An Investigation of Carrefour

May 2010

I. Introduction

The sweatshop stories that have recently garnered media attention in the West have involved dramatic exploitations such as the rampant use of child labor and exposure of workers to toxic chemicals. Such press has generated a strong interest in the state of labor in China, yet tends to ignore the basic regulatory violations that are often overlooked in the workplace. Each day, multinational companies undermine China's most fundamental labor laws in ways that appear slight, but actually dramatically affect employees' earnings, dignity and human rights. These companies tend to treat the labor laws set forth in China not as laws, but rather as long-term goals toward which to move in the distant future via conferences, audit reports and management trainings—profits permitting, of course. Judging from the following report, Carrefour may fall into the category of such firms.

Carrefour, a massive French retailer, is the second largest big box store in the world. In 2007, it operated 156 "hypermarkets" in China, alone. Although the company saw a sharp profit loss in 2009 due to restructuring costs linked to its French operations, it still managed to rake in net profits of €327 million, which are expected to climb again this year.

Between February and April of 2010, China Labor Watch (CLW) investigated four Carrefour suppliers: Dongguan Lanyu Toy Company, Kiddieland Toys, Shenzhen Nanling Toys Products and the Xinlong factory. Many employees at these manufacturers were not contracted (a violation of China's 2008 Labor Contract Law) and averaged workdays of 11 to 12 hours. They were housed in overcrowded dormitories and found that conditions created an environment in which resigning would be exceedingly difficult.

In light of these observations, CLW strongly encourages Carrefour to take the following actions:

- Set up a comprehensive monitoring system that includes random inspections and consultations with local civil society groups to ensure that suppliers are aware and obedient of local regulations.
- Ensure that pay rates are conducive to adherence to the law.
- Establish long-term relationships with its suppliers.
- Insist upon thorough labor law training for all suppliers' employees.
- Closely examine all laws pertaining to labor as put forth in China so as to effectively encourage and enforce such laws.

II. Summary of Violations Made by Carrefour Suppliers

(1) Dongguan Lanyu Toy Company, Ltd.

Dongguan Lanyu Toy Limited Company, founded in 1994, is one of Dongguan City's most renowned local companies. Boasting the slogan "Quality-oriented, determined innovation," the company has experienced rapid development. Currently, it operates on an area of 18,000-squre kilometers with a full set of advanced production and testing equipment and a top-notch management team. The company employs 800 workers in departments ranging from construction, molding, injection molding and varnishing to bat printing and assembly. Its markets include Europe, North America, Southeast Asia and other regions. *Address: Xitou industrial region, Houjie town, Dongguan City / Phone: 0769-889119828*

Our investigation of the Dongguan Lanyu Toy Company, Ltd. found the following serious abuses:

- Overtime at the factory is not paid in accordance with the law.
- The factory only allows workers two days of rest per month, with a workload of 11 to 12 hours per day. Often, workers have to work through the night to finish an order.
- Dormitory rooms are infested with biting insects.
- Workers lack social insurance, a blatant violation of Chinese labor regulations.
- Employees in the varnishing department are exposed to toxic fumes, with nothing but flimsy masks to protect them.
- Employees are paid only if they complete three months of work at the factory.
- Quitting at the plant is exceedingly difficult; in practicality, it is only possible for a worker to resign when his or her contract expires.

These issues, while common among suppliers to Western multinationals, highlight China's persistent challenge in enforcing its most basic labor laws—and the continued disrespect companies display to those same laws.

(2) Kiddieland Toys

The factory of Kiddieland Toys is located in the Gaoli Industrial Park of Dongguan City in the Guangdong Province. Kiddieland Toy is a Hong Kong-funded enterprise which specializes in the research and development of plastic and electronic toys. There are more than 3,000 employees, including more than 300 engineering and economic management personnel. The value of output each year reaches $64.4 million. *Address: Gaoli Industrial Park, Tangxia Town, Dongguan City, Guangdong Province /*

In our investigation, CLW found that:

- No training or health examination is provided upon recruitment.
- The factory withholds the wages of new employees for a period of 45 days.
- New employees are required to sign labor contracts, the content of which they do not understand/are not privy.
- Most employees do not have medical or pension insurance.
- The distribution of wages is delayed by up to 15 days during any given pay schedule.
- Employee wages are deducted according to an overtime pay scale for any personal or sick leave taken.
- Dormitory, food and sanitary conditions are poor.

(3) Shenzhen Nanling Toys Products Ltd.

Shenzhen Nanling Toys Products Ltd. is a large, Hong Kong-funded enterprise that researches, develops and produces electronic, robotic and plastic toys. Generally speaking, conditions at Shenzhen Nanling Toys Products Ltd. were better than those at the other three factories in our investigations. Through interviews with entry-level employees and a first-hand investigation of the firm, however, we discovered a number of rights violations pertaining to the company's recruitment tactics, labor contracts, salaries, work hours, benefits, food, accommodations and resignation procedures.

(4) Xinlong Factory

The Xinlong Bassinet Company, Ltd. was founded in 1991 in Taiwan's Tainan County. Its first three investors were Zhuang Yulin, Shi Dongsheng and Zhao Zhenrong. The company entered mainland China in 1996. At present, the Xinlong factory covers an estimated area of 20,000-square meters. It employs more than 1,400 staff members, including 320 specialized technical personnel and 74 senior engineers. With four assembly lines and multiple professional and technical personnel and managerial talents, the company is able to independently develop, design and produce various bassinets. *Address: Long Dong Community, Long Gang District, Shenzhen City / Phone: 0755-84820117*

Our investigation uncovered several offenses at the factory, many of which are unfortunately typical of manufacturers in China, especially in the Pearl River Delta region:

- The company discriminates in its recruitment policies, refusing to recruit workers from the provinces of Guangdong (local workers) or Guangxi.
- The factory provides no employee training; workers are sent directly to the workshops upon hire.
- Many employees lack labor contracts, a blatant violation of China's Labor Contract Law.
- Workers enjoy only two days' break each month, while working 11 to 12-hour days.
- Overtime wages are only 2 RMB per hour.
- Dormitories are in poor and unsafe condition.
- Employees are not granted medical insurance until after they have worked at the company for two months.
- Workers who quit within their first week are not paid; any worker who quits without "permission" suffers a pay reduction of 50 percent.
- Most assembly line workers are forced to stand throughout the day.

To Xinlong's management, workers are just another factor of production, one whose cost must be reduced to the maximum degree possible. Labor laws are viewed as only a minor annoyance.

III. Detailed Reports of Violations Made by Carrefour Suppliers

A. Recruitment

In summation, Nanling's recruitment process conforms to pertinent laws while Xinlong, Lanyu and Kiddieland do not. None of the latter factories provide new employee training and Lanyu employs child labor. These offenses are in violation of China's Labor Law and Labor Contract Law.

(1) Training and Recruitment Process

According to Article 8 of the Labor Contract Law, employers shall inform employees about employees' responsibilities, working conditions, occupational safety, workplace safety, wages and other information upon request. Article 69 of the Labor Law requires employers to provide occupational training for machine operators upon recruitment. Xinlong, Lanyu and Kiddieland provide no such training. Rather, applicants with ID cards file paperwork with personal information and begin working the next day. Only Nanling offers training.

Lanyu is ready to recruit employees year round and has four outdoor booths dedicated to this specific purpose. As long as they possess national ID cards, laborers aged 18 to 45 are allowed to work at the factory. Workers are required to fill out résumés at the start of employment. Those wanting to become regular employees sign labor contracts; those who are not willing to sign such contracts do not have to do so. As a result, many employees choose to be temporary workers in order to avoid contract restrictions.

At Kiddieland, employees are not privy to the content of their labor contracts. During the recruitment process, applicants are told to sign a form stating that they agree with and will abide by the terms of their labor contract although they are never shown the actual contract.

New Nanling employees are introduced to the factory and subsequently trained in the areas of personal safety, fire safety, regulatory requirements for employees and the enterprise, and work attitudes. Once an applicant is qualified through a post-training assessment, he or she can sign a labor contract with Nanling.

(2) Child Labor and Discrimination

According to Article 15 of the Labor Law, hiring workers under the age of 16 is prohibited. A ban on child labor can also be found in Carrefour Suppliers Social Charter.[1] All four factories have regulations in place prohibiting the hire of child laborers; however, implementation of the regulation remains problematic. During CLW's investigation, we found that Lanyu employs child labor despite the prohibition in its regulations and children under 16 use fraudulent ID cards to apply for temporary positions. CLW did not find the use of child labor at Xinlong, Kiddieland or Nanling.

Out of the four, Xinlong was the only factory where CLW found evidence of discriminatory recruitment practices. Xinlong recruits normal and lathe workers between the ages of 18 and 46 year round. As a practice, the factory does not hire workers from Guangdong Province or Guangxi Province, citing that it already employs enough workers from these two provinces. Without any health requirements, laborers are allowed to work in the plant as long as they have IDs. No physical examination is conducted after entry.

When we carried out this investigation at Lanyu, workers claimed that the factory employed children under 16 and seniors over 50 through the use of fake identification cards. We were, however, unable to confirm this allegation. Additionally, many workers referred to Lanyu as "a

[1] Carrefour Suppliers Social Charter. http://www.carrefour.com/cdc/responsible-commerce/our-social-and-ethical-approach/the-group-and-its-suppliers/

firm with an evil heart," but could not find work elsewhere due to age or a lack of knowledge about alternative employment options.

In Nanling, there are no special requirements in terms of gender, birthplace or ethnicity. However, only male workers aged 18 to 35 and female workers aged 18 to 45 are allowed to work in the factory. There is no fee for newly employed workers and they do not keep workers' IDs. Applicants are required to hold IDs, floating population residence permits, and local medical certificates. Employees are financially responsible for any medical examination associated with such papers.

B. Labor Contracts

Concerning the signing process of labor contracts, CLW found incompliance with the Labor Contract Law in Xinlong, Lanyu and Kiddieland. Both the Labor Law and the Labor Contract Law provide that employers shall sign labor contracts with employees. Article 17 of the Labor Law provides that signing labor contracts shall be based on voluntary consent of both parties. Article 10 of the Labor Contract Law provides that a labor contract between an employer and an employee shall be signed no later than one month since the employee's the first day at work. Article 16 of the Labor Contract Law provides that labor contracts are based on the consent of employers. For an agreement to enter into force, both parties shall sign the agreement and each hold a copies of it.

(1) Contract Signing Process

New hires at Xinlong are required to fill out résumés. However, they are not allowed to sign formal labor contracts with the company until after a two-month probation period. During probation, the company can fire whomever it wants, without any compensation.

The Lanyu factory does not sign labor contracts with its temporary employees. Many illegal workers, especially those who are not age-eligible, avoid signing labor contracts by applying for temporary positions: this presents a serious violation of the core provisions in China's 2008 Labor Contract Law.

(2) Contract Contents

Though the process of signing labor contracts at Nanling is legal, the content of such contracts is not. The content of its labor contracts constitutes gender discrimination—female workers sign two-year contracts with a two-month probation period and male workers sign two-year contracts with a six-month probation period.

C. Work Hours

Work hours at the four factories far exceed the permissible maximum work hours provided in the Labor Law. Article 36 of the Labor Law provides that laborers shall not work more than eight hours per day, totaling 44 hours per week. According to Article 41 of the Labor Law, maximum permissible overtime is one hour per day. Under special conditions, employers can extend work hours by no more than three hours with a maximum permissible overtime totaling 36 hours per month. In each of the four factories, employees work for at least 12 hours per day during peak seasons and about 11 hours during off-seasons. This totals anywhere between 60 and 81 hours per week. Overtime hours per month range from 128 to 176 hours during peak seasons and 100

to 141 during off-seasons. Both the overtime hours per day and per month grossly exceed permissible overtime hours.

Employees at Xinlong have mandatory overtime hours on weekends and are only allowed two days off per month. On most days, they are required to work from 8 a.m. to 12 p.m., 1:30 p.m. to 5:30 p.m. and 6 p.m. to 9 p.m. Their regular overtime in the evening lasts three hours. During peak seasons, laborers work overtime for four to five hours in the evening, often staying up all night to complete their tasks. During off-seasons (when the factory is really slow), they work overtime for two evening hours. Employee overtime hours per month average 176 hours during peak seasons and 132 hours during off-seasons. On the second day of the month, all employees are given a break. A worker can apply for a second day off according to his or her own needs. If he or she takes a second day off without company approval, he or she is considered guilty of absenteeism.

At Lanyu, employees have mandatory overtime hours on weekends and are allowed two days off per month. In the assembling and machine divisions, employees work 8.5 hours during the day and three to four hours at night. They work from 8 a.m. to 12 p.m. and continue from 1:30 p.m. to 6 p.m. after taking a 1.5-hour break at noon. At 6:30 p.m., they start again. Typically, employees put in three hours in the evening; they work four evening hours when products are in high demand. During peak seasons when the factory is really busy, employees work all night. In 2009, employees at Lanyu pulled a total of five all-nighter shifts. Employees work 11 hours each day and are not compensated with overtime pay rates for evening hours. At Lanyu, there is no formal shift work system within the company outside of the varnishing section.

In Kiddieland, employees work 11 to 12 hours per day and 60.5 to 65.5 hours per week. Mandatory overtime is required for employees in the die cutting department and they work 66 to 72 hours per week. Overtime reaches up to 135 hours during peak seasons and 100 hours during off-seasons.

The Nanling factory adopts a shift schedule and employees switch shifts once a month. Employees work 12 hours per day during peak seasons and 11 hours per day during off-seasons with mandatory overtime on Saturdays. The overtime hours are 144 hours per month during peak seasons and 104 hours per month during off-seasons. According to employees, if they work overtime on Sundays, work hour records are taken down on paper and they get paid for overtime in cash on the same day. During the peak season, employees work four hours per day, averaging 144 hours per month. Employees may ask their supervisors for leave during overtime work. If they skip overtime work without permission, however, they are not allowed to work overtime again. There is typically a production target that is easy to accomplish. Employees are required to punch in five minutes in advance. They do not need to leave the factory late for incomplete tasks. Employees sometimes—but not always—get pay slips. The firm does distribute personnel data to employees so they can verify their work hours.

D. Wages

Salaries at the four factories basically meet legal minimum standards. Overtime pay rates, however, are illegally low at Xinlong and Lanyu. Article 44 of the Labor Law mandates that

employees shall receive overtime pay of at least one-and-a-half times their regular rates of pay on weekdays. During weekends, the overtime pay should be double.

Overtime hourly wages at the Xinlong factory are illegal and extremely low. The Xinlong factory adopts both hourly wages and a piece rate. During the two-month probationary period, employees get paid $175 per month, overtime payment included. That equals $0.57 per hour. After the probationary period, the base pay is $175 per month and overtime stipend is $0.29 per hour. Overtime hourly wages are lower than what is legally permissible at only 128.69 percent of what hourly wages are during regular hours. Employees usually get paid $205 per month, or approximately $0.67 per hour. In departments where piece rates are adopted, employees usually get paid $234.38 to $249.03 per month. That equals approximately $0.76 to $0.81 an hour. Below are two specific examples:

Workers in the engineering department earn an hourly wage. New workers don't get overtime pay during their first two months, just the regular wage of $170 per month. Afterward, the company will decide whether or not a worker is to receive overtime pay. In other words, after two months work, if the company approves of an employee's behavior, the employee is eligible for overtime pay ($0.29 an hour). If the employee is not approved, he or she continues to receive the regular wage of $170 per month. Most of workers in the engineering department earn about $200 (regular wage plus overtime pay) per month after two months.

Workers in the injection and assembly departments earn piece rates. If an employee does not earn $170 via this calculation method in the first two months, the company will still give him or her $170. If he or she does not earn enough to make $170 per month for two months in a row, however, he or she will be fired. A hardworking worker can earn $200 to $243 a month. Workers do not get any additional benefits.

The overtime pay at Lanyu does not meet the standards set forth by the Labor Law. Monthly wages range from $200 to $214. Earnings are either given in the form of wages or piece-rates, and the latter often pays higher than the former. Employees can decide whether they want to be paid an hourly wage or piece rate. The hourly wage is $0.66 per hour and the overtime hourly wage during weekdays and weekends is $0.95 per hour. Workers in the varnishing and injection molding divisions are given a daily allowance of $0.50 and $0.29, respectively. Overtime hourly wages at the factory are 144 percent of regular hourly wages, not the required 150 percent or 200 percent weekend rate as required by Chinese law. Wages for regular employees are paid via wire transfer and wages for temporary employees are paid in cash.

At Nanling, wages are $0.76 per hour for regular hours, $1.14 per hour for weekday overtime, $1.51 per hour for weekend overtime and $2.27 per hour on holidays. Thus, overtime pay satisfies Chinese Labor Law. Typically, employees are paid $219.73 per month, overtime pay included. The firm keeps track of work hours with an electronic punch clock system.

At the Kiddieland factory, paychecks are supposed to be issued on the 8th of each month but there tends to be a delay averaging 15 days. Employees earn approximately $220 per month, including base salary and overtime pay. Some departments adopt hourly wages and others adopt piece-rate wages. Hourly wages are $0.65 during regular hours, $0.99 during weekday overtime,

and $1.30 during holiday overtime. During our investigation, CLW found that payments matched pay slip records. Docked paychecks are normally explained by incorrect clocking in and out. If employees take sick or personal leave, the factory deducts salaries based on overtime hourly wages.

E. Benefits

Employees at the four factories are entitled to paid holidays, annual leave and maternity leave. Concerning social insurance, Article 70 of the Labor Law outlines that social insurance systems provide laborers with assistance and compensation in events of work injury, unemployment, illness, maternity and old age. Article 72 requires employers and laborers to participate in social insurance programs.

Our investigation found that Lanyu does not purchase social insurance for employees at all.

At Xinlong, only employees working for more than two months are entitled to medical insurance.

The Kiddieland factory only purchases work injury insurance for employees at the cost of $0.73 per person, per month. Pension insurance is optional and only employees who have worked for more than one year are entitled to purchase pension insurance. If an employee wants to purchase pension insurance, the factory deducts $13.48 per month from his or her salary. If an employee decides not to purchase pension insurance, the factory does not refund the amount of money which the factory is required to pay for pension insurance on behalf of the employee.

Workers' wages at Nanling is $0.74 per hour and no benefits beyond work-injury, pension and medical insurance are offered. The company deducts $0.57 from workers' earnings for work-injury insurance and medical insurance. Four months after his or her start date, an employee may decide to purchase pension insurance for approximately $10.29. If the employee opts not to buy pension insurance, the firm neither docks his or her earnings nor pays him or her the amount of money which would otherwise be paid by the firm for his or her pension insurance. The firm requires workers to confirm their decision regarding pension insurance with a fingerprint signature. According to labor contracts signed between the firm and its employees, workers may be required to relocate between affiliated factories, their wages and benefits varying in accordance with local regulations.

F. Workplace Safety and the Working Environment

Article 69 of the Labor Law provides that employers must offer occupational training for technical workers. Article 52 provides that employers should educate laborers about workplace safety and health in order to prevent work injury and occupational diseases. In addition to training and education, Article 54 requires employers to provide regular health examinations for employees who may be exposed to occupational hazards. Article 65 provides that such health examinations are mandatory for workers between the ages of 16 and 18.

Only Nanling provides employees with training and education on workplace safety. Xinlong, Lanyu and Kiddieland do not provide such training or education programs. None of the four factories offer regular health exanimations to employees. None of them regularly maintain the machines in their workshops.

During the production process at Nanling, workers are exposed to hazardous substances including various thinners, ethanol and toxic paint. The factory provides gloves and regular masks once a day, but many employees do not wear them. Due to extended exposure to chemicals, many workers experience peeling skin on the hands. Workshop conditions are mediocre, at best. There is ventilation equipment, but no maintenance checks. In fact, there is no maintenance manual. Work injuries occur, but are rare. Occupational disease was not found during CLW's investigation. It was reported that one female worker who had worked long hours experienced difficulty becoming pregnant and workers suspected that her sterility was caused by the working environment.

Xinlong does not provide gloves, though employees in the assembly department are in dire need of them. Additionally, workshops lack in facilities. For example, the factory does not provide enough stools in its workshops and most employees are forced to stand throughout the day. This results in the early arrival of many employees wishing to use the limited supplies. In March of 2010, two employees fought for a stool in the workshop; they were both fired.

Conditions at Xinlong have dramatic negative effects on its employees. For example, workers in the assembly department are not provided with gloves. After hours of assembling bassinets on a continual basis, workers become blistered. Workers are then expected to continue laboring even as they suffer great pain when their blisters break and often become infected. Similarly, workers in the polishing department are covered from head to toe with black metal powder by the time that they get off from work.

In Lanyu, employees working in proximity to chemical hazards receive masks and gloves; the quality of this protective gear, however, is not good enough. Masks, which do not protect workers from dangerous fumes, are handed out in the varnishing and molding injection departments. Physical examinations are not held for workers on a regular basis and occupational disease testing is not offered at all. Despite the $0.50 and $0.71 allowance allotted to varnishing and molding injection employees, respectively, workers continue to be wary of the long-term damages that working in such conditions will have on their health.

At Kiddieland the working environment is very poor. No regular mechanical maintenance is provided. Employees are exposed to harsh chemicals, such as thinner, and are not provided with protective equipment unless management anticipates a factory audit. Before audits, management will distribute masks, gloves and earplugs. No health examinations are provided during employment.

G. Food and Dormitory Conditions

(1) Food

At all four factories, kitchen and dining areas were found to be unsanitary and generally unsafe. At time of interview, the food at Kiddieland, was described by employees as "very awful." Moreover, the tables and chairs in the canteen were filthy. At Nanling, the food is so bad that most employees dine outside of the factory. Food provided by the Xinlong and Lanyu factories was, by comparison, satisfactory. However as a practice, Xinlong deducts $6.59 per month from employees' salaries for food and accommodations even if employees decide not to eat at the

canteen. The floor of the workers' canteen is damp, and mildew from a nearby gutter gives off a foul smell.

Specifically, Nanling's cafeteria charges between $0.43 and $0.71 per meal. Conditions in the kitchen are unsanitary: vegetables are not cleaned before they are cooked; kitchen workers dress casually, without masks, hats or gloves, and vegetables are stir fried in such a way that they taste bitter. The food at Nanling has become so bad that its two-floor cafeteria is almost always empty. Workers just simply refuse to eat there.

(2) Dormitories

Each dormitory of the four factories houses eight to 12 people, per room. Dormitory floors are damp. Restrooms and showers are unsanitary. A lack of security in dormitories results in frequent thefts.

While, like most factories in the Pearl River Delta, Lanyu provides accommodations for its employees, it deducts $21.43 for meal expenses and $4.29 in lodging fees from workers' wages each month. Typical conditions in the Lanyu dormitories include 12 people sharing a dimly lit, damp room. Although workers have reported suffering from terrible bug bites, little to no action has been taken to eradicate bug infestations.

Kiddieland dormitory conditions are also very poor. Each room measures 270-square feet and houses eight to 10 people. About 148 workers share one restroom with 10 toilets and seven showers. During our investigation, CLW found the restroom to be grossly unsanitary and emitting a pungent odor. Also, the dormitory is extremely mismanaged. Thefts are a common occurrence and employees are only allowed to recharge their cellular phone batteries during restricted periods of time. Given these unsatisfactory conditions, over 50 percent of employees rent apartments outside of the factory; there is, of course, no stipend for rent.

In Nanling, $7.14 is deducted from workers' salaries every month for accommodations. The Nanling dormitory houses 12 beds per room. There are no tables, chairs or closets. Clothes are typically hung on the edge of the beds, for lack of alternative provisions. There are no power outlets in the dormitories. Workers needing to charge their cellular phone batteries are instructed to a designated place. In order to prevent theft, workers must stand near their phones, or watch each others' phones. During CLW's investigation, we found the floor to be wet with moss growing on it. The restrooms, which are neither repaired nor maintained, are worn-out to the point of being unusable.

If workers at Xinlong choose to live on factory grounds, $6.43 in board expenses is deducted from their wages each month. There are two types of canteens: one for cadres and one for employees. The former canteen, which is reserved for administrative staff, houses fewer people and offers better dishes. The canteen allotted for the general work population, however, is heavily crowded with only one counter in service. As a result, workers face wait times of at least 30 minutes before they can eat.

The floor of the workers' canteen is damp and mildew from a gutter emits a foul smell. The canteen for employees provides two meat dishes and one vegetable dish, but workers can only

choose one meat dish. In other words, workers may have one meat dish and one vegetable dish each meal. Rice and soup are served from large barrels, and workers may take as much as they need. In addition, every employee is allowed up to three oranges per meal.

Dormitories inside the Xinlong factory are old and dilapidated. Like the canteen, their floors are damp. Typically eight workers will share one room. Dormitories outside the factory, however, are satisfactory; rooms may house as few as four workers and supply hot water during wintertime.

H. Quitting Procedures

In Xinlong, newly employed workers are not paid if they quit within one week. During their probationary period, employees need to give three days' notice prior to resignation. After the probationary period, they must complete an application for resignation in advance or face a salary deduction of 50 percent.

At Lanyu, it is difficult for employees to resign unless they have a good personal relationship with a manager. Both temporary and regular employees have to work in the company for at least three months before they can quit their jobs. Usually, the management does not approve applications for resignation and employees cannot leave until their labor contracts expire. Thus, many workers opt to apply for temporary positions with no labor contracts.

Kiddieland employees are not allowed to quit within seven days of being hired. They must give 30 days notice prior to resignation. During CLW interviews, many workers at Kiddieland stated that employees who resign are not given their full salaries.

During the probationary period at Nanling, employees can quit by filling out an application for resignation three days in advance. After the probation period, they can quit by submitting an application for resignation 30 days in advance. The process allows workers to resign within the time period of their contracts. Resigned workers are paid within three days. No occupational disease check is offered to employees leaving the factory.

III. Conclusion

Based on the investigation conducted by China Labor Watch, the four factories producing for Carrefour (Dongguan Lanyu Toy Company, Kiddieland Toys, Shenzhen Nanling Toys Products and the Xinlong factory) are each in violation of China's Labor Law and Labor Contract Law. The methods and policies by which they recruit, contract laborers, implement working schedules, allot and deduct wages, allot and withhold benefits, and handle resignations are effectively **illegal**. Additionally, environmental, working, living and eating conditions are unsanitary and inhumane.

In summation, laborers are overworked, underpaid, and arbitrarily punished by factory managers. They must live and work in conditions that would not be tolerated in most Western countries. Chinese factory laborers are denied their basic human rights and dignity, and they silently suffer.

While these offenses are not directly associated with Carrefour's management, they do result from the corporation's lax monitoring system of its Chinese suppliers as well as its demanding purchasing policies. Therefore, China Labor Watch urges Carrefour to closely examine and improve upon its supplier relations to ensure a strict monitoring system and fair purchasing prices. Taking these steps will be vital if we are to collectively protect and advocate for human rights in China.