

Dongguan Chengda Shoe Co. Ltd.

**Factory Name**

Chinese: 东莞诚达鞋业有限公司

English: (Chengda)

Address

Chinese: 东莞市沙田镇斜西村斜西管理区

English: Xiexi Management Zone, Xiexi Village, Shatian Town, Dongguan City.

Contact Number

0769——88806888

Number of Workers

About 3,000 workers

Area

About 100,000 square meters

Products

Sports shoes, leisure shoes and etc.

Chengda is a Taiwanese Chengda corporation invested factory established in 2004. Besides shoes, the corporation also invests in real estates and etc.

Chengda has three branch factories; Chengda #1, #2 and #3.

Certification ISO 9001
Client adidas

Below are few points that needed to be brought to attention

1. It is very difficult for workers to quit during probationary period. Most of them have no choice but to leave without permission and forfeit their wages.
 2. Workers work about 10 to 12 hours daily; there are day shift and night shift. In addition workers are paid inadequately for the overtimes they worked.
 3. Some workers are paid by the hour or by the month while majority of workers are paid from 1,100 to 1,300 RMB per month.
 4. Factory deducts 160 RMB from all workers' wages whether they dine at factory canteen or not.
 5. No safety-related training; factory does not have a clear regulation or an explanation towards workers' safety equipments or supplies.
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Contract and Hire

Chengda signs contract with workers and gives them a copy to preserve. The contract duration is set at three years including a one month probationary period and contract details such as contract duration, probationary period, work details, work hours, pay and etc. are filled out in advance by Chengda. Workers are simply asked to fill out their personal information on the contract and sign.



Image: Workers' ID

During training, a Chengda trainer have said, “You work eight regular hours a day in addition to two to three hours of overtime and you won’t be paid for these overtime hours.”

Towards the medical, work injury insurances and pension, many interviewed workers are not certain whether they are insured or not. Such situation may be contributed by lack of management-workers communication.

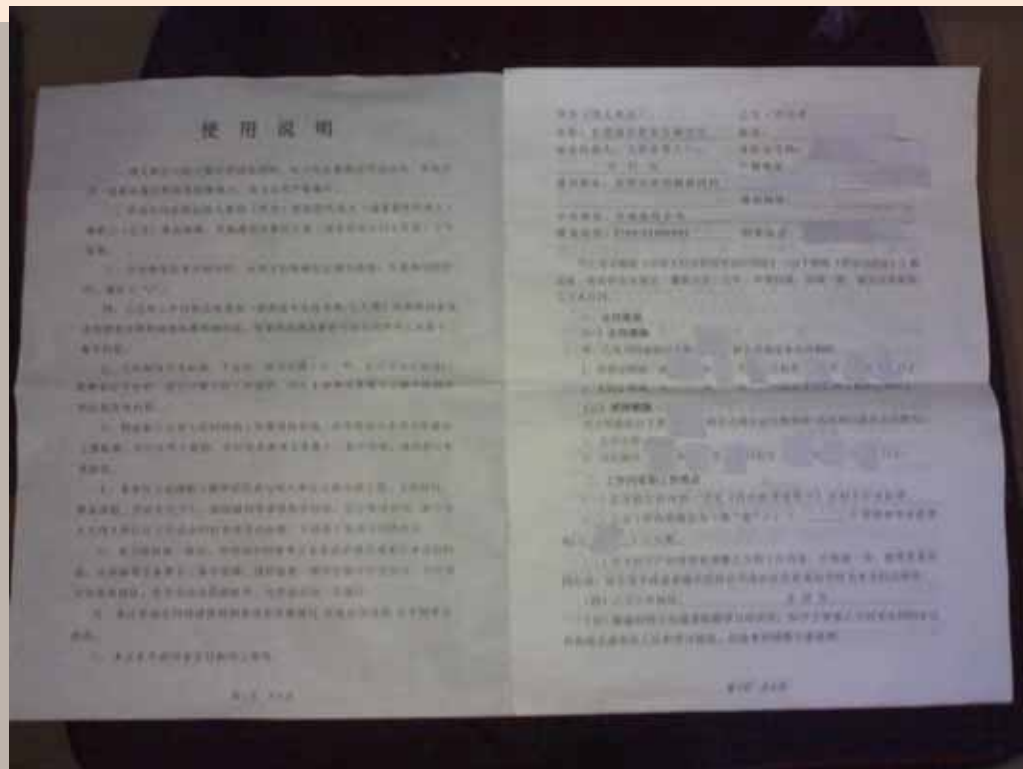
It is very difficult for workers to quit during probationary period and the only way is to leave voluntarily and forfeit a great proportion of their wage. Chengda has clearly regulated that workers who leave without permission will never be hired by Chengda again.

For workers who wish to quit after the end of probationary period and before the contract terminates, they will be required to fill out a resignation application at the Human Resource office and wait for it to be processed and approved by the Human Resource Director and Business department’s assistant manager.

Moreover, Chengda requires that all resigned workers to transfer all related work to the appointed substitute and return all factory properties. Any violation will result in wage arrear or even a lawsuit.



Image: Contract obtained from a worker



Work Hours

Chengda #1, #2 and #3 has different work schedule according to different production needs.

Chengda #1 first floor's work schedule:

Morning meeting	6:55AM ~ 7:20AM
Morning	7:20AM ~ 11:20AM
Afternoon	12:45PM ~ 4:45PM
Overtime	5:30PM ~ 9:00PM

At Chengda, workers work six days a week. When the factory is busy, workers then will be asked to work on Sunday and rearranged for another day to rest in replacement for the 200 percent overtime wage.

Workers are required to clock in and out 15 minutes before work begins or within 15 minutes after work ends. Overtime is voluntary at Chengda, workers who request to work overtime need to fill out an overtime application form.

Workers are able to use the restroom or drink water freely at work as Chengda does not have regulation on this matter.

There is a daily quota set for each production line, and the amount of current production is shown on the monitor in front of each production line so that workers can see their progress and accommodate their work pace with the current amount of production.

Wage and Remuneration

New workers do not need to pay a deposit or for the uniform they are required to wear at work. Majority of workers' wages are calculated under the piece-rate system. Under such system, workers need to track down the amount they have produced by the end of the day while not knowing the rate per piece. None of the workers interviewed knew the amount they earned for each item. As mentioned above, a Chengda trainer had mentioned that there is no overtime premium. In other words, workers are still paid by the regular piece-rate when working overtime.

Chengda generally distributes wages from the 28th to the end of each month and though there is a pay stub attached with the payment, workers are still unfamiliar with the wage calculation details. According to interviewed workers, a regular worker's average monthly wage ranges from 1,100 to 1,300 RMB. There have been some workers from Chengda #3 paid 1,700 RMB a month for their advance work paste.

Workers at Chengda are able to enjoy paid maternity period (90days), marriage leave, and mourning leave. Chengda pays by the base wage for types of the leaves described above.

Canteen and Dormitory Conditions



Chengda provides dormitory to workers and deducts 40 RMB from each worker's monthly wage. In addition to the monthly dormitory fee, workers are financially responsible for their utility bill. For those who choose not to live in the dormitory do not need to pay the fee. New workers who choose to live in the dormitory need to submit an application, show factory ID and personal luggage to the dormitory supervisor after 5PM.

There are rooms housing six persons and rooms housing eight persons. Workers are assigned to the rooms according to the area they work. For example, workers at Chengda #1 and #3 are assigned to the six-persons room and workers at Chengda #2 are assigned to the eight-persons room.

Male and female workers are separated by each floor. Inside each room are bunk beds, two storages for each person, an air conditioner, a TV stand, AC outlets, an independent shower room and restroom, and a balcony with two faucets for washing and drying clothes. Workers often complain about lack of sunlight in the rooms. Workers have to take turns on a weekly basis to clean the room. Before entering the room, workers would generally take off their shoes and enter the room with sandals.

There are drinking water distributors installed in the hallways. The dormitory has a

curfew; workers who do not return to the dormitory by 11PM will be written down by the securities.

There is a workers canteen onsite; Chengda deducts a 160 RMB monthly meal fee from all workers disregard whether or not they choose to dine in the workers canteen. Below is the canteen schedule:

Canteen Schedule

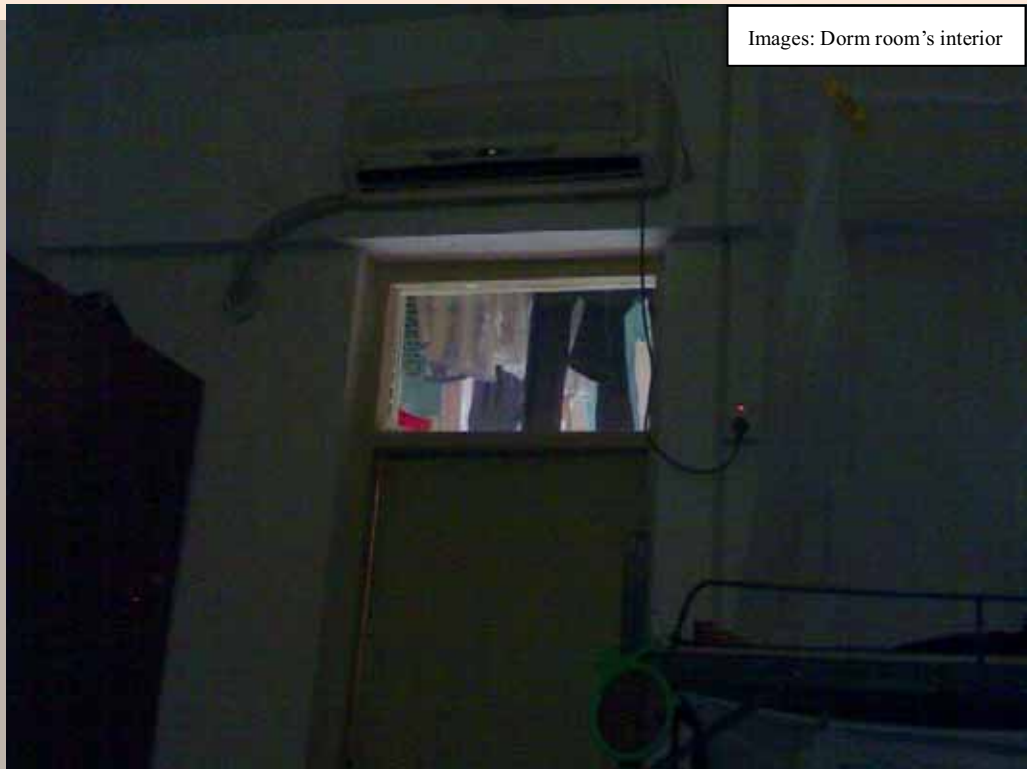
Breakfast	6:30AM ~ 7:40AM	Fried noodles and etc. (Free rice and soup)
Lunch	10:20AM ~ 11:30AM	Two vegetable entrees and one meat entrée (Free rice and soup)
Dinner	3:40PM ~ 5:30PM	Two vegetable entrees and one meat entrée (Free rice and soup)

Although rice is free, Chengda gives a minor warning to those who did not finish their rice. A minor warning leads to a 10 RMB bonus deduction.





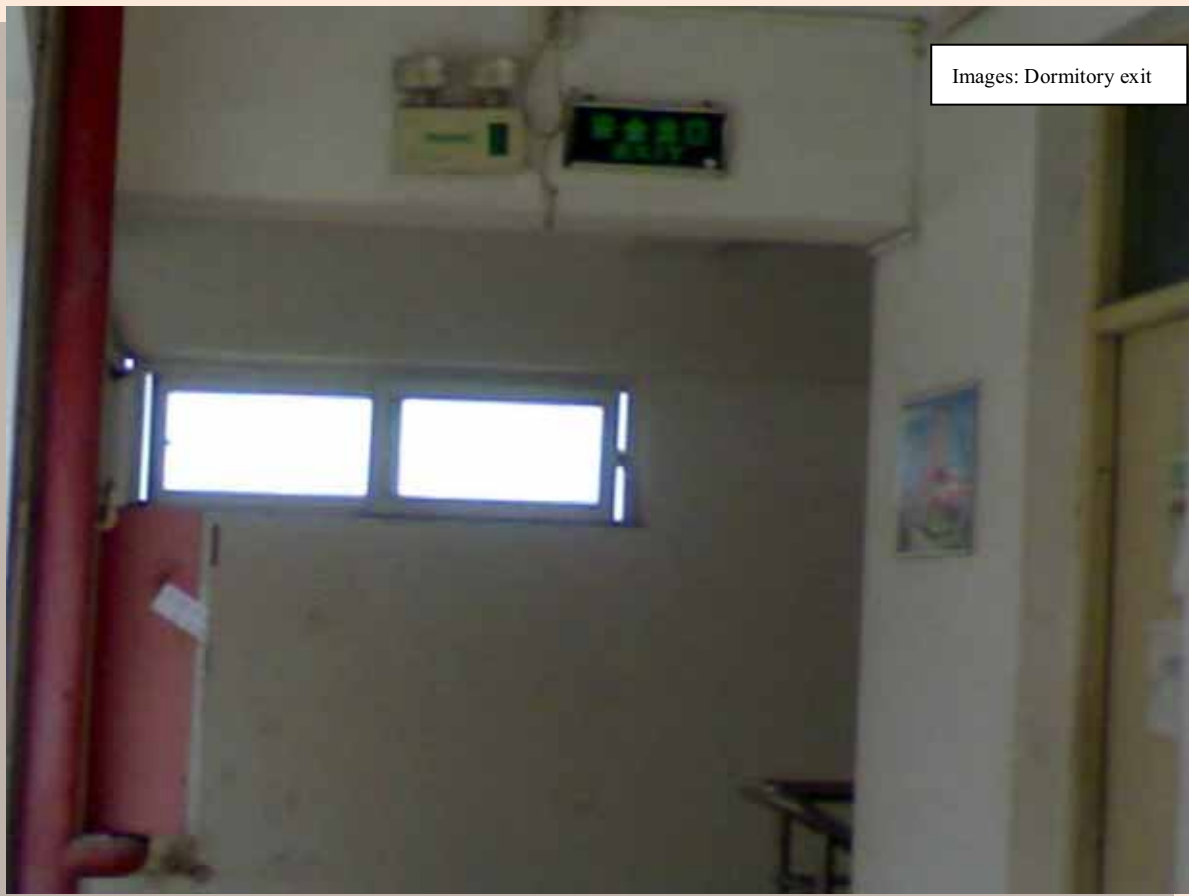
Images: Dorm room's interior.



Images: Dorm room's interior



Images: Shower room in the dorm room



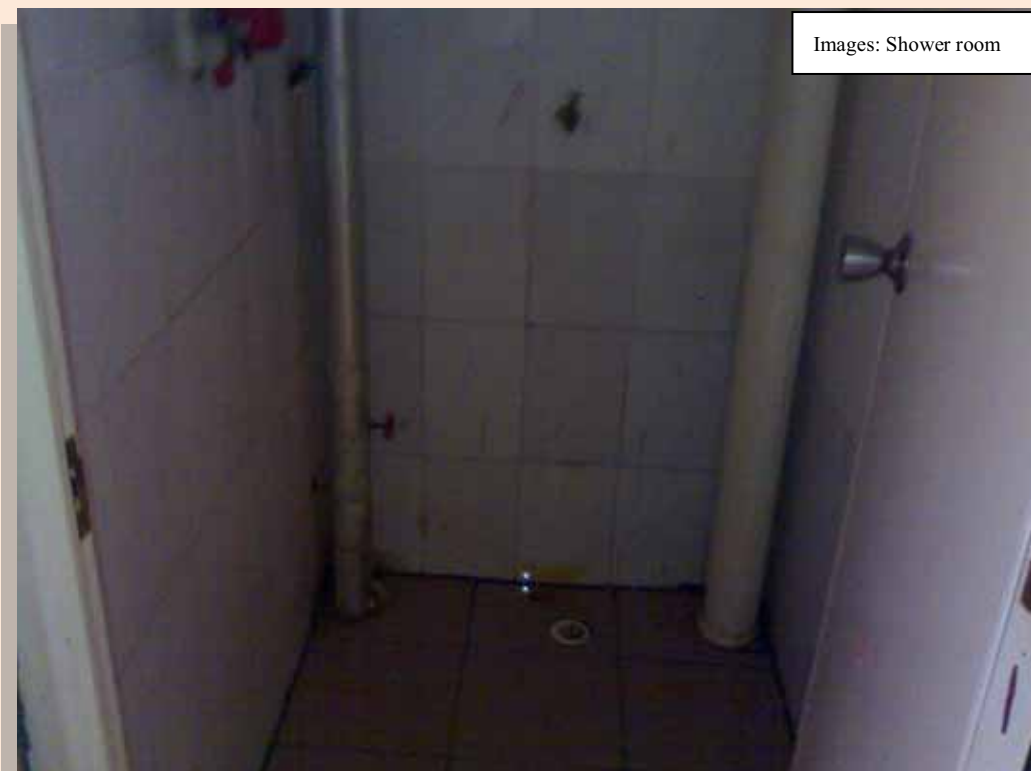
Images: Dormitory exit



Images: Dorm room balcony



Images: Restroom in the dorm room



Images: Shower room









Work Conditions

There are about more than ten production lines at Chengda #1's textile workshop on the first floor and each production line has about 20 workers. There are no air conditioners installed at the workshop, only fans are available to workers. Chengda does not provide safety training to workers, instead, workers could only depend on their own experience in figuring out the safest way to work.

Moreover, many workers engage in manual labor do not have any safety equipments and have to apply glue by hands on a daily basis. According to workers, only when audits are taking place would Chengda begin to distribute face masks and gloves.

Supervisors often emphasize the importance of quality control. Since workers are paid by the piece-rate, they are more concerned about their production speed.

There is only one drinking water distributor in the entire workshop and it's shared by both the workers and office employees. Since one distributor is not enough for everyone, some supervisors would ask workers to put in some money to buy water.

Bonuses and Penalties

Chengda has a list of bonuses and penalties (See below). When a penalty occurs, Chengda will deduct a certain amount from the worker's bonus depending on the types of penalty. Bonuses and penalties are awarded and deducted on a monthly basis.

Types of bonuses:

<u>Small Award:</u>	10 RMB Bonuses
<u>Small Accomplishment:</u>	30 RMB Bonuses
<u>Major Accomplishment:</u>	90 RMB Bonuses

Types of Penalties:

Warning: 10 RMB Bonus Deductions

Small Penalty: 30 RMB Bonus Deductions

- Mistake that leads to a company loss ranging from 100 to 500 RMB; leave early or late for work for more than three times within one month timeframe; intentionally fail to clock in or out.

Major Penalty: 90 RMB Bonus Deductions

- Fail to shut down machineries or workshop's power after work; asks others to clock in or out; clock in or out for others. Clock in for others as well as for themselves is considering a violation.

Contract Termination:

-Absence to work for more than three consecutive days, absence to work for seven days within one month timeframe, or 15 days within one year timeframe; impose physical violence or public insults against co-workers, superiors or family members.

Other Conditions

- Workers can file complaints and have possible solutions through workers representatives, complaint boxes, meetings and etc.
- Workers need to swipe in and out before entering or exiting the factory site. Securities will also search their belongings, if any.
- If there is a conflict between a worker and a security, and if the situation is serious, the worker would be fired. There was a case of a worker got into an argument with the canteen securities and was beaten up and fired.

- In order to work for Chengda, workers would need to open a bank account at the local agricultural bank, pass a health examination and acquire a temporary housing ID. The bank account fee is 15 RMB, the health examination fee is 30 RMB, and the housing ID is 35 RMB.



Images: Temporary Housing ID

Image: Chengda workers resting

Zhongshan Weili Textile Co. Ltd



Supercap is a Taiwanese Weizhong Corporation invested factory. According to an article from the BUSINESS WEEKLY, Issue 971, “one out of every ten hats in the United States is manufactured by Supercap”.

The factory currently acquires over ten production districts onsite; ten hat production districts, a female hat production district, embroiders district, development district, weaving production district, Processing District, Cutting District.

Factory Name

English (Supercap)

Chinese:中山伟立纺织品有限公司

Address

English: Sanxian Town, 2nd industrial Zone, Zhongshan City

Chinese: 广东省中山市三乡镇第二工业区伟立路1号 528463

Number of Workers

About 3,500 workers

Products

Sports hats, sweaters, sweat pants, gloves, scarfs, knee guards, elbow guards, and leg guards.

Primary Clients

Adidas, REEBOK, and etc.

Certification

ISO 9001, ISO 14001, OHSAS 18001

Contract & Hire

Prior to entering the factory, workers are requested a health examination from a Supercap appointed hospital, Baoyuan Hospital. The fee for such health examination is 36 RMB. Trainings are only provided to workers who entered the factory during slow season, during the peak season, workers would be asked to begin working without any training. Trainings lasts from 15 days to one month, during this period, Supercap covers food and housing though no payment will be made to workers. New workers are given a workers handbook. Upon resignation, workers would be asked to return the handbook and if the handbook is lost, a fee will be charged.

Supercap signs contract with workers, though workers are unable to preserve a copy. On the contract, Supercap agrees to pay workers by the local minimum wage of 770 RMB/Month. New workers are required to pass a one month probationary period. The factory calculates wages by hourly and piece-rate combined.

Workers who wish to resign before the contract terminates need to submit a request form a month in advance to the management. According interviewed workers, if they are able to find a substitute to replace them, it would be much easier to quit.

Work Hours

Hat Production District Schedule (Each district has different work hours)

	Mondays ~ Saturdays			
Morning	8:00AM ~ 12:00PM			
Lunch	12:00PM ~ 1:30PM			
Afternoon	1:30PM ~ 5:30PM			
Dinner	5:30PM ~ 6:30PM			
Overtime	6:30PM ~ 9:30PM			

At Supercap, the factory's peak season is from September to January and slow season is from February to August. On average, workers work about 11 hours a day, six days a week. Overtime is compulsory; workers from hat production district said that they would work until 11PM or 12AM about two three times a month.

Wednesday, and Friday to have overtime. On the other hand, Adidas regulates that overtimes cannot be scheduled on Wednesdays, Saturdays and Sundays.

Wages and Benefits

Supercap encourages workers to introduce new workers to work in the factory. If the referrer is a senior worker, he/she would be paid 60RMB for each worker introduced. If the referrer is a new worker, he/she would be paid 30RMB per worker.

Not all workers have uniforms; workers in hat production district do not have uniforms to wear.

Workers are paid by either hourly or piece-rate; hourly workers are paid 4.43 RMB per hour for each regular hour worked. In regards of the piece-rate wage, it is calculated based on a "production card". The production card is attached to each package and the workers then fill out the information on the card themselves. Each package typically contains 36 hats. Although there are some packages that contain 38 or more hats, supervisors still calculate workers' wages by 36 hats rather than the actual number. According to a supervisor, he's forced to always calculate the wages by 36 hats because of the computer system and that there is nothing he could do.

On pay day, workers are able to obtain a pay stub with detailed information. Each month workers are able to earn the average between 1,100 RMB to 1,200 RMB and sometimes even 1,900 RMB. Some workers would receive bonus ranging from 100 to 200 RMB.

Living and Food Conditions

Supercap provides dormitory at cost to workers who wish to house onsite. Each month the factory deducts 45 RMB from each piece-rate worker's wage and 50 RMB from each hourly worker's wage. The factory does not charge workers who live offsite.

There are six dormitory buildings; five are female dormitories and one is male dormitory. Each room has two ceiling fans and an air conditioner housing about ten workers. The air conditioner only operates three hours a day. In the hallway on each floor there is a shower room and restroom. The shower room has about ten compartments and the restroom has about 20 compartments shared by couple hundred workers on each floor. Drinking water distributor is only available on the first floor of each dormitory. Since there are no A/C outlets in the dorm rooms, workers who wish to charge their phone would need to head to the reading room. The reading room has security on 24 hour shift.

There are six canteens at Supercap; five are workers' canteens and the other is office employees' canteen. The canteen food is categorized into a standard meal plan and a high-class meal plan. Standard meal plan costs 165 RMB per month and high-class meal plan costs 249 RMB per month. If a worker chooses the standard meal plan, he or she is responsible to bring a personal food container. Even if one asks for a sick leave and does not dine in the canteen, he would still be asked to pay for the meal fee for the day.

Workers are not allowed to switch meal plan until the end of the month. If one is caught eating a high-class meal when he has standard meal plan, he would be fined 6 points/100 RMB penalty. Workers can cancel the meal plan upon submitting a request to manager and financial office. If a worker is caught dining in the factory canteen without a meal plan, he will be fined 165 RMB, equivalent to the cost of a one month standard meal.

Canteen Schedule and Meals

Morning	7:30AM ~ 8:00AM	Buns, fried donuts, congee, soy milk
Noon	12:00PM ~ 1:00PM	Three entrees and one soup
Night	5:30PM ~ 6:00PM	Three entrees and one soup
Midnight Snack	Varies	

When asked about the food conditions, workers have said that they can rarely find any meat in a meat dish and that the food quality five years ago was much better than what they have now.

There is also a mini-mart in business at Supercap though workers complain about the high prices. For example, the mini-mart charges 2.5 to 2.6 RMB for a bottle of milk that costs about 1.8 to 1.9 RMB outside the factory.



Work Conditions

A workshop on the Hat production District has about 700 workers and seven production lines, about one hundred workers per production line. Among all the positions, some workers are required to stand at work and some are able to sit while working. For example, workers who iron hats are required to work while standing. Due to the high density of workers with no air conditioners, workers have to learn to accommodate with the five ceiling fans in the workshop.

Each workshop has a first aid box, and inside the first aid box are, the mercurochrome, the ethyl alcohol, and band aid. Workers who iron hats would sometimes injury their hands because of the steam. Although the factory provides gloves to workers, they often choose to not wear the gloves as they believe gloves cripple their work paste.

Workers at cementing positions do not have face masks or aprons. There are chemicals such as glue, “cleaning water”, and gun oil that appear to be hazardous to people if exposed directly. Direct exposure to these chemicals result in skin peeling and etc.

According to interviewed workers, work injuries occur frequently at Supercap; injuries

range from minor finger injury to crushed hand. In terms of Supercap’s responsiveness towards work injuries, according to workers, the factory often refuse to provide any medical compensation. For example, according to workers, there has been at least one work injury case a month for five consecutive months and four of these injured workers are financially responsible for injury caused at work while only one worker received 4,000 RMB as compensation. Furthermore, workers said if an injured worker requests for compensation directly to the high management, after a complex procedure and upon the approval of the factory manager and assistant managers, he is able to receive a portion of the requested compensation.

There was a worker who was referred by an assistant supervisor had a stroke and fainted one day at work. After medical treatment, the worker was fortunately saved though he lost the ability to speak, had defective limbs and could not recognize people. Some have said what have essentially caused this tragedy are high work pressure at Supercap as well as the worker’s conservative living style.

Penalties and Bonuses

Penalty

Each point deducted is equivalent to 15 RMB

Late for work (First time)	N/A
Late for work (Second time)	15 RMB
Late for work (Third time)	30 RMB
Late for work (Over three times)	Penalty Unknown
Fighting	135 RMB

Bonuses are calculated according to factory’s production’s efficiency, peak season and slow season and in addition to worker’s individual performance. Bonus can range from 100 to 200 RMB. During holidays, workers are able to enjoy an additional meal at no cost.

Other Conditions

- A union is established at Supercap. Each district has a representative. The union would randomly organize a meeting with all representatives to discuss

and reflect workers' issues both at work and in private and develop a solution for each problem raised.

- Each year there would be a major activity onsite; basketball tournament, ping pong tournament, tugs of war and etc.
- There is an internet café onsite. The café has about 35 computers, charging 3.5 or 4 RMB per hour.
- Payphone onsite is more expensive than the ones outside, charging 0.2 RMB per minute.
- In the entertainment district, there are ping pong tables, a basketball court, volleyball court, ice-skating ring, and a reading room. The reading room has different types of chess, books, newspaper and novels. Workers are also able to go to the canteens to watch TV.
- There is a gate between the production districts and dormitory district with securities. Workers would need to swipe card and be searched by securities before entering or exiting.
- There are cameras installed by the exits on each product storage site.

Chang Ye Long



Factory Name

English: Chang Ye Long (Chang)

Chinese: 昌业隆体育用品有限公司

Address

English: Chang Ye Long Industrial City,
Suken Management Zone, Changping
Town, Dongguan City, Guangdong
Province

Chinese: 广东省东莞市常平镇苏坑管理区
昌业隆工业城

Contact Number

(0769) 83333308-142/140

Number of Workers

About 3,000

Product

Soccer, volleyball, football, baseball, knee
guard, baseball gloves and etc.

The factory has three major departments: Yuan Dong (Baseball), Chang Ye Long (Soccer), and Long Yang Chang (Gloves)

Client

Adidas

Contracts and Hiring

Workers receive a contract after working for more than one month. The contract duration is two years, including a two-month probationary period. Though there are two copies of each contract, the factory takes both of them away immediately after a worker signs them.

Work Hours

There are three shifts among the three departments. The departments switch shifts every three months

Schedule

The peak season at Chang is from October to February. During this period, workers often do not even have one off day a month. *Overtime is compulsory and workers are notified about overtime on the day that they are expected to work overtime.*

	1 st shift	2 nd shift	3 rd shift
Morning	7:20AM	7:50AM	8:20AM
Lunch	One and half hour	One and half hour	One and half hour
Afternoon	N/A	N/A	N/A
Dinner	N/A	N/A	N/A
Overtime	N/A	N/A	N/A

If workers want to use the restroom, they have to sign up with their supervisor and report the time of departure. *Though the factory promises workers that they will “make more, earn more,” a worker who made over 3,000 soccer balls earlier this May was paid 400 RMB less than what he was entitled by law. Similar cases occur frequently at Chang. Workers receive nothing even after they file complaints with the human resources office. According to an interviewed worker, “The HR office only knows how to waste time and ignore problems!”*

Wages and Remuneration

Upon joining the workforce, the factory charges workers a 30 RMB fee for the factory ID process and promises that the fee will be reimbursed upon retirement. Workers say, “There is no way we are going to get that money back”.

Some workers have said that uniforms are free, while some have suggested that although Chang promises free uniform, the factory actually deducts the cost of uniforms from workers' first monthly wages. According to one worker, "A winter uniform costs 20 RMB per set and a summer uniform costs 15 RMB per set; one set is new and the other is used. If you don't want to wear a used uniform, then you would have to pay for a new one."

Upon recruitment, workers are assigned to a training lasting four to five days. The pay during the training is calculated by the hour, and the preset daily wage is 35 RMB. Workers said that though Chang states that the monthly base wage is 770 RMB, in addition to 4 RMB per overtime hour and 6 RMB per weekend overtime hour, in reality, workers' wages are calculated according to the amount of products they make. It is a piece rate system in practice.

The rate per piece depends on the difficulty of the production process. For example, in the textile department, workers are paid at least 0.05 RMB per sewed ball or at most 0.17 RMB per sewed ball. Each worker can generally produce about 4,500 balls a month, earning about 700 RMB. There have been a few highly skilled workers who have earned over 2,000 RMB a month. At Chang, besides the packaging workshop, which pays by the hour, all the other workshops are effectively paid by piece-rate.

Workers often complain about wage arrears at Chang. Not only does the factory withhold a month's worth of wages in order to prevent employees from leaving, but workers can rarely expect to be paid on time. Chang pays in the form of cash, without an explanation of pay details.

Chang only purchases insurance for workers upon their request. Each month insurances cost 79 RMB.

Workers reported that there are no paid vacations, subsidies, or bonuses, etc. at Chang. Regarding holiday overtime pay, some workers said that the factory pays at the rate of 300 percent of 35 RMB (Based on 770 RMB base wage/21.75 work days). Some workers have also suggested that the holiday overtime wage is paid at the rate of 300 percent of the wage of the current day.

Canteen and Dormitory Conditions

Chang provides dormitories and food. Workers who live in the dormitory have to pay 15 RMB a month. At the factory's canteen on the new site, each meal costs 2.5 or 4 RMB, and at the old site, each meal costs 2.5, 4.5 or 6 RMB. An IC card system is adopted by both canteens; workers need to swipe their IC card to buy food. Next to the IC card readers there is a menu of the day. While most of workers are satisfied with the food, they suggest the canteen sanitation needs to be improved. Chang often dumps the leftovers in the sewers by the canteens and workers passing these sewers often complain about the foul smell.

There are six dormitory buildings onsite; buildings A, B, C and D are located on the old site and building E and F are located on the new site. Generally, each dormitory room houses six workers with ten bed spaces, a separate restroom and hot water are available.









Work Conditions

In most cases, workers are given gloves only when clients are visiting the factory. When there is no clients' presence, workers' requests for gloves are ignored.

There are no air conditioners installed in workshops, so workers can only rely on windows for cooler temperature and air. Moreover, there are no special technicians maintaining production equipments.

Some posts require direct contact with hazardous chemicals such as oil, ink, ethylene and glycol monobutyl ether. Since Chang only distributes gloves when clients are auditing, many workers' hands are peeling and even cracked during the wintertime. Many workers complain about the unimaginable pain they experience when their cracked hands are exposed to chemicals.

In the summer of 2006, a packaging worker's thumb was crushed by a machine. The damage to the machine and the worker was so severe that the machine had to be taken apart. The worker was given a one month paid work-injury leave. However, since the worker did not have insurance, the factory refused to pay for the medical treatment required and merely recommended that the worker to purchase insurance in the near future.





Awards and Penalties

Note: one point = 10 RMB

<i>Infraction</i>	<i>Fine</i>
<i>Late to work or leaving early (5 minutes)</i>	<i>First Time: Warning Second Time: 1 point</i>
<i>Late to work or leaving early (15 minutes)</i>	<i>First Time: 1 point Second Time: 2 points</i>
<i>Late to work or leaving early (16 to 30 minutes)</i>	<i>First Time: 2 points Second Time: 3 points</i>
<i>Absence from work</i>	<i>Two days worth of wage for each day absent</i>
<i>Retiring with less than one year of work</i>	<i>20 points</i>

Other Conditions

- No union exists at Chang.
- There are worker's handbooks, one handbook for each workshop. Workers said the information in the handbook is not relevant at all to their work and that it is only a tool to deceive clients.
- Although the factory promises a 100 RMB monthly subsidy for food, none of the workers have received the subsidy.
- The factory trains workers to deceive clients. Prior to a client audit, the factory will test workers on their ability to provide "proper answers."

Questions and Answers That Workers Are Made To Practice Before Client Audits

Q: Did you pay to receive a factory ID?

A: No, I didn't. The factory pays for it.

Reality: Workers have to pay 30 RMB for the ID. In early 2007, workers had to pay 60 RMB.

Q: How much do you pay for each meal?

A: The meal is free.

Reality: Workers have to pay 60 RMB a month for meals, whether they dine at factory canteen or not.

Q: How much do you pay for dormitory?

A: The dormitory is free.

Reality: There is a 15 RMB / month dormitory fee.

Q: Is there a minimum wage?

A: For new workers, their first month is 690 RMB/Month and after that we are paid 770 RMB/ Month. We are paid by the hour.

Reality: The factory gives workers a fake pay stub in case a client wants to look at it. The amount of wages on the fake pay stub is generally 500 to 600 RMB more than the wages actually given to workers.

A worker shared his thoughts on the fake pay stub: "If it was the real wage, then I don't think any of us would think about leaving"