

**The Chaos in Global Supply Chain Exacerbates Terrible  
Working Conditions in China**



**June 21<sup>st</sup>, 2016**

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## Executive Summary

On November 26<sup>th</sup>, 2015, China Labor Watch received a complaint through email, saying that a worker passed away because of a heart attack whilst working at Dongguan Chenming Electronic Company Ltd (Taiwan Stock Exchange code 3013). The worker who wrote the email suspected that the victim had died of excessive overtime work. Sometimes, workers had to work over a month without even a day off. Furthermore, they may be required to work overtime all night. After receiving this complaint, CLW decided to send an investigator to Chengming to conduct an undercover investigation.

Whilst working at Chengming, our investigator found severe violations in work hours, occupational safety, and other aspects. In some occasions, workers are forced to work overtime, putting in overtime hours adding up to 165 hours a month, and only have one day off in three months. Some workers feel exhausted and want to have some rest, however during peak production season, such requests are usually not approved. Upon finishing the investigation, we sent information with regards to the various violations at the factory to Chengming's clients, including IBM, HP, Acer, ASUS, Intel, HTC, Fujitsu, Huawei, and other renowned multinational companies. Among the responses we received from these companies, some claimed they already ceased business relations with Chengming, some quoted Chengming's response and denied almost all charges, and others had promised to conduct an investigation or third part audit, however, rarely made improvements to working conditions. At first, ASUS replied that it had been three years since their last cooperation with Chengming. However, we then sent them photos of workers producing ASUS products. ASUS promised to undergo a follow-up investigation, but till now, we have yet to receive any response. Fujitsu replied that it would begin improving working conditions, but still we haven't seen any progress.

## Principal Labor Rights Violations

- The interview includes a physical examination, paid by the worker and costing 40 RMB.
- The factory does not strictly adhere to the terms of the employment contract.
- Some positions have work shifts that last up to 15 hours, with only one day off through the course of an entire month. Overtime hours worked in these positions add up to around 165 hours per month.

- Workers must arrive and begin working 15 minutes before their scheduled hours, they are not paid for this time as it is not technically on the clock.
- At times, workers must go 3 months without a single day off.
- Forced labor is present at the factory.
- Workers only have 25 minutes for morning and afternoon meals.
- The monthly wage is around 2000 RMB (308USD), 400 RMB per week (62USD), 10RMB (1.54USD) per hour.
- In the worker's dormitories, there is only one machine that dispenses filtered water, it is on the 3<sup>rd</sup> Floor.
- New workers do not undergo any pre-work safety training, nor do they learn how to operate the machines properly.
- Workers are not given any fire safety training.
- It is difficult to apply for resignation during peak work periods.
- Those who choose to resign receive their wages 20 days after resignation.
- If the New Year is approaching, new workers are required to work until the end of February before they can resign.
- UNEEC does not have an effective union, workers do not have a means to communicate or handle problems.

## Summary of Email Exchanges with UNEEC's Brand Companies

### Summary of Email Exchanges with UNEEC's Brand Companies

| Company Name  | Date            | Content  |
|---------------|-----------------|--|
| HP Inc.       | April 4         | HP claimed that they were conducting an investigation  |
|               | April 14        | Contended that they hadn't had contact with UNEEC for 5 years  |
|               | April 23        | Asked for evidence   |
|               | May 20          | Scheduled a phone meeting  |
| HP Enterprise | April 16        | It hadn't subcontracted any production to UNEEC since 2003   |
| Fujitsu       | April 16        | Responded that they contacted UNEEC immediately, but UNEEC denied 11 of the 12 charges   |
|               | April 22        | Promised to conduct third party audits   |
|               | May 23          | Finished the audit, confirmed the violations on work hours and occupational disease, and had started correction plan   |
| ASUS          | April 14        | Denied its connection with UNEEC   |
|               | April 24        | Informed us that it would conduct an on-site audit in May  |
| Toshiba       | April 18        | Denied its connection with UNEEC   |
| IBM           | April 17        | Denied its connection with UNEEC   |
| Intel         | April 19        | Denied its connection with UNEEC   |
|               | May 24          | Again denied its connection with UNEEC   |
| NEC           | May 20          | Promised to conduct an investigation   |
| ACER          | June 8          | Didn't have direct business with UNEEC anymore, but would confirm whether they have second or higher tier connection with UNEEC by conducting an investigation |
| ANTEC         | No response yet |  |
| Huawei        | No response yet |  |

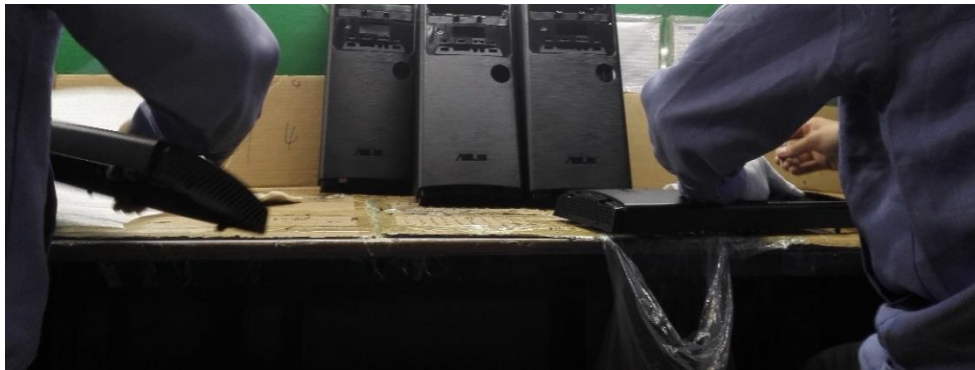
## Dongguan UNEEC Investigative Report

Chenming Mold Industrial Corporation (UNEEC) is a Taiwanese company established in 1970. At first their factories merely produced simple molds, but from 1985 they began to transition toward producing casings and parts for various kinds of electronics, including phones, servers, and computers. At present, they have corporate offices and factories in locations such as the US, Taiwan, Dongguan, and Ningbo.

In 1997, investors established the Dongguan Chenming Electronic Company, Ltd. This branch is located in Dongguan City, Zhennan Middle Road, and spans an area of 180,000 square meters, employing around 3,500 workers. Their products adhere to international production and inspection standards. According to the company website, clients include international corporations such as HP, Acer, IBM, ASUS, Fujitsu and Toshiba. Whether UNEEC still manufactures for these companies is unknown. Manufactured products include PC cases, phone cases, scanners, copiers and



Outside the UNEEC factory



notebooks.



Products manufactured by UNEEC

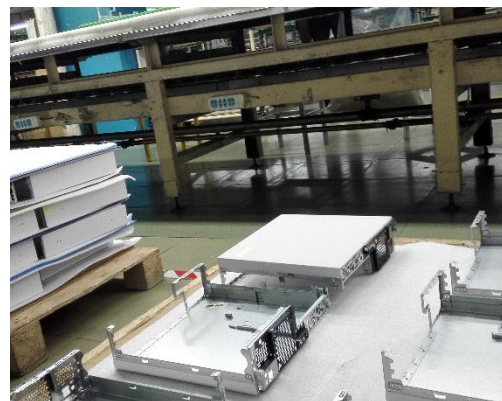
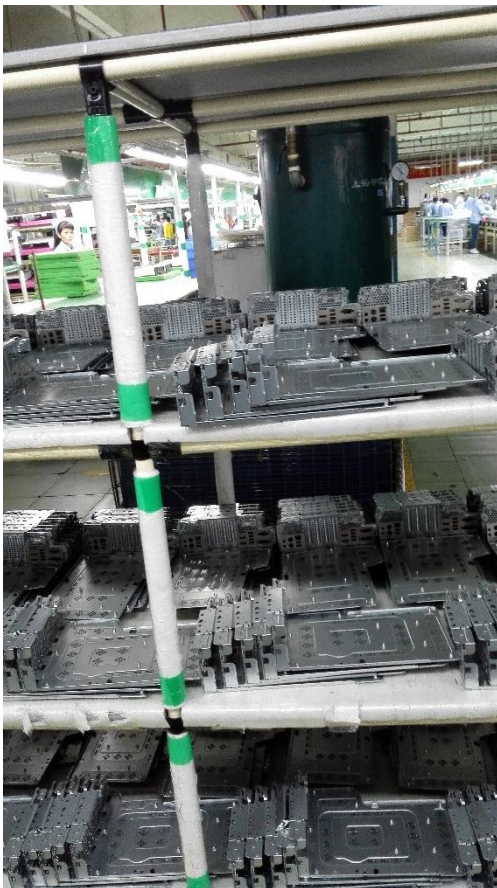
車間線別&生產客戶概況

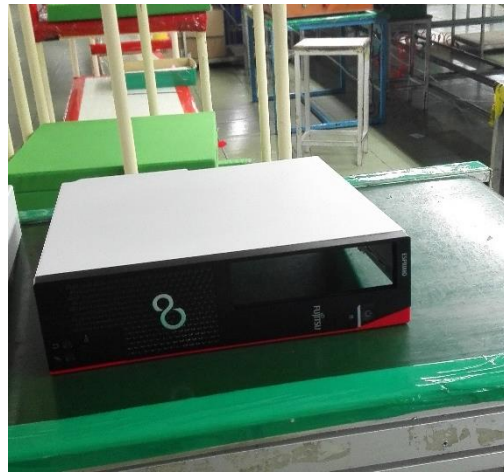
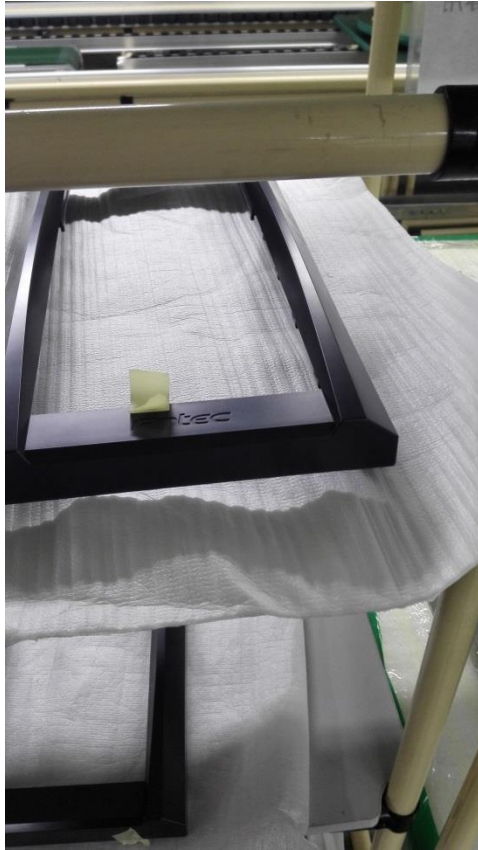
| 車間名稱      | 主要客戶                                  | 主要產品                         | 主要圖片 | 線別名稱           | 數量 |
|-----------|---------------------------------------|------------------------------|------|----------------|----|
| 華爲車間      | HuaWei                                | SEVER CASE<br>SEVER盒         |      | 30M隔板線         | 1  |
|           |                                       |                              |      | 18M環型Cell line | 1  |
|           |                                       |                              |      | 16M皮帶線         | 1  |
| Fujitsu車間 | Fujitsu                               | LCD PC<br>LCD CASE           |      | 35M隔板線         | 2  |
|           |                                       |                              |      | 30M皮帶線         | 3  |
|           |                                       |                              |      | 20M皮帶線         | 1  |
|           |                                       |                              |      | 8M皮帶線          | 1  |
| 合車間       | ASUS<br>WISTRON<br>ANTEC<br>HP<br>IBM | PC CASE                      |      | 35M隔板線         | 4  |
|           |                                       |                              |      | 31M隔板線         | 1  |
|           |                                       |                              |      | 20M皮帶線         | 1  |
|           |                                       |                              |      | 18M皮帶線         | 1  |
|           |                                       |                              |      | 35M自動線         | 1  |
| 密車間       | NEC<br>Tyco                           | SEVER CASE<br>PC CASE<br>手機殼 |      | 18M皮帶線         | 1  |
|           |                                       |                              |      | 14M皮帶線         | 1  |
|           |                                       |                              |      | 12M皮帶線         | 1  |
|           |                                       |                              |      | 10M皮帶線         | 1  |
| Total     |                                       |                              |      |                | 22 |

The above photo is a chart inside the factory, however, it may not reflect products which are currently manufactured.



The above photo is a chart inside the factory, however, it may not reflect products which are currently manufactured.





The photo on the left: ANTEC

The photo above: Fujitsu

The photo below: ASUS





During our investigation, we discovered that the factory:

## 1. Employment

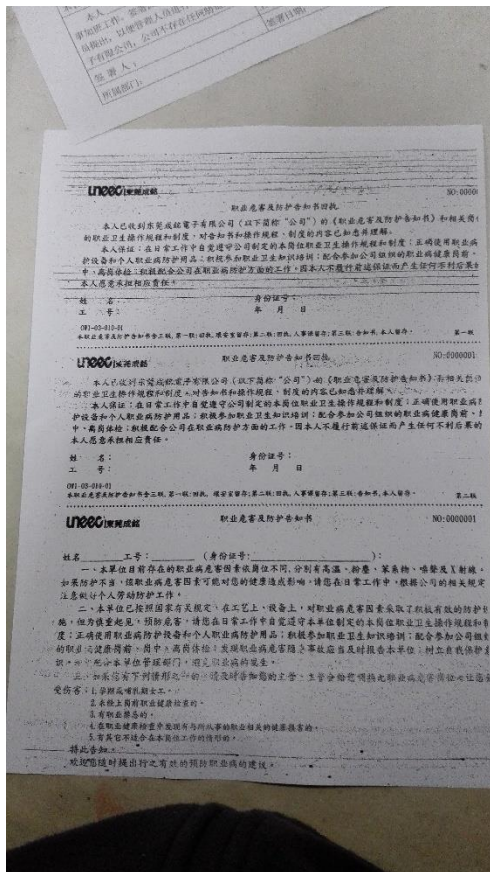


Company Overview

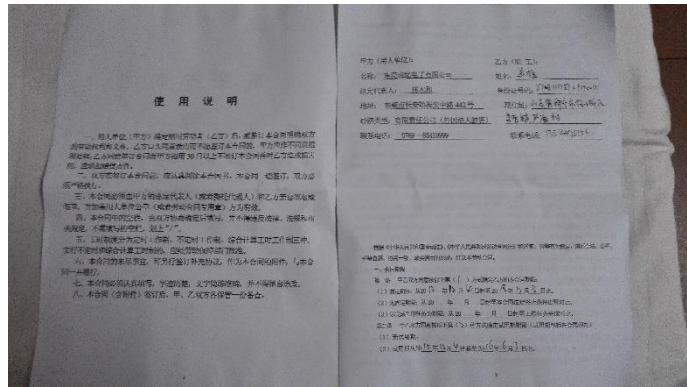
UNEEC mainly draws its recruits through a notice affixed to the wall at the entrance to the factory (information attained online). On the first day, our investigator arrived to apply for the position, and was given a “Job Application form” and a “Worker Application test” to fill out. The interview was on the second day. There were around 30 job interviews taking place when we arrived the second day, and the interview process was simple. Some positions had vision requirements, however most positions did not have any special requirements, such as prohibiting tattoos and such. Documents required for the interview included the “Job Application form”, “Worker Application test”, a copy of a personal ID, and an ID photo. At the interview, new workers were assigned a position, and our investigator was assigned to the assembly line. Afterwards, new workers paid for their physical examination at the in-house hospital, which cost 40 RMB. During the physical examination, workers’ IDs were collected and withheld (for around two hours). Those who failed the physical examination were arranged to be re-examined the next day.

After the examination, our investigator signed a contract. This contract contained clauses explaining the duration of the contract, location of the work, nature of the

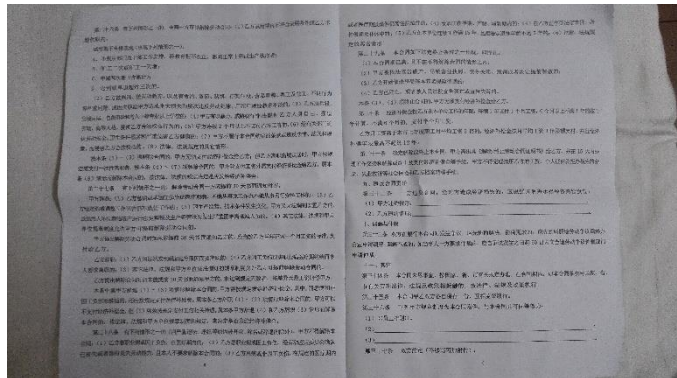
work, work hours, rest times, wages, social insurance, benefits, conditions relating to the protection of labor, work injury prevention, work disciplinary rules, the termination of contracts, responsibilities related to the violation of contracts, and means of mediation and arbitration. A worker is made to sign two contracts. The contract time frame is 3 years, and the probationary period depended on what department it was in. Some had probationary periods of 3 months or 6 months. The assembly line had a probationary period of 6 months. The contract commences on the second day, and workers are not paid the day they signed the contracts. Upon signing, one copy is given to the factory, and the other to the worker. When signing the contract, workers are also required to sign “information regarding the prevention of work injury” and “voluntary employment and voluntary overtime agreement” forms. After fingerprints are taken and the company card is distributed, the hiring process is completed.



Occupational Hazard and Prevention



Information form



Work contract of UNEEC

According to factory requirements, new workers must arrive for work at 7:45am the day following their physical examination. Workers enter their respective departments and the manager speaks for around 30 minutes about specific issues related to the work. Workers then go to their positions and commence work. As such, in reality, there is no pre-work training for new workers at the factory.

The factory door has a “Recruitment Flow chart”. Even if the factory were to follow each stage according to the flowchart, the “pre-work training” module is from 14:00 to 15:30, amounting to only 1.5 hours.

After one week, new workers receive work uniforms. They are not charged for this, but are required to return the uniforms upon termination.

## 2. Work contracts

Work contract procedures are outlined as above.

## 3. Work hours.

Different departments have different work hours. Work hours can be roughly separated into:



Recruitment Flowchart: 14.00-15.30 is pre-work training

| Work hours and departments  | Morning shift times  | Afternoon shift times | Overtime hours |
|---|--|-----------------------|----------------|
| One shift system :<br>Assembly line etc.                          | 08:00--12:00   | 12:40--16:40          | 17:20--21:20   |
| Two shifts system :<br>Injection molding 、<br>metal hardware etc. | Daytime shifts: 08:00--20:00 , Night shifts : 20:00--08:00 |                       |                |



In the one shift system, workers attendance is taken at 8.00am sharp. However, managers require workers to be at the workshop at around 7.45am for a work meeting



which outlines the arrangements for the day. The meeting takes around 5 minutes, and by 7.50am, workers have already begun working. In addition to morning meetings, there are meetings for those who finish their afternoon and night shifts. Meeting times are not set, and can be as short as 2 to 3 minutes, or as long as 8 to 9 minutes. Meetings are not included in work hours. Midday and afternoon meal times are only 40 minutes. However, sometimes, meetings may take 5 minutes, then, workers have to line up to swipe their worker cards (around 5 minutes), walk to and from the dining area and also line up for meals (around 5 minutes). Therefore, in reality, workers only have 25 minutes for meal times. Time is very limited, and after eating, workers do not have time to rest as they must return to their work.

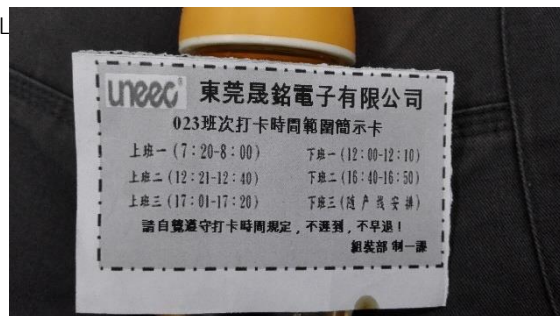
Workers have a 10 minute break after 2 hours, with a break from 10:00—10:10, 14:40—14:50, 19:20—19:30, a total of 3 times (these 30 minutes are paid work hours). However, even the very short 10 minutes breaks are not fully fulfilled. Workers are required to stand by their posts at the 8<sup>th</sup> minute when the preparation bell rings, and start working when the bell rings again at the 10<sup>th</sup> minute.

Workers in the two shift system also have two 40 minute meal times per shift. The difference with those from the one shift system is that their meal times are paid work hours. However these workers in the two shift system do not have any other breaks because machines do not stop running, and during meal times workers must switch positions with other workers. In comparison, the machines in the one shift

system, such as those in the assembly department, are shut during meal times.

There are two types of overtime systems. The first type covers positions that have little or no involvement in manufacturing, such as inspection, molding etc. The overtime workers are

Assembly L



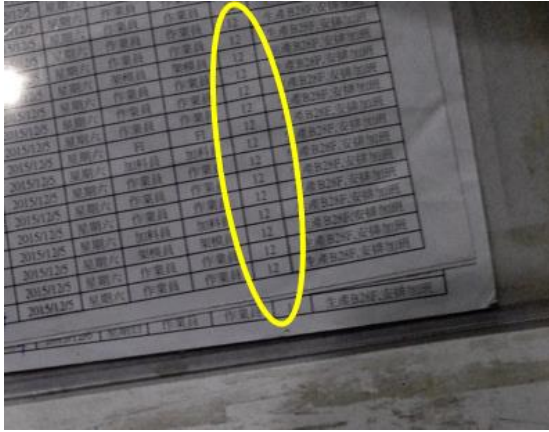
Sheet lists times when workers are to swipe attendance cards

restricted to 2 hours every day and at least one day off per week. Those which are part of the manufacturing process such as injection molding, metal hardware and assembly line, do not have restrictions. Our investigator who worked in the assembly line, usually worked 4 hours overtime every day, and during peak periods was expected to work more, reaching 5, 6 hours a day. (Our investigator first received this information from other workers, and after, also had to work 6 hours overtime). Work hours on weekends was not set, and usually workers are advised of this after work on Friday. Last month, the assembly line had 4 rest days, and this is considered a lot, as usually, workers only have 1 to 2 rest days per month. Our investigator interviewed a worker who worked 165 hours overtime in the previous month, and this is considered rather “normal” (Average).

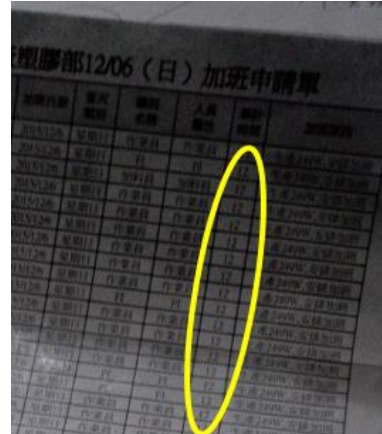
According to interviews, the injection molding department only had one rest day in November. In the same dormitory, a worker in the materials department had no rest days in November. The metals department has the most overtime workers. (The metals department is the first stage of the manufacturing procedure, and parts can only be assembled after this stage is completed). A worker in the metals department who was also in the dormitory said that other than the days where they changed shifts (shift changes occur once a month), they haven't had any days off for 3 months, with only the occasional Sunday where they were not required to work an overtime shift. To them, this is a holiday. There was also a death of one of the workers in the metals department. This incident occurred around the 20<sup>th</sup> of November, and involved a male worker, roughly 40 years old from Henan province. The death was apparently due to a heart attack or heart disease. At that time the worker felt unwell, and went to the in-house hospital in the factory, where the emergency number was called. Once the emergency car arrived, the worker had already passed away. It was this report from workers that a workmate had died which prompted CLW to send an undercover investigator into the factory.

In relation to overtime, a photo of a form that listed the overtime hours in the materials department revealed that workers on December 5<sup>th</sup> and December 6<sup>th</sup> (weekend) worked 12 hours overtime each day. In the assembly line, a manufacturing arrangement form revealed that production times were from 8.00-23.00.

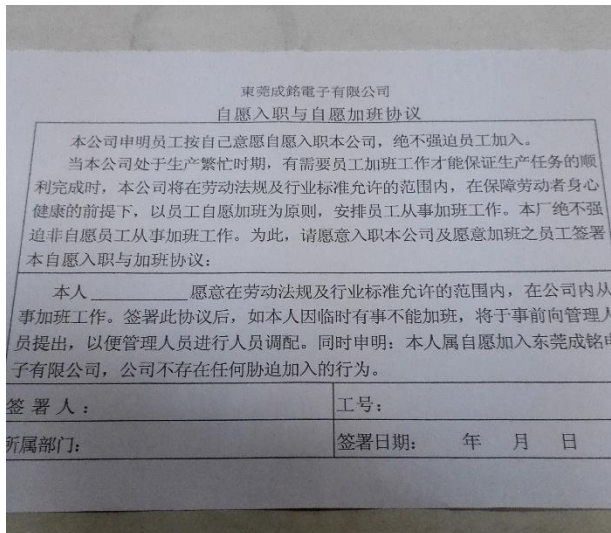




Form on December 5<sup>th</sup> show workers worked 12 hours overtime



Form on December 6<sup>th</sup> shows workers worked 12 hours overtime



Voluntary Employment and Voluntary Overtime Form

Pre-employment, workers signed a voluntary overtime agreement, and the content included “our company complies within the scope of the labor standards, and under the protection of our worker’s mental and physical health, allows workers to voluntarily work overtime. Our factory does not force workers to undergo involuntary overtime work...” However, the

reality of work in the factory was very different from that specified in this agreement. According to the regulations of the factory, new workers are not permitted to request a leave of absence in the first week (this includes normal and overtime work hours), otherwise, the company will terminate the worker based on the grounds that the worker did not fulfill the requirements of their probationary period. Old workers who request absence also need to have a valid reason before they are approved. Approval is not given for those who say they are tired and do not want to work overtime. If the worker takes leave without approval, workers will be deemed to have taken leave without permission, leading to the termination of their employment. This information

reality of work in the factory was very different from that specified



Notice regarding sick leave





two mistakes, and workers who make any mistakes after that are required to pay 5 RMB each time as punishment.

Production lines generally have targets. Our investigator worked on the assembly where they produced a black plastic bar (the name and function are unknown), and production targets were not strict. However, in assembly lines where PC shells and cases were produced, targets were strict. The target was 2,000 a day (this includes all the workers on the assembly line working 12 hours a day), however this was not easily reached. As such, workers usually worked more without being paid. We discovered that the workshop was producing products for brands such as ASUS, Fujitsu, ANTEC, and other big name brands.

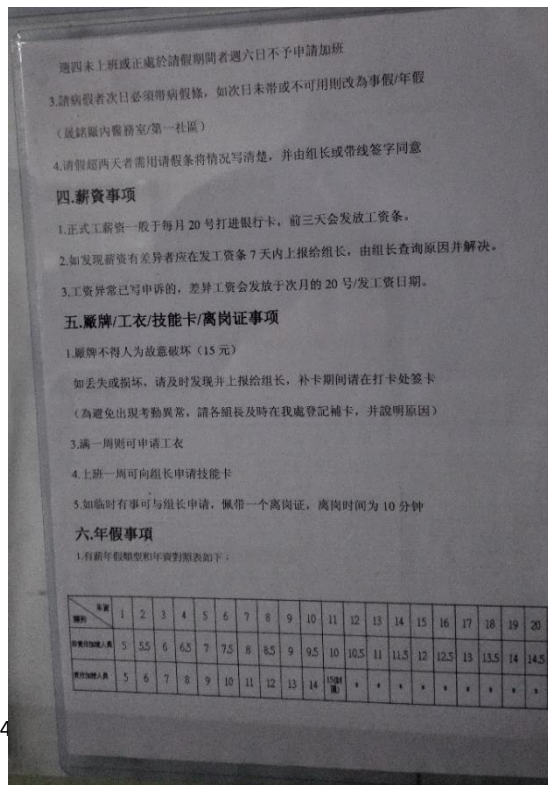


Inside workshop

#### 4. Salary and benefits

UNEEC pays workers on the 20<sup>th</sup> of each month. Wages are paid to the workers' Postal Savings Bank cards. Workers can supply their card number or allow the factory to manage the card.

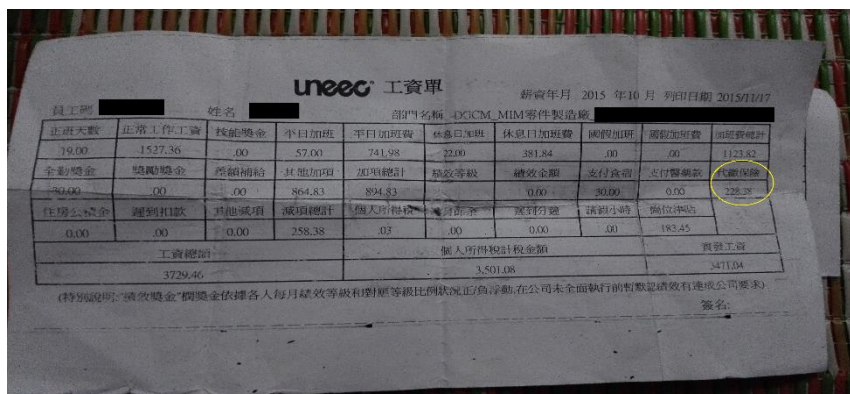
The salary of workers is made up of base wages, overtime pay, year-end bonus, position subsidy, full attendance bonus etc. A worker's base wages are only at the minimum wage standard of 1,510 RMB in Dongguan. After completing 3 months of work with the factory, workers have 100 RMB added to their year-end bonus at the end of each month. After 6 months, they receive 200



RMB, and after a year or more, they receive the fixed amount of 300 RMB. Overtime pay is calculated as the base wages + year-end bonuses. Position subsidies are different for each department, with the metals department receiving the highest, 400 RMB, whilst the assembly line does not receive any subsidy. A full attendance bonus is calculated per day, with each day counting for an additional 1 RMB, with workers receiving 30 RMB after working 30 days. If leave is taken on one day (including normal and overtime work hours), no full attendance bonus is received. Workers who work the night shift in the two shift system are paid a night shift allowance, however this is rather little, only 3 RMB per day.

Categories that result in salary deductions are primarily from those of meals, accommodation expenses, and social insurance. For workers who have overtime hours controlled, every month, they have the standard 250 RMB subsidy. For those who do not have overtime hours controlled, they receive a 1 RMB subsidy for each meal. However, if they do not eat at the dining hall, then they do not receive a subsidy. For new workers, the accommodation expenses for first month are 60 RMB, and following that, accounting for 30 RMB each month.

UNEEC pays social insurance for workers, however, they do not pay according to their actual salaries. According to Article 12 of UNEEC's Labor Contract: In the period of the contract, both parties should implement the provisions based on the local social security department, and should take part in various categories of social insurance, paying accordingly to the city's standards. That is, to pay social insurance based on the average salary of last year. However, the factory has not paid according to this standard. According to our investigation, the average salary in Dongguan last year was 3,005 RMB, therefore, according to the contract, the pension should be 240.4 RMB (3,005\*8%), and adding on other categories of insurance, each person should have 270 RMB of insurance paid. However, from the paystubs that we saw, the total social insurance was 228.38 RMB. The pay slip did not list the amount for each category of insurance. Our investigator presumed that the social insurance was paid according to the lowest limit of Dongguan's pension insurance payment of 2,408 RMB (We did not see how this was calculated).



| uneeec 工資單 |         |      |        |                      |       |        |       |         |         |                                 |  |
|------------|---------|------|--------|----------------------|-------|--------|-------|---------|---------|---------------------------------|--|
| 員工部        |         | 姓名   |        | 部門名稱: EXOCM_MIM零件製造廠 |       |        |       |         |         | 薪資年月: 2015年10月 列印日期: 2015/11/17 |  |
| 出勤天數       | 正常工資    | 技能獎金 | 平日加班   | 平日加班費                | 休息日加班 | 休息日加班費 | 國慶加班  | 國慶加班費   | 加班費總計   |                                 |  |
| 19.00      | 1527.36 | .00  | 57.00  | 741.98               | 22.00 | 381.84 | .00   | .00     | 1123.82 |                                 |  |
| 全勤獎金       | 獎勵獎金    | 產額補貼 | 其他加項   | 加項總計                 | 績效等級  | 績效金額   | 支付貨罰  | 支付醫藥款   | 代扣房租    |                                 |  |
| 300.00     | .00     | .00  | 864.83 | 864.83               |       | 0.00   | 30.00 | 0.00    | 228.28  |                                 |  |
| 住房公積金      | 雜物扣款    | 其他減項 | 減項總計   | 個人所得稅                | 電費部寄  | 運費分攤   | 課前分攤  | 崗位津貼    |         |                                 |  |
| 0.00       | .00     | 0.00 | 258.38 | .03                  | .00   | 0.00   | .00   | 483.45  |         |                                 |  |
| 工資總額       |         |      |        | 個人所得稅扣金額             |       |        |       | 實發工資    |         |                                 |  |
| 3729.46    |         |      |        | 3,501.08             |       |        |       | 3471.04 |         |                                 |  |

(特別說明: 績效獎金\*績效金額依據各人每月績效等級和對應等級比例狀況正負浮動, 在公司未全面執行的暫默認績效有電匯公司要求)

簽名: \_\_\_\_\_

The factory did not purchase housing reserves for workers.

Also, the paystubs did not specify reductions for late arrivals to work, however through our interviews, no workers had been late to work before, and managers had never spoken of it. Therefore it is unknown how reductions are made.

Workers with controlled overtime hours only received a monthly salary from around 2,000 to 3,000 RMB. The compensation for those who did not have controlled overtime hours was a little higher, in the area of 3,000 to 4,000 RMB. In the dormitory, a worker in the Metals Department did not have a day off at all in October,

| 項目     | 金額      | 備註     |
|--------|---------|--------|
| 加班大數   | 1487.92 | 0.00   |
| 加班費    | 63.00   | 820.09 |
| 休息日加班  | 0.00    | 0.00   |
| 休息日加班費 | 0.00    | 0.00   |
| 國假加班   | 0.00    | 0.00   |
| 國假加班費  | 0.00    | 0.00   |
| 加班總計   | 1487.92 | 820.09 |
| 績效等級   | 0.00    | 0.00   |
| 績效金額   | 0.00    | 453.30 |
| 支付會計   | 0.00    | 0.00   |
| 支付醫藥款  | 0.00    | 228.38 |
| 代繳保險   | 0.00    | 228.38 |
| 其他減項   | 484.39  | 514.39 |
| 減項總計   | 484.39  | 514.39 |
| 個人所得稅  | 0.00    | 0.00   |
| 本月扣款   | 0.00    | 0.00   |
| 遲到分鐘   | 0.00    | 0.00   |
| 請假小時   | 0.00    | 0.00   |
| 崗位津貼   | 0.00    | 144.83 |
| 實發工資   | 2255.56 |        |

Paystubs show workers are paid 228.38RMB in insurance

and received 4,400 RMB. As older workers receive year-end bonuses and overtime pay also increases accordingly, they take in higher salaries than younger laborers.

The factory has an annual leave system. Workers who complete a year of work have 5 days of paid annual leave, and after this, it will increase according to the number of years they have been working, with the highest possible amount being 15 days of annual leave. Workers can take annual leave days separately or can choose to take it all at once at the end of the year.

The facilities inside the factory include a library, billiards room, basketball court, soccer field, and internet café. However, other than the internet café, the other facilities are barely used. The main reason is that because work hours are long, and also due to issues with some of the facilities. For instance, the library has a limited amount of books, and the billiards room is rather old. The internet café charges a rate of 3.5 to 4 RMB per hour, which is the same rate as other internet cafés outside the factory.





Workers at the internet café inside the factory



Few people use the library



Limited books at the library



Workers sitting on the billiard tables in the billiard room





Empty basketball court



Workers line up at the pharmacy



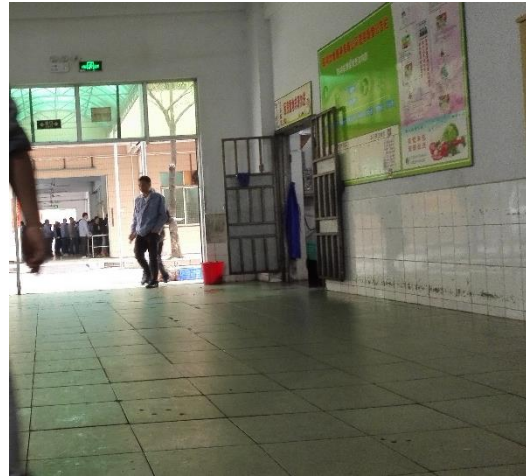
Outpatient department

## 5. Accommodation and food

The factory provides meals, and workers can choose whether to live and have meals at the factory.

New workers receive a factory card with 900 RMB, which they swipe when eating at the dining hall. They can spend up to 30 RMB a day, and the total amount spent is deducted when they receive their salary.

The factory has two dining halls inside, each one can hold around 500 people. This dining hall has electric fans, televisions, and other amenities. For breakfast, the dining hall has food such as soy milk, pastries, bread, noodles etc. For lunch, dinner and supper, the factory has cooked dishes and rice. The set meals can be made up of two meat one vegetable, two meat two vegetables, or three meat one vegetable. The prices of set meals are 5 RMB, 7 RMB and 12 RMB. Fruit is also provided. The food is satisfactory, but sanitation at the dining hall is subpar. For example, the dining hall floor is slippery, and one must be careful when walking; the communal spoons are placed in water in a stainless steel pan, and to use the spoons, workers have to reach into the pan to fish it out; workers wash their tableware at a sink outside, and as they wash quickly, the dishes are far from clean.



Dining hall floor is dirty and slippery



Meal at the dining hall



Worker prepares food at the dining hall





Workers line up for meals



Communal spoons placed in stainless steel bowls



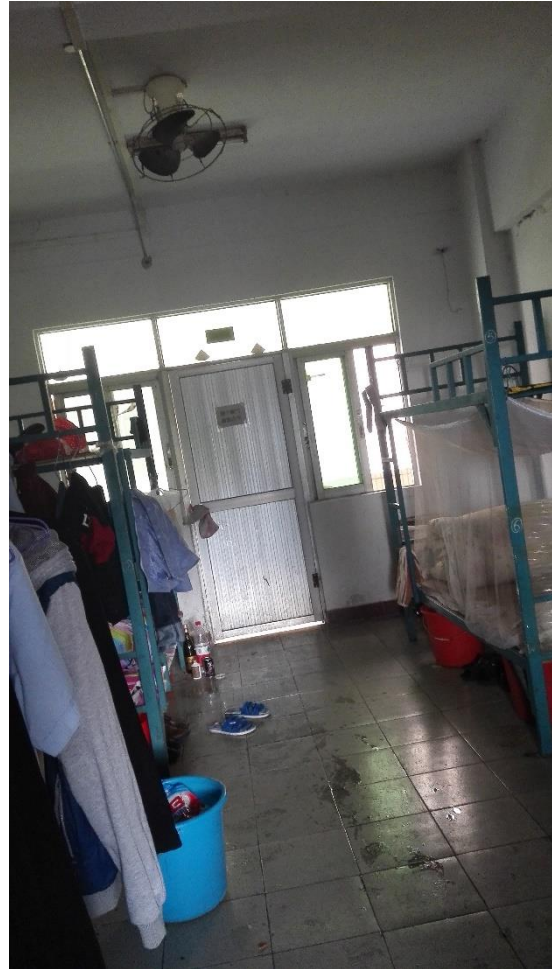
Dishes are not washed properly



Inside the dining hall



The factory provides dormitories, but if the worker does not live there, they must fill in a form for external accommodation before they start work. Workers can always switch to living at the in-house dormitories. The dormitory our investigator lived in had 6 levels, with 16 rooms at each level, and each room housing 8 people. At present there are a lot of dormitories. Inside they have a toilet, sink, balcony, cupboard, and fan, but they do not have power outlets. On each level, there are only 8 power outlets for workers to use. As they are located in the corridors, it is inconvenient to use electronics. In addition, workers do not have easy access to drinking water. For the whole building, only the third level has a water filtration machine that provides drinking water. Although other levels have a tap which provides hot water, the water is not clean enough to be consumed and can only be used for washing and rinsing. All in all, the toilets and dormitories are very dirty.



8 person dormitory room



Above: Only 8 power outlets for each level

Left: Toilets are dirty

## 6. Work safety and worker protection

As above, before commencing work, new workers do not undergo any safety training, even though when signing the work contract, workers are also made to sign on to an “occupational damages and prevention information” form. This form states that “Potential occupational diseases and harm that occur at our workplace varies according to one’s position, and can be classified as high temperatures, dust, benzene, noise pollution, X-rays”. However, the form does not state which positions have what sort of harmful effects, nor does it indicate any preventative measures. The form gives a general statement that if there are inappropriate preventative measures, this will cause harmful effects. In reality, workers are merely asked to sign the form, and no explanation is given as to the content of it.



Inside a workshop

The assembly line does not allow mobile phones to be taken in, and at the entrance, there are cupboards where workers have to pay a 10 RMB deposit to safety personnel to store their phone and personal belongings. This is not due to privacy concerns, as new workers who entered the department were able to use their phones. Managers who had phones were also permitted to take photos. The rule was mainly to prevent workers from using phones during work hours. The positions are generally on the assembly line and are done whilst sitting. The factory does not have limits on the time and frequency of either using the toilet or drinking water. Workers are only required to find the assembly line manager or material worker to replace their position, and finding a replacement is quite easy.

Our investigator was in the assembly department, and they were only required to glue and fit together semi-manufactured parts, and was not part of the direct manufacturing process. As such, they did not come in contact with any dangerous chemical substances. Other workers interviewed also did not mention that they had come in contact with dangerous substances. Our investigator did not discover any incidents related to occupational diseases.

Work injuries usually occur in the Metals department, with the main cause being injuries sustained from molds. As the Metals department and other departments that require the use of machines, new workers do not have any training in the use of them. After starting work, workers are taught by veterans and they learn whilst working. According to our understanding, recently, there was a work injury where one worker did not withdraw their fingers from the mold in time and was injured. Fortunately, the mold had not completely closed up, so the worker only suffered a minor flesh wound, and did not injure any of the bones in their finger.

## 7. Fire facilities

The corridors in the factory and dormitories are unimpeded. There are fire facilities, and there is one check per month according to the inspection list. Other than some facilities being rather old, there are no other issues. In the factory, there are no locked facilities.

The workers do not have any pre-work training, and of course, do not have any training pertaining to fire facilities.

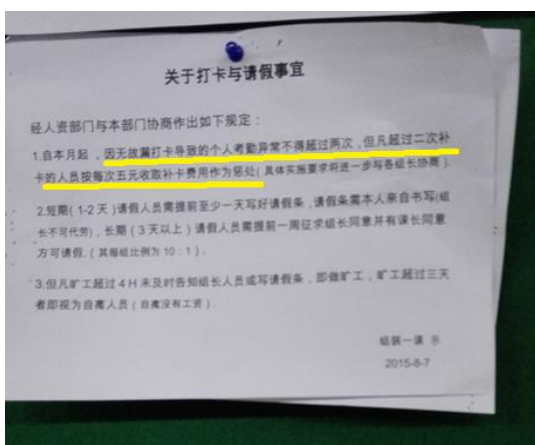
## 8. Penalty system

The investigator did not find a reward system, but there were penalties.

The penalties included fines, warnings, demerits, and dismissals, etc. Fines include, forgetting to swipe attendance more than twice, where there is a fine of 5 RMB each time attendance needs to be re-corrected. Also if the worker is found to be using their mobile phone in the workshop, they will be made to forfeit their wages for the entire day. Warnings arise (refers to a penalization system and not where workers are sworn at) for those who leave early and arrive late, and those who talk whilst working. Demerits arise when workers are found to be smoking in the toilets. Those who do not work overtime, who miss work, and who privately change dormitories, can be dismissed. The penalties for warnings and demerits are that workers are not given overtime, for example, those who have demerits are not given weekend work for half a year.



Fire extinguisher



Notice states the penalties for those who forget to swipe attendance

Furthermore, the factory did not



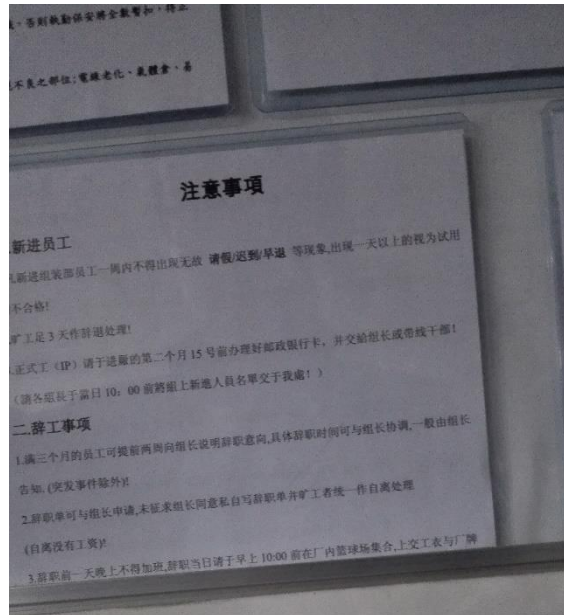
explicitly tell workers or have a handbook that thoroughly clarified these rules. As such, it is possible that workers broke rules without knowledge. Our investigator did not discover workers who received penalties, as such gathered information regarding penalties from managers, interviews conducted with workers, reading notices stuck inside the workshops, and from taking part in morning meetings.

## 9. Resignation

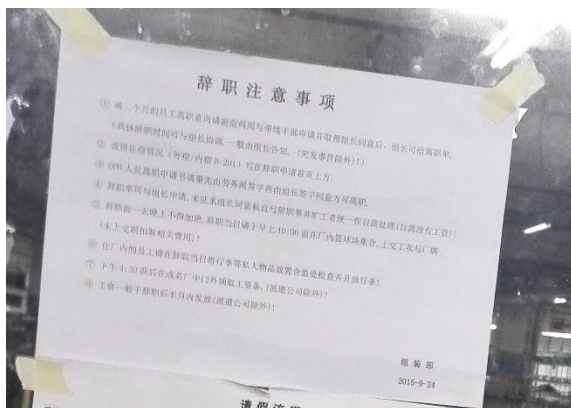
If it is close to the New Year, new workers are told before starting that they must work until the end of February before they can resign. The factory will not accept their resignation prior to this. Workers can still choose to leave without resigning, however if they do so, the worker will count as having violated the 6 month probationary period stipulated in their contract. The factory will then dismiss the worker on the grounds that they did not pass the probationary period.

Workers who wish to formally resign must apply with the assembly line manager at least two weeks in advance, receive agreement, and only then will the manager give them a resignation form. If they write a letter of resignation themselves, this will be treated as a no show and function as self-termination, meaning their wages will not be settled. During the off peak season, resigning is relatively easy, but when the peak season arrives, it is much harder to apply for resignation. During this period, the manager will not usually approve a resignation. Also, even if workers resign properly, they do not receive their settled wages on the same day. Instead, they only receive their wages through a bank card transfer after 20 days.

Through the experience of the investigator, after being forced to work overtime through threats of calling the security officer, they applied to resign. Originally, the manager said that they can just leave, there is no need for a resignation form, and no settlement of wages. The investigator then spoke of his knowledge of rights under labor law, and the manager feeling apprehensive, said they could resign, however would



Information for new workers and terms of resignation



Another notice reiterates terms relating to resignation

have to wait around 10 days. As such, the investigator could only self-terminate their employment.

### 10. Other

The labor union is next to the dining hall, with the sign “Dongguan UNEEC Limited Company Party Branch/Union/Stability”, however during the investigation the door was locked the entire time. There were no activities organized by the union. Furthermore, the factory did not have any “Worker Service Centers” mechanisms or hotlines, and lacked a means for workers to handle and communicate any issues that might arise.



Door to the UNEEC union is locked