



GUIDELINE ON WAGE & SALARY DETERMINATION AND LIVING WAGE ASSESSMENT

Guideline No

HR/72

1. OBJECTIVE:

The objective of this Guideline is to define the principles and process of Wage and Salary determination and Living Wage Assessment, which is essentially the application of a systematic approach to the problem of ensuring that employees are paid in a logical, equitable and fair manner which enable them to meet their basic needs, enjoy a decent standard of living. Our Company attempts to pay competitive wages and salaries that is motivational, fair and equitable variable with individual and Company performance and in compliance with all applicable statutory requirements.

2. COVERAGE:

This policy applies to all individuals worldwide working in Gujarat Fluorochemicals Limited and its subsidiaries, including GFL Americas LLC., GFL GmbH, GFL GM Fluorspar SA, GFCL EV Products Limited, GFCL Solar and Green Hydrogen Products Limited, Gujarat Fluorochemicals FZE Dubai, Gujarat Fluorochemicals Singapore Pte Limited, at all levels and grades, whether permanent, fixed-term or temporary of the Company.

3. CHARTER OF WAGE & SALARY ADMINISTRATION

- a. The Company respects the right of personnel to a living wage.
- b. As a SA8000 certified organization, we shall be guided by the Global Living Wage Coalition as adopted by Social Accountability International and shall follow the Anker methodology for calculating the local living wage.
- c. As per the Company, Living wage means as follows:

“Earning a living wage means the basic cost of living for a family is attainable by the adult wage earners each month. A Living Wage is paid when a worker receives remuneration that is sufficient to afford a decent standard of living for the worker and her or his family in their location and time. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.”

- d. The Company shall review the present wage level periodically to ensure that the same does not fall under the local living wages.
- e. While calculating and revising the wage levels, the company shall
 - i. endeavor that there is no discrimination based on religion, caste, gender, marital status, color, nationality, region, race, age, dependents, groups, communities, disability, social class or political views.
 - ii. follow the principle of ‘Capacity to Pay’ and “Region -cum-Industry”.
 - iii. Comply to laws of the land
 - iv. Consider compensation level in the talent market and fairly reflects the employee skill, education and experience.
 - v. Ensure all employees have information regarding their compensation package and how the same is determined.
- f. The company shall ensure that deductions from wages are made as per the provisions of law, and that the employees wage and benefits composition are detailed clearly at the time of Appointment and regularly at the time of subsequent revision.
- g. The company shall ensure that wages and benefits are rendered in full compliance with all applicable laws and that remuneration is rendered by cheque/bank transfer in a manner convenient to employees.
- h. The company shall not use labour-only contracting arrangements, consecutive short-term contracts, and/or false apprenticeship schemes to avoid fulfilling its obligations to personnel under applicable laws pertaining to labour and social security legislation and regulations.
- i. The Company’s Pay structure shall be based on “Equal Pay for Equal Work”.

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4. DETERMINATION OF LIVING WAGES:

- a. The Company shall follow the Anker methodology for estimating a living wage.
- b. Steps in estimating the living wages are as below:

Step 1 - Estimating Costs

1. The Foods costs shall be estimated based on a) a low-cost nutritious diet that meets World Health Organization (WHO) recommendations on calories, macronutrients, and micronutrients and is consistent with local food preferences and a country's development level; and b) local food prices for the types, qualities, and quantities of foods that workers typically buy based on new data collection that involves workers and key informants.
2. The Housing Costs shall be estimated using international (UN-HABITAT) and national standards for decency (e.g. dwellings located outside slums and unsafe areas that have permanent walls, roofs that do not leak, and adequate ventilation; amenities such as electricity, water, and sanitary toilet facilities; and sufficient living space so parents can sleep separately from children). The cost of acceptable housing is based on visits to local housing with workers.
3. The Cost of all other needs shall be estimated using an extrapolation method based on secondary household expenditure data. This shall be then be checked to make sure that sufficient funds are included for health care, education, and transportation.

Step 2 – Arriving at a Cost for Family

Once the costs are estimated, Total cost per capita of a basic shall be calculated and scaled up to arrive at a cost for a typical family size in the area. A small margin shall be added to provide for unexpected events and emergencies such as illnesses and accidents, to help ensure sustainability and avoidance of the perpetual poverty trap.

To arrive at the living wage estimate, the estimated total cost of a decent standard of living for a typical family shall be then defrayed over the typical number of full-time equivalent workers per family for that location.

Step 3 – Determining if a Living Wage is Being Paid

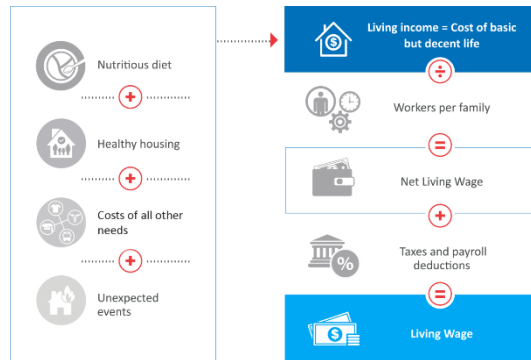
To determine if living wage is being paid or not, the Company shall ensure the following:

- (i) overtime pay is excluded because living wage needs to be earned in standard working hours;
- (ii) productivity bonuses and allowances are excluded unless they are guaranteed;
- (iii) mandatory taxes are taken into consideration because sufficient disposable income is required so workers can afford a decent living standard; and
- (iv) fair and reasonable value for in-kind benefits provided is taken into consideration, because in-kind benefits reduce the amount of cash income workers need for a decent living standard.

5. STAKEHOLDER ENGAGEMENT AND PERIODIC ASSESSMENT- While conducting the exercise of determining living wages for a particular location, the company shall involve, consult and seek participation of local stakeholders, employees, including trade unions and employer organizations when present. Local stakeholders shall be closely involved in the collection of local food and housing costs, based on visits to workers' homes and places where workers shop for food; workers provide information on local preferences and living conditions; employers and workers provide information on in-kind benefits, bonuses, and deductions from pay; and, before final conclusions are taken, stakeholders shall be asked to provide feedback and suggestions on preliminary living wage estimates. The Company will conduct periodic assessment twice in a year to determine the local living wage taking into consideration factors such as the cost of living, inflation rates, and other economic indicators.

6. EXTENDING TO SUPPLY CHAIN – The Company shall endeavor to include Contractors' labor working in own premises and those in the extended supply chain also to be paid living wages. To ensure this, the Company shall have an appropriate Buying policy to support Supply chain partners.

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Courtesy: Global Living Wage Coalition

7. COMMUNICATION AND TRAINING

- a. The Company shall communicate its commitment to the living wage policy to all employees, including contractor employees, and stakeholders involved in the company’s operations.
- b. Training and awareness programs shall be conducted to educate employees, management, and contractors about the importance of fair wages and compliance with this policy.
- c. Such trainings shall cover estimating the living wages using the Anker methodology, conducting gap analysis between living and current wages and prioritizing areas of implementation efforts.

8. REPORTING AND ACCOUNTABILITY

- a. The Company will maintain transparent records of Wages structures, living wage assessments, and any adjustments made to ensure compliance with this policy.
- b. An internal monitoring and accountability mechanism will be established to track and enforce the effective implementation of this policy.

9. COMPLIANCE OF LAW OF THE LAND:

The company shall ensure that it complies with all the laws of the land related to wages and social security as mentioned below:

- a. The Payment of Wages Act, 1936
- b. The Minimum Wages Act, 1948
- c. The Equal Remuneration Act, 1976
- d. The Payment of Bonus Act, 1965
- e. The Employees’ Provident Scheme, 1952
- f. The Employees’ State Insurance Act, 1948
- g. The Employees’ Provident Scheme, 1952
- h. The Employees’ State Insurance Act, 1948
- i. The Employee Compensation Act, 1923
- j. The Payment of Gratuity Act, 1972

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10. CONFIDENTIALITY OF WAGE AND SALARY INFORMATION

Salary is determined considering a large array of factors which may not be immediately apparent to every employee. As such, in an attempt to minimize any feelings of confusion or doubt in regards to the application of fairness in the levels of compensation provided to our employees, the Company adopts a clear guideline of the expectations for confidentiality.

All wage salary information is confidential and should not be disclosed for any reason, other than as required for appropriate financial reporting purposes. All employees are advised to keep their wages, benefits, bonuses and any other form of compensation confidential, and avoid providing or otherwise broadcasting this information with other employees, or with any third -party that does not have a bona fide need to know. Any unauthorized disclosure of confidential information by employees may impede our ability to effectively compete for talent, may create unnecessary conflict and disputes, and could lead to disciplinary action.

11. POWER TO AMEND:

- a. The guideline shall be reviewed periodically and amended as necessary to ensure its effectiveness and compliance with changing economic condition. Legal requirements, and the company's commitment to fair wages for all employees.
- b. Any change of the guideline shall be approved by the Head – Group Corporate HR.
- c. The management shall have the overriding right to withdraw and/or amend the guideline at its own discretion as it deems fit from time to time. The decision of the management shall be final and binding.

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