

Exploitations of Toy Factory Workers at the bottom of the Global Supply Chain



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Executive Summary

Amidst the global financial crisis, the manufacturing industry in China faces a tough time. The toy industry in China, which is export-oriented, is disproportionately affected. It is foreseeable that toy workers who are at the bottom of the global supply chain are most vulnerable. This report aims to outline the situation of toy workers in China in the aftermath of the financial crises by looking at the relationship between the brand companies and the manufacturers in depth. To have a better understanding about the working conditions of workers, the investigated two factories in Southern China, Tianyu Toys Factory and Wai Shing Factory.

The two Hong Kong operated factories, Tianyu Toys Factory and Wai Shing Factory, have undergone the International Council of Toy Industries' (ICTI) CARE Process, which signifies both of them agree with the industry's Code of Conduct standards and pledge to adhere to them. Disappointingly, in both factories, the deception of auditors was reported by workers. This raises our concern over the commitment of the two factories to the Code of Business Practices, as well as to the effectiveness of the mechanism itself.

The following are the key findings in the report.

Contract

In both factories, workers are never given copies of the employment contract.

Working Hours and Overtime

Workers in both factories have to work overtime for 3-6 hours per day, which exceeds the ceiling of 3-hour per day and 36-hour per month as stipulated by the law. Excessive and forced overtime is intolerable in Tianyu Toys Factory. A worker claimed that she was forced to work for 28 hours continuously. Even worse, some of the overtime work remains unpaid.

Wage and Overtime Premium

Wage stubs provide the workers with their working records every month, displaying a clear break down of all parts of the monthly salary. It should include information on the hours worked, the basic wage, overtime remuneration, deductions for food and accommodation etc. While wage stubs are provided to workers at Wai Shing Factory, workers at Tianyu Toys Factory do not receive wage stubs. Workers at Tianyu Toys Factory even criticize the wage system as arbitrary. Moreover, to discourage workers from resigning, Tianyu Toys Factory withholds the wage of workers for up to 45 days.

Health and Safety

Violations in relation to health and safety are obvious in both factories. Both factories do not

provide health examination for workers upon employment, and no pre-post occupational health training is delivered. Moreover, personal protective equipment is inadequate or even absent. As such, workers are at risk of occupational disease or work-related injury.

Social Insurances

Social insurances primarily include pension, medical insurance and work-related injury insurance. Employers have inescapable responsibilities to contribute to the social insurances in the light of domestic laws. The two factories are reluctant to cover workers in the social insurance scheme.

Food and Accommodation

Hygiene in dormitory is a major concern of workers. Cockroaches were found in Tianyu Toys dormitories, and workers at Wai Shing Factory suffer from allergy.

Worker Union

Wai Shing Factory workers point out that the worker's union is not formed by democratic election, and exists in name only. Meanwhile, workers at Tianyu Toys Factory are not aware of a worker's union.

Deception in Audit

Workers in both factories are asked to wear the whole set of personal protective equipment only when there is a factory audit. Even worse, workers at the two factories are forced to give falsified answers to audit firms. If answers are unsatisfactory, they are punished and fined by the management.

In response to continued advocacy from NGOs, the ICTI CARE Process was launched to monitor the implementation of the industry code. Applicants of the CARE Process receive certification from ICTI after successful auditing. If minor violations are recorded, probationary status will be given. The two investigated factories are examples of factories with probationary status¹. To some extent, the process is able to detect non-compliance to the code in the factories. However, low transparency is a major pitfall in the system. Moreover, the absence of voices of workers and NGOs must be addressed. In the long run, workers must be empowered through labour law training and the establishment of a system of labour representation in their factories.

Responsibility of brand name companies

Brand companies have indispensable responsibilities for the predicaments of workers. On the one hand, brand companies issue codes of conduct to press manufacturers to respect worker rights. On the other hand, small quantity orders with short delivery times and low prices inevitably push factories to shift the burden to workers. For this reason, brand companies, first and foremost, must

¹ During the investigation, Tianyu Toys Factory was on probationary status in the ICTI CARE Process. In September 2009, it was officially certified by ICTI.

radically reform their purchasing practice, which we consider unethical and not sustainable.

Furthermore, when hardships of workers at Chinese suppliers, which are caused by the order policy of brand name companies, are exposed to the public, some companies simply terminate their relationship with the respective supplier in order to evade criticism and a loss of reputation, This unacceptable strategy is called “cut and run”. As a result, the abandoned suppliers may have to close down. So eventually it is again the workers who suffer most. Having knowledge of a number of precedents , we demand that the brand companies take measures to assist suppliers to comply with the local labour laws, as well as their codes of conduct and ICTI’s code.

A Broader Picture of Toy Production in China

China is the largest toy producer and exporter in the world. The toy manufacturing clusters in Guangdong province account for 70% of the industry's output.² As the toy industry is export-oriented, this implies that it was deeply hit by the financial crisis as external demand shrinks significantly.

Features of the toy industry in China

The global toy supply chain includes retailers, brand name owners, trans-national toy manufactures, and sub-contracting toy manufactures.³ In this chain, profits are unevenly distributed. While the brand name owners receive the lion's share as they excel in the design, development and distribution, the manufacturers in China are at the lowest end of the production and only have a very low profit margin. As such there are always calls amongst Chinese toy manufacturers to further develop the internal Chinese market and Chinese brands to get out of the exploitative situation in the global supply chain.

Global supply chain in toy industry



Source: *How Hasbro, McDonald's, Mattel and Disney Manufacture Their Goods*, Hong Kong Christian Industrial Committee

Even prior to the economic crisis, compared to other industries, net profits of the toy industry were relatively low. Some manufactures complained that their net profit was as low as 2-3%.⁴ The strike of the crisis to the industry differs: While some manufactures refuse orders from international buyers without profit, some factories accept and produce only to retain good relationships with the buyers.⁵ This can be explained by influential players in the supply chain, such as Mattel, Hasbro, Disney and Lego, who have a very strong bargaining power over manufacturers in pricing as well

² 'Nearly 1,000 toy exporters shut down in S China in 2008', *China Daily*, 17 January 2009.

³ *How Hasbro, McDonald's, Mattel and Disney Manufacture Their Goods*, p.10.

⁴ 'Harsh Time of Toy Industry (玩具業轉折時刻)', *China Business News (第一財經日報)*, 1 November 2007. (Chinese)

⁵ Cheung Man Man, Tang Chuen Hang (張聞文, 鄧傳鏘), 'World Factory is Revitalizing, Worry about Production Cost Soar Remains (世界工廠再現生機, 成本急升隱憂仍在)', *Hong Kong Economic Journal (信報)*, 10 August 2009. (Chinese)

as regarding delivery time. Eventually, it is the workers who suffer from low wages, long working hours, job insecurity, health hazards, and so on.

On the top of low or no profit margins, the industry is characterized by a high seasonality, job insecurity, and poor production safety. As brand companies aim to have their product as innovative as possible, they tend to compress the delivery time as much as possible. Even cases with only two weeks delivery time were reported in the past. Hence, workers have to work overtime frequently. Also, job security of workers is in limbo as some of the workers are laid off in low season, or factories hire more workers only for the peak season. Moreover, some workers in toy production are exposed to chemicals every day. The majority of them is not informed about the harms of the chemicals and they have never been trained on occupational safety in handling the chemicals concerned.

When projecting the development of the toy industry, manufacturers always point out to the appreciation of the RMB, the rise of the costs for raw materials, and the high costs to adhere to safety standards as reasons that hinder their development. Additionally, they always blame the Chinese Labour Contract Law for increases in their production cost. Many provisions in the Labour Contract Law, which came into force in 2008 had already been stipulated in the 1994 Labour Law. Thus, this directly shows that firms have not been strictly adhering to the minimal legal standards in the meantime. As such, it is necessary to monitor the implementation and compliance to the labour laws in the financial crisis.

Impact of global financial crisis

The Vice Executive of the Toy Association in Guangdong, Mr. Li Zhuo Ming, criticized that especially during critical times like the financial crisis, international buyers try to press down prices even further.⁶ Many toy factories can hardly survive.

The wave of closures of toy factories in Southern China did not come as a surprise in the global financial crisis. Even though it was expected that most of the industries and sectors would inevitably be struck by the financial crisis, toy industry which deeply relies on exports is disproportionately influenced by the crisis (Table 1). The Customs office in China indicated that there were 8,610 factories producing and exporting toys in the beginning of 2008, but only 4,388 remained by the end of 2008.⁷ While some commentators argued those factories closed down were only small factories, the bankruptcy of a Hong Kong-listed toy company, Smart Union, with a workforce of 7,000 workers finally rang the alarm of the industry in general.

⁶ Wu Yang (鄔陽), 'Breakthrough of OEM in Toy Industry: Toys in China should be reformed (玩具業 OEM 突圍: "中國製造"轉型樣本)', *21st Century Business Herald (21 世紀經濟報道)*, 16 February 2009. (Chinese)

⁷ Jane Macartney, 'Half of China's toy factories close after exports slump', *The Times (UK)*, 10 February 2009.

Some of the manufacturers claim that the toy industry is already reviving after the massive closure of the plants. According to the Statistics Bureau in Guangdong Province, from January to July 2009, toy exports reached US\$ 2.56 billion. The export in July alone accounted for USD 0.6 billion.⁸ Meanwhile, some manufacturers are not optimistic about the developments of the industry. Some manufactures observe that order quantities remain small and delivery times also remain short.

Table 1: Fall Export in Different Industries in the first half year of 2009⁹

Industry	Percentage dropped
Clothing and accessories	- 8.5
Toys	- 14.3
Plastic goods	- 7.1
Mechanical and electronics products	-21.2

Source: Ministry of Industry and Information Technology, China

To tackle the hardship of the industry, Mr. Stanley Lau, Deputy Chairman of the Federation of Hong Kong Industries, encourages corporations to outsource some of the labour intensive tasks in order to cut down the cost.¹⁰ If this strategy is adopted, this will further jeopardize the job security of workers in the industrial sector as a whole.

ICTI and its industrial code

As illustrated by Mr. Stanley Lau’s suggestion, workers are always the scapegoats whenever enterprises face difficulties. To protect the rights and interests of vulnerable workers, a set of standards should be strictly applied. In toy industry, three standards exist: There are local labour laws, the Code of Business Practices of ICTI, and the codes of conduct of the brand companies.

What is ICTI?

ICTI is the International Council of Toy Industries, an association of toy companies and it was founded in 1975 with the purpose “to respond to the rapid development of safety standards in Europe and America”.¹¹ In 1995, the first ICTI Code of Business Practices was adopted. It contained first standards of industry labour practices and was the first code with common standards for a whole industry.¹² The code promises to adhere to basic workplace norms, including the

⁸ ‘Guangdong’s Toy Export Soars by 50% in July (廣東玩具出口七月勁增五成)’, *Sing Tao Daily (星島日報)*, 27 August 2009 (Chinese).

⁹ Import and export in fist half year of 2009, Ministry of Industry and Information Technology of China, <http://www.miit.gov.cn/n11293472/n11293832/n11294132/n11302706/12475233.html> (accessed on 25 August 2009).

¹⁰ ‘World Factory is Revitalizing, Worry about Production Cost Soar Remains (世界工廠再現生機，成本急升隱憂仍在)’, 10 August 2009. (Chinese)

¹¹ History, International Council of Toy Industries, <http://www.toy-icti.org/about/history.html>. (accessed on 13 August 2009)

¹² Reinhard Biedermann: ‘From a Weak Letter of Intent to Prevalence: the toy industries’ code of conduct’, *Journal of Public Affairs*, 2006, p. 199.

standards of local laws on working hours, wage and overtime payment; prohibition of child labour and forced labour; the rights of employee representation in accordance with local laws; safe working conditions, provision of medical assistance, safety equipment, and adequate sanitary facilities. Nonetheless, it is worrying to see that these pledges are not obligatory for ICTI's members, but only an encouragement to adherence. And it were ICTI's members who evaluated their own facilities.¹³ To enhance the effectiveness and credibility of ICTI's code, a worldwide auditing process by independent firms known as the CARE (Caring, Awareness, Responsible, Ethical) Process, was adopted in 2002.

Some believe that the adoption of ICTI's code can help brand companies to fill the governance gap in their supply chain.¹⁴ But doubts over the effectiveness of the code in improving workers' rights remain. Firstly, to make the industry code meaningful, its standards should be above the minimum standard of the law. Most of the standards demanded by the Code do not seem to be higher than legal minimum standards. There are some exceptions that are not covered by the law as e.g. standards on dormitory furnishings. Secondly, ICTI does not publicize the audit reports of factories which have undergone the audit process. As a result, it is impossible for workers and NGOs to verify the facts in the report.

It might seem that the manufacturers, who directly employ the workers, should be blamed for the violations of laws and workers' rights, but brand companies are just as responsible to improve working conditions in the industry. Brand companies often shield themselves with their codes of conduct and blame the suppliers for non-compliance with local laws and codes. Even worse, a strategy known as 'cut and run' has been used by brand name companies to deny their responsibilities. 'Cut and run' means that as soon as brands are associated with cases of human and worker's rights violations in their supply chain, they deny their responsibility, cut all relations with the manufacturer to show they don't want to work with such factories and run to another factory. For as long as brand name companies place orders at unsustainably low prices and with unrealistically short delivery times, their commitment to their codes of conduct can only be judged as rhetoric. In a nutshell, the buying practices of international brand companies must change to allow for a real improvement in working conditions of toy workers in China, as well as in other countries.

¹³ ICTI: Code of Business Practices, <http://www.toy-icti.org/info/codeofbusinesspractices.html>. (accessed on 14 August 2009).

¹⁴ Reinhard Biedermann: 'From a Weak Letter of Intent to Prevalence: the toy industries' code of conduct', p. 207.

Methodology

To have a more concrete understanding of working conditions in toy industry in China, the authors surveyed two factories in Guangdong Province, namely Tianyu Toys Factory and Wai Shing Factory. Both factories have undergone the ICTI CARE Process and are funded by Hong Kong capital.

Investigations were conducted in different periods in the two factories. The authors researched workers' conditions at Tianyu Toys Factory from March to May 2009, which marked the low season in the factory. The investigation in Wai Shing Factory was conducted between July and August 2009. Researchers approached the workers nearby the factories during breaks or off-work time. About 40 workers from various departments in the 2 factories were interviewed. Open (interview) questions were asked in order to build up an interviewee-friendly atmosphere. Also, it helps to encourage interviewees to give more precise descriptions of their working conditions. Most of the findings in this report are based on information drawn from individual interviews, some of the findings stem from observations of the researchers. Names, age, hometown and other personal information of workers are not disclosed to avoid retaliation from the management or any other adverse consequences.

Most of the pictures in this report were taken by workers with their mobile phones in the 2 factories while some of them are downloaded from the official websites of the factories concerned.

For the appraisal of the working conditions in the two factories, local labour laws are taken as primary standards. Code of conducts of brand name companies are also used as benchmarks to examine the conditions in the two factories.

The authors argue that due to the fact that investigations at Tianyu Toys were not conducted during peak production season of the industry, which starts in July, the findings at Tianyu Toys may not yet reveal the most serious violations when the factories are under pressure of just-in-time delivery.

Findings at Tianyu Toys Factory

Profile of factory

Factory 1: Tianyu Toys, Dongguan

Address:	Huaxing Industrial District, Tianxin Village, Qiaotou Town, Dongguan City, Guangdong Province, China
Tel:	86 – 769 – 8342 6309 or 86 – 769 – 8821 6503
Fax:	86 – 769 – 8345 9721
Email:	tianyu@dgtianyu.cn
Workforce:	6,000 plus (only 618 according to information provided on ICTI’s website)
Products:	plush toys, stuffed toys, plastic toys and other accessories



Entrance of Tianyu Toys Factory

Tianyu Toys supplies various multinational corporations, including Disney (Japan), Coca-Cola, TESCO and Tomy. It owns 4 factories and employs 6,000 workers. However, on the ICTI CARE Process, only 618 employees are recorded.¹⁵ Tianyu Toys has been participating in the ICTI Care process since 2005. At the time the research was conducted, it was listed to have probationary status in the ICTI Care Process. .

¹⁵ ICP Factory Database, ICTI Care Foundation, <http://www.icti-care.org/databases/seal-of-compliance.html>? (accessed on 24 August 2009).

In October 2007, SACOM issued a report named “Tianyu Toys Brings you Winnie the Pooh”¹⁶, which underscored the problems of long working hours, illegal underpayment and cheating in factory audit. Between March and May 2009, the authors conducted another investigation in one of the factories of Tianyu Toys, Factory 1. Around 75% workers in Factory 1 are female workers. Disney and KFC are the key clients of the factory. The findings are based on observations around the factories, as well as on interviews of workers. In the research, 20 workers were interviewed.

Compliance Search Results:

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Factory	Seal Number	Employees	Location	Status
Dongguan TianYu Toys Co., Ltd.	C0190	618	Dong Guan City, Guan Dong CHN	On Probation
Toy category: Contact factory for details. Factory Processes: Contact factory for details. Qiao Tou Town, Dong Guan City, Guan Dong, CHN Phone: (86...				Expiry Date: Sep 16 2009

Registrants/Applicants Search Results:

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As of August 2009, Tianyu Toys was listed to have probationary status in the ICTI CARE Process.

Since Sept. 16, 2009, Tianyu Toys is listed as certified.

Source: ICTI

Contract

It is not unusual that employers deny any employment relationship with workers in the midst of labour disputes. Therefore labour contracts are of utmost importance in defending the rights of workers. Equally important, employees are entitled to have a copy of the contract to know the content and their rights. The 1994 China Labour Law stipulates that “labour contracts shall be concluded if labour relationships are to be established” (Article 16). The Labour Contract Law, effective as of 1 January 2008, reaffirms the same requirement in article 10 and further provides that “the employer and the employee shall each hold one copy of the labor contract” (Article 16).

Even though the factory asks workers to sign contracts to avoid penalties under the Labour Contract Law, none of the workers interviewed were given a copy. An interviewee recalled his experience of when requesting a contract copy, the management responded that the contract was sent to the Labour Department for approval. However, some workers who have been working in the factory for 3 years revealed that they never got copies of the contract. Apparently, this is an infringement of Article 16 of the Labour Contract Law. Another worker explained that while signing the contract, he had made a mistake and requested to correct it, but management ignored the request and collected the contract with the wrong information. It is also suspicious that even though the workers are asked to sign two copies of the contract, the factory does not provide the workers with a copy, but tells them instead that both copies will be sent to the labour department as proof that the factory

¹⁶ Students & Scholars Against Corporate Misbehaviour , “Tianyu Toys Brings you Winnie the Pooh”, October 2007. <http://sacom.hk/wp-content/uploads/2008/07/tianyu-toys-disney-oct2007-sacom.pdf>

complies with the Labour Contract Law. At the end of the day, workers are not given a copy of the contract. Without knowing the rights concluded in the contract, workers are at risk of being manipulated by the management.

Working Hours and Overtime

Excessive Overtime

Workers work from 8:00 to 20:00, with 2 hours break for lunch and dinner in between (Table 2). The regular working hours are 40 hours per week: 7 hours on weekdays and 5 hours on either Saturday or Sunday. Hence, workers do 3 hours overtime regularly every day. In peak season, workers reported that they are obliged to work overtime for up to 4 hours a day. Compared to SACOM’s report in October 2007 which documented workers were forced to work up to 12-15 hours a day on 6-7 days a week, it seems that there is notable improvement in excessive and forced overtime. Nevertheless, the work schedule still falls short of adhering to the standard of article 41 of Labour Law, which limits overtime to not more than 36 hours a month. The authors fear this is not due to a general improvement of worker’s treatment, but rather to the low level of orders in low season and the on-going financial crisis.

Table 2: Work schedule and working hours at Factory 1, Tianyu Toys

Work Schedule			Working Hours
day shift	1st shift	8:00-11:00; 12:00-16:30; 17:30-20:00	7 hours (regular) +
	2nd shift	8:00-12:00; 13:00-17:30; 18:30-20:00	3 hours (overtime)
night shift	1st shift	20:00-23:00; 0:00-4:00; 5:00-8:00	7 hours (regular) +
	2nd shift	20:00-0:00; 1:00-5:00; 6:00-8:00	3 hours (overtime)

Forced Overtime

While most of the workers do 3 hours overtime a day, some workers have to work overnight occasionally. A worker from the assembly department stated that she worked overnight for 3 days in March, and the worst experience was a relentless shift of 28 hours. There is no payment for overtime work after 21:30 and workers cannot refuse to work overtime. If they do refuse, a penalty will be imposed (see section on punitive fines). This is unacceptable and a severe violation of Article 41 of the Labour Law which regulates the period for overtime work. Moreover, as Tianyu Toys is one of the suppliers of Disney, it also infringes Disney’s code of conduct which states “manufacturers will not use any forced or involuntary labor, whether prison, bonded, indentured or otherwise.”

Sometimes, workers are deployed to other lines if there is insufficient manpower there. Sadly, it is common that neither the line leader sending their workers to other lines nor the one receiving help records the overtime for workers. Therefore, workers are exploited through this transfer system. Another way to cheat is to ask workers to come to the departments concerned 15 minutes earlier to get ready and keep them 15 minutes after the end of the shift. The argument is to ensure that

workers can start to work immediately once the working hour commences. As such, each worker has to work 30 minutes without getting overtime pay.

Arbitrary Working Record

Hit by the financial crisis, workers in some of the departments were frequently asked to rest in March. This does not mean workers could really take a rest. They were obliged to work overtime for free in April to fill up the regular hours of March. Some workers complained that they had no idea how many hours they were required to compensate for the resting time in March. In principle, workers can trace the working hours of each month, including overtime, from the wage stub. However, none of the workers interviewed obtained the wage stub. In this case, workers are at risk of unpaid overtime in the factory (to be explained in the next section).



Products of Tianyu Toys Factory

Wage and Overtime Premium

Affected by the global financial crisis, orders from overseas market shrink drastically. Workers in some of the departments were asked to rest frequently during March and overtime work significantly dropped. As a result, the majority of the workers could only earn RMB 800-900 per

month. Apart from low wage, workers also complain the wage amount is arbitrary and it is difficult to resign as the factory withholds their wage for 45 days.

Without Wage Stub

On surface, it seems that Factory 1 of Tianyu Toys pays an overtime premium to workers in accordance with the labour laws. The factory states that workers will be paid 150% of their wages if there is overtime work outside the regular working hours from Monday to Saturday. In case workers are asked to work on Sunday, 200% of regular wage will be paid as overtime premium (Table 3). In reality, workers criticize the system exists on paper only as there are no clear records of working hours. Thus, workers do not know how much they will earn each month.

Table 3: Overtime premium standards of Factory 1, Tianyu Toys

	Regular	Overtime Premium
Monday-Friday	7 hours	150% of wage
Saturday	5 hours	150% of wage
Sunday	holiday	200% of wage

In accordance with Article 17 of the Regulation of Guangdong Province on the Payment of Wages, employers should give a wage stub to employees. The wage stub should clearly show the overtime remuneration. Employees are entitled to inquire about the formulation of the wage stub. However, at Tianyu Toys Factory, no wage stub is available to workers. And workers have no alternative to access their working hour records. It was mentioned that workers didn't know how many hours they had to work overtime in April so as to fill up the regular hours in March, which they were initially allowed to rest. Another example is that they cannot calculate the monthly wage for themselves as there is no record of working hours. Without a clear record system, workers are placed in a disadvantageous situation and vulnerable to cheating of management. The following shows the grievance of some workers.

“In March, I worked overtime for 2-4.5 hours everyday. I was even forced to work overnight for 3 nights, the longest working hours were up to 28 hours continuously. Nevertheless, I was only paid RMB 1,029.” criticized a worker from the assembly department that the wage system was unfair.

“This factory is really exploitative. It pays wages arbitrarily. For example, with same working hours, no matter whether you eat and stay in the factory or not, workers get the same wage at RMB 900. You better not work here.” another worker from Guangxi Province complains.

On pay day, workers line up outside the office to collect their wage. As there are big crowds of people waiting, workers can only look for their names and sign, and have no opportunity to check their records of working hours. If there was a wage stub, the problem of unclear working time and

remuneration could be resolved.

Withholding Wages for 45 Days

Despite strong sentiments from workers, it is not easy to resign as the factory withholds the wages of workers for 45 days. This is not only unacceptable, but also illegal. Article 50 of the Labour Law stipulates that “wages shall be paid to labourers themselves in the form of currency on a monthly basis. The wages payable to labourers shall not be deducted or delayed without reason.” The Labour Contract Law of 2008 reaffirms the same requirement in Article 30.

The reason to withhold wage of workers is believed to deter workers from resigning. According to workers, during low season, workers can apply for resignation with a one-month notice. In peak season, management is usually reluctant to allow workers to resign. In order to leave the factory, some workers choose to bribe the foremen. The amounts paid range from RMB 200 to RMB 500. If workers opt to leave the factory unofficially, they will lose the wage of the current month. On top of that, they will also lose the wage of the previous one-and-a-half month as the factory withholds the wages of workers for 45 days. These problems in the resignation process evidently violate the Labour Law and Labour Contract Law, which both state that an employee is entitled to terminate their labour contract if a 30-day notification is given in advance (Article 31 of Labour Law and Article 37 of Labour Contract Law).

Health and Safety

Pre-post Occupational Health Training

Every year, 1-2 serious accidents occur in the factory. Broken palms are the most common in the plastic injection department. Fortunately, in first five months of 2009, no serious injury occurred. Even though accidents in the factory are usually not fatal, the absence of training on the job, of medical checks, and inadequate personal protective equipment pose threats to the health and safety of workers.

There are detailed requirements under the various laws in China. The Law on the Prevention and Treatment of Occupational Diseases spells out that employers should conduct occupational health training before workers take up their posts and regular trainings on occupational health, preventive measures and treatment of occupational diseases and on the correct use of protective equipment (Article 31). In the 2007 report, SACOM pinpointed the problem that no on-job safety training was organized for the workers, a problem that remains the same two years later.

Production Safety and Personal Protective Equipments

Freshly produced plastic toys often release strong odours as toxic chemicals like thinner are used in the production process. Workers in molding and plastic departments are regularly exposed to these chemicals, but usually not aware of protective measures. Only during factory inspection, all workers of the plastic department are forced to put on their masks. It is believed that the high temperatures

in the work place (without air-conditioning) are one of the reasons why workers do not use the masks. On the top of supplying personal protective equipment, such as masks, ventilation in the workplace should be improved and other measures of production safety should be enhanced.

While it is quite noisy in those departments where machines are operated, no earplugs are provided to workers. Likewise, dust is another threat to workers' health, but no mask is given to workers.

Workers in the sewing department expressed that there were lots of details in the design of the toys, and that after long working hours, their eyes would become sore. The same problem was already stated in the 2007 report.

It is common that workers hurt themselves during cutting and sewing. If a worker is injured, he/she will receive a bandage tape from the foreman and continues to work at once. Some workers who handle needles have to prepare their own protective tools to prevent injuries. After repeating the same procedure over long hours, workers who are responsible for cutting off overlaying thread said that their fingers became paralyzed, and their shoulders suffered from pain.

Blue light escapes the sterilizing equipment and heat and irritating smells are endured in the assembly and quality checking departments. It is worrying that workers' health may be threatened by radiation of the UV sterilizing equipment.

The factory is responsible to prevent occupational diseases and accidents and to provide protection for workers. The Chinese Law on the Prevention and Treatment of Occupational Diseases stipulates that “the employing work unit must adopt effective protective facilities against occupational diseases, and provide protective articles to the laborers for personal use against occupational diseases.” (Article 20) Also, Article 22 provides that the employing work unit that engenders occupational disease shall set up bulletins in visible places. These bulletins shall list these rules and regulations, and the operation rules related to the prevention and treatment of occupational diseases, the measures for emergency treatment of accidents, and the test results of harmful factors in the work place. However, the health and safety measures in the factory fall short of adhering to the standards.



Workers say that blue radiation comes out of the UV sterilizing equipment.

Health Examination

In light of Article 32 of the Law on the Prevention and Treatment of Occupational Diseases, “for the laborers that are engaged in dangerous operations, the employing work unit shall organize health examination of the laborers before they take the posts, when they are at the posts and when they leave the posts, and the employing work unit shall inform the laborers of the examination results.” Health examination is essential to the protection of workers for two reasons. First, for the early diagnosis of a disease, and secondly to prevent disputes when occupational disease is confirmed, as it is not unusual that employers deny their responsibilities.

Fire Drill

Enterprises are obliged to take measures for fire control, including fire prevention and drillings in accordance to article 16 of the Fire Protection Law. It is noted that there is a fire drill in the factory, but it is usually conducted in off-duty time. Thus, the time will not be counted as working time.

In addition to non-compliance to domestic legal standards, the absence of training on the job, lack of medical checks, and inadequate personal protective equipment also violate Disney’s code of conduct which provides that, “manufacturers will provide employees with a safe and healthy workplace in compliance with all applicable laws and regulations, ensuring at a minimum reasonable access to potable water and sanitary facilities; fire safety; and adequate lighting and ventilation.”

Social Insurance

Labour Law specifies that workers are entitled to enjoy social insurance (Article 3), and both employer and employees are obliged to contribute to social insurance (Article 72). Labour Contract Law further lays down in Article 17 that the arrangement of social security enrolment must be included in contract. At Factory 1 of Tianyu Toys, it is prevalent that workers are not covered by social insurances, including pension, medical insurance and industrial injury insurance. Only the workers of the plastic department are protected by injury insurance. The contributions to social security should be visible in wage stubs and labour contracts. Without those two documents, it is hard for workers to trace whether they are protected by social insurance in accordance with law.

Conditions in the Workplace

During summer, the temperature is very high in the factory. As opening windows is also forbidden, it is very hot in the workplace. This raises the question of safety in the factory. Fans are provided to ease the problem. In the assembly department (a dust free section), air conditioners were installed, but workers have to pay for the electricity. As each worker would have to contribute RMB 1 per day for air-condition, it is seldom in use. After a day’s work, workers clothes are as wet as if they have gone swimming.

Food and Accommodation

Food and accommodation cost RMB 138 and 72 per month respectively. Workers can choose whether to eat or/and live in the factory. The charge is deducted from their wage directly.

There are three dormitories in the factory. Each building has 5 stories and 29 rooms on each floor. While only 3 office workers share one room, 7 - 12 factory workers share a 25-square-meter-room. Hot drinking water is provided only on the second floor of each building. Bathrooms are located on each floor, but hot water is not available there. As a result, workers have to carry hot water from another floor. Other facilities include a cyber café, a restaurant, an activity room, a canteen and stores.

No bedding is provided to workers. In some of the rooms, there is no wardrobe available. As a result, it is messy in the rooms. And although there are cleaners coming to the dormitories, hygiene remains a problem. Cockroaches are often found in the rooms.

There are three dishes and rice in each meal. Yet, factory workers claimed that the better ingredients are separated for management and office workers, the remains were left for ordinary workers.



The sign on the window states that 'opening the window is prohibited'.



As no wardrobe is provided to workers in the dormitories, workers usually place their personal belongings on the upper deck of the beds.

Workers' Union

While other plants of Tianyu Toys have worker union signs displayed at the factory entrance, no worker union office is found at Factory 1 of Tianyu Toys. Workers also express that there is neither a worker union nor worker representation in the factory.

Punitive Fines

In the section of overtime, it was explained that workers are forced to do overtime at night. Even worse, overtime after 21:30 is not paid. If workers refuse to overtime, RMB 50 will be deducted from their salary.

The tricky timecard machine is a trap for fines. Workers are required to punch their timecards at noon and the machine is locked before. So even if workers are finished before noon when there are not enough orders, they cannot record their off-duty time. However, once the machine is in use at noon, workers have to wait in line to punch their timecards, they will be fined for RMB 50 for punching the card late. Moreover, if workers do not punch their cards, working hours on the day will not be counted.

Only during factory audits, workers are asked to wear the factory uniform and protective gears and equipment, such as hats and ear plugs. If workers do not comply with the order, a fine of RMB 50 will be deducted.

Receiving phone calls during working hours is prohibited. Anyone taking out their mobile phone will be fined RMB 50.



List of rules and benefits of the factory

Degrading Treatments

According to Disney's code of conduct, "manufacturers will treat each employee with dignity and respect, and will not use corporal punishment, threats of violence or other forms of physical, sexual,

psychological or verbal harassment or abuse.” In reality, workers criticize that foremen always use humiliating wordings, or even foul languages to scold them.

Meanwhile, if workers have to go to the toilet, they are required to take a “pass of absence”. Each production line is comprised of 30 workers, but there are only 2 passes for each line. The time for a toilet break must not exceed 5 minutes.

Deception during Audits

Even though deception during audits was already highlighted in the 2007 report, workers pointed out that the same tactic still prevails. In the section of punitive fines, it is mentioned that workers will be fined for RMB 50 if they do not wear their proper uniforms and protective equipment during factory inspections.. In addition, just before an audit took place in March 2009, one foreman complained to workers about the odors in the workplace: “We mustn’t allow the clients to enter a workshop with such strong odor!” This clearly reveals that management is not ignorant about the standards of the labour laws, but lacks the commitment to fulfill its obligations indeed.

Remarks

Disappointingly, one and a half year after the first report on working conditions at Tianyu Toys was issued, no significant improvements are observed. Working hours have been decreased from 12-15 hours a day to 10 hours a day, however, the authors believe this is due to the low season in the factory, and that forced overtime remains a serious violation. The infringement of the laws on contract, wage, health and safety, and social insurance has not been addressed by the factory. Additionally, the fact that the factory still employs the same tactics to deceive auditors during inspection is unacceptable.

Tianyu Toys not only systematically violates local laws, but also the ICTI industry code which it voluntarily pledges to comply with. Additionally, brand companies also fail to ensure that their suppliers adhere to their codes of conduct.

To address the violations documented, a system to empower workers and a representation system must be set up to work alongside the internal monitoring systems of the factory and brand name companies.

Findings of Wai Shing Metal Plastic Toys Factory

Profile of factory

Factory: Wai Shing Metal Plastic Toys Factory

Address:	1-4 Jianxin Road, Pinghu Town, Longgang District, Shenzhen City, Guangdong Province, China
Tel:	86-755-28854258
Fax:	86-755-28859602
Workforce:	3,000 (only 900 shown on ICTI's website)
Products:	Metal and plastic toys

Wai Shing Factory is a toy factory founded in 1984 by a Hong Kong corporation. The factory is located in Shenzhen with a workforce of 3000, of which the majority is women. Checked on the factory database of the ICTI CARE Process, the figure is only 900. The factory produces metal and plastic toys; and is a supplier of international brand name companies like Disney and Mattel. On its website, which cannot be accessed anymore, it proudly declared that it strives for a harmonious employer-worker relationship by paying attention to workers' lives and rights. It also stated that it complies with the Labour Law and Labour Contract Law and upholds corporate social responsibilities.



Entrance of Wai Shing Metal Plastic Toys Factory

Source: website of Wai Shing



Website of Wai Shing Factory which cannot be accessed anymore. (The image was captured in July 2009)

The website listed a number of certifications that the factory has acquired, including the ICTI certificate. Nevertheless on the ICTI Factory Database, it is found that the factory is given a

probationary status only, as of August 2009.¹⁷ This reveals that a number of violations were found in the factory by the audit firm.

From July to August, the researchers conducted investigations in the factory. Around 20 workers were interviewed. The findings are based on interviews with workers in the factory and observations by the researchers.

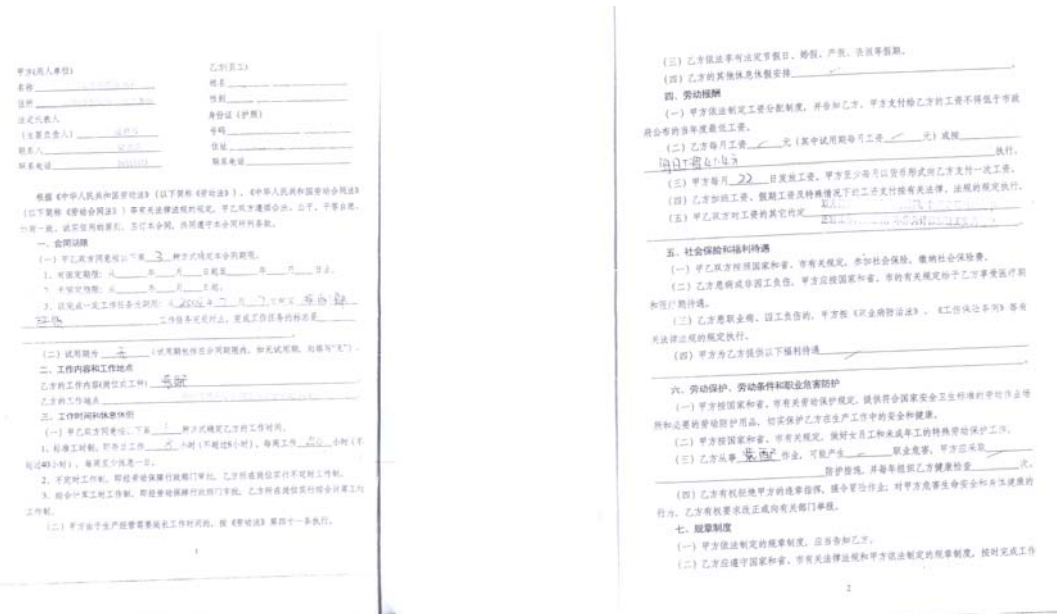


Products at Wai Shing Factory

Contract

When entering the factory, workers are asked to sign an employment contract. However, workers do not acquire a copy of the contract as foreseen by Article 16 of the Labour Contract Law. From various other cases, it is common knowledge that without a copy of the contract workers are put in a disadvantageous position, especially in a labour dispute. While working hours and daily wages are specified in the contract, the overtime premiums are not mentioned. Worse,, health examination and occupational harms are crossed out, meaning occupational harms are obviously denied.

¹⁷ ICP Factory Database, ICTI Care Foundation, <http://www.icti-care.org/databases/seal-of-compliance.html?> (accessed on 26 August 2009)



Photocopy of an employment contract. Workers in the assembly department can only get a copy upon request. On p.2 of the contract, occupational harm and health examination are crossed out. This may mislead workers that they are not at risk of any occupational harm and not entitled to medical checks.

Working Hours and Overtime

In both low and peak seasons, working hours at Wai Shing Factory violate the standards of Chinese Labour Laws. Incidents of forced overtime were also observed.

Excessive Overtime

“Apart from working, eating and sleeping, there is no other thing I can do”, said a night shift worker who has left the factory.

Although contracts state that working hours are 8 hours per day, workers have to work overtime routinely in low and peak season (table 4). This is a clear infringement of Article 41 of the Labour Law. Even in low season, workers have to do overtime work for 2.5 hours per day or 50 hours per month. This exceeds the maximum amount allowed by the law which sets the limit of overtime work to 36 hours per month. In peak season, workers have to work 80-120 hours overtime per month (4-6 hours overtime per day x 20 working days), which is 2-3 times more than the law allows.

Table 4: Work schedule and working hours at assembly department of Wai Shing Factory

	Work Schedule	Working Hours
low season	8:00-12:00; 13:30-17:00; 18:30-21:30	8 hours (regular) + 2.5 hours (overtime)
peak season	7:30-11:30; 12:30-16:30; 17:30-21:30 (sometimes maybe up to 23:00)	8 hours (regular) + 4-6 hours (overtime)

Forced Overtime

Notwithstanding workers desire to work overtime, overtime work must comply with the labour laws and should be on a voluntary basis. Generally, overtime is voluntary at Wai Shing Factory, yet, a worker witnessed that her colleagues had worked until 22:00h and wanted to leave, but the line leader then yelled at them, “who allows you to go?” Afterwards, workers were forced to work up to 23:10. Apart from infringing the labour laws, the case of involuntary overtime also violates the code of conduct of Disney who is one of the clients of the factory.

Wage and Overtime Premium

In the contract, the daily wage is clearly stated. Also, at the entrance of the factory, a recruitment notice board states that the daily wage is RMB 41.4, and the hourly wage is RMB 5.17. If workers are asked to do overtime work, 150% of the regular wage will be paid, i.e. 7.75 per hour. The basic wage is RMB 900, which is at the same as the legal minimum wage of Shenzhen. Together with overtime premium, workers can earn around RMB 1,100-1,300 per month. Wage stubs are given to workers with a clear breakdown of basic wage, overtime premium, deductions for electricity, meals and accommodation, medical insurance, and fines. With a clear formulation of wages, workers are able to verify the payments they receive. The wage level in the factory is low, but workers also comment that the factory does not withhold wage or deduct wage arbitrarily.

However, a worker from colouring department expressed that she could hardly live on the wage, “the basic wage is too low, we can only earn a living from overtime work”. Hence, despite excessive overtime load, workers do not tend to complain too much as they need to earn more money.

Table 5: Overtime premium standards of Wai Shing Factory

	Regular	Overtime Premium
Monday-Friday	8 hours	150% of wage

Regarding the low wage, workers launched a strike in 2006. At that time, the daily wage was only RMB 20. After the struggle of workers, the factory agreed to raise the daily wage up to RMB 23. Another strike erupted in 2007 as worker’s wage dropped significantly with inadequate overtime work. The strike failed in the end but reflected that basic wages were too low and workers could only earn a living from working overtime. The failed strike also reveals and proves that there is no effective channel for workers to raise their demands.

Health and Safety

Health and safety measures in the workplace have far-reaching impacts on workers’ well-being. Despite the fact that laws include clear regulations on health examination, trainings, personal protective equipment, production safety and so on, non-compliance with the law is widespread. At the same time, the codes of conduct of brand name companies like Disney remain un-enforced.

Health examination

Upon recruitment, workers have to submit a health certificate. Yet there is no health examination conducted before taking the post. In addition the contract states no annual medical check. Also when leaving the factory, no health examination is offered. This is an infringement of Article 32 of the Law on the Prevention and Treatment of Occupational Diseases which requires the employer to organize a health examination for employees who were engaged in dangerous operations.

Pre-post Occupational Health Training

An interviewee recalled her experience that no training was delivered by the factory. However, she was asked to sign a form which stated that she has undergone the relevant training. Although she had to handle different chemicals in her job, she was never informed about the harms of those chemicals. She did not even know the names of the chemicals she used every day. Apparently, the factory recognizes the legal requirements in relation to occupational diseases. Article 31 of the Law on Prevention and Treatment of Occupational Diseases, requires that employers provide pre-post occupational health training and regular training for workers in order to prevent the occurrence of occupational diseases. In this case, the factory intentionally defies the related laws by forcing workers to declare a completion of training without real training conducted.

Personal Protective Equipment

In the colouring department workers use thinner and other chemicals to clean the toys or dilute the paint. As such, the air in the workplace is filled with the irritating odor from chemicals. An interviewee expressed that different types of chemicals are stored in different small detergent bottles. Sometimes, there were small labels on the bottles, but sometimes no identification at all. No protective equipment is given to workers and production safety measures are not observed by the workers who use the toxic chemicals frequently. As a result, workers who have been working in the factory for a few years have skin peeled off from their hands. Affected by the irritating chemicals in the workplace, workers always sneeze and drop tears. Another worker from spraying department complained that, "I cannot endure the irritating smell in the workplace, it makes me feel dizzy".



Workers in the colouring department using chemicals from the detergent bottle (yellow one). They have not been informed about the names and the harm of the chemicals concerned.

Workers cleaning dishes with paint remains on them. No gloves were provided.

In the assembly and the molding department, workers suffer from the noise of the machines but no earplugs are provided. The only equipment which workers in the molding department can obtain is a pair of gloves once a month.

This is an infringement of Article 20 of the Law on the Prevention and Treatment of Occupational Diseases, which stipulates that employers are obliged to provide protective facilities against occupational diseases.

Work-related Injury

Every year, 2-3 serious accidents occur in the factory. In the molding department, injured workers are covered by work-related injury insurance. A worker recalled that her colleague in the assembly department accidentally spilled some chemicals on her pants, which caused her skin to burn immediately. This colleague was also compensated, but the amount is not known. Nonetheless, an interviewee disclosed that only workers of the molding department were covered by work-related injury insurance (to be discussed in the section of social insurance).

Fire Drill

There are 300 fire extinguishers installed in the factory, but not many workers are trained to use fire extinguisher. While the management of the dormitory claimed there were regular fire drills, other workers did not observe that fire drills were practiced.

Social Insurance

Article 3 of Chinese Labour Law states that workers are entitled to social insurance. And it is mandatory for both employers and employees to contribute to the social insurance funds (Article 72). In addition, a correct employment contract would state clearly that the employer will comply with local laws and thus enrol the employee in social insurance and pay the cost. Social insurances primarily include medical insurance, work-related injury insurance and pension. However, the reality in the factory falls short of these legal standards.

Medical Insurance

Workers have to pay RMB 4 for medical insurance per month which is clearly reflected on the wage stub. When workers fall sick, they can consult the doctors at the People's Hospital and charges for medical inspection can be reimbursed. They can also seek medical assistance in the factory clinic. However, workers have to pay for the medicine on their own in all cases.

Work-related Injury Insurance

As pointed out above, work-related injury insurance only cover workers at molding department. This means that other workers are not protected. As mentioned above, injured workers are compensated, but it is doubtful that the compensations follow the required procedures under the Regulation on Work-related Injury Insurances.

Pension

The majority of the workers does not enjoy protection under the pension scheme. At Wai Shing Factory, participation in the pension scheme has been offered on a voluntary basis in the last years. In the past, many workers with high seniority were not covered by the pension scheme. Now, more and more middle-aged workers realise the importance of pension. Some of them are deeply regret that they joined the pension scheme very late.

One middle aged worker who has worked in the factory for 10 years exclaimed, "*I regret so much that I only joined the pension scheme last year.*"

Working Conditions

Workers complained that the working environment was hot. There are only fans in the assembly department, thus ventilation is poor. As mentioned above, the noise generating from the machines is also annoying the workers. Without proper personal protective equipment like masks, earplugs, and a good ventilation system, working conditions remain unacceptable for workers.

Food and Accommodation

Workers can freely choose to eat and/or live in the factory. Each meal costs RMB 3 in the canteen. If a worker has lunch and dinner every day, it costs RMB 180 per month. There are 3 dishes in a meal. Workers complain that sand and iron scrap can be found in the rice all the time. They also

question whether all ingredients have been washed. Canteen workers do not wear masks and caps, and some workers worry about the hygiene of food. Moreover, some workers say that the portion of meal is not enough for them, and the quality of food is not good.

An interviewee even made a harsh comment that “the quality of the food in the canteen is terrible, even the food for pigs in my hometown is better than this”.

The factory charges workers RMB 40 for a bed in the old dormitory, while a bed space in new dormitory costs RMB 65. Workers living in old dormitory said that 11 workers are placed in a room. The living conditions are said to be terrible and the room is filled with unpleasant odor. Some workers suffer from allergy due to the insanitary conditions. A fan, 2 bulbs and a wardrobe are the only facilities in the room which is shared by all 11 workers. Windows, bed fences and locks in the room are rusted showing there is a lack of maintenance. The sanitary facilities are also unacceptable. The toilets are unhygienic, and there is no facility other than a line of taps in the bathroom.

Disney promises in its code of conduct that manufacturers will ensure that minimum health and safety standards in both the workplace and in housing shall be provided. In practice, basic health standards of the dormitories are far from a respectable humane minimum level.



Food on the canteen



The tap of the bathroom is at waist level

Workers Union

Chinese Labour Law spells out the right to organize trade unions and that the union should represent and safeguard the rights of workers and work independently (Article 7). Article 9 of the Trade Union Law further stipulates that “trade union committees at all levels shall be elected by their general assemblies or representative assemblies.” There is a trade union established in Wai Shing Factory, and it claims that its representatives have been elected through a democratic process.

But workers comment that members of the trade union were handpicked by frontline management. Moreover, as the manager of the administrative department is also the vice president of the union, this poses questions about the independence of the union. The fact that all unions are mandatory members of the All China Federation of Trade Unions, which is the one official and allowed trade union of the Communist Party makes the authors believe that also this trade union remains a token without real effects in the effort to defend the rights and interests of workers.

Deception in Audits

Factory inspections from clients take place 2-3 times annually. Workers are trained for questions like “is there overtime work on weekends?” If workers give the “correct answers”, they will receive an award of RMB 150-200. If they answer “unsatisfactorily”, workers will be scolded by management and RMB 75 will be fined. First, this is a clear deception of auditors. Covering up irregularities in the factory during audit implies that the Wai Shing Factory does not have a real commitment to corporate social responsibility. Secondly, coercing workers to take part in this fraud is immoral. Furthermore, the authors suspect that the same tactics are used to deceive the ICTI inspectors. The weak monitoring power of the ICTI mechanism therefore deserves our serious attention.

Others

Difficulties to Resign

A worker wanted to resign during her probationary period. She believed that she could resign if 3 days notification in advance were given, as stipulated in Article 37 of the Labour Contract Law. The worker explained that she needed to go back to her hometown urgently and wanted to be paid on the date on which her employment relationship with the factory ended. She invoked Article 13 of the Regulation of Guangdong Province on the Payment of Wages to request her wage being paid on her last day. But the manager only rudely asked the worker “what do you know about law?” and insisted that resigned workers would only receive their wage a few days after. However, she needed the money back immediately as she had no savings for the travel. The manager even added, that “every factory has its own regulation, and if you invoke laws all the time, no factory will hire you any more!” Later on, her resignation was only approved after filing a complaint to the local labour department. This experience illustrates that management is either ignorant about labour laws or unwilling to comply with the laws concerned. This attitude is detrimental to worker’s rights’ protection.

Code of Conduct

There are codes of conduct of various brand companies posted on the notice board of Wai Shing Factory. However, most of the workers are not aware of them, do not understand what they are about, and do not know how these codes are relevant to them.

Degrading Treatments

Whenever management thinks that workers are not efficient enough, they use insulting language to scold workers. Workers do not dare to argue with the management, but only swallow this kind of verbal abuse.

While there is no restriction for the workers in the assembly department, workers in the colouring department are only allowed to have a toilet break 2 hours after work and 1 hour before finishing work. This means that if the shift runs from 8.00h – 12.00h, they are only allowed to go to the toilet between 10.00h – 11.00h

Workers should be treated with dignity and respect. This principle is affirmed in the code of conduct of Disney. However, this principle should be brought into force.

Remarks

It is impressive that workers went on strike to fight for their rights in 2006 and 2007. But this also shows that workers lack an effective channel to open dialogue with their employer. At the same time, it exposed the problem that neither brand name companies nor ICTI are able to conduct an effective monitoring of the factory.

Recently, when some workers asked for their wage by invoking local laws, management just ignored the grounds raised by the workers concerned. The attitude of management on worker's rights must be corrected. Additionally, health and safety issues, and the social insurances scheme must be addressed as soon as possible.

The Authors' Demands

To brand name companies:

Without rectifying the orders with the now common 'just-in-time' delivery scheme at extremely low prices, codes of conduct remain rhetorical statements. To put the commitment to respect worker's rights into practice, brand companies should:

- not adopt the strategy of 'cut and run' to escape responsibility;
- enable manufacturers to comply with labour laws and codes of conduct;
- give all workers copies of their codes of conduct in Chinese;
- establish a complaint hotline for workers to report violations of code of conducts;
- raise the order price and lengthen the delivery time to reasonable standards; and
- collaborate with NGOs to provide trainings on labour laws for suppliers and workers

To toy manufacturers:

While recognizing the pressure exerted by brand name companies to manufacturers, manufacturers must still strictly comply with local laws and should not make the workers the scapegoats. The manufacturers should:

- sign contracts with all employees and give a copy to workers;
- pay wages and overtime premiums not lower than minimal legal standards, it is encouraged to pay a living wage instead of minimum wage to workers;
- give wage stubs to workers to verify the records;
- provide adequate personal protective equipment to workers, train workers on health and safety issues, conduct regular health examination for workers, and ensure production safety in the workplace;
- enable workers to voice their concerns by encouraging dialogue with workers' representatives formed by democratic process;
- publicize audit reports, including reports of the ICTI CARE process to increase transparency; and
- invite NGOs to conduct trainings for workers on worker's rights and health and safety issues.

To ICTI:

The ICTI code as the first industry code could be a breakthrough to protect worker's rights, yet the lack of transparency in the CARE process is one of its major defects. As such, ICTI should:

- publish all audit reports on its website to increase transparency;
- establish and promote the mechanism of complaint hotlines for workers to report cases of workers rights' violations;
- make sure that the industry code is handed and explained to workers in Chinese in all factories engaged in the ICTI Care process.

Concluding Remarks

Throughout the report, it is emphasized that brand name companies play an inexorable role in the exploitations to workers. Under the pressure of ‘just-in-time’ delivery and low pricing offered by the brand companies, workers at the bottom of the supply chain inevitably become the victims of low wages, long working hours, job insecurity, and an unsafe working environment.

Despite the proclamation of a series of labour laws, such as the Labour Law and the Labour Contract Law, defiance of legal standards remains rampant. As such, not only law enforcement in China should be ensured, but also NGOs and consumers should increase the pressure to force brand name companies and manufacturers to comply with existing laws as well as with the codes which they voluntarily established.

As most of the toys made in China are exported to overseas markets, it is believed that consumer campaigns can influence working conditions of workers through targeting brand name companies.

Lastly, in issues like wages and overtime premium which workers are most concerned about, workers may defend their rights through strike or changing jobs. But health and safety in production and worker’s protection through social insurances, which have far-reaching impacts on workers, are not only intentionally neglected by employers, but also often not understood and thus unintentionally neglected by the workers themselves. Therefore, international campaigns should also bring these issues to the spotlight.