Investigative Report on
HEG Technology (Huizhou) Co., Ltd.

August 28, 2014
**Company Profile**

HEG Technology (Huizhou) Co., Ltd. is a high-tech electronics manufacturer held by the Harbin Investment Group, which also has companies in Harbin, Tianjin, Xiamen, Shenzhen, Huizhou, and other places. The company in Huizhou is currently divided into two parts, the Chenjiang and Zhongkai branches, and mainly produces mobile phones. The Chenjiang branch has more than 5,000 workers. The branch is located at Jiaxin Industrial Park, Dongsheng Village, Chenjiang County in Huicheng district of Huizhou, China. HEG is currently producing cell phone parts and other products for Samsung and Lenovo.

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**Hiring**

Since student workers have to go back to school after the summer break, HEG is currently hiring a large number of workers. It restricts workers’ age at hiring to between 16-30 years old. HEG built a recruitment space next to the factory compound. Applicants simply need to fill-in a notice form, and after they are contacted by HEG, they will return to the factory complete hiring processes.

After hiring interview on the second day, workers need to undergo a physical examination on the second day. Fees for the physical exam are 30RMB ($4.87), which will be returned to the worker after a full month of work. The physical exam includes a blood test and chest X-ray. Despite paying for it, workers are not given the results of the exam. On the third day, workers participate in training and orientation.

**Labor Contracts**

After workers pass through training and testing on day three, they sign labor contract on the fourth day. The contract period is usually limited to three years and the probation period to one month. The factory stipulated that resignation has to be announced one month in advance. If a worker leaves earlier, a full month’s base wage will be deducted from his unpaid compensation, which equals 1,400 RMB ($227). The factory does not provide any explanation of the items in the contract, just asking workers to write their information and sign on the first and last pages. The rest of the contract has already been filled out by the factory when the workers sign.
Working Hours

Workers at HEG usually labor eight hours a day and then an additional two hours of overtime. They usually work six days a week. The factory implements a two-shift (day and night shift) system, between which a worker switches every two weeks. Workers usually receive 24 hours of rest between switching shifts. The day shift operates from 8 am to 8 pm and the night shift from 8pm to 8am. Overtime is compulsory at HEG, and during busy periods, overtime will reach to 4 to 5 hours per day. During these long shifts, most of workers laboring in the workshops making Samsung and Lenovo products are working on their feet.

Wages and Benefits

The factory usually distributes the wage of the previous month on 20th day of each month. Workers will receive a paystub, which includes a basic wage, overtime wages, social insurance items, seniority wage, full attendance bonus, etc. A typical worker makes around 3,000 RMB ($488) per month, out of which 200 RMB ($33) will be deducted for social insurance. The wages are deposited directly to the bank account of workers.

The monthly base wage during the probation period is 1,300RMB ($211). After the probation period, it increases to 1,400RMB ($228). Overtime wages are calculated according to the regulations of the Chinese labor law.

There is a full attendance award of 100 RMB ($16.25) per month and performance award varying between 100 RMB ($16.25) and 400 RMB ($65). The full attendance award is
connected to the workers attendance at work. If a worker comes in late or leaves earlier, each time 30 RMB ($4.87) are going to be deducted from the attendance award. If a worker comes late or leaves earlier more than three times, the full award for the month will be lost.

If a worker is one day absent without applying for leave, two days’ wages are deducted. Three days of absence count as immediate resignation. The performance award is connected to the worker’s productivity. Only a few people are able to receive this full award. Workers attending the night shift have a daily subsidy of 7 RMB ($1.14). Different departments might also implement other small bonus systems depending on the time of year and length of service.

The factory only provides social insurance for workers at the factory for one full month. This insurance includes the pension, medical insurance, unemployment insurance, occupational injury insurance, and maternity insurance. For workers under 30 years old, a total amount of 181.2 RMB ($30) will be deducted from the monthly wages for insurance payments. For workers above 30, that amount increases to 229.9 RMB ($37.19) per month.

HEG stipulates normal holidays for workers, including three days for the Spring Festival and the National Day, and one day for Tomb Sweeping Day, Labor Day, Dragon Boat Festival, Mid-Autumn Festival, and New Year’s Day. HEG also supposedly offers workers marriage holidays, maternity leave, and annual leave; however, only few workers actually enjoy these because the application process is complicated. As a result, if a worker wants leave, he or she usually quits HEG and returns home.

### Housing and Meals

The factory provides three meals per day, and workers receive 150 RMB ($24) from the company every month to use toward meals. After 150 RMB, workers must pay themselves. Breakfast includes steamed buns, porridge, noodle, and fried rice. For lunch and dinner, workers can choose three dishes and one soup, including two meat dishes and one vegetable dish. People working in kitchens do not wear mouth masks and sometimes cut food on the ground. Some told CLW that there are insects and other foreign matter in the food.

Among the four dormitories provided by the factory, only one of them, Xinchang Dorm, is located in the factory premises and only houses female workers. The other two dormitories, Xiechang and Hongchanglida Dorms, are far away from the factory. Workers have to take motorcycle taxi or shuttles to and from work. Eight workers share one room, and they need to pay utilities every month. In the dorm, there are fans and a hot water dispenser.
A schedule that displays the workers’ meal times.

**Working Conditions**

Workers are required to wear uniforms when they walk into the factory, including clothing, shoes, and hats. Even though workers do no need to pay for the uniform, they must return it before resigning. If they fail to do so, 200 RMB ($33) will be deducted from their final wages. Workers usually stand while working, usually receiving a 10 minute break every two hours. However, in the department producing for Samsung, the 10 minute break has been canceled. If workers drink water while laboring, they will be scolded by supervisors. If someone wants to go to restroom, they must obtain a pass; otherwise, they cannot use the bathroom. Workers are not allowed to bring their cell phones into the factory, and factory security may take away workers’ phones.

Workers were not trained on occupational health or safety concerns imbued in their jobs, including the use of chemical products or other hazards.
**Student Workers**

CLW’s investigation found student workers producing for Samsung and Lenovo. In the department producing for Samsung, management are pressured to meet production demands and thus have hired a large number of student workers via a labor dispatch company.

The students at HEG come from Hubei Province, Hunan Province, and Guizhou Province. CLW interviewed workers from Hubei Jingmen Technical School. There were 117 students from this school that signed three-month labor contracts with the dispatch company and were subsequently sent to work at HEG on July 3. They were not trained before beginning work. They paid for transportation to the factory by themselves. The labor dispatch company paid them 8.5 RMB per hour and did not pay for overtime or a subsidy for night shift. Based on the attendance record provided to CLW by one of these student workers, the students worked up to 4.5 hours per day, the total working hours for a day reaching 12.5 hours. Student workers did not need to pay for meals and housing. These student workers were either freshmen or junior students in college.

Students said the work was difficult. 39 students resigned in late July because they could not tolerate the harsh conditions, but they did not receive their unpaid wages. On August 22, the remaining 78 student workers collectively to quit their jobs; however, the supervisor did not allow them to leave. Only when CLW wrote a letter to Samsung informing them of the situation were the students able to quit HEG on the 23rd. However, they also are having trouble receiving their full wages because the factory pays the wages on 20th day of every month. Apart from their wages, the factory also failed to keep their promise to pay students’ transportation fees. HEG managements said that if students want to get the reimbursement, they cannot resign before September 10. CLW confirmed with one of the students that some of them were producing Samsung phone parts while working at the factory. As of the date of this report, these students have still not received their unpaid wages.
A student worker is waiting for the bus to leave the factory.

A list of student workers employed at HEG (Huizhou).
An attendance sheet of student workers at HEG (Huizhou).

**Child Labor**

During the investigation, CLW discovered more than 10 child workers (under 16) labor at HEG, including in Samsung Department Three. Some workers said that these child workers were also hired via a labor dispatch company. When the investigator asked them to provide their IDs, the young workers said their IDs were collected by the labor dispatch company. Factory security said that after the summer vacation, all the student workers were leaving and it was hard to find workers, so HEG relied on labor dispatch companies to recruit new workers. These children were not interviewed and did not receive physical examination before entry. If they want to resign, they have to quit without receiving owed wages. In this way neither the factory nor the labor dispatch company bear direct costs from the children quitting. Dorm management also supported the information shared by the guard.

CLW obtained a list of multiple child workers at HEG. Based on their ID (which contains their birth dates), one can observe that these workers were under 16 years old when hired at HEG, assuming they were hired in July 2014, which is the month in which CLW obtained the list.
A name list obtained by CLW reveals that workers recruited to work at HEG (Huizhou) included child workers. (1 of 2)

A name list obtained by CLW reveals that workers recruited to work at HEG (Huizhou) included child workers. (2 of 2)
Some of child labors used aliases while working in HEG’s Third Assembly Group for Samsung products.

Resignation

A lot of workers told CLW that it was difficult to resign at HEG. Supervisors usually delay or reject the notice of resignation. If someone cannot wait for the management’s response, they simply have to quit without passing through proper procedures. Since the factory usually distributes monthly wages on 20th of the following month, workers who quit the job informally will not receive 20 days of compensation.