

## Pou Chen Group Fair Compensation Commitment

December 2021

### **Purpose**

Pou Chen Group (hereinafter referred to as “PCG”) develops the fair compensation commitment to support our workers to be able to afford a decent life for themselves and their families.

We also expect our supply chain cooperating with us with the same philosophy, treat all workers with dignity and respect, and provide at least the minimum wage or the industry prevailing wage, whichever is higher, and all legally-mandated benefits. This is not only stated in our [PCG Code of Conduct but also in the Supplier Friendly Workplace Guidelines of PCG](#).

### **Fair Compensation Definitions and Benchmarks**

The “Compensation” element of the PCG Code of Conduct defines the company’s principle to workers’ compensation:

*Every worker has a right to compensation for a regular work week that is sufficient to meet the workers’ basic needs and provide some discretionary income. Employers shall pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law or contract. Where compensation does not meet workers’ basic needs and provide some discretionary income, each employer shall take appropriate actions that seek to progressively realize a level of compensation that does.*

PCG also refers to the [Global Living Wage Coalition’s \(GLWC\) definition and benchmarks](#), where available, to measure and track wage progress.

## Approaches to Fair Compensation

The compensation issue is complicated, and it comes about through a complex economic process of labor supply and demand, local laws and regulations, government policies, competitiveness and productivity of company, and the negotiations between workers and employers etc.

There is no perfect or universally applicable solution for fair compensation issue so far; however, since 2015, we as a responsible Participating Supplier member of the Fair Labor Association (hereinafter referred to as "FLA"), we have aligned our PCG Code of Conduct and our fair compensation definition with [FLA benchmarks and FLA fair compensation methodology](#), which we adhere to, and we have collected workers' wage data through FLA's Fair Compensation Dashboard and tools to measure fair compensation progress. Also, we have applied a variety of approaches to advocate the concept of fair compensation:

- As the starting point, PCG commits that our own production sites abide by local laws and regulations on working hours, wages and all statutory benefits. The internal compensation process and policy are reviewed and updated regularly in accordance with legal requirements as well.
- PCG conducts an annual internal assessment to verify the compliance status of the production sites and to ensure that compensation and working hour related issues comply with legal requirements and PCG policies. Moreover, the multiple grievance channels are provided to stakeholders, and the grievance cases are handled in regulated period and processes.
- PCG is committed to [Responsible Production Practices](#), and the [PCG Code of Conduct](#), [Responsible Production Guidelines](#) and [FLA Principles of Fair Labor & Responsible Production](#) should be followed by relevant units of production process, including Research and Development, Procurement, Planning, Production Management, Sales, Manufacturing as well as other related departments, to ensure the fairness and safety of employees and working environments with accountability and responsible attitude.

- PCG will share the fair compensation progress with stakeholders, and work with the civil society organization including unions to drive fair compensation progress for workers.

### **Ongoing**

PCG will continue to utilize above compensation tools to expand the scope of our wage data collection to better support us in understanding the compensation structures, and continue to maintain the compliance monitoring and grievance mechanism to ensure all workers receive at least the minimum wage or the appropriate prevailing wage, whichever is higher.