

**Fact-sheet** – What are social benefits, additional remunerations, deductions

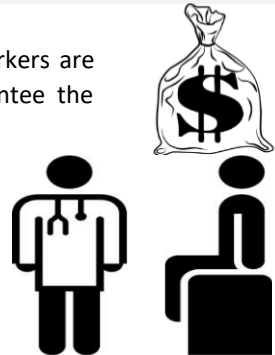


What is the objective?

The factory should establish a fair, clear, and legal remuneration system. The factory should ensure workers are informed and the company implements a monitoring process including records maintenance to guarantee the compliance with local regulation.

The remuneration includes the salary and may also contain:

- Benefits such as leaves, medical insurance, retirement pension, etc. The social benefits are determined by the local regulation even if the factory can provide more than imposed by the law;
- Additional remuneration such as accommodation, meals, or bonuses. Those additional remunerations can be determined by the law but are frequently offered by the factory as per the internal policy or obtained by workers’ representatives during collective bargaining. A benefit can be provided in different formats (money, fringe benefits, etc.). If those remuneration elements are validated and communicated, workers’ salaries must be in accordance with what has been fixed;
- Deductions as social insurance, income tax, etc. Those deductions are legal and must be detailed to the worker. Any illegal deduction is forbidden.



How to achieve the objective?

1. Define the **Remuneration Elements** that are mandatory by law for the factory, and each category of worker.
2. Detail the **Remuneration structure in the Human Resources Policy** (par Remuneration). The policy is communicated and explained to all workers.

Example of Remuneration structure

The remuneration is composed of the following element

- Basic salary (grid of minimum salary per category of workers)
- Overtime payment (when overtime work occurred, with the detail of premium rate)
- Transportation Allowance (grid of calculation)
- Housing Allowance (grid of calculation)
- Performance bonuses (detail of the calculation)
- Medical Insurance coverage (detail of the coverage and scope)
- Leaves (detail of the annual, casual, medical, maternity leaves, etc.)
- Legal deduction (detail of the deductions)

3. Detail the Individual remuneration in **Labor Contracts** and ensure this individual remuneration is under the Global policy.
4. Provide workers with a complete **Pay Slip** that detail the remuneration elements.

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**Common non-compliances**

Non-compliances	Comment
Unauthorized deductions from a worker’s salary (e.g. charging for personal protective equipment).	The management should ensure that only legal deductions are applied.
Failure to register workers to the legal social insurance and claiming workers did not want to pay the worker’s contribution part.	The management must explain to workers the remuneration structure put in place by the factory based on local regulations and internal policy. If workers raise a massive grievance on some legal part of the remuneration, the factory should address the grievance and a negotiation could take place to fix the issue. Nevertheless, the factory is responsible to implement the social benefits as per law.



**Good practices**

Special benefits like housing and accommodation, transport facilities, and other allowances are provided by the factory, even when it is not imposed by law.

Payment of worker bonuses depending on known criteria and for different purposes: workers’ performance, target achieved, good behavior.

