



## **Students & Scholars Against Corporate Misbehavior**

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Address: Room 1204, Wing Lee Industrial Building, 54-58 Tong Mi Road, Mongkok, Kowloon, HONG KONG

To: Robert IGER, CEO, The Walt Disney Company  
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From: Jenny CHAN, Chief Coordinator, SACOM (Email: [wlchan@sacom.hk](mailto:wlchan@sacom.hk))

Date: Dec 8, 2006

### **Workers' Democratic Participation in Walt Disney's Suppliers**

Walt Disney's labor standards department liaises with some 6,000 licensees and vendors. Despite the fact that it conducted more than 40,000 audits since 1996, Students and Scholars against Corporate Misbehavior (SACOM) revealed the deep-rooted, systemic sweatshop conditions in Disney's 4 supplier plants in Shenzhen, Dongguan, and Zhongshan cities of the Pearl River Delta in southern China during the summer 2005.

#### **a. Nord Race Paper International Limited**

Address: Nord Race Industrial Park, Xincheng Road, Qiaotou Town, Dongguan City, Guangdong Province, China

Tel: 86 – 769 – 334 3998 (7 lines)

Fax: 86 – 769 – 334 1998

Website: [www.nordrace.com.cn](http://www.nordrace.com.cn)

Email: [info@nordrace.com.cn](mailto:info@nordrace.com.cn)

#### **b. Lam Sun Plastic Products Co. Ltd.**

Address: Songbotang Area, Changping Town, Dongguan City, Guangdong Province, China

Tel: 86 – 769 – 399 6222 (16 lines)

Fax: 86 – 769 – 339 0433

Website: [www.lamsun.com](http://www.lamsun.com)

Email: [lamsun@lamsun.com](mailto:lamsun@lamsun.com)

#### **c. Hung Hing Printing (Shenzhen) Company Limited**

Address: Hung Hing Industrial Park, Fuyong Town, Shenzhen City, Guangdong Province, China

Tel: 86 – 755 – 2739 2288

Fax: 86 – 755 – 2739 6373 / 6375

Website: [www.hhop.com.hk](http://www.hhop.com.hk)

Email: [info@hhop.com.hk](mailto:info@hhop.com.hk)

#### **d. Hung Hing Printing and Packaging (Zhongshan) Company Limited**

Address: Yi Xian Industrial Zone, Zhongshan Gang Region, Zhongshan City, Guangdong Province, China

Tel: 86 – 760 – 559 7288

Fax: 86 – 760 – 559 7882

Website: [www.hhop.com.hk](http://www.hhop.com.hk)

Email: [zshh@pub.zhongshan.gd.cn](mailto:zshh@pub.zhongshan.gd.cn)



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The major findings of SACOM's 32-page research report, "*Looking for Mickey Mouse's Conscience – A Survey of the Working Conditions of Disney's Supplier Factories in China*" (August 2005; downloadable from [www.sacom.hk](http://www.sacom.hk)), were first highlighted in joint press conferences in Hong Kong and New York City (together with the National Labor Committee) and are summarized below:

1. **High Occurrence of Occupational Injuries and Accidents:** Workplace accidents (in the electrical department and the cutting machines department) resulting in injuries in which workers with crushed fingers and maimed limbs are frequent. There are workers who report that serious work injuries are almost a daily occurrence (at Hung Hing printing factory – one of the 30 factories to have experienced the greatest number of work related accidents in 2004 in the industrial district in Shenzhen). The accidents are associated with unsafe and dangerous machinery, not the workers' carelessness. There are two noteworthy points: first, no safety and health training is provided for the workers. Second, most of the injured workers are forced to pay for their hospital expenses themselves. The 1998 regulations governing occupational injuries and insurance for Guangdong province, however, stipulate that the management have to pay for the medical expenses of workers, including basic food and lodging expenses at the hospital.
2. **Violations of Women Workers' Rights:** Regarding maternity leave, the management nominally claims that workers have the right to 90 paid days off. However, according to workers, the reality is that women workers do not have days off after becoming pregnant. Most pregnant workers are not able to endure the long hours of overtime and are forced to resign from work and return home.
3. **Wages well below the Local Legal Minimum:** Under the extreme exploitation of the factories' system of fines and illegally low overtime wages, the workers only earn from 400 to 700 yuan (approximately 50 to 87.5 USD) in monthly wages. Workers are often not compensated for their overtime hours. For example, workers (at Hung Hing in Shenzhen) are pressured to arrive at the factory a half hour early for work and leave a half hour late, but this extra hour of work is without pay. While the legal hourly wage should be 3.43 yuan in Dongguan, the workers (at Nord Race) received only 2.69 yuan, regardless of whether they worked overtime (in accordance with the labor law, workers should be paid 1.5 times the normal wages on weekdays, 2 times on weekends, and 3 times on statutory holidays).
4. **Nontransparent and Problematic Wage Calculations:** The management often uses the tactic promising a wage increase and then breaking that promise, leaving most workers confused about the method of calculating their wages. At other times, they use a combination of time and piece rate of payments, which is also a confusing and arbitrary system. Worse still, some workers' wage slips are withheld by the company, leaving workers without the proper evidence to militate against the abuse.



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5. **Long Working Hours:** Workers are forced to work 12 to 16 hours a day, which far exceeds the 8-hour normal level as stipulated in labor laws. The production goals or quotas are excessively high. In peak seasons, workers were forced to work all night, working continuously for 30 hours. There is oftentimes no day off for an entire week, which is a violation of law. In this way a work month lasts between 350 to 390 hours, even if the limit of overtime work should be no more than 36 hours a month.
6. **Terrible Work Environment on the Shop Floor:** The manufacturing facilities have no fans, even though they become oppressively hot in the summer. As a result, workers have been known to faint from the unbearable stifling heat of the workshops. In the gluing department, the smell of the chemicals, such as thinner, is awful. The factory fails to implement even the most basic protective measures such as providing workers with masks.
7. **Poor Living Environment:** The management provides collective dormitories for workers, with 8 to 12 people to a small room with double level bunk beds. A shared toilet also functions as a shower stall. Some dormitories lack hot water and showers, and instead workers carry buckets of water to bathe with.
8. **Horrible Food:** Workers report that even the color of the food attests to its low quality. Food at the factory canteen (at Hung Hing in Shenzhen) nevertheless costs workers 150 yuan a month. If a worker chooses not to eat at the canteen, this money is not returned to the worker.
9. **False Trails of Factory Inspection:** The management will instruct workers about the factory inspection ahead of time and reward workers who have kept up a good appearance after the inspectors have left. Those who gave a less than ideal appearance are fined. In addition, the management prepares, in advance, false documents such as wage slips and labor contracts that are in accordance with the law in order to fool inspectors from the labor bureau and the clients. For example, workers are asked to sign contracts which in fact have no meaning within the factory. Managers (at Lam Sun in Dongguan) have, on occasion, shut the majority of the workers in the dormitories during the inspections in order to prevent workers from revealing anything that could negatively affect the appearance of the factory.
10. **Restrictions of Resignation:** Although the management (at Lam Sun in Dongguan) does not take workers' identity papers from them, they withhold 45 days of wages (about 500 yuan) from workers as a security deposit. Workers who want to resign within the period of the contract have to forfeit their security deposit unless some stringent conditions set by the management are met.

As part of the research report, SACOM made an 11-minute documentary film, *Those with Justice -- A Disney Factory in China* (August 2005; jointly produced with Sweatshop Watch; downloadable from [www.sacom.hk](http://www.sacom.hk)) to visualize the collective struggles of the workers based in Shenzhen. It highlights the lives of migrant workers of the Hung Hing Printing Group Limited, a Hong Kong listed company. Supervisors curse at the workers, shouting that "they are stupid like pigs" and "their brains are full of water." Managers also force the workers to memorize and repeat



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prepared answers to any questions the auditors are likely to ask, threatening them if they refuse to comply. Demanding justice and dignity, the workers themselves drafted a complaint letter and petitioned to the management. There was, nevertheless, no answer.

Since the release of the research report and documentary film in a press conference on August 18, 2005 in Hong Kong (a press conference was also organized by the National Labor Committee on the same day in New York), SACOM with Hong Kong-based labor coalitions have participated in good faith in **4 rounds of negotiations with Jim Leung, Walt Disney Company Regional Director of International Labour Standards** (on September 3, 2005; November 17, 2005; December 12, 2005; and January 16, 2006).

At the end of January 2006, SACOM successfully nominated the Walt Disney Company for *the Public Eye Award 2006* in the category “social rights” (human and labor rights), and the organizing committee of the Switzerland-based Berne Declaration also condemned the company for its irresponsible corporate behavior. Disappointedly, there have yet to be any significant improvements.

SACOM once again calls for effective in-plant training and democratic representation of workers in Walt Disney’s suppliers in China and in other countries. We strongly demand that Walt Disney Company and its suppliers join hands, under the scrutiny of a trustworthy non-profit third party, to fulfill their corporate social responsibilities.

We demand that Walt Disney Company publish the names and addresses of its suppliers to the public. Moreover, its factory representatives need to:

- **consult SACOM and concerned labor groups to provide workers with training programs;**
- **work out a detailed timetable for participatory training;**
- **support democratic elections run by workers for the establishment of Workers’ Committees;**
- **collaborate with workers in factory monitoring for the long term.**

SACOM hopes that the conscience of Walt Disney Company will follow the growth of its profits as generated from the opening of Hong Kong Disneyland (its fifth Disney park) and its global sales of Disney products (films, TV programs, toys, gifts, jewels, clothing, children’s books, stationary, etc). We, together with the factory workers in China and other countries, will never give up fighting for labor and human rights.

We now inform you that SACOM published its second investigative report on Chinese labor conditions of Disney’s 3 suppliers – *A Second Attempt at Looking for Mickey Mouse’s Conscience: A Survey of the Working Conditions of Disney’s Supplier Factories in China* – on December 8, 2006 in Hong Kong (attached please find the 31-page full report for your reference).



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**Disney 2<sup>nd</sup> Round Action in December 2006 – Strategic Partners of SACOM:**

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We sincerely wish that you, **Robert Iger, the CEO of the Walt Disney Company**, will take the lead in demonstrating your company’s commitment to a transparent and accountable corporate social responsibility system. We look forward to discussing with you the improvement of labor conditions in Disney supplier factories in China and elsewhere **on or before December 22, 2006.**

Yours sincerely,  
*Jenny Chan*

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