

TaylorMade Supplier Training

January 2018

Agenda

Day 1

About UL Responsible Sourcing

Importance of Social Compliance

Essentials of Compliance Audit Process

Supplier Standards Review (COC Sections)

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About UL Responsible Sourcing

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Essentials of Compliance Audit Process

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UL's Responsible Sourcing Group

Our Mission

- Be the global leader in advancing sustainable business practices within supply chains, worldwide.

Our Capacity

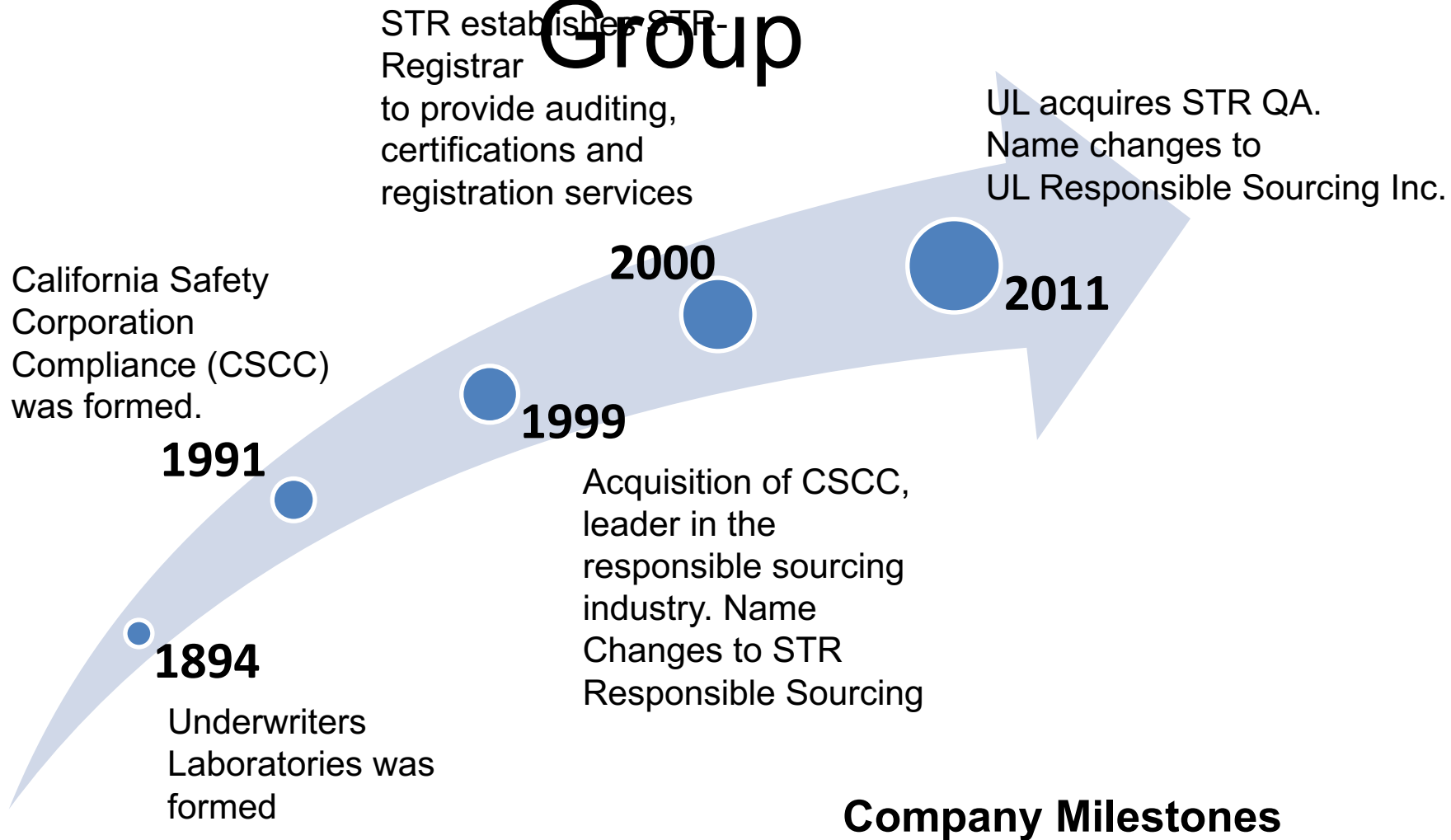
- With a global footprint spanning over 120 countries, UL's Responsible Sourcing group conducts nearly 20,000 audits each year.
- Our employees represent over 30 nationalities and languages.
- We can quickly deploy resources to offer service in newly emerging markets.

Our Capability

- As the first social monitoring company of its kind when it was founded as CSCC, UL's Responsible Sourcing group provides auditing and advisory services to more than 500 retailers, brands, and suppliers.

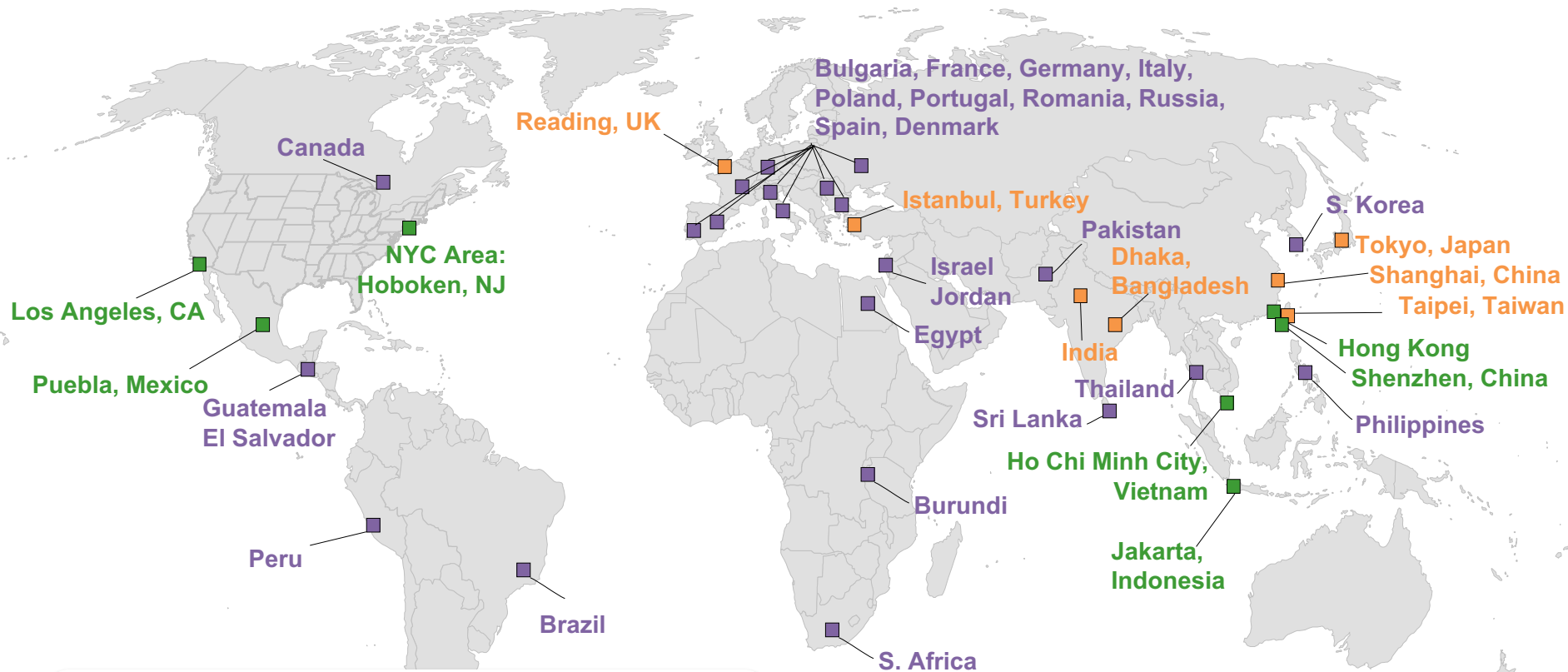
UL's Responsible Sourcing

Group



UL's Responsible Sourcing Group

Worldwide Location

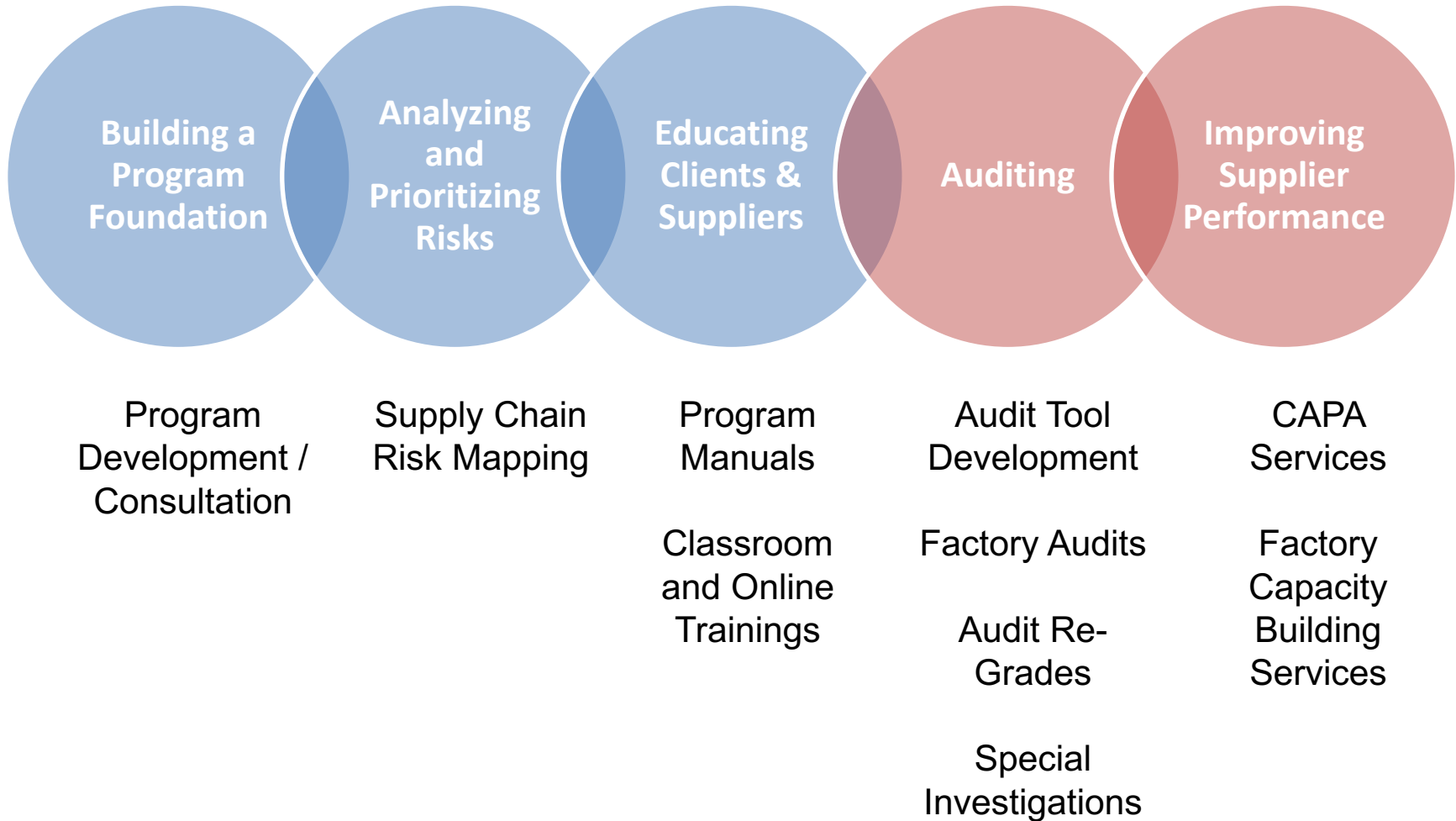


With a global footprint spanning over 120 countries, UL's Responsible Sourcing group conducts nearly 20,000 audits each year.

- UL's Responsible Sourcing Regional Offices
- Satellite Locations

UL's Responsible Sourcing Group

Service Portfolio



UL's Responsible Sourcing Group

ACCREDITATIONS & CERTIFICATIONS



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Importance of Social Compliance

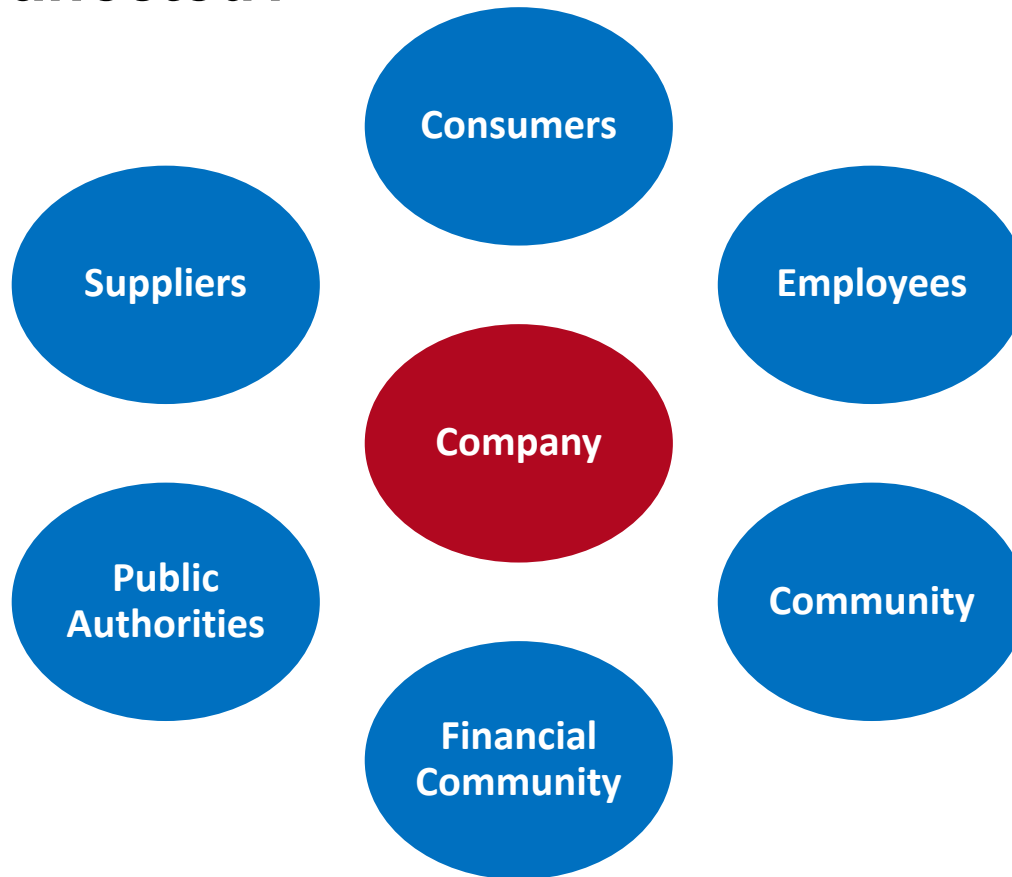
Why Is Social Compliance Important?



Investors and other stakeholders too

Importance of Social Compliance

Who is affected?



Importance of Social Compliance

Reasons for Monitoring

Labor and environmental violations

- Covert workplace investigation by activist group or media

Negative attention

- Media exposure
- Consumer boycotts
- Public demonstrations
- Expensive lawsuits

Loss of brand equity

- Drop in sales
- Negative impact on shareholders
- Insurance costs

Agenda

Day 1

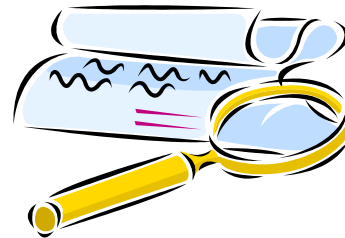
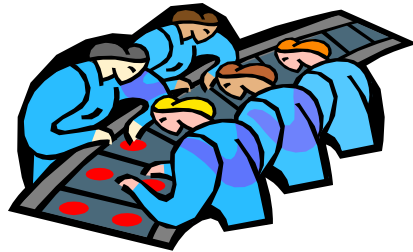
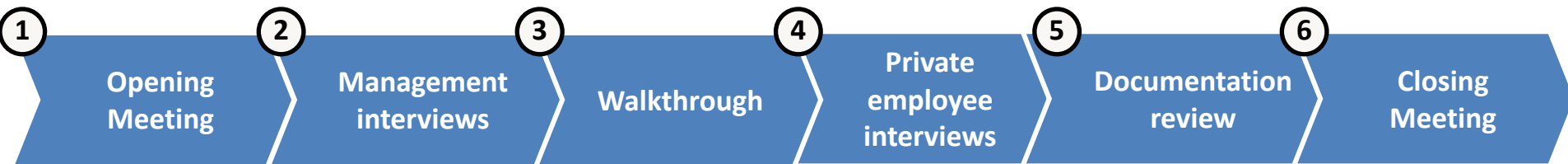
About UL Responsible Sourcing

Importance of Social Compliance

Essentials of Compliance Audit Process

Supplier Standards Review (COC Sections)

Standard Assessment Overview



Standard Assessment Overview



Who

- Management Staff (e.g. HR, Production manager)
- Production Employees



What

- Facility Walkthrough / Interview / Document Review



When

- Expected to take **6-8 hours**



Where

- Entire work floor, chemical storage area, canteen, dormitory, clinic
- Interviews done in a private setting



Why

- To evaluate compliance with local laws and the client code of conduct



How

- **Against** local law, client's code of conduct, collective bargaining agreement, international Standards

Agenda

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About UL Responsible Sourcing

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Essentials of Compliance Audit Process

Supplier Standards Review (COC Sections)

Supplier Standards Review (COC Sections)

➤ Supplier Responsibility Standards

Adidas Group Workplace Standards :

- General Principle
- Child labor
- Forced Labor
- Human Right & Discrimination (Inclusive, Respectful and positive workplace)
- Freedom of Association & Collective Bargaining
- Disciplinary Practices
- Working Hours
- Wage & Benefits
- Health & Safety
- Environmental Responsibility & Sustainability



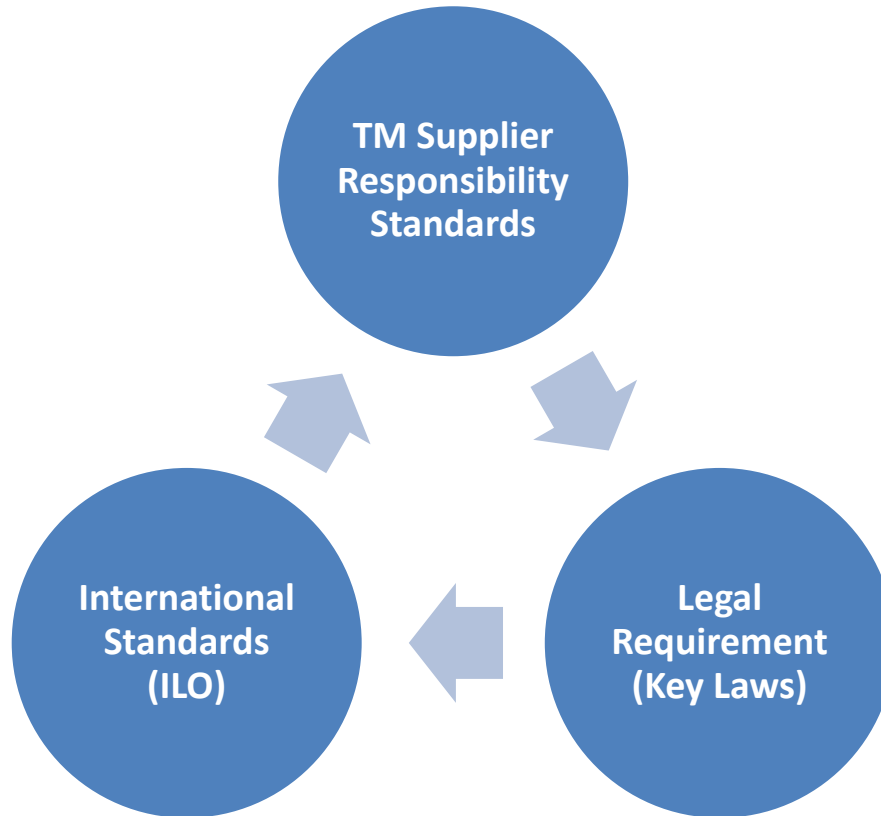
TaylorMade Specific

- Transparency
- Migrant Workers & Temporary Employees
- Chemicals & Hazardous Materials Management
- Business Operations, Homework and Subcontracting, and Supply Chain Management
- Conflict Minerals
- Management systems
- Monitoring and Corrective Action



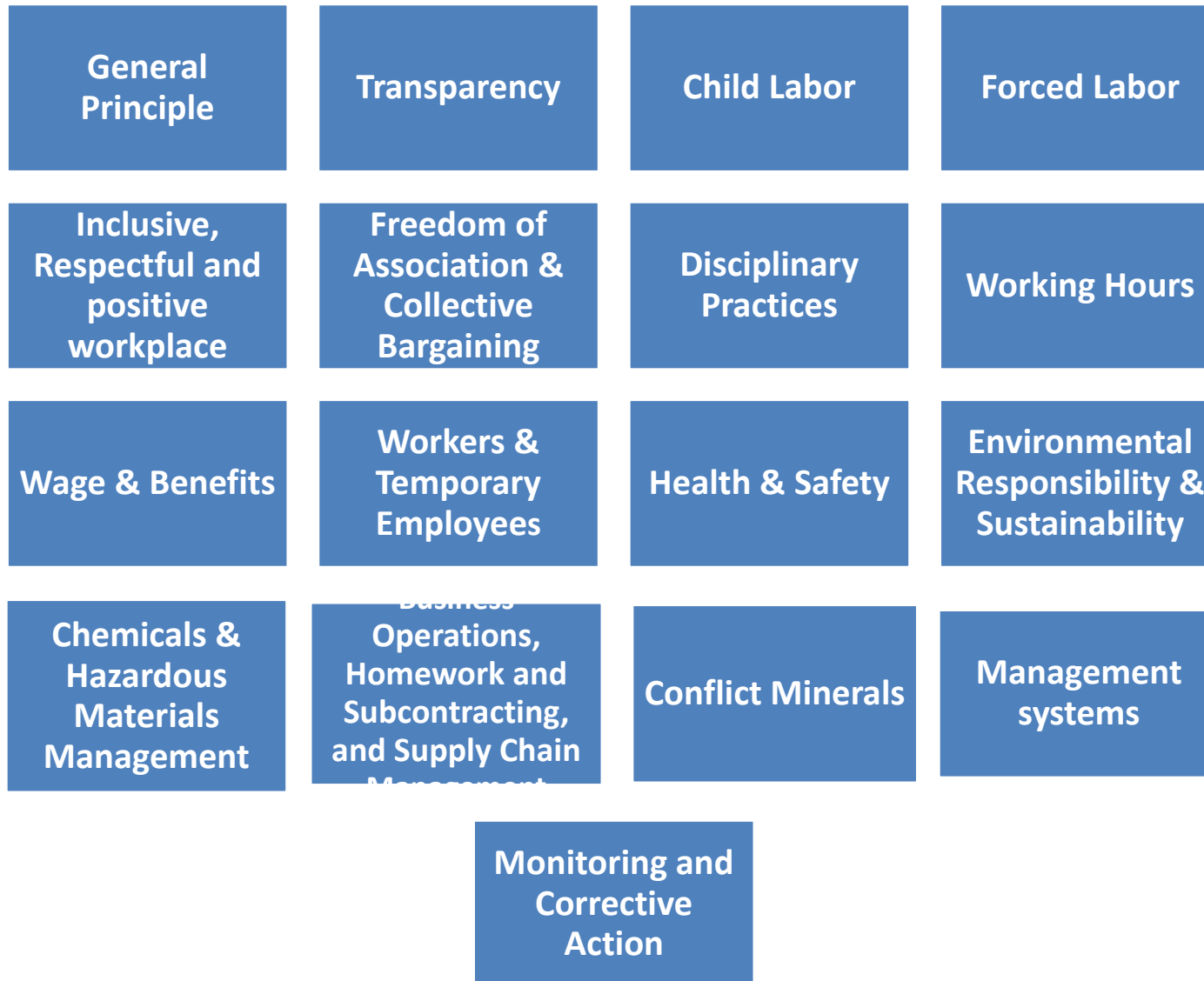
TaylorMade Supplier Responsibility Standards

Supplier Responsibility Standards overview

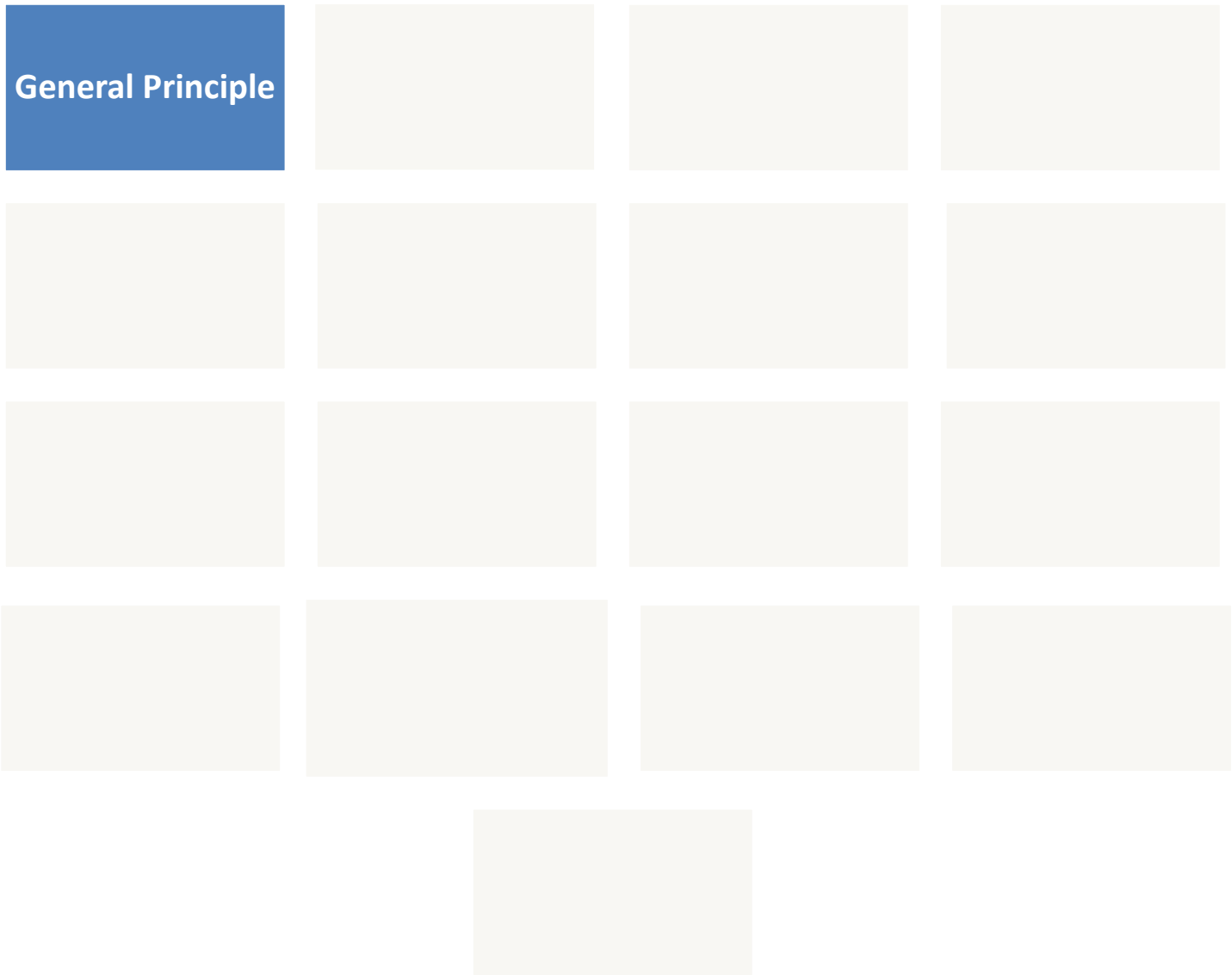


Follow the strictest standard when there is conflict

Supplier Responsibility Standards overview



Supplier Responsibility Standards overview



Supplier Responsibility Standards & Legal Requirement

General Principle

- Suppliers must **comply fully with all legal and TM requirements relevant to the conduct of their businesses**, including applicable laws and standards related to labor, consumer product safety, environment, antitrust and fair competition, export control, economic embargos and trade sanctions, anti-boycott, money laundering prevention, anti-corruption and bribery.
- Under certain circumstances, legal standards and norms may vary or even conflict (e.g. national vs. international laws or national vs. company-specified standards).
TaylorMade (TM) requires that the strictest standards be followed. Also, if national

Supplier Responsibility Standards & Legal Requirement

➤ General Principle

❑ Legal Requirement

- PRC Labor Act.
- PRC Labor Contract Law
- Provisional Regulations for the Payment of Wages
- Regulations for the Special Protection of Under-age Employees
- PRC Fire Protection Law;
- PRC Work Safety Law;
- PRC Food Safety Law
- Code for Fire Protection Design of Buildings
- PRC Law on the Prevention and Control of Water/Air Pollution
- Regulations on Dangerous Chemical Safety Management
- PRC Prevention and Control of Environmental Pollution by Solid Waste Law
- Etc.



Supplier Responsibility Standards & Legal Requirement

➤ General Principle

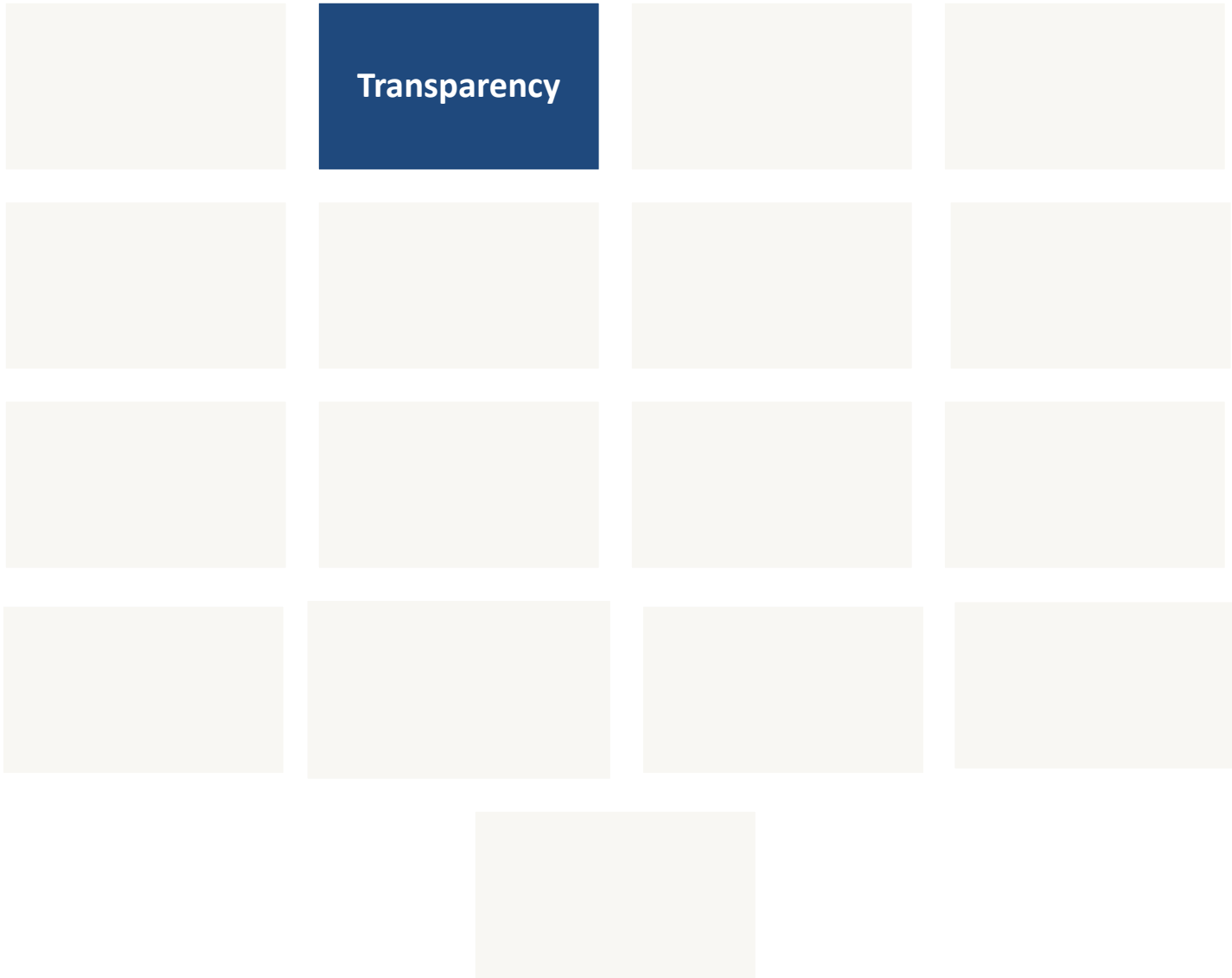
❑ Legal Requirement



• TW Law:

- Labor Standards Act (1984) Amendment (2008)
- Employment Services Act (1992) Amendment (2008),
- Gender Equality in Employment Act (2002) Amendment (2008)
- Labor Union Act (1929) Amendment (2011),
- Regulations of Leave-Taking of Workers (1985) Amendment(2005),
- National Health Insurance Act (1994) Amendment (2013),
- Labor Insurance Act (1958) Amendment (2012)
- Regulations for Occupational Health and Safety in Facilities(2014),
- Regulation of Labelling and Hazard Communication of Dangerous and Harmful Materials (1992) Amendment (2007) etc.

Supplier Responsibility Standards overview



Supplier Responsibility Standards & Legal Requirement

Transparency

- To ensure a reliable and continuous monitoring of Local Law and the Standards, TM expects its suppliers **to be transparent** about their organization, management system and to share truthful and accurate data related to factory conditions upon request or during announced/unannounced visits or assessments by TM or an authorized party.
- Suppliers must **not engage in bribery or falsification of records** and undue influencing of employees.
- Suppliers must **establish a policy governing bribery and facilitation payments**. Whistleblower protections must be implemented, as required by law. Employees must feel free to refuse to participate in bribery or facilitation payments supported by the facility and must be aware that they will not suffer retaliation, demotion, penalty or other adverse consequences for voicing a concern, or for refusing to pay a bribe or facilitation payment even if this action may result in the facility losing business.

Supplier Responsibility Standards & Legal Requirement

➤ Transparency

❑ Legal Requirement

- **Jiangsu Provincial Regulations on the Payment of Wage (2005),
Amendment (2010), Article 17**

(.....) An employing unit shall not counterfeit, alter, hide, or destroy the payment tables and attendance records.



Supplier Responsibility Standards & Legal Requirement

➤ Transparency

❑ Definitions

- What is Transparency in Social Compliance Audits?
- When the factory management allows for the audit to be conducted [free from any pretense or deceit](#), regardless of compliance.
- Why is Transparency important?
 - Builds trust and communication
 - Allows the factory and the brand to work together on improvements.
 - Provides the brand with ability to be able to handle possible negative media attention.

Supplier Responsibility Standards & Legal Requirement

➤ Transparency

❑ Case Study 1

The auditor conduct the audit on behalf of client ABC

Oh... this time records is for Client XYZ.
Here comes the one for the ABC



Factory Management

Weekly Time Sheet

Customer: _____
Supervisor: _____
Employee: _____

Shift: Day ☐ Night ☐ Away ☐

Work Hours				
Date	Job Description	Start	Break	Finish
Monday				
Tuesday				
Wednesday				
Thursday				
Friday				
Saturday				
Sunday				
TOTAL HOURS WORKED:				

Hi, Mr. Zhang, the weekly working hour is 72 hours, which could not match with client requirement.



Auditor

Is it a Transparency issue? Why?

Supplier Responsibility Standards & Legal Requirement

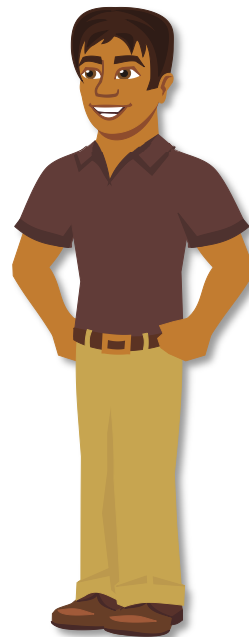
➤ Transparency

❑ Case Study 2

Client is going to give us a big order if we can pass the audit. Would you please help to remove those findings



Factory Management



Auditor



Closing meeting

**Is it a
Transparency
issue? Why?**

Supplier Responsibility Standards overview



Supplier Responsibility Standards & Legal Requirement

Child Labor

- Suppliers must not employ children who are less than **16 years old**, or less than the age for completing compulsory education in the country of manufacture where such age is higher than 16. Suppliers must verify age documentation prior to employment. ILO Convention 138.
- Working conditions (including labor and health and safety practices) of employees under the age of 18 must be in compliance with law and not jeopardize the health, safety or morals of these employees. Employees **under the age of 18 must not engage in hazardous work**, including **night work, casting, polishing, welding, and any operation requiring chemical use**. ILO Convention 182.

Supplier Responsibility Standards & Legal Requirement

Child Labor

- Employment of trainees, apprentices and individuals under the age of 18 must be conducted in compliance with the law, including **medical testing, applicable documentation maintenance**, such as licenses and permits, and terms of employment, such as type of work, hours and pay.
- Suppliers must implement a **system to remediate** situations where an employee is discovered to have been hired below the age of 16 or the legal minimum age, if higher.

Supplier Responsibility Standards & Legal Requirement

➤ Child labor

❑ Legal requirement



- **Minimum working age = 16** (PRC Labor Act (1995), Articles 15) (**TW: Labor Standards Act (1984) Amendment (2016), Article 44**)
- **Age document maintained** PRC Regulations Banning Child Labor (2002), Article 4
- **Juvenile workers = age 16-18** (PRC Labor Act (1995), Articles 64; Regulations for the Special Protection of Under-age Employees (1995), Article 3); Provisions on Supervision and Administration of Occupational Health at Work Sites (2012) Article 33; (**TW: Labor Standards Act (1984) Amendment (2016), Article 46**)
- **Child Labor Remediation** PRC Regulations Banning Child Labor (2002), Article 6
- **ILO: No. 138 Minimum Age Convention (1973),**
- **ILO: No.182 Elimination of the Worst Forms of Child Labour (1999)**

Supplier Responsibility Standards & Legal Requirement

➤ Child labor

❑ Tips for Hiring Procedure:

- Be aware the Lunar Calendar and Gregorian Calendar
- Be aware that the Nominal age is different from the age used by the government
- Be aware of common reasons for child labor entering facility



Supplier Responsibility Standards & Legal Requirement

➤ Child labor

- ❑ How to properly calculate age:

Today's Date – Birthday Date = Current Age

Example: Employee A

Birthday: 12/30/1999

Today's date is: 12/05/2017

How old is this employee?



Be aware of the Month and Date when calculating employee's age.

Supplier Responsibility Standards & Legal Requirement

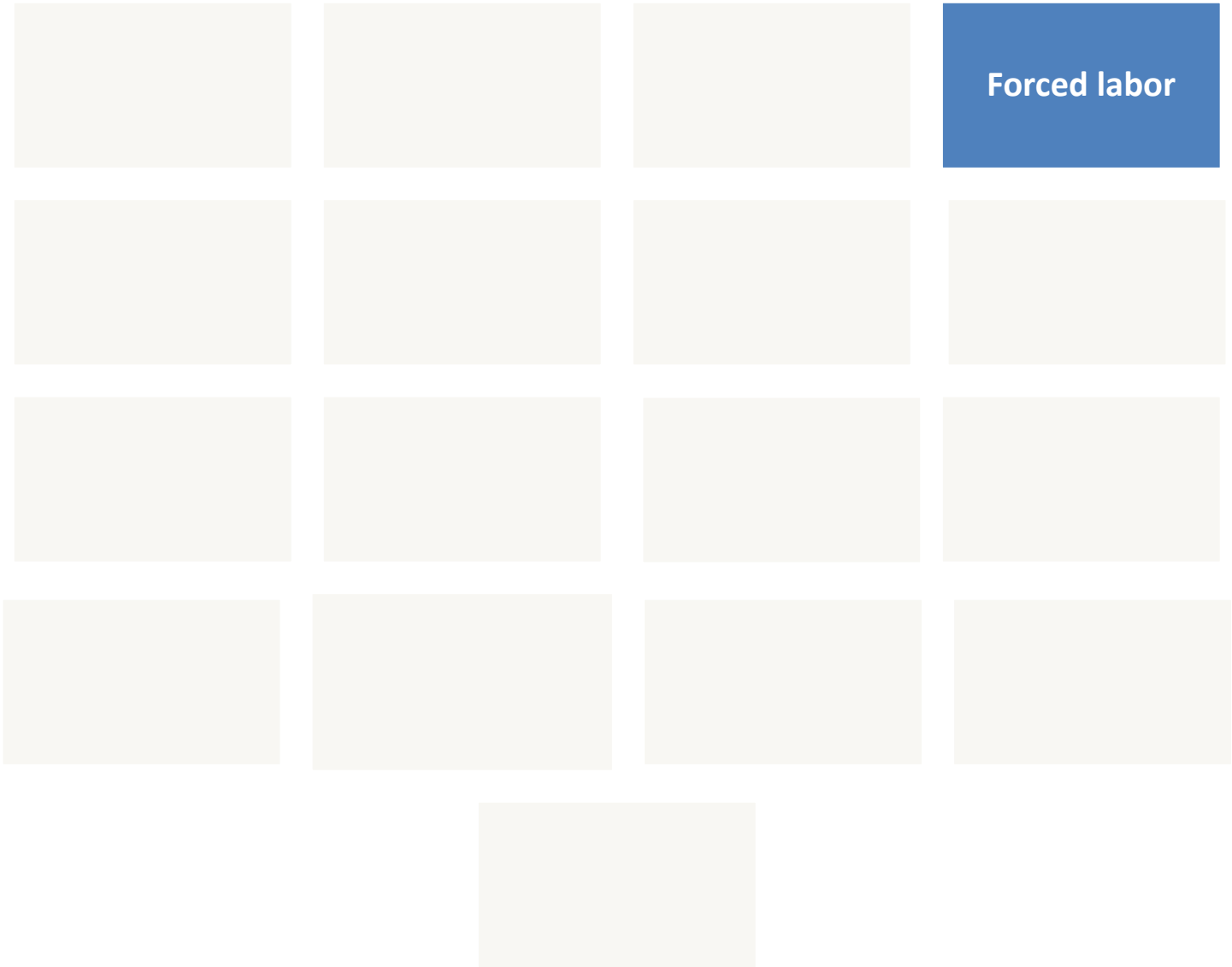
➤ Child labor

❑ Quiz:

Which of the following statements are good hiring practices?

1. Comprehensive review of age documentation upon hire
2. Keep the original ID cards for all employees
3. Maintain Copies of ID for all employees except for the temporary employees.
4. Copies of Hukou Booklet maintained on file for all employees
5. Review existing age documentation periodically, except for those employees referred by friends or relatives.
6. Inform applicants in writing about the minimum hiring age; post in a conspicuous public area as well
7. Create employee incentives for reporting child labor

Supplier Responsibility Standards overview



Supplier Responsibility Standards & Legal Requirement

Force Labor

- Suppliers must **not use forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise**. No employee may be compelled to work through force or intimidation of any form, or as a means of political coercion or as punishment for holding or expressing political views. Suppliers must not illegally implement mandatory or involuntary overtime or **mandatory overtime** beyond legal overtime limits. Employees must voluntarily agree to overtime and provide written consent for mandatory overtime prior to employment or overtime shift. Any applicable production quotas must not result in mandatory overtime or violations against working hour guidelines. Suppliers must not impose penalties or fines for refusing overtime, **must not withhold personal property (e.g., passport, identification papers) or wages**; and must not unreasonably limit freedom of movement during and/or after work hours and must not restrict employees from terminating employment without penalty (other than restriction pertaining to legal notice periods). ILO Convention 29. Palermo Protocol.

Supplier Responsibility Standards & Legal Requirement

Force Labor

- Employees must be **in possession or have direct control of their personal identity documents**, must be **guaranteed freedom of movement**, and must **not be restricted from terminating employment** (other than restrictions pertaining to legal notice periods). ILO Convention 29. Palermo Protocol.

Supplier Responsibility Standards & Legal Requirement

➤ Forced labor

☐ Legal Requirement:

- **Forced labor shall be prohibited** (PRC Labor Act (1995), Article 96, PRC Labor Contract Law (2008), Article 31); **(TW: Labor Standards Act (1984) Amendment (2008), Article 5, Employment Services Act (1992) Amendment (2008), Article 57)**
- ILO Forced Labour Convention, 1930 (No. 29)



Supplier Responsibility Standards & Legal Requirement

➤ Force Labor

- US law was recently updated to create a presumption that any goods or articles made by North Korean citizens or nationals, anywhere in the world, are forced-labor goods
- For TM, Production is forbidden in North Korea.

Supplier Responsibility Standards & Legal Requirement

➤ Force Labor

□ Case Study

- Factory recruits 50 new employees from an agency. When the new workers arrive at the factory, they were required to pay RMB 500 and hand in their original ID cards, which will be reimbursed to them after two years work. In addition, they are informed that they need to work 12 hours per day.

• What is wrong with this case



Supplier Responsibility Standards overview



Supplier Responsibility Standards & Legal Requirement

Inclusive, Respectful and Positive Workplace

- All employees must be treated with dignity and respect and **not be subject to verbal, physical, or mental abuse, coercion, pressure, corporal punishment, workplace threats and violence, or any form of harassment during employment or recruitment.**
- Suppliers must **not discriminate** in recruitment and employment practices. Decisions about hiring, salary, benefits, training opportunities, work assignments, advancement, discipline, termination, and retirement must be based solely on ability to perform the job, rather than on the basis of personal characteristics or beliefs, such as **ethnicity, race, national origin, gender, religion, age, disability, marital status, parental status, pregnancy** (ILO Convention 158), **association membership, sexual orientation, or medical test results (where these are not intended for safety purposes) or political opinion.** Suppliers must ensure that pregnancy and maternity do not constitute a source of discrimination in employment, including access to employment, and ensure that **pregnant women do not engage in hazardous work** (ILO Convention 158). Suppliers must implement effective measures to protect migrant employees against any form of discrimination and to provide appropriate support services that reflect their special status.

Supplier Responsibility Standards & Legal Requirement

➤ Inclusive, Respectful and Positive Workplace

❑ Legal Requirement

- **Prohibition of maltreatment of employees, sexual harassment at workplaces** (PRC Labor Act (1995), Article 96); (TW: Gender Equality in Employment Act (2002) Amendment (2008), Article 13)
- **No discrimination against women** (PRC Labor Act (1995), Article 13); (TW: Employment Services Act (1992) Amendment (2012), Article 5)
- **No discrimination against sex, race, social class, creed or religion** (PRC Labor Act (1995), Article 12); (TW: Gender Equality in Employment Act (2002) Amendment (2008), Article 7)
- Discrimination (Employment and Occupation) Conv



Supplier Responsibility Standards & Legal Requirement

➤ Inclusive, Respectful and Positive Workplace

❑ Case Study

- A factory's job announcement (hiring production employee) states: "Young, pretty females are preferred."
- Read the case and discuss in
- Is this a concern? Why



Supplier Responsibility Standards overview



Supplier Responsibility Standards & Legal Requirement

Freedom of Association & Collective Bargaining

- Suppliers must **recognize and respect the right** of employees **to join and organize** any lawfully established unions and associations of their own choosing and to bargain collectively. ILO Conventions 87, 98, 135.
- Suppliers must recognize and **respect the right of employees to not affiliate or join a union**. Suppliers must **encourage alternative/parallel means** of employees' organizations should freedom of association and collective bargaining be lawfully restricted. Suppliers management must not interfere in the organization of employees (union or non-union) and must not discrimination regarding affiliation or non-affiliation and must not retaliate, intimidate or harass employees. Suppliers must not discriminate against worker-elected representatives and must prohibit discrimination on the basis of affiliation or non-affiliation. ILO Conventions 87, 98, 135.

Supplier Responsibility Standards & Legal Requirement

Freedom of Association & Collective Bargaining

- Suppliers must prohibit protection contracts, defined as illegitimate collective bargaining **agreements benefitting an employer** and signed with a union not representing employees. ILO Convention 98.
- Suppliers must develop and fully implement mechanisms for resolving industrial disputes, including employee grievances, and ensure effective communication with employees and their representatives.

Supplier Responsibility Standards & Legal Requirement

➤ Freedom of Association & Collective Bargaining

❑ Legal requirement

- **Employees have the right to form or join unions** (PRC Labor Act (1995), Article 7, 8; PRC Trade Union Law (1992) Amendment (2009), Article 3); (TW:Labor Union Act (1929) Amendment (2011), Article 4)
- ILO Convention 87 *Freedom of Association and Protection of the Right to Organise* Convention 1948
- ILO Convention 98 *Right to Organise and Collective Bargaining* Convention, 1949



Supplier Responsibility Standards & Legal Requirement

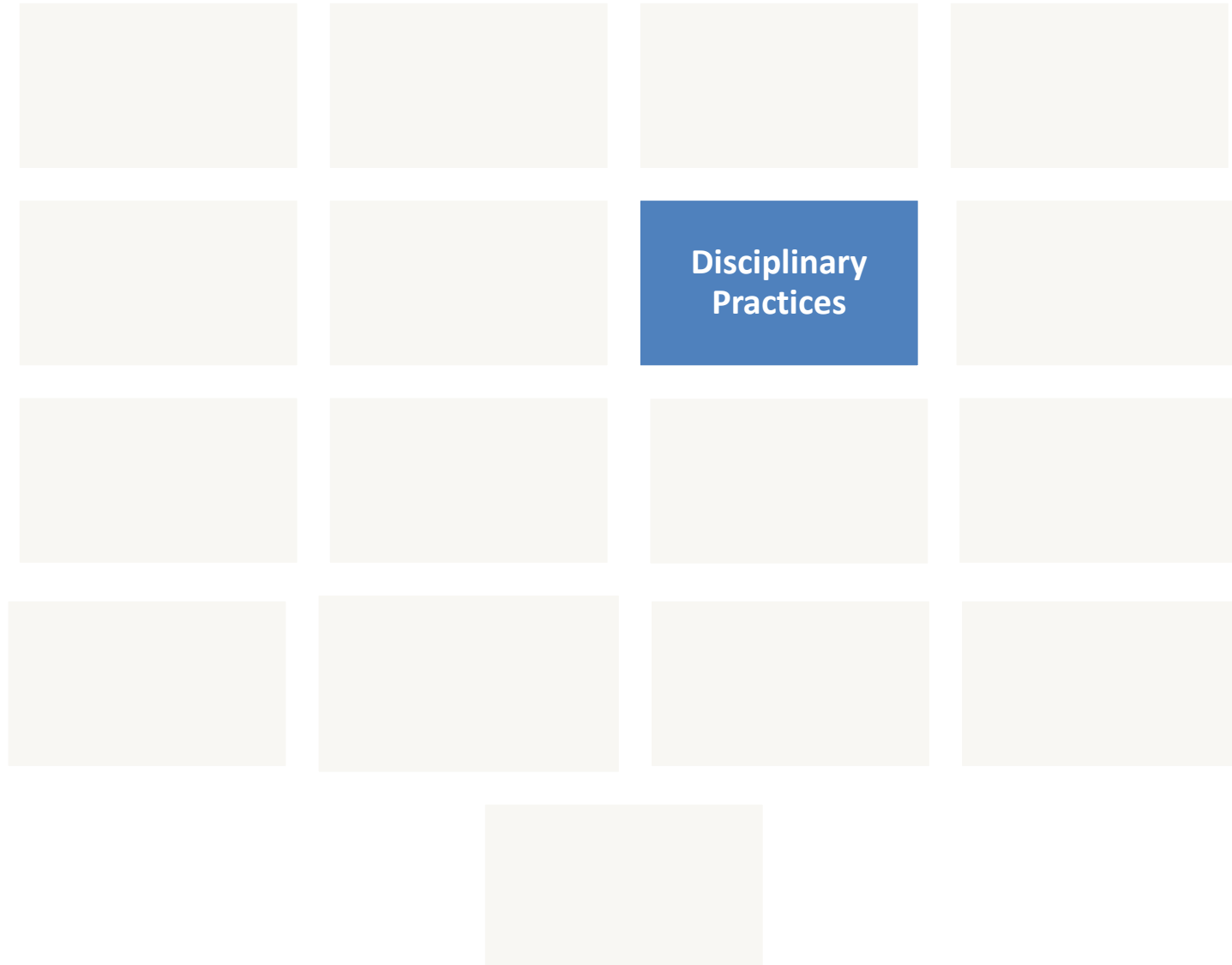
➤ Freedom of Association & Collective Bargaining

❑ Case Study

- Does the location of the suggestion box go



Supplier Responsibility Standards overview



Supplier Responsibility Standards & Legal Requirement

Disciplinary Practices

- Employees must be treated with respect and dignity. No employee may be subjected to any physical, sexual, psychological, verbal harassment, abuses, fines, penalties, or withholding of pay as a disciplinary measure.
- Suppliers must have written disciplinary procedures that employees are aware of. Any disciplinary action must be recorded and acknowledged by the affected employee, and that **no monetary deductions must be permitted for disciplinary action, even if national legislations allows such deductions.**
- Suppliers must publicize and enforce a **non-retaliation policy** that permits employees to express their concerns about workplace conditions directly to management or to us without fear of retribution or losing their jobs.

Supplier Responsibility Standards & Legal Requirement

➤ Freedom of Association & Collective Bargaining

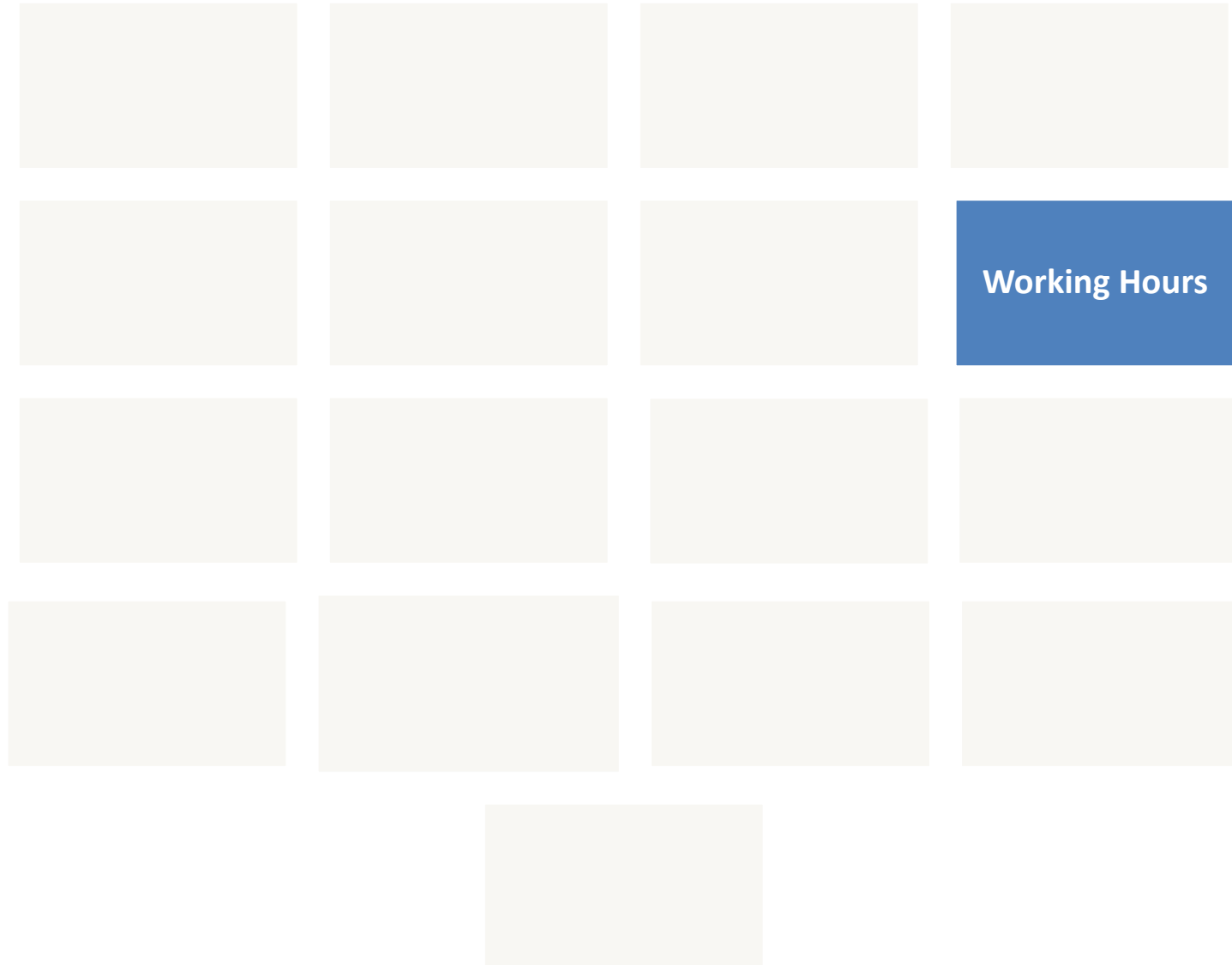
❑ Quiz

Which of the below deduction meet with TM requirement?

- A. The factory requires workers to pay for their uniforms out of their own wages.
- B. Workers are required to compensate for missing goods out of their wages.
- C. Factories deduct penalties from wages, for example if workers are late to work or make mistakes on production items.
- D. Factories deduct recruitment fees, deposits on tools from employees' wage.
- E. The factory sets unrealistic production targets for workers and then makes deductions from wages if the targets are not met.
- F. None of the above

No monetary deductions is allowed

Supplier Responsibility Standards overview



Supplier Responsibility Standards & Legal Requirement

Working Hours

- Employees must not be required, except in extraordinary circumstances and with authorization from TM, to work more than **60 hours per week** including overtime or applicable legal requirement, whichever is less. Employees must be allowed **at least 24 consecutive hours rest within every a seven-day period** or applicable legal requirement



New TM Working
Hour Request

Supplier Responsibility Standards & Legal Requirement

➤ Working Hours

❑ Legal requirement

- **Regular working hours:** The Implementation Measures of the Regulations of the State Council Governing Working Hours for Employees(1995), Article 3; (TW: Labor Standards Act (1984) Amendment (2015), Article 30)



Supplier Responsibility Standards & Legal Requirement

➤ Working Hours

☐ Legal working hour system

1. Standard working hour sy
2. Comprehensive Working hour system
3. Non-Fixed working hour system
(No applicable to the factory



Supplier Responsibility Standards & Legal Requirement

➤ Working Hours

❑ Standard Working Hour

- Regular Hour: 8 hours per day, 40 hours per week

- OT: 3 hours a day, 36 hours per month



- Rest day: One rest day per week

Supplier Responsibility Standards & Legal Requirement

➤ Working Hours

❑ Standard Working Hour

- **Below hours are counted as overtime hours**

- Working hour excess 40 hours per week
- Working hour exceed the maximum hour per day (maximum 8 hours per day)



Supplier Responsibility Standards & Legal Requirement

➤ Working Hours

❑ Comprehensive Working Hour System (CWHS)

- A non-fixed working hour system;
- The working hours are calculated according to quarterly, Semi-yearly or yearly etc. cycle ;
- A centralized system of work and rest;
- On the basis of ensuring the health of employees;
- The average working hours for one day or one week shall be equal to

Supplier Responsibility Standards & Legal Requirement

➤ Working Hours

□ Comprehensive Working Hour System (CWHS)

Sample of Comprehensive Working Hour System Waiver

关于对[REDACTED]有限公司
申请不定时、综合计算工时工作制的批复

[REDACTED]有限公司:

你单位部分人员实行不定时工作及综合计算工时工作的申请收悉。现批复如下:

一、根据《中华人民共和国劳动法》、劳动部《关于企业实行不定时工作制和综合计算工时工作制的审批办法》(劳部发[1994]503号)以及广州市劳动局《转发劳动部〈关于企业实行不定时工作制和综合计算工时工作制的审批办法〉的通知》(穗劳护字[1994]1号、《转发〈关于推动企业全面实施新工时制度的通知〉》(穗劳安字[1994]8号)的规定,同意:

(一)纸样工、裁制工、车板工、组长、收发员、验收员、车位工、专机工、剪线工、打烫工、包装工、仓管员、机修工、电工、搬运等工种(岗位)的职工,可以实行以年为计算周期综合计算工时工作制,计算时间为2004年11月至2005年10月, / 年/月至/月。

(二)/等工种(岗位)的职工可实行不定时工作制。实施时间至/年/月底止。

二、对实行不定时工作制和综合计算工时工作制的职工,企

业应根据《劳动法》的规定,确保职工的身体健康以及休息、休假的权利。

实行综合计算工时工作制的职工,在综合计算周期内总的实际工作时间超过总法定标准工作时间的,超过部分应安排补休,确实不能补休的,应按《劳动法》第四十四条第(一)项的规定支付不低于工资的150%的工资报酬;法定休假日加班的,应按《劳动法》第四十四条第(三)项的规定支付不低于工资的300%的工资报酬。延长工作时间的小时数平均每月不得超过36小时。对于第三级以上(含第三级)体力劳动强度的工作岗位,劳动者每日连续工作时间不得超过11小时,而且每周至少休息一天。

三、职工在正常上班时间内,因企业原因造成临时停工待料的,在单位停工待料时间应计入总法定标准工作时间。

四、对同意实行不定时工作制和综合计算工时工作制的工种(岗位)的职工,单位应予知会。



Supplier Responsibility Standards & Legal Requirement

➤ Working Hours

❑ Case Study

- Calculate the employee's regular overtime hours, rest day overtime hours based on the time records provided.
- Does the employee's working hour exceed the law and TM requirement?



Working Hour
Case Study

Supplier Responsibility Standards overview



Supplier Responsibility Standards & Legal Requirement

Wages & Benefit

- Wages are essential for meeting the basic needs of employees and reasonable savings and expenditure. We seek suppliers who progressively raise employee living standards through improved wage systems, benefits, welfare programs and other services, which enhance quality of life.
- **Wages must equal or exceed the minimum wage** required by law or the prevailing industry wage, whichever is higher, and **legally mandated benefits must be provided**. In addition to compensation for regular working hours, employees must be **compensated for overtime hours at the rate legally** required in the country or jurisdiction of manufacture or, in those countries where such laws do not exist, at a rate of **no less than 150%** exceeding the regular hourly compensation rate.

Supplier Responsibility Standards & Legal Requirement

Wages & Benefit

- Suppliers must **provide labor contracts to all employees** in a language the worker readily understands. Suppliers must furnish all **legally required benefits** to all employees, in particular, **social security, parental leave, annual leave and statutory holidays**. Suppliers must also furnish unemployment, medical, work-related injury, and maternity insurance, and other benefits such as pension and housing funds, as applicable by law.
- Suppliers must **maintain accurate payroll records and production records** (as applicable). Facilities must maintain **accurate time records** and not allow off-clock work or work to be taken home. Employees must receive at least the legal wage rate for hours worked, including overtime, and be paid in accordance with the law; but, at minimum, **employees' wages must be paid directly into an employee-controlled account, and employees must receive wages at least once per month, on time, with a pay slip**. Pay slips must be provided and understood by employees. Suppliers must **not make illegal deductions** and deductions not regulated by law. Suppliers must ensure that employees are informed about overtime obligations and permitted to reject the overtime request without punishment or retaliation.

Supplier Responsibility Standards & Legal Requirement

➤ Wages & Benefits

❑ Legal Requirement

- **Minimum wage** (PRC Labor Act (1995), Article 48); (TW: Labor Standards Act (1984) Amendment (2008), Article 21)
- **Wage scale** (Provisional Regulations for the Payment of Wages (1995), Article 6); (TW: Labor Standards Act (1984) Amendment (2008), Article 21)
- **Lowest wage level = No less than local minimum wage** (PRC Labor Contract Law (2008), Article 20)

Supplier Responsibility Standards & Legal Requirement

➤ Wages & Benefits

☐ Legal Requirement

- **Downtime: Different for different cities** (Provisional Regulations on the Payment of Wages (1995), Article 12); (TW: Council of Labor Affairs Document (1994) No. 35290)
- **Time spent on training, health checks, meetings : should be fully paid.**
- **Wages paid directly, in full, in time**⁶⁸ (PDR Labor Act (1995), Article 50) (TW: Council of Labor Affairs Document (1994) No. 35290)

Supplier Responsibility Standards & Legal Requirement

➤ Wages & Benefits

❑ Legal Requirement

- **National holidays, annual leave, personal leave, sick leave, maternity leave** (PRC Labor Act (1995), Article 51; Ministry of Labor Official Notice Regarding the Implementation of the Labor Law (1995), Article 57; The Special Regulations on Labor Protection for Female Employees (2012), Article 7);
- **TW: Labor Standards Act (1984) Amendment (2017), Article 37, 38 & 50 Regulations of Leave Taking of Workers (1985) Amendment**

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➤ Wages & Benefits

❑ Legal Requirement



Thousands of workers protest over unpaid social benefits

Supplier Responsibility Standards & Legal Requirement

➤ Wages & Benefits

☐ Quiz:

Can social insurance be replaced by commercial insurance?

A: Yes

B: No

Supplier Responsibility Standards & Legal Requirement

➤ Wages & Benefits

❑ Social insurance VS commercial insurance

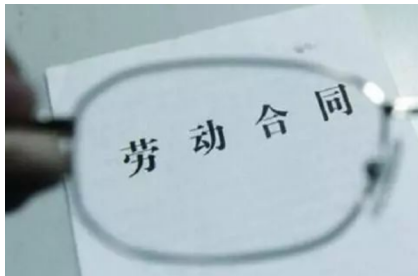
Social insurance	Commercial insurance
Compulsory	Voluntary
Government action	Business behavior
Non-selective Implementation	Selective implementation
Uniform norm	Autonomy, not uniformity
Non-profit	Profit marking
Public welfare	Non-public
Security	Certain risk

Social insurance can not be replaced by commercial insurance.

Supplier Responsibility Standards & Legal Requirement

➤ Wages & Benefits

❑ Others



- **Labor contracts** (PRC Labor Contract Law (2008) Articles 10, 16, 17 & 19)

- **Business License/Permits** (Regulation of the People's Republic of China for Controlling the Registration of Enterprises as Legal Person (1998) Article 2)

