The Lives of iSlaves:

Report on Working Conditions at Apple’s Supplier Pegatron

How the brand new bigger and better iPhone 6 are made? This report exposes the slavery working conditions at three factories of Pegatron Corporation, one of the major suppliers of Apple Inc. Pegatron, as reported by earlier news articles online, have been contracted to produce about 50 million units, which is equivalent to nearly half of Apple’s iPhone shipping in this autumn and winter. ¹

The data presented in this report are drawn from our surveys conducted in three subsidiaries plants of Pegatron Corp., namely Maintek Computer (Suzhou) Co., Ltd (名碩電腦(蘇州)有限公司), Cotek Electronics (Suzhou) Co. Ltd. (康碩電子(蘇州)有限公司) and Casetek Computer (Suzhou) Co. Ltd. (凱碩電腦(蘇州)有限公司). They are all located in No. 233, Jinfeng Rd., Suzhou, Jiangsu, China. It is found that the working conditions at these three factories are abhorribly poor, which again show how Apple Inc. is building its empire at the cost of blood, sweat, and tears of migrant workers in the Chinese mainland.

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1. Highlights of the Slavery Conditions at Pegatron

![Figure 1-1 Signage for welcoming new workers at the fourth gate of Pegatron Suzhou](image)

1.1. Excessive working hours up to 10 weeks with no rest day

During peak seasons, workers have to work up to 10 weeks without any rest days. Workers told SACOM researchers that they sometimes have to work very long hours till early morning, often 12 to 15 hours a day, and sometimes even up to 17 to 18 hours a day. In other words, the total amount of overtime hours can be up to 170 to 200 hours a month, which, in turn, means that workers have to work more than 360 hours a month. According to articles 36 and 41 of the China labour law, workers are entitled to at least one rest day every week, and a maximum of 11 daily working hours, while maximum overtime hours is only 36 hours a month. The overtime hours at Pegatron is 5 or even 6 times more than the legal limit in China.
1.2. Unsafe and unhealthy work environment with no protective equipment for workers in hazardous positions

In noisy environment, basic personal protection equipment such as earplugs for grinder operators or masks for workers working with chemicals are not provided. Workers also reported skin allergies, blisters, suffering from noisy environment and prolonged fatigue from standing to work for long hours. Pregnant workers could only resign to avoid standing 12 hours per day. Even worse, there are cases of workers fainting in production lines.

1.3. Illegal charges for health checks

Workers have to pay for their own health checks of RMB 50 during recruitment. While it is stated in the labour law that employers are responsible for workers’ health check charges, workers at Pegatron are, nevertheless, requested to shoulder their fees.

1.4. Insufficient health information provided for workers

Pegatron has arranged workers in high-risk positions for annual medical checkup, however workers have never been informed of the results.

1.5. Avoiding regular employment benefits by hiring many dispatch workers

The plants have employed many dispatch workers. In some units, workers told SACOM researchers that all their fellow workers on the lines are from labour agencies. They signed contracts with various labour agencies, and thus do not enjoy proper employment benefits like social insurance by Pegatron. In case of work-related injuries or sickness, dispatch workers would most likely not be entitled to insurance compensation.

1.6. Exploiting dispatch workers by stripping them of social insurance coverage

Dispatch workers are commonly excluded from social insurance coverage. While money is dispatch workers’ wages have been deducted for insurance plan contributions, workers said that they have never been given any details about their social insurance programs, and no social insurance number has ever been provided. Furthermore, workers been charged unreasonably high fees, for instance, transportation fees, linen set fees, and personal hygienic items fees.
1.7. Difficult resignation makes workers have to leave without notice and losing at least 15 days’ wages

Workers complained that it is very difficult to get approval for resignation. After waiting for a long time, maybe even a month, many could only leave without obtaining final approval for resignation, and thereby losing at least 15 days of wages.

1.8. Harsh scolding and unreasonable fines

Workers are often scolded by their supervisors with insulting words e.g. “idiots”. If workers receive two verbal warnings, they would be fined RMB 200, which is about 5 to 7% of the average wage.

1.9. Ineffective trade union

All interviewees said that they do not know about trade unions at Pegatron.
2. Pegatron’s Corporate Profile

<table>
<thead>
<tr>
<th>Apple Supplier Name</th>
<th>Pegatron Corporation</th>
</tr>
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<tbody>
<tr>
<td>Location</td>
<td>No. 233, Jinfeng Rd., Suzhou, Jiangsu, China Postal code 215011</td>
</tr>
<tr>
<td>Contact tel.</td>
<td>(86) 0512-6661-6188</td>
</tr>
<tr>
<td>URL</td>
<td><a href="http://www.pegatroncorp.com/">http://www.pegatroncorp.com/</a></td>
</tr>
<tr>
<td>Capital</td>
<td>Casetek, Maintek and Cotek are fully-owned by Pegatron Corp.</td>
</tr>
<tr>
<td>Establishment Date</td>
<td>Asustek established its first plant in Suzhou in 1999. Asustek then restructured its operations into Asus (focused on applied first-party branded computers and electronics), Pegatron (focused on OEM manufacturing of motherboards and components) and Unihan (focused on non-PC manufacturing such as cases and molding) in 2008.</td>
</tr>
<tr>
<td>Pegatron Suzhou Premise</td>
<td>It is divided under the name of its 3 subsidiaries – Cotek, Casetek and Maintek. These factories exchange workers frequently to meet their production needs. For example, workers are arranged to work sometimes in Maintek and later arranged to work in Cotek. Workers share the same dormitory and other amenities in the “living district”.</td>
</tr>
<tr>
<td>Key Production Process</td>
<td>assembling, packaging, quality check, testing, material, maintenance, molding, die fitter, stamping, injection molding, circuit board and motherboard production</td>
</tr>
<tr>
<td>Workforce no.</td>
<td>Up to 80,000 workers in peak season.</td>
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<table>
<thead>
<tr>
<th>Age range of general worker</th>
<th>Mainly aged between 18 to 25</th>
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<tbody>
<tr>
<td>Sex ratio</td>
<td>7:3 (Male-Female)</td>
</tr>
<tr>
<td>Origins of workers</td>
<td>Mainly from provinces of Henan, Sichuan and Anhui</td>
</tr>
<tr>
<td>Product</td>
<td>Computer parts like Motherboard, SCSI card, Network interface controller; Cellphone; tablet; Notebook etc.</td>
</tr>
<tr>
<td>Key Customers</td>
<td>Apple, Acer, Asus, Cisco, Dell, Microsoft, Sony, etc.</td>
</tr>
<tr>
<td>Export market</td>
<td>All around the world</td>
</tr>
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</table>

### 3. Methodology
The investigation, including going undercover as assembly line workers and interviewing fellow workers, took place between October 2013 and August 2014. Among 103 interviewees, a majority of them work for Maintek and Cotek.

### 4. Research findings

#### 4.1. Wages and benefits
The wage base in Pegatron is RMB 1,530, the same as Suzhou city’s minimum wage, along with production reward RMB 30-RMB 100, attendance bonus RMB 150, performance-related bonus RMB 50-RMB 200, position allowance RMB 100-RMB 400, long-term service bonus RMB 100-RMB 600, personal excellence reward RMB 50-RMB 200, night-shift allowance RMB 240 (RMB 8/day) etc. Overtime pay is based on the basic wage, normal day – 150% of basic hourly rate; weekend – 200% of basic hourly rate; public holidays – 300% of basic hourly rate.

<table>
<thead>
<tr>
<th>Wage structure of Pegatron workers</th>
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<tbody>
<tr>
<td>Basic Salary RMB 1,530</td>
</tr>
</tbody>
</table>

+ production bonus RMB 30-RMB 100
+ attendance bonus RMB 150
+ performance-related bonus RMB 50-RMB 200
+ position allowance RMB 100-RMB 400
+ long-term service bonus RMB 100-RMB 600
+ personal performance reward RMB 50-RMB 200
+ night-shift allowance RMB 240 (RMB 8/day)
+ meal allowance RMB 240-RMB 280
+ overtime pay
- meal expenses if exceed the meal allowance provided
- water and electricity (depends on actual expenses)
- accommodation fee RMB 70
- social security payment RMB 80 (dispatch worker); RMB 255 (regular worker)
- fines (punitive system contains fine, RMB 500 for major demerit)

= Actual income

During interview, a female worker told SACOM researcher, “Late attendance and absence would affect the monthly performance-related bonus and annual bonus. The latter one is between RMB 200-RMB 1,000. However, you won’t have that if you have joined the factory for less than 1 year.”

Wage in Pegatron vary according to positions. It is usually between RMB 2,700 and RMB 4,600, depending on the number of overtime hour in a particular position. The time length to meet the daily production target varies, for example, a male worker told SACOM researcher, “In May, I had 10 overtime sessions in weekends. I worked 10.5 hours per day. 55 overtime sessions in normal workday and 1 on public holiday. I got around RMB 4,200 that month.” He was from one of the 2 production lines that were the busiest in his department.
Dispatch workers form the majority of the workforce in the factory. There are 3 big labour agencies along with a dozen of small labour agencies for Pegatron Corp’s staff recruitment. Workers would not be converted into regular workers of Pegatron no matter the duration they work for. They pay less social insurance payment (about RMB 80) than regular workers (RMB 255). When SACOM researcher disguised as a jobseeker, a staff member of the HR department told SACOM researcher — “Dispatch workers are better than regular workers because they are gaining the same basic salary but dispatch workers are paying less for social security. Therefore, the wage of them is RMB 170 more than the regulars.” According to Chinese Labour Law, all social security payment should be calculated by the actual income of worker. The factory is escaping from social security payment by asking informal workers to pay less.

Regular worker are paying a fixed payment of RMB 255 which is not compliant to the Law’s request of payment according to the monthly actual wage. They get the so-called “citizen card”, which is the Suzhou city social system card, together with the medical insurance card in one month’s time.

Dispatch workers paid RMB 80 for social security, however they got no documents listed above. Workers suspect that the payment has gone into the pocket of the labour agencies, “I have been working here for nearly 2 years. I don’t have the citizen card nor the medical insurance card like the regular workers. I reckon the payment has been all eaten up by the agency. When there is serious work injury happened, the company would just ask workers to donate money for medical treatment. It’s useless!” This dispatch worker also told us a work injury incident happened in the factory in 2013 – a girl had 4 fingers broken while at work and the factory asked workers to donate to support the girl’s treatment. Unfortunately, not much evidence and trace of that case could gather in this investigation.

SACOM researcher also noticed that younger workers’ awareness on social security is generally low. They prefer to pay less or no payment for the insurance, due to the low income they earn every month. The social security payment would make up over around 8% of their original wages. In Pegatron, the general wage workers make is around RMB 2,700 and RMB 4,600 after the deduction of social security.

4.2. Working hours
The off-season in Pegatron is from March to June and the rest of the months is regarded as peak season. Overtime hour could reach to 200 hours per month and workers may not be able to get 1 day-off in a whole month or even up to 10 weeks. In order to make more money to meet the ever-rising living standard in Suzhou, workers would follow the factory’s order to work overtime.
In some plants there is no proper night shift arrangement, workers might be required to work until 23:00, i.e. 5.5 hours overtime per day. A worker working for Asus motherboard stated that, “In off-season, the factory controls overtime hour to 3 hours daily and days off in weekends or at least Sundays. Yet in peak season, overtime would raise to 4.5 hours per day and days off in the middle or the end of the month.”

Some workers told us that they have worked up to 10 weeks without any day off, and sometimes when workers of the next shift do not come to work and the factory needs workers immediately to fill the workstations, or when the factory has to meet delivery timelines, they will then be arranged to work up to 15 hours or even 18 hours. A few 17-year old young workers told us that in October and November last year they worked 28-29 days without a day off.

<table>
<thead>
<tr>
<th>Day shift</th>
<th>08:00 – 17:30</th>
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<tr>
<td></td>
<td>Would have 2 meal breaks per day. The first one last for 40 minutes and the second one last for 30 minutes. One 10-minute break in afternoon. All breaks are not paid.</td>
</tr>
<tr>
<td></td>
<td>Overtime: 18:00 – 20:00 sometimes would extend to 22:00 or even later</td>
</tr>
<tr>
<td>Night shift</td>
<td>20:00 – 05:30+1</td>
</tr>
<tr>
<td></td>
<td>Break arrangement is same as above.</td>
</tr>
<tr>
<td></td>
<td>Overtime: 06:00-08:00 sometimes would extend to 10:00</td>
</tr>
</tbody>
</table>

Shift change applies monthly or bi-monthly, depends on departments. In off-season, workers would be granted days off in public holidays; yet, in peak season, workers are required to work on national holidays. Workers complained about the management arranging their work schedule without their consent, “In this Labour Day holidays (in 2014, the Labour Day holidays fell on 1 -3 May), we should have 3 days off. If the factory asked me to work, it is okay, pay me triple as stated in the Law. The day after the long holidays was a Sunday, if the factory want me to work, fine, pay me double. However, on 30 April, the factory called us to leave after we presented in the factory for 1 hour. That was a night shift (meaning the duty would go beyond 30 April and 1 May, which workers would gain triple). They asked us to come back on Saturday. Later I checked my attendance record and
found that I was marked a day-off on 1 May and a leave requested on the day after. We are very angry with that because none of us applied leave! We lost our 3-day holidays and did not get double pay for the Saturday duty. The factory’s excuse was we took rest on 30 April.”

If workers fail to meet daily production target and the assemblies before and after work, workers have to stay to finish the quota which may take 30-50 minutes daily. Meetings are for roll call, speech about discipline issue, production target, quality or individual behaviour. Workers had to be present for the meeting 15 minutes before work commencement. If the assembly after work exceeded 30 minutes, some line leaders would apply overtime hour for workers, yet it is very rare in Pegatron.

Shuttle bus service in Pegatron from dormitory is unreliable. SACOM researcher witnessed long queues every day. In rainy days, delay of shuttle bus was common but the management would scold the workers for being late and asked them to be punctual next time, or their attendance record for that day would be cancelled (marked as absent even they work for the full day). If workers reported to work at 08:01, they had to seek supervisor’s approval to apply for a 30-minute leave.

Workers were stressful and dare not to refuse overtime duty. If do so, they would be criticised during the assembly. If they didn’t inform the management their refusal of overtime work, the management would threaten them “don’t come back again”. There was a worker named Xiaozhang, she applied days off in weekend and the management said “you should work in weekend, if not, you don’t have to come back anymore.” Xiaozhang didn’t take that seriously and left after the normal off time. She then returned to the
factory the next Monday, and the line leader said, she is no longer a worker on his line. The HR department didn’t handle the case and only asked Xiaozhang to beg the line leader for her return. Even though she was re-admitted, when she finally decided to quit her job 2 months later, the management refused to approve, forcing Xiaozhang to leave without the pay of that month.

A male worker told SACOM researcher, “I am required to work today (Sunday), but I really don’t want to work, so I am absent. My line leader called me early this morning and scolded me for absence. I have given up my attendance bonus and today’s wage.”

4.3. Work safety and OSH protection, fire safety

4.3.1. Exposing workers to different health and safety hazards
- Alcohol is the major chemical used in the shop-floor. Workers suffered from skin peeling, blisters, and skin allergy in their hands. Noise is not a big issue in general, but the shop-floor is remained a closed environment where fresh air cannot flow in.

- During the investigation, a female worker told SACOM researcher, one day in her shop-floor, the temperature was over 30 degree Celsius. 2 workers fainted away because of it. Line leaders reported that to the upper management and request to turn on the air-conditioning but the management refused and did not explain the reason. They only allowed workers to take a short break and distribute them with cool drinks. Workers then continued to work under such heat.

- Repetitive movements lead to musculoskeletal disorders. Workers are required to stand at work for long hours and maintain repetitive movement and static working postures. Workers told SACOM researcher that their lower limbs are numb after a long day. They dare not to relax because of the stressful production. In the assembly line, if one’s operation is a bit slow, s/he will affect the pace for the whole production. The upper management will criticize the worker publicly.

- Workers feel stressful for not meeting the daily production target or quality below standard, however workers do not have any say for the setup of the production target.

- Radiation threat. Laser engraving machines are used in some position and the monitor testing process where 1,000 monitors will run through the test at the same time. Workers are equipped with anti-radiation goggles but they are worried with the radiation amount they are exposed to since the factory never explains the issue with the workers.
The factory arranges workers in high-risk position (use of laser engraving machine and alcohol) for annual medical checkup, however workers are not informed with the result which makes them feeling suspicious.

4.3.2. Protection Gear to Protect Products NOT Workers
Workers are provided with plastic gloves, facial masks, antistatic clothing etc. New gears would be distributed to workers according to the production status of the department, usually they are distributed 1 time per day by the line assistant. Workers are required to wear dust-free suit before they enter dust-free shop-floor. However, it is clear to workers that the protective gears are actually to protect the electronic component instead of their safety. When workers forget to wear them, supervisors would say they are risking the quality of the products.

4.3.3. Fire safety risk
The fire instrument is sufficient in the shop-floor, including fire extinguisher, emergency lights, fire exit. However, the fire exits and walkways in the shop-floor are often blocked by stocks and machines. Some workers also complained that there are no fire alarms in their dormitory buildings.

The fire drill takes place every year. Almost all workers would join and would listen to their supervisor for the procedure. Yet, workers told that they didn’t evacuate to the nearest exit as stated in the factory fire safety regulation. So, they think that the fire drill is useless and luckily there has been no major fire incident happened in the factory.

Indeed, Pegatron workers told SACOM researcher that, earlier this year, there was a minor fire incident happened in one of the Pegatron factories. After in-factory investigation, the security guard thought it was started from the smoking area of the factory. Thus, they fired all workers with lighters with them on the scene without pay, although they hadn’t figure out the real reason and the person who led to the fire.

4.4. Food
Every campus has a canteen. Workers just need to swipe their staff card for payment. They are given a monthly meal allowance up to RMB 280. If they spend more than this amount they have to pay for the rest of the expense. Since there are many workers leaving without resignation, the factory controls the spending of the monthly meal allowance not more than RMB 20 per day.

There are different categories of food, ranging from RMB 5-RMB 12, the more expensive the better quality.
Workers are often disappointed with the food, and calling it as *rubbish*. They stated that the meal expenditure took up RMB 200 of their salary every month and the meal has become worse since this year, "Last year, we had better breakfast with milk and eggs, however, we only get biscuit, bread and congee now.", a female worker told SACOM researcher. Workers also complained with the poor hygiene. Hair, plastic sheet, residue of stainless steel sponges were often found in the food. "Food for night shift workers were made together with those for day shift workers. I once bought a RMB 5 meal and the food went sour and stinky! Recently, they changed the chef and canteen management team and the food quality improved a little. Now, every Tuesday and Thursday, we enjoy a free drink", a dispatch worker said.

4.5. Accommodation

Workers are brought to dormitory after they signed the work contract with the labour agency. The labour agencies collected unreasonable fees from workers in different ways. According to a SACOM researcher, he was forced to pay RMB 20 for the bus fare yet the dormitory is only 500 metres away from the site. The labour agency also collect another RMB 20 for passport photographs from workers and RMB 80 for linen set and personal hygiene items. If one questioned about this, the labour agent would yell, "Shut up! If you piss me off, I will guarantee you jobless for the next 2 months!" Dormitory registration was done with digital forms and photographs for records. Then, the staff would bring workers to educational activity room for hostel entry pass, room allocation, depends on the vacancies of room. Thus, workers in both day and night shift would be put in the same room, hindering each other’s rest time.

![Figure 4-2 Newly recruited workers lining up to check in at dormitory](image)

There were 2 accommodation areas in Pegatron Corp - one inside the factory area, another in Jingshan area. The one in the factory area is mainly for management staff and engineers.
The living condition is better and contains couple suite or single room. For front-line workers, they would stay in Jingshan hostel. Only 3 blocks are equipped with lifts, air-conditioners and in-room bathrooms, with 5 bunk beds. Workers in another 6 blocks have to share bathroom in the ground floor of the building. There are hostel management and security guards to check with entrance record. No outsiders are allowed in the area. The accommodation expense took workers more than RMB 100 per month - RMB 40 hostel rent; RMB 20 water; RMB 50 electricity; RMB 30 air-conditioning (if any); RMB 10 gas.

The hygiene in the dormitory is poor. Although there are cleaners for the public alley, workers are responsible to clean the room by themselves but they seldom do it due to the weak sense of belongings and the tiredness they have after the long working day.

4.6. Recruitment process
The majority of the workforce in production lines is recruited by labour agencies. The recruitment is easy, workers only have to provide their identity card with photocopy and knowledge of 26 English alphabets.

SACOM researcher joined the factory through labour agency called Quanshang. The labour agent first checked with the age and asked him to fill in application form and a simple test paper – covering mathematics, short writing, small letters of 26 English alphabets etc. Then, the manager of the HR department of Pegatron Corp. would introduce some regulations of the company. Candidates were not allowed to jot notes for this, otherwise will lose the interview chance.

After the allocation of hostel, workers would go for a pre-employment medical checkup in Fengqiao Hospital. They had to pay for RMB 50 for the fee which is illegal as the Law requires the employer to pay.
Workers generally complained with the labour agencies making money from photographs and transportation, “I haven’t hired by Pegatron but already lost money to the labour agency called Tiankun. They charged me RMB 30 for using their cellphone to take a photo for me and photocopy my identity card! Taking the shuttle bus from the site to the dormitory took me another RMB 20 (around 10 times more of the transportation fee)! They even collected RMB 200 from me as a deposit!” a Pegatron worker wrote on online forum.

4.7. Worker training
The training session is less than 4 hours. It only went through with general operations in factories. Work safety, fire safety, chemical use in the factories is not fully mentioned, for instance the fire instrument operation was only shown by video if have spare time in the training session. Workers did not have chance to operate the real instrument. And the examination of the training session was too casual – model answer is given to workers to fill in the papers. The ignorance put workers at risk as it didn’t prepare workers for protection and work safety.

4.8. Employment contract
Workers sign work contracts with their own labour agency. In SACOM researcher’s case, he signed work contract with Yuncheng City Jinshuoyuan Labour Agency and the working location is stated as Pegatron Corp., and the labour agency reserves the rights to allocate him to unspecified workplace. He was allocated to Cotek eventually. Yuncheng city is located in Shanxi province, which is 1,132 kilometres away from Suzhou city but the company claims operation all over the country. The service term of the work contract is 2 years, with 2 months as probation period. The labour agency reserves the rights to change the working location of workers. Even so, it is worth noticing that working in a different location from the one in the work contract could cause serious problem for work-related injury and occupational diseases compensation.
The contract stated clearly that the basic salary is RMB 1,530. Payment is made through bank transaction. Workers would get their bankcards from the agency 15 days after work commencement.

4.9. Resignation

The resignation procedure is the same to regular and dispatch workers. Workers were told that during the probation period, workers have to give notice 3 days in advance. Yet in reality, the factory would not give approval for at least 15 days or even 2 months. This is a trick to force workers to leave on their own so that the factory does not have to pay for their wages.

After probation, workers have to give notice 1 month prior. They have to obtain a resignation slip from the clerk and get approval from management and pass it to HR department for final approval. The factory would consider by the actual production needs, therefore workers are forced to leave on their own without full pay.
If one can go through the normal resignation process, s/he will have to return her work suit, working shoes and working hat, staff card, locker key and other related stuff to the company. If workers failed to return, they would be charged for each item. Workers can’t leave the returning items in the locker the returning procedure would not be succeeded.

When worker moved from the hostel, s/he is not required to present a resignation slip. The security guard would check his/her belongings, especially electronics devices. They have to ensure that the devices are the same as recorded by photo when the worker moved in.

A male worker talked about resignation,

“When it is peak season, it is extremely hard to resign. Basically, people just leave on their own, and give up the unpaid wages of the last 15 days.”

“There is a worker in my production line applied for resignation for a very long time. The supervisor tried to delay that by saying ‘you work for 1 more week and when there is new worker, I will let you go.’ Then, when the worker asked the supervisor for the resignation slip 1 week later, the supervisor yelled ‘I never said you can go! I asked you to work well or you leave on your own!’” shared a female worker.

Indeed, there is case of a female worker called Xiaoli. She joined Pegatron in April from school as summer worker. Yet, after working for a month, she decided to leave the stressful workplace. Since resignation is extremely hard, she chose to leave without notice. When it came the pay date, others who left with her got the pay, but she didn’t. The management denied the payment problem and scolded Xiaoli, “Why am I fxxking related to her not getting the pay? It is her decision to choose leaving without notice!” She couldn’t get back the pay so she asked her family to send her money to travel back home. 1 month later, she heard from the assistant from her line that her wages and pay slip were actually ready. There might be some problem with Xiaoli’s bankcard. However, Xiaoli got no official response from the factory management at the end and didn’t collect her pay. Many workers are angry about such cases and suspect that the company actually decided not to pay temporary workers.

SACOM thinks that no matter the reasons that triggered these cases, it shows that miscommunication is critical between the management and the front-line workers.

4.10. Management style

A. Punitive system is maintained in the factory by a demerit system, yet workers were not provided with employee handbook. They therefore are ignorant to the regulation and rules in the factory until they are warned or even fined by the management, putting them in a very vulnerable and unjust situation.
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- No sandals in factory area, if one receives 2 verbal warning, will have a minor demerit and a fine of RMB 200
- No disclose of company secret, otherwise fired without pay
- Strict control of lighters, mobile phones, mp3 players, memory sticks, camera, inflammables in the shop-floor. Workers are prohibited to wear metallic accessories at work.
- If worker come late and leave early to work, they will lose the attendance bonus of RMB 150. Some supervisors will deduct 3 days wages from no-show workers. Those no-show workers are usually leaving without notice.

B. Workers no need to obtain off-duty pass for toilet. Time allowance for frontline worker is 5 minutes each; line leader and assistant enjoy more time allowance.

C. Verbal violence is common following the hierarchy in the workplace. The reason of such violence is mainly due to the heavy production target, quality, discipline etc. Line leader and supervisor are stressful by the upper management and thus they suppress the front-line workers.

- Terms usually used: stupid (蠢貨), idiot (白痴), even swear word - super stupid (傻逼) etc. Sometimes, they would humiliate workers in front of all workers. Xiaozi from packaging department of Cotek said,

  "When I try to check the product with care, it will slow down my work inevitably; but if I keep my time and do it quickly, the quality will be lowered. If some sub-standard products were sent to the next department, the supervisor will get back to us and trace who did the check. The supervisor will scold the operator and the line leader together with swear words, saying ‘you are all sons of a bitch! So stupid! What the fxxk are you doing here?’

  One time, the supervisor blamed me for not spotting out a mistake from a machine – The LCD screen gap has exceeded 2 millimetres than the 5 millimetres standard. To be honest, it is very hard to spot! The production target of my department is 60 – 80 machines hourly. We only have 1-3 minutes to check 1 machine. So, when the supervisor figured me out, she came and asked ‘where have your eyes gone? You can spot this big problem out then what are you suppose to do here?’

- All these criticisms were made publicly which make worker feel ashamed and humiliated. In fact, she complained that it is the heavy production target making workers hard to reach the quality and quantity standard.
D. Heavy security control in entrance and exit of the factory. The process takes time, which also force worker to arrive much earlier than their work time which is not paid.

Staff card verification ➔ security gate (check by metallic sensor for metallic accessories, hat, cellphone) ➔ if the sensor reacts, security guard will check manually. Female security guards are responsible to check female workers.

Throughout the interview, workers think that the procedure is wholly to protect the benefit of the company and brands.

4.11. Leave

4.11.1. Personal leave
Workers are required to give application to their supervisor beforehand, then obtain and fill in a leave application slip and return that to their supervisor’s approval. Afterwards, they have to pass it to HR department for the final decision.

Leave approval depends on the production season. It is almost impossible to apply leave during peak season, therefore workers would absent from work and ready for the penalty and losing the attendance bonus if it is urgent for them to take leave.

4.11.2. Sick leave
If workers have to apply for sick leave, they have to obtain official medical certificate from recognised hospitals in the region together with a written sick leave application form to the department head and the HR department. If worker obtained medical certificate from the factory clinic, the management would only admit a personal leave, thus the workers would lose his wage for that day. The factory allows workers to make a pre-application by phone before they get the certificate however if they cannot provide the proof, they will be seen as absence.

It is worth mentioning that dispatch workers are not covered by medical insurance, they have to see doctors in those recognised hospital on their own expense which would cost them a lot. “My wife was sick last year and didn’t go to work for 1 week. We have no medical insurance and cannot make any claim for the expense. We made numerous request then the labour agency finally gave my wife half of her wage of that week as special compensation.” A 30-year-old male worker said.

4.11.3. Annual leave
When regular worker has served for 1 year continuously, they can enjoy paid leave as entitled by the Law. Yet, one worker commented that this benefit is hard to enjoy, as the turnover rate in the factory is very high. Dispatch workers are not included as they are
hired by labour agencies. SACOM researcher met with a dispatch worker stated that he has worked for 1 year and a half but does not enjoy any annual leave.

4.11.4. Public holiday
All workers enjoy public holiday and will be given overtime pay as required by the National Law, i.e. 300% of the daily income, RMB 1,530/21.75\(\text{number of monthly working day as stated by the Law})/8 \text{hours} = \text{RMB 211}.

4.11.5. Work injury leave
During medical treatment, worker can have the basic salary RMB 1,530 only. They are not paid the average salary of the period and allowances.

4.12. Female worker protection (maternity)
Although the company policy says all female regular and dispatch workers enjoy maternity leave and protection, dispatch workers don’t really enjoy the benefit. The management would not rearrange them to easy position, so a lot of female workers quit their job when they have got pregnant. “The management didn’t arrange me to new position after I got pregnant. I had to stand 12 hours a day, so my husband had to ask me to quit the job. In fact, the little wage I got cannot cover my expense during the maternity leave” said a pregnant worker who just resigned.

On the other hand, regular workers will enjoy the basic salary with some allowances during the maternity leave.

4.13. Recreation and leisure
There are cyber café, table tennis room, snooker, stadium, library, gym room and some training rooms for music and dance. There is also an office of the Hi Sister Team for labour consulting. Yet, the opening hour for these facilities is from 08:00 to 22:00 thus many workers revealed that they seldom use them due to the time constraint. “The opening hour is crashed with our working hour. When we are off, they are already closed!”

The cyber café is expensive to worker, charging them RMB 1/hour.

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3 The 11 public holidays listed in Chinese Law are New Year (1 day), Spring Festival (3 days), Labour Day (1 day), National Day (3 days), Ching Ming Festival (1 day), Tuen Ng Festival (1 day) and Mid-Autumn Festival (1 day).
4.14. Trade union

According to the factory supervisors, there is a trade union in the factory and it is responsible for recreational activities and it does not really represent workers. However, in our interviews with workers, none is aware of the existence of trade union. There was no notice or contact of the union found in the factory area.

4.15. Auditing

Workers revealed that auditor or representative from the brands visited their factory once 3 months. However, they go straight to the company management and seldom visit them in the shop-floor. If auditor comes, workers only need to take care of discipline, hygiene and tidiness of the workplace. They don’t talk with the workers at all and workers don’t think it is helpful to improve their working condition, “We don’t lie to the auditor, we just avoid them to see what the factory doesn’t want them to see. To us, we think if we tell them our thoughts we won’t get any benefit from it.” A worker said.

5. Conclusion

The findings above have clearly shown that both Pegatron and its buyer Apple have continuously engaged in poor labour practices and abuses of workers’ rights. Even though the Apple Inc. has established its code of conducts since 2005, the working conditions in Apple’s supply chain are still far from satisfactory. This report, along with the earlier investigative reports released by SACOM throughout the years, have continuously demonstrated that Apple and its suppliers in the Chinese mainland have never treated their workers with dignity. Regrettably, the Apple Inc. has insisted not to have any constructive dialogue with us. We again urge the Apple Inc. and its suppliers including Pegatron to do the following:

- Review and adjust Apple’s zero inventory policy, so as to allot appropriate production time to its suppliers, and reduce working hours to meet the legal limits in China;
- Provide at least one rest day per week and limit the maximum overtime work to 36 hours a month;
- Provide free health checks for employees;
- Provide adequate training, protective equipment and health examination to workers who are exposed to the risks of occupational diseases and other employment hazards;
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- Increase the profit margin of suppliers, providing room for the latter to solve problems such as low wages, long working hours and lack of protective gears;

- Stop using dispatch workers, and turn current dispatch employees into regular ones, as dispatch workers shall only be used for temporary, auxiliary, or substitute job positions only and the amount shall not exceed 10 per cent of the total workforce;

- Enable workers to select their representatives in accordance with the Trade Union Law.

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