

**Hong Kong Listed Enterprises in the 1st Quarter 2008
Report on Sweatshops in Mainland China**

The exploitation of Chinese workers of Nine Dragons Paper owned by the 'richest woman' Zhang Yin and the poor working conditions of four other HK-invested enterprises

—— **CHINA LABOUR LAW is not negligible!**



**Students and Scholars Against Corporate Misbehavior
(SACOM)**

The Student Union of The Hong Kong Baptist University

The Student Union of The Chinese University of Hong Kong

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V) Details of the working conditions of the five investigated Hong Kong-invested enterprises

6.1 Report on the working conditions of Nine Dragons Paper -- How does the 'richest woman' Zhang Yin exploit the workers?

A) Background

Nine Dragons Papers (Holdings) Limited was listed in Hong Kong in 2006, with a peak market value of nearly 100 billion HK dollars. The company is engaged in the manufacturing of packing paper. Its products include cardboards, high-strength corrugated core paper and white coated paperboards. It also produces natural colour wood pulp. Nine Dragons Paper has two production facilities in mainland China, one in Dongguan City, Guangdong Province and the other in Taicang City, Jiangsu Province, employing 9,000 and 6,000 workers respectively. The company is building its third and fourth production bases in Chongqing and Tianjin. Nine Dragons Paper is so far the biggest papermaker in China, the second in Asia and the eighth in the world in paper manufacturing.

In 2006, the corporate chair Ms Zhang Yin was ranked as the 'first richest woman of China' in the Hurun Top 100 Rich List. She is also a member of National Committee of the Chinese People's Political Consultative Conference (CPPCC). In the past few months, Zhang has been very high sounding in attacking the national policy for labour protection. She explicitly stated that "from the perspective of development, a country will not become strong and affluent if the disparity between the rich and the poor does not exist,"¹ "if the law over protects the labour, an enterprise can hardly operate"². Recently, she made strong critique at the legislation of the Labour Contract Law, saying that "signing labour contracts without a fixed term proposed in the new Labour Contract Law is equal to the iron rice-bowl policy during the age of planned economy. It brings pressure on both the capitalist and the unskilled labourers."³ At the earlier National People's Congress and the CPC National Congress, Zhang, as a member of the National People's Consultative Conference, made a motion to remove the core provisions of the Labour Contract Law – labour contract without a fixed term.

According to the interviewed workers at the Dongguan factory, on 13 December 2007, about 2,000 workers⁴ of the stockyard department went on strike for three days because the factory management deducted their wages in September,

1 Tencent, March 2, 2008, <http://news.qq.com/a/20080302/001877.htm>

2 Worldbydata. com, December 14, 2007, <http://news.worldbydata.com/zxnewview-26540.htm>

3 cn.chinareviewnews.com, March 2, 2008, <http://www.chinareviewnews.com/doc/1005/8/1/3/100581306.html?coluid=10&kindid=253&docid=100581306&mdate=0302092650>

4 Nine Dragons Paper stated that only 600 workers took part in the strike, but the interviewed workers told that there were 2,000 workers exactly involved.

October and November, forced them to sign a labour contract with a labour dispatching company at a low wage level and wrote off their years of employment (the wage offered by the new contract signed with the labour dispatching firm is only 960 yuan per month⁵, much lower than 1,500-1,700 yuan per month in the past). The workers caused a traffic stoppage by blocking the highway in front of the factory. Besides, the workers of the Taicang factory told that, at the end of 2007, about 500 workers from the raw materials department organised a strike for four days against the company's arrangements of labour contracts. The two strikes were not triggered by the new Labour Contract Law but instead caused by the factory management's illegal move of clearing out the workers' employment year record and withholding or deducing their wages unreasonably.

B) Employment conditions

1) Nine Dragons Dongguan Factory:

The Dongguan Factory has approximately 9,000 workers, in which 90% are men. Before 2008, about 3,500 of them were long-term 'causal workers' employed in the Raw Materials Department. However, such department was mainly for producing and supplying raw paper materials, which was important and essential to the whole production process. Obviously, it was not a 'temporary' or 'auxiliary' department.

◆ Details of the strike at the Dongguan Factory in December 2007

The press release⁶ issued by the Nine Dragons Paper following the strike stated, "About several hundred causal workers took part in the strike yesterday morning. The incident resulted from a former rumour that Nine Dragons Paper would reduce the wages of the causal workers and even that the causal workers would be dismissed. It was a result of misrepresentation and misunderstanding." However, the interviewed workers told another story.

Many interviewed workers told that the 'causal workers' in the Raw Materials Department had their wages deducted by 200 yuan in last September and 500 yuan in October, which turned out 700 yuan in total. In addition, the foremen were demoted to being production line workers. The interviewed workers thought that since the Labour Contract Law was about to take effect, the factory management was thus planning to turn most of the workers into 'dispatch workers' in order to evade the Labour Contract Law's regulations on corporate employment. The factory management therefore forced the workers to resign themselves by tactics of cutting their wages month by month and demoting them. By this way, the company can avoid paying severance to dismissed workers. Since November, the factory has been asking the 'causal workers' to sign contracts with the labour dispatching agency. However, according to the contract offered by the agent

5 Renminbi, same as below

6 Newsletter issued by Nine Dragons through its PR company on December 14, 2007, <http://www.ndpaper.com/gb/media/press/p071214.pdf>

company, the monthly wage of the workers was only 960 yuan, accounting for 40% less than the 1,500-1,700 yuan in the regular labour contract of Nine Dragons Paper. The workers were greatly dissatisfied with the arrangement. On 13 December, the entire causal workers (over 2,000) led by the foremen went on strike and blocked the access to the road in front of the factory's main gate for three straight days.

◆ **Refusal to establish fixed-term labour relations with the workers in order to evade its employer's responsibility**

After the December strike, all new employees of the Raw Materials Department (known as 'auxiliary workers') were recruited under a one-year contract signed with a number of labour recruitment agencies including the 'South China Human Resources Market' and 'Guangzhou Red Sea Labour Dispatch Service Company'. As such, those working in the Raw Materials Department of the Nine Dragons Dongguan Factory became 'auxiliary workers' under dispatch labour contracts; they were not regarded as the 'formal workers'. Since the 'auxiliary workers' did not have formal contracts with Nine Dragons, they were thus denied dormitory residence and annual paid leave (they were subject to 365 work days without leave throughout the year). However, the management over these 'auxiliary workers' was still at the hands of Nine Dragons – salaries were made by Nine Dragon and the factory had the rights to deduct fines from the wages of the 'auxiliary workers'. The 'auxiliary workers' were paid less than the 'formal workers': a male auxiliary worker had only 1,400-1,500 yuan per month and a women auxiliary worker had 1,300-1,400 yuan.

The Nine Dragons Dongguan Factory employed a great number of 'dispatch labourers' for their Raw Materials Department on a long-term and regular basis in the name of 'auxiliary workers'. Nine Dragons blatantly refused to establish fixed-term labour relations with the workers in order to evade its employer's responsibility.

For a long period of time, the 'auxiliary workers' at the Raw Materials Department were causal workers not recognised as formal workers by the factory. According to some workers of the Dongguan Factory, the dispatch or auxiliary workers are long-term causal workers unlike their formal fellows in other departments. Ever since these jobs were created, the factory did not abide by the law and did not sign labour contracts with the workers. The factory did not provide the workers with any work injury insurance, retirement insurance or any benefits enjoyed by the formal workers. For example, the workers were not allowed to dwell in the factory dormitories; they were not entitled to any subsidies, two days-off in a week, statutory holidays and overtime pay. A worker from the Raw Materials Department told us that there were only two days-off in the Chinese New Year and they worked 363 days throughout the year 2007.

'Auxiliary workers' are even divided into two types: one includes those required to pass a physical examination upon entry into the factory, while the other includes those not required to – they are mainly those who take up the jobs in the worst conditions, such as 'white card sorting' female workers. The workers

who did not receive body examination at the time of entry are not allowed to eat in the canteen and they must prepare food themselves. In hot summer times, since the factory provides no proper place for workers to store their food, workers' health is always subject to adverse risk. The workers added that the factory usually employed middle-aged female workers who had experienced childbirth rather than young females for the highly dusty jobs at the Raw Materials Department so as to shirk the responsibility for workers' occupational safety and health protection. Recently, a male auxiliary worker who had worked as a 'casual worker' for ten years had the opportunity to become a regular worker at the Production Department because his supervisor thought he was 'obedient'. The auxiliary workers have to take up any dangerous job as required by the factory management without receiving any prior training on occupational safety. The workers said they were seriously worried about injury or death one day at work. A worker said, "I work for making a living. But whatever how poor I might be, I don't want to lose my life or become disabled...."

Such practice of treating auxiliary workers as 'slavery-alike people' is not only an infringement upon their rights but also a personal insult to them. This is the destiny lived by the auxiliary workers at Nine Dragons under the guise of the so-called 'freedom of employment'.



Picture: the Dongguan Nine Dragons workers put their photos of strikes onto the internet

2) Nine Dragons Taicang Factory

The Taicang Factory has about 6,000 workers in total, 2,000 out of which are employed in the Raw Materials Department. From January 1 2008, the new workers employed in the factory's Raw Materials Department all signed a one-year labour contract with 'Spark Labour Dispatch Company' in Kunshan. These 'dispatched workers' have a base salary of 850 yuan. They could receive 1,300 yuan a month inclusive of overtime pay. The dispatched labourers of the factory are also entitled to medical insurance, industrial injury medical insurance, retirement insurance and

overtime pay largely in accordance with the Labour Law. They do not work overtime in week days and would be paid by 200% of their normal wages for working on Saturdays and Sundays. But for overtime working hours arranged on statutory holidays, workers do not get paid by 300% of their normal wages as stipulated in the laws.

The monthly wage plus overtime pay of a formal worker at the Taicang Factory is about 1,800 yuan, 500 yuan higher than the dispatched workers. However, whether a formal worker or a dispatched worker, the wages are withheld for one month; in addition, no detailed pay slips are issued. The interviewed workers said that they had no clear idea about how the wages were calculated.



Picture: Warehouse of the Nine Dragons Taicang Factory

C) Job details at different departments

◆ The Raw Materials Department

This department is responsible for the supplies of raw materials. A great deal of unsanitized wastepaper imported from abroad is sorted at the Raw Materials Department. The ‘white card sorters’, for example, have to handpick and sort out the white cardboards from the waste. The workers said the Raw Materials Department was the worst in the factory. Its environment is as dusty as threshing wheat in rural farm areas. Even though the workers put on a multi-layered mask, the dust is still inhaled into their noses. The workers taking up this job are mostly piece-rate workers. According to the interviewed workers, the air was filled with dust once the non-sanitized wastepaper was unpacked, but the factory provides workers only four cotton masks per month. The workers said, “You cannot imagine how much foreign bacteria might be in the wastepaper. It is useless even if you wear a 10-layered mask!”

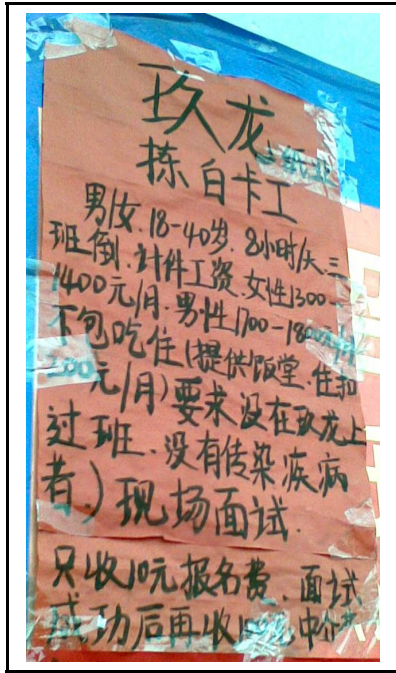
‘Facing paper removal’ is another job that the workers hate the most. The factory soaks the imported paper in water and then removes the facing layer of the paper. For this job, the workers cannot wear gloves as the soaked facing paper has to be removed by their bare hands and finger nails. As we saw, the hands of many workers were infected, inflamed or swollen after several days of soaking.

‘Stockyard’: after the driver delivers the cargo, the ‘stockyard workers’ put the cargo on a forklift and then pile it up. The ‘stockyard workers’ are vulnerable to work injury during the operation. What’s worse, if any cardboard is damaged during piling up, the workers have to compensate for 20% of each 50kg or above, or 30% for below 50kg. A roll of cardboard is worth thousands of yuan and weights thousands of kilograms. If the stockyard worker is fined, he/she will suffer an unbearable loss.

The interviewed workers said that the Raw Materials Department was always stacked with paper parcels and waste, and the workshop was a badly ventilated enclosed space with stink.



Picture: ‘Stockyard’ at the Nine Dragons Dongguan Factory



Picture: A recruitment advertisement of Nine Dragons Dongguan Factory for ‘white card sorters’ posted by an employment agency; it specifies “no prior employment experience with Nine Dragons”.

◆ Production Department

This department processes wastepaper into good paper. The major work steps are paper sorting – soaking – bleaching – pulping in steam – making base paper in paper machine – dyeing – gluing – cutting. There is no air-conditioner or fan in the upstream workshop; workers suffer from extremely heat during summer. According to the workers in this department, they only wear ordinary cloth masks which barely protect them against dust. The downstream workers are also exposed to work danger because the operations involve chemicals and hot steam.

◆ Logistics Department

The tractor-trailer drivers of this department usually travel between the trade port, the factory and the customers. Fines are often imposed on the drivers but they do not exactly know what specific rules are violated. In case of overload, they might be fined if unluckily caught by the police and have to pay the fine themselves. However, the load is determined by the factory and they are responsible for driving only. The drivers are paid 4,000-5,000 yuan a month.

◆ Packaging Department

It is an independent department. Workers are responsible for punching cardboards and pulling off scrap materials of die-cut cardboards by hand. Many workers had their hands scraped. Despite their toil, they are comparatively low paid.

◆ Infrastructure Department

This department does not sign labour contracts with the migrant workers as they sign

commercial contracts with various subcontracted construction firms. The workers neither sign labour contracts with the construction firms. Therefore, the migrant workers of this department are not protected by any labour contract. There are about 3,000 migrant workers in this department. They work 8 hours a day, without boarding and lodging benefits from the factory. They have to dwell in self-built makeshift sheds and order takeaway food (about 5 yuan per serving).

D) Frequent work injuries in Nine Dragons Dongguan Factory; work-related injury and death on the first day of Chinese New Year



Picture: A Nine Dragons worker in Dongguan Factory got injured with his hand

The interviewed workers stated that the working conditions of Nine Dragons Dongguan Factory were extremely adverse. Work injuries take place very often. There is a popular saying among workers in Nine Dragons: **“Injury happens monthly; death happens quarterly”**. The interviewed worker told the researcher, “You may be hit by a forklift vehicle at the raw materials department, or hurt by iron wires; or killed by paper making machine⁷ or a falling stuff in the production department. It is horrible!” The worker said that all the injured workers were sent to Mayong Hospital. The surgery unit and orthopedics department of the hospital are usually occupied by the Nine Dragons workers. The researchers visited the Mayong Hospital and found that each floor had two or three security guards. Visitors were not allowed to enter unless telling exactly the name of the patients to be visited, the sickroom number and the bed number. Mayong Hospital was heavily guarded, which is very much different from other hospitals in Dongguan.

According to the interviewed workers, work injury is most prevalent in the ‘stockyard’. The middle passage of the ‘stockyard’ is only wide enough for two forklifts, but the forklifts usually run fast. The workers may be hit down by the vehicles when walking through the yard. The workers revealed that many workers had been knocked down to death by forklift vehicles in the past. Moreover, since the factory often deploy the ‘auxiliary workers’ to different work stations, particularly those in lack of labour, workers have to perform the unfamiliar jobs and they receive

7 In Dongguan factory, two workers were rolled into the printing machine and dead immediately; one worker was injured. Detailed report in South City Newspaper on 25th January 2006, <http://www.paper.com.cn/news/daynews/06012502.htm>

no proper safety training beforehand. Work accidents are therefore very common⁸. The interviewed workers told us that an ‘auxiliary worker’ fell into the pulp pool when performing temporary shifts in the production department last year.

On 7 February 2007 (the first day of the Chinese New Year), workers were still working overtime at 3 am. They were moving the finished papers by crane from the second floor to the first floor. In the course of hoisting, the steel pipe of the machine was suddenly broken down due to the overload, causing the finished papers and the iron sheets of the paper containers to fall from the second floor. One male worker was squashed to death by the heavy fallings.

In mid March this year, a 26-year-old male worker of Guizhou origin was hit by the falling goods when working in the Thermal Electric Department. His right hand was fractured and was hospitalized for more than 10 days.

E) Zhang Yin’s ‘bloody fortune’ – ripping off money from work injury accident

According to Chinese laws, employers should be wholly responsible for work injury compensation. Employers should buy work injury insurance for their employees; otherwise, employers should take up the entire responsibility to pay all the cost arising from work-related accidents. However, the Nine Dragons Paper did not only violate the regulations but also **forced the workers to pay a large amount of penalty for the reason of causing work accidents.**

In the case of the work accident taken place in Nine Dragons Dongguan factory in the production department at 3 am on 7 February (the first day of Chinese New Year), the workers disclosed that the factory issued a public notice announcing that the vice factory director was fined 3,000 yuan, manager 2,000 yuan, the manager on duty 1,000 yuan while the penalty of ordinary workers was unknown. A worker who knew the inside story said, “The factory paid a little and the insurance company also paid a little for compensation. It was finally settled in this way.”

The interviewed workers said that all workers from the same department were subject to penalty if a work accident was found during the time of their shifts. The fine may range from 300 yuan to several thousand yuan. Besides, the work injured victim could also be fined too. The extent of penalty varied according to the practice of different departments. Generally speaking, for serious work accidents such as the ones causing disability and death, the ‘persons-in-charge’ (i.e. the relevant upper management staff) would be fined, excluding the injured worker. **But for minor work injury accidents, the injured worker would need to pay fines too.** The interviewed workers added that if a work injury occurred in the production department, all workers in the same shift are liable to penalty; should there be a car accident involving a death, all the drivers would be fined. A driver who has been working in the factory for more 7 years told that he had been fined for 20 or 30 times due to the incidents of work injury. Each time he had his wage deducted by 200-300 yuan.

In Nine Dragons, each shift of work consists of 20-50 workers. **If each**

⁸ Information about the work-related injuries in Nine Dragons Paper is available by searching “Nine Dragons & work injury” in the internet

worker is fined 300 yuan for each occurrence of work injury, the factory can ‘earn’ 6,000-15,000 yuan in each case. The amount of penalty will be even higher if it involves fatality.

F) Profiteering by fining workers

Date	Time	Driver ID	Reason	Penalty	
12月14日	059:19:00	659	分公司未向监控中心发信息	司机机提出警告	
	713:15:40	713	分公司未向监控中心发信息	司机机提出警告	
	721:20:20	721	分公司未向监控中心发信息	司机机提出警告	
	723:20:00	723	分公司未向监控中心发信息	司机机提出警告 (二次)	罚款 50 元
	725:20:00	725	分公司未向监控中心发信息	司机机提出警告	
	727:15:20	727	分公司未向监控中心发信息	司机机提出警告 (一次)	
	728:15:40	728	分公司未向监控中心发信息	司机机提出警告 (二次)	罚款 50 元
	731:05:00	731	分公司未向监控中心发信息	司机机提出警告 (三次)	罚款 100 元
	737:05:00	737	分公司未向监控中心发信息	司机机提出警告 (一次)	
	746:09:30	746	分公司未向监控中心发信息	司机机提出警告 (一次)	
	758:11:15	758	分公司未向监控中心发信息	司机机提出警告	
	304:11:40	304	分公司未向监控中心发信息	司机机提出警告 (二次)	罚款 50 元
	511:16:00	511	分公司未向监控中心发信息	司机机提出警告	
	515:17:20	515	分公司未向监控中心发信息	司机机提出警告 (二次)	罚款 50 元
516:18:30	516	分公司未向监控中心发信息	司机机提出警告 (一次)		
519:17:00	519	分公司未向监控中心发信息	司机机提出警告 (二次)	罚款 50 元	
604:10:30	604	分公司未向监控中心发信息	司机机提出警告		
12月15日	703:22:20	703	分公司未向监控中心发信息	司机机提出警告	
	705:16:00	705	分公司未向监控中心发信息	司机机提出警告 (二次)	罚款 50 元
	729:22:40	729	分公司未向监控中心发信息	司机机提出警告	
	734:16:00	734	分公司未向监控中心发信息	司机机提出警告 (二次)	罚款 50 元
	743:16:00	743	分公司未向监控中心发信息	司机机提出警告 (一次)	
	746:16:40	746	分公司未向监控中心发信息	司机机提出警告	
	750:16:00	750	分公司未向监控中心发信息	司机机提出警告 (一次)	
	756:17:00	756	分公司未向监控中心发信息	司机机提出警告 (二次)	罚款 50 元
	31279:17:50	31279	分公司未向监控中心发信息	司机机提出警告	
	309:19:40	309	分公司未向监控中心发信息	司机机提出警告 (二次)	罚款 50 元

Picture: The computer records in the Personnel Department indicate the fines on the drivers; 1/3 of them were fined.

Apart from the work-injury fines, the company adopts a wide range of other ‘fines’ as well. It seems that the company relies on fining as the most preferred way of management. In its ‘Employee Handbook’, there are in total 87 fines-related articles covering 15 pages of the Handbook. Despite an ordinary worker earns only 1,500-1,800 yuan per month, the fines can range from 300 yuan up to thousands of yuan. In some cases, the fines can be even as high as tens of thousands of yuan. Some of the interviewed workers said angrily, “**the factory can earn hundreds of thousands of money by simply fining workers every month!**”

Here are some of the contents of the Employee Handbook of the Dongguan Factory:

Minor offence: there are more than 40 items of ‘minor offence’ such as: not entering the factory from the east gate (one of the factory’s four gates), jumping the queue when getting on the bus, not carrying the factory card when entering the plant, littering, not wearing protective gear, being late for half an hour, forgetting to swipe the electronic card, eating food or snacks in working hours, etc. Each offence is liable to 300 yuan penalty. Having an accumulative record of violations up to six times in a year will constitute a dismissal. (For details, please refer to page 20-23 of the Employee Handbook).

Normal offence: each ‘normal offence’ is liable to a penalty of 500 yuan, in

addition to a disciplinary warning and a cancellation of the worker's bonus for the month. If a worker violates a rule for a second time, he/she will lose 1,000 yuan for penalty and will not get any salary rise for the year. For the third time of violation, the worker will get sacked. Cases of normal offence include: falling asleep in working hours or finding someone napping without giving a report, swiping the factory card for somebody else, having quarrel in the workplace, etc. A one-day absence from work will be liable to 500 yuan penalty plus a deduction of bonus; an absence for three days will be treated as quitting the job at will and no salary payment will be given (including a deduction of wage for two months). (For details, please refer to page 24 of the Employee Handbook).

Serious offence: those who commit serious offence will be dismissed immediately and will be fined for 1,000 yuan or above. Violations such as smoking in the factory will be liable to a penalty of 2,000 yuan, using cell phone will be of 1,000 yuan. Spreading rumours which cause harm to the company, instigating a work stoppage or general strike are all classified as serious offences. There are 18 articles of serious offence in the Handbook. (For details, please refer to page 24-25 of the Employee Handbook).

Since January 2008, the minimum penalty was down to 50 yuan. The factory's internal email notices showed that about 20-40 individuals were fined every day and the amount of penalty was about 50-300 yuan of each case. The construction department and the logistics department were on the top of the penalty list. For example, one driver was fined for parking his vehicle at Line No.2 instead of the Line No.1 as required by the factory. If the driver does not pay the fine, his driving license will be confiscated. For another instance, on 9 March 2008, a forklift driver was caught using computer and downloading songs when being on duty. His supervisor was blamed for 'not strictly managing the office' and both the worker and the supervisor were fined 100 yuan each.

G) Perceived violations of the Chinese labour laws and regulations by Nine Dragons Paper

The work conditions stated by the interviewed workers	Relevant labour laws and regulations
<p>1) Frequent occurrence of industrial accidents in the Dongguan plant; the interviewed workers said that they did not receive formal training on production safety.</p>	<p><i>Labour Law Article 52:</i></p> <p>The employing unit must establish and perfect the system for occupational safety and health, strictly implement the rules and standards of the State on occupational safety and health, educate laborers on occupational safety and health, prevent accidents in the process of work, and reduce occupational hazards.</p>
<p>2) ‘Auxiliary workers’ are not sufficiently trained before being assigned a new job.</p>	<p><i>Production Safety Law Article 21:</i></p> <p>The production and business operation entities shall offer education and training programs to the employees thereof regarding production safety so as to ensure that the employees have the necessary knowledge of production safety, know the relevant regulations and rules for safe production and the rules for safe operation, and master the skills for safe operation for their own positions.</p>
<p>3) Workers in the Raw Materials Department have to process the non-sterilized imported waste paper by bare hands; they are directly exposed to a heavily dusty environment and are only provided with normal cotton masks; the workers engaged in ‘removing facing paper’ soak the scrap papers into the water with bare hands. Their hands are infected and swollen.</p>	<p><i>Law on Prevention and Control of Occupational Diseases Article 20:</i></p> <p>The employer shall have effective facilities for prevention of occupational disease and shall provide individual workers with articles for prevention of occupational diseases. The articles for prevention of occupational diseases provided by the employer to individual workers shall meet the requirements for prevention and control of occupational diseases; otherwise, such articles may not be used.</p>
<p>4) The Dongguan Factory does not provide workers with personal protective equipment such as gloves, helmets, shoes and protective goggles. Workers have to buy the equipment by themselves for necessary protection.</p> <p>The auxiliary workers who are exposed to dust and chemicals do not receive any regular physical examination.</p>	<p><i>Law on Prevention and Control of Occupational Diseases Article 20:</i></p> <p>The employer shall have effective facilities for prevention of occupational disease and shall provide individual workers with articles for prevention of occupational diseases. The articles for prevention of occupational diseases provided by the employer to individual workers shall meet the requirements for prevention and control of occupational diseases; otherwise, such articles may not be used.</p>

<p>The poor ventilation facilities in the Raw Materials Department cause dust accumulation.</p> <p>The factory refused to provide pre-employment physical examination to the newly recruited auxiliary workers who are exposed to dust at work; the factory did not provide pre-employment training on occupational health and safety before admitting workers.</p> <p>The factory did not publicise the health hazards caused by dusts and chemicals to the workers.</p>	<p>Article 22: The employer of a unit where occupational disease hazards are produced shall set up bulletin boards at eye-catching places to publish the rules and regulations for prevention and control of occupational diseases, the rules for their application, emergency rescue measures in accidents caused by occupational disease hazards, and the monitoring results of the factors of occupational disease hazards at the workplace.</p> <p>Article 31: The employer shall provide the workers with pre-service training in occupational health and regular in-service training in this field, in order to popularize knowledge about occupational health, urge on them the need to abide by the laws, rules and regulations on prevention and control of occupational diseases and the rules of operation, as well as to show them the correct way of using the facilities for prevention of occupational diseases and such articles for personal use.</p> <p>Article 32: With regard to the workers who engage in operation exposed to occupational disease hazards, the employer shall, in accordance with the regulations of the public health administration department under the State Council, make arrangements for pre-service, in-service and job leaving occupational health checkups and truthfully inform the workers of the results of the checkups. The expenses for occupational health checkups shall be borne by the employer. No employer may assign to workers who have not received pre-service occupational health check-ups any jobs exposed to occupational disease hazards, nor assign to workers forbidden jobs.</p>
<p>5) The Taicang plant arranges a general physical examination every year but each worker has to pay 50 yuan as the examination fee.</p>	<p><i>Law on Prevention and Control of Occupational Diseases</i> Article 32: With regard to the workers who engage in operation exposed to occupational disease hazards, the employer shall, in accordance with the regulations of the public health administration department under the State Council, make arrangements for pre-service, in-service and job leaving occupational health checkups and truthfully inform the workers of the results of the checkups. The expenses for occupational health checkups shall be borne by the employer.</p>

<p>6) The auxiliary workers in the Dongguan factory signed labour contracts with the labour recruitment agency. But no copy of the labour contracts is available to workers.</p>	<p><i>Labour Contract Law Article 16:</i></p> <p>The employer and the employee shall each hold one copy of the labor contract.</p>
<p>7) The Dongguan factory did not sign any labour contract with the ‘auxiliary workers’ before 2008</p>	<p><i>Labour Law Article 16:</i></p> <p>A labor contract shall be concluded where a labor relationship is to be established.</p>
<p>8) Nine Dragons only signed one-year term contracts with the dispatched workers.</p>	<p><i>Labour Contract Law Article 58:</i></p> <p>The employment contracts between staffing firms and the Employees to be placed shall be fixed term employment contracts with a term of not less than two years.</p>
<p>9) Ordinary workers at the Taicang plant and the auxiliary workers at the Dongguan plant do not get paid for overtime working hours arranged on statutory holidays, while the management staff are paid only two times of their normal wages. Temporary workers do not have any overtime pay.</p>	<p><i>Labour Law Article 44:</i></p> <p>The employing unit shall, according to the following standards, pay laborers remunerations higher than those for normal working hours under any of the following circumstances:</p> <p>(1) to pay no less than 150 per cent of the normal wages if the extension of working hours is arranged;</p> <p>(2) to pay no less than 200 per cent of the normal wages if the extended hours are arranged on days of rest and no deferred rest can be taken; and</p> <p>(3) to pay no less than 300 per cent of the normal wages if the extended hours are arranged on statutory holidays.</p>
<p>10) The Dongguan factory withheld workers’ salaries for more than a month. For example, workers received their wages for January on 2nd March.</p>	<p><i>Labour Law Article 50:</i></p> <p>Wages shall be paid monthly to laborers themselves in cash. The wages paid to laborers shall not be deducted or delayed without justification.</p>
<p>11) The auxiliary workers at the Dongguan factory had only a two-day holiday in the Spring Festival. The working days exceeded 360 days in a year.</p>	<p><i>Labour Law Article 38:</i></p> <p>The employing unit shall guarantee that its staff and workers have at least one day off in a week</p>

<p>12) The auxiliary workers in the Dongguan factory work over 360 days a year without having any day-off.</p>	<p><i>Labour Law Article 45:</i></p> <p>Laborers who have kept working for one year and more shall be entitled to annual vacation with pay.</p>
<p>13) The Taicang factory workers were required to work for one extra hour without overtime pay every day; the workers have to show up in the department's morning meeting 30 minutes earlier, and they have to spend an additional half-hour for shift changing.</p>	<p><i>Labour Law Article 44:</i></p> <p>The employing unit shall pay no less than 150 per cent of the normal wages if the extension of working hours is arranged.</p>
<p>14) Pay slips are not issued to workers; they are not informed of the constitution of their wages. Even they inquired with the financial department, they were only told in terms of the amount of deduction.</p>	<p><i>Regulation of Guangdong Province on the Payment of Wages</i></p> <p>Article 7: An employing entity shall establish its system on the rules of wages according to law, and make it known to all the employees thereof in written form.</p> <p>Article 17: When an employing entity pays wages, it shall provide lists of wages to the employees themselves. An employee has the right to consult and verify his list for payment of wages.</p>
<p>15) Workers are fined very often. For minor disciplinary offense, the penalty will be 300 yuan.</p>	<p><i>Regulations of Jiangsu Province on Wage Payment Article 12:</i></p> <p>Where the employing unit needs to deduct the laborer's wages for compensation of economic loss he has caused to the unit in accordance with the terms agreed upon in the labor contract or the rules and regulations lawfully set up by the unit, the amount deducted from the laborer's wages of the very month by the employing unit shall not be more than 20% of the wages payable to the laborer for the very month.</p>
<p>16) Hepatitis B discrimination – the factory refused to employ the Hepatitis B carriers.</p>	<p><i>Employment Promotion Law Article 30:</i></p> <p>When an employer recruits employees, it shall not refuse to recruit any person under the excuse that he is a carrier of an infectious disease.</p>

H) Other unreasonable labour practices

- ◆ **Employees are prohibited from talking about wages:** In Nine Dragons factories, workers are not allowed to talk about their wages; in other words, wages are treated as ‘the secret of the company’. There are such rules stated in the Nine Dragons Dongguan Factory’s Employee Handbook: “Revealing one’s salary to others is strictly prohibited. Enquiring from each other or comparing salary are not allowed. Enquiring from the personnel department about wages is not allowed. Any attempt to seek others’ wages by improper means is not allowed. Except the staff in the personnel department or factory auditors, all workers are not allowed to take part in any obtaining of the company’s information, or break the confidential system. Whoever breaks the regulations will be dismissed.” As such, workers are denied a chance to compare wages from their fellows and they cannot check if they are paid identically for the same jobs.
- ◆ **Discrimination against unmarried females:** The factory does not employ unmarried female workers. The interviewed workers explained that it was due to the factory’s attempt to avoid paying maternity leave.
- ◆ The rent for the dormitory is 3 yuan per square meter. A monthly rent of 120-200 yuan is paid for one single dormitory room, which is two times higher than the cost for living outside the factory.
- ◆ Each meal provided by the factory canteen costs 6-7 yuan; the price is three times higher than that of other factories in the same region.
- ◆ Nine Dragons Paper has its own power station, but it charges workers for electricity.
- ◆ Workers have to spend three hours a day for travel between the factory and the living area.
- ◆ Workers have to receive body search taken by the security guards when leaving the factory or face penalty.