

Deterioration of Mattel's Labor Conditions: An Investigation of Four Factories



China Labor Watch

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Introduction

As attention is focused on the sweatshops of Apple, Foxconn, and the electronics industry, the toy industry is facing a deterioration of labor conditions, and workers in this industry are facing serious violations of their rights.

Mattel, the world's largest toy company, had revenues of \$6.3 billion and profits of \$768 million in 2011. Given its profits, it would seem reasonable to assume that such a large corporation as Mattel would treat well the workers who make its products. Unfortunately, that is not the case, and this report stands as testimony to the empty promise that is Mattel's corporate social responsibility.

This report has four parts. First, we examine Mattel's corporate social responsibility (CSR) profile. Second, we introduce the main findings of China Labor Watch's latest investigative report, based on October and November investigations of four factories producing Mattel toys. Third, we provide measures that Mattel must take to rectify the myriad violations in these factories. Finally, we provide the individual investigative reports for each of the four factories.

Empty promises: Mattel's CSR

15 years ago, Mattel was one of the first brand companies to establish Global Manufacturing Principles. For five years up to 2012, the company has been named one of Fortune Magazine's "100 Best Companies to Work For", and for years it has been named one of the "100 Best Corporate Citizen" by Corporate Responsibility Magazine.

Its consecutive years of honors make Mattel out to be a leader in CSR, and Mattel certainly promotes such a view. But when we take a closer look at Mattel's annual reports from 2009 to 2011, we discover that not one of the 120 pages is committed to CSR. And nowhere on its website or in its Global Citizenship reports does Mattel provide information on the CSR compliance of its supplier factories. This emptiness is a persistent feature of Mattel's CSR profile.

On the Corporate Responsibility portion of its website, Mattel promises that it will conduct unannounced audits at all directly-operated and supplier factories overseas. Mattel also cooperates with the International Council of Toy Industries (ICTI) to conduct annual audits in all of its factories as part of the ICTI Care Process (ICP). Mattel promises a "zero-tolerance" policy for those factories discovered to be using child labor, forced labor, or human trafficking, and the company promises that

immediate corrective action plans will be demanded of those factories found to be breaking other laws or regulations.

Unfortunately, such action plans are superficial. In the same section on their website, Mattel publishes the results of ICP audits from 2009 to 2011. The format and results of these audit reports should concern us.

Mattel has seven directly-owned foreign factories, four of which are in China. The independent reports, including action measures, are about two pages each, and the 2011 ICP annual report is nothing more than a simple table, summarizing the conditions of all seven factories in half a page. Only one factory was reported as having had time recording irregularities, and all factories were granted a seal of compliance by ICP.

But the problems in the individual reports are far worse than time recording irregularities. Indeed, the audits discovered that the overtime hours of workers at all Chinese factories, from 80 to 120 hours, were far in excess of Chinese legal standards. In fact, this is a violation of Mattel's own esteemed Global Manufacturing Principles: "Working hours must be in compliance with country and Mattel requirements" (article 2a).

And despite the illegality and contradiction evident in the work time violations at all Chinese factories, all factories were certified as compliant, and only one audit report even mentioned working hours in the "corrective actions" section. Even then, the action was meaningless; the plan was to "seek to ensure" legality in working hours.

Mattel began using ICP in 2009. Before that, Mattel audits were carried out by a nonprofit organization called the Sethi International Center for Corporate Accountability (SICCA). On its website, we can read SICCA's very detailed 2008 reports on Mattel's directly-owned and supplier factories, which are 30 and 40 pages long, respectively. Each report detailed the situation at each factory, separated into sections by topic—e.g., hiring, recording, safety, etc.

Most importantly, SICCA cites many specific problems at the majority of Mattel plants, citing so many, in fact, that SICCA takes a frustrated tone in the conclusion section of the supplier factory report: "SICCA is not satisfied with the integrity of its audit and the outcomes reported by its findings." After having conducted three years of audits at these factories, SICCA observed no significant improvement:

"Having undertaken three formal audits during the course of three years, when the normal schedule is one formal audit every three years, SICCA feels that any recommendations for corrective action would be

unlikely to yield meaningful changes without specific commitments from Mattel and the company's insistence that the plant must implement these recommendations."

It should also be noted that SICCA consistently pointed out excessive overtime hours in each one of its Mattel reports over the course of eight years, from 2001 to 2008. Despite this, the situation never improved.

Instead, in 2009, Mattel joined the ICTI CARE Process, and Mattel's entire CSR system took a step backwards. ICP audit reports are short, lack in detail, and only examine the conditions at Mattel's seven directly-controlled factories. Since 2008, Mattel has published no information on the labor conditions at its supplier factories despite the company promising in its 2012 Global Citizenship report to share information "the overall performance of our major vendors".

CSR at Mattel has slowly collapsed over the past ten years. Whereas the company once had SICCA carrying out robust audits on dozens of directly-owned and supplier factories with detailed reporting, it now only published superficial two-page reports of seven factories produced by ICP.

It seems that Mattel ended its relationship with SICCA on a bad note, SICCA perhaps no longer willing to continue conducting audits whose recommendations it felt "would be unlikely to yield meaningful changes". Or perhaps Mattel found SICCA too restrictive in its ethical demands on Mattel. In this way, Mattel might have found a more appropriate partner in ICTI.

Regardless of the reasons for the deterioration of its CSR system, it is clear that Mattel's promise is now empty. And there is a question of whether or not Mattel ever truly intended to live up to its promise "to ensure that our toys are manufactured in a responsible manner".

CLW's new investigation and Mattel's labor violations

This following introduces the results of CLW's investigation into four factories in Guangdong Province that produce Mattel toys, one of which is a factory directly controlled by Mattel. The investigations were carried out in October and November 2012. Together employing about 10,000 workers, these factories include Foshan City Nanhai Mattel Diecast Co., Ltd. (hereafter FNMD), Winty Industries Corporation (Shenzhen) Co., Ltd. (WICS), Dongguan Dong Yao Toys Corp., Ltd. (DDYT), and Shenzhen Wei Lee Fung Plastic Product Co., Ltd. (SWLF).

FNMD is the only factory directly controlled by Mattel, and it only manufactures Mattel products. The other factories, in addition to producing for Mattel, also supply toys for companies like Disney, McDonald's, and Hasbro.

In all factories except SWLF, investigators entered the factories as workers for a period of days or weeks to get a firsthand account of labor treatment at the given factory. At SWLF, the factory was not hiring workers at the time that the investigation was initiated, so our investigator examined labor conditions there by utilizing interviews with numerous workers outside the factory.

Despite each of the four factories receiving a "seal of compliance" from Mattel's auditor, all of the factories were riddled with legal and ethical violations. Altogether, CLW uncovered at least 15 violations:

1. Illegal overtime pay. At WICS, formal workers were only paid 10 RMB (\$1.6) per hour of overtime work on weekdays. Dispatch workers were only paid 7.5 RMB (\$1.19) for overtime, regardless whether or not the overtime was on the weekend. Based on minimum wage laws in Shenzhen, this overtime pay should be 12.8 RMB (\$2.05) per hour on weekdays, and 17 RMB (\$2.73) per hour on weekends. The implications of this violation are grave. This factory could be responsible for millions of dollars in wage arrears to workers.

2. Excessive overtime. All four factories maintained monthly overtime hours two to six times in excess of the 36-hour legal limit. Many workers are only able to rest one day every two weeks. The worst violator was DDYT, which, during peak season, has workers doing 180 to 210 hours of overtime. Moreover, in order to have workers continue working overtime on Sundays, DDYT will not record employees' working hours; instead, workers are given cash payments for their Sunday work that are significantly below the legal regulations for overtime pay. China's Labor Law requires workers' hours to be recorded.

3. Forced labor. At FNMD, the company regulations state that all overtime is voluntary. But in reality, workers are never granted permission by management to get off work after just eight hours; workers must continue working overtime.

4. Worker safety concerns. Every factory had at least one major safety violation in its production facilities. In fact, a lack of safety gear in high-risk positions is more common than not. For example, FNMD and DDYT spray paint workers did not wear masks, and molding workers at WICS and SWLF

did not wear masks or sound reducing earmuffs. At FNMD, management would not allow the investigator to wear gloves while spraying toys because gloves might reduce workers' efficiency. It seems that production efficiency takes precedence over employee safety at factories producing Mattel products.

5. Lack of safety training. Our investigators reported that FNMD, WICS, and DDYT either have perfunctory pre-work employee training for a few hours or have no training at all. Despite being in the toy industry, where occupational injury risks are higher than in other industry due to chemicals involved in production, safety training is almost nonexistent at these factories. Article 14 of the Provisions on Safety Training of Production and Operation Entities requires all production entities to provide new employees with three levels of safety training. Article 15 requires these entities to train new employees for no less than 24 hours before they begin working.

6. Lack of physical examinations. WICS and DDYT did not carry out physical examinations either before or after workers are employed by them despite the fact that workers' health could be adversely affected by chemicals involved in the manufacturing process of toys.

7. Workers unable to resign. At WICS and DDYT, the resignation process might take up to two months; some workers' applications for resignation are consistently denied. Many workers thus simply leave, resulting in a loss of unpaid wages. According to China's Labor Law, workers only have to apply for resignation one month in advance of their planned date of resignation.

8. Blank contracts. WICS had employees sign contracts in which many specific details, like wage or employment dates, were left unwritten.

9. Unpaid work. At DDYT, workers must attend morning and evening meetings for a combined 15 minutes every day, but this time is not calculated into the workers' hours. Assuming workers work 26 days per month, this is about 40 hours of unpaid work time every six months.

10. Lack of social insurance. Social Insurance Law of the People's Republic of China mandates employers to buy five types of social insurance for all employees, including medical, worker injury, retirement, unemployment, and maternity insurance. However, at DDYT and SWLF, the factory lets workers approach management and express willingness to buy insurance before the factory will provide it. This results in many workers simply going without insurance that could aid them in a time of need.

11. Abuse of dispatch workers. WICS and DDYT both employ large numbers of so-called “temp workers” from labor dispatch companies. Often, these workers have differing treatment and have no effective contract with the factory for which they work. For example, dispatch workers at DDYT are only paid for their work at the factory after finishing their stint there, at which point they are paid in cash by the dispatch company. Because temp workers lack contracts with the factory, the factory feels that it can shirk responsibility for the workers. For example, temp workers often do not have insurance because the factory does not have to provide insurance for temporary workers.

12. Lack of a living wage. All four factories in this investigation are located in large, developed cities. Life in these cities is expensive. Earning only 2000-3000 RMB (\$320-481) per month, the workers making Mattel's products are scraping by. In order to even survive, workers must live with many people in group apartments or dormitories. With such low wages given by factories, workers' long-term development and opportunities are severely limited. And to even earn the pittance they earn now, workers have to work at least 10 or 11 hours per day, 6 or 7 days per week. This is why many workers are willing to work overtime. But this type of labor is neither legal, healthy, nor fair.

13. Poor living conditions. Worker dormitories fit up to 12 people per room. Night and day shift workers may be arranged to live in the same room, causing one group of workers to be disturbed by the other group while they are sleeping. Hygiene in some cafeterias is a major problem. For example, at DDYT, there is only one water basin provided for workers to wash their bowls and chopsticks, and the water is usually dirty and full of food bits as workers attempt to wash their things.

14. Unreasonable rules. At FNMD, if a worker forgets their card used to clock-in, they will be considered absent on that day, which influences the worker's wages. At DDYT, management tells workers that if they report to anyone that they have been working after 9:30 PM in the production facility, then the management will fire them.

15. Lack of effective grievance channels. Except for SWLF, none of the factories have groups that legitimately represent workers in pushing for better treatment. SWLF has a so-called worker representation committee, but issues raised by workers in the committee are consistently suppressed by supervisors and, thus, go unresolved.

What Must Be Done

CLW calls on Mattel to ensure that the legal and ethical violations referenced above are quickly corrected. In addition, in order to ensure that future abuse is prevented, Mattel should take further steps to strengthen labor rights protection throughout its entire supply chain, including in both directly-owned and supplier factories:

1. Reduce dependence on audits. Rid of the dependence on audits in managing labor conditions at factories. Sometimes containing corruption, being carried out during low seasons at factories, and often abiding by low standards, audits are cannot be the only facet of a responsible manufacturing system.

2. Reform buying and just-in-time practices. Mattel pays supplier factories too little and demands that these factories deliver products in very short periods of time. The result is long hours and low pay for the workers making Mattel's toys. Mattel should reform these practices to allow for less pressure on workers.

3. Production transparency. Mattel should publish a list of all supplier factories as well as put the names of these factories on its products. This way, Mattel's supply chain will be more transparent.

4. Establish third-party hotlines. Independent third party actors, such as an NGO, can act as mediators of labor disputes. Workers are given a direct channel by which to contact this NGO and express their grievances. In turn, this NGO can then communicate the grievances to the factory and discuss potential solutions.

5. Convene round-table discussions. Mattel can organize semi-annual discussion events which bring in worker, factory, brand, and NGO representatives. Round-table events should allow all sides to hold open discussions on factory rules, labor treatment, and other issues relevant to workers as determined by workers themselves. These events should emphasize equality among the various parties, ensuring that there are an equal (or greater) number of worker representatives as corporate and factory representatives. Worker representatives should be directly chosen by the workers themselves.

6. Worker committees. Each factory should have an independent worker committee that is led by workers selected directly by the worker population at the factory. The candidates for committee leadership should also be

nominated solely by workers, not by factory management. The worker committee would represent workers in discussions with management about any aspect of work or living conditions that workers deem important.

As mentioned above, Mattel has annual profits surpassing \$700 million, and it is a global leader in the toy industry. Perhaps more than any other corporation, Mattel has the ability to positively influence labor standards in the toy industry. CLW calls on Mattel to begin this work immediately.

Investigative Report on Foshan City

Nanhai Mattel Diecast Co., Ltd.

September 29, 2012—October 15, 2012

I. Company Profile

Foshan City Nanhai Mattel Diecast Co., Ltd. ('Nanhai Mattel' for short) was established with capital from Mattel, Inc. and established in 1998, with more than 3,000 employees. Most of its employees are migrant workers, some from economically underdeveloped areas in Guangdong and most from rural areas. There are four major departments: injection molding, pad printing, spray painting, and assembly.

Nanhai Mattel mainly produces Fisher-Price brand plastic toys for children. Fisher-Price toys are mainly produced for export, with very few sold in mainland China. The prices of these products sold in mainland China range from tens of RMB to several thousand RMB, much higher than similar products of Chinese brand companies.

There are 10 to 15 workers on a production line in a workshop, each in charge of spraying different parts. Production volume varies depending on the part of the product. One production line is required to finish 1200 to 1500 in 11 hours, completing two toys every minute, on average.

Company's legal representative: Arun Kumar Kochar

Company's address: East Yong'an Road, Guanyao, Nanhai District, Foshan

Business type: Limited liability company (Sino-foreign joint venture)

Telephone: 0757-85888 999



Some products of Nanhai Mattel

II. Recruitment and Resignation

Recruitment process

1) Application, 2) interview, 3) physical check, 4) living accommodations, 5) professional training, 6) signing of labor contract.

Employment requirements

Applicants should be healthy, meet all requirements, and be free of all occupational contraindications that would make them unsuitable for the position. Applicants must be of good character and well-behaved. Applicants must possess a legal work ID, be willing to comply with arrangements related to the position, and be able to handle rotating shifts and overtime.

Channels for hiring new employees

Internal recommendations, employment notices the outside company gate, recruitment booths outside of the factory, re-employment, and employment agencies.



Applicants standing in lines outside of the company gate, waiting for interviews

Physical Examination Upon Employment

Examination includes blood test, urine test, serum ALT, and ECG. The ECG and blood test are carried out in Guanyao Hospital; the urine test is carried out in Nanhai Economics Development Zone People's Hospital. The exam fees are paid by Nanhai Mattel.

Training

The four-hour training covers an introduction to company, confidentiality requirements, wages and benefits, holidays, labor discipline and safety issues. Among them, safety and health training is less than one hour and is not explained by instructors, rather being explained in the form of test papers.

Resignation

After working for three full days in the factory, employees can submit a resignation application and can formally begin resignation procedures three days after authorization. Owed wages will be placed on the wage card in the Construction Bank of China.

In regards to carrying luggage out of the factory, dorm supervisors will issue a release pass after inspecting the luggage of the resigning employee. The resigning employee can only carry luggage out of the factory when the employee has this release pass.

III. Labor Contracts

A worker's paystub will show that her monthly overtime hours exceed 100 hours. This far exceeds the terms laid out in her labor contract: "based on production needs, the factory can prolong working hours after negotiating with the labor union and Worker. Hours added for special circumstances cannot exceed 36 hours per month."

Mattel Foshan China			
2012年8月份工资单			
入职日期: 2012-07-09	分部: 注塑	工号: 58013	姓名: 魏豹
部门: 生产部	签约奖金: 150.00	实出勤小时: 113.00	
本月应出勤小时: 168.00	绩效奖金: 0.00	有新制工资: 0.00	
本月缺勤小时: 0.00	保底收入: 0.00	比例病假工资: 0.00	
夜班人数: 0.00	全勤奖: 40.00	1.5倍加班工资: 545.62	
	伙食补贴: 130.00	2倍加班工资: 740.34	
		3倍加班工资: 0.00	
	调整前	调整后	
基本工资: 1150.00	1150.00	职务补贴: 75.00	
职务补贴: 100.00	100.00	岗位津贴: 0.00	
实出勤小时: 0.00	168.00	医疗补贴: 0.00	
有新制小时: 0.00	0.00	封顶补贴: 0.00	
比例病假小时: 0.00	0.00	夜班补贴: 0.00	适用税率: 0.00
1.5倍加班小时: 0.00	56.00	高温补贴: 88.65	减免税额: 0.00
2倍加班小时: 0.00	57.00	福利补/扣款: 0.00	扣缴税金: 0.00
3倍加班小时: 0.00	0.00	养老保险缴纳: 0.00	税后补/扣款: -100.00
迟到早退分钟: 0.00	0.00	失业保险缴纳: 0.00	应纳税款: 0.00
		医疗保险缴纳: 0.00	
		税前收入: 2896.51	净收入: 2796.51

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。

A worker's paystub shows his overtime hours in August 2012 at 113 hours and his net income at 2796.51 RMB (\$443.9).

IV. Working Hours

Work Schedule

Working shift	Working hours	Remarks
Day shift	7:30 am-7:30 pm	<p>7:30 am-4:30 pm is the basic work hour period, including a 40-minute lunch break and a 20-minute break.</p> <p>Normally, 4:30 pm-7:30 pm are the overtime hours for day shift.</p> <p>The break for the day shift is 3:10 pm-3:30 pm.</p>
Night shift	7:30 pm-7:30 am	<p>7:30 pm-4:30 am is the basic work hour period, including a 40-minute lunch break and a 20-minute break.</p> <p>The break for the night shift is 3:10 am-3:30 am.</p>



During the short 20-minute break in the afternoon, a worker was dozing at the work table. It would have been a disaster if the machine was accidentally started.

The Code of Conduct regulates that “employee's overtime abides by a voluntary principle”, but Nanhai Mattel does not comply with this. Based on my personal experience, when I requested to my production supervisor for a third time to not work overtime, I was warned that I would not pass the probation period.

The management lacks kindness to its employees. Nanhai Mattel requires us to clock-in upon going to work. Those who forget to clock-in will be considered absent for an inexcusable reason.” But this rule cannot be found in the Code of Conduct.

Absenteeism for three days in a row, or repetitive absences within 365 days, is considered a serious violation of the company's management system. The company will dissolve the labor contract immediately without any compensation.

Forced labor exists. According to interviews, workers' requests to get off work after their normal 8 hour shift are never permitted. If a worker only works 8 hours per day during the probation period, this person will not pass the probation. This is a demand of management rather than a formal rule in the code of conduct.

V. Labor remuneration and benefits

Wages are time-based in this company, with the initial monthly wage beginning at 1,100 RMB (\$174.6), an hourly wage of 6.32 RMB (\$1). The monthly minimum wage of Foshan is 1,100 RMB (\$174.6). Overtime wages during weekdays is calculated at 1.5 times the hourly wage. Overtime wages on weekends is calculated at twice the hourly wage. Overtime wages during holidays is three times the normal hourly wage

As for the detailed wage breakdown, the base monthly wage is the local minimum wage, 1,100 RMB (\$174.6), and overtime pay constitutes the majority portion of wages. Under the condition of no absence from work, 11 hours of daily work, 26 days a month, a worker's wage will be around 2,800 RMB (\$444.4).

The previous month's wages are distributed from the 5th to 10th of each month. The distribution of wages is usually on time. The wage is calculated from the 26th of month one to the 25th of month two.

Monthly income = base wage + overtime wage + all subsidies/allowances, if any + all bonuses, if any - (absence donation) - (social security fees, in accordance with local governmental requirements) - (personal income tax, if any) - (living accommodation deduction) - (other deductions).

Income Table

Item	Amount or other	Notes
Base wage	1,100 RMB (\$174.6)	The basic wage of newly-hires is 1,100 RMB, and will be raise in accordance with seniority later.
Overtime pay	Weekday: 9.48 RMB/h (\$1.5) Weekend: 12.64 RMB/h (\$2) Holiday: 18.96 RMB/h (\$3) Regular hourly wage: 6.32 RMB/h (\$1)	Overtime pay after 8 hours in weekdays is 1.5 times the basic wage, weekends 2 times, and holidays 3 times.

Night shift allowance	2.5 RMB/day (\$0.39)	Granted as meal subsidy to night shift workers. The factory operates two shifts. In most cases, workers have to work on night shifts for two weeks each month. According to some of them, it was very hard to work on night shifts and the 2.5 RMB is far from enough.
High-temperature allowance	Varies from 0 RMB to 100 RMB (\$15.9)	From June to October, it will be granted according to the temperature level in the production rooms.
Special position allowance	Varies from 0 RMB to 200 RMB (\$31.7)	This will be granted based on a specific position. The allowance for workers in the spray painting department, who will come into contact with chemicals such as paint, is 200 RMB (\$31.7) each month. Word has spread in the production facility that working for a longer period in that workshop will affect fertility. The workers will try all means to leave that department, usually by resigning.
Full attendance bonus	40/50/60 RMB (\$6.3/7.9/9.5)	The full-attendance bonus for the first month after recruitment is 40 RMB (\$6.3), 50 RMB

		(\$7.9) for the second month and 60 RMB (\$9.5) for the third month. After three months, this allowance is 60 RMB (\$9.5) per month.
Performance bonus		
Signing bonus		
Meal subsidy	130 RMB (\$20.6)	If a worker eats in the cafeteria for the entire month, she will receive around 130 RMB (\$20.6) as a meal subsidy. If a worker asks for leave, money will be deducted from the meal subsidy based on number of days on leave.

Deduction Table

Item	Amount and other	Notes
Accommodation deduction	45 RMB (\$7.14)	Water, electricity and related administration fees
Tax		In accordance with government policies.
Social security fees		According to relevant local governmental regulations (based on differences in workers' household registrations and the previous month's average, fees vary among

		workers).
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Benefits

TV room, library, medical room, ATM, small-scale basketball court, and badminton court. Workers will get a small gift on their birthdays.

VI. Meals and living conditions

Meals and living accommodations are not free of charge. Eating at the cafeteria is paid by swiping a card; workers are also required to pay a fee for living in the dorm.

Meals

There is an internal cafeteria in the company, in which workers pay for themselves. There is a monthly meal subsidy of 130 RMB (\$20.6). The standard meal for breakfast, lunch, and dinner costs, respectively, 2.5 RMB (\$0.39), 3.1 RMB (\$0.49), and 3.1 RMB (\$0.49). The breakfast includes steamed buns and porridge. The lunch and dinner includes a vegetable dish and meat dish. Aside from this, additional dishes are available, but there are extra fees. Normally, eating in the cafeteria costs around 10 RMB (\$1.59) a day. The workers mostly complain about the food, saying that there is too little meat.



3.1 RMB (\$0.49) lunch

Meal Timetable

Item	Time	Remarks
Breakfast	6 : 30—7 : 30	The porridge looks like it is made from leftover rice.
Lunch	11 : 00—12 : 50	Workers take turns eating in groups, with only 40 minutes to eat.
Dinner	18 : 30—20 : 00	Workers take turns to eating in groups. Workers get off from work at different times, some at 18:30, some at 19:30.
Late night meal	23 : 30—01 : 10	Workers take turns eating in groups, with

		only 40 minutes to eat.
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Living accommodation

There two dormitory buildings, each with 6 floors. Rooms on floor 1 to 3 house males, and floor 4 to 6 house females. There are 8 people in each room. Around one third of the workers choose to live outside the factory dorms. Floor 6 of both buildings are empty with no one living there.

In each dorm room, everyone has a locker (each needs to get a lock themselves), with tiled floor and six fans. A bathroom is shared with the entire floor. The size of each room ranges from 20 to 30 square meters (215.3 to 322.9 sq ft). Four bunk beds hold eight people. There is room for charging cell phones in the dorm buildings, but here are no outlets in the dorm rooms. It is thus inconvenient to charge phones and call family members.

The dorm charges water, electricity, and administration fees of 45 RMB (\$7.1) each month. The management is not very friendly. For instance, in order to prevent theft, the dorm administrator will lock the dorm building doors around 1 or 2 am. If a worker comes back to the dorm after that time, the worker will ask the administrator to open the door. Although it is the administrator's responsibility to open the door, the administrator will turn a cold shoulder to workers while saying "why didn't you come back earlier?"

The night shift and day shifts workers are mixed in the dorms. Day shift workers entering and leaving the dorm affect the rest of the night shift workers.

Day shift workers always come back to dorms to chat and secretly smoke during the lunch break. This is during the deep sleep hours of the night shift workers who get off from work at 7:30 am. The noise will easily disturb their sleep.



VII. Occupational safety training and labor protection

Occupational safety training

The factory does not provide enough occupational safety training in regards to production operations. There is around one hour of occupational safety training in the form of an open-book exam, but it's just quickly copying answers from one another with exam papers not being collected afterwards. Training is thus not effective. Additionally, workers were not told that the working environment is likely to cause harm to their health.

The factory focuses on efficiency more than on labor safety. The workers in charge of cleaning products with toxic chemical thinner are not allowed to wear gloves. I once was in the spraying position in the factory. The paint would stain my hand and was hard to wash off, so I tried to wear gloves. But wearing gloves while working is bad for production work because it increases the amount of oil stains on the products. Because of this, the supervisor required me to take off the gloves, saying "after you wear the gloves, the product rejection rate is increased. This is not good.

Our factory values efficiency most. You have to take it off. Look, no one else is wearing.”

The spraying department is filled with a pungent smell, but in the actual production process, there are workers responsible for spraying who not wearing masks. (See photo below.)



VIII. Punishment

There is a strict punishment scheme in Nanhai Mattel.

Two oral warnings in a year accumulate as a written warning. Two written warnings in a year lead to the termination of the labor contract. There are many circumstances for oral warnings—24 items in the code of conduct. There are 32 conditions listed prone to receive written warnings, and 34 conditions to terminate the labor contracts.

Strict punishment regulations

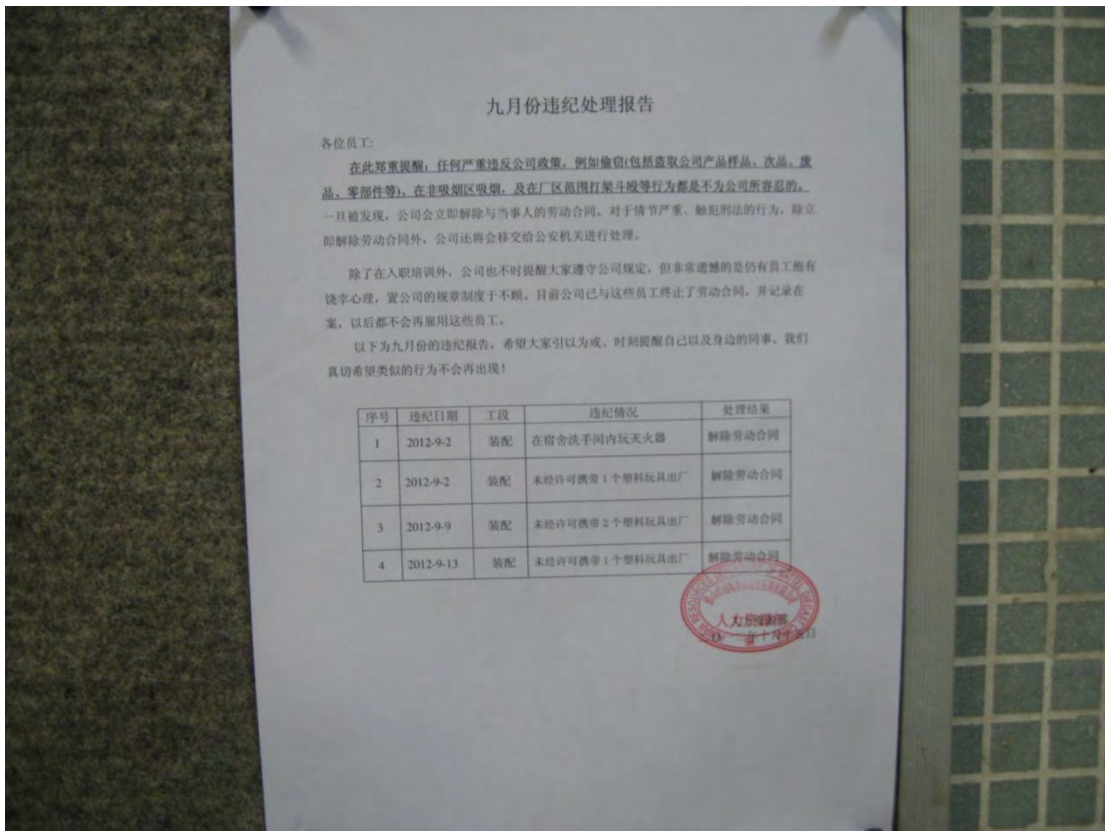
NO	Punishment Level	Description of Actions
1	Oral warning	Not wearing factory ID when entering company areas; not wearing uniforms or labor protection equipment as requested while working
2	Applied to the first offense and minor behavior. Assuming concrete evidence, the company will issue oral warnings to those who commit the following offenses (but warnings are not limited to these behaviors).	Not obeying rules while entering or leaving company areas, or bringing articles into the company while rejecting to answer questions by security or management, or refusing to let company guards check packages, vehicles, etc., minor offense
3		Impolite, insulting others
4		Verbally or physically threatening others, under the condition that it is corrected after education
5		Low efficiency; even after related position training, still not meeting demands of position
6		Chatting, playing, or reading irrelevant reading material during work
7		During working hours, answering, calling, or using private phones without the permission of supervisors; charging private phones in the production facility
8		Minor offense of unpermitted leaving of position during working hours
9		Arriving late or leaving early up to/more than three times within a month
10		Bringing food and beverages into the production facility
11		Not reporting the picking up of lost articles
		Written

12	warnings	
13	Assuming verification or concrete evidence, the company will issue written warnings to those committing the following offenses (but warnings are not limited to these behaviors).	Two oral warnings in a year
14		Bring non-company staff(s) into the company areas without permission from the company
15		Photographing or video-taping in the factory without permission from the company
16		In regards to instructions from the supervisors or other reasonable arrangements with deadlines, without legitimate reason, not completing work on time, mishandle work, or deliberately slowing down
17		Negligence of work leading to the wasting of equipment, products resources, or materials, injury of others, or other damage to the company or other people;
18		Breaching the company information safety policies or personal confidentiality system, minor offense;
19		Tearing documents or public notices, etc.
20		Coming to work drunk or drinking during work hours
21		Sleeping during working hours
22		Unauthorized pulling of wires, or use of portable power bar in the dorms without permission of the company
23		Moving into the dorm, moving to another bed or dorm room without permission of the company
24		Other disciplinary offenses that the company believes need to be granted written warnings

25	Assuming verification or concrete evidence, the company will terminate the labor contract (dismissal) with those committing the following offenses (but terminations are not limited to these behaviors).	Two written warnings in a year
26		Clocking-in for others, entrusting others to clock-in or forge attendance records
27		Lending factory IDs to others, or helping others enter company areas by other means
28		Physical fighting, use of violence or carrying of lethal weapons to threaten the safety of others, carrying out violence
29		Verbally insulting others, creating negative influence
30		Illegal strike, work slowdown, or instigating others to slow down or to go a strike
31		Theft of company properties or others' property; apart from dismissal, the offending employee needs to compensate losses; in serious cases, will be handled by police
32		Breaching of the intellectual property of the company, leaking commercial secrets or other confidential documents of the company
33		Gathering mobs in the company, impeding normal production and living order
34		Spreading rumors to create troubles, leading to severe damage for the company or causing negative influence;
35		Absenteeism for three days (or more) in a row, or repeatedly be absence from work in a year
36		Smoking or throwing cigarette butts in non-smoking areas;
37		Carrying, taking in or selling drugs

38	Other serious violations that the company believes necessitates the termination of labor relations.
<p>Remarks: this table was an excerpt from Foshan Mattel Code of Conduct 7.3 <Categories of Discipline Actions>. In fact, the categories listed in the code are more than what have been excerpted here—90 items in all. Among them, there are 24 oral warnings, 32 written warnings, and 34 causes for termination of labor relations. During actual operation, there are cases of arbitrary sanctions, such as getting a written warning for just being late twice.</p>	

According to September Discipline Violation Report of Nanhai Mattel, there were 4 people fired that month for “playing with fire-extinguisher in the dorm and carrying toys outside of the factory without permission”.



IX. Labor Union

The factory has set up clubs such as a basketball club and badminton club. However, there is no labor union. The Code of Conduct clearly states that those who “instigate others to strikes” can be fired.

Workers are not satisfied with the working and living environment at Mattel. But they cannot get help from the labor union, so they have to quit, leading to a high turnover rate. Monday to Friday from 8 am to 11 am are the office hours to arrange official resignation, and there are always workers leaving the company during this time.

X. Other Issues

Due to frequent resignations, rare break time, and different departments, those who share a dorm room lack communication. Even after they have lived there for half a month, they do not recognize other roommates' names.

Such lack of communication also exists during work hours. As there are rules regarding production quantity, workers are not able to walk around freely. If they talk with colleagues during working hours, workers will be accused of low efficiency by the supervisors.

Employees' privacy is violated. When they carry personal items out of the factory, they are forced to let guards examine their things.



XI. Investigator's Journal Entries

-I have to begin work at 7:30, so the latest I can get up is 7:00. I really don't want to get up this early. This is especially true for people who played online all night and didn't sleep until 2:00 in the morning. I have to work ten or eleven hours during the day and clock-out at 18:30, so personal time is really reduced. After doing things like running, eating, going to the internet café, and showering, it's already after midnight. And I only have 40 minutes to eat lunch during the day, so there isn't enough time for a midday nap. As a result, I always feel deprived of sleep. At 15:15, during the 20-minute break, a lot of workers will rest their heads at their work station and nap; people are so tired.

-In eight hours, I finished 750 products.

-After work, I line up to clock out. I feel like I'm finishing tasks; my work lacks autonomy.

-Today was pay day. Just as other spray paint workers, I received 2800 RMB (\$444.4). Overtime was 110 hours. Others had about the same time. I can only be amazed at this.

-In my position as a sprayer, my primary work is to spray grey paint onto part of a toy car that is held in place by a clamp. The brand logo on this toy car is Fisher-Price, and the product is primarily being sold abroad. It is required that we finish 1200 products in ten hours of work, so this is two toys per minute. If you don't meet this goal, rewards will be deducted. Rewards are given to workers based on their production line's performance, so the entire line must meet the production requirements in order to get the reward. It's not based on individuals.

-I've had few opportunities to do this sort of repetitive robotic work for such long periods of time. I often look at my watch and discover that another few hours have passed again. At night time, the food in the cafeteria is bad. I didn't eat dinner, so I'm going to consider going out to get something to eat.

-Based on a normal 8-hour work day, we should get off work at 16:30. I wanted to go back to the dorm and rest. I argued with my supervisor about it; I said that she is forcing overtime. I came back to connect my camera to the computer and found out that that the photos could not be read on this computer. Damn!

Investigative Report on Winty Industries Corporation (Shenzhen) Co., Ltd.

On the afternoon of October 15, 2012, our investigator went to the Winty Industries Corporation in San Lian Industrial Zone as an applicant for employment in order to understand the hiring procedures of that factory. After notifying the guards of the reasons for entering the factory, the investigator was interviewed in the human resource department behind the security room. An employment letter was granted after answering questions about work experience, highest level of education completed, and intention for employment. The investigator was asked to bring their luggage, a copy of their ID, three one-inch photos, and a digital receipt to the human resource department for check-in at 8 am the second morning. The following report was created based on the investigator's five days working and living in the factory.

I. Company Profile

Winty Industries Corporation (Shenzhen) Co., Ltd. (hereafter referred to as Winty) is a wholly-owned subsidiary company of Kwok's Winty Manufacturing Limited. It was established in 1989 in San Lian Industrial Zone, Shiyan Town, Bao'an District, Shenzhen. According to a this company's introduction, they have had long-term cooperation with Mattel, Disney, Hasbro, Barbie, Casio and other brands, manufacturing products in the toy, electronics, communications, PC, household appliances, and other industries.

The investigation has discovered that there are two other companies in the Winty campus located in Sanlian Industrial Zone: Yu Tian Xun Communications Technology (Shenzhen) Limited (hereafter referred to as YTX) and Shenzhen Rota Intelligent Life Appliance Co, Ltd. (hereafter referred to as Rota). YTX and Winty both have the same legal representative, Guo Zhancheng. The address is Floor 1, No. 3 Winty building. They were previously producing and selling electronic products, Bluetooth products, digital electronic appliances, communication systems, and computers. They expanded to plastic toy, plastic electronic toy, and plastic battery-operated toy production in 2008. The 2nd and 3rd floors of the same building were rented to Rota, which mainly engages in the development, production, and of sale of Tofu-making machines.

According to the workers, beginning next month, the peak season will have passed, the number of orders will decrease, and the factory will lay-off employees in groups.



Factory grounds

II. Recruitment and Hiring

Apart from direct hiring and referrals from current employees, the factory mainly recruits labor from labor dispatch companies. The recruitment procedures are very simple, only needing a copy of one's ID. After recruitment, there is no health check or professional training.

According to factory regulations, workers can only resign after working for two full months and have to apply a month ahead. First of all, the worker needs to get a resignation application form from the management, and then hand in to the supervisors to review. The supervisors will prolong and reject the resignation application by all means. If the resignation is approved, the wages can only be claimed on Fridays, as financial personnel only settle wage calculations on Fridays. If the application is not approved, the workers have to quit, which means giving up all unpaid wages and overtime pay.

III. Labor Contract

On the day of recruitment, a labor contract will be signed, but no copy of the labor contract will be offered to the workers. It is only required to fill out the name of the workers, ID information, registered permanent address, recruitment dates, and signature confirmation on the labor contract. All the other parts, such as the term of the contract, term of the probation period, and wages and benefits are all blank. The recruited person also needs to fill out an Employee Resume and Meal Application form.

On that day, the investigator did not turn in a digital receipt as was required. The investigator expressed that they did not want social security and was scolded. It was eventually approved.

W 0001177

劳动合同书

甲方(用人单位): 宇天讯通讯科技(深圳)有限公司
代表: 蔡展斌
乙方(员工):
身份证号:
户口所在地:
入厂时间:
电话: 0755-27629301

国家有关法律条例的规定, 甲乙双方本着平等自愿, 协商一致的原则, 达成如下协议

合同期限和工作岗位
甲方根据生产需要聘用乙方为员工, 合同期限自____年__月__日至____年__月__日
乙方工作岗位(工种)为____, 甲方根据工作需要, 可以调换乙方工作岗位(工种)
乙方应具备所支持的工作岗位(工种)的基本技能与素质, 否则, 甲方有权调换乙方工作岗位

工作时间和休息时间
甲方执行综合计算工时工作制, 乙方平均每日工作不超过8小时, 平均每周工作不超过40小时, 根据乙方自愿申请, 甲方安排乙方工作的, 视为加班。
乙方加班工资按《劳动法》第四十四条等规定支付工资报酬。
甲方按国家法定节假日, 合理安排乙方休假或休息。

工资待遇
甲方承诺乙方每月正常出勤标准工作时间所得的工资不低于市政府公布的当年最低工资标准。
根据依法自行制定的工资发放办法(该办法为合同附件, 是本合同的组成部分), 乙方工资实行下列第____项形式。
(1) 月薪形式 (2) 计件工资 (3) 其他形式
乙方的工资为____元/月。
每月__日为甲方发薪日(若遇休息日或节假日顺延), 甲方须按月以货币形式支付工资, 不得无故拖欠乙方工资。

Incomplete labor contract

宇天讯通讯科技(深圳)有限公司
员工简历表
日期: ____年__月__日 编号: ____
 受限
 不受限

性别	年龄
电话	出生日期
身份证号码	婚姻状况
年 月 日	已婚/未婚

Employee resume form

IV. Working Hours

The factory follows a work system of 5 days per week, 8 hours per day. The working hours are 7:45 am-11:45am, 1:15pm-5:15pm. There is a break of 10 minutes every two hours. As there are toy and Bluetooth production facilities in the factory, the workers in those two facilities have different overtime schedules. The toy workshop does overtime more frequently—almost every night—starting from 6:15pm and working for 4 hours, which is one hour more than the Bluetooth facility. During peak

season, workers in the Bluetooth facility will work 4 hours of overtime as well, but only rarely. According to the workers there, they will only do 4 hours of overtime in a day once or twice per month. Also, during weekends, there is usually overtime in the toy facility, including both Saturday and Sunday. There is less weekend overtime in the Bluetooth facility, and when there is, it will only be on Saturdays but not on Sundays. Working hours and break times are all signaled by lights in the facility that turn on and off only during the scheduled times. Only once, in order to adjust to a client's examination, the factory delayed the time that everyone began working.

Overtime is voluntary for workers. However, most of the workers in the factory are temporary workers, so their wages depend on the number of overtime hours they do. In order to increase their wages, workers are usually willing to work overtime and even complain that the overtime hours in their facility are too few. Thus, some workers will apply to transfer to work overtime in other facilities. If a worker does not want to work overtime, he/she can just inform the foreman and they will not be punished. Including overtime hours, the average monthly working hours of a worker is 300 hours.

The factory keeps record of attendance via a clock-in system. Some workers complained that the working hours are calculated to be less than they should be and the problems could not be corrected. It have been due to a malfunction in the sensory equipment, so the factory installed a new sensor.

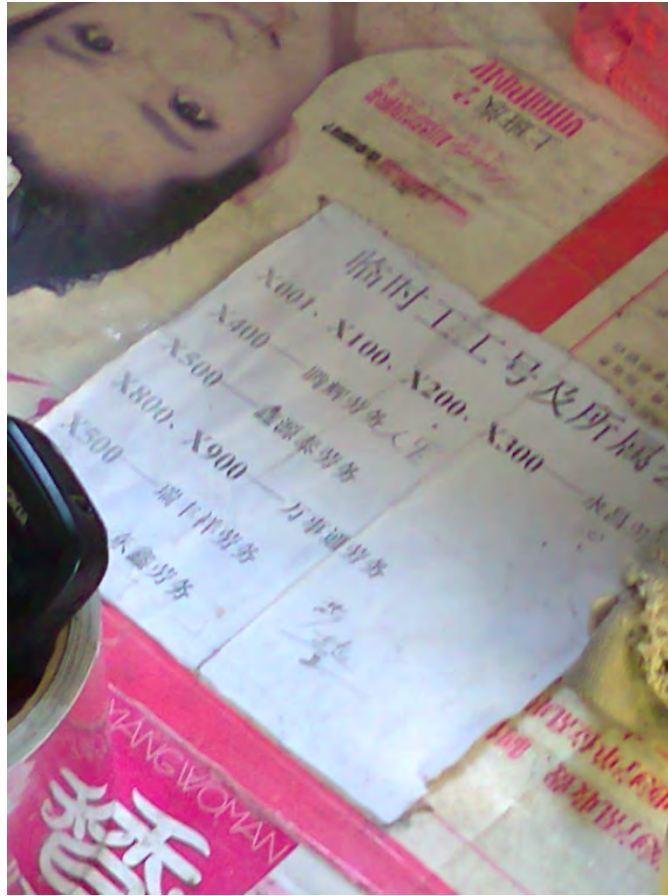
If a worker is absent for one day, three days of wages will be deducted.

V. Official Workers and Temporary Workers

Among the 600 workers of the factory, 80% are temporary workers. Most of the temporary workers are dispatch labor, and few workers are recruited through internal referrals. According to the Temporary Worker ID and Source Company list obtained by the investigator, the labor dispatch companies are Yongchang Labor Service, Tenghui Labor Service, Xin Yuan Tai Labor Service, Wan Shi Tong Labor Service, Rui Feng Xiang Labor Service, and Dong Xin Labor Service. These dispatch workers will usually be sent to work in other factories after working in one factory for one or two months. During this investigation, the deepest impression that the investigator had was that, compared to official workers, temporary workers have a sense of superiority about their treatment and benefits, as they think 'it is not worth it to work as an official worker here'. The following is a table of the differences between official workers and temporary workers in remuneration, benefits, and living conditions, based on the knowledge of the investigator.

	Wages	Bonuses, allowances	Deductions	Social insurance	Wage settlements
Official workers	Basic wage of 1,500 RMB (\$238.1), regular overtime pay of 10 RMB/hour (\$1.6); workers' average monthly wage in the toy facility is 3,000 RMB (\$476.2)	Full-attendance bonus of 150 RMB (\$23.8); high temperature allowance of 100 RMB (\$15.9); allowance for snack during overtime hours at night.	Dormitory fee of 100 RMB/month (\$15.9); meal deduction from monthly wage equal to the amount consumed in the cafeteria.. The meal deduction will not be deducted if the worker did not eating in the cafeteria.	Purchased (type and sum unknown). If the worker does not want to purchase it, there is no coerced purchase.	Newly-hireds have to pay one month's wage as a deposit. The wages are distributed on the 28 th of every month. The final payment for resignation can only be settled on Fridays.
Temporary workers	Differs based on the dispatch company and length of working hours in the factory. The hourly wage ranges from 6-9 RMB (\$0.95-1.43). There is no difference	Meal allowance of 120 RMB (\$19). Some dispatch companies offer additional living allowance of 150	Deduction of meal fees exceeding the meal allowance.	The factory does not purchase social insurance for temporary workers.	Wages are settled upon resignation. Usually, when the worker leaves the factory, the factory will hand over their working

	between weekday overtime hours and weekends or holidays overtime hours, all calculated at 7.5 MRB/hour (\$1.19). The average monthly wage is 2,250 RMB (\$357.1).	RMB(\$23.8). Allowance for snack during overtime hours at night.			hour records to their supervisors so they will be paid by the dispatch company. Fees incurred during the period of work can be paid in advance by supervisors and deducted from worker wages while settling wages.
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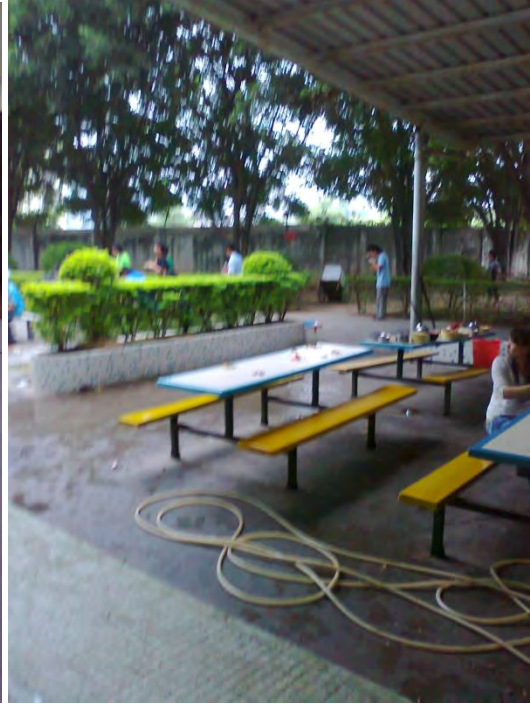
Dispatch worker list

VI. Living Conditions

There is a group cafeteria in the factory. Only the newly-hireds use meal tickets (with a 3.5 RMB (\$0.56) value) for the first five days. All the rest use a meal card to buy food. As the workers get off work at the same time, it is always crowded in the cafeteria. There are special guards in the cafeteria to prevent people from jumping in the line. There are various styles of food. However, according to workers' general opinion, the price is a bit high. A same plate with two meat dishes and one vegetable dish costs several RMB more than that in the fast-food restaurant outside the factory. But as the break time is limited, workers usually choose to eat in the cafeteria. The factory does not offer a meal allowance to the official workers who eat at the cafeteria, but offers 120 RMB/month (\$19) to the temporary workers. The cafeteria is not sanitary. Food is left on the tables by the workers, so those who come in late cannot even find a clean spot to sit down and eat. There is only one cleaner in the cafeteria, and they are always busy cleaning the 'feast' on the tables.



Lines in the cafeteria



Cafeteria tables after use

There is only one dormitory in the factory; it has 7 floors and is shared by male and female workers. The male workers live on floors 1 to 4 while female workers live on the floors above that. Official workers need to pay 100 RMB (\$15.9) in dormitory fees each month, directly deducted from their wages. The dorm is free for temporary workers. There are 6 bunk beds in a room—12 beds in all—and usually 4 to 6 people living in each room. The equipment is simple and crude: two bathrooms, three ceiling fans, and two fluorescent lamps. There is a hot-water room on each floor. But sometimes when there is no hot water supplied, workers have to fetch water from the floors below.



Inside the dormitory

VII. Occupational Safety (in the toy production facility)

Toy production and plastic products are high-risk for occupational disease in respects to poisoning. These are major industries in Shenzhen for occupational disease risks. But the factory does not offer any pre-job training on occupational health and work safety to the workers. Plastic is a polymer compound, its toxicity comes from the fumes during the hot molding process. Although the investigator did not work in the molding room, the plastic fumes can still be smelled in the toy assembly room.

Although only three of six production lines are operating in the production facility, it is very noisy. Added onto this noise in the facility are the fumes of plastic and electric welding. Staying too long in this environment will cause nausea and dizziness. The factory does not provide any labor protection equipment such as

masks or earplugs. Only when an individual worker requests masks from the foreman will the factory offer a mask to that worker.

The windows in the facility are all open. Although fans are not on, as it gets cooler, basic ventilation is ensured, so there is no problem with breathing or poor ventilation at work. Sanitation is assured, with clear passageways and no rubbish allowed to be scattered. Waste is required to be thrown in a box, or the person will be orally warned by the monitor.



Warehouse



Production facility



Production line



Dispatch workers

VIII. About Investigating Mattel

While our investigator did not see Mattel products being manufactured in the factory, she found Mattel-label products—Barbie dolls—in the production facility. Also, the investigator once spotted a Mattel case when lining up to clock out, but the evidence was not photographed because it was difficult to take photos at the time. Aside from Mattel, there were Disney-label products being produced at the time.

Investigative Report on Dong Guan Dong Yao Toys Co., Ltd.

November 2, 2012

I. About the Factory

The company is a wholly Hong Kong-owned enterprise producing plastics, stuffing, and electronic toys for export to Europe and America. The parent company was established in Hong Kong in March 2006. In June of the same year, Yang Qiming, Fang Sheng, Qin Sheng, and Miss. Xiang jointly established the manufacturing plant named “Dong Guan Dong Yao Toys Co., Ltd.”, which is located at Xin’an Ave, Lu Ludong District, Hu Men, Dong Guan, Guangdong. Mattel is one of its clients. The factory compound consists of three plants—the main factory, building A, and building B, each of which has four stories—and two dormitories. The manufacturing departments consist of sewing, cutting, hand-stitching, silk-screening, injection molding, painting, electronics, embroidery, packaging, finished product, and administrative. The investigation at the beginning of November reveals that the factory currently has 900 full-time workers. According to a security guard, the number of workers had reached 2,100 at its peak during the past two years. From June to September is the peak season for production, during which the factory maintains the highest amount of workers. The number of temporary workers is equal to about 50% of that of full-time workers. All temporary workers are provided by labor dispatch companies. There are more female than male workers during the low season and more male than female workers during the peak season because labor dispatch companies send more male workers.

The following are pictures of the factory compound and certain products:



Location of plants



Products

II. Hiring

2.1 Hiring methods: a recruitment area at the gate of the factory with posted hiring information; temp workers from labor dispatch companies; recruitment in busy areas and talent markets. There are no limitations on applicants' ethnicity, religion, age, or gender.



Hiring poster at the gate

2.2 No child labor is found among full-time workers. The dispatch companies do send temporary underage workers under the age of 18. The dispatch companies do not charge for sending workers to the factory. Workers are paid by the hour, the amount of which differs among different groups of workers. The salary is set between the dispatch companies and the factory, which ranges from 7.7 RMB to 9 RMB (\$1.24-\$1.45) per hour. The factory pays for the meals and housing.

2.3 The original copy and a photo copy of I.D. and two one-inch photos must be shown during the hiring process. The photo copy and one photo will be kept on file. The factory does not detain any documents or charge deposits. There is no physical examination during the process.

2.4 There is so-called training. Photo 4 shows that newly-hired workers standing in front of the HR office reading the employee manual. No HR personnel ever talked to them in the 15 minutes after the manuals were distributed. Photo 5 displays workers signing the contract and busy finishing exams that are given with answer keys. This is the so-called training, taking

only 46 minutes from the workers entering the factory to signing the contract. The HR emphasized two points during the training: everyone needed to pay the labor union dues of 3 RMB (\$0.48) and the purchase of social security was voluntary. If the workers want it, they need to go to the HR office; otherwise, non-action is interpreted as unwillingness to purchase social security. After training, HR was asked how long the probationary period was. HR hesitated for a while and said it was a month. The training is too superficial.



Figure 4: workers reading employee manual exams



Figure 5: signing contracts and doing exams

2.5 The factory has uniforms. The employee manual says the company will cover the initial expenses for the uniforms. However, workers say that uniforms are all purchased on a voluntary basis. The initial expenses are deducted from their salaries. Employees' winter uniforms are either 19.5 RMB (\$3.13) or 25 RMB (\$4) per each uniform. Summer uniforms are 14.5 RMB (\$2.33), and hats are 4.5 RMB.

2.6. The investigation reveals that there is no such thing as resignation during the probationary period. For instance, a new worker turned in his resignation four days after he was hired. The line leader and the director euphemistically told him that he could not do so. They said that if we let you go, we will be scolded! As a result, workers usually just leave during the probationary period. After the probationary period, full-time workers need to file their resignation 30 before they leave. It is easier to resign during the off season.

During peak season, the approval will usually be put off for a month. There are two ways to settle the salary after resignation. One is to have it sent to the bank account during the next payday. The other one is to collect cash at the factory on the next day after resignation.

III. Labor Contract

3.1 Labor contracts are signed during the hiring process. The contract has two copies and the workers will get one copy after signing. Workers only need to fill out name, I.D. number, Hu Kou address, contact number, and then sign and put their fingerprint on the contract. The rest of the contract is filled out by the factory.

3.2 The content of the contract includes the contract's effective period, no probation required, working location, position, base salary and payday. The first clause of Article 5 requires the purchase of pension, medical, unemployment, work-related injury, and maternity insurance. A worker said that during the training, it was mentioned that such purchase was on a voluntary basis.

IV. Working Hours

4.1 Workers work 6.67 normal hours a day, six days a week, 26 days a month, and 173.42 normal hours a month. Every worker does 1 to 1.5 hours of overtime as long as they go to work. The factory has workers work only 6.67 hours per day because this way, the factory is able to avoid paying workers weekend overtime fees. Work on Saturday is thus calculated in time schedules as normal hours, even though it should be calculated as weekend overtime and paid accordingly.

4.2 Workers get off work at 17:15 at the earliest (different departments have different schedules so the time is different.). According to the hiring poster and employee manual, any work after the normal 6.67 hours a day is overtime. However, this is inconsistent with the actual working hours. The working hours of the packaging department is from 8am to 12pm and from 1:30pm to 4:30pm (7 hours); the additional 0.33 hours is not included in the time sheet (0.33 hours * 26 days = 8.58 hours without pay). The one hour between 4:30pm and 5:30pm is included in the overtime time sheet. Off season

overtime from 6:30pm to 8:30/9:30pm and peak season overtime from 6:30pm to 10:30/11:30pm is also included. (See Photo 8: itemized salary). Normally the lunch break is 1.5 hours and there is another 1-hour break in the afternoon. To rush orders during peak season, the packaging department only has a half-hour lunch break (12:30pm to 13:30pm is overtime) and a half-hour break (6pm to 6:30 is overtime) in the afternoon.

The following is a seven-stage time sheet:

Dept. \ Time	Morning Shift	Afternoon Shift	Overtime
Electronics/painting/cutting/others	07:45— 11:45	13:15— 17:15	18:15— 20:15/22:15
Sewing	07:45— 11:45	13:15— 17:45	18:45— 21:45/22:45
Other 8 departments	08:00— 12:00	13:30— 17:30	18:30— 21:30/22:30
Injection molding day Shift	07:45—19:45		
Injection molding night shift	19:45—07:45		
Embroidery day shift	08:00—20:00		
Embroidery night shift	20:00—08:00		

4.3 To rush orders during the peak season from June to September, overtime can amount to 6 or 7 hours a day, using the lunch break and dinner time to work overtime. The day shift will work overtime until around 12 am, and the night shift will also work longer overtime hours. On Sundays, workers do overtime without it being recorded; the factory will give workers cash instead. Overtime can amount to 180 to 210 hours a month. During the off season, overtime is usually 3 to 4 hours a day, adding up to 60 to 90 hours a month.

4.4 One overtime application form must be signed every morning when workers go to work. If workers are not willing to work overtime, they can choose not to sign it and not to do overtime after work in the afternoon. There is no punishment for not doing overtime. There are electronic time cards and notes to record working hours. In the beginning of the month, the workers will receive a detailed explanation of working time of the previous month so that they can confirm working hours and sign the sheet.

The image shows a detailed working time sheet, likely a monthly record. The sheet is filled with data, including columns for dates, shifts, and working hours. The text is somewhat blurry, but the structure is clear, with multiple columns and rows of data points.

Detailed working time sheet

4.5 During the peak season, workers may only have one day off every 14 days and less than 10 hours off per day. During the off season, they usually get off work between 8:30pm and 10:30pm from Monday to Friday. They work for 6.67 hours in the afternoon of Saturday and have Sunday off.

4.6 Workers from the packaging department need to gather on the square 10 minutes before the shift starts. They clock-in at 8am and the morning meeting is held at 7:50. The evening meeting is held on the factory floor to summarize the production status of the day. They clock-out at 9:30pm. But they cannot leave until 9:32pm or 9:35pm. There is usually a 5-minute delay due to the meeting. It is their obligation to attend the meetings and the time spent in attendance is not included in the working hours. Workers have daily quotas to meet. (For the packaging department, it is 3,000 during the peak season and

2,000 during the off season.) Overtime will be extended when the quotas are not met.



Morning meeting on the square

V. Compensation and benefits

5.1 Full-time workers are paid between the 27th and 30th day of each month. Temporary workers are paid by the dispatch companies in cash after finishing their work at the factory.

5.2 A full-time worker at the packaging department makes an average of 2,000 RMB (\$321) per month in a year. Workers have higher monthly salaries in other manufacturing departments—i.e, sewing and hand-stitching—than those in the packaging department because other departments do more overtime. 3 RMB (\$0.48) of union dues and 20 RMB of housing will be deducted from the salary. Pension is purchased on a voluntary basis. Other deductions include an advance for living expenses, uniforms, employee I.D. replacement fees, etc.

5.3 Workers are paid by the hour at a rate of 6.32 RMB (\$1.02) per hour. The packaging department has a production of over 3,000 during peak season. Even during the off season, the quota of 2,000 cannot be met within normal working hours. Workers are paid for overtime to meet the quota; the normal work day overtime rate is 9.48 RMB (\$1.52) per hour. The weekend overtime rate is not twice as much as the normal rate, which is required by law. During the peak season, workers sometimes get paid 8 RMB (\$1.28) an hour to work on Sundays and sometimes 10 RMB (\$1.61) an hour. It is not a fixed amount. Sunday overtime is paid in cash, which will have a one week delay. Hours

worked on Sundays are not included in the detailed work time sheet. Working on holidays is compensated at three times the normal rate.

5.4 Payment of salaries is accompanied by a pay stub. The pay stub lists the gross salary and the itemized deductions. The salary received is the same as that stated on the pay stub. The pay stub is consistent with the working time sheet. (The time sheet must be confirmed at the beginning of every month, and if there is any mistake, a worker would have a manager check with the HR's office.) There are two ways the salaries are distributed: wired to the bank accounts or collected in cash at the finance department. The following are pictures of a pay stub:

計發時段: 2012-07-01 至 2012-07-31										東莞東	
工號	姓名	部門	組別	職務	工作日	時薪	正常小時	補貼工時	加班小時(1.5倍)	加班小時(2倍)	
	向東蘭	包裝部	A22組	工人	28.00	6.32	173.42	0.00	63.76	2.32	

耀玩具有限公司2012年07月										發放日期:2012/8/27	
加班小時(3倍)	總計	超產獎	支付工資	扣工會	扣養老	住宿	扣其它	實支工資			
0.00	2014.13	0.00	2014.18	3.00	0.00	20.00	84.00	1908.00			

Pay stub.

One application for leave needs to be turned in for sick or casual leave. No salaries are given during sick leave (and someone without medical insurance has to pay for all medical expenses). Salaries are paid during annual leave, maternity leave, marital leave, and statutory holidays.

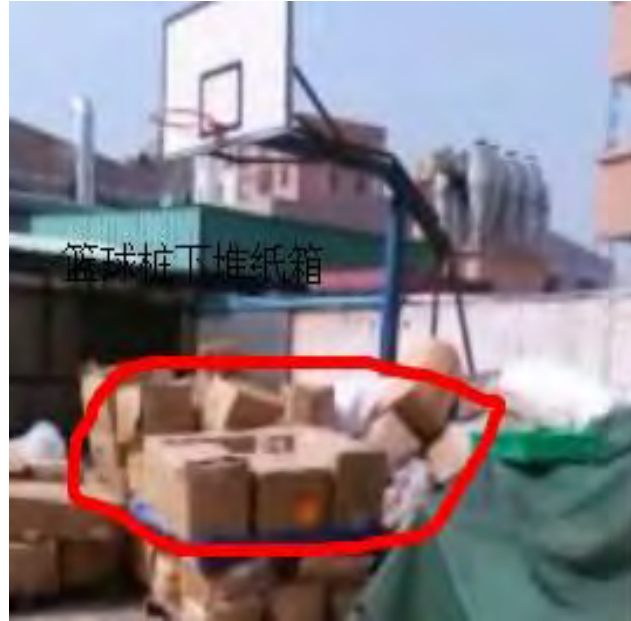
On the first floor of the worker's dormitory there is a library, whose hours are from 6pm to 7pm, Monday to Saturday. It is closed on Sunday. On plant A's outdoor square area, there is a basketball court. But it is just an ornament, and the area is used to pile up paper boxes.



The library



A basketball hoop can be seen in the square in front of building A.



The basketball court is used to store boxes.

VI. Meals and Housing

6.1 If one chooses to dine at the company cafeteria and live in the company dormitory, it costs 20 RMB (\$3.21) per month for the dormitory and 7 RMB (\$1.12) per day for the meals. There are two ways to purchase meal tickets: pay cash at the cafeteria or go to the line leader to file a meal ticket application—in the latter case, the meal cost will be deducted from the salary. Meal tickets are for sale on Friday and Saturday. Newly-hireds can file an application with the line leader at some time other than Sundays. No deductions will be applied nor subsidies given if one does not dine or live in the factory.



Meal tickets

6.2 There are 12 beds in each dorm room. There are only 4 to 5 workers living in one room now as it is the off season. Each room has a private shower stall, restroom, two fans, and 12 lockers.



Boiled rice noodles for breakfast



Two different dishes

6.3 Although there are two meat dishes and one vegetable dish for both lunch and dinner, the vegetable is always boiled. The following is what workers might typically have in one day.

Breakfast. Rice noodles boiled in water in a clear soup seasoned with salt, soy sauce, and garlic for Monday, Wednesday, and Friday. For Tuesday, Thursday, and Saturday, they will have a small steamed bun and congee made from left-over rice. Since the meal tickets are purchased on a voluntary basis, few workers eat there on Sunday.

Lunch and dinner. Both have two meat dishes and one vegetable dish. The vegetable is just boiled in water. The so-called meat dishes are just pig liver. Workers can never eat good food here.

6.4 The investigator had the opportunity to talk to workers in the cafeteria about the food there and it is tape-recorded. They said they were hungry when they work until 10pm, and some even secretly bring snacks into the production facility to eat. The investigator asked them if they were willing to pay more to improve the food quality. Some workers just shook their heads and the investigator was not quite sure what they meant. After talking to a worker who has been here for a long time, the investigator learned that no matter how much more the workers pay, the food quality will not be improved. The one who runs the cafeteria is the brother of one of the owners, Fangsheng. In the past, one employee from the administration department filed a complaint regarding the food quality to Yang Qiming. That person was fired. These bosses do not care at all about workers. Workers bring their own utensils to the cafeteria and all of them have to wash the utensils in one sink filled with dirty water. Staff in the cafeteria even hide the dish detergent, and when asked for it, they deny having it with a nasty attitude or even scold workers for asking. In such an environment, disease can spread easily as no one has received a physical examination before joining the factory: workers have no idea whether or not others are healthy.



Left: Dirty dishwashing water that is used by everyone.

Right: dish detergent hidden under the sink.

VII. Occupational Safety and Health

7.1 The investigator did not receive any training with regard to the occupational environment, health, and safety on his first day of work. Nor was he provided with any safety or protection equipment—i.e, hat, mask.

7.2 During the manufacturing process, workers are exposed to poisonous paints without wearing any protection equipment like a mask. For instance, the blush on the face of Lamaze's product. Lamaze is "Lamaze is a nonprofit organization that promotes a natural, healthy and safe approach to pregnancy, childbirth and early parenting."



Spraying paint without a protective mask.



The rosy paint can be seen on the cheeks of the doll.

7.3 As our investigator understands it, workers who are exposed to poisonous substances do not receive a physical examination either when they are employed or after leaving the company.

7.4 There is a first-aid box on each floor in the dorm. But they are all locked. The one on the factory floor is not locked, yet it is just an ornament. A manager said that they only put medical supplies when clients are here to inspect the factory.



Empty first-aid box on the factory floor

7.5 There are two to three fire drills each year. One fire drill took place on the morning of November 3 at the main factory compound.

VIII. Rewards and punishments

8.1 The line leader will always say the following at every meeting: whoever asks you, you must always say that you get off work before 9:30pm no matter how long you actually work. "I will make you look bad" if you say you have been working after 10pm. According to workers, this means being laid off.

8.2 Workers have the right of free movement. They can leave their positions and go to the bathroom in the middle of work.

8.3 The policy of rewards and punishments is stated in the employee manual. For instance, recording a merit, salary raise, or lay off. During the investigation, the investigator asked the workers whether the manual has been followed. The answer was no: the manual was just for show and everything in it is "crap". If a worker does something wrong, the line leader or director will issue them a strict orally warning (which rhymes in Chinese): "Don't do it again, be more careful, or I'll make you look bad, and you can just leave if you don't want this job." No announcement of rewards or punishments was found on the bulletin board.

IX. Other issues

9.1 3 RMB (\$0.48) of union dues are deducted from workers' salaries each month. The investigator talked to eight workers and learned that there was no union. The workers said that since everyone is paying the fee, they just follow suit. If they have any problems, they can only turn to the management of the manufacturing department. If they go to higher management, they will be laid off.

9.2 There was a strike two years ago. Over 50 workers went to the HR office claiming that the labor contract and the employee manual are not enforced. They demanded economic compensation but received nothing. However, those workers were beaten at about 300 meters from the factory by some guys arriving in several cars on the day they left the factory.

9.3 During the investigation, the investigator asked why workers chose this factory. The answers varied, including: this factory does not demand skilled labor to apply, I am so old and uneducated that it is very hard to find a job, my family is here, there is a lot of overtime, the salary is quite good, etc. Many people are forced by their life circumstances to come here. They have food to eat and work, so they'll just get used to it.

Investigative Report of Shenzhen Wei Lee Fung Plastic Product Co., Ltd.

As it is the low season for orders, the factory is not recruiting during this time. Therefore, this investigation was carried out mainly via worker interviews, including those from the molding, warehouse, security, assembly, and spraying departments. The workers were mainly interviewed after work or during weekends.



The gate of Wai Lee Fung Plastic Product Company

I. Company Profile

The headquarters of Tsuen Lee Group (Holdings) Ltd. is located in Hong Kong. It invested in the construction of the factory in Pinghu, Shenzhen in 1982, mainly producing high-quality plastic toys, plush toys, electronic toys, gifts, samples, and household goods. It sells these products to America, Europe, Canada and Asia. Its clients include Mattel, McDonalds (spotted in the investigative process by the investigator), and Disney. (Products photos below.)

The surface area of the plants and facility owned by Tseun Lee Group is at least 90,000 square meters. However, the number of orders has shrunk as the peak season had passed. The Group, with less than 6,000 employees now, successfully converted from a processing factory to a solely-owned company in April 2012. Its name was also changed to Shenzhen Wai Lee Fung Plastic Product Co., Limited (hereafter referred to "WLF"), but the warehouse is still labeled as Tsuen Lee Fung Warehouse.



Wai Lee Fung Warehouse and products waiting to be stored in the warehouse

II. Recruitment

As it is not peak season now, WLF does not recruit general workers. However, if the workers want to resign, they only need to apply to the department head and fill out an application in order to complete the resignation procedures. The resignation procedures and process are relatively simple.

In the interviews, several workers said there were very few orders in the factory, no overtime, and thus lower wages. Therefore, typical resignation applications will be approved quickly and due wages will not be delayed.

In addition, the factory does not employ temporary workers, but only summer workers during the summer vacation. There was a group of students working as summer workers last June (according to a worker there).

Recruitment requires a physical examination, but the workers have to pay for it themselves. However, once a worker works three full months, the factory will transfer the physical exam fees back to the worker's bank account (those who do not finish three months at the factory will not have their money returned).



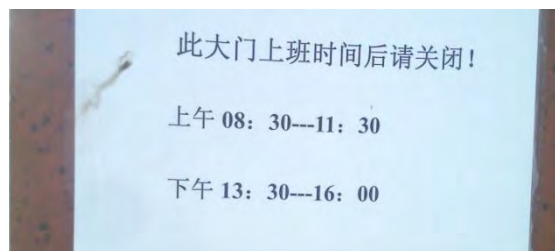
WLF hiring details

III. Labor Contract

Interviewed workers were not quite clear about the labor contracts. This part needs to be explored further.

IV. Working Hours

WLF operates a two-shift system. The molding department works during a night shift and all the other departments work on the day shift. The working hours of different departments vary, but all were 11 hours. There is a one hour break in noon (including a lunch hour).



The working hours of WLF (one department)

V. Labor Remuneration and Benefits

The salary of each worker consists of a base wage plus overtime pay, with 1,500 RMB (\$238) as the basic wage—this is Shenzhen's legal minimum wage. Normally, there are many opportunities for overtime, but in the low season, many departments have two days off in a week. The normal totally monthly wage of a worker is around 3,000 RMB (\$476.2) (with overtime every month). If there is less overtime, the total monthly wage will be from 2,200 to 2,300 RMB (\$349.2-\$365.1). A worker in the molding department said here lowest monthly wage was 1,800 RMB (\$285.7).

The company purchases medical insurance for workers, deducting a monthly fee of 4 RMB (\$0.63) from each worker's wages. Whether or not workers have other types of insurance depends on the willingness of the workers to purchase them. The factory will never purchase for the workers initially, so those who want to purchase need to apply for it.

VI. Living Conditions

According to many workers, the living conditions of the factory are very bad. There is space for 12 workers in each dorm room, but the rooms are haven't been recently as many have left the factory. The conditions managers are better than that of workers; there are 4 people to a room. Sometimes there is only one person living in a room. The water and electricity fees are deducted from workers' wages if they live in the dorm. Eating in the factory will cost workers 5 RMB (\$0.79) per meal. Night shift workers get free meal tickets, but most of the workers are not willing to eat in the factory. According to them, the factory distributes meal cards to workers each month with money on it, but all of the money is deducted from their wages. Even after eating in the cafeteria, workers will eat in the restaurants outside.



WLF free meal ticket for the night shift workers

VII. Occupational Safety and Labor Protection

According to the molding department workers, they seldom work with protective gear, but they always wear earmuffs because the noise from the machines is too loud. Although the smell of plastic is pungent, many workers do not wear masks because working while wearing them is too troublesome.

VIII. Other Issues

There is a worker representation committee in the factory, with one representative from each production facility, where issues can be raised every time it convenes. However, according to workers, the problems they raise are always suppressed by supervisors and just go unresolved. To the workers, this labor union is just for show.





Photos of workers before and after work.

Appendix

General notes from interviews with workers.

Worker A (Ms. Bai)

Department: Molding

Interview location: Jiarui Technical Garden Recruitment

The interview was carried out during the night shift, but she was applying to be a general worker in the company next to WLF (Jiarui Technical) during the day time. When asked why not work at WLF, she said it was too tiring to work the night shift and the food provided was not good. Also, as it is non-peak season in the factory, there is basically not much to do. There are two days off every week, without any overtime. The wage is low, but the meal ticket for night shift workers is free; it includes a 5 RMB (\$0.79) allowance. She has to pay for the cafeteria food in the daytime. She said the food is not pleasant to eat, and she never dines in the cafeteria during the day. There is no allowance for living, and renting a room in Shenzhen is too expensive. The highest monthly wage is 2,900 RMB (\$460) (under the condition

of overtime work every day), normal wages are between 2,200-2,300 RMB (\$349.2-\$365.1), and the lowest wage she ever had was 1,800 RMB (\$285.7)—once last year.

The picture of work at WLF described in the hiring post was nice, but the reality is different from this. This worker, who is in the molding department, says Thursdays and Fridays are off, but she must work on Saturdays and Sundays with no overtime pay. Upon entering the factory, the workers were not requested to purchase social insurance, but if the workers want it, they can apply for it from the factory. She herself did not purchase the social insurance. According to her, the factory does not hire temporary workers, and there was a group of student workers from a school in Hubei last year that worked as summer workers.

Worker B: security

Department: Administration

Interview location: the recruiting office, the doorway of security room

It is now the low season in this factory, so there is no recruitment and it is more common for workers to leave the factory. The working hours are 11 hours every day with different schedules in different departments. No temporary workers are hired, unless it is the summer vacation period.

Worker C

Department: warehouse staff

Interview location: at the gate of warehouse

Most of the products of this factory are sold to other countries, including the U.S., Japan, Italy, and other European and American countries. The major clients are Disney, Mattel, and McDonalds. But the investigator only saw McDonalds and Mattel products at the gate of the warehouse, not Disney products. (At that time, the warehouse was shipping products). Photo below.



Worker D

Department: assembly department

Interview location: bus stop

We were waiting at the bus stop. This worker was hurrying to take the bus back to her rented apartment to pick up her ID. It turned out that she was leaving the factory and needed her ID to get the wages. According to her, it was easy to leave. As long as you wanted to leave, the factory will settle wages. She resigned yesterday and did not expect the factory to distribute her wages so quickly. It is not busy, there's little overtime, and she can't make not much money, so she decided to leave early.

Worker E: Warehouse staff

The company purchases social insurance on a voluntary basis, some purchasing insurance themselves. Workers who want to get social insurance must apply. The company has a Japanese client, and its order was affected because of the Diaoyu Island issue. There are 12 workers in a dorm room, and 4 per room for management. However, the employee dorms are not filled, and there is only one or two in a dorm room currently. Many workers choose to eat and live outside the factory campus.

Worker F

Department: spraying department (more than one year)

Interview location: at the square (during a short break after work)

According to this worker, the wage is not bad—around 3,000 RMB (\$476.2) a month— as the spraying department works overtime every day. However, renting a room outside the factory costs at least 300 RMB (\$47.6) each month. The schedules of workers are different in different departments, but all work 11 hours. There are almost all male workers in the spraying department. The physical examination fee needs to be paid by workers first, and after working three full months, the factory will transfer the exam fee into the workers' bank accounts. But those who leave before three months won't receive the reimbursement). The probation period of the factory is three months. If a worker wants to leave the factory, he or she just needs to inform the department head.

Worker G

Interview location: on the way to work

Only workers in the spraying department work on night shifts; everyone else works on day shifts. The factory only covers medical insurance—4 RMB (\$0.63) deducted from the wages every month—and the purchase of other insurances depends on the workers' willingness. Eating in the cafeteria will require money to be deducted from workers' wages, and living in the factory will require a monthly water and electricity fee deduction. But the worker was not quite clear about the amount of this fee. There is no allowance for living and eating outside the campus. There are 12 people to a dorm room, but it is good that there are shower rooms and bathrooms for each room.

Worker H

Interview location: in a fast-food restaurant near the company

There is a labor union in the factory composed of one representative from each workshop. Every time it convenes, the workers raise many problems, but most of the issues are not reported by the supervisors. Those issues are suppressed by managers and continue unresolved. Most workers hope to work overtime because overtime pay in Shenzhen is pretty high. The wage is very low without overtime pay. The living conditions of the factory are very bad, so great number of workers choose to live outside the factory. Disney is one of the clients of the factory.