Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a matter of freedom of association, or social or ethnic origin.

Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological harassment or abuse from any company management, supervisor, employee, or an outsider. No employee shall be subject to any harassment or abuse on the basis of gender, race, religion, age, disability, sexual orientation, national origin, color, or any other characteristic protected by law.

Harassment or Abuse

There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.

PPE is used in a proper manner in boiler room. Besides, factory agreed to conduct physical inspection on fire extinguishers on all fire extinguishers on a monthly basis. Records and photos will be properly addressed to document for review.

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- External management increase on 10/26/2006 advising that fire extinguishers in A3 production were free from obstacles and in proper working condition.
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Overtime Limitations

Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. Art. 41 of PRC Labor Law (Chapter 4 Working Hours, Rest Days and Holidays): Employees should not be required to work more than 8 hours a day and 44 hours a week. Art. 3 of Determination Made on Working Hours, Rest Days and Holidays (February 2006): An employee shall not be required to work for more than 8 hours a day and 44 hours a week. Art. 3 of Determination Made on Working Hours, Rest Days and Holidays (January 2007): An employee shall not be required to work for more than 8 hours a day and 44 hours a week.

Security Guard Licenses

As the Ministry of Public Security had no procedures for registering licenses for security guards and there was no indication of licenses possessed for guards, the Audit team requested that the factory management confirm that security guards possess the licenses. Factory management stated that some of the security guards do not have licenses. Factory management agreed to arrange for security guards to obtain legally mandated licenses. Factory confirmed that corrective action was taken on 11/30/2006.

There were no discrepancies in working hours and wages. Factory provides a pay slip to workers during wages payment. Pay slip states the actual working hours (including OT) of a worker for a particular month. Worker should check the pay slip, and advise factory management if there are discrepancies observed. Calculation of payrolls were consistent and accurate, no payrolls were created or altered by other reasonable efforts. Extra work that could not have been anticipated due to an extraordinary business circumstance is a temporary period of extra work that is expected to be alleviated by other reasonable efforts.

Overtime Compensation

In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.