

Coca Cola: The world's most valuable brand is evading its legal and social responsibilities

By the Student Coca Cola Campaign Team, CHINA

December 2008



Swire Coca Cola's bottling plant, Huizhou City, Guangdong Province, CHINA

This report is dedicated to the contract workers in Coca Cola factories in the hope that it may contribute to improving their living and working conditions.

CONTENTS

Abstract

Our demands

Background to our work

Foreword

Evading legal responsibilities

Labor disputes

Working and living conditions of contract workers

Illegal activities

Lack of supervision over suppliers

Conclusions

Perspectives

Appendixes

Abstract

As the world's largest beverage producer, Coca Cola sells its products in more than 200 countries worldwide. Currently, the Coca Cola operation in China¹ includes two concentrate factories, 35 bottling plants and relationships with 371 suppliers on Chinese mainland.

We investigated five bottling factories and four suppliers on the Chinese mainland, and discovered many problems facing the large group of contract workers² in Coca Cola factories. As the lowest level employees in the Coca Cola Companies, contract workers do the toughest and most arduous jobs and work very long hours (up to 330 hours per month during busy seasons). But they receive meager wages, a portion of which is embezzled by their employers. Canteen facilities are often very poor and some workers do not get even food to sustain themselves over a work shift.

1. Hangzhou BC Foods Co., Ltd. No. 8 Street, Xiasha Economic & Technological Development Zone, Hangzhou 0571-86510888

2. Swire Guangdong Coca-Cola Ltd. No. 998, E Huangpu Ave, Guangzhou 020-82296288

3. Coca Cola Bottled Beverage Manufacturing (Dongguan) Co., Ltd. Shigu Industrial Zone, Nancheng District, Dongguan, Guangdong Province 0769-22401238

4. Swire Guangdong Coca-Cola (Huizhou) Ltd. No. 34 Zhongkai Development Zone, Chenjiang Street, Huizhou

5. Shanghai Shen-Mei Food & Beverage Co., Ltd. No. 251 Wenjing Rd, Minhang Economic & Technological Development Zone, Shanghai 021-64308800

Coca Cola Bottling factories	Problems	Suppliers	Problems
Hangzhou BC Foods Co., Ltd.	1. The majority of staff are contract workers (up to 90 percent on many occasions). 2. Wages are below the minimum level. 3. Workers have no insurances. 4. Workers are forced to sign "Contract Termination Agreements."	Victory Link Arts & Jewelry Co., Ltd.	1. No pay for additional hours worked at weekends. 2. Wages lower than the minimum. 3. Extremely poor safety protection.

¹ Coca Cola operation system in China refers to Coca Cola's entities in China and other bottling business partners. Its business covers Chinese mainland, Taiwan, Hong Kong and Macau.

² Legally speaking, the labor contract companies are Human Resource (HR) entities whereas Coca Cola bottling factories mentioned here are labor-using entities (*yonggong danwei*).

Swire Guangdong Coca-Cola Limited	1. Company embezzles workers' pay (up to 11.3 percent). 2. Ignores injuries at work. 3. Demands 110 yuan from workers as recruitment fee. 4. Labor contract frauds.	iRiver China Co., Ltd.	1. Extremely long working hours (up to 200 hours per month). 2. Physically demanding work.
Coca Cola Bottled Beverage Manufacturing (Dongguan) Co., Ltd.	1. Beats workers. 2. Ignores injured workers. 3. Meager and poor quality food provided for workers. 4. Embezzles workers' pay (accounting for 11 percent of the total pay). 4. A large proportion of the staff is contract workers.	Guangdong Ziquan Packing Co., Ltd.	1. Physically demanding tasks. 2. Very noisy working environment; lack of safety protection. 3. Unpaid overtime.
Swire Guangdong Coca-Cola (Huizhou) Limited	1. Embezzles about 11 percent of workers' pay. 2. Poor safety protection. 3. A large proportion of staff is contract workers. 4. Long overtime hours (up to 150 hours per month).	Far East Cup (Shenzhen) Co., Ltd	1. Very noisy working environment, damage to worker's hearing. 2. No insurance for workers who are on probation.
Shanghai Shen-Mei Food & Beverage Co., Ltd.	1. Demands between 100-600 yuan as recruitment fee from workers. 2. Embezzles workers' pay or delays payment of wages. 3. Poor safety protection.		

Our Demands

We are shocked and disappointed that Coca Cola Company, a company that has benefited so much from globalization, uses every possible means to evade its social and legal responsibilities, and that it is responsible for serious violations of Chinese laws.

Hereby, we solemnly demand Coca Cola (China):

1. Apologize to the Chinese people and the contract workers for their illegal activities;

2. Instruct its bottling factories and suppliers to follow Chinese labor regulations and laws, especially those concerning safety protection;
3. Convert all contract workers into long-term staff;
4. Return embezzled pay to workers with additional compensation for the delay;
5. Disclose information about its bottling factories and suppliers, and allow the public to inspect and monitor their operations.

We also call on the All-China Federation of Trade Unions (ACFTU) and local trade unions to take action to protect the workers' rights.

We call on college students to boycott all brands owned by the beverage company including Coca Cola, Sprite, Fanta, Qoo and Coca Cola Zero until the company meets our demands.

Background to our activities

The Student Coca Cola Campaign team was established in August 2008. We had been inspired by the activities of a group of Hong Kong college students who, in April, 2008, exposed the sweatshops run by Chinese paper magnate Zhang Yin.³

We were shocked by the disclosure that there are still sweatshops of this kind and corporate law-breaking on this scale on the Chinese mainland. But we were also inspired. We believed our counterparts in Hong Kong had set a good example. As some commentators said, why is it that it was Hong Kong and not mainland students that first exposed these social problems? Where do mainland students stand on the issue?

So the two founders of the campaign decided to take part time jobs in Pearl River Delta area during the summer holidays in order to carry out an investigation into working conditions there. They began collecting information about Coca Cola factories, and looking for other interested students.

In July, the team set out for the Pearl River Delta area and worked and carried out investigations for a month. We found out the problems were so serious that in August we decided to form Student Coca Cola Campaign Team. We decided to publish our report in order to put pressure on Coca Cola to improve working conditions. We also carried out additional investigations on Coca Cola factories near to our school at weekends and during the week-long National Day holiday.

³ Students & Scholars Against Corporate Misbehavior (SACOM), "Paper Money: The Exploitation of Chinese Workers of Nine Dragons Paper Owned by the 'Richest Woman' Zhang Yin," April 2008. Research report downloadable from www.sacom.hk.

We carried out our investigations both inside and outside factories. We interviewed about 80 workers from 9 factories concentrating on veteran workers in order to get detailed and accurate information.

Foreword

Established in 1892 and headquartered in Atlanta USA, the Coca-Cola Company is the world's largest beverage producer. Coca Cola owns about 400 brands in over 200 countries. Coca Cola is the most valuable brand in the world. It topped Business Week's "The World's Best Brand" list for eight consecutive years and the brand alone has an estimated value of US\$66.7 billion.

Coca Cola entered China for the first time in 1927. It came back to China in 1979 after the country launched its reform and opening-up policy. In 2005, it grossed more than 10 billion yuan in sales in China, putting China in fourth place among its foreign markets.

Coca Cola operation in China is made up of a business branch and 7 bottling partners. It has two concentrate factories and 35 bottling plants scattered across China. With the expansion of its business, the company has been actively promoting an image of corporate responsibility. It published a Social Responsibility Report in 2006 and Sustainable Development Report in 2007.

Meanwhile, the company has been granted lots of awards. In 2005, it was presented the China Charity Award by the China Charity Federation. In 2006, the company received two awards at the Asian Forum on Corporate Social Responsibility. The same year, it was named one of the top ten charitable enterprises in China.

Our discoveries, however, paint a very different picture, the exact opposite of the company's public image. Its factories and suppliers treat their workers so badly that they are in violation of China's labor regulations and laws.

Undoubtedly, Coca Cola has spent a lot of money on philanthropy, as can be verified by the various awards it has won. But we oppose such false corporate charity that exploits workers to raise money for donations, as the company has done. Otherwise, it would be like letting a criminal go free because he occasionally shows kind heartedness by making donations to his favorite charity.

Our report shows in detail how Coca Cola has been evading social and legal responsibilities and breaking Chinese laws.

Evading legal responsibilities

According to Coca Cola's 2007 Sustainable Development Report, the company has 10,900 long-term employees and additionally, its partners have 22,000 long-term workers. The report also claims that the company has no record of violating laws, has made many efforts to improve employee involvement, training opportunities, salaries, welfare, occupational safety and health, and so on.

As far as we know, Coca Cola factories treat their long-term employees well, whether they are managers or ordinary workers. These employees have relatively easy jobs and are paid at least 2,000 yuan per month. They have 20 days paid annual leave, good welfare provision and subsidized housing. The factories organize frequent leisure trips.

But Coca Cola pays no attention to contract workers and other temporary employees at the lowest levels of the Coca Cola operation in China. Given long-hours, physically demanding jobs, they not only get paid least but also see their wages partially embezzled. And the Coca Cola Company seems to be turning a blind eye to this misconduct.

Contract workers sign labor contracts with labor contract companies.⁴ According to the Labor Contract Law, contract workers should be given temporary, auxiliary or placement positions at enterprises that they are sent to and should not stay there more than six months. But in five of the Coca Cola bottling factories that we investigated, contract workers formed the bulk of the staff, amounting to 90 percent on occasions. And they all work on a long-term basis. Many have been on the job for two years, some for as long as 10 years.

Why do factories use contract labor? The answer is quite simple – to cut labor costs. In order to keep their machines running around the clock, the factories divide their workers into several groups to work day and night shifts. If they used their long-term employees, they would have to divide them into three groups to ensure they have enough rest. But with contract workers, they can divide them into two groups and leave them very limited time to rest. Furthermore, they can pay them much less. And they have the flexibility to cut excess workers when production lines are not busy.

In order to avoid the trouble caused by contract or labor disputes, they entrust the contract labor companies to recruiting low-level manual workers for them. This is Coca Cola's way of evading legal responsibilities. In fact, to contract workers, this is all obvious.

A Hunan native working in a Coca Cola factory in Guangzhou told us “contract workers were nothing less than victims of a corporate scam.”

⁴ Labor contract companies, although signing contracts with workers, do not use labor directly but send workers to other companies. They sign labor contract agreements with the latter companies. China's Labor Contract Law requires labor contract agreements to define worker numbers, positions, contract terms, pay and insurance terms as well as liabilities.



This picture shows contract workers walking towards the Guangzhou Coca Cola Bottling Factory for the morning shift (Guangzhou City, Guangdong Province, China).

Analyzing the data from five Coca Cola bottling plants (as shown in the table I), it is easy to see that contract workers play a significant role in those factories. The statistics shows that most of the contract workers are male at prime working age, reflecting how hard the jobs can be. Some workers said that even for young men the pressure of work is unendurable. We are very shocked and disappointed to learn that Coca Cola Company violates Chinese laws in such way that it crosses the line both legally and morally.

Table I. Data on five Coca Cola bottling factories

Bottling factory	Parent company	Staff number	Labor contract companies & positions advertized
Coca Cola Bottled Beverage Manufacturing (Dongguan) Co., Ltd.	Coca Cola Company	567 long-term employees. About 100 contract workers, most of whom are males aged above 30.	Guangzhou Huangpu District HR Co., Ltd. Production line workers, forklift drivers, accountants, etc.
Swire Guangdong Coca-Cola Limited	Swire Beverages Ltd.	Over 200 long-term employees. About 150 contract workers, most of whom are males aged from 20 to 45.	Guangzhou Huangpu District HR Co., Ltd.; Guangzhou Standard Environmental Property Management Co., Ltd. Production line workers, cleaners, etc.

Swire Guangdong Coca-Cola (Huizhou) Limited	Swire Beverages Ltd.	Over 100 long-term employees. Number of contract workers is 200 to 300 during busy seasons. It declines to around 100 during the less busy seasons. Most of the workers are males aged above 30.	Guangzhou Huangpu District HR Co., Ltd.; Guangzhou Standard Environmental Property Management Co., Ltd. Production line workers, forklift drivers, waste water treatment workers, carriers, cleaners, etc.
Hangzhou BC Foods Co., Ltd.	Swire Beverages Ltd.	About 100 long-term employees. Number of contract workers reaches 1000 to 2000 during busy seasons and falls to about 600 during less busy seasons. $\frac{3}{4}$ of them are males aged from 30 to 40.	Zhiqiang Management & Services Co., Ltd. of Deqing County, Biaoma Logistics Company, Hangzhou Jiesen Cleaning Services Company, etc. Production line workers, forklift drivers, drivers, carriers, cleaners, etc.
Shanghai Shen-Mei Beverage & Food Co., Ltd.	Shanghai Shen-Mei Beverage & Food Co., Ltd.	About 20 long-term employees About 100 contract workers, male	Hubei Labor & Economic Development Company, etc. Production line workers, forklift drivers, carriers, etc.

Labor Disputes

It is hard to imagine employers so mean that they don't provide decent canteen facilities for their hard-working employees.

But one group of contract workers find themselves at the mercy of just such an employer - Coca Cola Bottled Beverage Manufacturing (Dongguan) Company Ltd. (Dongguan Coca Cola). They say they don't get enough to eat. The issue generated a small-scale dispute in early September 2008, demonstrating how strongly the workers felt about the miserable situation they found themselves in.



The picture on the left shows the gate of Coca Cola Bottled Beverage Manufacturing (Dongguan) Co., Ltd. On the right are some contract workers opposite the gate, chatting.

On September 1st, a group of workers, after finishing their meal ahead of night duty, sat down by the gate of Dongguan Coca Cola factory. They talked about the poor quality food and the miserable portions they had been given. They blamed the canteen manager, a Mr Ou, who they suspected of pocketing more than half of workers' food subsidies.



Contract workers eating, Dongguan Coca Cola Bottling Factory.

One of the workers complained he was still hungry; others agreed and declared they would not work with empty stomachs. Finally someone shouted, “Let’s go find Ou!” Around ten angry workers went to Ou’s office. The rest told a manager who urged them to start their shift that they would strike if the factory did not provide better food.

About fifteen minutes later, the workers returned from Ou’s office and announced that Ou had agreed to provide better food and had said those who were still hungry could get an extra bowl of instant noodles. Workers refused to believe the news until they saw Ou order canteen staff to provide the noodles.



The instant noodles the workers won after a struggle.

The hungry workers got their noodles. But how small a victory they had won at the risk of being fired.

This was the first dispute we witnessed with our own eyes. We saw how irresponsible Coca Cola was. We could not help but worry about the future of the workers involved.

Working and living conditions of contract workers

1. Physical offenses, frequent work accidents ignored by employers

Accidents at work are common among contract workers. Not only do none of the employers covered in the report provide any safety training but also they frequently shift workers to different, unfamiliar jobs. They also fail to provide safety protection equipment as required by the law.

In the Huizhou factory many accidents happened as result of the use of forklift trucks. Some workers were hit badly on their body, legs or feet. Minor work injuries are common.

Contract workers who are injured at work have to pay for medical treatment out of their own pocket and find it very hard to claim compensations from their bosses.

One 30 year-old contract worker at the Guangzhou Coca Cola factory cut his finger badly. He rushed to the factory clinic. Seeing his finger still bleeding, a medical staff member said, "Sorry we cannot treat such a serious injury here. You should go to the labor contract company that sent you here." The worker did not follow the cold hearted advice for fear of causing trouble. He did not see a doctor because he could not afford it. Instead he bought some medicine, and bandaged his hand himself. This primitive self-treatment has left him with a bad scar on his hand.

A similar accident took place at the Dongguan Coca Cola factory. A contract worker was cut on his eyebrow by a machine. Neither the factory nor the labor contract company showed any concern. He went to see a doctor at his own expense.

Workers said the process for medical reimbursement was complicated and time-consuming. Usually they did not bother to turn to their employers for minor injuries.

Many contract workers told us they were treated very differently from long term workers. They were often verbally abused. Sometimes, they were even beaten. For example, a new contract worker at the Dongguan factory was physically attacked by a long term employee for unknown reasons. He left the factory soon afterwards.

2. Inadequate rest, exhausting work

Most of the contract workers we surveyed complained about the fatigue they suffered. Intense work left them no time for relaxation or entertainment.

As mentioned before, they are given the most exhausting jobs. Usually they stand on their feet for over 10 hours on a daily basis. Such tiring sessions last for 40 to 50 days on the run in busy seasons. Highly demanding tasks without adequate rest damage their health.

In the Hangzhou Coca Cola bottling factory, contract workers usually stay on duty for 12 hours. They have two half hour breaks for lunch and supper. If they fail to finish 70 percent of their daily quota, they lose their meal subsidies. We were told that workers sometimes fainted under such stressful circumstances during the summer months.

Exhausting work does not, however, bring improved rewards. A worker from Hunan at the Guangzhou Coca Cola bottling factory said, “Why are long term workers doing the same jobs as us treated so much better in every respect? It is unfair!” Our survey shows that long term workers are favored in terms of salary, working hours, welfare, accommodation, and paid holidays.

Table 2 Salary comparison between contract workers and long term workers

Factories	Working hours (month)		Salary (yuan/month)	
	Contract workers	Long term employees	Contract workers	Long term employees
Coca Cola Bottled Beverage Manufacturing (Dongguan) Co., Ltd.	Busy season: 286 - 330 Low season: uncertain	168-220 whether in busy or low seasons	Busy season: 1,450 – 1,700 Low season: uncertain, usually several hundred	Several salary levels ranging from 1,800 to 5,000
Swire Guangdong Coca-Cola Limited	Busy season: 286 - 330 Low season: uncertain	167-220 whether in busy or low seasons	Busy season: 1,600 – 2,000 Low season: uncertain, usually several hundred	Several salary levels ranging from 2,000 to 6,000
Swire Guangdong Coca-Cola (Huizhou) Limited	Busy season: 312 - 360 Low season: uncertain	167-220 whether in busy or low seasons	Busy season: 1,400-1,800 Low season: uncertain, usually several hundred	Several salary levels ranging from 2,000 to 5,000
Hangzhou BC Foods Co., Ltd.	Busy season: 286 - 330 Low season: uncertain	unknown	Busy season: 1,200 – 1,600 Low season: uncertain	unknown

Illegal activities

1. Salary cutting scams

Guangzhou, Dongguan and Huizhou Coca Cola factories use the same method of embezzling contract workers' pay. Workers' salaries are calculated in this way: basic salary + overtime pay + night duty subsidies – insurance. Dongguan factories don't provide night duty subsidies.

In Guangzhou, Dongguan and Huizhou respectively, basic salaries are 860 yuan/month, 770 yuan/month and 726 yuan/month; overtime is paid at 7.4 yuan/hr, 6.6 yuan/hr and 6.25/hr; insurance at 117 yuan/month, 87 yuan/month and 108 yuan/month. Workers usually get 5 yuan for night duty. Overtime pay is the usual target for embezzlement on the part of employers.

The three factories pay their workers based on the comprehensive working hour calculation system.⁵ According to this system, normal working hours are set at 167 hours a month and hours exceeding that figure are considered overtime. The law stipulates that workers shall be paid 1.5 times normal salary for overtime work and 3 times normal salary for overtime on legal holidays.

It is still unknown whether they have approval from the local government to adopt this system. In any case, these factories are breaking the relevant regulations and laws. At busy seasons, they usually fail to give 24 consecutive hours rest to their third grade workers.⁶ Instead, the workers stay on duty for a whole month without any days off. Besides, they extend the overtime hours far over 36 hours—the monthly limit defined in the labor law. Take Guangzhou Coca Cola bottling factory for example: contract workers worked more than 140 hours overtime each month from June to August 2008.

Overtime pay should be calculated based on the standard working hour calculation system which requires employers pay twice the normal salary for weekend duty hours. In fact, the factories are paying workers much less.

The factories are quite sly on overtime pay matters. Their calculations are not based on the comprehensive working hour calculation system but on the regular system. The former system defines 167 hours/month as the legal length whereas the latter defines it as 174

⁵ The comprehensive working hour calculation system is a mechanism of calculating working hours on a weekly, monthly, quarterly or yearly basis. It is applicable to occupational positions that require workers stay on duty consecutively, for example, because of natural working circumstances. Under such a system, the working hours should not exceed the standard amount on a daily or weekly basis. Enterprises have to receive government approval to adopt such a system.

⁶ Third grade laborers refer to those working for 73 percent of the standard 8 hours per day. As for contract workers in Coca Cola factories, they normally work 11 hours a day. Therefore, they undoubtedly fall in this category.

hours/month. Based on the former, Guangzhou, Dongguan and Huizhou factories should pay their workers respectively 7.7 yuan, 6.9 yuan, 6.5 yuan for their overtime work per hour. However, they base their calculation on the later, resulting in pay of 7.4 yuan/hr, 6.6 yuan/hr and 6.25/hr respectively.

These factories also have another way of cutting workers' pay. Dongguan and Huizhou factories only pay overtime equivalent to 36 hours' work at the end of each month. The rest is paid at the end of quarter. But factories subtract hours from overtime and add them to other months when tasks fail to require 167 hours' duty.

For example, during the fourth quarter, you work for 300 hours in October, which makes 133 overtime hours. But you get paid for 36 hours at the end of the month. So the factory owes you 97 extra hours' pay. In the next two months, you are not so busy and only stay on duty for 120 hours in November and 150 hours in December. Your factory displays its consideration for your interests at this time. It takes 47 hours and another 17 hours from the October's extra 97 hours and adds them respectively to November's and December's duty hours. You end up with 33 hours of overtime pay at the end of quarter. The factory has succeeded in pocketing 64 hours of your overtime pay.

What is more, these factories always try to postpone pay day. Workers are often paid one, two or even three months late.

2. Recruitment fees

Contract workers have to pay a 110 yuan recruitment fee to labor contract companies before they are sent to the Guangzhou Coca Cola bottling factory. Shanghai Shen-Mei Bottling Factory also demands between 100 and 600 yuan when contract workers are admitted. But both factories offer discounts to workers with social connections. These practices violate Article 60 of the Labor Contract Law: neither labor contract companies nor labor-using companies charge any fees to contract laborers.

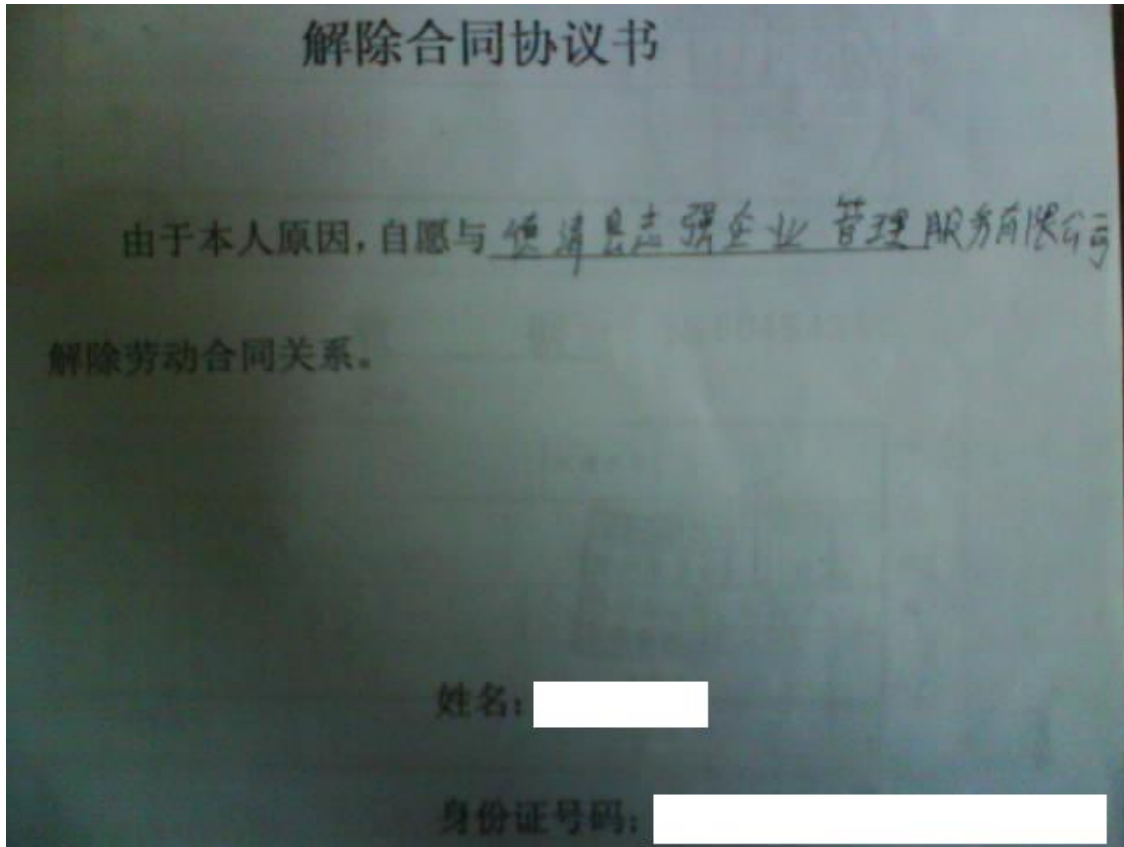
3. Deceptive contracts

We have found a lot of inappropriate activities on the part of Coca Cola factories concerning labor contracts.

Firstly, almost never do the five bottling factories ensure contract workers are well informed of the contents of contracts before they sign. Therefore, workers often don't have any clear idea of pay, welfare provisions, social and insurance, and so on.

Secondly, some workers at the Hangzhou bottling factory said that their contracts were for a one year term instead of two. Article 58 of the Labor Contract Law requires labor contract companies to sign fixed-term contracts with contract workers spanning two years or more. Those in Dongguan bottling factory were not given a copy of their contracts. Article 16 requires contracts be in duplicate, one for the employer, the other for the employee.

Thirdly, some workers had been forced to sign Contract Termination Agreements (as shown below) with the Zhiqiang Management & Services Co., Ltd. of Deqing County, Hangzhou City, before they were sent to work at the Hangzhou Coca Cola bottling factory on labor contracts.



4. No insurance

In Hangzhou BC Foods Co., Ltd.—the Coca Cola bottling factory, most contract workers are denied any kind of insurance, including basic employment injury insurance. This shows incredible indifference to workers' safety and to the labor laws.

5. Salaries below the minimum wage

Hangzhou puts the minimum salary standard at 850 yuan/month, or 5 yuan/hr. Thus, workers should be paid 7.5 yuan/hr for their overtime on weekdays and 10 yuan/hr on weekends. If a contract worker works for 11 hours a day, he or she should get the following amount: $8 \times 5 + 3 \times 7.5 = 62.5$ yuan. But Hangzhou BC Foods Co., Ltd. only pays 45 yuan, regardless of whether it is the weekday or weekend.

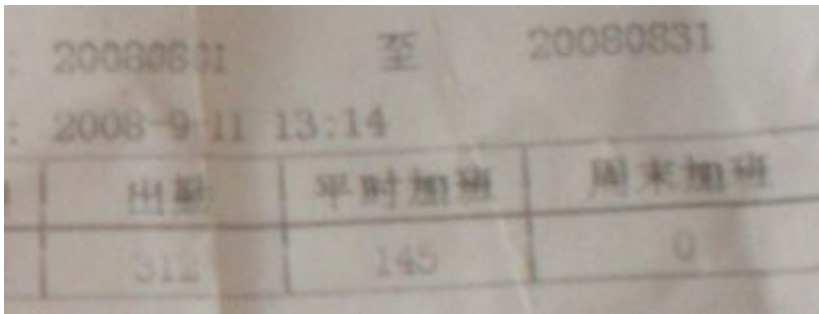
Supposing during one month a contract laborer works for 26 days including 4 Saturdays, he or she should get paid as follows: $850 \text{ yuan} + 22 \text{ days} \times 3 \text{ hrs/day} \times 7.5 \text{ yuan/hr} + 4 \text{ days} \times 11 \text{ hrs/day} \times 10 \text{ yuan/hr} = 1785 \text{ yuan}$. In Hangzhou BC Foods Co., Ltd. he or she will get: $26 \text{ days} \times 45 \text{ yuan/day} = 1170 \text{ yuan}$. In other words, 615 yuan is not paid.

6. Incredibly long overtime hours

Contract workers often stay on duty for 100 extra hours every month on average. Those in the Huizhou factory are made to work over 150 hours overtime during busy seasons. In this way, workers do not have sufficient rest time to recover their strength.

Contract workers are only given half an hour for each dining break. In such a limited time, they have to get food and feed themselves as fast as possible. Those on certain duties have to endure such working intensity for at least a month, or 40 to 50 days in busy seasons before they are allowed a few days off.

Needless to say, such intense labor damage workers' health, both physical and psychological.



20080811	至	20080831
2008-9-11 13:14		
出勤	平时加班	周末加班
312	145	0

August 2008—the record shows that a certain contract worker was on duty for 312 hours including 145 hours overtime on weekdays.

7. Inadequate safety protection

None of the five bottling factories provide workers with effective training or sufficient safety protection, as required in Article 62 of the Labor Contract Law.

For instance, workers say the earplugs the factories provide do not protect them from the loud noise in their working environments. A contract worker said he experienced serious hearing deterioration after two years work in the Huizhou factory.

In the Guangzhou and Huizhou factories, staff without proper protection gloves sees their hands inflamed and infected from long time contact with certain chemicals.

Workers at the Dongguan factory have to wear plastic boots in flooded workshops in summers, which causing numerous problems to their feet.



Left—Earplugs of this kind are not effective; Right—Contract workers wear plastic boots in Dongguan bottling factory in summer.

8. Contract workers are paid less than the minimum wage in low seasons

During the low season, contract workers may work less than contracted hours. They are paid accordingly and salaries over the month are far less than the minimum standard set by local governments. Labor contract agencies do not act, as the Labor Contract Law requires, to ensure workers get at least the minimum wage (Article 61).

Lack of supervision over suppliers

The Coca Cola business is a gigantic supply chain consisting of not only bottling factories but also various product and service suppliers.

Multi-national ventures as Coca Cola have a social responsibility not only relating to their own directly managed operations, but also to their many suppliers. In another words, they are responsible for their suppliers' behavior right down through the supply chain.

In its 2007 Sustainable Development Report, Coca Cola requires its suppliers give workers equal treatment and provide safe working environments. But our survey found that the company turns a blind eye to its suppliers' irresponsible behavior. We found the outcome of our investigations very disappointing.

We investigated four of Coca Cola's suppliers: a metal cap manufacturer, a paper cup producer, a souvenir producer and a digital product company. We discovered that these companies do not treat workers as Coca Cola requires. Their unsupervised behavior fails to meet minimum standards, and even breaks laws in some cases.

1. Victory Link Arts & Jewelry Co., Ltd. Huangxilu Section, Yongshi Ave, Shiwang Township, Boluo County, Huizhou City 0752-6922999
2. iRiver China Co., Ltd. Gongyexi Rd, Songshanhu Industrial Park, Dongguan City 0769-22899100
3. Guangdong Ziquan Packing Co., Ltd. Guanghui Section, Dongcheng Technology & Industry Park, Dongguan City 0769-22679188
4. Far East Cup Products (Shenzhen) Co., Ltd. No. 43, S Bantian Wuhe Rd, Buji Township, Shenzhen City 0755-84190008

Supplier Companies	Customers	Staff	Problems
Victory Link Arts & Jewelry Co., Ltd.	Coca Cola, Disney, McDonalds, Wal-Mart, etc.	About 1000 18 to 45 years old workers with women accounting for less than 50%.	1. Embezzling workers' salaries. 2. Inadequate safety protection.
iRiver China Co., Ltd.	iRiver, Disney	About 1000 workers, most of whom are 18 to 25 years old women.	1. Incredibly long overtime hours. 2. Inadequate public facilities. 3. Poor working environment.
Guangdong Ziquan Packing Co., Ltd.	Coca Cola, Pepsi, Carlsberg, Kingway Beer, Snow Beer, etc	About 100 20 to 40 years old workers, of whom 20 are women.	1. Intense work pressure. 2. Lack of safety protection. 3. Unpaid overtime.
Far East Cup Products (Shenzhen) Co., Ltd.	Coca Cola, Pepsi, McDonalds, KFC and Starbucks	About 200 20 to 40 years old workers, of whom 20% are women.	1. Extremely noisy working environment. 2. Contract scams.

1. Victory Link Arts & Jewelry Co., Ltd.

1. Exploiting workers

In this factory workers have to work six days a week, instead of five.

In this way, a worker can get 580 yuan basic salary and 215 yuan for over time work. Whether he works overtime on weekdays or weekends, he is paid 5 yuan/hr. If he is on probation, he will be paid 3.7 yuan/hr for his overtime. In fact, he should be paid 6.6 yuan/hr on weekends or 10 yuan/hr on holidays, according to the labor law.

If his overtime hours amount to 80 hours a month, he will get a 400 yuan bonus. Otherwise, he will be denied it.

2. Lack of safety protection

Workers at punch and press machines are always in danger of being injured. Every year there are several cases of injury, according to the workers.



Some workshops have such strong lighting that workers' eyesight is badly damaged.

In addition, the factory does not care whether or not workers wear protective clothing, as required by factory rules. Under such circumstances, they are vulnerable to injury.

II iRiver China Co., Ltd.



iRiver is the world's leading digital device manufacturer and its products are very popular in Chinese and Korean markets.

1. Long hours

Since January 2008, its workers have been ordered to stay on duty till 9:30 pm or till 11:30 pm. They are given just 30 minutes for meal breaks and are kept in a constant hurry. September was especially crazy. Workers were denied any holidays and they worked 380 to 400 hours that month.

2. Poor living accommodation

In the factory, dormitories are crowded with ten people sharing a room. Toilets and shower rooms are in short supply. On average, about 200 workers share a toilet and 13 people a shower room. A worker often has to wait 1 to 2 hours for his or her turn in the showers. Such inconvenience further reduces workers' sleeping time.

3. Poor working environment

Every day, workers have to stand for over 10 hours in the workshops. Their feet swell and become numb. Needless to say, their health is seriously damaged by the extremely tiresome work.

III Guangdong Ziquan Packing Co., Ltd.

1. Intense work pressure

The company's workers are divided into three groups for shift rotation. Although having 24 hours for rest after an eight-hour duty, most of them are very tired because of intense shift rotation.

We found that the cap shops' packing workers have the most tiresome jobs. They have to finish a round of manual processing that requires high concentration in two or three minutes. There is little time left for them to rest before starting the next round. They have to stay bent over all the time, leaving them severely tired. Such work does great damage to their health.



2. Lack of safety protection

In the extremely noisy workshops, many of the workers do not have earplugs to protect their hearing. This is because the factory does not care to provide the necessary protection devices. When it does, it does not care about what it offers and often gives some workers worn-out earplugs that barely make a difference.

3. Unpaid overtime

According to workers, the factory occasionally summons workers to work on weekends. It does not pay the latter anything for the overtime sessions for it considers workers' commitments to be "voluntary".

IV Far East Cup Product (Shenzhen) Co., Ltd

1. Extremely noisy working environments

The company's workshops are deafeningly noisy. Even earplugs are ineffective and workers say their hearing is being severely damaged.

In addition, cup manufacturing workers face intense work pressure. Every worker is in charge of a machine. Highly occupied, workers have no time for breaks. For some, the job is so unendurably tiring that they quit after two or three months.

2. Contract scams

The company does not sign contracts with workers within the first month. It often delays the signing of contracts and does not buy insurance for workers during their six month probationary period.

Conclusions

It is evident from our surveys that Coca Cola is deliberately evading its social and legal responsibilities in its employment of contract workers and that its bottling factories and suppliers seriously violate China's regulations and laws.

In China, Coca Cola has reaped enormous profits, of which a part is derived from exploiting contract workers. We have found another side of the company totally differently from its highly promoted image; it embezzles workers' pay, neglects their safety and makes them work for incredibly long hours.

We believe we have a duty to expose these negative sides of the company's activities. Corporate social responsibility means nothing without public and media monitoring and workers' involvement.

Hereby, we solemnly demand Coca Cola (China):

1. Apologize to the Chinese people and the contract workers for its illegal activities;
2. Instruct its bottling factories and suppliers to follow China's labor regulations and laws, especially those concerning safety protection;
3. Convert all contract workers part to full-time staff positions;
4. Return embezzled pay to the workers, plus compensation;
5. Disclose information about their bottling factories and suppliers and allow the public to monitor their operations.

At the same time, we call for action from the All-China Federation of Trade Unions (ACFTU) as well as local trade unions to protect workers' rights.

We call for college students to boycott all Coca Cola products such as Coca Cola, Sprite, Fanta, Qoo and Coca Cola Zero until the company meets our requirements.

Perspectives

We hope this report will convey contract workers' voices to the public and will bring about positive changes to their working and living conditions. We hope Chinese college students, the public and the media in future pay more attention to contract worker issues.

We will continue to track developments in the factories and companies that we have surveyed. We will very likely carry out similar surveys at Coca Cola's other factories and suppliers.

If you want to make comments or suggestions, please send emails to dxsgzcc@gmail.com. We are glad to hear from you.

Appendixes

Coca Cola Product info: http://www.coca-cola.com.cn/ourbrand_products.htm

Social Responsibility Report: <http://www.coca-cola.com.cn/responsibility.htm>

Coca Cola's perspectives: http://www.cocacola.com.cn/aboutus_missionandvalues.htm

Coca Cola's publicity about social responsibility: <http://www.coca-cola.com.cn/commitment.htm>

Coca Cola's rewards: http://www.coca-cola.com.cn/aboutus_honors.htm