

Working Hour Policy Amendment

Effective: 1st December, 2014

ETP-P-01 V03 (E)

Preface

Since the release of the *ICTI Ethical Toy Program: Working Hour Policy Amendment* on Apr 1st, 2012, under the influence of the ongoing changes at both national and international levels, the requirements of Social Compliance in the Toy industry also undergo a dynamic transformation.

Based on the *Working Hour Amendment* published on Apr 1st, 2012, this updated policy on seal classification will mainly focus on the definitions of Classes B and C; and include the details of Class A60 which was announced on Apr 1st 2013.

The aim of the update of Class A60, A, B and C is to encourage transparency and compliance from the factories. With this new grading system of working hours, the factories can adjust according to their own situation, and achieve a practical, operational and sustainable social compliance system.

Ethical Toy Program will continue to develop and promote training programs to enhance the capacity and management systems of the factories, in order to assist them to gain a better understanding of their current status, and to advance their knowledge in Ethical Toy Program requirements.

Seal Categories and Compliance Requirement

Class A60

- This seal of compliance belongs to the Class A category;
- In the past 12 months, the factories have worked a minimum of 40 weeks at less than or equal to 60 hours/week; and with a maximum of 12 weeks "Seasonal OT" at greater than 60 hours/week but less than or equal to 66 hours/week;
- The Class A60 seal is initially intended for less seasonal industries. When meeting the standard of Class A60, factories can choose to hold Class A60 or Class A seal. However, if the factories have been downgraded twice to Class A, B, C or Probation (no matter if continuously), they will not be granted a Class A60 seal.

Class A

- In the past 12 months, factories have worked a minimum of 40 weeks at less than or equal to 66 hours/week; and "Seasonal OT" at a maximum of 12 weeks is greater than 66 hours/week but less than or equal to 72 hours/week.

Class B

- In the past 12 months, factories have work a minimum of 40 weeks at less than or equal to 72 hours/week;
- In the past 12 months, "Seasonal OT" at a maximum of 12 weeks is greater than 72 hours/week but less than or equal to 78 hours/week. Any given week during the "Seasonal OT" should not involve more than 25% of the total number of the direct workers.

Class C

- In the past 12 months, factories must work less or equal to 78 hours/week in every week, or it will be seen as a violation on working hours.

Additional Information

- A progress audit is required within 2-6 months after the seal issue date to confirm continuous compliance with the Ethical Toy Program requirements.
 - Should the progress audit shows the factory qualifies for a higher class of seal, factories can choose to upgrade their seal or to maintain the current seal until it expires.
 - Should the progress audit reveals non-compliances in working hours or major discrepancies, the seal status will be changed for the remaining seal period.
- Quality Control (QC) Audits will be applied to a sample size of factories that are randomly selected in accordance with the terms and conditions of the Ethical Toy Program.