



Follow-up Investigative Report on HEG Technology

Wednesday, November 18, 2015

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Executive Summary

CLW has investigated working conditions at Huizhou HEG Technology over the past few years. This current report marks the fourth year of monitoring. HEG is a state-controlled company supplying to mobile handset brand companies, including Samsung, Oppo, Huawei, and TCL.

For two weeks in June 2015, a local organization with which CLW collaborates dispatched an investigator to work undercover at HEG. During the course of the investigation, the investigator was suddenly approached on the production line by HR personnel. The investigator was taken to a small office in the factory where she was interrogated by company personnel. During this process, the company revealed that it had been watching her and knew she had been sent by China Labor Watch. The HEG personnel had knowledge of the investigators' past social insurance records. During the interrogation, they threatened several times to call the police. After deleting photos from her phone and detaining her for a few hours, the company let the investigator leave.

Only two days after the investigator had been discovered at HEG, labor inspectors and police carried out a joint investigation of another office supported by CLW which was located in Shenzhen, China. Police detained some documents ostensibly based on the suspicion of the "crime of illegal employment".

These are only two of a series of linked events which have occurred over the previous year. The causal relationship between these events (detailed in Appendix, p.12) remains unclear.

Investigative Findings

While the discovery of CLW's cooperating investigator by HEG management in June influenced the progress of the investigation, a number of findings were still gained. (For this reason, all photos used in this report are from 2012 and 2014, shot during previous CLW investigations of HEG.) While a comparison of working conditions at HEG from 2012 to 2015 demonstrates some limited improvements, serious labor rights violations persist.

1. Underage Workers and Student Workers

One of the biggest changes observed was the stricter controls against hiring children and students at HEG. In 2012 and 2014, CLW's reports exposed the use of child labor and many student workers at HEG; in 2012, more than half of all HEG workers were students. But in 2015, CLW's investigation did not find any child workers, and HEG's main plant refused to hire people under 20 years old or student workers. At the same time, HEG's branch plant, where the investigator was placed, actually hires underage workers (16-17 years of age) without providing special protections for these young people as required by law. The working hours and conditions of underage workers were the same as adults. Thus, the exploitation of underage workers at HEG still continues.

2. Hiring Discrimination

In 2012, HEG discriminated in multiple ways during hiring processes, preferring to hire women, only hiring people under 30, and refusing to hire men with tattoos, long hair, or with disabilities. While age-based and idiosyncrasy-based discrimination was not discovered, gender-based discrimination remained a problem, as HEG would only hire one man for every three women hired.

3. Pre-job Safety Training

Investigations in 2012 and 2014 revealed that HEG provided very minimal pre-job training to new workers, lasting only half a day, far beneath the legal minimum of 24 hours for pre-job safety training. In 2015, however, CLW's investigation found that new workers participated in four days of pre-job training and practice, some of which included safety information. Workers also must take and pass a safety test. While there has been improvement in HEG's training policies, the training itself is generalized and incomplete. Workers do not actually receive much training on safety knowledge related to their specific job roles that details risks or toxic chemicals that exist in their production processes.

4. Mandatory Excessive Overtime

Working hours are a persistent problem at HEG. Workers typically work an 11- or 12-hour shift—of which two to three hours is overtime—six days per week. One veteran worker said that during busy seasons in 2014, overtime even reached seven hours a day. Chinese law restricts monthly overtime to no more than 36 hours. Three years after the first investigation, excessive overtime continues to be a problem at HEG.

5. Wages

In both 2012 and 2015, HEG workers' base wages typically are at or just above the minimum wage, making workers reliant on great amounts of overtime to make ends meet.

6. Insurance

From 2012-2014, formal workers at HEG always had insurance, even though the insurance may have been paid at a level below legal minimums and workers regularly complained that they never received their social insurance cards. However, according to HEG workers in November 2015, HEG had already begun making insurance a voluntary benefit, leading to many workers choosing not to buy it. This ultimately benefits the company by reducing labor costs. Chinese law, however, mandates the purchase of insurance.

7. Labor Union

From 2012 to 2015, CLW's investigation never uncovered a functioning labor union organization at HEG.

8. Resignation

From 2012 to 2015, the rights violation of "authorization" for resignation has continued. If a worker wants to resign, she must get the supervisor's "authorization", which effectively means that a person must "apply" to resign. But Chinese law requires only notification of resignation, not authorization for resignation. HEG should not be restricting a worker's freedom to withdraw one's labor.

9. Housing

Factory housing at HEG is still crowded, with 10 people to a room. In 2012, such housing was free, but in 2015, each worker has to pay 50 RMB (\$7.85) per month, in addition to utilities, to live in the dorm.



A HEG production facility in 2014

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