their uniforms, they will need to pay for the lost uniforms.

Workers at some inspection positions might use paint thinner (banana water). This chemical liquid is volatile and is used to remove black paint stains on the toys. It is poisonous to the human body but the factory does not provide adequate safety equipment for workers who used this liquid, and only provided masks to these workers on the day a client came to audit the factory. According to workers, the client was Disney. There were no medical examinations for occupational disease for workers in these positions and workers were not routinely transferred to other positions.

There were strong smells from paints in some small workshops of the assembly department. Some of the smell was from banana oil which is harmful to workers' health. However, workers in the workshop never wore masks and the air circulation in the workshop was also poor. Most of the workers in the workshops are temporary workers.



(Left: paint thinner; Right: assembly line workers wear the same T-shirts. Some of them wear hats and most of them do not wear gloves.)

#### Environment, Health and Safety Committee

The investigator is unsure if there is an Environment, Health and Safety Committee, and the factory staff did not mention this during the training session. There was no training about health and safety, but the factory asked workers to sign a “Restriction of Hazardous Substances Training for Hazardous Materials” checklist on the first day of work. Although some positions at the workshop might use or be exposed to n-Hexane and paint thinner, there was no safety training about these.

The investigator did not find any toxic disposables during the investigation period.

#### Work Injury

There was no work injury during the investigation period.

### **Section 7. Fire Safety**

There were clear signs, sufficient lighting in the passageways of the workshop and the emergency exit. But sometimes there was debris occupying the passageway.

Clear signs, sufficient light and there was no debris in the passageways of the dormitory and emergency exit. The emergency exit door was not locked. No flammable items were found in the factory and dormitory area. Fire extinguishers were full, and were checked once a month.

There was a semi-annual fire-safety training. There was a fire-safety training between June to September and the latest one was in June. The training was held in the production area. The factory staff organized workers and taught them how to use the fire fighting equipment.

### **Section 8. Rewards and Penalties**

## Penalties

**Verbal Warning:** not wearing uniforms; not wearing workers' badge; loudly chatting and mucking around.

**Written Warning:** two verbal warnings equals one written warning; inquiring about the wages of other workers; not following the confidentiality regulations and telling other workers about your own wages and bonuses; slacking off at work.

**Serious Written Warning:** two written warnings equals one serious written warning; intentionally damaging company assets and causing financial losses 100 - 500 RMB(\$14.2-\$71.4); sleeping or dozing off while working.

**Worker Fired:** three written warnings in a year; worker is absent from work for three consecutive dates; fighting with others; inciting others to strike or participating in strikes.

## Rewards

The factory did not mention the rewards policy during the training sessions, and workers were not informed the kinds of rewards they might have.

## **Section 9. Labor Union and Grievance Procedures**

### Labor Union

There was a labor union sign at the factory gate but workers did not know if there was actually a labor union.

### Grievance Procedures

Workers could only ask for their team leaders' help when they had issues but the investigator was not sure how the team leaders would address the issues. During the paper test of the interview session, workers were told that if they had any issue they could ask for the labor union's help. However, no worker knew whether there was a labor union or where the labor union was.

There was a poster about the hotline number for workers posted on the factory's bulletin board but almost no one has used it.





(A hotline poster on the bulletin board)

## Section 10. Others

### Employee Relations

Workers were free to move around the factory, and the factory does not search workers when they enter or exit the factory.

A worker was verbally abused by a manager. The manager yelled at the worker “God damn it!”

### Client Visits and Audits

There were clients who came to the factory for auditing. The factory did not hire new workers that day, to prevent auditors from seeing the brief pre-job training sessions the factory provides. On the day of auditing, every worker was required to wear his or her uniforms. Managers asked the workers to pile products and materials in an orderly manner and workers who were exposed to toxic chemicals must wear masks and place toxic chemical products in the secondary container just for the audit. Workers who worked at the punching positions needed to wear earplugs. However, generally, workers who are exposed to toxic chemicals do not wear masks and workers who worked at the punching positions do not really need to wear earplugs.

### Worker Satisfaction

The workers said that the reason why they chose to come to this factory was because workers here mostly worked day shifts (only few positions have night shifts), and also because it was hard to find a job but it was easy to be recruited into the factory.

The interviewed workers said the wages here were not high but everyday living expenses were high. They usually spent their money on food, phone bills and toiletries. For workers who did not live in the factory dormitory, they also needed to buy groceries, rent and utility fees. For workers who stayed at the factory

dormitory, monthly living expenses were over 700 RMB(\$100), and for workers who rent their own rooms outside of the factory, the monthly average expenses were more than 1000 RMB(\$142.9).

Some new workers said they would leave the factory to find other jobs when workers who only work at the factory during summer vacation quit in September.

Some workers felt the factory management was horrible. The dormitory was messy, the clock in system was chaotic and the production materials in the workshops area a mess.



(the factory is very crowded)

### Investigator's Journal Entry

Today is my third day at Everfront. I had both days off during the past weekend, only a few senior workers had their overtime on Saturday. My roommate's alarm went off at 7 am this morning. He got up and started watching a tv show. It was so loud that it kept waking me up. I remember he was watching the same show past midnight last night. Our dormitory is kind of ragged. There are 16 beds in one room, and six of them are empty in my dorm room. I shared a room with nine other workers, and two of them usually sleep somewhere else. I got up at 7:10 and washed my face and brushed my teeth. Around 7:25, I put on our uniform and went to the factory. It was such a nice day. It was raining and felt a little bit chilly, which is good because we don't sweat that much during our shift. After I clocked in, I went to our production line 13 located on the third floor of the Assembly Department Building A. Because I had a cold recently, I felt a little light-headed today, and I ended up walking to the wrong line. I didn't even realize this until I saw my coworker from the same line. Then I also realized that I wore my slippers to

work. Not like it's a big deal because other people were wearing summer shoes that looked like slippers anyway.

After we entered the workshop, everyone divided into teams and stood in line in front of their line leader for the morning meeting. It was very crowded. There was no gap between teams. The line leaders were all talking to the first few lines of their team. Workers standing at the back can't hear a word. Our line leader is a lady who is in her 40s. She said there was an audit from Disney today in the workshop, so everyone has to wear their uniforms. She said if she found out anyone playing with his/her phone, they would be fired immediately. She asked us to put just the right amount of raw materials on the line for assembling, and not to misplace any raw materials. She also said we must not put anything in front of the emergency exit, and keep the walkway clear. She mentioned workers who are in contact with chemicals have to wear a mask and leave chemical jars in the secondary spill containment. I felt like it didn't matter because these chemicals are volatile. She also required workers who use punch machines have to wear earplugs. Usually, workers don't wear them. I've read about the news of an audit on WeChat from a post by the dispatch company last night. So they didn't bring new workers to work at the factory today.

Many new employees didn't come to the factory today (they've found a better job perhaps). I've noticed all the 13 lines in this workshop were manufacturing Hasbro products. After the line started, I sat down at my spot, put on my hair net, signed my name on the check-in form, and took over the blade from the material keeper. I was also handed a mask because the audit was happening today at the factory. So everyone had to put on a show. No one worked in my position during the night shift, so I got the same materials that I left since my previous shift. My job is to take two metal shafts that had been pressed together and attach it to another material. I then use a cotton swab dipped in banana oil to remove the black paint on the product. I can also use the blade to scrape off the black paint. It's not hard for me to assemble toys. The difficult part is removing the black paint. I worked quickly enough and the items hadn't piled up at my work position in three days since I started this job. However, the elderly lady worked behind me had piled three big piles of materials. She worked here longer than me but she always stops me from passing on my finished materials, so they all get piled up at my work position. I remembered I didn't hear her last time and passed on what I'd finished to her position and she scolded me.

Later on, the materials worker was sent a form to record any defective products during production. The girl sitting next to me told me that I can get an extra 4 RMB(\$0.6) by just filling out the form. It was extremely boring in the morning. The line was moving quite fast at first, but then later, it stopped a few times. The material always came in waves and it slowed down by a lot just before we got off work. At 12:30, the line stopped. Everyone took off their hairnets and walked out of the workshop together. The staircase and the area where people go to clock out became so crowded. Sometimes I feel that Ever Front is quite a tiny factory. Everything is so cramped. I can't even stretch my legs at my work position. I often see piled up materials on the sidewalk and the line for food is almost out of the door at the staff cafeteria. I have to wait for 7 to 10 mins in line to clock out at the gate every day. I always take a photo on my way out after work but I saw a camera that was pointed right towards me today, which reminded me that I need to be more careful about my undercover work. Seeing this crowd around me, I wondered whether there were actually 3,000 workers at this factory.

A lot of workers choose to eat out because A. there are a lot of people in the cafeteria, B. there aren't many differences between the cafeteria and the restaurants outside in terms of lunch prices. I rode a shared bike to my usual spot and ordered a 7 RMB(\$1.0) lunch special. I saw that a lot of workers from our factory were eating here as well. I sweated a lot after lunch so I bought a bottle of water. I had a one hour break.

I went back to the factory at 1:25 pm after the lunch break, and continued the work I was doing in the morning. I was trying to get more engaged with my coworkers before asking them in-depth about certain

aspects at the factory. During the afternoon shift, I saw a line leader yelling at someone. He may have been working too slowly. At around 2 pm, our line leader came over and asked us to switch everything to a different production line for no clear reason. So we carried all the materials to a new line. Then he kept switching workers around. One of the workers got annoyed and refused to move. The line leader cursed at him in front of the whole team. I was told by my line leader to start working even though the person ahead of me wasn't even in their work position.

We signed in again at 6 pm (Normally we finish work at 7 : 30 pm). After that, the line slowed down and a few workers next to me started talking about their rents. One of them paid about 200 RMB/month(\$28.6), another one paid about 400 RMB/month(\$57.1). But they all did not have an AC in their place. I feel like it's quite common here in Guangzhou to use fans instead of an AC unit in the house because of the cost. Before I knew it, it was 7:30 pm. I clocked out and went to the same restaurant for dinner. I went to an internet cafe after dinner and wrote my investigation report with my SSR.

I went back to my dorm room and everyone was doing their own thing. There wasn't any real connection between roommates. I took a shower and jumped into bed. I kept writing my report on google docs and listed out all the things that were missing from the report, I think I will finish interviews and records in the next few days. The light is still on and will be on the whole night because that helps to keep bedbugs away at night. The room became quiet after 12. Everyone has to get up early tomorrow.