

# **A Year of Regression in Apple's Supply Chain**

*Pursuing Profits at the Cost of Working Conditions*



**中国劳工观察**  
**CHINA LABOR WATCH**

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## Problems in Apple's Supply Chain

Since 2011, China Labor Watch (CLW) has been following the working conditions in Apple's supply chain. In 2016, CLW conducted undercover investigations and interviews in four of Apple's largest suppliers (Foxconn, Pegatron, Compel, and Green Point). CLW's investigators entered Foxconn, Pegatron, and Compel as regular employees, collecting over 2000 paystubs in these plants. In addition, hundreds of students who worked at Green Point factory had reached out to CLW when they felt they were being taken advantage of. CLW uncovered a variety of labor rights violations at Green Point, such as poor living conditions, working conditions, wage deduction, and withholding of government issued I.D., amongst other abuses.

Through 12 investigations over 6 years, CLW discovered plenty of issues remain in regard to labor right violations in Apple's supplier factories even in 2016 and a significant deterioration of living and working conditions. This report summarizes major labor right violations in Apple's supply chain based on CLW's investigations during the past few years. This report includes the following 7 parts: working hours, wage allocation, social insurance, deposits, a case study of Green Point, causes, and conclusion.

Based on the results of CLW's investigations, the major issues in Apple's supplier factories are summarized as follows:

- 1.** In all of the four factories, weekly working hours surpassed 60 hours and monthly overtime hours surpassed 90 hours, with most overtime amounting to of 136 hours over a month.
- 2.** Compared to base income in 2015 (including bonuses but not overtime pay) worker's base income at Pegatron decreased in 2016, which is rare in the industry.
- 3.** Workers were required to sign an agreement to voluntarily do overtime, opt out of paying for social insurance and opt out of housing funds. These acts are blatant attempts to evade responsibilities and are clear violations against China's Labor Law.
- 4:** Workers at Pegatron and Green Point were continuously working overtime without compensation.



CLW strongly urges Apple and its suppliers to take our suggestions seriously. They must improve working conditions including working hours, wages, and social insurance. Apple must fulfill the promise that “Apple cares about every worker in its supply chain.”

Apple’s 2016 financial report indicated a drop in sales, reducing Apple’s profit margins. Thus, Apple lowered its order price with suppliers to maintain profitability. With the reduced production budget and the difficulty optimizing production lines within a short time frame, suppliers chose to mitigate the loss by exploiting their workers through longer working hours and less pay. Workers with little experience and channels of collective bargaining ultimately bore the cost of reduced corporate profits. Compared with the working conditions in 2016 workers in Apple’s supply chain received less compensation yet more overtime. These violations of worker’s rights raise questions as to the capability of Apple to uphold the promise of corporate social responsibility [within the supply chain].

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## Working Hours

According to Apple employees in its supplier's plants should not exceed 60 hours per week, with at least one day off. At the same time, Chinese labor law stipulates that overtime should not exceed 36 hours per month. However; based on the results of CLW's investigations in Apple's 4 main suppliers, excessive overtime remains a prevalent and persistent situation. Although Apple extensive audits, supervision, and 95% adherence to standard working hours between 2015 and 2016 in every supplier plant it is a far cry from what CLW uncovered based on workers' paystubs. Work exceeding 60 hours per week was common among Apple's suppliers. During times of high demand, such as the months leading to a product launch, overtime could reach 130 hours per month.

### **Foxconn**

Both excessive working hours and tremendous pressure are severe problems at Foxconn. Since 2010, there have been more than 10 suicides, indicative of the terrible working conditions and rigid management. In September 2016, CLW investigator launched another undercover investigation at Foxconn. According to the investigator, his department worked at least 6 hours in the afternoon (including 2 hours of overtime), and sometimes even 7 hours straight. Most workers there had accumulated 122 hours of overtime each month (see Screenshot 1), far exceeding the legal limit of 36 hours per month as per China's labor laws.

Moreover, many Foxconn employees do not work overtime by choice, but due pressures of making a living and supporting a family. They have the right to choose not to work overtime. However, if they passed on overtime even once during the busy season, the assembly line supervisor would threaten to deprive them of working any overtime the entire month. As a result, they won't make ends meet that month as the base wage is too low. There are only two choices for employees: do overtime or quit.

Screenshot 1: a paystub of a Foxconn employee in September 2016 (122 overtime hours in total)



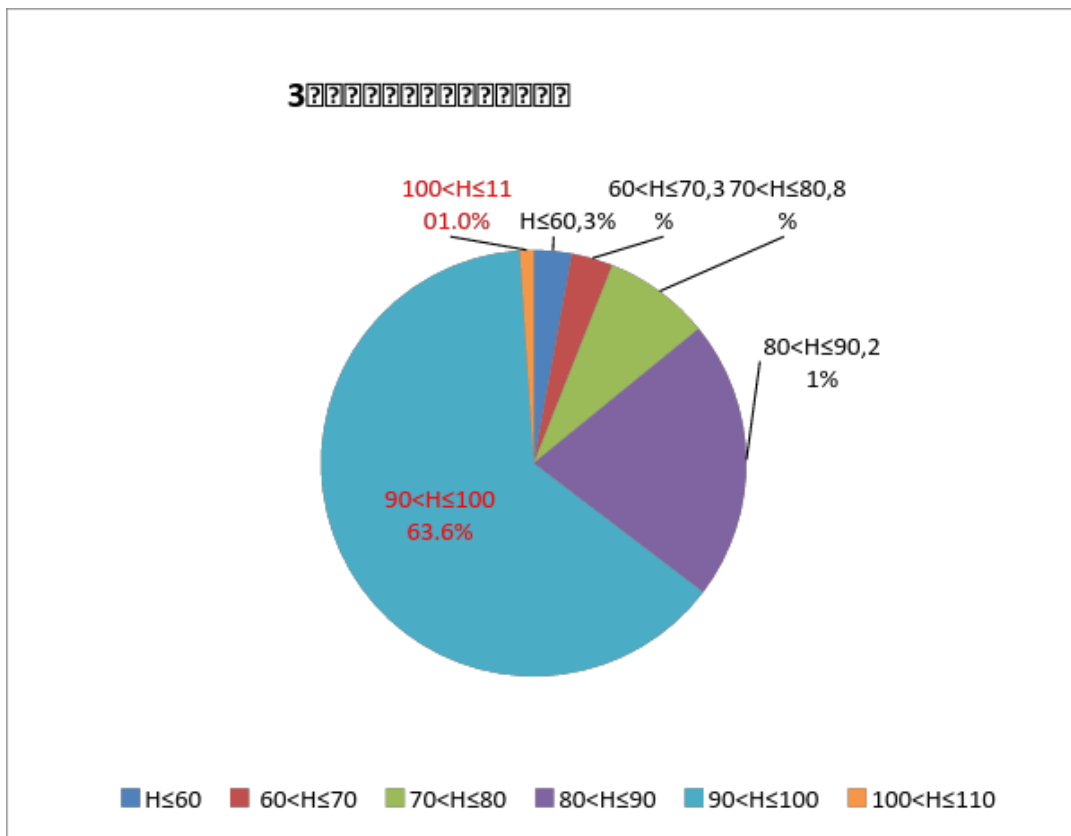
(Note: weekday overtime 42 hours, holiday overtime 16 hours, weekend overtime 64 hours)

## Pegatron

The overtime situation at Pegatron was rather seasonal. It was most severe in the two months before Apple released new products. According to the 2015 paystubs CLW collected, in October 2015, 71.1% of workers had surpassed 60 hours per week and 64% exceeded 90 hours of overtime, which is far above Apple's stipulation. In response, Pegatron invited a Bloomberg journalist to visit its Shanghai plant in March 2016 to display the ID check system. Pegatron claimed that it was installed to control the excessive overtime situation by preventing employees who had worked close to 60 hours a week from entering the workshop again.

However, Pegatron only showed the Bloomberg journalist what it wanted the public to see. In March 2016, CLW collected 382 copies of paystubs in the maintenance department and found out that the excessive overtime situation remained pervasive. All workers in the maintenance department (40% of the Shanghai plant) had exceeded the limit of 36 hours of overtime as stipulated by Chinese labor law. 64.3% of workers' monthly overtime surpassed 90 hours. (See Pie Chart 2 in red)

Pie Chart 2: Distribution of Overtime Hours - Pegatron Maintenance Department



Source: CLW report, Apple is the Source of Mistreatment of Chinese Workers

Apple did not provide further details regarding how its overtime limit was calculated and why it's set so. Apple requires workers in its supply chain must not exceed 60 hours per week and at have at least one day off. According to these requirements, workers should work at most 10 hours a day, with no more than 2 hours' overtime on weekdays and 10 hours' overtime on weekends and holidays. Under these conditions, the total overtime hours in March should be no more than 82 hours.

However, in the maintenance department workers had an average 89.4 hours of overtime. 78.5% of them worked more than 82 hours' overtime (See Bar Chart 3 and Footnote 3, over 82 hours' overtime means that workers have worked more than 60 hours per week). In July 2016 Apple

replied to CLW’s report admitting that overtime hours exceeded Apple’s standard in certain departments at Pegatron, yet the rest of production departments (97% of them) met Apple’s standard. The percentage Apple provided was a far cry from what CLW found. In addition, Apple did not give the details of their sample size nor how the results were calculated.

Bar Chart 3: the Percentage of Pegatron Workers Who Had Worked More than 60 Hours Per Week



Source: CLW report, Apple is the Source of Mistreatment of Chinese Workers

## Compel

Compel requires new employees to sign a “Statement of Intent on Overtime” during enrollment. Although Compel did not directly force workers to choose the “willing to work overtime” option, they told workers that “all electronics factories have overtime”, which hinted that workers should pick that option.

During the period of June 26<sup>th</sup> to July 25<sup>th</sup>, 2016, a worker who shared the same dorm with CLW’s investigator had worked 92 hours’ overtime.

On Sept. 8, 2016, China Labor Watch sent the overtime paystub to Apple yet did not receive any reply.



## **Green Point**

The students working at Green Point who contacted CLW worked shifts from 8:00 pm to 8:00 am, with two mealtimes: 10:30 pm to 11:00 pm and 4:00 am to 5:30 am. At the beginning of their work at Green Point, students were promised that they would have one hour for each meal. However, due to the need to increase production, their mealtime was pressed to 30 to 40 minutes during their 11-hour working time per day.

On Sept. 19, 2016, China Labor Watch started to write to Apple regarding the problems that students reported, including deducted and overdue payment, no payment for training sessions, and working over lunch time.

On Sept. 26, 2016, Apple replied in regard to the deducted and overdue payment as follows:

“Repayment by the labor agency through which workers were hired and paid has been made to 2501 student workers.”

On Oct. 3, 2016, Apple replied in regard to the no payment for training sessions and working over lunch time as follows:

“We confirmed that there was a 1-day training that was not paid. The labor agencies are going to repay to those workers who participated in the training, and the repayment will be made within next week. We will follow up to ensure this occurs.

As for the work beyond 10 hours not being paid, an investigation was also conducted and we confirmed that there were occasions where workers were required to return to work early from their meal breaks. Green Point made a claim that they will compensate those workers whose entry records indicate early return from lunch, and this payment will be made by October 8 2016. In addition, Green Point expanded their investigation to the entire factory and by October 10 2016, they will pay for any other occurrences of this return to work early.”

According to CLW’s investigation, there are workers in all four supplier factories who worked more than 60 hours a week. Therefore, CLW questioned the validity of the 97% up to standard rate in Apple’s social responsibility report.

## **Unpaid Work/Occupied Rest Time**

In addition to excessive overtime, there was unpaid labor and working during break periods in





the supplier factories. At Foxconn, employees had to attend regular meetings after work which didn't start until workers of the next shift came in. The meeting could last from 10 minutes to 1 hour, which was not counted as working time and thus unpaid. At Pegatron, most workers were required to arrive at their stations 10 minutes early, also unpaid. During the busy season, before they can enter the workshop, workers had to spend 60 minutes to go through security and ID checks, which was installed to eliminate excessive overtime in the first place, yet ultimately took more of the workers' rest time instead.

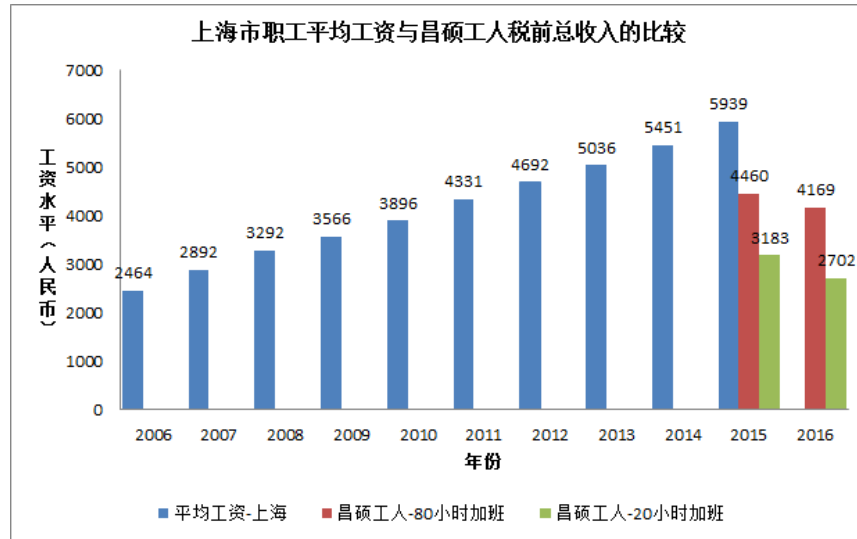
## Wages

Apple stated that each year in its production line, workers' wages were raised by 13%. But according to the statistics of Ministry of Human Resources and Social Insurance, from 2011 to 2015, China's annual minimum wage growth rate was 13.1%. It is important to note that in China, the wages of workers in Apple's supply chain were equivalent to the local minimum. The wage growth of Chinese workers has nothing to do with Apple's efforts, rather it is more of a result of China's legislation.

In addition, when CLW communicated with Apple, Foxconn, and Pegatron concerning overtime, they defended themselves by claiming that overtime was voluntary on the part of the workers. However, the reality is workers choose to work overtime because their base wages are too low (equal to or even lower than local legal minimum wage). They also lacked social insurance, thus they had to work overtime to support themselves and their families.

Take Pegatron Shanghai for example: The average consumption per capita of residents in Shanghai (2016) was 3079 RMB. The average wages of employees in Shanghai were also much higher than that of Pegatron workers. (See Figure 4) Even though the average consumption of Shanghai residents does not represent that of Pegatron workers, it shows the income level. Also, it's necessary to point out that Pegatron workers are often the backbones of their family. As workers often said, without overtime, they cannot support themselves. For this reason, many workers choose to leave the factories during off seasons.

Figure 4: Comparison of Shanghai Employees and Pegatron Workers' Wages



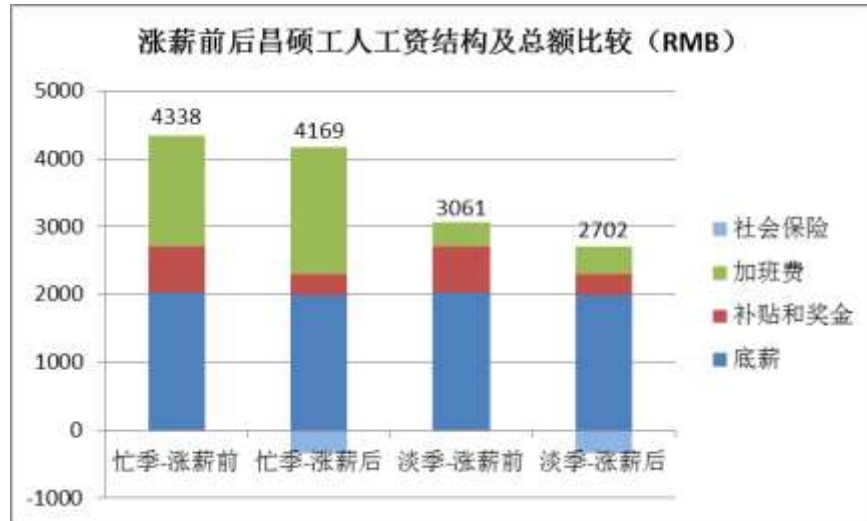
In April 2016, the Government of Shanghai raised local legal minimum wage from 2020 RMB to 2190 RMB. Accordingly, Pegatron workers' base wages were also raised from 2020 RMB to 2320 RMB. However, in spite of the raise of 300 RMB, Pegatron workers' total income declined significantly. Before the raise, Pegatron workers would receive 2240 RMB without. After the raise, the number became 1835.89 RMB. Their wages dropped 404.11 RMB (See Figure 5 the red box). Facing pressure from Apple, who was cutting costs, Pegatron lowered its labor cost by reducing welfare and passed insurance payments to the workers. Before the raise, workers could receive bonuses and compensation of up to 700 RMB each month. Afterwards, they only received 300 RMB. Furthermore, before April, Pegatron would purchase insurances for workers, but now requires workers to share the payment with each worker paying 330 RMB. They receive 730 RMB less than before. Therefore, even though the base wage is higher than before, the net income declined.

Figure 5: Changes in Real Income of Pegatron Workers Before and After the “Wage Raise”

**表二： 昌硕最基层工人加薪前后薪水变化**

	忙季：假设有 40 个小时平时加班，40 个小时周末加班		淡季：无加班	
	加薪前	加薪后	加薪前	加薪后
<b>基本工资</b>	2020	2320	2020	2320
<b>加班费</b>	1625.29	1866.67	0	0
<b>餐补</b>	280	0	280	0
<b>绩效奖金</b>	50	0	50	0
<b>年资加给</b>	300	300	300	300
<b>技能津贴</b>	150	150	150	150
<b>餐费</b>	-400	-400	-400	-400
<b>住宿费</b>	-160	-160	-160	-160
<b>保险</b>	0	-374.11	0	-374.11
<b>总计</b>	3865.29	3702.56	2240	1835.89
<b>加薪后变化</b>		-162.73		-404.11

Figure 6: Changes in Real Income of Pegatron Workers Before and After the “Wage Raise”



(Note: income tax, accommodation, and leave deductions are not deducted here, so the number is higher than real income)

The situation is the same at Zhengzhou’s Foxconn. In 2013, the monthly base wage of full-time employees was 1800 RMB, and the performance bonus was 200 RMB. In 2016, the base wage grew to 1900 RMB. Keep in mind that in the past 5 years, wages increased quickly. The annual wage growth is 13.1%, but Foxconn workers’ wages hardly changed. Other than the base wage, workers received the same amount of compensation - 200 RMB in 2013 and 2016, and paid the same amount for insurances. Obviously, in comparison with China’s average income growth, Foxconn’s payment level in 2016 was far behind (more so than even 2013).

The reason for the income decline is that factories took advantage of the wage structure. Workers’ wages are composed of base wage, overtime payments, bonuses, and allowance. In response to rising wages nation-wide (workers’ base wages are equal to local minimum wages) factories could only turn to bonus and compensation schemes ensure total labor cost doesn’t grow.

Factories make every effort to exploit workers. This is also the reason why workers have to work overtime. Rather than spending time with families, workers would rather work overtime in order to make better livings for their families, especially when their bonus and allowance are being cut



on a large scale. This is the result of the incomplete social security system and factories' pursuit of profits.

This is how Pegatron covertly reduces workers' wages. Although their bases wages were raised to 2320 RMB, which is higher than 2190 RMB, after paying for social insurance, many workers' wages (42.3% of all workers) were still below 2190 RMB. Pegatron needs a compensation payment to meet Shanghai's minimum wage requirement. These practices are telling of how Pegatron treats its employees.

## **Social Insurance and Housing Fund**

Social insurance is an important part in China's social security system. Yet, it becomes another way for factories to exploit workers in addition to extending working hours and compressing wages. In order to uphold a safe society, prevent social risks and share the burden of aging, unemployment, disease, and death, the Chinese government established the social insurance fund and requires payment through wages according to a certain rate based on earnings. When certain conditions are met, the insured can receive income or compensation from the social insurance fund.

With the improvement of Chinese law, it is required that employers purchase social insurance for their employees. However, there remain factories seeking loopholes to minimize spending for their share of social insurance in the pursuit of higher profits. According to CLW's investigation, Apple's four supplier factories purchased social insurance according to the local minimum wage, instead of the worker's actual income. Even worse, upon hiring, some even required workers to sign a statement renouncing payment into the social insurance fund.

At Foxconn, excluding the management, the factory purchased only the most basic social insurance (195 RMB) and according to the local minimum wage (regardless of workers' actual income). Before 2016, Pegatron also used this method to increased profits.

The Chinese government set up the housing fund to solve the housing problem, and functions similarly to social security. Both employees and employers need to contribute to the fund. By forcing workers to "voluntarily" opt out of the housing fund, the factory also found another way



to cut labor costs. At Compel, new employees would receive a copy of an “Application for Housing Fund Waiver”, without their request. The application states “because the housing fund would influence income, and the payment and withdraw procedures are too complicated, I at this moment do not need housing fund.” The factory misleads employees into opting out of the fund through uninformed decisions. Employees can re-apply for the housing fund. When they choose to do so, the factory and employees will, with Nanjing’s minimum wage of 1770 RMB as the base, each pay 5%, totaling 177 RMB. Employees pay 285.94 RMB for social insurance each month, among which pensions account for 210,24 RMB, medical insurance 62.56 RMB, and unemployment insurance for 13.14 RMB. The base for insurance payment is 2628 RMB, the legal minimum.

## Security Deposit and Illegal Deductions

Apple clearly stipulates in its social responsibility standards that no suppliers or labor agencies should charge workers for security deposits or introductory fees. However, according to CLW’s investigation at Green Point and Compel, employees were often charged by both factories and labor agencies.

At Green Point, students told us that they would be charged a security deposit of a few hundred RMB by labor agencies. After enrollment, if they wanted to quit in advance, the factory would threaten to deduct 500 RMB to keep to dissuade the students from leaving.

At Compel, job applicants came to the factory in two ways: Through on-site hiring by labor agencies, and through online advertisements that led prospective workers to labor agency websites. Many workers were charged an “introduction fee” by labor agencies. Amounts varied from 100 RMB, 150 RMB, to 300 RMB. One job applicant told CLW investigator that he responded to hiring information on 58 city’s website and was charged an “information service fee” of 300 RMB. During the enrollment training and examination (50 multiple choice questions), there was one question asking new employees whether they had been charged by labor agencies, the trainer directly ask employees to choose “no” before asking them the real situation.

Although Apple conducts audits and requires suppliers to return security deposit and introduction



fees, its audits cannot cover all supplier factories and the returned fees are only a small part of the total amounts. Most workers can never get their money back.

## **Green Point's Severe Rights Violations against Students Workers**

At Green Point, CLW discovered even more serious problems such as labor exploitation, forced labor and illegal salary deductions. In the summer of 2016 thousands of students came to Green Point to work. Only upon their arrival did they find out it was a sweatshop with terrible working conditions. The factory runs from 8:00 am to 8:00 pm for the day shift, and from 8:00 pm to 8:00 am for the night shift. In the beginning, the factory guaranteed two meal breaks with each lasting an hour. However, due to the production pressure of busy season, one-hour meal break was repeatedly cut short by the factory. As a result, the students were left with 30 minutes only. When students considered resigning due to severe working conditions, Green Point threatened to deduct 500 RMB from their wages when leaving. Many students chose to stay only for the salary that is so little that can be counted on their fingers. In comparison, there were students who insisted leaving even at the cost of their 500 RMB. For the student workers who finished work in the summer, however, only found out that they received far less than what they deserved. According to the information provided by 200 students to CLW, they are underpaid by Green Point, with the amount varying from a few hundreds to two thousands RMB.

Not only at Green Point, CLW also discovered the use of student labor at Foxconn during our earlier investigation, and all sorts of violations and discriminations were common. Take Green Point for example, CLW summarized the practices that were in violation of students' rights and Apple's supplier code of conduct as follows:

1. Forced students to pay advances for security deposits and other fees.
2. Did not purchase insurance for students and forced them give up social insurance
3. Did not fully provide safety training prior to the commencement of work.
4. Excessive overtime, failure to provide 1 day off per week as stipulated by Chinese law and Apple's code of conduct. Students worked 11 hours a day and only had one to two days off each month.
5. Does not pay overtime according to China's legal rate.



6. Threatened students with illegal deductions.
7. Did not pay wages during sick leave as stipulated by law.
8. Hired illegal labor agencies.
9. Did not issue students paystubs.
10. Falsified wage and work time records. According to students, the factory would change the overtime from Friday night to Saturday to avoid night shift compensation.

## The Root of Problems

Apple promised to treat every worker fairly, and would publicize its achievements on social responsibility in its annual report. However, according to CLW’s investigation, Apple and its suppliers’ efforts are just for the purpose of public relations, and their achievements are limited.

For example, CLW sent investigators to Foxconn to conduct undercover investigations in 2013 and 2016. Both terrible working conditions and labor rights violations persisted in 2016. Although Apple and Foxconn promised to improve, the scale of improvement was only limited to enrollment training, child labor, illegal labor agencies, and resignation procedures. Most of the other problems remained, while new problems arose concerning hiring discrimination and audit fraud. The lists of labor problems in 2013 and 2016 are as follows:

Comparing Zhengzhou’s Foxconn Working  
Conditions Between 2013 and 2016

		2013	2016
Hiring Discrimination	Age	X	X
	Ethnicity	X	X
	Sex		X
Illegal Labor Agencies		X	



Lack of Enrollment Training	X	
Child Labor	X	
Unpaid Labor	X	X
Unpaid Leave	X	
Forced Resignation	X	X
Overtime Work	X	X
Forced Labor	X	X
No Health Examination when Leaving	X	X
Extra Resignation Procedures During Peak Season	X	
Verbal Abuse	X	X
Lack of Effective Appeal Channels	X	X
Lack of Rest Time during Shifts	X	X
Ineffective Fire Drill Practice	X	X
Sever Living conditions	X	X
Audit Fraud		X

CLW’s investigations uncovered the ineffectiveness of Apple’s audits. In 2016, CLW discovered that Foxconn workers would work entire mornings or afternoons without pause. Only due to audits by Apple or others, would they occasionally have a rest for 10 minutes every 2 hours. However, this rest policy was only effective during the auditing period (usually 10 days). Once the audit was finished, conditions returned to those prior the audit.



Such instances of audit fraud were also found at Pegatron and Green Point. The ID check system at Pegatron is one example. According to CLW's calculation, during busy season, 78.5% of Pegatron workers worked more hours than Apple's requirement. In some departments, due to production targets, all employees worked overtime. In our statistics, Pegatron alone would pull down Apple standards' compliance rate 3%. According to CLW's multi-year investigations, excessive overtime during the busy season is commonplace. Under such a situation, Apple's 97% compliance rate limiting working hours to 60 per week is suspicious.

Audits are just one window into the working conditions in Apple's supply chain. The root reason is Apple's hierarchical outsourcing model and Apple's exploitation of suppliers' profits. Through outsourcing, Apple transfers social responsibilities to suppliers, and through manipulating the competition among suppliers it can lower the labor cost. Facing with the pressure of price competition, suppliers can only extract profits by further lowering labor cost. In other words, Apple alone controls the majority of profits in the whole supply chain. Suppliers have little to do to improve working under such conditions. Although Apple repeatedly claims it values workers' rights, it is in fact at the root of terrible working conditions in its supplier factories. If Apple truly desires fairness for its workers, it should raise the order price, purchase social insurance according to workers' real wage, or raise workers', rather than just publicizing a positive social image for itself through loose audits and other public relations methods. CLW believes that Apple does not invest enough resource to improve the working conditions in its supply chain and Pegatron is one obvious example. Apple alone claimed 90% of the profits in the cell phone industry. If Apple does not lead to improve its supply chain and labor practices, other smaller companies won't have any motivation to do follow suit. In other words, Apple, who have 233 billion dollars of cash assets, is the strongest resistance for improving the supply chain.

## Conclusion

In the iPhone manufacturing process, Apple manages the purchasing, labor cost, and the provision of production equipment. Therefore, Apple cannot shirk its responsibility for workers in its supplier plants.

China is benefiting from globalization, but Chinese workers are receiving far less than what they deserve. At the same time, Chinese workers lack protection from unions and channels to defend



their rights. Laborers have been on the weaker side of development in labor relations. Corporations collude with Chinese firms exploiting workers to reduce costs. International brands such as Apple shirk their responsibilities of improving supply chain working conditions through outsourcing, and gain larger profits by underpaying workers. The result is a climate of exploitation within which other companies exploit laborers.

Masses of Chinese workers leave their homes and families to risk employment security, but ultimately barely earn enough to live. Chinese workers have not been treated fairly in the process of China's economic development. During periods of economic downturn, it is also workers who bear the costs through further exploitation. CLW's report proves this point. In 2016 when Apple's sales declined, part of its profits were achieved through pushing its suppliers to exploit workers.

## Appendix A

### **A Letter from a Student Worker at Green Point Factory**

My name is Yu Chunyan and I would like to share my experience at Green Point (Wuxi, Jiangsu). I arrived in Wuxi on the 23<sup>rd</sup> of June and stayed in a hotel for two nights before interviewing with the Yiqin Labour Dispatch Company, with whom I signed multiple contractual agreements (labour, confidentiality & relinquishing of social security insurance). Upon signing we were required to pay a 50RMB deposit for accommodation, which would be returned upon our leave from the dormitory. That evening, we were brought to the Green Point dormitories.

The next day (June 26<sup>th</sup>) we underwent physical examinations at a cost of 45RMB to be returned after completing one month's work. We received no further news from the company until 10:45pm 3 days later, notifying us as to the date of our training. On July 1<sup>st</sup>, we underwent basic training concerning work responsibilities and safety procedures. Our training lasted 11 hours, excluding meal times.

We formally began work on the 2<sup>nd</sup> of July. I was assigned to the assembly department on the 2<sup>nd</sup> floor of Building B3. I was responsible for the assembly and painting of the plastic back covering for the iPhone 7. Shifts ran from 8pm until 8am, with two meal breaks. The first between 10:30 – 11:30pm and the second from 4:30 – 5:30am. Upon hiring, we were told meal breaks were 60 minutes long. Due to high factory demand, the breaks rapidly shrunk from 60 to



40 to 30 minutes – all in a matter of days. At that point, within 30 minutes of the beginning of the break time you had to be back on the assembly line – regardless of whether you had eaten your meal or not. Despite the shortened meal times, once on the assembly line there was no chance to rest, we had to immediately resume production. Due to high demand, our daily production increased from 7000 units to 40,000 and even 50,000 units per night, continuing on into the month of August.

Wages were paid on the 10<sup>th</sup> of each month, meaning wages were received on the 10<sup>th</sup> of August. Many workers said they would quit immediately upon receiving their wages. As well, many students requested to resign due to the high volume of production. At the time, resigning was easier. By August 10<sup>th</sup>, 3 of my dormitory roommates had already left the company. I inquired about their pay only to find that for 21 days of work, they only received 1500RMB due to deductions by the company.

With time the production targets increased, even exceeding 50,000 units. I became ill. Suffered from coughing, headaches and stomach pains so our line leader took me to the infirmary. The next day, August 11<sup>th</sup>, I took sick leave. I returned the following day, and resigned on the 13<sup>th</sup> of August. When resigning, the assistant general manager explained that those who quit before August 25<sup>th</sup> would be deducted 500RMB. This was the company's way of discouraging us from leaving; however, my colleagues explained that it was merely intimidation and there was no plausible ground for the deduction. Nonetheless, I resigned. Shortly afterwards, the factory began intimidating the students with the same threat. Many of those who had already applied to resign then changed their resignation dates to August 25<sup>th</sup>.

On the following payday, September 10<sup>th</sup>, many students found their wages were much lower than expected. Upon contacting the dispatch company and factory, their questions were met with various excuses and vague answers. I called 7 or 8 times regarding my wages, but no one answered. Eventually someone took my call and when prompted to clarify my wages, she explained that 281RMB was deducted for social insurance, 136RMB for utilities, and other expenses such as an early arrival dormitory fee and laundry fees (for the uniforms).

For the 16 days I worked I received 1395RMB after deductions, not including the 4 days I did not work. I explained to her that on the day preceding our off-day, we have a shift with double pay and asked her to clarify how this was calculated. She explained that I had one double-pay shift on Friday, and the other instances fell on Saturdays and Sundays (to which neither night shift or double pay bonuses apply). I asked how this could be, since I only ever had Saturdays off. How was it possible that they had recorded me working on both Saturdays and Sundays? She claimed nothing could be done as the calculations were based off of the work times presented to



her and that nothing could be done. Shocked at their behavior I asked how they could do this, as changing shifts like this amounted to falsifying records. At this point, she hung up the phone. When I called back to continue my inquiry, she immediately hung up after I told her my employee number. Further calls went without answer.

A few days later, the bank notified me that the 45RMB for the physical examination had been refunded. I once again began calling the company and despite no answers, persisted until eventually someone picked up the phone (likely out of frustration). I inquired again as to my wages, he told me that 291RMB was deducted for social insurance and 123RMB for utilities. I asked why these numbers were different from my previous inquiry and how they could be so irresponsible. I was beginning to become angry. I asked how it was possible that my utilities were more than those who had worked until the 25<sup>th</sup> of August, when I had quit on the 13<sup>th</sup>. He replied that he wasn't sure.

When I asked about the social insurance, he said it was paid for. I told him I would check. I immediately called the social insurance bureau, who asked for my social security number in order to check. When I finally reached Green Point after repeated calls, I was told that social insurance must be declared before a social security number could be received. I asked if the social insurance hasn't been paid, then why haven't I had the money refunded? Moreover, as students, we don't even need social insurance. He explained that the labour department requires the company pay social insurance and nothing could be done. I then asked for my social security number so I could check when the payment had gone through. He replied that the company did not yet have my social security number. I pressed further, asking him where the money was since it hadn't been paid into my social insurance yet. At this point, he hung up. They eventually answered my calls, only to hang up once they understood who I was. Any further calls went unanswered.

On September 25<sup>th</sup>, I received a call from Green Point asking what it was I wanted to know about my wages. I told them that I wanted to know about my social insurance and overtime. They told me that the double pay isn't calculated on a 7-day week but calculated based on 8 days per month, from which actual days off are subtracted, the result of which are considered as double pay. I told him that this doesn't make sense either. I worked 20 days in August, and had 3 days off, and one day of sick leave, why would I only have one shift where I received double pay? She said that for the 20 days, I can have 4 days off. As I took 3 days off, 4 days minus 3 days, meant that there was only one day where I earned double-pay. No wages are paid for sick leave. I told them that the calculation was incorrect. There are 7 days in a week, and there should be one day where the wages are double-pay, and according to labor law, sick leave is also included in base wages.



I told her that I had also asked the manager and veterans at the factory. She said that this was incorrect, and told me a host of reasons. When I once again mentioned social insurance, she said that they were still in the application process and would provide me with my social security number at later date. She then hung up. When I called again about my social insurance, I was told the records could not be found, meaning they had not paid. Why were they lying to me? Being a student is already difficult enough, and it isn't easy to make enough money to be able to afford my tuition!

On September 27, I added the girl that I called previously, on WeChat, and sent her the calculations for labor compensation and wages as stipulated under the labor law. After seeing this, she became very angry. She immediately contacted me, claiming the calculations were incorrect and that it would cause them a lot of problems and would mislead the students who were working. Therefore, I asked for my August paystub as well as their wage calculations for a comparison. She has yet to deliver my August paystub.

Above is my experience at Wuxi Green Point. As for Wuxi, I will never return. It's a place full of fraudulence. The dispatch company was overbearing. They would threaten not to pay wages to students who disagreed with the company's arrangement. There are so many dispatching companies like this who bullying students like us who have only just left campus. Do they have a conscience? I hope you can help us innocent students acquire justice. Thank you very much!

The days passed quietly. Green Point returned money on two instances. One was the 45RMB for the physical, and the other was 40RMB in wages. There was no further contact. When we were about ready to give up, we suddenly had a student bring up (in our Green Point wage discussion group) someone's WeChat contact information who had agreed to assist us. We mulled over the proposition, and decided to give it a shot even though we didn't know this person. These days, China is rife with scam artists. When we asked his identity, he said he was with China Labor Watch. We somewhat reluctantly shared our story with him, as we had no other hope (we were exhausted from having to call the labour bureau, Green Point and Teliliang).

4 or 5 days elapsed without news. We asked what was happening, if we had any hope. We were asked to wait, and later that evening he asked (in our WeChat group) if there was a student among us who was particularly knowledgeable regarding our grievance and who had evidence of the shortchanging who could serve as an example. The purpose of which is to have Apple give Green Point some pressure, to accelerate the process of coming to a resolution. Once this was made clear, I reached out without hesitation sharing my story in the hopes to serve as an example



and to help other students on their behalf. Fortunately, he accepted my story. I stayed up all night writing this letter (because of the time-difference with America).

The next day, I received a phone call from Green Point. This time their tone was completely different, much sterner than before. They inquired whether or not I had a grievance concerning my pay, and why I would write a complaint. I replied that there was a multitude of issues, such as social insurance, sick leave, double pay (shifts), utilities etc. They maintained their original stance, insisting that social insurance was paid for, that I had miscalculated my sick leave (at Green Point, those on sick leave must produce a doctor's note). Moreover, they claimed that I miscalculated my double pay, that my method was inconsistent with their own etc., etc. Their point being, I was wrong and they were right. Speaking of utilities, I stated that there [should] be a difference between the utility fee for someone who left the dormitories earlier and later. They asked who was in the dormitory, and I gave their names. She said she would follow up on this issue. I agreed. That afternoon I received a call from Shanghai (from whom, I cannot clearly remember). She claimed to be calling to clarify the situation. Her tone was much better than Green Point's, and much more politely. I explained the course of events that had unfolded. She said she would follow up on the situation. I thanked her, and expressed my hope that the situation would be resolved soon.

A few days passed, with Green Point calling me on multiple occasions to confirm that my social insurance had been paid. Otherwise, nothing of occurred. They gave me my social security number to enable me to verify the social insurance payment. As soon as I heard this, I knew it was a thinly veiled attempt to deceive me. How could they have the gall? Unsurprisingly, when I called to verify I was told that they could not find the payment as it was still in the application phase. The money had not been paid. China Labor Watch was very responsible. After I shared my story, they encouraged other students to share their wage grievances with them as well. They summed up the totals, and demanded that the money be returned to the students. I waited about a week until I finally received 1200+RMB that was owed to me. Despite the amount being insufficient, I was nonetheless pleased. The other students were also reimbursed, proving that our efforts were not in vain. This also built trust between ourselves and China Labor Watch. China Labor Watch asked if the money returned was sufficient, to which I replied that neither myself nor the other students had had our full wages returned. We were asked to wait, and three days later our money was returned. This time, we were reimbursed for the full amount of our due wages. We were thrilled.

The students who were insufficiently payed did not hesitate to seek out China Labor Watch after hearing of our success. Students increasingly joined in, and China Labor Watch continues to



offer assistance. Needless to say, those of us who had been refunded did not hesitate to help the students who had not. We hope the government can improve the labour laws, improve management of labour, provide people with fair treatment and reasonable wages, and uphold our rights. That these matters involve money makes it difficult. Due to this experience, I am confident that the world is full of good people, people who make selfless contributions, and if I presented with the opportunity then I wish to join a public interest organisation. I wish to help others and to be a valuable and upstanding person. I'd also like to take the time to sincerely thank China Labor Watch for all their hard work!