



Students and Scholars Against Corporate Misbehaviour

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Apple Watch Series 4

Still Failed to Protect Teenage Student Workers

**A Re-visiting Investigative Report on Apple Watch's Exclusive
Manufacturer**



(Figure 1: Quanta Chongqing's workers finishing work)

Index

Executive Summary	Page 3
SACOM's Demands to Apple	Page 4
1. Background of the Research	Page 5
1.1 Basic Information on Quanta Computer	Page 6 - 7
1.2 Apple's Student Workers Violations in Recent Years	Page 8 - 9
1.3 Chinese Regulations and Apple's CSR Policy Regarding Student Workers	Page 10
1.4 Methodology	Page 11
2. Research Findings	
2.1 "Internship" Program without Educational Elements	
2.1.1 Majors Unrelated to the Electronics Industry	Page 12
2.1.2 Absence of Educational Objectives and Assignments	Page 13 - 14
2.2 Forced Labour? – Punishment for Refusing to Work	Page 15 - 16
2.3 Illegal Overtime Work and Night-Shift Arrangements	Page 17 - 18
2.4 Unlawful Recruitment of First Year Students	Page 19
3. Conclusion and Demands	
3.1 Conclusion	Page 20
3.2 SACOM's Demands to Apple	Page 21
4. Acknowledgements	Page 22

Executive Summary

In 2017, Students and Scholars Against Corporate Misbehaviour (SACOM) published the investigative report *“Apple Watch 3 – Exploit Student Workers Further. An Investigative Report on Apple Watch’s Exclusive Manufacturer”* disclosing Apple’s plan to relocate the Apple Watch production to Quanta Computer’s Chongqing factory and the student workers violations found in it. After the releasing of the report, both Apple and Quanta denied the production relationship between them. In summer 2018, a further in-depth re-visiting investigation was conducted.

This report discloses that Apple Inc. is undoubtedly manufacturing Apple Watch in Quanta Chongqing facilities using significant numbers of student workers aged 16-19 years. It also reveals that working conditions for student interns in the factory do not comply with the “Administrative Provisions Regarding Internships for Vocational School Students” issued by the Chinese government and the “Student Worker Protections” explicated in Apple’s “Supplier Responsibility Standards”.

Since the releasing of the 2017 report, the violations found have barely been corrected. The major findings of the re-visiting investigation for 2018 are outlined below:

1. **Irrelevant Majors:** Students majoring in subjects unrelated to the electronics industry are still being sent to work as ordinary production line workers. The majors include e-commerce, makeup and hair beauty, early education, hotel management etc.
2. **Absence of educational elements:** Students reported that the internships have literally nothing to do with learning. None of the learning documents required by the law are prepared for the students.
3. **Forced labour:** Students reported that they cannot receive their graduation certificate without performing the compulsory internship. Schools also pressure students’ parents to make the students work.
4. **Unlawful shift arrangements:** It is very common for student interns at Quanta to work 12 hours a day and night shifts, both of which is in violation of local regulations.
5. **Unlawful Recruitment:** Students in their year 1 of enrollment are also sent to the factory to work, which is in violation of local regulations.

SACOM's Demands to Apple

Apple holds an inevitable responsibility to guarantee its Apple Watch exclusive supplier is operating in compliance with Apple's own policy and other local regulations. Based on these violations of the rights of student interns, we demand Apple to make improvements immediately. Our demands to Apple Inc. are as follows:

1. Strictly apply the Supplier Responsibility Standards to all affiliated manufacturers worldwide;
2. Guarantee that all manufacturers comply with local labour laws and regulations;
3. Actively provide sufficient protection to all student workers in its supply chain including:
 - Stop recruiting student workers with unrelated majors
 - Provide real vocational training to student workers
 - Stop assigning student workers to work overtime and night shifts, both of which are illegal
4. Record the findings of this report in Apple's next Corporate Social Responsibility (CSR) Progress Report;
5. Organise a meeting involving SACOM, Apple and Quanta representatives to establish a timetable for rectifying Quanta's violation of its employees' labour rights.

Background of the Research

In 2017, Students and Scholars Against Corporate Misbehaviour (SACOM) published the investigative report *“Apple Watch 3 – Exploit Student Workers Further. An Investigative Report on Apple Watch’s Exclusive Manufacturer”* disclosing Apple’s plan to relocate its Apple Watch production to Quanta Computer’s Chongqing factory and the student workers violations found therein. Quanta Computer is the exclusive manufacturer of Apple Watch 1, 2 & 4 and also the major manufacturer of Apple Watch 3.

Although the 2017 report clearly presented numbers that evidently prove Apple’s ongoing procedures to set up Apple Watch production in Quanta Chongqing, the company attempted to circumvent its responsibility to source ethically by denying its production relationship with the factory. Therefore, SACOM initiated the re-visiting project in 2018 to re-examine the production relationship between Apple and Quanta Chongqing, as well as follow-up the student worker violations disclosed in the 2017 report.

In this report, the confirmed production relationship between the brand and the factory will be presented to show that Apple’s claim in 2017 was a doublespeak. The current situation of the large number of student workers in the factory, based on a first-hand account of the workers will also be discussed.

1.1 Basic Information on Quanta Computer

Quanta Computer Inc. is a Taiwan-based manufacturer of Apple Watch, notebook computers and other electronic hardware. The major clients of Quanta include Apple, Google, HP, Dell, ASUS and other multinational electronics brands. Founded in 1988, Quanta currently owns three manufacturing plants in China: the Quanta Shanghai Manufacturing City (QSMC), the Tech-Full (Changshu) Computer Co., Ltd. (CSMC), and the Tech-Front (Chongqing) Computer Co., Ltd. (QCMC). The former two plants are located in coastal areas, whereas the Chongqing plant is located inland.

Quanta Computer is the exclusive manufacturer of Apple Watch series 1, 2 and 4 and the main manufacturer of the third series. The company announced a consolidated revenue of 33.5 billion US dollars in 2017, which represent 14.2% of annual growth. It also ranked 354th on the Fortune Global 500 of 2018, while its ranking in 2017 was 390th place.



(Figure 2: Quanta Chongqing's Salary Package Details Posted in the Factory)

According to Quanta's CSR report released in 2017, the company had over 72,000 employees in its manufacturing plants. Over 81.4% of these employees were under 30 years of age. 70% were male, 30% female.

Name	Quanta Computer Inc.
Founder, Chairman	Barry Lam
Revenue	US\$33.5 billion
Location	<p><u>Headquarters</u> No. 211, Wenhua 2nd Rd., Guishan Dist., Taoyuan City, Taiwan</p> <p><u>Quanta Shanghai Manufacturing City (CSMC)</u> No. 68, Sanzhuang Rd., Songjiang Export Processing Zonem Shanghai, China</p> <p><u>Tech-Full (Changshu) Computer Co., Ltd. (CSMC)</u> No. 8, Jingzhou Rd., High-tech Industrial Park, Changshu Economic Development Zone, Changshu, China</p> <p><u>Tech-Front (Chongqing) Computer Co., Ltd. (QCMC)</u> 18#, Zhongbao Rd., Shapingba District, Chongqing, China</p>
Major Clients	Apple, Google, HP, Dell, ASUS etc.
Major Products	Apple Watch, notebook computers, printers
Number of Employees	Over 72,000
Age Range of Workers	Over 81.4% under 30 years of age
Gender Ratio of Workers	30% are female and 70% are male

1.2 Apple's Student Workers Violations in Recent Years

While there are national and international regulations that protect student interns' basic rights and interests in China and other countries, employers frequently ignore them with impunity.

Student interns rendered as cheap and disposable labor in global electronics production chains

- "Student Labor in China" Jenny Chan

Apple exploiting student labour is not a new issue. Since 2012, SACOM has been monitoring and disclosing how Apple uses student interns en masse to replace regular workers in China. In 2017, the issue came into the spotlight again. Next to SACOM's revealed report *"Apple Watch 3 – Exploit Student Workers Further. An Investigative Report on Apple Watch's Exclusive Manufacturer"*, an article from Financial Times named *"Apple's iPhone X assembled by illegal student labour"* also disclosed Apple's student labour violations in Foxconn Zhengzhou. Under the pressure of international NGOs, activists and media, Apple eventually admitted its violations and promised to introduce re-correction plans.

However, when our researchers conducted another round of investigation targeting Quanta Chongqing in 2018 summer, it was found that the student workers violations had barely been improved. According to multiple interviewees, the ratio of student workers in their production lines is at least 50%. Many of these workers are aged 16 to 18 years old. A student worker told us that "Student workers are the major labour force in Quanta. The factory would not be able to operate without student workers."

I work in 4/f of the F5 plant. Our production line reassembles those Apple Watches that did not pass the quality check. At the beginning our daily production target was 1200 pieces per day. This target was raised later.

Basically, this department is composed of student workers from my school, as well as a few senior staff. At least three production lines in this department are operated by students from my school. There are around 120 students in the three lines and more in others.

We are like robots on the production lines. We repeat the same procedure for hundreds and thousands of times every day, like a robot.

— A 18 years old student manufacturing Apple Watch in Quanta

1.3 Chinese Regulation and Apple's CSR Policy Regarding Student Workers

In discussing Apple's student labour violations, two particular regulations are referenced. The first is the **"Administrative Provisions Regarding Internships for Vocational School Students"** (henceforth "Provisions") published by the Ministry of Education of the People's Republic of China, together with four other departments on 11th April 2016.

The second is the **"Student Worker Protections"** chapter in Apple's **"Supplier Responsibility Standards"**.

The following sections of this re-visiting report will disclose the current situation of Chongqing Quanta's employment of student labour with reference to these two regulations.

1.4 Methodology

One round of off-site interviews targeting Quanta's Chongqing plant were conducted in summer of 2018 around the factory site in order to collect first-hand information for this report. 28 questionnaires were completed through face to face interviews with workers.

Online interviews were also conducted through digital communication channels. Workers were approached individually through an online chatgroup consisting of 500- 600 workers working in Quanta Chongqing.

The working condition of the student workers in the factory will be discussed referencing the relevant sections of Apple's "Supplier Responsibility Standards" and China's "Administrative Provisions of Internships for Vocational School Students" in order to illustrates the violations.

To protect informants, pseudonyms are used throughout this report.

2. Research Findings

2.1 Nothing to Do with Education or Learning

2.1.1 Irrelevant Majors

“For any education-related Student Worker program, the supplier shall ensure that the Student Worker’s field of study is relevant to the supplier’s industry or work position.”

—Clause 2.4: Education Contribution, Student Worker Protection,
Supplier Responsibility Standards of Apple

「实习岗位应符合专业培养目标要求，与学生所学专业对口或相近。」

《职业学校学生实习管理规定》 第七条

Translation:

“The placement position should comply with the objective of professional training related to the student’s major.”

—Clause 7, Administrative Provisions Regarding Internships for Vocational School Students

While these regulations clearly state that students should be doing internships only when the job nature is related to their majors, among the 28 student workers interviewed, only 5 of them had majors related to electronics. The other 23 students are majoring in non-electronics majors including early education (9 students), automobile repair (7 students), e-commerce (4 students), hotel management (1 student), makeup and hair beauty (1 student) and nursing (1 student).

When asked if they thought their work is related to their major, a student studying e-commerce stated “my major is e-commerce and my work here is assembling parts on a production line. It has nothing to do with my major.”

2.1.2 Absence of Educational Objectives and Assignments

「职业学校要建立以育人为目标的实习考核评价制度，学生跟岗实习和顶岗实习，职业学校要会同实习单位根据学生实习岗位职责要求制订具体考核方式和标准，实施考核工作。」

《职业学校学生实习管理规定》第二十八条

Translation:

“Vocational schools shall develop an education-oriented assessment scheme for student interns. Vocational schools shall work with the interns’ employers to set up detailed methods and standards for assessment according to the requirements of the assigned position.”

—Clause 28, Administrative Provisions of Internships for Vocational School Students

「职业学校应组织做好学生实习情况的立卷归档工作。实习材料包括：（1）实习协议；（2）实习计划；（3）学生实习报告；（4）学生实习考核结果；（5）实习日志；（6）实习检查记录等；（7）实习总结。」

《职业学校学生实习管理规定》第三十一条

“Vocational schools shall be responsible for the filing of internship documentation for student interns. Relevant documents include: 1) Internship agreements; 2) Internship plan; 3) Internship reports; 4) Assessment results of student internships; 5) Internship diaries; 6) Records of investigations into the internships; 7) Internship summaries.”

—Clause 31, Administrative Provisions of Internships for Vocational School Students

All of the 28 student workers interviewed reported they were assigned to work on the production lines just as an ordinary production line worker is. None of them were asked to prepare any of the documentation required that is mentioned in the Clause 31 of the Provisions. “I have never heard about any internship documents. However, I was sent here to work by my school.” stated another student majoring in e-commerce

None of the 28 students had received any extra training designed specifically for their internships. Throughout the entire period of their internship, they worked in the same position performing the same highly repetitive tasks. A student studying professional electronics said “We haven’t received any training because the task is so simple and repetitive. You know how to perform the task once you see a senior demonstrate it once. All you have to do is to repeat and repeat.”

When the students were asked if their internships provided any experience relevant to their vocational studies, none of their replies were positive.

A student majoring in automobile repairing told us,

I learnt nothing from the internship. My task is to plug in cables on motherboards. I have no idea what function it is for. I have asked a senior about that. He just told me it is none of my business and my only task is to plug it in.

2.2 Forced Labour? Consequences of Rejecting the “Internships”

“Suppliers shall ensure that all work performed by Student Workers is voluntary.”

Clause 2.3: Voluntary Employment, Student Worker Protection,
Supplier Responsibility Standards of Apple

The 28 student workers were asked whether they voluntarily applied to work in Quanta Chongqing. All of them replied with a “no”. Most reported that the internship program was arranged by their schools and they had no say in which company to work for. Many also reported that their schools or teachers warned them that if they refused to do the internship, they would have issues receiving their graduation certificates, which would affect their professional qualification exams or job seeking after graduation.

When student workers were asked if they had the possibility to reject the internship, they answered the following:

Our school told us that we will be deferred if we don't do the internship. If we resign then we will also receive our graduation certificate half a year later than others. As we can only apply for the education qualification examination after we receive our graduation certificate, refusing to come to work here means we will not be able to register as a teacher on time.

— A student worker majoring in early education

This is a compulsory internship program. Our graduation certificate will be withheld by the school if we refuse to come.

— A student worker majoring in e-commerce

I told my teacher I do not want to do this job. He then called my father and talked to him for more than an hour. My father then pressured me, so I had no choice but to come.

— A student worker majoring in automobile repair

It is evident that many of the student workers did not voluntarily choose to work in the factory. Many of them went to Quanta to work under coercion from their schools and teachers. This is considered a form of forced labour or compulsory labour.

2.3 Unlawful Overtime and Night-Shift Assignments

「除相关专业和实习岗位有特殊要求，并报上级主管部门备案的实习安排外，学生跟岗和顶岗实习期间，实习单位应遵守国家关于工作时间和休息休假的规定，并不得有以下情形：

（三） 安排学生加班和夜班。」

《职业学校学生实习管理规定》第十六条

Translation:

“Unless the student’s major and the assigned internship position require some special arrangements that has been approved by a higher-level supervisory department, the entity employing the intern shall comply with the national regulations on working hours, rest time and holidays. In addition, the following arrangements are prohibited: [...]

(3) Assigning students to overtime work and night shifts.”

—Clause 16, Administrative Provisions Regarding Internships for Vocational School Students

“Workers and staffs shall work 8 hours a day and 40 hours a week.”

—Clause 3, Decision of the State Council on Revising the Provision of the State Council on Working Hours of Workers and Staff

“The employer can prolong work hours due to needs of production or businesses after consultation with its employees and their trade union. In general, work hours shall be prolonged by no more than one hour per day, or no more than three hours per day if such prolonging is called for due to special reasons and under the condition that the physical health of the employees is guaranteed. In any case, work time may not be prolonged by more than 36 hours per month.”

—Clause 41, Labour Law of the People’s Republic of China

According to China’s relevant regulations, the standard working time is 8 hours in length per day, while any extra hours are considered to be overtime work, which may not exceed 36 hours per month under any circumstances. However, all of the student

workers we interviewed reported that on average they are required to work at least 2 to 3 hours of illegal overtime per day, as well as an additional day at weekends.

QCMC Production/Shipping Plan during 10/1 National Holiday										
	Sat.	Sun.	Mon.	Tue.	Wed.	Thu.	Fri.	Sat.	Sun.	Mon.
China National Calendar	9/29	9/30	10/1	10/2	10/3	10/4	10/5	10/6	10/7	10/8
QCMC Calendar	9/29	9/30	10/1	10/2	10/3	10/4	10/5	10/6	10/7	10/8
A. Production Plan										
TFQ(F1) : SMT -PU5	on duty	on duty	off duty	off duty	off duty	off duty	off duty	off duty	on duty	on duty
TFQ(F2) : SMT -PU5-Camera	on duty	on duty	off duty	off duty	off duty	off duty	off duty	off duty	on duty	on duty
TFQ(F2) : SMT -PU4-STN	on duty	on duty	off duty	off duty	off duty	off duty	off duty	off duty	off duty	on duty
TFQ(F2) : SMT -PU4-SEL	on duty	on duty	off duty	off duty	off duty	off duty	off duty	off duty	off duty	on duty
TFQ(F3) : SMT -PU3 JON&Others/PU11	on duty	on duty	off duty	off duty	off duty	off duty	off duty	off duty	on duty	on duty
TFQ(F1) : PU5 F/A	on duty	on duty	off duty	off duty	off duty	off duty	off duty	off duty	on duty	on duty
TFQ(F2) : PU4 F/A STN	on duty	on duty	off duty	off duty	off duty	off duty	off duty	off duty	off duty	on duty
TFQ(F3) : PU4 F/A-SEL	on duty	on duty	off duty	off duty	off duty	off duty	off duty	off duty	off duty	on duty
TFQ(F3) : PU3 JON&Others F/A	on duty	on duty	off duty	off duty	off duty	off duty	off duty	off duty	on duty	on duty
TFQ(F3) : PU11 F/A	on duty	on duty	off duty	off duty	off duty	off duty	off duty	off duty	on duty	on duty
B. Shipping Plan										
TFQ(F1) : PU5	on duty	on duty	off duty	off duty	off duty	off duty	off duty	off duty	off duty	on duty
TFQ(F2) : PU4-STN	on duty	on duty	off duty	off duty	off duty	off duty	off duty	off duty	off duty	on duty
TFQ(F3) : PU4-SEL	on duty	on duty	off duty	off duty	off duty	off duty	off duty	off duty	off duty	on duty
TFQ(F3) : PU3 JON&Others	on duty	on duty	off duty	off duty	off duty	off duty	off duty	off duty	off duty	on duty
TFQ(F3) : PU11	on duty	on duty	off duty	off duty	off duty	off duty	off duty	off duty	off duty	on duty
C. P1 & COZY Production Plan										
TFQ(P1)	on duty	on duty	off duty	off duty	off duty	off duty	off duty	off duty	off duty	on duty
D. TCQ Production Plan & Shipping Plan										
TCQ(F3) : Production Plan	on duty	off duty	on duty	on duty	on duty	on duty	on duty	on duty	on duty	on duty
TCQ(F3) : Shipping Plan	on duty	off duty	off duty	off duty	off duty	on duty	on duty	on duty	off duty	on duty

(Figure 3: Quanta Chongqing's Shift Arrange List showing that the F5 plant is on duty during the Chinese National Day Holidays)

In addition to these excessive working hours, student workers are assigned to work night shifts illegally. Among the 28 student workers interviewed, 10 students are working night shifts.

We are arranged to work at night, from 8 pm to 8 am. Only one day off is allowed per week.

— A student worker majoring in automobile repair

The working hours are from 8 to 8. We have a 40-minute lunch break at 12:20am and a 30-minute dinner break at 18:10pm, as well as two 10 minutes breaks in between. These breaks are not regarded as working hours. Despite the breaks we work 2.5 hours of overtime on every weekday.

— A student worker majoring in automobile repair

Such assignments are obviously in violation of both the Provisions and China's Labour Law

2.4 Recruitment of First-Year Students

<p>「职业学校和实习单位要依法保障实习学生的基本权利，并不得有下列情形：</p> <p>—：安排、接收一年级在校学生顶岗实习</p> <p>《职业学校学生实习管理规定》第十五条</p> <p><i>Translation:</i></p> <p>“Both the school and the company shall protect the legal rights of student interns.</p> <p>The following arrangements are prohibited:</p> <p>1) Assigning or accepting first-year students to work as interns.”</p> <p>—Clause 15, Administrative Provisions Regarding Internships for Vocational School Students</p>

7 of the 28 student workers interviewed were in their first year of enrollment at their respective schools.

Most of the students in their year one of enrollment are aged 16-17. The excessive working hours and night shift arrangements may be causing potential health problems for these teenagers.

3.1 Conclusion

Through the 2018 re-visiting program, SACOM has confirmed that Apple has been setting up production lines for the Apple Watch in Quanta Chongqing since 2017 and has started manufacturing in 2018. It demonstrates that Apple and Quanta's denial of their production relationship in 2017 was a double-speak in order to defend Apple's conscious violation of student workers rights.

The 2018 findings have shown that the general conditions regarding student workers violations in Quanta Chongqing have not even improved in any significant way. Student workers manufacturing Apple Watches in the F5 plant are still working under poor and illegal working conditions. Regretfully, Apple has not introduced any effective measures to prevent its supplier from exploiting student workers, before and after the company has confirmed its production relationship with the factory.

In 2017, SACOM worked with Financial Times to disclose Apple's misconduct of illegally using student workers to manufacture the iPhone X in Foxconn Zhengzhou. Apple soon admitted its violations and promised to carry out correction measures in the factory. According to SACOM's re-visiting to Foxconn Zhengzhou, some improvements were observed. This shows that Apple are aware of the seriousness of the student workers issue and definitely holds a strong enough bargaining power to influence its suppliers to operate in compliance with relative regulations. Being the exclusive manufacturer of the Apple Watch, Quanta Computer is one of the most important suppliers of Apple Inc. If Apple does not manage to guarantee the working condition compliance with such a core supplier, that this would be the case in other smaller suppliers is highly doubtful.

SACOM believes that Apple has an inevitable responsibility to actively carry out effective measures to make sure manufacturers in its whole supply chain are operating legally and in compliance with Apple's own CSR standards.

3.2 SACOM's Demands to Apple

Apple holds an inevitable responsibility to guarantee its Apple Watch exclusive supplier is operating in compliance with Apple's own policy and other local regulations. Based on the violations of the rights of student interns outlined in this report, we demand Apple to make improvements immediately. Our demands to Apple Inc. are as follows:

1. Strictly apply the Supplier Responsibility Standards to all affiliated manufacturers worldwide;
2. Guarantee that all manufacturers comply with local labour laws and regulations;
3. Actively provide sufficient protection to all student workers in its supply chain including:
 - Stop recruiting student workers with unrelated majors
 - Provide real vocational training to student workers
 - Stop assigning student workers to work overtime and night shifts, both of which are illegal
4. Record the findings of this report in Apple's next Corporate Social Responsibility (CSR) Progress Report;
5. Organise a meeting involving SACOM, Apple and Quanta representatives to establish a timetable for rectifying Quanta's violation of its employees' labour rights.

4. Acknowledgement

This Investigation received support from Bread For All



**BROT FÜR ALLE
PAIN POUR LE PROCHAIN
BREAD FOR ALL**

The content of this report is the sole responsibility of SACOM and does not necessarily reflect the position of the BFA