

# Living Wage Policy

## 1. Purpose

This policy demonstrates our commitment to creating a fair and prosperous workplace for all employees. By ensuring that all our employees earn a living wage, we aim to enhance employee satisfaction and contribute to the sustainable growth of our business.

## 2. Scope

All employees (including contract workers) under Hayco legal entities

## 3. Definition

A living wage: the remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs, including provision for unexpected events.

## 4. Role and Responsibilities

- 4.1 The Living Wage Committee: The members include Corporate C&B Head, Country HR Head, HR VP and Executive Team. It is responsible for overseeing the implementation of the living wage plan to ensure targets are met.
- 4.2 HR C&B: Monitor employee salaries, perform regular reviews of the living wage calculations and adjust wages as required.

## 5. Targets

In line with our commitment, we set the following targets:

- 5.1 Developing and initiating a global assessment process for analyzing wage levels against local living wage standard by 2023.
- 5.2 Fully implementing the living wage assessment process for our sites in Shenzhen and Dominican Republic by 2024. This will be accomplished by calculating the gap between current wage and the local living wage standard.
- 5.3 Fully implementing the living wage assessment process for the acquired entities in Portugal, India and Zhongshan of China by 2025.
- 5.4 Systematically reduce the number of employees earning less than the living wage by 3% every year after the living wage assessment implementation by 2030. This target is established considering the company's financial situation and the economic environment.

## 6. The Living Wage Assessment Process

- 6.1 **Identifying local living wage standard.** To overcome the issue of deciding what is the most appropriate amount to use for the specific geographical areas our business operates in, Hayco use the credible standards set by OXFAM and the Global Living Wage Coalition (GLWC) listed as follows:

Country of Operation	Applicable Living Wage Benchmarks
Hong Kong, China	OXFAM Hong Kong <a href="https://www.oxfam.org.hk">https://www.oxfam.org.hk</a>
Shenzhen, China	Global Living Wage Coalition <a href="https://globallivingwage.org/countries/china/">https://globallivingwage.org/countries/china/</a>
Dominican Republic	Global Living Wage Coalition <a href="https://globallivingwage.org/countries/dominican-republic/">https://globallivingwage.org/countries/dominican-republic/</a>

**6.2 Deciding the elements of Hayco wages for comparison to a living wage.** To decide which forms of remuneration should be included or excluded in wage calculation, we have referred to ILO (International Labor Organization) recognized methodology “Living Wage Around the World. Manual for Measurement” (see Appendix). Based on the methodology, confirm that the overtime pay and variable performance bonus should be excluded in the calculation of wage, while the followings should be included:

- a. Basic salary
- b. Cash allowance
- c. Guarantee bonus (such as 13<sup>th</sup> month bonus, retention bonus...)
- d. Production/incentive bonus (such as productivity cash bonus)
- e. The cash equivalent value of any fixed benefits in-kind provided (such as housing, meals, transport, supplementary medical insurance etc.). It should not exceed 15% of wages without clear justification.

**6.3 Collecting actual wage data and conducting gap analysis.** Wage data collection and evaluation against the local living wage standards on an annual basis.

**6.4 Reporting.** Annual report on the progress of the living wage to the Living Wage Committee.

**6.5 Implementation.** Implement the approved action plans in a phased manner.

## 7. Review Mechanism

This policy and its associated targets will be reviewed and updated annually.

Review Record:

Date	Revision No.	Reviewed by	Next Date of Revision
2/1/2023	1.0	VP HR & Admin	1/1/2024
12/12/2023	2.0	VP HR & Admin	1/1/2025

Appendix: Forms of Remuneration to Include for Comparison to a Living Wage



APPENDIX\_Forms  
of Remuneration

