

Amazon Profits from Secretly Oppressing its Supplier's Workers and Using Them As Sex Slaves

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(Hengyang Foxconn factory)

Executive Summary

From August 2017 to April 2018, China Labor Watch dispatched several investigators into Hengyang Foxconn, a factory that predominantly manufactures products for Amazon. CLW's investigation revealed a number of rights violations at the Hengyang Foxconn factory, which manufactures Amazon's Kindle, Echo Dots and tablets. This is CLW's first investigation into an Amazon supplier factory.

The investigation revealed that dispatch workers made up more than 40% of the workforce, a clear violation of the legally mandated 10%. Furthermore, the working conditions between dispatch workers and regular workers were markedly different despite working the same positions.

Whilst regular workers receive five days of training, dispatch workers only receive eight hours of training, which is well below the legal stipulation of 24 hours of pre-job safety training. Dispatch workers are also required to pay the physical examination fees, whereas some regular workers reported not having to pay any fees for the physical examination.

In addition, sick leave is unpaid for dispatch workers, and they are regularly sent on leave during the factory's off season. During this time, they do not receive any wages. Dispatch workers also do not receive any social insurance, nor are contributions made to their housing provident fund. According to the Interim Provisions on Labor Dispatch, dispatch workers are to be registered for social insurance and employers are to make social insurance contributions.

Regular workers are also paid overtime wages, however, dispatch workers earn 14.5 RMB/hour (\$2.26 USD) and are paid the same rate for normal hours and overtime hours. The hourly rate includes an attendance bonus, and workers who take more than two days off or are late more than twice a month would receive wages calculated by a 13.5 RMB/hour (\$2.11 USD) standard for the month.

(Dispatch workers' paystubs affixed to the factory's wall)

While there are clear distinctions in working conditions between regular workers and dispatch workers at the factory, all workers are subject to long hours and low wages. Workers put in over 100 overtime hours during peak season, and there was an instance of workers working consecutively for 14 days. The average monthly wage in Hengyang is 4,647 RMB (\$725.22 USD), however, workers at the factory on average earned wages between 2000 – 3000 RMB (\$312.12 - \$468.19 USD) during off-season. As wages are low, workers must rely on overtime hours to earn enough to maintain a decent standard of living. In spite of that, the factory cuts the overtime hours of workers as a form of punishment for those who take leave or have unexcused absences.

Other major issues at the factory include inadequate fire safety in the dormitory area, lack of sufficient protective equipment, absence of a functioning labor union at the factory, and strict management who subject workers to verbal abuse.

The treatment of dispatch workers remains a key issue not only at Foxconn, but also in factories across China. Previously, labor laws in China lacked any mention of dispatch or temporary workers. The "Interim Provisions on Labor Dispatch" came into effect in 2014; however, as dispatch labor remains widely used because of its flexibility, factories continue to abdicate their legal responsibilities as a way to cut down on labor costs. With the dispatch company being contractually obligated to the worker, this allows factories to shirk responsibility for labor

rights abuses. Amazon has the ability to not only ensure its supplier factories respects the rights of workers but also that there is equal pay for equal work. Amazon's profits have come at the expense of workers who labor in appalling working conditions and have no choice but to work excessive overtime hours to sustain a livelihood.

(Night shift workers)

(Night shift workers eating by the roadside)

Summary of Rights Violations at Hengyang Foxconn

- The investigation took place during the factory's off-season and it was discovered around 40% of the total number of workers were dispatch workers. Chinese labor law stipulates that dispatch workers must not exceed 10% of the total workforce.
- Before starting work, dispatch workers need to pay 50 RMB (\$7.86 USD) to cover physical examination fees. Some regular workers reported having to pay 60 RMB (\$9.47 USD) for the physical examination, while others did not pay any fees.
- Chinese law stipulates pre-job training to be at least 24 hours, however, dispatch workers only receive eight hours of pre-job safety training.
- Many dispatch workers do not receive a copy of their labor contract.
- Sick leave is unpaid for dispatch workers. Regular workers have 20% deducted from their day's wages for sick leave.
- Dormitories for both regular and dispatch workers do not have emergency exits. The dormitory area for dispatch workers does not have a fire extinguisher and escape routes are not labelled. Fire drills are not performed in the dormitory area.
- Workers are required to arrive to their work positions ten minutes before their shift starts and these ten minutes are uncompensated.
- During each month of peak production season, workers have to put in over 100 hours of overtime. However, Chinese law stipulates monthly overtime cannot exceed 36 hours. During peak season, there was an instance of workers working 14 days continuously without a day off.
- During off-season, the factory schedules dispatch workers to go on leave, resulting in these workers having no wages. Additionally, the factory management will schedule no overtime for regular workers. Due to their low wages, by not allowing workers to work overtime, it forces workers to resign of their own volition. If workers are late, have an unexcused absence, or are on sick leave, the production line leader will also reduce their number of overtime hours. Due to a low base wage, it is a punishment for workers to not be able to work overtime during off-peak season.
- Workers earn an hourly wage of 14.5 RMB (\$2.26 USD) regardless of whether they worked normal hours or overtime hours, which includes a 1 RMB (\$0.16 USD) attendance bonus. If the worker takes more than two days off or if they are late more than twice a month, their month's wages would be calculated by a 13.5 RMB/hour (\$2.11 USD) standard.

- Workers do not earn enough to maintain a decent standard of living during off-season. During off season, on average, regular workers earn 2,000 RMB (\$312.12 USD) a month and dispatch workers earn 2,500 RMB (\$390.16 USD) a month. The average monthly wage in Hengyang in 2017 was 4,647 RMB (\$725.22 USD)

(Dormitory bathroom)

(Dorm Room)