

# Books from China

Working conditions at the Hung Hing Heshan Printing Factory

ENGLISH SUMMARY



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BOOKS FROM CHINA – WORKING CONDITIONS AT THE HUNG HING HESHAN PRINTING FACTORY

Finnwatch is a Finnish non-profit organisation that studies the responsibility of global business.

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## Foreword

The move of print production work to China and other production countries with cheap workforce has set new challenges for publishing houses, which must be able to ensure working conditions that meet with requirements for human rights in its supply chain in accordance with the UN's Guiding Principles on Business and Human Rights.

Finnwatch's report *Books from China – Responsibility of publishing houses located in Finland* describes the responsibility practices of publishing houses that operate in Finland.

The Hung Hing Heshan factory in China's Guangdong Province, which produces books for Finnish publishing houses is used as an example in the field investigation portion of the report.

The original report has been published in Finnish and can be read on the Finnwatch website [www.finnwatch.org](http://www.finnwatch.org). This English summary, highlights the report's field investigation carried out at the Hung Hing Heshan factory.

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# 1. Methodology

Hung Hing Printing Group is one of the world's largest manufacturers and printers of children's book and novelty paper products. It works with the world's major publishers, such as Disney and Hallmark. Hung Hing Printing Group exports to the US and European markets and many publishers in Finland, such as Egmont, Bonnier, Karisto and Kustannus-Mäkelä, also have their products manufactured at Hung Hing Printing Group's factories.

The Group has a number of factories located in South China. This research project investigates the working conditions at Hung Hing's factory located in Heshan, Jiangmen District in Guangdong Province. The Hung Hing Heshan factory has operated since 2008. It has a workforce of around 2,700– 4,500 depending on the time of year. The Heshan factory focuses on specialty printing products, such as decorative children's books and cards that require a lot of manual work.

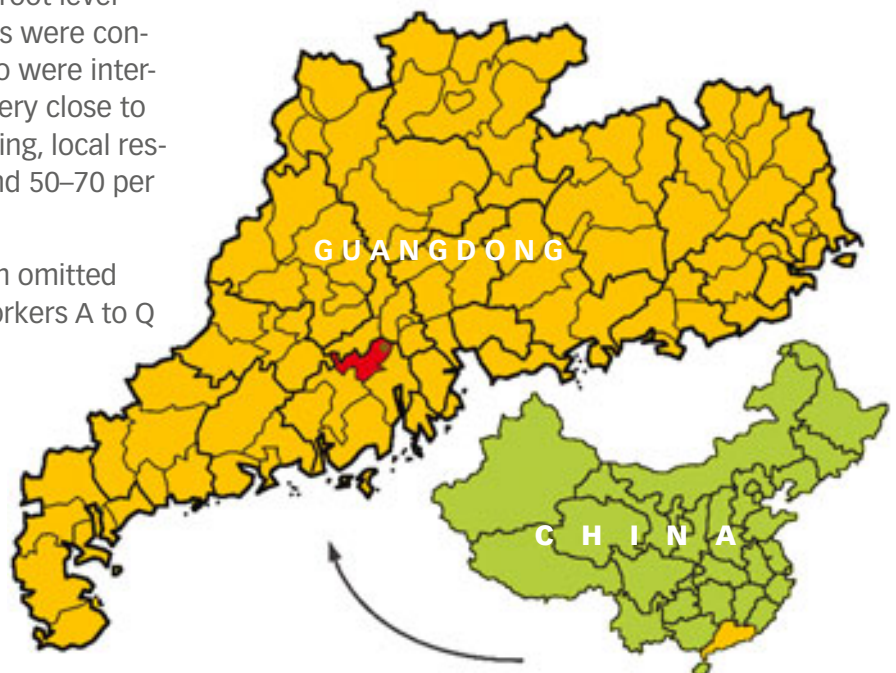
The findings presented in this report are based on interviews with workers from Hung Hing Printing (Heshan) Co. Ltd (hereinafter Hung Hing) carried out in July and August 2014. Researchers conducted more than 30 interviews with workers. After organising and analysing the interview data, the research report focused on the interviews of 17 workers, who are all grass root level workers at the factory. Interviews were conducted off-site. The workers, who were interviewed, live in Langbian village very close to the factory. According to Hung Hing, local resident employees comprise around 50–70 per cent of the workforce.

The names of workers have been omitted and workers are identified as workers A to Q in order to protect their identity.

## Work tasks of interviewed workers

### *Production Department*

Most of the workers in this department are women, some of whom are summer workers. Workers are responsible for completing different tasks for which no heavy machines are needed. These tasks are simple, easy to carry out and require no specific training. The work is mainly done by hand and with the help of some simple tools such as glue, scissors and feather dusters. Workers add decorations to products; gold glitter to cards, ribbons to books, and glue plastic beads and other items on the products. Interviewed workers said that they were presently working on Christmas orders from Europe and United States. Anyone over the age of 18 can work in this department. No skills or specific qualifications are needed. The shop floors are air-conditioned. The workers can sit on a stool (with no back). Workers are paid a wage of CNY 8.5/hour after a 2 month probation period and CNY 8/hour during their probation period. Workers work 8am-7pm. There are no major health and safety risks. Books and cards have sharp edges, so a first aid kit and bandages are made accessible to workers.



### *Quality Control Department*

This department does not have a fixed work point, because workers must go to different production lines or warehouses to monitor the quality of products. If the workers find any defects, they will report on these to their supervisor, who in turn will make the necessary changes. These workers do not need to produce a product, but check and approve product quality by using some simple tools such as measuring instruments and by carrying out visual inspections. Workers in this department complete training before they start their work, so as to ensure that they know the procedures and standards for quality control. According to the interviewed workers, the factory focuses a lot on quality issues and not even a small strand of hair or other litter is tolerated on products. Workers are paid CNY 9/hour. The quality control department's workers work from 8 am to 6–7 pm.

### *Gilding Press Shop Floor*

Workers on the Gilding Press shop floor must place cards at a quick pace in a specific position in a machine, which presses decorations on the cards. Workers, such as interviewed worker G, take out the pressed cards from the machine by hand and use their foot to control the machine. According to the interviewed workers the machine is safe, as once its infra-red rays detect a human hand, the machine will immediately shut down. Injuries in this department are mainly caused by paper cuts on fingers due to the sharp edges of paper and cardboard. According to workers, the factory provides safety gloves, but not all workers wear them, because they feel they are inconvenient. All the workers in this department are men. The shop floor is air-conditioned, because machines require a certain temperature for cooling. The temperature on the shop floor is around 27–28 degrees Celsius. The workers in this department work both day and night shifts, but workers are not paid a night shift allowance. However, they are given free food at midnight. Unlike workers in other departments, the workers in this department receive a piece rate salary. Piece rate is about CNY 100 for 9,000 cards. Workers earn approximately CNY 4,000 a month by working overtime and on weekends.

### *Art work (sampling)*

Workers in this department make samples of products before mass production. Once orders are received, workers make a sample according to the requirements specified in the customer's order. They then take a photo of the sample and send it to the customer for approval. After receiving approval, they pass the sample to the Production Department for mass production. Workers use computer software such as CAD. A workers hourly wage in this department is CNY 8.5, but workers can earn more bonuses than workers in the Production Department. Interviewed workers earned around CNY 3,000 month. According to the workers, the reason for their higher bonuses is that they are required to have a certain level of education, for example a diploma.

### *UV ink printing shop floor*

Employees, who work on the UV ink printing floor repair and control printing machines, which attach ink to the printed material with UV light. A worker's hourly wage in this department is CNY 8.7 (1,15 euros), which is slightly higher than some other departments. Workers have direct contact with UV ink when they fill the machines. Prolonged direct contact with UV ink can cause skin and eye irritation. Ink does not cause immediate irritation, thus exposure can go unnoticed. There could be other potential health risks on the shop floor, as UV ink or the ink penetrates clothes and absorbs into the skin. Hung Hing does not supervise its workers to ensure they wear gloves. Workers work in day and night shifts and 2–3 workers control one machine. There is no air-conditioning on the shop floor. The department's room temperature is high, around 32 degrees Celsius. There are thermometers on the shop floor, and if temperatures reach 33 degrees Celsius, workers receive a high temperature allowance. However, according to the workers they are seldom paid this allowance.

## 2. Salaries exceed minimum wage but are not sufficient for supporting families

According to the research, wages at Hung Hing Heshan consist of three components: a basic hourly wage, an hourly wage for overtime and a production bonus. Overtime wages and the production bonus are dependent on whether workers can and want to work overtime and are able to produce over production targets.

The basic hourly wage varies between different departments. The majority of the 17 workers interviewed for this study were women, who worked in the Production Department; they are paid CNY 8.5 (1.1 euros) an hour. Other interviewed workers worked in the Quality Control Department, Ink Printing Department, Art work (sampling) and Screen Printing Department, where workers receive an hourly pay of CNY 9, CNY 8.7, CNY 8.5 and CNY 9 respectively.

*Table 1. The basic hourly wage varies between different departments.*

Department in which interviewed worker works	Basic hourly pay (CNY)	Basic hourly pay in euros
Production Department	8.5	1.1
Art Work (Sampling)	8.5	1.1
Quality Control (QC)	9	1.2
Screen printing	9	1.2
Ink printing	8.7	1.15

In China, a standard workday is 8 hours long. Workers' standard working hours are 40 hours per week, which is also stated in Hung Hing Heshan's employment contracts. The majority of the interviewed workers said, however, that they normally work 10 hours a day from Monday to Saturday. Therefore, they work 2 hours overtime on weekdays and 10 hours overtime on weekends. In addition to 10 hours of work, the workers have an unpaid one hour lunch break daily. Overtime work is voluntary.

Overtime work is compensated for in accordance with Article 44 of China's Labour Law, which stipulates that the employer shall pay

labourers more wage remunerations than for normal work according to the following standards in any one of the following cases: (1) Wage payments to labourers no less than 150 per cent their wage, if the labourers are asked to work longer hours; (2) Wage payments to labourers no less than 200 per cent of their wage, if no rest can be arranged afterwards for the labourers asked to work on days of rest; (3) Wage payments to labourers no less than 300 per cent of their wage, if the labourers are asked to work on official holidays. Therefore, the hourly pay for overtime is 150 per cent of normal pay on weekdays and 200 per cent normal pay on weekends. Interviewed employees work overtime during weekdays and on Saturdays so most of the overtime compensations they get are CNY 12.75 (1.7 euros) on normal weekdays and CNY 17 (2.2 euros) on Saturdays.

The third part of the workers' salary is production bonuses, which are paid if workers can meet the production targets set by the factory. The production bonus is calculated daily. According to the interviewed workers, the calculation of the production bonus is ambiguous. Some interviewed workers were not able to explain clearly how the bonus is calculated, though all of them knew that if one can produce more than the target, he/she will receive the bonus. Workers said that their production bonus varies monthly between CNY 100–500.

According to Hung Hing, the incentive target for each product is set by production engineers, who break down the production process into steps and set the incentive target for each step. The incentive scheme is communicated to employees and the general calculation method is accessible to anyone. Daily incentives achieved by individuals are verified by the employee with his/her own signature. Pay slips list the working hour wage and the incentive bonus awarded, which again is verified by the workers.

Unlike many other factories in China, Hung Hing pays its workers no other subsidies, such as a good attendance bonus. The workers' pay slip lists the item "subsidies: good attendance bonus", but according to workers such bonuses are not included in their salaries.

Also other common allowances such as the annual bonus are not provided.

According to Hung Hing the factory has a policy of paying employee wages and bonuses immediately on a monthly basis, instead of withholding some money as bonus to pay out at year's end.

Two interviewed workers also worked night shifts, but received no night shift allowance. Night shift allowance is not statutory under Chinese law, but due to its stressfulness nature many factories in China have a practice of paying extra for night shifts. According to Chinese labour NGOs consulted for this report, quite many factories in China pay their workers approximately CNY 5 per night for night shifts.

The interviews revealed that the majority of interviewed workers received approximately CNY 2,500–2,700 a month. Three interviewed workers received higher salaries than the others ranging from CNY 3,000 to CNY 4,000 (328–354 euros). As Worker G works in the Gilding Press Department and controls machinery, he is paid by piece rate not an hourly wage. He earns CNY 100 for making 9,000 product items. The more he makes, the higher his pay. However, he does not have any overtime pay even, if he works overtime on weekends and weekdays. Worker H and L had a higher bonus than workers, who worked in other departments, although they both insisted that they have no idea how to calculate the bonus. They received approximately CNY 500 (65,6 euros) in bonuses each month, while others only received CNY 100–200 (13,1–26,2 euros).

Overtime pay at Hung Hing accounts for a very important part of the total monthly salary. If workers only work during standard working hours, their salary is around CNY 1,479 (194 euros), which is slightly above the

minimum wage in Jiangmen District<sup>1</sup>, yet it is barely enough to cover basic costs of life in Heshan. The majority of interviewed workers work two hours overtime every weekday and 10 hours on Saturdays, the overtime pay is approximately CNY 1,000 (131 euros) a month.

**"The pay here is far too low for 10 hours work! After the summer peak season, the orders will decrease gradually, and we may not even have overtime work. I am planning to quit soon."**

Worker Q

#### **FACTORY OFFERS FREE ACCOMMODATION, BUT FEW ARE WILLING TO USE IT**

Hung Hing Heshan provides a free dormitory to all of its employees, and according to the company, more than 1,000 workers use this option. According to the workers, around 4–7 workers share a single room at the dorm and sleep in bunk-beds. The electricity and hot/cold water supply in dormitory is free of charge as long as the usage is kept at a reasonable level. To discourage wasteful behaviour, the factory charges the utilities at cost, if use exceeds a certain limit. According to Hung Hing, the prices paid by the workers were below CNY 10 a month for electricity and water combined.

However, local workers interviewed by Finnwatch did not want to live in the accommodation offered by the factory. The reason for this was that the dorm offers no privacy and there is no possibility of living there with one's family. Each person has approximately 4 square metres of living space. Most of the workers that lived in the dormitories during

<sup>1</sup> Under the Regulations of Guangdong Province on Monitoring Labour Protection, The minimum wage in Jiangmen District was CNY 1,130 (148 euros) in 2014.

## SA8000 standard model for a living wage not implemented correctly

The SA8000 standard is widely considered to be the most ambitious and comprehensive auditing system for monitoring the social responsibility of factory manufacturers and several other sectors. Several NGOs, including Finnwatch, have recommended SA8000 as the most developed standard which includes a requirement that companies pay a living wage. The Business Social Compliance Initiative BSCI, which is used by many Finnish companies, also considers the SA8000 standard as the best practice<sup>2</sup>.

The SA8000 standard specifies that companies must respect “the right of personnel to a living wage and ensure that wages paid for a normal work week shall always meet at least legal or industry minimum standards and shall be sufficient to meet the basic needs of personnel and to provide some discretionary income”. Remuneration must cover workers’ basic needs and also monthly savings must be possible. Living wage is one aspect under inspection during SA8000 audits.<sup>3</sup>

In order to receive SA8000 certification a company must demonstrate its compliance with the Standard remuneration requirement for a living wage. SA8000 auditing necessitates that the auditor calculate a living wage estimate for the facility and assess the company’s payment history – documented and corroborated through interviews – and comparing them to this estimation. The auditor should compare the factory’s salaries to his/her living wage estimation.<sup>4</sup>

SA8000 sets a requirement that a company must pay a living wage for a normal work week excluding overtime (which must comply with national law and shall not exceed 48 hours). A living wage must be sufficient to cover the costs of food, clean water, clothes, shelter, transport (for example between work

and home), education, social security and reasonable savings. SA8000 emphasises that a living wage is not simply the equivalent of or replaceable by the statutory minimum wage – except in rare cases when the statutory minimum wage exceeds the living wage. SA8000 recognises that the minimum wage is often artificially maintained at a low level by governments to make the areas lucrative for new employers and increase the export of goods and services produced by domestic companies in international trade.

SA8000 does not require an audited company to immediately pay higher salaries. Instead, audited companies must make a plan on how to revise their wage structures through a step-by-step approach. The SA8000-certified facility must pay at least the statutory minimum wage and have a plan to reach payment of a living wage within 18–24 months of their certification cycle depending upon the company’s size and the gap between its current wages and the living wage.

SA8000 acknowledges in its guide to auditors that there is no single calculation method which is correct. However, SA8000 gives a clear recommendation for how the calculation should be carried out. In the calculation one should:

- a. Assess workers’ expenses
- b. Assess the average family size in the area
- c. Analyse typical number of wage earners per family (usually this is not more than 1.6)
- d. Analyse government statistics on poverty levels
- e. Poverty level analysis will indicate the cost of living above the poverty line.
- f. A worker’s income should at least enable him/her to support himself/herself and two dependents above the poverty line and with some discretionary income.

2 BSCI, <http://www.bsci-intl.org/resources/faq> (vii-tattu 25.11.2014)

3 SA8000, [http://sa-intl.org/\\_data/n\\_0001/resources/live/SA8000ConsolidatedGuidance2013.pdf](http://sa-intl.org/_data/n_0001/resources/live/SA8000ConsolidatedGuidance2013.pdf)

4 SA8000, [http://sa-intl.org/\\_data/n\\_0001/resources/live/SA8000ConsolidatedGuidance2013.pdf](http://sa-intl.org/_data/n_0001/resources/live/SA8000ConsolidatedGuidance2013.pdf), s. 67



Table 2. Daily calorie and food cost calculation in Hung Hing Heshan.<sup>5</sup>

			A	B	C	D
<b>food</b>	amount (g)	calories	amount consumed (g)	total calories	price /500g	price / consumption rate
<b>pork</b>	100	215	171	490.2	10	3.42
<b>vegetables</b>	76	17	500	85	2	2
<b>rice</b>	64	234	344.62	1260	2.2	1.5
<b>milk</b>	250	163	83	54.12	3	0.5
<b>egg</b>	100	105	140	210	5.2	1.45
<b>Daily calorie need</b>				2099.32		8.87

The SA8000 guidelines also state that a credible model for a living wage must include transparent and justified assumptions combined with regularly conducted stakeholder consultations. Furthermore, SA8000 recommends open dialogue with stakeholders; consultation with workers and their representatives in the factory as well as with NGOs and trade unions is recommended in order to establish the right living wage level.

The factory investigated in this report, Hung Hing Heshan, had obtained the SA8000 certification for the following time period: 22.7.2010–21.7.2013. In order to calculate the living wage, the facility received a calculation model from a Hong Kong-based certification body called HKQAA. The model is presented above.

The calculation model sets necessary daily energy intake at 2,100 calories and the auditor had pre-filled the form with information concerning the food workers eat and the amount of calories in the specified food. Hung Hing Heshan itself completed the table by adding local prices and calculating the price per consumption rate.

According to the calculation by Hung Hing Heshan, the price of food that covers the energy needs of one person in one day is CNY 8.87. Consequently, according to Hung Hing Heshan, one person needs approximately CNY 270 per month for food and a family of three persons needs approximately CNY 810 per month for food. According to Hung Hing, food costs cover

40 percent of monthly costs, so the overall costs for a family are around CNY 2,025. In addition to the monthly costs, an extra 10 percent was added for savings making the living wage CNY 2,227 in total. The monthly salary was then divided in two, as the calculation method used by Hung Hing Heshan requires that a family has two earners, i.e. two adults, who work full time. In the end, the living wage model of Hung Hing Heshan, which complies with the SA8000 certification, totals CNY 1,113, which is lower than the local minimum wage.

As mentioned above, the SA8000 requirements include that living wage calculations must be transparent and formed together with stakeholders. In spite of this, Finnwatch was unable to obtain the calculation model as audit company HKQAA refused to provide it. According to HKQAA, it could not share the living wage calculation as it had signed a confidentiality agreement with Hung Hing Heshan. However, Hung Hing Heshan acted openly and upon a request sent the calculation model to Finnwatch.

According to Finnwatch, the SA8000 calculation used in the factory does not fulfil the requirements of the SA8000 standard. The resulting amount for the living wage is far from the workers' own estimations of living wage. Moreover, it is below the local minimum wage. Even the Chinese government and the ACFTU Trade Union which is managed by the Communist Party recommend a higher minimum wage.

<sup>5</sup> During Finnwatch's research we found out that there are minor calculation errors in the table. However, we present the table here in its original form.

our investigation period (summer July–Aug 2014) were students (e.g. university students or high school graduates) aiming to earn some pocket money during their summer holiday.

Researchers carried out all the interviews in the nearby village of Langbian, where many Hung Hing workers live in rented flats. Flats are not provided by the factory and the workers rent them independently. The standard floor space of each flat is around 20 square metres. Rent for such a flat is CNY 200–250 (26,2–32,8 euros) per month, excluding electricity and water fees. The total amount paid for electricity and water is about CNY 70–100 (9,2–13,1 euros) per month. Most flats do not have air-conditioners. Workers have a simple wooden bed, a small laptop for watching television or for surfing online, some chairs, a rice cooker, some basic cooking utensils and a fan. In order to save electricity, interviewed workers had not switched on possible air-conditioners during summer and only used fans.

### **FACTORY CANTEEN HELPS IN SAVING FOOD COSTS**

Most of the interviewed workers told researchers that they choose to have meals at the factory, because of the food there is cheap, which helps them save in food costs. Most of the interviewed workers tried to eat at the canteen twice a day.

Each meal costs CNY 1.00 (0.13 euros), Breakfast costs CNY 0.5 (0.07 euros) and the workers can choose from three different dishes including meat, water spinach, eggplant and carrot. According to some interviewed workers, the dishes are almost always the same, but they can eat enough to have a full stomach. According to Hung Hing the factory canteen also offers other dishes for an extra charge. According to the company, the factory canteen's top priority is hygiene, food safety and good nutrition. The canteen stores samples of all served food in its fridge for three days for laboratory testing in case of suspected food poisoning. According to Hung Hing, there have never been any quality problems at the canteen.

Some interviewed workers do cook at home or eat out at night. In summer, the queue in canteen was too long as there were so many summer workers and because of this, some of the workers occasionally cooked food at home. Cooking a simple meal at home costs around CNY 10. Therefore, the amount of money spent by interviewed workers per month is around CNY 500–800 (65.7–105.1 euros).

### **“How could I ever save money with this small of a salary?”**

Worker P when asked whether she can save money or not.

### **MIGRANT WORKER TRANSFERS TO THEIR FAMILY IN THEIR HOME VILLAGE ACCOUNT FOR A LARGE PORTION OF THEIR SALARY, CHILDREN INCREASE COSTS**

The majority of the interviewed workers are migrant workers, who are predominantly from Guangxi, Hunan, Xichuan, Hebei and Henan. Most of the interviewed workers told that they send approximately CNY 1,000–2,000 of their salary back home to support their parents, pay for their children's education and cover the costs of building a house in their hometown.

Most of the interviewed workers were women, who were married and had children. They have the added financial burden of paying for their children's education. For example, Worker O spends CNY 700–800 per month on his child's kindergarten fee in Heshan. Worker M also gives CNY 1,000 to her son, who is a first year student in a vocational school. Worker D sends CNY 1,000 to her two children, who are 12 and 13 years old. Workers C and B send home as much money as they can to support their 13 and 8 year old children. Only one interviewed worker did not send money home as his family had moved to Heshan in order to help with the worker's small child.

Hung Hing Heshan factory does not offer in-house day care services, which is mentioned as a recommendation in Bonnier's Code of Conduct. According to the factory, it concentrates on providing a simple and safe working environment and does not feel it is appropriate to bring children to the factory area. According to the factory, child day care services would only benefit some of the workers, which would be unfair to others and day care services are of better quality outside the factory. Furthermore, the factory pointed out that China's law does not require a factory to provide child care services.

**“I have to repay CNY 3,000 per month for loans we incurred when we built a house at home”**

Worker D

### **A LIVING WAGE?**

Most of each interviewed worker's salary goes to rent, electricity and water, food and their children's education. Almost all of the interviewed workers are migrant workers, which means they send as much as possible of their salary back home.

Most interviewed workers had little if anything left to save after the cost of living, although they already spent very little on entertainment or clothes. Many interviewed workers wear their factory issued work clothes at home after work.

One of the interviewed workers, worker O, was able to save CNY 1,000 each month, because she and her husband earned a monthly total of CNY 5,000–6,000. It is important for the family to save as in the future, when their parents are no longer able to work, worker O may need to go back to their home village to care for them with just their savings to live on.

In 2013, the average monthly salary in Heshan in Jiangmen District was CNY 3,397<sup>6</sup> (446 euros). Most of the interviewed workers cannot reach this level even when they work 80 hours over time during a month. The minimum wage in Jiangmen is CNY 1,130 (148 euros) and the hourly wage is CNY 11.1 for part time employees. If the interviewed workers work the standard 8 hours a day, without bonuses and overtime wages, their monthly salary is approximately CNY 1,479 (194 euros), just slightly above the minimum wage. Furthermore, according to the Adoption and Implementation of the first National Plan on Employment Promotion (2011–2015), the minimum wage should be 40 percent or above of the average wage of the city. Also, the All-China Federation of Trade Unions (ACFTU) also suggested that the minimum wage should be 40 to 60 percent of the average wage in order to guarantee a decent life for workers. However, the minimum wage in Jiangmen is only around 30 per cent of the average wage level.

**“ I send half of my total salary back home every month”**

worker G

A research study titled Wages and Social Security: a study of the minimum wage investigation and statistical estimate model of Guangdong<sup>7</sup> published in 2006, categorises household consumption and placement in development. The study outlined three different defining factors for determining standard of living: survival, sufficient food and clothing and development. Table 3 depicts these three defining factors.

6 The average wage of On-Duty staff and workers in Urban Units 2013 in Jiangmen district, retrieved from [http://www.jiangmen.gov.cn/zwgk/tjxx/tjgb/201406/t20140605\\_435942.html](http://www.jiangmen.gov.cn/zwgk/tjxx/tjgb/201406/t20140605_435942.html)

7 .韩兆洲等 (2006) : 《劳动工资与社会保障——广东最低工资调研与统计测算模型研究》, 经济科学出版社。“Wages and Social Security: a study of the minimum wage investigation and statistical estimate model of Guangdong”, hanzhaozhou ,2006

Table 3. Three different defining factors for determining standard of living.

<b>Survival</b>	Food, clothing, shelter, other necessary supplies		
<b>Sufficient food and clothing</b>	Food, clothing, shelter, other necessary supplies	Telecommunication (e.g. phone), household items and furniture and welfare and healthcare services	
<b>Development line</b>	Food, clothing, shelter, other necessary supplied	Telecommunication (e.g. phone), household items and furnitur, welfare and healthcare services	Medicines & health, entertainment, education and culture.

According to the aforementioned defining factors, a decent living can be reached at 30% of society’s average salary level, second level at 35% and the third, developed level at 40%. The research does not take into account persons outside the nuclear family, so many family members such as parents supported by migrants are not factored in. The standard monthly salary at Hung Hing is approximately CNY 1,479 and it is slightly above 40% of the average salary level in Heshan.

**“I only buy clothes from Taobao (which sell a lot of cheap clothes online)!”**

Worker K.

In 2013, the Consumer Price Index rose 1.8 percent in Jiangmen and individual products such as food and medicine rose by approximately 2–3 %. According to the Jiangmen District statistics bureau, the Consumer Price Index (CPI) increased 3.1 per cent between January and August in 2014<sup>8</sup>. During the same period, the price index for food rose 4.9 %. Inflation affects everyday life of the interviewed workers, which adds to their financial stress. Almost all workers expressed the same thing during their interviews “Everything is expensive these days”. In order to save money, many workers chose to cut all unnecessary costs.

8 The information can be read at: <http://tjj.jiangmen.gov.cn/News.aspx?guid=3293>

Hung Hing emphasised that its factory offers higher than statutory minimum wages as a company practice. According to its SA8000 audits Hung Hing has conducted its own “living wage” surveys, and the latest results indicate that in 2014 s living wage in Heshan area is around CNY 1,113 (146 euros).

Hung Hing supplied Finnwatch with a table to compare the minimum wages of the government in comparison with the Hung Hing Heshan factory wages in 2011–2013.

Table 4: Hung Hing Heshan wages compared to government minimum wages.

Year	Local government minimum wages	HH factory	HH wage in comparison to local government wage
2011	950	1009	106%
2012	950	1183	124%
2013	1130	1305	115%
2014	1130	1479	135%

All of the interviewed workers said that at least CNY 4,000 per month would be the ideal living wage. According to a study conducted in the same area by a human rights organisation FIDH, a living wage, estimated by workers, is 2,400–3,000 CNY (315–394 euros). According to the Asia Floor Wage Alliance a living wage in China would around CNY 3,132.<sup>9</sup> (411 euros).

A living wage is defined as a salary that is sufficient to cover an employee’s and his/her family’s food, accommodation, clothes,

9 Clean Clothes Campaign, Asia Floor Wage in local currency, <http://www.cleanclothes.org/livingwage/asia-floor-wage-in-local-currency>

medical care and education cost, as well as small monthly savings. One should earn a living wage without overtime.

The salary for workers at Hung Hing Heshan is very small without overtime payments and is only enough to cover the employee's own basic needs. In order to be able to send money home, the employee must work up to 20 hours overtime each week. Compared with the general living conditions in China, the material livelihoods of workers at Hung Hing Heshan are not the worst possible. However, the wages are far from the average in the area where the factory is located and the basic salary is not enough to meet with employees' expectations of livelihood.

Table 5. Total monthly costs for interviewed workers.

Items	Monthly cost (CNY)
Shelter: Rent	200
Electricity & water	70–100
Food	500–800
Money sent back home	1,500–2,000
Social Insurance	220
TOTAL	CNY 2,490–3,320

It should be noted with regard to electricity, rent and water that the factory offers a free bed in the factory's dorm. Hence, by moving into the dorm, a worker could potentially save an extra CNY 270–300 each month (35–39 euros).

**“I don’t go out and I don’t buy clothes. I stay at home on holidays. Sometimes my friends come by, and we cook a meal together at my home.”**

Worker D



### 3. Ambiguities in social security payments

Both the interviewed workers and Hung Hing contribute to social insurance monthly. The amount paid by employees is deducted directly from their monthly salary. As in Finland, social insurance in China aims at saving a part of a citizen's salary in order to cover costs related to such things as illnesses, occupational injuries and old-age. Hung Hing's workers are covered by basic pension insurance and basic medical insurance, as shown on their pay slips. Yet, social insurance is not paid in full and on.

Interviews revealed that the factory starts contributing to a worker's social insurance only after they have completed their 2 month probation. However, according to Chinese law, employers should contribute to social insurance from the first day of employment or within 30 days from the date on which the worker is employed.

According to Hung Hing, it takes time to process necessary registration into the social insurance system and drafting payment procedures, and, for this reason, insurance payments cannot be initiated in time to cover some employees who have just started working in the company. The factory's management told Finnwatch that it is reviewing its processes in order to close the gap in social security payments for new workers.

Furthermore, the amount of social insurance paid by Hung Hing is based on the minimum wage standard in Jiangmen District but not the actual wage of the employees<sup>10</sup>. Wages

differ for all workers at the factory, but every worker pays the same sum for social insurance. For example, the interviewed workers paid CNY 42 dollars (5,5 Euro) for medical insurance which is based on the minimum salary level, no matter how much they earn every month<sup>11</sup>. Both worker A and worker G are part of the Hukou system contribute CNY 137.2 (18 euros) for pension even though they have different salaries. Hence, no matter how much a worker earns per month, the premiums for their social insurance will be only based on the minimum wage level according to the requirement of Jiangmen District, though it should be based on the actual wage instead of the minimum wage level set by the government. Therefore, around CNY 200 (26 Euro) should be deducted directly from workers' salary each month for social insurances premiums, pension and medical insurance.

According to Finnwatch, the factory is trying to save money by not paying all statutory payments. During summer, most workers are students, who work in the factory only for the duration of the 2 month probation period. The factory saves tens of thousands, when it does not have to pay employer costs for these employees. Also, the factory continuously saves money by calculating security payments according to the minimum wage and not according to the real wage. The employees and the social security system are the true losers in this system, as they miss out on statutory money.

10 The minimum wage level for medical insurance is CNY 2,100 according to the Jiangmen District tax bureau, retrieved from: <http://www.heshan.ccoo.cn/news/local/2587937.html>

11 Medical insurance payments are the same for the interviewed workers, which is evident from their pay slips of workers with differing salaries.

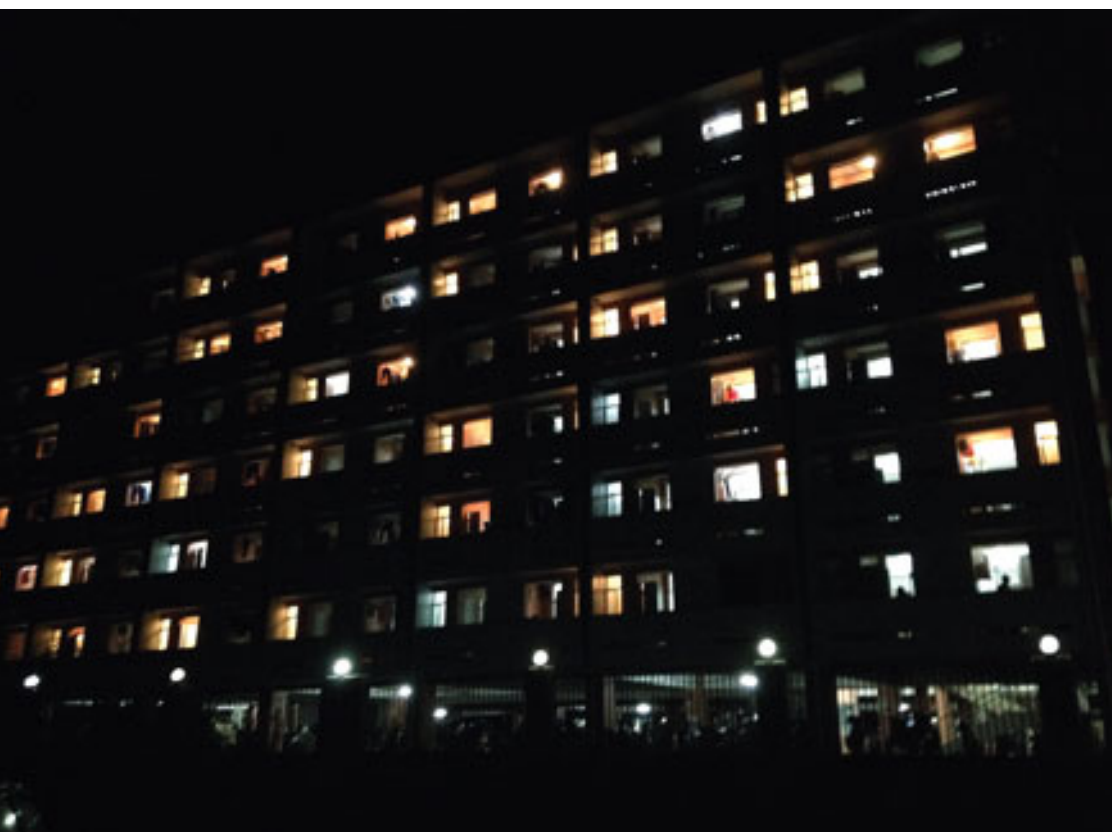
## 4. Workdays are long, low salaries encourage workers to take on illegal overtime

In Hung Hing Heshan it is normal that each worker regularly works 20 hours overtime a week; two hours of overtime on weekdays and ten hours overtime on Saturday is common. Interviewed workers from the production department, quality control department and art work sampling department work from 8 am to 7pm. These workers do not have a shift. Worker O was the exception; she seldom worked overtime, because she had to take care of her son. Interviewed workers from these departments work from 8 am to 7 pm, with a 1 hour meal break for which they do not receive a wage. Four of the interviewed workers work day and night shifts which alternate once a month.

The overtime hours for most of the interviewed workers exceeded the maximum allowed by China's Labour Law. According to

Article 41 of the Labour Law, overtime should not exceed 36 hours per month. The interviewed workers complete around 80 hours of overtime at Hung Hing each month, which is over double the overtime allowed by the law. The workers want to do over time so that they could cover living costs that their basic salary would not cover. Since working days are so long, the possibilities of the workers for rest, leisure time with families and education is restricted.

In comparison to many other factories in the area, the Hung Hing Heshan factory does not restrict toilet visits. Interviewed workers said that they can have toilet breaks or drink water freely during their working hours. Nevertheless, workers are not allowed to use mobile phones while working nor chat with their colleagues.



## 5. Employment contracts adequate, employees not interested in grievance mechanisms

All the interviewed workers were employed directly by Hung Hing and no agencies are involved in the recruitment process. The factory recruits new workers every morning at the factory's exit, where applicants wait and queue. Workers sign an employment contract with the factory of which they receive a copy. Most contracts cover 1–3 years of employment at the factory. All interviewed workers were permanent workers, who have official employment contract.

The contract is 4 pages in total. It includes the employee's personal data, the length of their employment, the locations of their place of work, their wages, working hours and rest days and matters related to social insurance, occupational health and safety etc. All the interviewed workers had a two month probation period at the start of their employment. During the probation period, workers may resign at any time.

According to the interviewed workers, they were not aware of whether there was a trade union or worker association that represented the workers at Hung Hing. Interviewed workers showed their indifference to the importance of such an association. They said that workers could submit complaints to the administrative department via a reporting system or the suggestion boxes provided in the factory. Yet, workers use these infrequently. One worker could tell the

researchers that some workers are selected or recommended in each department to represent fellow workers during meetings with the management.

The reason for workers' reluctance in using the grievances mechanisms was not a result of lacking suggestions for improvement. For example, one worker was unhappy about an unfair practice on the shop floor; some workers are assigned more orders so they can have more bonuses, while others are assigned less orders. The workers said that he did not want to use the complaint and grievance channels, because he did not believe a complaint would change anything.

Instead of official grievances mechanisms, workers told that they are using social media to bring up their dissatisfactions. For instance, worker B said she prefers to use new social media such as Weibo (the Chinese version of Twitter) to express her dissatisfaction about matters on the shop floor. For example, she posted online about an incident where her manager insulted her verbally. Worker M also complained to researchers that the management is too strict and constantly demands increased work efficiency and speed. Some insulted workers in front of others if workers did not reach their required quota.

All interviewed workers felt their base-salary was very low.



## 6. Hung Hing Heshan approved in various responsibility audits

Both customers and government authorities conduct social audits at Hung Hing. As all the company's products are for export, interviewed workers said they often saw foreign customers conducting quality checks of products on shop floors. According to the workers, audits focused primarily on quality control, and did not include interviews with workers on their working conditions.

Hung Hing Heshan has been audited in accordance with standards set by numerous responsibility systems, including the Ethical Trade Initiative (ETI), Business Social Compliance Initiative (BSCI) and International Council of Toy Industries Code of Business Practice (ICTI-COBP). According to Hung Hing, audits last between 2 to 9 days and include on-site

audits with full access to time card records, payroll data and random selection of employees for interview, as well as other health and safety aspects. Hung Hing Heshan also used to be SA8000 certified, but according to the company SA8000 is less recognised by its clients and thus the factory discontinued the audit. The company's last SA8000 certificate was valid 22 June 2010–21 June 2013.

According to Hung Hing, the company also informs its employees about matter related to labour law, company policy and regulations, as well as grievance procedures. Workers also have a telephone hotline, run by a third party, which they can call, if they have grievances. The factory also provides training on labour rights to its workers.

### ICTI CARE Process, the International Council of Toy Industries

The International Council of Toy Industries, ICTI, is an international toy industry association with members from twenty countries. The members of the ICTI are national toy industry associations. The ICTI has launched a responsibility programme called the ICTI CARE Process (ICP), and its certification system is used internationally to ensure responsible working conditions in toy factories. The ICP was established in 2004 and currently over 1,400 factories that manufacture toys belong to the programme. Moreover, over 1,000 toy companies, license issuers and vendors have committed to producing their products in ICP certified factories.<sup>12</sup>

International NGOs have praised the ICP for providing helplines for toy factory workers in Guangdong and other areas, for providing training programmes concerning labour rights and for distributing educational material to workers.<sup>13</sup> Also, the ICP provides more informa-

tion on the audited factories than many other certification systems. The public database reveals names of the audited factories, seal types, the number of workers and contact details for factories.

However, international NGOs are not completely certain of how well the ICP improves the fundamental labour rights and working conditions of the toy industry. NGOs that focused on labour rights in China have reported severe labour rights violations in factories that hold the ICP seal of approval.

For instance, in 2011, a Hong Kong-based corporate responsibility group SACOM reported alleged illegalities committed in factories registered in the ICP. Problems were observed in matters related to working hours and remunerations. Later, China Labour Watch and Swedwatch also published reports revealing labour rights violations in ICP-audited factories.<sup>14</sup>

ICP has been criticised, for instance, for allowing long working hours even in instances where national legislation restricts working hours more than ICP. According to the ICP,

<sup>12</sup> ICTI Care, 2013, Annual report 2012, can be read at: [http://www.icti-care.org/upload-fileMgmt/03\\_2013930141948.pdf](http://www.icti-care.org/upload-fileMgmt/03_2013930141948.pdf)

<sup>13</sup> Swedwatch, 2011, Improvement made but factory conditions still a problem, can be read at: [http://www.swedwatch.org/sites/default/files/leksak-supfoljning\\_eng\\_april\\_2011\\_0.pdf](http://www.swedwatch.org/sites/default/files/leksak-supfoljning_eng_april_2011_0.pdf)

<sup>14</sup> Ibid.

weekly working hours in factories may not exceed 66 hours.<sup>15</sup> In contrast, China labour law allows only 40 working hours per week and 36 over time hours a month.

In 2009, the ICP initiated a Continuous Improvement Process, CIP, which aims at developing toy manufacturing factories. According to the ICP, the purpose of the CIP is, to ensure that in exchange for adopting transparency as to current practice, factories are permitted to reduce their working hours over stages over a longer time period. According to the ICP, this decreases the likelihood that factories will maintain two sets of records. In this way, the CIP improves the likelihood that auditors will obtain correct information about working hours from Chinese toy factories. Previously, auditors found it difficult to inspect the working hours since records of working hours were often incorrect. Therefore, instead of requiring an immediate change to working hours that correspond with the limits of national labour law, a decision was made to allow factories to have longer working hours than the Chinese law allows.<sup>16</sup>

The ICP has found that due to the seasonal nature of the toy industry it is necessary to allow long working hours during part of the year. According to the ICP, this is confirmed by working hour exceptions provided to factories by provincial and municipal authorities. According to the ICP, the toy industry 'is not yet ready' to decrease its weekly working hours even to 60 hours, and therefore its A60-seal, which requires factory employees to work 60 hours or less per week, is voluntary.<sup>17</sup>

In addition to the A60 seal, the ICP has the following seal types:

A-seal, in which the maximum weekly hours is 66. Within this seal type, factories can sea-

sonally run 72-hour working weeks, however, during a maximum of 12 weeks.

B-seal, in which the maximum weekly hours is 72. Within this seal type, factories can seasonally run 78-hour working weeks, however, during a maximum of 12 weeks. Also, only 25 percent of workers can accrue seasonal overtime during any one week.

C-seal, in which the maximum weekly hours is 78.<sup>18</sup>

In previous reports, the ICP has also been criticised for neglecting workers' freedom of association and right to collective bargaining. According to SACOM, the programme has improved its action in this respect especially in China's Guangdong Province. Nevertheless, ICTI CARE still hasn't included the ILO core conventions dealing with freedom of association and collective bargaining (87 and 98) to its Code of Conduct.<sup>19</sup>

Furthermore, NGOs have criticised ICTI CARE for its salary policies according to which the programme does not demand certified factories to pay their workers a living wage.<sup>20</sup> According to ICTI CARE, an evaluation of including the living wage to the programme is ongoing; however, no actions have been taken thus far.<sup>21</sup>

ICP conducts a huge number of audits each year. According to the latest yearly review, by June 2012 ICP had completed 1,500 audits and in 2011 as many as 3,507<sup>22</sup>.

15 ICTI Care foundation, 2014, Working hour policy amendment, can be read at: [http://www.icti-care.org/uploadfileMgnt/01\\_20141028162010.pdf](http://www.icti-care.org/uploadfileMgnt/01_20141028162010.pdf)

16 Swedwatch, 2011, Improvement made but factory conditions still a problem, can be read at: [http://www.swedwatch.org/sites/default/files/leksak-suppfoljning\\_eng\\_april\\_2011\\_0.pdf](http://www.swedwatch.org/sites/default/files/leksak-suppfoljning_eng_april_2011_0.pdf)

17 "We recognize that the traditional toy industry is not yet ready to move toward a 60-hour workweek at this stage." ICTI Care foundation, 2013, ICTI Care process to recognize factories working 60-hour workweek, can be read at: [http://www.icti-care.org/uploadfileMgnt/0\\_2013912174127.pdf](http://www.icti-care.org/uploadfileMgnt/0_2013912174127.pdf)

18 ICTI Care foundation, 2014, Working hour policy amendment, can be read at: [http://www.icti-care.org/uploadfileMgnt/01\\_20141028162010.pdf](http://www.icti-care.org/uploadfileMgnt/01_20141028162010.pdf)

19 Swedwatch, 2011, Improvement made but factory conditions still a problem, can be read at: [http://www.swedwatch.org/sites/default/files/leksak-suppfoljning\\_eng\\_april\\_2011\\_0.pdf](http://www.swedwatch.org/sites/default/files/leksak-suppfoljning_eng_april_2011_0.pdf); ja ICTI Care foundation, 2010, Code of business practises, can be read at: [http://www.icti-care.org/e/content/cat\\_page.asp?cat\\_id=193](http://www.icti-care.org/e/content/cat_page.asp?cat_id=193)

20 Swedwatch, 2011, Improvement made but factory conditions still a problem, can be read at: [http://www.swedwatch.org/sites/default/files/leksak-suppfoljning\\_eng\\_april\\_2011\\_0.pdf](http://www.swedwatch.org/sites/default/files/leksak-suppfoljning_eng_april_2011_0.pdf)

21 ICTI Care, Frequently asked questions, [http://www.icti-care.org/e/content/cat\\_page.asp?cat\\_id=190](http://www.icti-care.org/e/content/cat_page.asp?cat_id=190) (referenced on 10.11.2014)

22 ICTI Care, 2013, Annual report 2012, can be read at: [http://www.icti-care.org/uploadfileMgnt/03\\_2013930141948.pdf](http://www.icti-care.org/uploadfileMgnt/03_2013930141948.pdf)

## **7. Men employed on shop floors earn a higher salary than women, interviewed workers don't experience gender discrimination or sexual harassment**

Women make up 70–80 per cent of Hung Hing's total workforce. Most of the female workers work in the Production Department, where tasks consist of light art work done by hand. They seldom work on shop floors, where workers must work with heavy machinery such as cutting, printing, gilding press machines etc. Most of these tasks are handled by male workers rather than female workers and the salary is higher in these men dominated departments. The hourly wage for workers in the ink printing department is CNY 8.7, which is slightly higher than the CNY 8.5 that female workers receive on average in the Production Department. Most female workers are not permitted to work on the above shop floors, where workers receive higher wages and the bonuses than in the production department. It is widely considered that work with printing machines is too hard for women.

Most of the interviewed workers, who were women, did not think that female workers were subjected to gender-based discrimination. Sexual harassment is not common at the factory because female workers work separately from male workers. Though some workers felt that their supervisors acted unfairly, they said disputes and unfair treatment was not due to their gender, but more about the management style of supervisors and foremen.

According to the workers, the factory does not dismiss pregnant women and allows women in total 90 days of maternity leave in accordance with the law. Interviewees told researchers that colleagues were allowed extra breastfeeding time for new-born babies, which meant that they were permitted to come into work an hour later than normal. Also, lighter work tasks could be arranged for pregnant workers.

## 8. Work related accidents rare, but occupational safety could be improved

In 2005, Students & Scholars Against Corporate Misbehaviour (SACOM) investigated the Hung Hing factory in Shenzhen. The organisation observed that there were an average of four to five accidents a week at the factory and that people had lost their fingers and hands. According to our field research, work-related injuries are significantly less frequent at Hung Hing Heshan.

According to the interviewed workers, work-related injuries seldom happen on the shop floors. Work-related injuries were rare even for interviewed workers who were responsible for controlling machinery. As the machinery have infra-red rays, they will shut down automatically once they sense the hands of workers. According to the workers, this helps keep workers safe. Also, workers must receive a certificate before they are allowed to use the machinery.

According to some of the interviewees, glues are widely used at the Production department. The smell and fumes of glue permeate the air, though most of the interviewed workers said that the smell is still tolerable. However, one worker said that the smell is strong and that some of her co-workers suffer from respiratory ailments after long term exposure of glue fumes.

Although no serious work accidents happened since the operation, it seems that training on occupational safety and health is not comprehensively provided before start working. The factory provides training on factory regulation and some basic rules which lasts around a half day only. Workers learn the skills and knowledge of their positions from the seniors or the leaders. They are learning by doing. Yet, this could increase work-related risks to workers.

According to Hung Hing, new employees receive orientation training where they learn about occupational health and safety risks and proper use of personal protective equipment. All new employees are provided training in matters such as fire safety and prevention, occupational health and safety and grievance procedure. Additional training is provided by the department in question for job related matters. New employees are also given on-the-job training programmes. The factory states that it strongly encourages employees to use protective equipment during close monitoring and regular training.

According to Hung Hing, it has made significant progress in health and safety, and there were no accidents that resulted in lost working time accidents at the factory during the first half of 2014 (between January–June).

*Table. Training hours and accidents in Hung Hing Heshan.*

Year	Training hours provided	# of OHS incidents that caused loss of working hours
2011	795,00	5
2012	101,700	4
2013	155,000	3
2014 (Jan – Jun)	95,000	0

## 9. Summary of working conditions at Hung Hing Heshan

Publishing houses in Finland that sell books produced by Hung Hing's factories include Bonnier Kirjat Suomi, Egmont, Karisto and Kustannus-Mäkelä. Of these, at least Bonnier Kirjat Suomi and Karisto import books directly from the Hung Hing Heshan factory investigated as part of this report. Not all of Finland's publishing houses were willing or able to say where their books that are of Chinese-origin have been produced, and it is likely that many other Finnish companies also do business with Hung Hing Heshan.

Nearly every responsibility audit in common use has been carried out at Hung Hing Heshan. Finnwatch found that the factory's working conditions were good in many areas: the factory did not use leased workers or recruitment agencies, and all the factory's workers were on the factory's own payroll; the factory offered its workers a place to stay free-of-charge at its dorm and affordable food at its canteen. The number of occupational accidents has dropped significantly in recent years and workers receive safety training. Overtime is voluntary and the factory pays wages that exceed the statutory minimum wage. The factory also provides a written employment contract and pay slips to all its workers.

However, Finnwatch also observed problems at the factory. Workers worked overtime for excessive periods, and their overtime exceeded China's statutory maximum for overtime work. Nearly all the workers interviewed by Finnwatch worked a total of 80 hours overtime every month. According to the workers, they must rely on overtime, as the basic salary paid by the factory is too small to cover the basic costs of life. The workers' basic salary is only CNY 1,479 before deductions, whereas workers estimated that CNY 4,000 would constitute a living wage. A Finnwatch estimate for a living wage, based on the workers' real costs, was approximately CNY 2,500 – CNY 3,300.

Finnwatch also observed that the factory had problems with payment of social insurance contributions. During peak seasons, the factory employs a great number of students and other temporary workers for short periods. The factory does not deduct social insurance contributions from workers' salaries during their 2 month probation period, and thus does not pay the employer's statutory social insurance premiums for the worker in question. Finnwatch suspects that the company saves hundreds of thousands in personnel costs by neglecting to pay social insurance contributions for seasonal workers. The factory countered that they had problems with registering workers to the system and that they were currently developing a new system in order to ensure that social insurance payments are made on time.

There was also another problem related to social insurance payments; namely the sum deducted from the worker's salary. Social insurance contributions are not calculated according to each workers actual salary. The factory uses the local median minimum wage as the basis for calculating the contribution.

The occupational safety of those workers, who handle printing machinery and are in contact with ink, is a matter that would require further investigation. According to the interviewed workers, the factory does not enforce its rules on wearing protective clothing, and it is possible that workers are disposed to harmful substances over a long period of time. The factory's indoor temperatures during both summer and winter are cause for concern, although Hung Hing Heshan stated that it had installed a ventilation system to help decrease temperatures during the summer.

No trade union is active at the factory, and the majority of workers were not aware of the workers' committee at the factory. According to the workers, workers had little if any influence on their working conditions,

even though the factory had placed feedback boxes inside the factory and offered workers a phoneline maintained by the third party as channels for expressing grievances.

The findings of an audit commissioned by Bonnier and carried out by Finnish consulting company Pöyry in 2011, included a warning that the factory's working conditions may place Bonnier's reputation at risk. Pöyry noted that although the factory acts in accordance with all laws, the wages it pays its workers are very small, the factory's working temperatures are extreme and the factory dorm is very crowded (4 m<sup>2</sup>/worker). Pöyry also noted that the factory did not provide day care services for workers' children, although this is a recommendation in Bonnier's responsibility guidelines. According to research carried out by Finnwatch, the factory has implemented procedures to reduce indoor temperatures during summer, but other problem points have yet to be addressed.

According to Hung Hing Heshan, its international customers are very interested in social responsibility and carry out a great many audits. When Finnwatch asked about the procurement policies of the factory's customers, Hung Hing noted that its customers are interested in social responsibility but pay market-based prices. Understandably, HH Heshan did not wish to criticise its customers for this and said they respected the free market. According to the factory, it can refuse an order, if the price offered is too low. However, Finnwatch sees that customers from western countries might be unwilling to pay more even to achieve permanent and significant changes to the factory's working conditions.

Hung Hing Heshan has been audited numerous times. Its working conditions are indicative of both the restrictions that come with customers' procurement policies, but also the shortcomings of auditing systems. Hardly any commonly used audit system can ensure that workers receive a living wage or actively promotes freedom of association or other collective bargaining agreements at factories. ICTI-CARE an auditing system commonly used by the toy and printing press industry in practice no longer monitors that employers abide by the statutory maximum for overtime work. The organisation awards certification to factories that violate maximum work hours stipulated in China's Labour Law.

The SA8000 standard, one of the most ambitious factory auditing systems, has been unable to increase salaries at Hung Hing Heshan to the level of a living wage. The audits had approved the factory's own estimate of a living wage as sufficient, though it is below the local minimum wage. Even the Chinese government and the ACFTU Trade Union which is managed by the Communist Party recommend a higher minimum wage.

Finnwatch encourages publishers to continue their cooperation with Hung Hing Group and discuss living wage and overtime issues with the factories. Finnish publishers should not end their relationship with Hung Hing Heshan or other Hung Hing factories before entering in to deep and meaningful dialogue with the factory. Finnwatch's recommendations to Finnish publishers have been presented in full in the Finnish version of this report.





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