**YTY GROUP**

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| **Subject:** | Labour Supplier Management Procedure | **Document No.:** | YGD SA 018 |
| **Effective:** | 01/01/2022 | **Revision:** | 0 |
| **Revised By:** | Ahsha Loganathan | **Approved By:** | Ravi Ragunathan |

## 1.0 OBJECTIVE

YTY Group has a responsibility to ensure that its supply chain is socially responsible and comply with the laws, rules and regulations in the countries we operate. The purpose of this policy is to establish the requirements to ensure effective management of labour suppliers in accordance to Social Compliance and legal requirements.

## 2.0 SCOPE

This policy applies to all YTY Group labour suppliers and agents supplying local or foreign workers which may be hired as YTY employees or sub-contract workers

## 3.0 REFERENCE

3.1 Sedex Members Ethical Trade Audit (SMETA) Best Practice Guidance Version 6.1
3.2 Sedex Members Ethical Trade Audit (SMETA) Measurement Criteria Version 6.1
3.3 Responsible Business Alliance (RBA) Code of Conduct Version 7.0
3.4 Responsible Labor and Employment Policy
3.5 Labour Supplier Assessment Checklist
3.6 Service Agreement Checklist
3.7 Employment Contract Checklist
3.8 YTY Code of Conduct for Suppliers

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## 4.0 DEFINITION

**Company -** The entirety of any organization or business entity responsible for implementing the requirements of this standard, including all personnel employed by the company.

**Employer -** The company with which the worker has a binding employment contract. For the purposes of this document the employer may be YTY or a labour supplier.

**Worker -** Direct labour who is employed via a third party .

**Foreign Worker -** Workers whose nationality/country of origin and permanent residence is different from the country in which Supplier's facility is located.

**Labour Supplier -** Third-party which provides contracted direct labour services to YTY.

**Levy Fees -** A form of tax imposed by the receiving country government on Foreign Workers.

**Receiving Country -** The country in which the worker is employed.

**Recruitment Agent -** Third-party responsible for recruiting foreign workers from country of origin. For the purposes of this document the word "agent" shall be synonymous with recruitment agent.

**Recruitment Fee -** A fee associated with the process of hiring a worker as appended below.

i) **Sending Country Recruitment -** Application, reservation, commitment, or recommendation fees, recruitment operating costs, labour supplier or associated formal/informal broker and sub-agent fees and expenses for assistance in recruitment, air or ground transportation, food, and lodging costs from main processing centre to receiving country.

ii) **Sending Country Pre-Hire -** Meals and lodging during processing, passport, visa, medical and physical examinations, work permits and background checks, document processing, language instruction, occupational skills training, pre-departure orientation, counselling, translation services, documentation certification, attorney fees, insurance, academic examination, labour or welfare fund of Sending or Receiving Country.

iii) **Arrival, Placement, Return Home/Repatriation -** Air and/or ground transportation to Receiving Country. Airport tax/fees, airport pick up, post arrival document processing, transportation to supplier facility, arrival orientation and registration, ongoing management/counselling of Foreign Workers, return home/repatriation transportation.

iv) **Exceptions -** Direct transportation expenses incurred from home village to local or central recruitment centre in the Sending Country prior to selection are to be borne by the worker.

**Sending Country -** The country of origin from which a worker travels in order to gain employment.

**Social Compliance Requirements -** Labour, ethics, health & safety requirements set out in the SMETA ETI Base Code criteria, YTY Code of Conduct For Suppliers

**Supplier/Subcontractor -** An organization which provides the company with goods and/or services integral to and utilized in or for the production of the company's goods and/or services. This includes companies providing contract labour.

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## 5.0 RESPONSIBILITY

### 5.1 NEW LABOUR SUPPLIERS

5.1.1 YTY Group site is responsible to ensure that all potential labour suppliers undergo an assessment (Appendix A) using the Labour Supplier Selection Procedure to determine compliance to legal and conformance to YTY Social Compliance requirements. Labour suppliers meeting legal and Social Compliance requirements will be identified as an approved vendor. Labour supplier's not meeting YTY requirements AND who are not willing to implement necessary corrective actions to comply with legal and Social Compliance requirements - will not be selected as an approved vendor

5.1.2 All Labour suppliers are required to sign a service agreement containing contractual terms and conditions, including conformance to the YTY Code of Conduct for Suppliers

APPENDIX B: Service Agreement Checklist shall be used to evaluate contractual terms and conditions to ensure required elements are included. Note: If a contract does not contain all the required elements, it shall be modified or an addendum / supplementary agreement added, to ensure all appropriate terms are contained.

5.1.3 Labour suppliers are also required to receive and review the YTY Code of Conduct for Suppliers and sign YTY Code of Conduct for Suppliers Certification Form.

Complete APPENDIX C: Employment Contract Checklist. Labour supplier shall use the checklist to ensure that the required elements are included in their employment contract with the workers. Note: If the contract does not contain all the required elements, it shall be modified or an addendum / supplementary agreement added, to ensure all appropriate terms are contained.

### 5.2 EXISTING/CURRENT LABOUR SUPPLIERS

YTY site is responsible to ensure that existing/current labour suppliers comply with requirements in 5.1.2 and 5.1.3 above.

### 5.3 LABOUR SUPPLIER ASSESSMENTS

5.3.1 YTY sites are responsible to conduct a supplier assessment at least annually. Labour supplier assessments may be conducted using the Labour Supplier Assessment Checklist

5.3.2 The annual assessment is a continual improvement process where YTY will work together with the labour supplier on the improvement of the services in accordance with the Social Compliance requirements.

5.3.3 Labour suppliers who do not comply or who do not show improvement in meeting YTY Social Compliance and legal requirements shall be removed from the Approved Vendor List.

## 6.0 IMPLEMENTATION

This policy applies to all manufacturing sites using labour suppliers.

## 7.0 EXCEPTIONS

Any exceptions to this policy shall be approved by the VP of Human Resources.

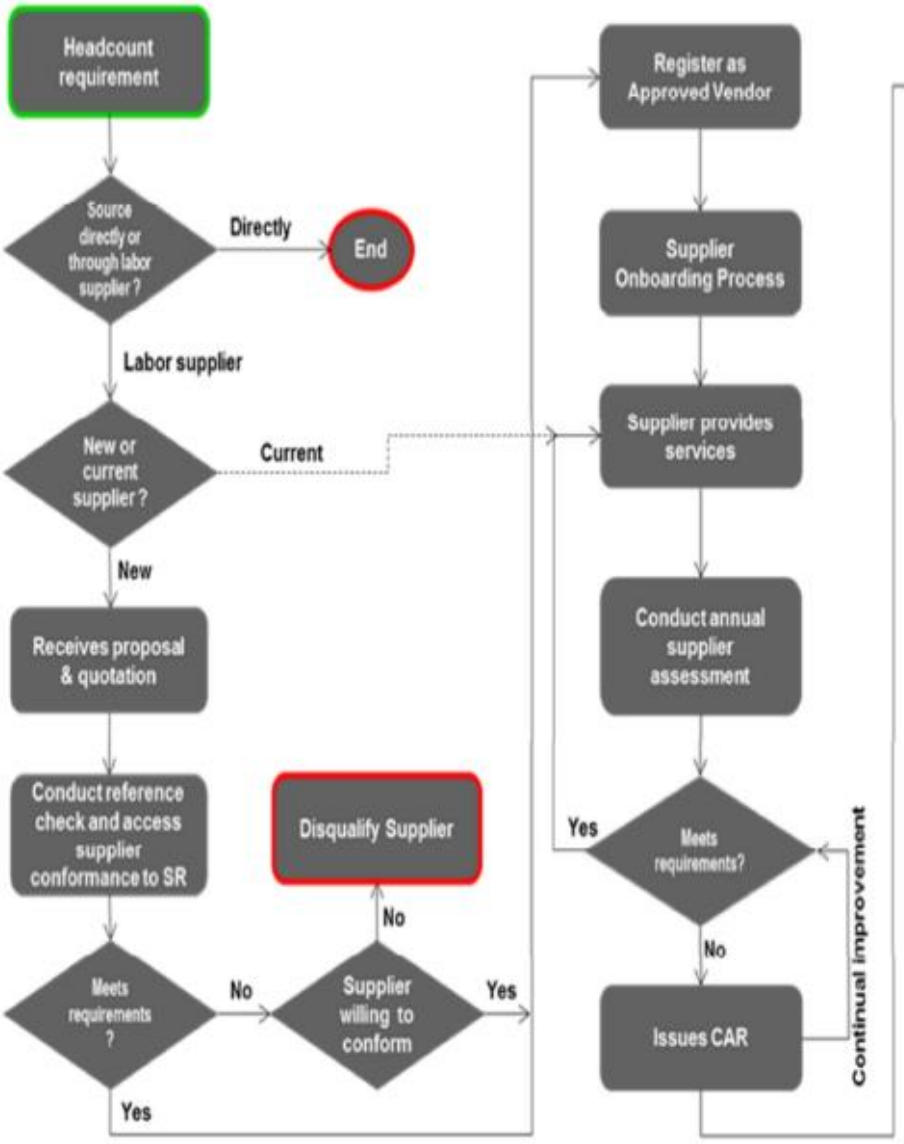
## 8.0 APPENDIXES

8.1 APPENDIX A - Labour Supplier Assessment Checklist
8.2 APPENDIX B - Service Agreement Checklist
8.3 APPENDIX C - Employment Contract Checklist

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## 9.0 LABOUR SUPPLIER MANAGEMENT PROCESS FLOW CHART




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## ***Reason For Change***

| *Old Revision* | *Current Revision* | *Effective Date* | *Page Affected* | *Revision Description* | *Revised By* | *Approved By* |
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| Nil | 0 | 01/01/2022 | All | New procedure |  Ahsha |  Ravi |

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