An Investigative Report on HEG Technology: A Samsung and Xiaomi Supplier Factory

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China Labor Watch (CLW) is a non-profit organization that increases transparency of supply chains and factory labor conditions, advocates for workers’ rights, and supports the Chinese labor movement.

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Executive Summary

China Labor Watch has investigated the working conditions at Huizhou HEG Technology since 2012 and issued investigative reports on HEG in 2012, 2014, and 2015. This current report is the fourth report on HEG.

HEG is a state-controlled company that supplies to brand companies, including Samsung, Oppo, Xiaomi and TCL. CLW’s initial investigation in 2012 into HEG uncovered major rights violations such as child labor, unpaid wages for student workers, and discriminatory hiring practices. Since CLW’s initial report and subsequent follow up investigations, there have been a number of notable improvements at HEG. As of 2015, HEG no longer employs child labor nor does it discriminate against applicants based on age or physical characteristics. In 2018, further improvements to the working conditions were implemented such as not discriminating against applicants based on gender, overtime is no longer mandatory, social insurance is purchased for workers and workers no longer need to pay for the cost of their pre-job physical examination.

However, in some areas, HEG has regressed. In our 2015 investigation, CLW discovered workers underwent four days of pre-job training and practice but, in our 2018 report, CLW’s investigator reported undergoing less than 24 hours of training. The 2015 report indicated there was no longer any age-based hiring discrimination, yet our 2018 report revealed that applicants older than 39 are not hired. Additionally, in 2015, workers were presented a copy of their labor contract a week after signing but in 2018, workers must now wait even longer, a month’s time, before they can request a copy of their contract.

Besides for these regressions, there have also been persistent, recurring issues like excessive overtime. Veteran workers reported that in the second half of 2017, some of them had worked 105 hours of overtime in a month, with some working 13 days consecutively. As workers receive a monthly base wage of only 1,600 RMB, workers have little choice but to work overtime to sustain their livelihoods and rejecting management’s request to work overtime negatively impacts their attendance bonus. If any problems arise during their work, workers have limited options to report the issue anonymously, as the only grievance mechanism available is a worker hotline operated by Samsung; however, no interviewed worker said they had made use of the hotline. Insufficient grievance mechanisms have left worker’s concerns unaddressed.

Overview of violations discovered at HEG:

- Discriminatory hiring practices: applicants older than 39 years old are not hired.
- Pre-job training is insufficient and is less than the legally stipulated 24 hours.
- Resignations are all processed on the following Monday, meaning workers are unable to have their resignations processed within the legally stipulated three-day period.
- The factory does not proactively provide workers with a copy of their labor contract; workers must request a copy of their contract on their own.
• Recruitment advertisements claim workers will receive a base wage of 2,200 RMB a month but in practice, workers receive a base wage of only 1,600 RMB.
• Workers have their attendance bonus reduced if they reject working overtime.
• Fire extinguishers do not have clear inspection logs.
• Despite the presence of a labor union, workers are uninformed of its functions and are unsure about who the members of the labor union are, if there are any labor representatives, and if there are any worker meetings.

HEG has admittedly made noticeable improvements to its working conditions and hiring practices. HEG has come far from its 2012 situation and has taken strict measures to prevent the employment of child labor. However, as the factory has regressed in some aspects and failed to make significant changes in areas such as grievance procedures, it is necessary for HEG to continue its work in improving its working conditions. Furthermore, as Samsung’s Global Code of Conduct includes the principle: “we comply with laws and ethical standards”, it is necessary for Samsung to recognize the inadequacies present at one of its supplier factories and take the steps to correct them. While Xiaomi has not publicly released neither a Supplier Code of Conduct nor a Corporate Social Responsibility report, it still has an undeniable responsibility to correct the rights violations presented in our report.
Company Profile

HEG Technology (Huizhou) Co. Ltd is affiliated with the Harbin State-Owned Assets Supervision Council’s subsidiary, Harbin Investment Group. The group was first established in 1965. HEG was established in 2008 and is connected to a state-controlled company. The company currently has over 10,000 staff members. HEG Technology has a total of nine departments, which are located in various locations across Huizhou. The investigation was conducted in the first and fifth departments of the HEG headquarters located in Chenjiang, Huizhou. The first department manufactures SMT chips that Samsung has outsourced to the factory and product assembly; the fifth department manufactures Xiaomi products.

Factory Name: HEG Technology (Huizhou) Co., Ltd
Address: No. 1 HEG, HZZK Hi-tech Industrial Development Zone, Huizhou, Guangdong
Contact Information: Legal representative: Guan Tiening 0752-5750098
Main Products: Production, manufacture and sale of: digital audio and video codec equipment, MP3, MP4, mobile communications terminal devices, batteries, mobile power supplies, etc.

Main Clients: Samsung, Xiaomi, OPPO, VIVO, Longcheer, TCL
Number of workers interviewed: ~50
Male to female ratio of workers interviewed: 4:1

Section 1: Recruitment and Resignation

Hiring Policy

Hiring Requirements

According to the information provided on the hiring advertisement, there are no gender restrictions and applicants must meet the minimum legal working age as well as present their identification card at the time of application. During the investigation, the factory was recruiting workers for the following positions: general operators, SMT operators, material handlers, QC, IPQC, warehouse managers, security guards, kitchen workers, cleaners, technicians, reserve officers, etc.

When conversing with the factory recruiter, the recruiter mentioned the factory does not accept applicants from Qujing, Yunnan; Wushan, Chongqing; Guangshui, Hubei. When the investigator inquired as to why people from these areas were not accepted, the answer was because people from
these three areas have an inclination to engage in physical altercations. When asked a follow up question of what would happen if someone from any of these three areas were to apply for a job and if they would be immediately rejected, the answer was that they would be provided a personal information form to fill out but they may not pass the interview.

After being hired, however, the investigator learned there were workers who were from Guangshui, Hubei. Through their conversations, the investigator learned that the worker from Guangshui had a friend refer them and that is how they started working at the HEG factory. This encounter revealed that while in theory the factory does not hire people from the aforementioned areas, in practice, decisions are ultimately made at the staff member’s own discretion.

In the lobby of the recruitment center, there is a tool that assesses the flexibility of a worker’s fingers, specifically for applicants who are 35 years and older.
Device used to assess the flexibility of worker’s hands

HEG’s recruiter sent a WeChat saying “Good news, HEG’s first department has relaxed the age requirement to allow applicants up to 39 years old!”.

Wechat post by HEG recruiter stating the first department has relaxed their age requirement
HEG is not at all as accepting as it proclaims to be in its recruitment notice, as during the actual recruitment process, the factory continues to prohibit applicants who are over a certain age or from a certain geographical area from entering the factory.

**Hiring Process**

Outside of the factory’s west gate, there is a full-time recruiter who stands on duty, passes out flyers, and answers applicants’ questions. Applicants are asked about their place of origin, work experience, if they have any relatives or friends who work in HEG or live near Huizhou. The applicant will pass the interview after answering all the questions. The recruiter fills out a second-round examination notice and hands it to the applicant.

Once around 15 people have passed the recruiter’s interview, the recruiter invites a security guard to open the main gate and lead all the applicants to the lobby of the recruitment center.

![Workers waiting in the recruitment center lobby](image)

Applicants line up to have their identity cards inspected for validity and to undergo the second round of testing. The questions include work experience, if they had a relative or friend refer them to work at the factory, if they have any internal metal components (such as steel rods in their bones, metal crowns on their teeth, etc.). After everyone answers the questions, a staff member passes out a few blank forms that are stapled together and requests the applicants to go to the other side of the hall and fill out the forms according to the template posted there.
The forms that needed to be filled out included: “employee registration form”, “identity confirmation letter”, “confirmation of employment conditions”, “hiring statement”, and “working overtime statement”.

Working overtime statement that workers are to sign to indicate they understand the company’s overtime policy

After filling out the above forms and the staff member confirms they were correctly filled out, the applicant is required to leave a fingerprint on the signature area of the form. Applicants then head to the first floor lobby and record their fingerprint with the fingerprint attendance system.

Afterwards, workers head to the second floor’s hiring and resignation office to have their photo taken for their factory ID card.
At the office, staff members distribute the following forms to the new workers: a “new employee on-boarding notice”, “new employee housing check-in application” and a “Huizhou Fourth People’s Hospital physical examination form”. In addition, applicants are reminded to arrive at the second floor’s training room and sign in before 8 AM the following day. After taking the test, workers retrieve their work uniform, slippers; female workers also pick up underwire-free undergarments.

The factory uniform and slippers are free of charge and need to be returned upon resigning. The undergarments cannot be returned and if a female worker resigns but has not yet worked for a full
year, the factory will deduct the cost of the undergarment from their wages; the investigator did not discover the specific amount.

Poster detailing how to return work uniforms and shoes as well as what time the clothing items may be returned

After completing the physical examination, the applicant can leave the recruitment hall and head to the dorm management office to fill out the dorm check in forms. Of particular note is the sixth article on the hiring notice which reads: “Prior to this, the company has already presented the company’s rules and regulation structure to me. I have read and understood in detail that the company will update these structures from time to time according to the situation. I agree and will strictly abide by these regulations. If I violate any regulations, I am willing to accept punishment as written in the company’s relevant rules and regulations.” However, in reality, no one presented the applicants with any kind of rules and regulations.
Hiring notice

During the hiring process, no deposit is required, documents are not held onto and physical examinations are free.

Position Assignment

The workshop that the investigator was located in frequently transferred workers to different positions. The investigator, during the course of the investigation, was switched to five different assembly lines and worked at five different job positions such as cell phone screen installer, exterior inspector, quality checker among others.
Underage Workers

There is a banner hung across in the lobby of the recruitment building that states the factory does not hire workers under 16 years of age. In the summer vacation period, they also do not hire student workers or summer workers.

Wechat post by HEG recruiter stating HEG does not hire student workers or temporary workers

A portion of the factory’s workers are graduates of vocational technical schools. The investigator interviewed a group of workers who came from a vocational school in Dazhou, Sichuan. The youngest one was born in 2001 and there were a few 17-year-old workers. These workers performed the same work as regular workers.

The fifth department employed student workers and the student workers earned 12 RMB/hour (1.77 USD/hour). The investigator was unable to determine if the first department had student workers. During the investigation, the investigator did not learn of any student workers working in the second manufacturing section of the first department. When observing workers arriving to and from the workshop, none of them appeared to be student workers. The investigator learned from conversations with workers that some of them had encountered student workers in non-work
areas near the fifth department. The investigator assumes this might be because Samsung has enforced relevant requirements on HEG, prohibiting student workers from participating in the manufacture of Samsung phones.

Physical Examination

The physical examination took place on a public bus that had been refurbished into a physical examination bus. A few nurses placed two tables in the lobby and prepared for organizing the physical examination. The staff member said that if the physical examination sheet had a “Liu Meng” stamp on it then the applicant would not need to pay a fee and can immediately proceed with the physical exam.

Blank physical exam form, with the “Liu Meng” stamp on the upper right corner
As the factory’s Emergency Response Team states the first liaison for personnel rescue and hospital delivery is Liu Meng, the investigator extrapolated that Liu Meng is a supervisor responsible for the factory’s management of personnel health.

At the time, the people waiting to have a physical examination all had the stamp on their forms and because of this, they did not need to pay any fees and could immediately start their examination.

If the applicant’s physical examination form does not have a “Liu Meng” stamp then they would need to pay 30 RMB ($4.42 USD), which would be later reimbursed to them by the factory and included in their first month’s wages.

The physical examination only had two parts to it: chest X-ray and a blood test. Workers line up to enter physical examination bus that had an X-ray machine installed on it. After the applicant had been scanned for three seconds, they head over to the recruitment hall and line up to wait for a blood test. Once they had their blood taken, the physical examination would be finished. The
physical examination results are not proactively provided to workers by the factory; workers who wish to know the results of their physical exam must wait approximately a week’s time and find a staff member on their own for a copy.

Training and Orientation

The pre-job training took course over a day. In the morning, training consisted of explaining the history of the HEG factory’s development, different departments, explanations of different duties, corporate vision, corporate values, wage structure, benefits, attendance rules, and dining rules. The training lasted for approximately three hours. At 11 AM, the contract was signed. In the afternoon, the training included an explanation of the 5S quality management system, safety education (types of fires, fire extinguisher classification and fire extinguishing methods). Afterwards, workers signed their names on the “community education form”. The training lasted for around two hours.

Inside of the training room

At 3:30 PM, a closed notebook test took place to test the results of the training. A passing score was 70 points and above. The training was free of charge and the time spent in training was compensated.
At 6:30 PM, the workers entered the training room in the workshop of the first department and underwent a 30-minute workshop-level pre-job training, covering topics such as how spaces are allocated in the workshop, what to be aware of when operating the electronic equipment, the importance of wearing anti-shock bracelets and gloves, and to sign the education training form.

On June 8th, each line leader received an 11-page “education record form: employee safety training files”, which was divided into: fire safety knowledge, how to safely use chemicals, holiday safety knowledge, occupational health and safety knowledge, enterprise use of electricity safety knowledge, production safety knowledge, commute safety knowledge, environment and safety operation control procedures, how to protect against common illnesses in the spring and summer, inclement weather safety knowledge, how to prevent and handle sexual harassment. On June 11th, the line leaders requested workers to sign each form and after signing, the forms were collected; no actual training was implemented.

Probation

A worker’s probationary period lasts for a month. Indirect personnel have a probationary period of three months. Workers of rank supervisor and above have a probationary period of six months.

Resignation

If a worker resigns during their probationary period, they must notify the factory three days in advance and fill out a resignation form. If resigning during the contract period, they must notify the factory a month in advance. The first department’s resignation forms were all processed on
Monday. Because of this, even if a worker were to submit a resignation to the office on Monday or Tuesday, they would still need to wait until the following Monday before they could go to the workshop’s office and retrieve a “Employee Resignation Registration Form” to begin the resignation process.

The investigator told the office staff that according to national regulation, resignations, if submitted three days in advance, must be processed within that time frame and asked why this regulation was not being followed. The staff member responded by saying these are the regulations according to the first department; they do not care how many days in advance a resignation form is filled out, as they will all be processed on the following Monday and if the investigator had any complaints then they could find the boss to ask them to change the regulations.

Wages are not settled at the time of resignation. Regardless of whether a worker had resigned or was still employed, all wages would be transferred to the worker’s bank account on the 21st of the month.

There is no physical examination after resigning.

**Section 2: Labor Contract**

**Signing Process**

During the pre-job training, at around 11 AM, workers were provided with two copies of the labor contract and one copy of the “Occupational Hazards Notice”. The blank areas on the labor contract were already filled out by staff members; workers only need to follow the trainer’s instructions, fill in their personal information, sign their name on the bottom of the form, leave a fingerprint and hand in everything to the trainer. The trainer requires workers, at the time of training, to sign the “Acknowledgement of Receipt of Contract” form. However, workers did not actually receive a copy of the contract. The factory did not proactively provide workers with a copy of the contract and workers must wait a month’s time and go by themselves to the office in the second building to request a copy. Due to the investigator’s limited amount of time, the investigator was unable to obtain a copy of the labor contract.

Through the course of the signing process, the contents of the contract were not explained by anyone.

**Contract Terms**

The articles in the labor contract include: length of contract term; job description and location; work hours and vacation time; labor remuneration; social insurance; labor protection; working
conditions and protection from occupational hazards; changes to, release and termination of the labor contract.

Section 3: Working Hours

On a regular day, there are 8 hours of work, 5 days of work a week, and 22 days of work in a month.

There were 1.5 hours of overtime each day and no overtime on Saturday or Sunday. On occasion there would be overtime on Friday. Production peak season was from September to December and during that period of time, there is overtime on Saturdays.

In worker interviews, a worker mentioned in the second half of 2017 that in order to finish a Samsung cell phone order, the workers on some assembly lines worked 105 hours of overtime in a month. They worked 2 hours of overtime each day during the workweek, 10 hours of overtime on Saturday and had occasional overtime on Sunday. During the investigation, it was discovered that the longest period of consecutive work lasted for 13 days.
At around 4 PM, the line leader will decide which workers will work overtime. It is often said temporary workers can voluntarily choose whether or not to work overtime, while regular workers must work overtime. Regular workers who do not want to work overtime will need to verbally notify the line leader and these requests are usually approved. In mid-June, a worker informed their line leader they could not work overtime as they had something to attend to. The line leader reprimanded the worker and said, “You have something to do? You think if you want to work overtime then you can choose to work overtime and if you don’t want to work overtime then you can choose not to?” In the end, the worker in question did not work overtime.

According to factory regulations, if a worker rejects the overtime schedule then they will not suffer any penalties; however, in the first department, wages include a performance appraisal component. The performance appraisal has five different ranks consisting of A, B, C, D, and E. The line leader and other management personnel decide a worker’s performance ranking. Under regular conditions, a majority of workers’ performance rankings is C. A small number of senior workers may obtain a B rank. If a worker rejects a line leader’s overtime schedule or is viewed to have defied management and is not following the manufacturing schedule, then it is possible the worker will be demoted to a lower performance ranking. The performance ranking directly affects the calculation of a worker’s overtime pay.

Workers can usually have a daily rest time of 10 hours. During the investigation, there were five days of work each week and no overtime on Saturday and Sunday. Given this schedule, daily rest time could be guaranteed.

Workers’ meal times are an hour long.

In regular situations, after every three weeks, the day and night shifts will switch. When workers who work in a two-shift system switch shifts, they have a 24-hour rest period.
Workers lining up to enter the fifth department’s workshop

On the assembly line that assembled SM-G532M Samsung cell phones, they had a manufacturing quota of 2,044 units. Under the premise of all equipment on the assembly line is operating normally, it is possible to reach the quota within 8 hours. If the equipment malfunctions and needs to be repaired, then it might not be possible to reach the quota.

The second manufacturing section’s assembly workshop had 16 assembly lines, with 10 lines kept in operation. If not including the non-assembly line workers in the workshop (supply workers, QC, packaging workers), there are approximately 300 workers. The number of workers on the night shift and day shift are the same.

During the investigation, the investigator observed that each assembly workshop had a different production quota, as this was contingent upon the model of the product and work on the assembly line. Some assembly lines were solely dedicated to the manufacture of motherboard components, exteriors, functional testing, and had a quota of 2,000 units. Other assembly lines were solely dedicated to the functional testing of completed devices, for example, there was an assembly line devoted to the functional testing of the cell phone model, SM-J727A, with a quota of 2,500 units. The assembly line for the SM-G532M cell phone model had a quota of 2,044 units.
The assembly lines in charge of assembling finished products also had different tasks; some focused on assembling metal cell phone frames, others assembled plastic cell phone frames, some cell phone back cases could be opened and their batteries removed, some of the cell phone back cases could not be removed. The difficulty of assembly, steps required, necessary equipment and required number of workers were all different for each completed product. Quotas were also all different.

Because of the two-shift system, there were no instances of arriving early for work or extending work hours. Work hours are recorded via a fingerprint attendance machine. The workshop has ten attendance machines so there is generally no need to line up. Workers do not need to go through security when entering the workshop but when exiting the workshop, they must line up for around 3 minutes to go through the security gate. There is a fingerprint attendance machine located next to the security gate. If a worker clocks in at the security check, the time they spend lining up will be included in their wage calculations. If a worker clocks in while inside the workshop and then lines up to go through security, the time they spend in line will not be included in their wage calculations. Work hour records are placed on a wall of the workshop towards the middle of the month. If the records are inaccurate, the worker can bring up any issues to the line leader from the 21st to the 30th of the month and request to have the administrative clerk fix the error.

Every day before work, there is a morning meeting. The morning meeting generally lasts around two minutes and the meeting covers what type of product (motherboard, finished products) will be manufactured that shift, planned production amount, what to be aware of when manufacturing the products, possible quality problems that could occur as well as work regulations. At times, there will be a meeting before the shift ends. The content of the meeting is a summary of the work day, dining schedule, and overtime schedule. The meeting lasts around 5 minutes and after the meeting is finished, workers will sign out to go eat. The time spent in the meetings are included in workers’ wage calculations.
Section 4: Labor Remuneration and Benefits

Wages

Hiring notice explaining the wage structure and claiming a base wage of 2,200 RMB ($323.89 USD)

In the first half of 2018, the first department’s regular workers had a monthly wage of around 2,600 RMB ($382.78 USD), which includes a base wage of 1,600 RMB ($235.56 USD) (despite an advertised base wage of 2,200 RMB ($323.89 USD)), skill bonus of 200 RMB ($29.44 USD), attendance bonus, performance bonus, overtime wages, and night shift stipend. Temporary workers are ensured a base monthly wage of 3,600 RMB ($530.01 USD). If their received wages are lower than this amount, the temporary worker’s intermediary will pay the difference and temporary workers have reported they are compensated. There was a temporary worker who entered the HEG factory in mid-May. They had not worked for more than half a month’s time and received 1,700 RMB ($250.28 USD) in wages. If they had been a regular worker, working the same amount of time, their wages would not have surpassed 1,300 RMB ($191.39 USD).

Wages are calculated based on hours worked, 1,600 RMB/month ($235.56 USD) (73.56 RMB/day, $10.83 USD/day) plus a night shift stipend of 7 RMB/day ($1.03 USD). According to a worker’s description, temporary workers are paid based on a 15 RMB/hour ($2.21 USD) standard. The ratio of temporary workers to regular workers in the first department is 1:1.

Overtime wages are calculated according to 1.5 * (base wages + skill bonus + attendance bonus + performance bonus) / 176. Overtime during the workweek is paid 1.5 times the regular rate and overtime on weekends is paid double the regular rate. The performance bonus is divided into 5 ranks: A, B, C, D and E, and are awarded a bonus of 400 RMB, 300 RMB, 200 RMB, 100 RMB and 0 RMB respectively ($58.89, $44.17, $29.44, $14.72 and $0 USD). The trainer leading the
pre-job orientation emphasized that if a worker does not obtain a manager’s approval and rejects working overtime, it will negatively impact their attendance bonus.

The factory designates the 21st of each month as payday and direct deposits workers’ wages into their bank accounts. The factory does not give workers physical pay slips; workers need to download a phone app called “At Hand Pay Slips”, register an account and then they can check the details of their wages. Because the investigator’s cell phone was malfunctioning, they were unable to successfully download the app. Wage deduction categories include: dorm fees, water and electricity fees, individual contributions for social insurance, dining fees, which add up to around 500 RMB ($73.61 USD) a month.

**Leave Policy**

![Posters detailing the types of leave available to workers](image)

According to the poster located on the cafeteria’s bulletin board, there is paid sick leave. The amount paid is in accordance to 80% of Huizhou City’s minimum wage. When taking sick leave, the worker must provide a sick note from a district level or above hospital.

There is paid caretaker leave, maternity leave, annual leave, marital leave, and bereavement leave. The 10-day caretaker leave is for male workers. The worker must provide a copy of their marriage certificate, birth permission certificate, and birth certificate. The maternity leave is 98 days and the worker must provide a copy of their marriage certificate, birth permission certificate and evidence of pregnancy. Marital leave for workers who married late is 13 days long or otherwise 3 days long.
Both parties must provide a copy of their ID card, original copy and photocopy of their marriage certificate. If a worker has worked at the factory for a year, they are entitled to 5 days of annual leave; if they have worked for over 10 years, they are entitled to 10 days of annual leave. Bereavement leave is 3 days long and the worker must provide a copy of their household registration book and other evidence required for a bereavement leave.

**Vacation**

Workers are given legal holidays off and are paid their regular wages.

**Social Insurance**

Poster detailing what social insurance consists of: old age, medical, unemployment, work injury and maternity insurance

The factory purchases social insurance for workers, which includes old-age insurance, medical insurance, unemployment insurance, work injury insurance, and maternity insurance. The factory pays 501.29 RMB a month ($73.80 USD) and deducts 235.18 RMB ($34.62 USD) from workers’ monthly wages.
Recreational Facilities

Excluding for the basketball court in front of the factory cafeteria, there is no other recreational facilities. Basketball is the only form of entertainment available to the male workers of the factory, asides for smoking and playing games on their phones.

Workers taking a break in the smoking area

When workers marry or give birth, they receive a gift of 200 RMB ($29.44 USD) from the factory.
Poster detailing the monetary bonuses awarded to workers for events such as marriage, pregnancy and birthday

During a worker’s birth month, they can pick up a small cake and a shoulder bag.

Cakes provided to workers’ during their birth month
Section 5: Dining and Accommodation

Dining Conditions

The factory provides dining and accommodation. The factory has two cafeterias: a number one cafeteria and a number two cafeteria. The fees in the first cafeteria are divided into: 1 RMB ($0.15 USD) for breakfast, 2 RMB ($0.29 USD) for lunch, 2 RMB for dinner. The food service window has a fingerprint attendance machine located next to it to record how long the worker eats and how often. Each month the total amount of dining fees will be calculated and deducted from worker’s wages.

According to the recruiting advertisement, the cafeteria has Sichuan, Guangzhou, Hunan flavors and each meal includes two meat dishes, one vegetable dish and a soup. The company’s dining fees are: 3 RMB ($0.44 USD) for breakfast (the worker pays 1 RMB ($0.15 USD) and then the factory reimburses them 2 RMB ($0.29 USD)), lunch/dinner is 6 RMB ($0.88 USD) (the individual pays 2 RMB ($0.29 USD), while the factory provides a stipend of 4 RMB ($0.59 USD)). In other words, this is the meal stipend provided by the factory. However, this stipend is to be given to the factory and not directly given to the worker.
If a worker were to have all three meals at the factory’s cafeteria, the factory would deduct 5 RMB/day ($0.74 USD) from their wages to cover meal costs. If the worker does not eat at the cafeteria, the factory will not provide the worker with a meal stipend.

At the number two cafeteria, workers are not able to record their fingerprints, and must have a meal card. After topping up the card, money is then deducted each time the card is swiped. The quality of the food is quite good comparatively, but the prices are higher than the number one cafeteria. The number two cafeteria also serves dry noodles and noodle soup.

Because the prices are relatively low, a majority of workers choose to eat in the number one cafeteria. This cafeteria has two service windows that serve non-spicy food and six food service windows that serve spicy food. There is a decent variety of vegetables provided; however, meat dishes are often not served in adequate quantities. The amount of rice provided is usually sufficient and workers can serve themselves.
Large pans of rice provided to the workers

Sometimes when eating in the cafeteria, workers’ food will have peppers that have had holes eaten out of them by insects or the rice will have pieces of steel wool.
Accommodation Conditions

Dorm building

The factory’s dorm standards are as follows: supervisors, who are single, are placed two to a room, managerial level workers are placed 4 – 6 to a room, workers below the rank of supervisor are placed 6 – 8 to a room, and regular workers are placed 10 to a room.
Dorm rules and regulations

The dorm rooms for the regular workers’ room up to 10 people, cover an area of 20 square meters, and have 5 steel framed bunk beds. There are 10 cabinets, one air conditioner, and two bathrooms with showers. Each dorm room has a Wi-Fi router and each floor has a hot water dispenser located in the stairwell. Room 202 on the second floor of the dorm has 10 washing machines. A load of laundry costs 3 RMB ($0.44 USD). There is a fixed dorm fee of 50 RMB ($7.36 USD).
Water and electricity fees are determined based on the usage of all the dorm residents and are evenly divided amongst all residents. Cold water is 3.24 RMB/cubic meter ($0.48 USD), hot water is 10 RMB/cubic meter ($1.47 USD), electricity is 0.89 RMB/degree ($0.13 USD). On average, everyone is deducted 20 – 35 RMB ($2.94 - $5.15 USD) for utilities.

The dorm is located on the factory grounds. The cafeteria is located on the first floor of the dorm and the basketball court is by the entrance of the dorm. The dorm’s north wall is 15 meters from the manufacturing workshops. It is a two-minute walk from the dorm to the workshop.
Workers can choose whether or not to eat in the cafeteria or stay in the dorms. If they do not eat in the cafeteria, there will be no food stipend. If they do not live in the factory dorms, they will also not be provided a housing stipend. A majority of workers rent an apartment in the urban village\(^2\) near the factory. The rent for a one bedroom and one living room apartment is around 300 RMB a month ($44.17 USD). The urban village is located outside of the north gate of the HEG factory and is a 10 – 15-minute walk.

\(^2\) Urban villages are rural villages that have become surrounded by urban expansion. Urban villages are different from the standard rural villages as agriculture is not their primary industry. Residents tend to be migrant workers but work in the surrounding city area.
Section 6: Occupational Safety and Labor Protection

Safety Equipment

The first department’s workshops are in an enclosed environment. The central air conditioning is set to 24°C and there is ventilation equipment. The floors are kept clean. There are no high decibel sounds, no strange smells and the passageways are kept clear.

In the workshop and dorms, there are emergency aid boxes, which are locked and have a list of all the medicines stored inside posted on them. The boxes can be easily opened. The chemical warehouse which stores hazardous waste is a small, individual, locked room. The warehouse is located in a building across from the workshop and next to the recruiting hall. Its walls have clear safety signage and the entrances have fire safety equipment placed by them.

Storage shed for hazardous chemicals and chemical waste

Personal Protective Equipment

According to the factory’s promotional material, the following chemical products might be used during the manufacturing process: rubbing alcohol, PCB circuit board washing fluid, resin adhesive, solder paste, glue stick, flammable and explosive products (rubbing alcohol, PCB circuit
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board washing fluid), hazardous waste products (solder paste waste, resin adhesive bottle, rubbing alcohol, container for the circuit board cleaning fluid, waste oil, oily rags, rags with remnants of resin adhesive, glue stick, rubbing alcohol and circuit board cleaning fluid, number 5 and 7 batteries, cell phone batteries).

In the first department’s assembly production line, many workers do not come in contact with any of the substances listed above, a small number of positions (workers who work on installing cell phone screens, inspect product exteriors, or quality checkers) are required to use a white cloth dipped in rubbing alcohol to wipe clean glass screens and may come in direct contact with the rubbing alcohol. Workers in these positions are required to wear finger cots to protect their fingers. On the assembly line, the majority of the work performed does not necessitate wearing protective equipment.

The staff member in charge of distributing supplies is responsible for handing out the finger cots once a day and places them into small boxes located on the work table of the work positions that require them. Workers can retrieve them as needed.

For the work positions that are designated by the operation manual to wear finger cots, the factory will strictly enforce the requirement and ensure workers are wearing them. In addition, on-site inspectors check multiple times a day to see if workers are wearing the finger cots, anti-shock bracelets and are working in accordance to operational standards. If they discover a worker not following regulations, the worker will be asked to go to the workshop’s training room and undergo half an hour of training; some workers were asked to copy the operating manual five times.

Returned anti-shock work slippers
Environment, Health and Safety Committee

Workers have never heard of an environment, health and safety committee and are uncertain if such a committee exists.

Work Injury

The investigator did not learn of any work injury incidents.

Section 7: Fire Safety

The workshop and dorm are kept clear of any obstructions. The emergency exits are clearly labelled. Lighting is sufficient and there is no debris obstructing any paths. The emergency exits are not locked. No flammable objects are stored in the factory and dorm areas.

The fire extinguishers in the dorm and workshop areas are often carbon dioxide fire extinguishers (they lack a pressure indicator). Through the course of the investigation, over ten fire hydrants and fire extinguisher tanks were inspected in the workshop, dorm hallways, factory area and only the fire hydrant by the entrance of the recruitment lobby had an inspection log indicating it was checked on a monthly basis. All the other fire safety equipment did not have such a log. However, the investigator had no way of ascertaining if the other equipment had been regularly inspected.
Fire extinguisher box in the dorm stairwell; article four states the fire extinguisher should be regularly inspected but no inspection log was present.

The dorm building had an emergency evacuation map publicly posted.

The factory holds a fire drill once every half a year and one occurred during the investigation; however, day shift workers did not participate and only a small portion of night shift workers participated. The investigator did not learn of any details about the drill because they worked the day shift. When day shift workers are working, night shift workers are resting. It was during this time frame that the fire drill was held as to avoid delaying the manufacturing process. (It was also
scheduled in this way so that night shift workers who had already finished work could participate.) Because the day and night shift hours do not overlap, the workers on either shift do not have any opportunities to talk with one another so it was not possible to obtain any information regarding the fire drill. The investigator was unclear if workers voluntarily participate in the drill.

**Section 8: Rewards and Penalties**

The factory does not provide workers with an employee manual and does not inform them of any kind of regulation structure. It is only during the training that the trainer mentions workers are not to bring their cell phones into the workshop or else they will be penalized and if a worker’s attendance record is often incorrect, they will be penalized. The trainer did not go into detail about what the penalty would be.

Outside of the workshop hung a “safety management regulations” poster and under the “punishment for violating regulations” category, there was no explanation besides for: “the leadership will strictly handle the matter and it will be handled in accordance to the relevant company requirements.” The factory’s bulletin board has a few posters hung up regarding punishments such as firing and blacklisting workers who engage in. The notices claim the punishment was enforced in accordance to the “employee reward and penalty regulations” but in reality, workers have all stated they have never seen the aforementioned articles and their contents.

The investigator learned from a worker interview that if a worker refers someone to work at HEG and the referred worker works for a whole year, the referrer would receive a bonus of 1000 RMB ($147.22 USD) and the referred worker would receive a 1500 RMB ($220.84 USD) bonus. However, in reality, no one knew of a relevant regulation describing this policy.
Notices in the factory describing how a perpetrator of theft was caught and then handed to the local police station, dismissed from their position as well as added to the factory’s blacklist.
Section 9: Labor Union and Grievance Procedures

Labor Union

During the pre-job training, it was mentioned that the factory’s labor union was established in 2010. The specifics of who are the members of the union, if there are labor representatives, if there are employee meetings, were not mentioned. The investigator asked senior workers and line leaders but they all said they were unsure. Generally, when workers encounter any issues, they tell their line leader or the workshop’s office management.

Grievance Procedures

The factory did not establish a worker’s hotline but it publicly released the contact information for the various departments of the emergency response team. Samsung has also publicly posted a hotline number in the factory’s dorm hallways, by the cafeteria entrance, and in the workshop. However, all interviewed workers said they had never used the hotline. The investigator was uncertain if other non-interviewed workers had made use of the hotline.

Samsung’s worker hotline poster
Section 10: Other

Employee Relations

During work hours, workers must report when they leave to go to the bathroom or for a drink of water to the line leader. After work, they are free to enter and exit the dorms.

There have been no incidents of strikes.

Poster stating there was a communications meeting on May 29, 2018, which had 100% participation rate among workers

Interviews with workers revealed that no one had heard of a communications meeting and did not know of anyone who had attended the communications meeting.

After work, workers must line up to go through the security gate. Anything containing metal on their person will set off the sensor’s alarms so the security guards will require all the workers to
carefully check all of their belongings, remove anything metal and walk through the security gate again.

Sign stating not to bring cell phones, cameras, USBs, cables, food or drink into the workshop

If a worker had an item that contained metal (factory ID, pens, keys), they needed to remove it and place it in the long box located next to the security gate and retrieve it after they went through security again. Because many belt buckles are made of metal, it resulted in many workers having no choice but to take off their belt when passing through the metal detector. The worker would need to place the belt in the box next to the machine and lift up their pants while walking through before finally retrieving their belt. If a worker is carrying a bag or suitcase, the security guards would request the worker to open it up so that they may inspect its contents.
In the picture above, a male worker, who, after going through security, is holding onto his belt and walking into the workshop. On the right of the picture, a female worker who has set off the alarm, is about to walk back to try again. Workers can immediately retry and go through the security; there is no need to line up again.

Client Visits and Audits

The investigator did not learn of audits.

Worker Satisfaction

Workers are usually referred by their relatives, friends or classmates to work at the factory. A portion of the workers were sent over to HEG after graduating from their local counties’ (such as: Dazhou, Sichuan; Hanzhong, Shaanxi; Yulin, Guangzhou; Henan; Chongqing) secondary vocational and technical schools.

Each month’s wages in 2018 were around 2,500 RMB ($368.06 USD). Due to the reduction of overtime, there have been consecutive weeks with weekends off as orders for assembling Samsung cell phones have been decreasing. The first department’s second manufacturing section originally had over 20 assembly lines but a quarter of them had been halted so only 16 lines remained in operation. The investigator is uncertain if other workshops also had assembly lines halted.

On pay day, workers gathered together to complain and voice grievances about how their wages were not enough and it was impossible to have enough left over money to put into savings. The dormitory that the investigator was located in had three workers resign on pay day and they left Huizhou for Jiangsu, Zhuhai, and other areas to look for work. 80% of the workers on the assembly line that the investigator was located on were new; there were very few senior workers in the workshop. During interviews, many workers revealed they were planning on resigning, including two line leaders.

Investigator’s Journal

On the fourth day of work, the line leader once again transferred me to a new work position, where I was to operate an automatic screw machine. This work position had four screw machines. The automatic screw machines are programmed to suction onto the screws coming from another machine that arranges the screws. The machine then places the screws on a pre-established coordinate and then proceeds to tighten it.

The steps that require the worker to become involved are: push down the button to open the tray, place the already installed motherboards and back covers (half-finished cell phone products) into
the tray on the rig, put on the tray cover, press the start button to have the tray move itself back into its original position, wait for the machine to tighten all the screws (approximately 16 seconds), after the tray ejects itself, press the button to open the tray cover, remove the half-finished cell phone product, hold down the cell phone’s battery button to start the device, and finally, hand off the already turned on half-finished cell phone to the next work position. After the line leader finished explaining how to operate the automatic screw tightening machine, I started working.

In the morning, when the shift had just started, we had to wait for the assembly lines before ours to finish assembling their parts. After testing the motherboards, they would then pass along the half-finished product to our work position. Because of this, even though I wasn’t very familiar with the process, I could still follow along with the manufacturing speed. After one hour had passed, the work positions in front of ours started passing the half-finished products to us at an increasingly faster rate. Eventually, the assembly line was continuously sending over half-finished products that needed to have their screws tightened. I had to operate four machines at the same time and work at my fastest pace to pack and retrieve the cell phones to avoid having too many half-finished products pile up in front of my work position.

If the four machines were all functioning normally, then it was possible to follow along with the assembly line’s speed; however, it was very rare that the four machines would be operating at full capacity, as a few or most of them would start malfunctioning. Some machines would tighten the screws off center. Some electric screwdrivers would easily become impacted and be unable to attach onto screws. Some machines’ electric screwdrivers, after tightening one of the coordinate’s screws, would be unable to return to their original position. Some machines’ screw arrangement devices would need to turn four times before it could arrange even one screw, resulting in an extended waiting process. Sometimes there might be other problems.

Whenever a problem occurred, the equipment would emit a continuous beeping sound, which would mean I had to turn off the machines and discover what was causing the problem before I could fix it. Most of the time, the way to solve the problem was just to restart the device. If restarting it did not fix the problem, I could only call the line leader over to fix it. At this position, approximately one third to one fourth of my time was spent restarting the machines. As I was doing my best to ensure the assembly line remained functional by simultaneously operating the automatic screw devices that could still run and also checking to see how to repair the malfunctioning machines, my hands and feet would constantly have to be in motion, reducing my overall efficacy. There would often be a buildup of hundreds of half-finished products that were waiting to have their screws tightened at my work position because the assembly line speed was set under the pretense of all the machines operating at regular capacity.

The work position I am at does not have a seat installed so I stand the entire time I am working. After some time had passed, my legs and feet would feel painful. At 10 AM and 3 PM, there would
be a 10-minute rest period and during this break time, I can find other work positions or go to the workshop’s lounge area and sit for a while to relieve some of my fatigue.

Because the cafeteria had limited capacity and could not support having all the workers eat after finishing their shift, each assembly line was scheduled to eat lunch on a rotating basis. The assembly line I was on often ate lunch at 11:50 – 12:50. When exiting the workshop, we would be required to go through the security scan.

Workers must go through metal detectors upon exiting the factory

Workers would get into three lines to go through the security gates, remove any keys, ballpoint pens, factory ID, belts and place them by the security gate. After going through security, the worker can retrieve their belongings. I felt awkward having to remove my belt, lift my pants to go through security and then put my belt back on; I felt like I was being treated like a criminal or being suspected of something and this added to my feeling of uneasiness. I am not certain if this counts as personal humiliation or mental abuse. Repeating this embarrassment and unease three times a day compelled me to go to the store after work and purchase a pair of pants that did not require a belt.

After going through security, it is necessary to remove and place your work uniform and slippers into the storage cabinet. Workers then leave the manufacturing building and head to the cafeteria to eat.
The cafeteria is located a few tens of meters away from the manufacturing workshop. Upon arriving at the cafeteria, it is often already crowded with people and each food service window has lines up to ten meters long.

After lining up for 5 minutes, I purchased lunch. Lunch is usually two meat dishes and one vegetable dish. The portion sizes for the food dishes are small but the rice portion is sufficient. Given the portion sizes, the meal can be eaten in under ten minutes.
After cleaning up the dishes and trays, I returned to the dorm and ate a sausage or jerky because the amount of meat provided in the dishes is really not enough. I need to make up the lack of protein myself.

To make up for the lack of protein, the investigator purchased their own can of luncheon meat.

After showering, I returned to the manufacturing building, changed into my work uniform, put on my anti-shock slippers and entered the workshop to wait for the start of work. The time for lunch plus break time is an hour in total. There is no time for an afternoon nap. After returning to the workshop and signing in, I needed to wait around 10 minutes before the assembly line started up again, beginning another four hours of stressful and tiring work.
Operating the automatic screw machine requires a lot of concentration and because of this, regardless of how tired I might feel by the afternoon, I must keep focused due to how stressful the work is. Only at 3 PM can I find time to rest and somewhere to sit to nod off for a bit.

Meal time in the evening is 4:50 – 5:50, and there is usually overtime scheduled afterwards. The first department worked 8 hours a day and earned a daily wage of 73.5 RMB ($10.82 USD). As this is a very low wage, workers cannot help but to rely on extending their work hours to earn some overtime money. Most workers are scheduled to work 1.5 hours of overtime. The line leader will stop the assembly line at 7:20 and ask workers to clean up their work areas, register all leftover surplus supplies, before allowing workers to sign out and finish their shift. After undergoing a stressful day of work, I am often extremely exhausted by the time I return to the dorm and will immediately fall asleep until 11 PM, after which I wake up to shower and head back to sleep.