China Labor Watch 2013 Annual Report
<table>
<thead>
<tr>
<th>Contents</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013 CLW in Review</td>
<td>1</td>
</tr>
<tr>
<td>The State of Chinese Labor in 2013</td>
<td>7</td>
</tr>
<tr>
<td>Worker Hotline</td>
<td>12</td>
</tr>
<tr>
<td>Factory Investigations and Investigative Reports</td>
<td>16</td>
</tr>
<tr>
<td>”Women’s Leadership Training” for Female Labor Rights Activists</td>
<td>20</td>
</tr>
<tr>
<td>Acknowledgements</td>
<td>21</td>
</tr>
<tr>
<td>Financials</td>
<td>22</td>
</tr>
<tr>
<td>How You Can Help</td>
<td>23</td>
</tr>
</tbody>
</table>
January

CLW Executive Director, Li Qiang, went to China to conduct research on labor conditions.

CLW communicated with Apple about child labor issues found in a Foxconn facility. Based on CLW’s research and follow-up, Apple and Foxconn sent the child workers back to school, promising to cover their tuition and living expenses until they were 16 years old.

Workers of Xin Hai Yang Precision (Jiangxi) Ltd. factory, a subsidiary of Foxconn, went on a strike to demand a raise. According to the information obtained by CLW, although workers were required to labor long hours at a fast pace to meet high quotas, they only earned between 1,300 RMB ($209) and 2,600 RMB ($418) per month. CLW hopes that through talks with Foxconn, a more effective communication channel between workers and management could be built, especially via the establishment and promotion of democratic union elections that make the union more effectively serve workers’ interests.

February

Based on a series of investigative reports that China Labor Watch released, three French NGOs filed a complaint with a Parisian prosecutor's office against Samsung’s subsidiary in France, alleging that the affiliate should be held responsible for labor violations in China. CLW’s Executive Director, Li Qiang, attended a press conference held in France, claiming that Samsung ignored all documents which evidenced child labor issues found in Samsung’s supplier factories in China. In December 2012, two weeks after Samsung denied CLW’s accusation that Samsung’s supplier factory hired child workers in China, CLW discovered child workers again at another facility supplying to Samsung.

March

CLW Executive Director, Li Qiang, attended the Electronic Industry Citizenship Coalition (EICC) conference held in Taiwan. There he expressed his ideas about workers’ rights protection in electronics factories, especially the prohibition of child workers.

Li Qiang gave a talk at Columbia University Law School about Chinese labor conditions.
April

CLW completed investigations on working conditions at the Foxconn factory in Zhengzhou and Catcher factory in Suqian. After CLW communicated with Apple, it developed some improvement measures. For example, one violation at Catcher was that workers could not resign if any management personnel refused to sign the resignation document. To solve this problem, Apple required the factory to establish a special resignation application channel for those cases in which a worker faced difficulties in completing the regular resignation process. In addition, Apple also asked the factory to develop its electronic HR system to enhance resignation management and conduct internal monitoring of the enforcement of policies on a regular basis.

May

CLW released news about a 14-year-old child worker, Liu Fuzong, who died at Jinchuan Electronics, a supplier factory that produced for ASUS. This tragedy revealed that the factory illegally hired child workers. Based on the information obtained by CLW, this factory had a lot of student workers who were required to work 12 hours a day regardless of their ages.

Based on information provided to CLW by workers at the Foxconn factory in Zhengzhou, CLW released news about three workers of that factory that over the span of 20 days jumped off buildings to their deaths. Families of deceased workers protested in front of the factory gate against the factory’s indifference.

The parents of the first deceased worker tied a banner near the Foxconn gate that reads: "Foxconn doesn't care when its employees jump off of buildings. Heaven won't forgive this!!!
June

CLW Program Coordinator Kevin Slaten was interviewed by Voice of Russia, CNBC, and other media outlets regarding an American manager who was kidnapped by workers at his factory in China due to wage delays and the fear of being fired without compensation. Mr. Slaten used this opportunity to talk more broadly about worker treatment in today’s China.

July

At the end of July, CLW released an investigative report, disclosing serious labor violations of three factories belonging to the Pegatron Group, all of which were suppliers to Apple. Based on CLW’s findings, the factories violated a great number of international and Chinese laws as well as the standards of Apple’s own social responsibility code of conduct.

August

According to information obtained by CLW, Jiangxi Lianchuang Electronics Co., Ltd. illegally hired a great number of underage workers who were required to do fast-paced work for more than 10 hours a day.

CLW attempted to send $5,000 via Western Union to China for investigator fees. When the investigator went to receive the wired money in China, the bank told him that the funds had been frozen. Western Union said that it required the contracts that CLW had signed with its investigators in order to unfreeze the money, but CLW did not want to reveal this information in order to maintain the confidentiality of the investigator identity. After thousands of supporters signed onto a CREDO petition to protest against Western Union’s behavior, it agreed that CLW could wire funds freely.

September

CLW released an investigative report on the Jabil Green Point factory in Wuxi, revealing a series of ethical and legal labor violations, including more than 11 hours of standing work every day, mandatory pre-employment pregnancy tests, and five-minute meal times, hiring discrimination, and unpaid overtime wages.

October

In October, CLW published an investigative report on six Chinese factories producing toys for Mattel, uncovering a great number of legal and ethical violations, including unfairly and incorrectly calculating workers’ working hours and wages, amounting to
millions of dollars of unpaid wages every year. These infringements provided further
evidence that Mattel has failed to rigorously enforce its own code of conduct for
supplier factories since 1997. After the report was released, CLW petition to protest
Mattel’s labor violations on CREDO received more than 16,000 signatures.

CLW also released news about hundreds of workers from the Shenzhen Hengtong
Rubber Factory who went on strike to protest the factory’s infringement on their rights.
The factory installed surveillance cameras inside the workshops to monitor workers and
reduced overtime hours in order to force veteran workers to resign.

In October, CLW also obtained information on the sudden deaths of several workers
at the Pegatron (Shanghai) Ltd Co., a factory primarily producing cell phones and tablet
PCs for Apple. The deceased were all young workers, including Shi Zhaokun, a 15-year-
old child worker who died after working at the factory for only one month. After Shi
Zhaokun’s family contacted CLW for assistance, CLW immediately communicated with
Pegatron and Apple to learn about details of the case. CLW also sought donations from
the public to pay for an independent autopsy. Based on information gained in CLW’s
investigation, there was a harmful curing agent used at the factory that could seriously
affect people’s health. Through CLW’s repeated consultations and communications with
Pegatron, the factory promised to give Shi’s family compensation of 150,000 RMB
($24,820).

November

CLW organized “Leadership Training of Female Labor Rights Activists” in Shenzhen,
Guangdong. During the training session, a diverse group of 25 promising female leaders
in the Chinese labor movement participated in the workshop, and were educated about
legal knowledge, NGO management, and promotions. In addition, female activists
shared their own experiences in rights advocacy with each other, creating linkages between the female activists going forward.

CLW’s Executive Director, Li Qiang, gave a talk on Chinese labor conditions at the Goethe-Institut New York.

December

CLW published an investigative report on labor conditions at Samkwang Science and Technology, a Samsung cell phone supplier in Dongguan, Guangdong. The report uncovered a series of labor violations, including hiring discrimination, overtime working hours seriously exceeding maximum legal standards, abusive language used by management against workers, and insufficient protection of student workers.

CLW cooperated with Peuples Solidaires, a French NGO, to carry out a “Worker Barbie” protest campaign in Paris, France. The life-sized worker Barbie doll was unveiled in a towering hot pink box, taped with black duct tape and tied with chains, suggesting the lack of rights that Mattel workers have over their working and living conditions. CLW Program Coordinator Kevin Slaten joined in the street protest and talked to French media about the widespread labor violations in Mattel supplier factories.

“Worker Barbie” in Paris

CLW released news about dozens of underage female workers from Liangshan Yi Autonomous Prefecture who were found working in Click Technology Limited, a Shenzhen-based factory. These young workers labored at a high rate of work and didn’t even receive some overtime pay from the factory. In addition, among these
female workers, there were several child workers (under 16). After this child labor issue was revealed, related labor departments carried out systematic inspection in local factories and imposed punishment on those carrying out introduction, dispatch, or hiring of child labor.
China has continued to develop economically since the 1980s, but the rights of Chinese workers during this time have been limited. While the right of freedom of association and collective bargaining is missing from the Chinese legal framework, many legally enshrined individual labor rights are frequently violated. The rampant abuse of labor rights have led to skyrocketing labor conflicts. For example, the number of labor dispute cases accepted by China’s labor dispute arbitration committees (LDACs) and the number of employees involved in these disputes increased dramatically from 12,358 and 34,794 in 1993 to 589,244 and 779,490 in 2011, respectively.¹

To maintain industrial peace and political stability, the Chinese government has enacted or revised a number of labor laws to re-regulate employment conditions, such as Labor Dispute Mediation and Arbitration Law and Social Insurance Law. In particular, the implementation of the much debated Labor Contract Law in 2008 has improved certain working conditions.² Moreover, to stimulate domestic consumption and reduce the widening income gap, the Chinese government has started to reform the wage and income distribution system, as evidenced by policy initiatives like the 2004 Minimum Wage Regulation and 2013 “Opinions on Deepening the Reform of Income Distribution System.” According to official data, in 2012 alone, 25 provinces increased their minimum wages by an average of 20 percent.

Nonetheless, despite the introduction of stricter labor laws and strengthened enforcement, labor rights violations are still common in today’s China. A large scale survey of migrant workers in the Pearl River Delta area in 2010 revealed that 5% and 14% of the respondents had experienced wage arrears, wage deductions, or fines; average weekly working hours were 57; the coverage of legally mandatory insurances ranged from 14% to 54%; only 65% had labor contracts; only 36% had participated in contract negotiation; 11% had paid illegal employment deposits and 6% had had their ID cards seized by employers; 22% worked in unsafe environments; 7% had been forced to work; and 3% had experienced abuse like body searches, managerial assault, or even illegal detention.³ Moreover, wages of Chinese workers are still notoriously low. Due to weak law enforcement and various countermeasures of employers, such as using minimum

wages as prevailing wages, increasing fees charge to workers for accommodation and meals, and forcing workers to engage in unpaid overtime, the overall effect of the new government wage policies has been greatly inhibited. Additionally, prices in China have continued to rise rapidly. Recent wage increases, though significant, can barely keep pace with sharply rising inflation, especially in basic consumption such as food, clothes, and housing. Therefore, recent efforts by the Chinese government to regulate employment conditions have fallen far short of their goal.

The ineffectiveness of labor rights monitoring and enforcement in China can be traced back in part to two major barriers: labor rights protection institutions’ lack of accurate information on factory conditions and workers’ lack of effective access to rights defense channels.

First, workplace dispute resolution institutions such as enterprise labor dispute mediation committees, suggestion/grievance boxes, and employee committees are missing in most Chinese enterprises. Where these institutions do exist, they are usually under heavy influence or control of employers and therefore do not effectively resolve labor disputes.

Second, despite official dispute resolution institutions playing a role in resolving some worker grievances, these institutions often contain stumbling blocks for workers and tend to favor economic development over labor rights. Labor dispute mediation has some advantages, such as easy and free access, lack of heavy employer influence, flexible procedures, and quick settlements. Yet common problems significantly limit the effectiveness of mediation, including the low capacity and weak authority of mediation agencies, mediators’ lack of motivation and skills, and agencies’ priority of economic growth over workers’ rights. While arbitration and litigation mechanisms have more authority, it is often difficult for workers, especially migrant workers, to obtain access to these institutions; the cost of going through these lengthy processes is prohibitively high.

---


for many workers; and these institutions are heavily influenced by government. Labor inspection agencies, a third institution, may sometimes resolve labor disputes quickly given their authority to order employers to correct problems and pay fines. However, these agencies tend to suffer from many of the shortcomings bedeviling the labor dispute resolution system, most notably a lack of motivation and capacity as well as a tendency to favor the interests of employers. Finally, it is true that the traditional administrative procedures such as petitioning Party organs and the government’s Letters and Visits Offices are free and considered simpler than formal labor dispute resolution mechanisms, but these mechanisms are far from costless as the result may not only be a lack of settlement but even the detention or beating of petitioning workers.

Third, the influence of China’s official labor union, the All-China Federation of Trade Unions (ACFTU), is restricted, and the unions rarely participate in rights defense actions. While a regional ACFTU may occasionally provide limited legal aid to a very small number of workers in labor disputes, the subordination of enterprise level unions to management makes them largely useless to workers. The ACFTU has some ongoing reforms, such as direct elections of grassroots union chairs and collective consultation, but these reforms are largely top-down, formalistic campaigns. Genuine direct union elections are still extremely rare, and collective bargaining seldom results in substantial gains for workers.

Fourth, labor rights NGOs in China can claim some successes in the past ten years, such as promoting the observance of labor laws, educating many workers on rights defense, participating in joint actions with workers, and drawing greater attention in the business world to Chinese labor rights. However, most labor NGOs tend to be

---


clustered in coastal regions or big cities; moreover, their rights defense activities are constrained by government suppression and a lack of resources.\(^\text{13}\)

Fifth, the efforts made by multinational companies (MNCs) to improve labor conditions in China, particularly through the use of codes of conduct and monitoring mechanisms aimed at enforcing compliance with these codes, have also fallen very short of their mark. As information is central to this model of global private regulation, factory audits that collect information on supplier compliance are critical for effective monitoring. However, the accuracy and transparency of social auditing by either MNCs or third party agencies are in serious doubt.\(^\text{14}\) A number of important conflicts of interest exist among the key actors involved in the auditing process.\(^\text{15}\) For instance, brands and their suppliers may have an interest in hiding labor violations rather than reporting them. Third party auditors may tend to please their clients (the brands and their suppliers) who pay for the services. Additionally, the auditing process is full of deficiencies.\(^\text{16}\) Audits are usually conducted once or twice annually through one or two-day visits, focusing primarily on management-provided systems and documents, and the factories often receive notice of the audits ahead of time. The frequency, process, and method of these audits equate them to a snapshot of labor conditions influenced by factories covering up labor violations. The persistence of rights abuses in brand name suppliers, even after the audits were conducted, is evidence of the failure of this auditing system. For example, practically every one of the 400 factories in which China Labor Watch (CLW) has exposed serious labor rights violations over the past decade has been audited at least once by MNCs or a third party auditing firm. In just 2013, CLW investigated 20 factories that produce for Apple, Mattel, Dell, Samsung, and other brands, uncovering a great number of serious violations, such as child labor, unpaid wages, illegal overtime, poor safety, and discrimination.\(^\text{17}\) Some supplier factories have set up third-party worker hotlines under pressure from MNCs, but the efficacy of these hotlines vary widely depending on the willingness of brands to respond to the grievances of workers.

\(^{13}\) Chan, Chris King-Chi. 2012. “Community-Based Organizations for Migrant Workers’ Rights”.

\(^{17}\) For a number of these reports, please see CLW’s report page: http://chinalaborwatch.org/2013.html
Finally, the lack of effective rights defense channels has forced an increasing number of workers to engage in spontaneous strikes or protests followed by collective bargaining with employers. These actions, sometimes encouraged and supported by labor NGOs, have the potential to win substantial gains for workers.\textsuperscript{18} However, the strikes are usually ephemeral in nature, and the strikers and labor NGOs involved face a high risk of government suppression. This risk has even increased in 2013 when the Chinese government mounted a renewed crackdown on civil society and activists.\textsuperscript{19}

A fundamental improvement in Chinese workers’ rights will require the construction of laws allowing democratic labor unions and collective bargaining as well as the realization of the right to strike. But these prerequisites are inevitably linked to political reform and the development of civil society in China that, under the one-party regime, are long-term goals. Until then, the greatest amount of change can be achieved by amplifying worker voice, strengthening labor rights monitoring and enforcement mechanisms, and utilizing pressure generated from domestic and international public opinion to improve workers’ conditions as well as remedy and prevent rights violations.


\textsuperscript{19} There are numerous news reports on China’s mounted crackdown on activists and civil society; see for example, Andrew Jacobs and Chris Buckley. “Chinese Activists Test New Leader and Are Crushed”. New York Times, January 15, 2014.
Worker Hotline

Since June 2010, CLW has supported a worker hotline in China. The hotline has successfully encouraged workers to protect their legal rights through a communication channel offering advice on rights protection to workers and, in the event that workers express grievances, acts as a bridge between workers and factories. As of December 31, 2013, the hotline has received and handled nearly 5,000 cases.

After three years of development, the worker hotline is garnering increased attention and popularity among workers. In 2013, the hotline handled 1,894 cases, a 44% increase over 2012 and a 63% increase over 2011. Details regarding number of cases per month and the nature of cases throughout the year are reflected in the following charts:

<table>
<thead>
<tr>
<th>Month</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>96</td>
<td>94</td>
<td>177</td>
<td>201</td>
<td>188</td>
<td>203</td>
<td>181</td>
<td>203</td>
<td>146</td>
<td>169</td>
<td>124</td>
<td>112</td>
<td>1894</td>
</tr>
<tr>
<td>2012</td>
<td>43</td>
<td>100</td>
<td>112</td>
<td>105</td>
<td>85</td>
<td>76</td>
<td>95</td>
<td>102</td>
<td>98</td>
<td>163</td>
<td>160</td>
<td>175</td>
<td>1314</td>
</tr>
<tr>
<td>2011</td>
<td>51</td>
<td>26</td>
<td>48</td>
<td>76</td>
<td>96</td>
<td>88</td>
<td>87</td>
<td>103</td>
<td>116</td>
<td>139</td>
<td>179</td>
<td>154</td>
<td>1163</td>
</tr>
</tbody>
</table>
Hotline staff confirmed that 769 of the 1,894 cases the worker hotline handled in 2013 were related to supplier factories for brand companies with which the hotline cooperates. By promoting the worker hotline in more factories, the hotline has developed cooperative relationships with some brands and factories and has effectively established a three-way bridge among brand companies, supplier factories, and workers. The worker hotline allows workers to voice their grievances and report rights violations occurring in the factories. It helps workers put an end to these violations by giving them a starting place to share their stories, educating them about their rights, and facilitating communication among workers, factory management, and the brand companies they supply.

**Mediating Conflict between Factories and Workers**

An employee from a cooperating factory contacted the hotline, complaining that when he resigned, his employer withheld his last month’s wages. Because the worker was initially afraid to approach factory management directly, the hotline communicated the issue to the factory. The factory asked that the former employee to identify himself to the human resources department and verify his employment history with the factory. Again, the worker was concerned about repercussions that might result from revealing his identity to factory management. Because of the hotline’s continued communications...
with both the employee and the factory, the employee ultimately felt comfortable approaching the human resources department in person. Having already been made aware of its mistake, the factory paid the withheld wages and the worker left satisfied.

In August, an employee from another cooperating factory complained that because he took four days of annual leave, deductions were made from his base wages as well as the additional amount he earned by virtue of his seniority at the factory. After the hotline communicated this situation to the factory, the factory verified that it had made a mistake in transmitting information about the worker when he changed shifts, and paid him the remainder of wages he was owed. The worker was very satisfied with this result.

**Resolving Workers’ Questions**

Numerous workers contact the hotline to express concern and confusion over work-related issues. In these situations, the hotline communicates with the workers’ factories to help alleviate the confusion. In April, an employee inquired over the worker hotline about possible compensation, saying that the factory he had worked for terminated his contract. Hotline staff contacted representatives from the factory, who explained that, according to their understanding, both parties had terminated the contract under terms of mutual agreement. The employee did not challenge this. In August, another employee called the worker hotline, saying that he did not know whether his wages were calculated based on hours worked or units produced. The hotline contacted the factory, learned that wages were based on hours worked, and explained this to the employee, resolving his question.

**Promoting Factory Reform**

The worker hotline program also plays an increasingly important role in encouraging broader factory reform. In July, for instance, a worker complained that in order to meet its production demands, his factory forced him to work overtime. After hotline staff reflected this to the factory, the factory said that it would require that managers change their management methods to end the practice of forced overtime. Another worker complained that a line leader would curse at workers. After hotline staff notified the factory, the factory replied that it would hold trainings related to this issue for all line leaders and department heads. In follow-up conversations with hotline staff, the worker expressed that the situation had improved.
Investigating Workplace Injuries

In January, March, and April of 2013, CLW visited a total of 24 injured workers in two hospitals in Shenzhen. 22 of them were male and two female. They came from nine different provinces in China, and their ages ranged from 18 to 54. CLW staff obtained information from them about the purchase of workplace injury insurance in their workplace, the classification of their injuries for the purposes of China’s worker’s compensation system, the payment of medical expenses, and other issues.
Factory Investigations and Investigative Reports

2013 witnessed the continuation of CLW’s unceasing efforts to reveal the labor conditions of China’s workers and hold management and buyers to account. CLW investigators carried out undercover investigations in 18 electronics and toy factories across Shanghai, Jiangsu, Guangdong and other Chinese provinces and municipalities. Through rigorous investigation and in-depth interviews with hundreds of workers, CLW completed a series of reports, exposing numerous legal and ethical labor violations. Factories that make products for Apple, Samsung, Mattel and other multinational brand-name companies, driven by supply chain profits, blatantly abuse workers’ rights. The factories that CLW investigated employ a combined total of about 130,000 workers. Considering that these factories constitute only a small, representative fraction of all those operating in China, it is difficult to imagine the number of workers whose rights are being violated, every day, inside factories across China.

Throughout 2013, CLW continued to pay close attention to the labor conditions in Apple’s supplier factories. Through undercover investigations in Shanghai into three factories belonging to the Pegatron Group, a major Apple supplier, we found labor abuses even more severe than those reported in Foxconn factories. Among the 86 labor rights violations revealed in CLW’s reports, which include excess overtime and extremely low wages, the most egregious was the hiring of underage student workers. CLW’s July report pointed out that a number of underage student workers were introduced to factory work through third party hiring agencies. In many cases, the third party go-between was the student’s own school. Factories saw the students as a cheap source of labor and employed them to do work completely unrelated to their areas of study. For instance, a student worker from Chongxin Vocational Training Center in Gansu Province, majoring in pre-school education, was assigned to the production line. He was required to pay set “fees” to his school and to the teacher in charge of his production team, but didn’t always receive his own wages on time. After CLW published its investigative report on the Pegatron Group, Apple indicated that it would examine and improve working conditions in these factories. In response to the report’s documentation of wages withheld by the factories, Apple demanded that Pegatron give
to 257 student workers the back pay they were owed, and assisted 20 dispatch workers in recovering wages from dispatch labor companies.

In October 2013, CLW learned that several workers died at Pegatron (Shanghai) Ltd Co. Among them, the death of 15-year-old Shi Zhaokun once again sparked outrage, within China Labor Watch and among the broader society, at Apple supplier factories’ practice of employing child laborers. The results of Shi’s pre-employment physical examination on September 4 indicated that he was in good health, but after barely a month of working in the factory, on October 9, he died suddenly. Shi’s family approached CLW in search of help; CLW promptly contacted Pegatron and Apple, as well as collecting donations from the public to pay for an independent autopsy to determine the cause of Shi’s death. According to CLW’s understanding, toxic gas in the production workshop of this particular factory, where workers put in long hours every day, put their health at great risk. After repeated consultations between CLW and Pegatron, the factory promised to compensate Shi Zhaokun’s family in the amount of 150,000 RMB (USD $24,820).

The difference between conditions faced by workers in Apple’s supplier factories and the labor standards that the Apple Corporation has promised and promoted are vast. As long as Apple does not go further in fulfilling the promises it has made to workers, its supplier factories will continue to force employees to work overtime and to abuse laborers they can procure cheaply, in order to preserve the cost advantage of their products. Aside from the egregious problem of employing students and child laborers, investigations launched by China Labor Watch in April 2013 into the Zhengzhou Foxconn factory in Henan Province and the Catcher factory in Jiangsu Province, along with an investigative report published in September on the Jabil Green Point Factory in Wuxi, Jiangsu Province, provided additional evidence of a countless succession of labor violations taking place in factories within Apple’s supply chain. In Wuxi’s Jabil Green Point Factory, workers are required to work while standing for more than 11 hours per day and forced to sign agreements stating that their overtime work is completely voluntary.
Like the workers at Pegatron, Jabil Green Point workers are paid less than subsistence living wage, and the only way they can earn enough to live is by taking tremendous amounts of overtime. This is the basic model through which factories like Pegatron, Jabil Green Point, Foxconn, and others exploit cheap labor and compel employee overtime. These factories also sometimes go so far as to withhold workers’ overtime pay. Based on recent estimates, Jabil Green Point could owe its approximately 30,000 workers for overtime back pay in the total amount of 51 million RMB (USD $8.3 million). The illegal and unethical treatment of workers at Jabil Green Point revealed in CLW’s report have drawn widespread attention, and the United States Department of Labor and Department of Homeland Security have since launched their own investigations into this matter.

Building upon its November 2012 investigative report into eight supplier factories for Mattel, the world’s largest toy manufacturer, CLW published a report in October 2013, documenting labor abuses in another six Mattel supplier factories. Given that Mattel has approximately 100 supplier factories in China, it suggests that the abuses CLW encountered are wide-ranging, and continue in Mattel supplier factories other than the 14 in which on-site investigations have been conducted. The violations witnessed point to Mattel’s failure to enforce its own self-imposed code of conduct for supplier factories, which has been in place since 1997.

In May 2013, CLW sent a follow-up letter to Mattel, asking it to respond to the allegations in the 2012 report, but as of the time of publication of the October 2013 report, Mattel had not responded. Because the labor violations were so severe, more than 300 workers from Mattel supplier Baode Toy Factory went on strike in August to demand social security benefits, as required by Chinese law, but the problem remains unresolved. Following the release of the October 2013 report, CLW received more than 16,000 signatures on the petition website CREDO in support of our protest against labor rights violations in Mattel’s supplier factories.

After the petition came out, Mattel’s corporate headquarters replied to a journalist, claiming that for many years the company has cooperated with International Council of Toy Industries (ICTI) to commission regular, fixed date audits in order to ensure the implementation of its global manufacturing standards. But even when audits overturn
labor violations, Mattel has taken little meaningful corrective action, and over time, Mattel’s public reporting of these audits has become more and more limited.

Mattel indicated that if supplier factories failed to comply with these standards, it would terminate the factories’ contracts rather than continue to cooperate with them. However, if Mattel simply abandons its contracts with factories that are withholding worker wages and refusing to purchase social security insurance, this could result in even greater harm to workers, who would not only remain uninsured and without any means to collect back pay, but in addition, face unemployment and the deprivation of all income.

In 2013, CLW conducted a two-week investigation into Samkwang, a Dongguan, Guangdong-based Samsung supplier factory. Our subsequent report, published in December, revealed that Samkwang hires workers from labor dispatch companies. The workers in turn pay fees to the dispatch companies to secure employment. In addition to immediately rejecting pregnant women during the application process, the factory doesn’t purchase maternity insurance for its other workers. Samkwang requires that production work be done barefoot on the cold factory floor. Factory foremen humiliate and verbally abuse workers and constantly pressure workers to ensure that they are constantly producing at every moment.

In response to CLW’s allegations of various forms of worker abuse, Samsung said it would send a group of experts to investigate Samkwang and take corrective measures to improve working conditions in the factory. Samsung also said that in early 2013 it sent a third-party auditing company to inspect Samkwang’s labor conditions and, based on the results of the audit, demanded that the factory come up with a plan to reform and rectify its labor practices.
"Women's Leadership Training" for Female Labor Rights Activists

In November 2013, CLW organized a Leadership Training for female labor rights activists in Shenzhen, Guangdong. The training was aimed at promoting women’s involvement in public interest causes as well as individual leadership, teambuilding, and management skills. A diverse group of 25 women participated in the workshop. 20 were from the Pearl River Delta region, the traditional heart of Chinese manufacturing, while the other five participants came from other areas currently undergoing rapid industrial development. Training sessions utilized lectures, discussions, participatory activities, and experience-sharing by successful NGO leaders, focused on critical issues of law, civil society norms, gender equality, NGO management and governance, and communication with government officials. In addition, the female activists in attendance shared their own experiences in rights advocacy and NGO management with one another, creating a support network through which to share information and assist each other going forward.

Based on questionnaires, participants felt that the training was highly effective in providing useful information regarding rights defense and NGO development. Participants also hoped for more of these workshops in the future, so that more rights defenders could benefit.
Acknowledgements

Donations

We are grateful for the support of almost 40 individual donators in 2014, most hailing from Europe and North America. Their donations have allowed us to investigate more factories and assist more workers in defending their rights.

Board of Directors

Dorothy J. Solinger, professor of political science at the University of California at Irvine
William J. Hurst, assistant professor of Asian studies at the University of Texas at Austin

New York Staff

Li Qiang, Founder and Executive Director
Kevin Slaten, Program Coordinator

Volunteers and Interns

Qiu Shen
Huang Qisi
Huang Zhihan
Leo Liu
Liu Siru

Justin McDonnell
Cai Yanlin
Liu Chang
Chen Shanshan
The following CLW financial statement has been audited by a certified public accountant.

### Revenues

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct public support</td>
<td>$ 246,910</td>
</tr>
<tr>
<td>Interest income</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>246,926</strong></td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Expenses – China</td>
<td>63,312</td>
</tr>
<tr>
<td>Officer salary</td>
<td>68,001</td>
</tr>
<tr>
<td>Office salary</td>
<td>33,333</td>
</tr>
<tr>
<td>Payroll Tax &amp; Benefits</td>
<td>21,707</td>
</tr>
<tr>
<td>Travel &amp; Entertainment</td>
<td>15,542</td>
</tr>
<tr>
<td>Rent</td>
<td>22,865</td>
</tr>
<tr>
<td>Telephone and internet</td>
<td>4,716</td>
</tr>
<tr>
<td>Office supplies and expenses</td>
<td>7,450</td>
</tr>
<tr>
<td>Professional fees</td>
<td>3,000</td>
</tr>
<tr>
<td>Insurance</td>
<td>725</td>
</tr>
<tr>
<td>Depreciation</td>
<td>872</td>
</tr>
<tr>
<td>Bank service charge</td>
<td>260</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>241,783</strong></td>
</tr>
<tr>
<td><strong>(Deficit) for the year</strong></td>
<td>5,143</td>
</tr>
</tbody>
</table>

Net assets at the beginning of the year: 63,925
Net assets at the end of the year: $ 69,068
How You Can Help

There are a number of ways to support CLW in promoting the fair and legal treatment of Chinese workers.

Follow us on Facebook and Twitter

We update our Facebook and Twitter regularly with Chinese labor news and information about our most recent activities.

Join in our Urgent Appeal Campaigns

When we find evidence of labor abuse or child labor in the Chinese factories of international brands, we will sometimes lead campaigns to pressure those brands into recognizing and rectifying those violations. You can help by signing our petitions or writing letters to CEOs and officials.

Donate

Your contribution to CLW is tax deductible under Section 501(c)(3). You can donate securely via Paypal, sending payments to clw@chinalaborwatch.org. You can also make a check payable to “China Labor Watch” and send it to:

China Labor Watch
147 W. 35 St, Ste 406
New York, NY 10001

If you would like a receipt, please fill out the form on the following page.
Contribution Form

China Labor Watch is a not-for-profit organization. Your contribution allows us to continue to focus our work on labor conditions in China. Your contribution is tax deductible under Section 501(c)(3). We will send a receipt of your contribution if you complete the following information.

Date __________________
This gift is from a: __ Individual/family __ Business __ NGO/NPO

<table>
<thead>
<tr>
<th>Donor Information (please print or type)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
</tr>
<tr>
<td>Billing address</td>
</tr>
<tr>
<td>City</td>
</tr>
<tr>
<td>State</td>
</tr>
<tr>
<td>ZIP Code</td>
</tr>
<tr>
<td>Telephone (home)</td>
</tr>
<tr>
<td>Telephone (business)</td>
</tr>
<tr>
<td>Fax</td>
</tr>
<tr>
<td>E-Mail</td>
</tr>
</tbody>
</table>

Your Gift to China Labor Watch:
  __ $10 __ $5,000 __ $2,500 __ $1,000 __ $500 __ $250 __ $100
  __ $50 __ $25 Other $________

Gift will be matched by ________________________________
(Company/Family/Foundation). ____ form enclosed ____ form will be forwarded

____ I (we) wish to have our gift remain anonymous.

<table>
<thead>
<tr>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
</tr>
</tbody>
</table>

Please make checks, corporate matches, or other gifts payable to:
China Labor Watch, 147 W. 35th St., STE 406, New York, NY 10001