

15. Working Hours / Days Off Guidance

15.1 EICC Code Provision:

Working Hours: Studies of business practices clearly link worker strain to reduced productivity, increased turnover and increased injury and illness. Workweeks are not to exceed the maximum set by local law. Further, a workweek should not be more than 60 hours per week, including overtime, except in emergency or unusual situations. Workers shall be allowed at least one day off every seven days.

15.2 Definitions

15.2.1 Emergency or unusual situations: are unpredictable events that require overtime in excess of legal or EICC limits. Such events cannot be planned for or foreseen.

Examples of such situations include:

- Equipment breakdown, power failure or other emergency resulting in prolonged shutdown of a production line.
- Unforeseen raw material or component shortages or quality issues that shut down production. Excessive overtime is then needed in both situations to recoup lost production time and meet customer commitments.

In all of these cases evidence of FEWER hours worked before a period of excessive production in Emergency or unusual situation is present and documented.

Situations that are NOT “emergency” or “unusual” include:

- Peak season production demands and new product ramps. Both of these are predictable and proper planning can minimize overtime requirements.
- Contract change orders that significantly increase order volumes or shorten delivery timelines. This should be negotiated in good faith between the client the location and **should never exceed** the capacity of the location at a rate of 60 hours per week or the legal maximum work hour requirement for the location.

15.2.2. Working Hours or Hours of Work: refers to the period of time that an individual spends performing paid occupational labor. This means the actual hours of paid “work” by an employee.

What is included in Working Hours is defined in national labor law. Some countries define break time as paid working time, some countries do not. National labor legislation should be checked to clarify the definition of what is included in Working Hours. It is possible that short breaks before and after meals are defined as paid and therefore are working time while lunch or dinner may not.

If what is included in Working Hours is not defined in the national labor legislation then EICC accepts that breaks where workers are free (to have lunch/dinner, refreshment, rest,...) and do not involve company imposed activities such as training, admin duties... are non-working time.

15.2.3 Overtime Hours: are paid work hours that are in addition to the standard number of work hours per day or week specified by local or country law.

Some laws define overtime as any time beyond the standard number of work hours per day, while others consider overtime to be only the number of work hours that exceed the standard number of work hours per week. Workers must be paid at a premium for overtime work.

15.2.4 Time Off: Days on which workers are not required to work.

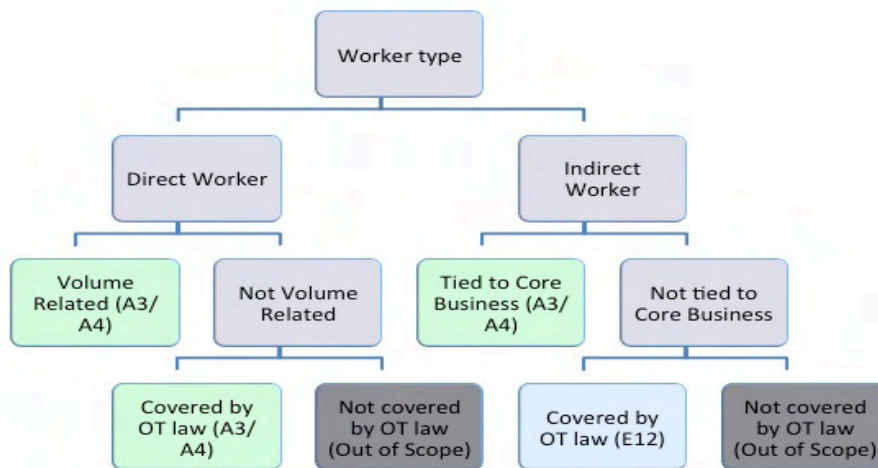
Local or country law typically requires at least one day off every seven days, as does the EICC Code. Country and local law also stipulate the number of legal holidays to which workers are entitled.

Depending on local law or company policy if company policy grants more than the legal required minimum, workers may also be entitled to time off for sickness, vacation, maternity/paternity, family emergencies and other specific situations. Time off may be paid or unpaid, depending on the type of time off, local law and company policy.

15.2.5 Workers (for the scope of working hours and pay –overtime pay)

Direct or indirect worker dedicated to the production of a good or delivery of a service

- Any worker subject to an hourly increase or decrease due to volume production
- Any worker covered by local laws governing overtime



15.3 Examples of Actual or Potential Nonconformance

15.3.1 Working Hours:

- Total hours worked exceed local or national standards, or 60 hours per week, whichever is stricter.
- Excessive working hours due to inconsistency or manipulation of documents related to working hours

15.3.2 Overtime Policies:

- Women or juvenile workers work night shift or overtime when it is prohibited by the applicable labor laws.
- Workers are not informed of overtime 24 hours in advance.
- Workers receive fines, penalties or retribution for refusing overtime. For example, refusal to work overtime results in no future offers of overtime.
- Negative incentives for employees to work overtime

15.3.3 Rest Days/Breaks:

- Amount of rest period given during a work day or during shifts does not comply with local law
- Workers do not average 4 days of rest in a cycle of four workweeks.
- Company policy states that workers have Sundays (or seventh day) off but time records reflect that some workers work all seven days.
- Vacation or personal leave is not allowed in compliance with national laws and regulations.
- Workers are not given legally required holidays.

15.3.4 Recordkeeping:

- A facility does not have a mechanism for employees to control their time records nor are the records available for workers to review.
- Works hours listed on employee pay slips do not match company payroll/timekeeping records.
- Maintaining multiple time-keeping systems and/or false records for any fraudulent reason, such as to falsely demonstrate working hours.
- Time records and payroll records are incomplete, inaccurate or manipulated.
- Attendance system cannot retrieve time records or accurate working hours cannot be verified within the system

15.4 Auditor Guidance

The purpose of the Audit is to:

- Measure and compare worker standard and overtime hours against the local legal requirements and the EICC Audit criteria
- Evaluate facility management's understanding of the legal and EICC requirements for working hours
- Verify the validity of any government-issued waivers (such as Comprehensive Working Hours System), and
- Ensure that working hours are accurately recorded and that there is no records falsification

15.4.3 Record Review:

EICC uses the EICC Working Hour template to ensure consistent and comprehensive analysis of working hours at the Auditee. The completion of the working hours template is the responsibility of the Auditee for the workers selected by the Auditor.

The EICC Working Hour template is always submitted with the Validated Audit report (VAR)

Failure to complete the working hours template by the Auditee or to present working hours data for the selected workers by the Auditor will result in a "major" nonconformance.

Prior to reviewing or analyzing records, Auditors must:

- Determine type and frequency of payroll activities. Note: if cash payments are made to workers, increase the interview sample size significantly to validate payments.
- Determine if time clocks are locked and if employees punch cards. Compare # and names of employees working to those on time cards. Is all necessary information on timecards?
- Compare and evaluate information on time cards, payroll sheets, computer records (if any), pay stubs, piecework tickets or records and any other sources of payroll activity or journal entries. Is all appropriate information on stubs and other documents? This also applies to information generated by individual stations on unit production systems.
- Are all required documents indicating workers status current, complete, on-file and available?

15.4.5 Visual Inspection:

Visual observation of the facility, including production areas, clinic rooms, dormitories, canteens and cafeterias (if applicable), provides another basis for Auditors to make informed judgments about compliance relating to working hours. Also a visual inspection can confirm compliance with requirements for informing workers about the working hours, overtime schedules and the like:

- Closely examine practices in the facility work area. Are there cases where workers who are ostensibly being paid on an hourly basis, counting pieces or collecting tickets? Are there tickets or tick sheets at employee workstations?
- Are time-keeping devices (e.g., time clocks) being correctly used?
- Are people punching out and then returning to work?
- When surveillance is required, observation of facility entrances or docks just before or just after working hours will sometimes reveal home work arriving or departing and may possibly reveal people engaging in cash transactions. Returning unexpectedly to a time clock shortly after closing time may reveal employees working off the clock.
- If the employees have to submit the approved leave application to Security upon leaving during working hours
- If the employees have to record the timing for toilet or leave the production line

15.5 Evaluation of Conformance:

Auditors will use the following guidance and examples to help determine facility conformance with the Audit criteria.

In evaluating conformance, Auditors must consider both the number/percentage of workers that exceed the Audit criteria or legal requirements as well as the degree or severity of the Nonconformance.

15.5.1 One Day Off per Week

- Workers must receive one day off every seven days. In practice this means that workers can work a maximum of 6 consecutive days **and**
- Consideration must be given to both how many workers are not receiving one day off every seven days and whether this is an infrequent or routine occurrence.
 - Specific thresholds are described in 15.5.3.2 below.

15.5.2 Working Hours

Working hours must be analyzed over a period of the previous 12 months for at least the number of worker records equal to the square root of the total population. In this 12-month period, one peak season month, one low season month and one normal production month need to be analyzed in detail.

Include in your evaluation any time spend on work-related activities, such as meetings, trainings and work area cleaning that are performed outside of normal working hours. This is considered overtime and must be included in total working hours for the purpose of determining conformance with the Audit criteria. Information about such unpaid overtime situations is typically obtained via worker interviews.

All unusual or exceptional circumstances (as defined in 15.2.1) should be removed from the working hour calculation.

Working hours should be calculated per section (department, unit,...) and for the total facility (excluding office staff).

The determination of conformance with the EICC working hours limit is done by calculating **weekly working hours**. Therefore, for the months reviewed (peak, low and average), calculate the hours worked for each week in each month. This will result in a minimum of 12 weekly working hours calculations for each of the workers selected for review.

For determining conformance with legal requirements for overtime, calculate total overtime for each worker for each of the three months selected, either by the week or by the month, depending on how the legal requirement is defined.

Determination of conformance is based on both the extent and severity of the situation. That is, both the number and percentage of workers who exceed the limit and the degree of the exceedance. The reason for this is the need for a reasonable degree of statistical significance. Specific Nonconformance thresholds are described in Section 15.5.3.1 below.

15.5.3 Findings Ratings

15.5.3.1 Working hours**

Workweeks (total or specific area or function or nationality)	>1% to <=5%	>5% to <=40%	>40%
<84 hours/week	10. Priority		
>72 hours/week to <=84 hours/week	7. Major	8. Priority	9. Priority
>60 hours/week to <=72 hours/week	4. Minor	5. Major	6. Priority
>local law* to <=60 hours/week	1. Minor	2. Minor	3. Major
<=local law AND <= 60 hours/week	0. Conformance		

* Local law is stricter than 60 hours/week

A tolerance of 1 percent of population is allowed, i.e. if less than 1 percent of workers is detected to do more than legal limit then this is conformance **except if >84 hours

- EICC Code requires that companies comply with local law or Code whichever is more stringent. If you have a valid and current government waiver (e.g. Comprehensive Work Hour System in China which allows shifting of overtime limits) these waiver is considered “local law.” Regardless of the waiver, the 60 hours/week limit is in place.
- This matrix is consolidated average of an average, a peak and a low month
- Working Hours are reviewed in 4 ways:
 - Average of sample
 - Within sample, average by job codes
 - Within sample, average by work area
 - Any workers under the age of 18 must be studied separately. If found to be working in excess of the stricter of law or 60 hours per week is a Priority Non-Conformance unless required for their qualification/certification under A2.4.

15.5.3.2 Days off

Total or specific area, function or nationality	<5% of sampled workers	>=5 to <=40% of sampled workers	> 40% of sampled workers
>= 24 Consecutive days	priority	priority	priority
>12 to <24 consecutive days	minor	major	priority
> 6 to <=12 Consecutive Days **	minor	minor	major

** Or legal requirement if stricter than 6 consecutive days

- Not Applicable: Not applicable
- This matrix is consolidated average of an average, a peak and a low month
- Days of Rest are reviewed in 4 ways:
 - Average of sample
 - Within sample, average by job codes
 - Within sample, average by work area
 - Any workers under the age of 18 must be studied separately. If found to be working in excess of the stricter of law or 60 hours per week is a Priority Non-Conformance unless required for their qualification/certification under A2.4.