Part 3: Wages and Compensation

ICTI Code Requirement: 1a) that working hours per week, wages and overtime pay practices comply with the standards set by law or, in the absence of a law, address humane, safe and productive working conditions; that, within this, there be one day of rest granted per week, in accordance with the C14 Weekly Rest (Industry) (1921) convention of the International Labour. 1d) that equal remuneration for work of equal value shall be provided to men and women, in accordance with C100 Equal Remunerations Convention (1951). Remuneration includes the ordinary, basic or minimum salary and any additional emoluments whatsoever, payable directly or indirectly, whether in cash or in kind, by the employer to the workers and arising out of the worker's employment; 1e) that all workers are entitled to sick and maternity benefits as provided by law;

3.1 Does the factory have written policy on wages, benefits and compensation, which is in compliance with the national and local laws?

Factory Guidance
- The factory should have a formally designated person with responsibility for communicating deploying and monitoring the payroll and benefit system.
- The factory should have access to the national and local laws on the subject of minimum wages, benefits and compensation requirements for work.
- The minimum legal wage as per the national and local regulations should be followed at a minimum.

Audit Checklist

☐ Yes / ☐ No [Non-compliance]

Comment Details:
Document Number/Name:/Date of issue:

3.2 Are legal and company minimum wage rates posted or available to workers (such as Orientation, Employee Handbook, Notice Board, Library etc.)?

Factory Guidance
- The company policy and/or procedure on wages, benefits and compensation, in the local language, should be posted and/or made available to all workers.
- The person responsible for the payroll and benefits system should ensure the wage rates and compensation calculations are adequately communicated to all workers in the factory.

Audit Checklist

☐ Yes / ☐ No [Non-compliance]

Comment Details:
Ways of Communication:
Section 2: Audit Checklist

3.3 Do wages and compensation meet legal and policy requirements?

Factory Guidance
- The wages and compensation being paid to all workers, including temporary and summer workers, by the factory should meet local legal requirements for normal and overtime work.
- The dates of the law and written policy should be compared to wage and compensation payment records to ensure that information being recorded is current.
- If paid by piece rate, worker’s wages, at a minimum, must be equivalent to normal minimum wage rates.
- The factory shall maintain an organized system of record keeping.

Audit Checklist

☐ Yes / ☐ No [Non-compliance]

Comment Details:
Current Legal requirements---Minimum Wages:/Effective Date:/Minimum Hourly Rate:/Work Day OT Rate:/Rest Day OT Rate:/Holiday OT Rate:

Specific Criteria:
- 15 minutes beyond working hours paid?

3.4 Are workers aware of these withholdings and other deductions in writing prior to employment (such as Orientation, Employee Handbook, Written Policy, Employment Contract, Notice Board, Library etc.)?

Factory Guidance
- The workers should be made aware of withholdings and other deductions from wages in writing prior to employment. Any changes to these terms of employment should be clearly communicated to all affected workers in the factory in a timely manner.

Audit Checklist

☐ Yes / ☐ No [Non-compliance]

Comment Details:
Ways of Communication:
3.5 **Are legally required withholdings being withheld correctly, and being paid to the proper agency(s)?**

Factory Guidance
- Legally required withholdings should be made. Withholdings should be correct and properly paid to the respective agency(s). For example, these could include taxes, retirement, social security, pension, etc.

Audit Checklist

☐ Yes / ☐ No [Non-compliance]

Comment Details:
Types of withholding/Range of withholding/For which agency/Supporting records:

3.6 **Are deductions for food and housing reasonable and legal?**

Factory Guidance
- Deductions made from wages for food (3 normal meals), housing and utilities must be legally allowable and reasonable. In the absence of a law, charges for food, housing and utilities must be less than 50% of minimum wage (excluding overtime and bonuses), and voluntary.
- The workers should be free to choose the food and housing provided by factory.

Audit Checklist

☐ Yes / ☐ No [Non-compliance]

Comment Details:
Food/Housing/Others (please specify):

**Specific Criteria:**
- Does the total exceed 50% of min. wages?
- Are workers free to choose?
Section 2: Audit Checklist

3.7 Is the replacement cost for factory provided items reasonable and legal?

Factory Guidance
- Deposits for factory provided items such as security deposits for tools, personal protective equipment (PPE), uniforms, and identification cards are not allowable. However, the cost of replacement items, if lost by the worker, such as identification card or uniform may be charged to the worker at cost.

Audit Checklist

☐ Yes / ☐ No [Non-compliance]

Specific Criteria:
- Deposits for factory provided items?
- Replacement charge exceeds the cost?

3.8 Are legally required benefits provided (social insurance, annual leave, sick leave, maternity leave)?

Factory Guidance
- Legally required benefits should be provided to the workers. These benefits may include social insurance, annual leave, sick leave, maternity leave, etc.

Audit Checklist

☐ Yes / ☐ No [Non-compliance]

Comment Details:
No. of workers covered by Medical:/Retirement:/Unemployment:/Maternity:/Others (please specify):

Specific Criteria:
- Annual Leave provided?
- Sick Leave provided?
- Maternity Leave provided?
- Work-related Injury Insurance provided for all workers?
3.9 **Do workers receive detailed pay stubs?**

Factory Guidance
- The factory should provide dated pay stubs to the workers, which clearly shows gross wages, regular hours worked, hourly rate, overtime hours worked, withholdings, deductions made, etc. In the case of piece rate system, the legal minimum wage must be shown along with the payment based on piece rate in the payroll record.

Audit Checklist

☐ Yes / ☐ No [Non-compliance]

**Specific Criteria:**
- Are the details [such as Gross Wages, Regular Hours Worked, OT Hours Worked, Withholdings, Deductions, Date of Payment, Piece-Rate Details (if applicable)] included in the pay stub?

3.10 **Are workers paid in a timely manner?**

Factory Guidance
- The workers should be paid in a timely manner as required by law, but should not be more than one month following the work period.

Audit Checklist

☐ Yes / ☐ No [Non-compliance]

**Comment Details:**
Normal payment day of each month:/Payment day for resignation/termination workers:

3.11 **Are wages paid directly to workers?**

Factory Guidance
- Wages should be paid directly to all workers, including temporary, dispatching and summer workers, in the form of cash, check from a local bank, or directly deposited to the worker’s account.
- Wages could not be paid to a recruitment agency, or any other person/group other than the worker.

Audit Checklist

☐ Yes / ☐ No [Non-compliance]

**Comment Details:**
Payment by Cash/Bank transfer/by Cheque/Others (please specify)