

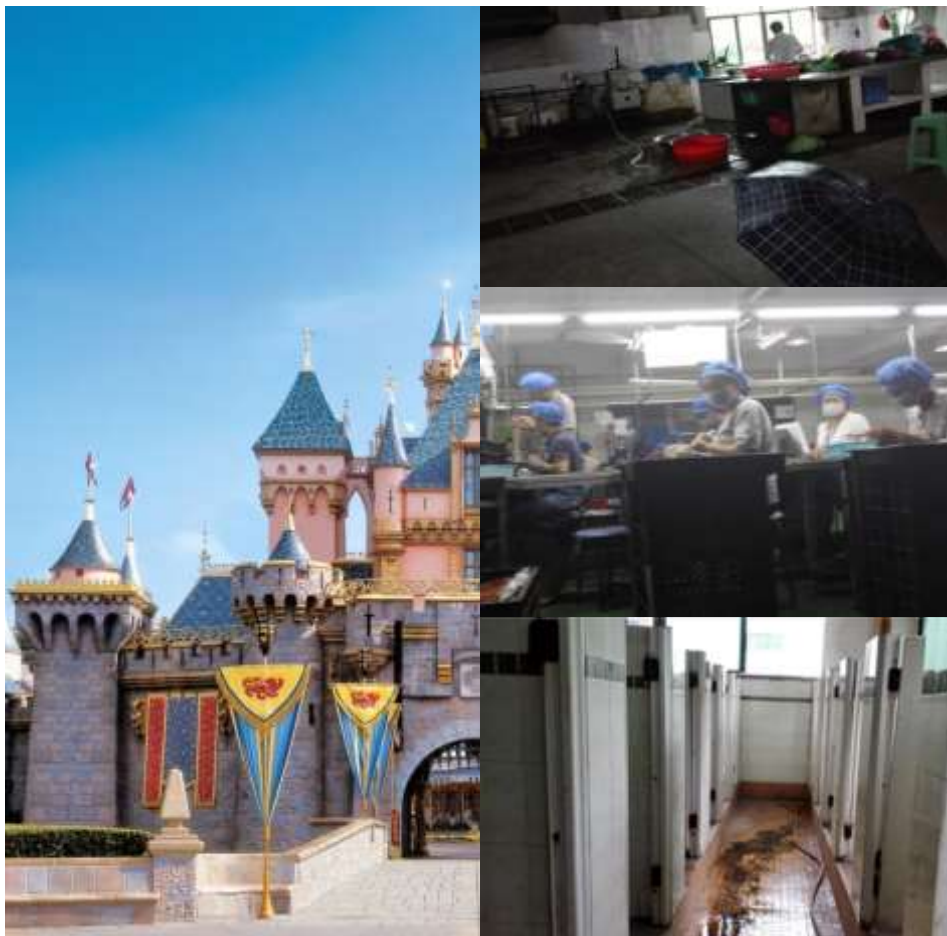
The Dark World of Disney



中国劳工观察
CHINA LABOR WATCH

June 13th 2016

Behind the Shining Disney Park is a Tragic World



Pictures of Disney park, figures, and products are from the official website of California Disneyland. Photos about workers and working conditions are taken by CLW investigator in Disney's supplier factory. (The same below)

Disney World-Workers making Disney products



Disney World-Employee Dormitory



Disney World-Dining Hall and Canteen Kicten



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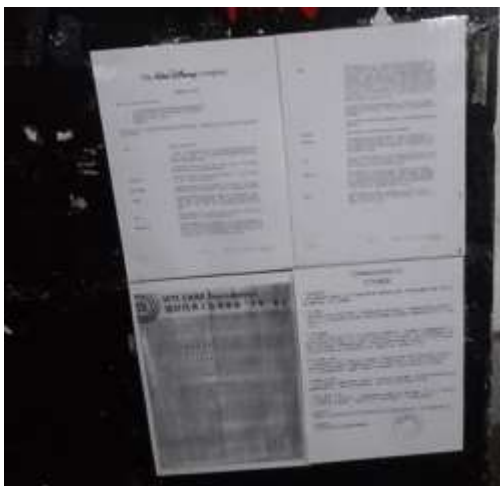
PRESS RELEASE

Workers Who Make Products for Disney Still Work in Terrible Environment.

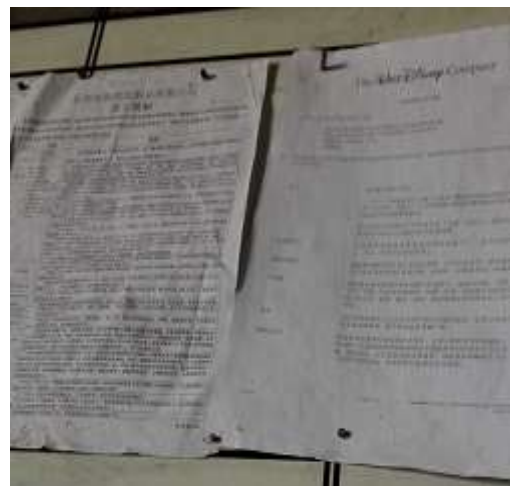
The Shanghai Disney Resort is due to open up to the Public. Disney Resort's establishment in China does not bring improvement to working and living conditions for Chinese workers. In contrast to the bright Disney resort, workers at the Disney-authorized manufacturers work 11 hours a day, eat unhygienic food, and live in a small and dirty dorm, crowded with dozens of roommates.

The toy industry is the most exploitative of its workers, and Disney is one the largest beneficiaries of this exploitation.

In May 2016, China Labor Watch conducted an undercover investigation at two companies located in Dongguan, Guangdong: Dongguan Lam Sun Plastic Products Co Ltd, and Dongguan Zhenyang Toy Co Ltd. Both of them are manufacturers for international toy brands. Zhenyang's clients include: Disney, MGA Entertainment, Smoby, NSI International, Buengna, Black+Decker, 3D Coin Art, and Lamsung's clients include Disney, Famosa, Spin Master, Crayola, Air hogs. Both of these factories have passed Disney's International Labor Standards Audits and are authorized to make Disney products. (See pictures pasted below Disney's Conduct of Code pasted on workshops of these two factories) Also, many of these toys are sold in Wal-mart. Our investigator worked in both factories as production line workers. Through this undercover investigation, we found many problems with working conditions.



(Disney Conduct of Code in Zhenyang)



(Disney Conduct of Code in Lam Sun)

In both factories, workers often need to work 11 hours a day, 66 hours a week, but their hourly wages are only around 1.3 to 1.5 USD/hour.

What's more horrifying is that workers don't complain about overtime, and in fact are looking for more overtime hours. This is because their wages are too low, and their only means of raising their income is by working more overtime.

When making toys, workers are exposed to a variety of toxic chemicals, but are not provided with any occupational safety training or sufficient occupational protective equipment. That is to say, workers are completely unprotected while working in a poisonous environment for more than ten hours every day.

The lodging and food are terrible as well. The dormitory is too crowded to put in any furniture other than beds, and workers have often found foreign matter in their food.

Workers brief lunch time is also compressed. When workers are having lunch, the automated machines on the production line do not stop. Workers have to finish lunch as soon as possible, then return to their workshops to deal with the piled up backlog of products.

The blame for this kind of unfair treatment is not merely the fault of the suppliers, as large international brands manipulate things from behind the scenes. All big brands claim that they have an effective third party audit system, that workers are treated fairly, and working conditions are improving every year. However, most of the third part audits are superficial, and do not really conduct an in-depth investigation of their suppliers. Big brands and suppliers will not permit them to do this. Third part audits are just a tool for public relations.

China Labor Watch has been committed to advocating for the fair treatment of Chinese workers. In the past eight years, we have published 7 reports on the toy industry. However, to improve workers' treatment we need the support of consumers. We need consumers of these toy brands to help push companies like Disney and Walmart to be more responsible, and share their profits with workers. Without consumers' action, improvement in workers' treatment will never be achieved.

Li Qiang's Open Letter

The Real Villains in the World of Disney

Disney's fairytales are all stories of heroes who defeat the wicked, with a prince saving the princess, and good triumphing over evil. However, these are all beautiful fairytale stories, but the truth behind the manufacture of Disney's toys is far different.

The manufacturing process of Disney toys in China, is a process of oppressing Chinese workers. At the Zhen Yang Toy factory in Dongguan, Guangdong province, where Frozen products are manufactured, many thousands of workers labor every day for 12 hours. Some work non-stop for periods of 11 hours, with only a one hour meal and rest break in between. 16 workers share a 16 square meter dormitory room. Each floor of the dormitory building has 20 rooms. 320 workers share 24 toilets and 24 bathrooms. The bathrooms have no hot water, only cold water. There are no showerheads, and workers have to use a bucket or pan to take a bath. Workers earn 8.68RMB/hour (\$1.32USD/hour), and working a total of 172 hours, this amounts to 1510RMB (\$230USD). Workers are forced to work overtime every day. During the off season, workers hope to have more opportunities to work overtime. Without overtime, the base wage is insufficient to cover workers costs of living.

This factory is not the only case. Previously, China Labor Watch underwent investigations in dozens of factories which manufactured for Disney, and the working conditions were similar. As a non-governmental organization, our resources are very limited. The factories we investigate are only 0.1% of Disney's network of 30,000 facilities involved in the production of Disney product.¹ However, Disney often critiques us for a litany of reasons. In 2015, Disney released a letter to the public which

¹ This number is from a statement released by The Walt Disney Company. The original text is "...over 30,000 facilities involved in the production of Disney-branded products...". For full text of the statement please click the link below and see the document "PUBLIC CONCERNS IN FACILITIES MAKING DISNEY-BRANDED PRODUCTS": <https://thewaltdisneycompany.com/about/#responsible-supply-chain>. Disney also published a list of roughly 5,500 facilities that manufacture Disney-branded products. The list is also in the webpage mentioned above.

stated: “In November 2015, China Labor Watch (CLW) raised concerns regarding five toy manufacturing facilities in China used by several leading brands – Combine Will (Donnguan) Industrial Co. Inc., Dongguan Qing Xi Juantiway Plastic Factory, Foshan City Nanhai Mattel Diecast Co. Ltd., Sturdy Precision Manufacturing (Shenzhen) Co. Ltd., and Jetta (Guangzhou) Industrial Co. Ltd. We are disappointed that CLW continues its approach of withholding information about such concerns until they issue press releases months after issues are identified and does not actively engage with buyers and others that share their concern for improving labor standards in Chinese factories.”

However, this is not the case. China Labor Watch is not unwilling to cooperate with Disney. Since 2007, CLW has had face-to-face meetings with Disney on more than 10 occasions. A Disney Representative had an interview with CLW at our New York office, and CLW had many meetings with Disney’s Californian Headquarters and Hong Kong Office. Through the meetings CLW had with Disney’s executive vice president, and the Director of Labor Standards—coupled with many years of direct communication—we found that Disney lacked sincerity in their efforts to improve working conditions in their Chinese suppliers. Disney frequently criticizes our investigations, claiming that they are only single cases. However, CLW has the capacity to investigate only a very limited number of factories. Disney has not made improvements to the systemic labor rights violations of Chinese workers.

The beautiful world of Disney is merely a fairytale. The real world is one where evil has triumphed over good, and where profits triumph conscience. It is the management behind Disney who are the real villains in this world of fairytales. It is they who have created a system where management is able to oppress workers and obtain the greatest amount of economic profits. We need those who seek justice to come together and fight the villains in the world of Disney, to create a world where Disney is wholeheartedly kind and just.

Please write a letter or give a call to Disney, or speak to friends who embrace the world of Disney. Encourage them to participate in this battle with the villains of Disney.

Executive Summary

The toy industry serves as a typical example of labor intensive industries in China. There are as many as a thousand toy manufacturers in China, producing 75% of the world's toys and manufacturing products for international brands companies such as Disney and Walmart. However, like all other labor intensive industries, the production of toys and profits of brands companies are built on the sweat of Chinese workers. In toy factories in China, workers often work more than ten hours a day, and share a 150 ft² dormitory that is extremely simple and messy with four or five roommates. Not to mention that their wages couldn't be lower. Also, different from other industries, workers come into contact with numerous harmful chemicals on a daily basis, but they are not provided with any effective protections. As a result, occupational disease is a major issue for Chinese workers.

The two companies that China Labor Watch investigated in Dongguan, Guangdong, namely Lam Sun Plastic Products Co. Ltd and Zhenyang Toy Co. Ltd, are companies whose behaviors meet our description mentioned above. When international companies are enjoying high profits from low labor costs, we should remember that Chinese workers are suffering unbearable working conditions.

Summary of Zhenyang

During peak season, workers work 11 hours a day, 66 hours per week, far beyond the maximum work hours stipulated by China's labor laws.

Just like Lam Sun, workers' base wages are too low, only 8.7 RMB/hour, or 1.3 USD/hour. During the off season, workers' monthly income is only around 308 USD. On workers' first day, pre-employment training of two hours was given, but the attendance sheet for this training indicated that this period ought to be 7.5 hours.

Zhenyang workers work with toxic chemicals, but during pre-employment training there was little content concerning occupational safety, and workers did not receive proper protection either.

In the assembly department where our investigator worked, no protection equipment was offered other than a work hat.

Leave and sick leave are restrained by the factory. During the off season, workers must apply for leave one day in advance. In the peak season, applications for leave and sick leave hardly get approved even when they apply in advance.

Labor contracts are equivalent to a form. The factory has already drafted the contract, and all workers need to do is to fill out their personal information and sign.

When signing the overtime section of a guarantee, the training officer required all workers to check the “I’m willing to work overtime” option without asking them if they were willing to do so.

Dormitories are poorly equipped, with each room containing eight bunk beds, four fans, and nothing else.

Equipment in the dormitory building is old. For example, pipes are made of iron and rusted, and rust is often visible in the flowing water.

Food is hardly satisfying in the dining hall. The environment in the dining hall is terrible. The so-called dining hall is in fact only a separated area on the first floor of the dormitory building. Lights are dim, and many random objects are piled around the dining tables.

Summary of Lam Sun

In Lam Sun, workers often work more than 60 hours per week, and work more than 90 overtime hours per month, which is 2.5 times higher than the upper limit on overtime hours set by China’s labor law.

Workers’ wages are abysmally low, which are only 8.7 RMB/hour, or 1.3 USD/hour in the injection department, assembly department, and printing department. Even in the spray-painting department where wages are relatively higher, they are only 9.5 RMB/hour, or 1.5 USD/hour.

When making toys, workers are exposed to a variety of toxic chemicals, but are not provided with any occupational safety training or sufficient occupational protective

equipment. That is to say, workers are completely exposed to a poisonous environment for more than ten hours every day.

Workers brief lunch time is also compressed. When workers are having lunch, the automated machines on the production line do not stop. Workers have to finish lunch as soon as possible, then return to their workshops to deal with the piled up backlog of products. They are meant to have an hour and a half for lunch time, but in reality it has been compressed to only half an hour. What's more, their work during lunch time is not paid.

Age and sex based discrimination exist during recruitment. Lam Sun only hires those who are below 40 years old, and the assembly department only recruits female workers. Overtime is compulsory. Theoretically, workers can work overtime voluntarily, but the factory stipulates that workers must apply for not working overtime. In the application process, line managers will also try to frustrate such efforts. Thus, in reality it is very difficult for workers not to work overtime.

Food is also terrible. Workers often find foreign matters in their food, and leftovers will be resold in the next meal.

There is no real trade union in the factory. No organization exists there to protect workers' rights.

In order to help Chinese workers who work in the toy industry obtain better treatment and the protection they deserve, China Labor Watch has published seven reports targeting the toy industry since 2010, about one report each year. This is our eighth report. In May 2016, China Labor Watch conducted an undercover investigation in Lam Sun and Zhenyang, where our investigator worked as a production line worker.

To improve the treatment of Chinese workers, international brands companies must make efforts that are commensurate to their profits. However, they will not do anything without pressure from consumers and investors. China Labor Watch needs everyone's help to hold brand companies accountable to Chinese workers. We can write letters and share comments on social media. A simple action could make a difference.

Dongguan Zhenyang Toy Limited Company Investigation Report

Employment



(Job applicants at the recruitment site in front of the factory)

Zhenyang Toys is currently in their peak season, and are undergoing mass recruitment. According to recruitment officers, next month, the factory will hire 1000 people, and there will also be student workers entering the factory. Recruitment occurs every morning at the factory entrance. Positions to be filled include injection molding, assembly and so on. Our investigator applied to the assembly position. There wasn't anything special in the recruitment process. Specific recruitment restrictions include no criminal records and no history of drug abuse. In addition, the examination of identity cards is rather strict, recruitment officers will carefully compare the photo on the identity card with the applicant. If they do not look alike, the applicant will be asked to recite their identity card number and address. After the inspection of identity cards and asking some simple questions, the recruitment officer will then explain the work hours, working conditions, salary and other related issues. If the applicants are satisfied, they will be given a health examination form. The applicant will proceed to the hospital for a health examination and will bear the cost of the health examination which amounts to 40RMB. After undergoing the health examination

in the morning, the applicant will receive the results in the afternoon. On the morning of the second day, applicants will bring their identity cards and health examination results and report to the factory.

The process on the second day is: Reporting to the factory at 8.20am, undergoing training, filling in forms, signing of contracts, creation of factory cards, distribution of dormitories and other related employment procedures in the morning. At 3pm, workers will then commence work at the workshops.

On the second day, after gathering at the factory gate in the morning, workers will receive a temporary factory card. New workers will then use the temporary factory card to enter the factory, and undergo training in the training room. The content of the training is also very simple, and lacks substantive content. The training mainly covers:

introduction from new workers, an introduction to the Employee Services Centre, working hours, matters with regards to the swiping of factory cards, wage calculations and other related issues. More important issues such as Work Safety and Protection, the use of chemical substances and emergency procedures are not covered. The whole training process is less than two hours. However, after training, the factory requires new workers to sign the “New Workers’ pre-work training attendance form”, which states that the hours of training are from 8.30-12.30 and 14.00-17:30, a total of 7.5 hours.

After training, the work entry form is filled and the work contract signed. The work entry form has guarantees, with a total of 3 items. The first item is a duty of confidentiality, the second one says “As an adult who is able to be independent, I should be able to look after myself and protect my own finances. I will be responsible for all consequences, and I will guarantee that during the period I am employed at Zhenyang Company, other than work



(Training room)

injuries, any injuries which are not work-related, traffic accidents, loss of finances and other accidents will be _____.” According to the training officers, new workers are required to fill in the blank with “the responsibility of me”. The list of guarantees have a third item which is related to overtime. Workers are able to choose whether they are willing to work overtime or not willing to work overtime. The training officer did not consult workers, instead, told workers to tick the box which stated they were willing to work overtime.

After this, the contract is then signed. The main contents of the work contract are already filled in by the factory. The new worker only has to fill in their personal information and sign. After filling in the contract, one contract is given to the factory and the worker keeps a copy for themselves. The work contract is for a period of 3 years, and commences on the same day that the contract is signed (However, the training period is unpaid. Wages are paid only when an official factory card has been created, and used to swipe and enter the workshop. This occurs around 3pm.). The contract specifies a probationary period of 1 month. Also, under the category “Work content and work location” in the contract, the party’s work department is the “manufacturing department”, and the post is “employee”. Work tasks and responsibilities entail “Any work tasks which is assigned and required to be completed by the company”. This is rather vague and broad.

Also, new workers identity cards will be collected after they report to the factory in the morning. As the identity cards need to be copied and also used to create factory cards, they will be returned to workers in the afternoon.

Work hours

Zhenyang Factory implements a system where workers work 5 days a week, and 8 hours a day. If they are required to work overtime, overtime hours is usually from Monday to Friday for 3 hours per day, with 11 overtime hours on Saturday.



(Workshop interior)

According to workers' pay stubs, in April, many workers only put in around 30 hours of overtime work. Other than one Saturday where they worked for 8 hours, on other weekends, they had both days off. The factory enters peak season in May, and this is estimated to continue till around October. According to workers, during these months, there are no other rest days other than on Sundays. In other words, every week, workers work 6 days a week, putting in 11 hours a day. In relation to taking leave, it is much easier to take leave in April. Currently, it is rather difficult to ask for leave. Regardless of whether it is normal work hours or overtime hours, applications for leave must be made one day before. Leave is not usually accepted on the same day. As the production season becomes busier, it is expected that taking leave will become more difficult.

Other than the injection molding department which has two shifts system, other departments have a one shift system. Specific work hours for each department are:

Assembly (Which includes spray painting/printing): Normal work 8:15 – 12:30, 14:00 – 17:45, Overtime work of 18:45-21:45

Injection molding: Day shift 07:00-19:00. from 12:00-14:00, workers take turns to have meals. Every worker has a one-hour meal break, and this is not included as paid work. The night shift is from 19:00-07:00, and workers once again, have a one hour meal break.

Workers in the injection molding department swap shifts once a month.

According to workers in the assembly workshop, there is no pre-work and post work meetings. Workers do not have to arrive to the workshop early, nor do they leave later than their shift hours. Where there is a meeting, this will usually occur during work hours.

In the injection molding workshop, there is a contradiction between work hours and the work load. This is also an issue at the Lam Sun factory, and has been mentioned in the Lam Sun report.

Workers record their work hours by

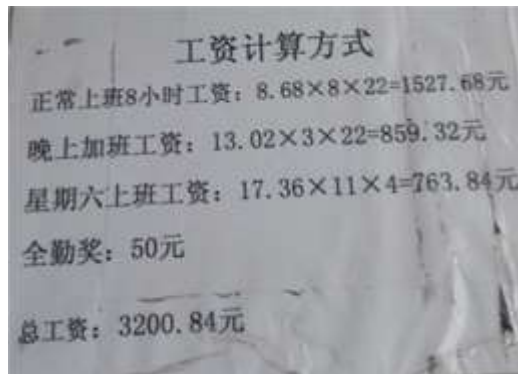


(Factory interior)

swiping their cards. This includes normal work hours and overtime hours, and the method of recording is the same. Every week, the workshop will post attendance exceptions, and if the worker has indeed attended work but had only forgotten to swipe their cards, then the line manager can sign the worker in.

Worker's Pay and Benefits

On the 25th of each month, the Zhenyang Factory pays out last month's wages. Workers must open up a local postal savings account or an account with Dongguan Bank to act as recipient of their wages.



工资计算方式	
正常上班8小时工资:	$8.68 \times 8 \times 22 = 1527.68$ 元
晚上加班工资:	$13.02 \times 3 \times 22 = 859.32$ 元
星期六上班工资:	$17.36 \times 11 \times 4 = 763.84$ 元
全勤奖:	50元
总工资:	3200.84元

Wage calculation method

On average, worker's wages are hourly, with the minimum being 1,510 RMB. The difference in total wages during the off-season and peak-season is relatively large. In the off-season, workers earn around 2,000 RMB, whereas during the peak season, workers earn up to 3,500 RMB. Primary factors that make up a worker's wages include: base wages, wages for overtime, awards for achievement, yearly awards, performance awards, full attendance awards, night shift subsidies, and so on. The basic rate for overtime wages is 1,510 RMB, calculated in accordance with labor law regulations. Achievement awards are factored according to a worker's production, varying from 0-18 RMB each day. Workers who have been at the factory for over a year can obtain an award of 100 RMB per month as part of a yearly award. The performance award is only issued from May-October, and workers may earn its 300 RMB if they do not arrive late, leave early, skip work, take leave, and comply with their work plan. The full attendance award is 50 RMB per month, awarded under the condition that a worker does not ask for leave during normal working hours. If the worker asks for leave during overtime, they can still win this award. Night shift subsidies for workers in the injection department are 7.7 RMB, adding up to 200 RMB per month (taking 26 days

into account).

In addition, the factory has been recruiting workers and has set up an award for new workers as well as an award for recommendations. From May 18th to June 15th, new workers that have been at the factory for over a month can procure a one-time 300 RMB new worker award. When workers already employed at the factory recommend a new hire, they can procure an award of 300 RMB. On legally mandated holidays, the factory closes up for rest. During April's Qingming Festival, and the Worker's Day of May 1st, the factory is closed for business, but still pays the normal compensation for 8 hours of regular work.

The primary deductions from worker's wages include social insurance, tax, and lodging fees. Social insurance deductions add up to 212 RMB per month for workers. The workers' paystubs do not clearly indicate the figures for each part of social insurance, but after doing some speculative calculations, the numbers are likely as follows:

Pension: $2408 * 8\% = 192.64$ RMB

Medical: $3005 * 0.5\% = 15.025$ RMB

Unemployment: $1510 * 0.5\% = 7.55$ RMB

Total of these three parts: 215.15 RMB. Among them, 2,408, 3,005, 1,510 make up the lowest possible payment for these pieces of social insurance.

There are relatively more on-site amenities: the workers service center has a reading room, and in the factory grounds there is a basketball court, a badminton court, and rooms for billiards, ping-pong, karaoke. Inside the dormitory building there is a projector. At night, workers can use it to watch TV shows or movies. Workers spend most of their leisure time playing billiards or singing karaoke, with the other facilities being used by relatively less people.

The three primary uses of the workers service center include psychological counseling for workers, organizing extracurricular activities for workers, and advance payments to new workers. (Because food is not included at the factory, when workers want to eat they must pay for it themselves. Thus, if a new worker does not have money for food, they can apply for an advance payment of 300 RMB at the workers service center once they have been at the factory for a week.)

Food and Lodging



Dormitory interior

In the Zhenyang Factory, there are 4 dormitories in all, labeled as A, B, C, and D. The A and B dorms are for staff members, the C dorm is for male workers, and the D dorm is for female workers. Lodging fees add up to 10 RMB per month, those not living on the factory grounds do not have lodging

deducted from their wages and do not receive a subsidy.

The C dorm has 5 floors in all, with 21 rooms on each floor. Each room has 8 bunk beds, but according to the dorm management, at most they will put 12 people in a room. From this we can calculate that the C dorm has $21 * 12 * 5 = 1,260$ people in total. The structure of the D dorm is about the same, meaning that both dorms hold around 2,500 people between them. Due to there being not as many workers at the plant now, there are some unused rooms, so they haven't exceeded their standard of 12 people per room. However, if things are as one of the hiring personnel says, and the factory will hire 1,000 new workers and student laborers, it is unclear if the dorms will be able to accommodate this new influx, so that it is possible they will exceed their standard of 12 people to a room.



(Toilet)

The conditions inside the dormitories are relatively simple and crude. The bathroom and shower rooms are all public use. Aside from the 8 bunk beds and 4 electric fans inside



(Canteen Kicten)

the rooms, there are no other accommodations. There is a water machine on each floor, two bathrooms, with 24 stalls, 24 showers, and 24 faucets in all. In line with the current number of people in the dorms, this is not all that crowded.

Compared to the other factories that our investigator has known, the hygiene conditions inside the Zhenyang Factory dormitories is relatively good. Yet, many of the facilities are already quite old, such as the water pipes. Because they are made of iron, one often sees rust in the water that comes out of the faucets.

The Zhenyang Factory provides food, with 3 options ranging from 3 RMB, 5 RMB, and 7 RMB. The 3 RMB option is stir-fried noodles or rice. The 5 and 7 RMB options are stir-fried vegetables over rice. Due to the fact that this factory does not include meals, workers must use cash to purchase their means. Additionally, the food served at the factory



(Rusty pipe)

cafeteria is unsatisfactory, and the environment at the cafeteria is relatively poor (the so-called “cafeteria” is only a simple area set aside within the dormitory, the lights are dim, and there are miscellaneous objects piled beside the dining tables). Thus, the workers who eat in the factory are very few, numbering around 100 people each meal. The other workers choose to go outside the factory for their meals.



(Shower room)

Occupational Safety and Labor Protections

As previously stated, when workers assume their positions, they do not undertake any sort of occupational safety training.

At the factory floor where our investigator was assigned, aside from working hats, there was no other personal protective equipment.

During work, workers must come into contact with some chemicals, the most important of which are “face-washing liquid” and “qimeng glue”. The devices that dispense these chemicals do not have any labels with specific information of these substances, and the workers are not aware of what their composition or harmfulness is. Information found via an internet search is as follow: face-washing liquid, made of xylene, a flammable liquid, its means of entering the human body include inhalation, ingestion, and through skin absorption. During use, it is not very harmful, but it has an irritating effect on the skin, and is harmful to the eyes, and one should avoid inhaling its vapors for a long amount of time or contact with the skin (this part is not entirely clear). We were unable to find any relevant information on

qimeng glue.



Face-washing liquid

Additional

The factory floor has in effect a system whereby cards are used to leave one's post. In the area that our investigator was posted to there were about 50 people, with 2 cards used to leave one's post available in all. When a worker wanted to go to the washroom, get a drink of water, etc. they would have to carry one of these cards, which were posted at either end of the assembly line. A worker could grab it of their own volition. Because the foreman was often not on site, and there was not a person specifically in charge of monitoring the use of these cards, in reality their use was not strictly controlled.

China's union law stipulates that union chairman, vice-chairman shall neither be held by the legal representative of the enterprise, nor by the management of labor, business, wages, and personnel. However in Zhenyang, the union chairman and vice chairman are the factory's manager and vice manager respectively.

The factory floor and dormitories both have first-aid kits, though the one on the factory floor is relatively more full. Most of the first-aid kits in the dorms are empty, or only have a small amount of medicine inside.



Zhenyang Union Organizational Chart

Lam Sun Toy Limited Company Investigation Report

1. Recruitment

Lam Sun Plastic Products usually undergoes recruitment every Friday morning and Saturday morning. The location is at the 2nd door of the factory. The factory recruits for positions mainly in the injection department, the spray painting department, the printing department and the assembly department. Different departments have different recruitment requirements. The fuel injection departments only hires skilled workers, whilst the assembly department only recruits females. At the same time, each department does not recruit those who are over 40 years old. Our investigator was placed in the injection department, and was recruited along with around 20 other workers to the factory that day.



(Some toys made at Lam Sun)

The recruitment process is rather simple, and only two photos and an identity card need to be brought. Recruitment officers examine the workers' identity cards and ask some simple questions about work experience. Then, applicants fill in a "New worker registration form" and a "Relative relationship form" (which states whether the applicant has relatives working at the factory). After filling in the form, they sign and stamp their fingerprints. A photo is then taken which is used to produce the workers' factory card, and the whole process is completed. There are no fees during this process. There is no health check, and a medical certificate does

not need to be provided.

During the application process, the applicant's identity card is withheld until 3pm when the new worker undergoes training at the factory. The identity card and the new factory card is then given to the worker.

At 3pm, the new worker undergoes training in a special training room. To be accurate, this cannot be considered as training, as there is only an introduction to the factory and also a basic briefing on the work, such as the factory's history, scope, the factory's regional distribution, work hours, work discipline, wage calculations etc. In addition, during training, the work contract is signed, and workers also sign a training registration form and stamp their fingerprints. The whole training process is only around an hour long. As the work contract starts on the second day, training on that day is not paid.

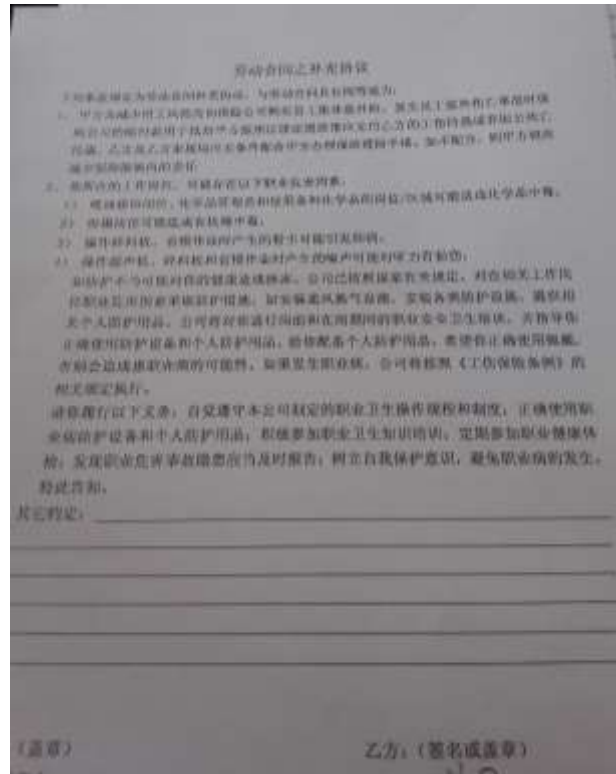
According to the training registration form which workers are to sign, the training content includes the company's development, the company's culture, management system, "7s" basic knowledge, basic knowledge on quality/environment/energy, how to use safety products, how to use dangerous chemical products in a safe manner, safety and emergency management, anti-terrorism safety knowledge, machine operational guidelines, ICTI basic knowledge, social responsibility, lean manufacturing/the seven waste management basics etc. In total, there should be 13 categories in the content of the training, however in reality, other than the first 3 categories, other training is not provided.

2. Labor Contracts

As stated before, the labor contracts are signed during the training period. The date training began was May 13th, and the date filled out as the time when the job began on the labor contract was May 14th. The labor contract's time limit was 3 years, with a trial period of 1 month. A duplicate copy was made of the labor contract. Management had already filled out most of the contents of the contract, so that a new worker needed only to sign their name after receiving the contract. In addition to signing the main form, the workers also needed to sign a "Labor Contract Supplemental Agreement", whose principal features include purchasing the worker's collective accident insurance and a warning about workplace dangers.

Once new workers have signed off on the contract, both copies are handed over to be

stamped by the management and go into effect. Approximately one week after the new worker has begun their duties, the contract's copy is returned to the worker.



(Labor Contract Supplemental Agreement)

3. Working Hours

Lam Sun operates on a 6-day workweek. Each Monday-Friday, there are 7 normal working hours in the day. On Saturday or Sunday, there are 5 normal working hours. All in all, there are 40 normal working hours each week. Workers in the assembly, spray-painting, and printing departments rest each Sunday. Workers in the mold-injection department will at times have a day of rest for all workers in the department, and at other times will separate the workers into two groups. The first group rests on Saturday, and the second group rests on Sunday. On Monday-Friday, overtime hours generally add up to 4 hours per day, with 6 hours of overtime on Saturday or Sunday. Thus, workers on average put in around 11 hours of work every day. The Lam Sun factory's standards are such that hours worked each week should not exceed 66 hours. According to our interview, the factory guarantees that there will be one day of rest each week, and working hours will not go over 66 hours per week.



(Workers working at a workshop)

Aside from the mold-injection department's two shift system, all the other departments go to work as one shift. The specifics for each department are as follows:

Assembly: Normal hours: 08:00-----12:00, 13:30-----17:30; Overtime: 18:30-----21:30.

Spray-painting/printing: Normal hours: 07:50--11:50, 13:20--17:20; Overtime: 18:20--21:20.

Mold-injection: Day shift: 07:50-----19:50, in this period there is a mealtime taken in turns from 11:30-----12:30 and 16:50-----17:50, workers getting 30 minutes to eat. Workers time spent eating is not "on the clock". The night shift is from 19:50-----07:50, with there being only being one mealtime from 00:50-----02:50. Each worker gets an hour to eat and rest. Each week, workers alternate shifts.

The hours listed above are the official factory standards for working hours, but the hours put in by factory workers is in reality larger than those listed in these standards. Using the mold-injection department as an example, workers in the department are required to arrive on the factory floor ten minutes in advance every day. During this time, the foreman speaks with the workers about workplace problems and divides up the working responsibilities. These 10 minutes are unpaid. In addition, according to the understanding of our investigator, most factories will not take out mealtimes from workers' total hours worked when using a two-shift system resembling the one used by the mold-injection department at

Lam Sun. Additionally, there are two kinds of machines used by the mold-injection department: partially automated and fully automated. After a partially automated machine has produced its goods, the worker must open a safety door, remove the product, then close the safety door. After the machine has begun its next production cycle, the worker can then deal with the product at hand. The production from fully automated machines is handled entirely by the machine itself. If there is no malfunction, the machine can continuously produce goods, meaning the workers do not



(Workshop interior)

need to open and close a safety door, needing only to deal with the products made. The situation with partially automated machines is such that when workers are having their mealtimes, they will temporarily stop production or find another worker to take their place. As for fully automated machines, production continues while workers are eating, and no one substitutes for these workers. The result is that a backlog of goods accumulates during mealtimes, meaning that workers must work at an increased pace to deal with this pile of goods. Thus, even though workers put in 11 hours every day, mealtimes are not accounted for, meaning that in reality, workers put in 12 hours of work every day. Work that would have been done during mealtimes is completed after meals are finished. Moreover, workers are required to clock off prior to eating, and clock in after they finish their meals. The time in between these swipes must not exceed 30 minutes. Thus, in actuality workers' mealtime and resting hours do not add up to 30 minutes. Usually, workers will rush back to the factory floor after they have finished their meals, meaning that they do not have any extra time for rest.



(Left: female workers in the workshop;
Right: workshop interior)

The circumstances for the mold-injection department's night shift are unique. As stated before, the night shift's mealtime is from 00:50-----02:50, the specifics of it being that one group of workers has time for meals and rest from 00:50-----01:50, and when they have returned, the second group has their time for meals and rest from 01:50-----02:50. However, the reality is that by around 01:50, the cafeteria has already disposed of its food. Thus, if the first group of workers really returned to their positions by 01:50, then the second group would have no food to eat. Consequently, the first group of workers must have returned to their positions around 30 minutes in advance. So, even though the night shift does not have their mealtime deducted from their wages, and receives a subsidy of 20 RMB for working the "graveyard" shift, they work roughly 30 minutes more than those working the day shift.

As to overtime, the Lam Sun *Worker's Notice* says that "those who do not want to work overtime must fill out a 'notification of intent to not work overtime form', and then inform your supervisor. Those who want to work overtime do not need to fill out an application to work overtime." However, the real circumstances are not quite so simple. Our investigator only wanted to work the normal 5 hours as required on Saturdays with no overtime, but her foreman did not provide them with a "notification of intent to not work overtime form" (during our interviews, we did not encounter a worker who had ever seen a

“notification of intent to not work overtime form”). The foreman then told our investigator that they were not permitted to not work overtime, stating that it was the factory’s regulations. Only after our investigator made multiple requests was the foreman forced to agree, requiring that our investigator fill out a “leave of absence application form” before they were permitted to leave. Thus, overtime cannot be said to truly voluntary. In addition, any request for a leave of absence that exceeded 3 days came with the provision that workers provide relevant proof that you needed to deal with a matter. If you could not provide this proof, then your request would be denied.

Lam Sun’s system for recording normal working hours and overtime utilizes a fingerprint based time clock. Each day, workers must use the system 4-6 times as they get on and off work. Normally there will be workers who fail to clock in, and there are exceptional circumstance tables for attendance posted around the



班次	上班1	下班1	上班2	下班2	上班3	下班3
白班1	7:50	11:30	12:00	16:50	17:20	19:50
白班2	7:50	11:30	12:20	17:20	17:50	19:50
夜班1	19:50	00:50	01:50	07:50		
夜班2	19:50	01:50	02:50	07:50		
写字楼	8:00	12:00	13:30	17:30		

备注:
1. 上班打卡只提前15分钟, 如写字楼提前6:00上班, 刷卡有效时间为7:15-7:45, 如7:50上班, 刷卡有效时间为7:35-7:50
2. 夜班班次下班卡与上班卡之间必须间隔15分钟以上, 如11:30下班, 刷卡有效时间为11:45-12:00

(Working time and shifts time)

factory floor every day. In these circumstances, a worker may have this card signed by their foreman or floor director. However, if the same worker fails to clock in multiple times over a short period, even if their foreman or floor director signs their card, human resources might still not accept this and deduct a portion of their wages.

Each factory floor has in general set production targets for each good produced there. These production targets are calculated in accordance with the amount of time used in a production week and the amount of goods produced during a week. The number of goods used is taken from an ideal situation, so that the real number of goods produced is usually less than the production targets. While there is usually no penalty for not matching these production targets, but should there be a wide discrepancy between these production targets and what is produced under normal circumstances, then the workers will have wages

deducted from overtime. For example, were the production target to be 5,000, and actual production to be roughly 4,000, this would be acceptable. However, if production was only around 2,000 or 3,000, then workers would first be scolded by their foreman, followed by the possibility of recording an 11-hour workday as only a 7-hour one (the situation described above was described during a morning meeting by a foreman, but over the course of our interviews in the factory, we did not encounter a worker whose overtime had been deducted from pay, because the goods produced by workers as a whole reached an acceptable standard).

4. Work Remuneration and Welfare

Lam Sun pays the previous months' salary on the 30th of each month via the employees bank account. New workers can receive their salary by providing their local bank card, if not, the factory will manage this on their behalf.

On average, the salary is paid based on the number of work hours, and is made up of the base wage, overtime pay, full attendance reward, late night subsidies, position subsidies, seniority rewards etc. The injection department, assembly department and printing department have a base wage of 1510 RMB. The spray painting department has a base wage of 1660 RMB. Overtime pay is paid according to the categories of normal overtime, weekend overtime and holiday overtime. The full attendance reward is 60RMB a month, and the injection department receive a 20RMB late night subsidy. Workers in the electronics department (which is part of the assembly department) receive a position subsidy of 8RMB per day, and those in the printing department receive a position subsidy of 6RMB per day. The seniority reward is limited to the number of years worked, and ranges from 50RMB to 130RMB even. Workers receive a monthly salary of around 3000 RMB to 3500 RMB. Workers in the spray painting and injection departments (because of late night subsidies) receive around 300RMB more compared to other departments.

Salary deductions are mainly derived from meals and accommodation which amount to 40RMB for accommodation, and 160RMB for meals. The factory does not contribute to the

social insurance or housing fund of workers. Through interviews, because wages are low, many workers do not mind that that social insurance isn't paid, with some not wanting to even purchase it.

There were also conditions attached when wages were paid. However, our investigator was in a dormitory room with three other workers, two of who were newly recruited and had not received any wages yet. The investigator did not meet the third person as they were working another shift (We were working the day shift, he was working the night shift). As such, the investigator did not see the conditions attached to the wages paid.

According to the number of years worked, workers have between 5 to 15 days of leave per year, and this is usually during the Spring Festival. On Public holidays, the factory will allow for a rest day and regular work wages are paid.

The factory's welfare facilities include a table tennis table, tennis court, basketball court and a library etc. However, as the work hours are long, and many people also live outside the factory dormitories, not many people use the facilities. The basketball sometimes has two to three workers playing. The library is on the second floor of a building, however, during the investigation, our investigator did not see it open.

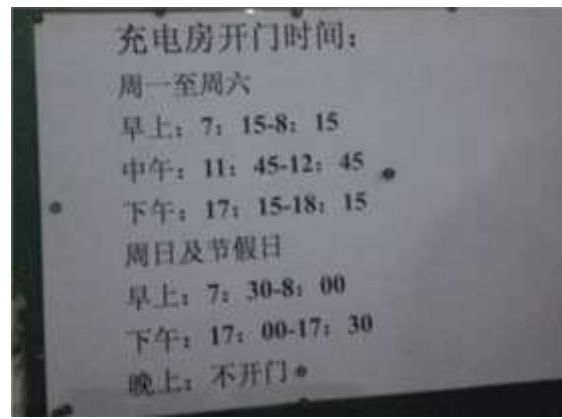
5. Food and accommodation standards

Lam Sun has a dormitory and dining area. Workers can choose whether to have meals and board at the factory. Expenses are 40RMB a month for accommodation and 160RMB a month for meals. If they choose not to have meals and not to live at the factory, there is neither deductions nor subsidies.

There are two dormitory buildings, which are separated into male and female dormitories. Every dormitory building has 6 floors, each floor has 35 rooms, and each room can house 12 people. Altogether, the buildings house $12*35*6*2=5040$ people. This is a lot more than the current 2000 workers at the Lam Sun factory and the majority of workers are between 30 to 40 years old. Workers with families will rent a room outside of the factory. (Rent is about 150RMB for rooms around the factory). As such, there are plenty of rooms available. A lot of dormitories are empty; some workers live in rooms with 3 or 4 people.

Although the dormitories are rather empty, hygiene is very bad, and a lot of the facilities inside the room are old, need repairing and there is an issue with rusting.

The dormitories have 6 bunk beds, a bathroom, toilet, balcony and two fans. There are no closets, and workers place their items on empty beds. There are no power outlets in the dormitories, so workers cannot use any electronic devices and they cannot charge their phones. The female dormitories have one room that is used to charge electronic devices. So workers have to prepare a power bank to take to the charging room to charge before they can use their devices. The charging room is only open at designated times every day, so this is rather inconvenient for workers. Also, this may have arisen from safety issues, but the factory does not give keys to the dormitories to workers. The keys are kept in the dormitory office. When workers need to use the keys, they have to deposit their factory cards at the dormitory office. Workers will receive their factory cards after they have returned the keys.



Opening hours of the charging room



(Dormitory interior)



(Toilets)

Each floor has one hot water drinking fountain, and many are broken and cannot be used. During the period of investigation, in both the female and male dormitories, only the drinking fountain on the first floor of the male dormitory was functioning. As such, we saw many female workers who came to the male dormitories for hot water.

There is a small shop in the factory, which provides wireless internet for workers inside the dormitories at a cost of 30RMB a month, and it is up to workers to decide whether they will use this or not.

At the end of every month, workers have to register for meals to inform the factory if they are having meals at the dining hall the next month. After registering, even if they do not eat at the dining hall, deductions for meals are still made. If they do not register and need to eat at the dining hall, they are charged a standard 6RMB per meal. The injection department does not have meal deductions for their late night shifts, and they swap shifts once every two weeks. Therefore, workers in the injection department have meal expenses amounting to 80RMB per month.

The dining hall has five floors, and different positions have meals at different floors. Normal workers have meals on the 2nd and 3rd floor. The dining hall has fans, and around 200 people can have meals at each floor. Other than the injection department, other departments

have meal breaks which are rather long, so many workers choose to go home or go out to eat. Also, different departments finish at different times, so meal breaks at the dining hall are not crowded. In most cases, workers get their meals within two to three minutes.



(Dinning hall)

The dining hall provides plates, but does not provide chopsticks or spoons, and workers have to bring these themselves. The dining hall prepares lunch, dinner and supper. Breakfast is not prepared. Workers usually buy breakfast at the food carts at the entrance to the factory. Dining hall food includes three dishes, one soup, and also rice. There are two meat and one vegetable dish, and the soup is usually seaweed soup or radish soup. Even though the investigator had low standards for food, they still felt the food at the dining hall was unappetizing. Also, according to the color of the dishes, it was obvious that some dishes were just mixed with leftovers. There were even times where foreign substances were found, including some random threads found in the food.



6. Occupational Safety and Protection

As stated previously, prior to commencing their positions, workers do not undergo any occupational safety training. After receiving only basic knowledge about the factory environment and working conditions, they go straight to their positions to commence work.

The injection department is on the first floor of the workshop. Injection molding has been determined to cause noise pollution, high temperatures and plastic fumes. In the workshop, other than a mesh cap, they do not receive any uniform, nor do they receive other protection. The workshop has ventilation and fans, but there are a limited number of fans, and not every worker is able to use them. Currently, the weather is rather hot, and the machines themselves emit heat, as such, without fans, makes it very uncomfortable for workers to work in. Also, the molding process requires certain products to be cooled in cold



(A worker's hand after working with chemicals for a day)

water after manufacturing. During this time, workers continuously place their hands in water, which causes their fingers to become wrinkled and their skin whitens. We are unsure whether this is harmful, but it is very uncomfortable.

According to the supplemental agreement in the work contract, occupational hazards that may arise in the factory include: chemical poisoning in the fuel injection and printing positions; organotin poisoning in the soldering positions (assembly department); lung disease in the material grinding positions (injection department); hearing problems from the ultrasound machine and the material grinding positions.

Access to the spray painting and printing workshops are controlled, as such, we were unable to enter. The soldering position in the assembly department is not separated from other positions, and the position does not have a special ventilation system. Smoke from the solder drifts into the air within the workshop. Workers in the soldering position only have a simple mask, and do not have other protection equipment. Workers in the material grinding positions have earplugs to protect their hearing, but their masks are also rather simple, and offer little protection from the inhalation of dust particles.

According to occupational protection law, workers who are at risk of occupational hazards must undergo a health examination prior to taking upon their positions. However, workers who entered the spray-painting workshop with our investigator, like workers in other positions, did not receive any health examination. Soldering positions are not fixed and every worker can take up the position. However, once again, no one received a health examination.

In relation to work injuries, our investigator found two cases which occurred in the injection workshop. One case was rather minor, where the workers' finger was stuck in the mold thimble. As the worker wasn't majorly injured, and it was close to the end of the shift, the case was not handled and no treatment was received. After the shift, the worker self-medicated the injury. The other case was rather serious, where a worker crushed his leg when transporting molds with the hand trailer. As there was no social insurance, they could not make any claims on work injuries. At the same time, the worker was wearing slippers when they were injured, which violated management rules. As such, the final medical expenses were split in half between the worker and the factory.

Workshops in the factory, the dining hall and dormitories all have first aid kits, however, our investigator saw that these were all in an abandoned state. The first aid kits were dusty, and many of them had locks. A list of medicines could be seen inside the first aid kits which weren't locked, but there was no medicine inside.

7. Fire control

The workshops and dormitories were unobstructed, and there were no issues with congestion or locked access.

Workshops and dormitories had fire extinguishers and fire hydrants installed, and on the side, there was an inspection card attached which revealed monthly inspections. However, many fire extinguishers were rather broken and old, the canister and handles were also corroded.



(A fire extinguisher in the factory)

8. Rewards and Punishments

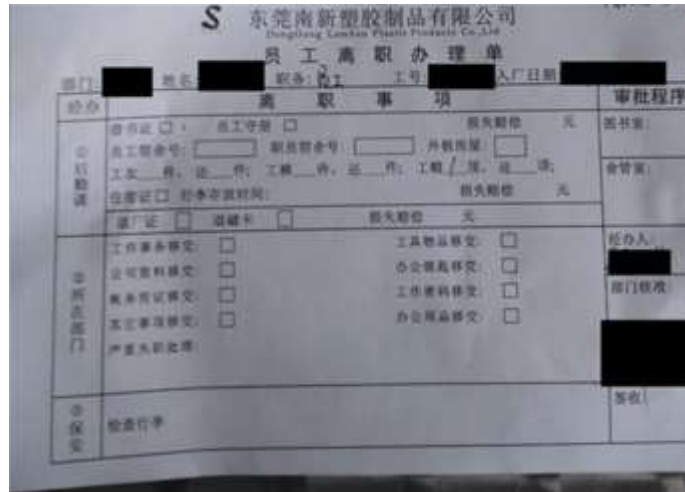
Punishments within the factory have already been mentioned before. Where the worker has not produced enough products, they may have their overtime work decreased. Also, where a worker creates a product of bad quality and rework is required, another worker can rework the product. However, wages for the worker who reworks the product are borne by the worker who didn't satisfy quality standards of the product.

We did not see any reward measures in the factory.

The working environment in the injection department is rather bad. However, workers have more freedom and can go to the toilet or drink water at any time without reporting. When working, talking with other workers is allowed (In reality, a lot of the machines are operated by one person, and there isn't anyone standing next to them that they can talk to). In comparison, the working environment in the assembly department is better, however there are strict rules, and speaking is not permitted whilst working.

9. Resignation

The Lam Sun work contract specifies a period of 3 years, with a probationary period of 1 month. During the probationary period, resignations are accepted 3 days prior. After the probationary period, resignations need to be submitted one month before. However, in reality, workers are unable to resign on any day. During the probationary period, workers can only



(Resignation application form)

apply for resignation on Tuesdays, they then work until Thursday, and resignation procedures take place on Fridays. After the probationary period, resignations can only be submitted on the 15th or 30th of each month, and work is continued until the 15th or 30th of the next month. Resignation is not accepted on other days.

The resignation process for our investigator went rather smoothly albeit some small issues. Our investigator applied for resignation to the line manager on Tuesday afternoon. However was told that this would only be accepted in the morning and not in the afternoon. They would have to wait until next Tuesday to resign, and the line manager refused to give them the resignation form. Our investigator then went to ask officers in the office inquiry department, and was informed that resignations are also accepted in the afternoon. As such, our investigator was eventually able to obtain a resignation form from the line manager. It is common for line managers to prevent workers from resigning. However, the attitude of our investigator's manager was rather good. A worker who was in the same dormitory as our investigator was on probation, and had tried to resign on numerous occasions, however was still unable to obtain a resignation form. The line manager, with a bad attitude, had told the worker: "You think the factory is your home, and you can come and go as you please?!" (This line manager always had a bad attitude, not only with regards to resignations, but also

when managing. Some workers said they would hit him when they resign.)

Workers who apply for resignation in advance, fill out the resignation form, and undergo the resignation formalities, are able to receive their wages. Wages are paid on the afternoon of the resignation, and there are two ways to receive this: Workers who have worked in the factory for some time have a wage card, and can receive their wages through bank transfer. For workers who have worked at the factory for a shorter period of time or those who have not received their wage card, are paid with cash. The investigator calculated that the wages received were in line with the standards as stipulated by law.

10. Other

The investigator did not find a union in the factory, and there was no information with regards to unions. Workers also did not know about the presence of a union. Worker communication channels were mainly through the opinion box and employee representatives. Employee notices in the Lam Sun factory specify that there are a total of 7 employee representatives, who are in different departments. Their responsibilities were: “Communication with management with regards to wages, discrimination, disciplinary system and other related matters”. However, many workers do not know these representatives, and no one had approached them to reflect on any issues they may have.

Many workers expressed their discontent towards Lam Sun during interviews. The turnover for workers was rather high. Around 20 workers had commenced work with our investigator, and 20 workers had also resigned the same time as our investigator. There was graffiti on the walls of the toilets and dormitories inside the factory which said “Lam Sun Rubbish Factory”. However, factories around Lam Sun were no better. Some workers who resigned from Lam Sun for some time looking for other work, had no choice but to return to Lam Sun.

Finally, our investigator found a song on the dormitory wall which was left by a worker: “Lam Sun Factory Song”. It is rather interesting: Non-stop work for one day, 3000RMB in a month. 3 to 4 people in a dormitory, how much smell could there be. If you ask workers if they would like to stay at the factory, not many people would. They say the food isn’t bad,

but the dishes have grass. Flies in the soup, mosquitoes bite under tables, you tell me if this is good?”



(The Lam Sun Factory Song)

Toy Brands for Which We Found Zhenyang and Lam Sun Were Manufacturing



(From left to right: Crayola, F-toys, Paw Patrol,)



(Spin Master, Fomasa, Bizak)



(Air Hogs, Lalaloopsy-MGA Entertainment, Sunny, Bob the builder)



(Disney Princess, Frozen, Twisted Tie Die)



(3D Coin Art, Super Wubble)