

Compensation & Benefits Policy



1. PURPOSE

The XYZ Company has designed a policy of general rules for employees with regard to their work hours, wages, vacations leaves of absences, and other key terms of employment regulated by the Ontario Employment STANDARDS Act (“ESA”) and associated regulations.

2. SCOPE

This Policy applies to employees who are covered by the ESA. This Policy is not applicable to the following employees:

- Exempt from the ESA or specific provision(s) of the ESA on which a particular Section of this Policy is based; or
- Employed in an industry that is subject to specific employment terms and conditions under a separate regulation made under the ESA, e.g., ambulance services, automobile manufacturing, or mineral exploration and mining.

3. POLICY BENEFITS ARE MINIMUMS

The terms and conditions of this Policy set out the minimum compensation and benefits an employee is entitled to receive under the ESA. XYZ Corporation reserves the right to grant employees compensation and benefits that are more than those required by this Policy under the terms of collective agreements and individual employment contracts with its employees.

4. PROBATIONARY PERIODS

The XYZ Company will use the first three months of an employee's employment as a deemed probationary period. In this three month time frame, XYZ Company assess the suitability of the employee's performance and conduct on the basis of quality, completeness, accuracy, productivity, efficiency, prompt and regular attendance, overall character, judgment, loyalty, dedication, attitude, professionalism, and potential for growth and development.

If the employee either at the end of the probationary period or at any time during the probationary period is found to be unsuitable for employment, XYZ Company may terminate the employee. Those employees terminated for unsuitability are not entitled to receive payment of wages in lieu of notice under the ESA or working notice under this Policy and the ESA.

At the end of the probationary period, employees who are found to be suitable for employment will be offered the position on a permanent basis. Employees will be entitled to termination notice and other rights accorded permanent employees under this policy and the ESA once they are hired on a permanent basis.

5. PAYMENT OF WAGES

Definition: For purposes of this Section and the rest of this Policy, "wages" includes:

- Monetary remuneration payable by the company to an employee under an employment contract, oral or written, express or implied;
- Any payment the company is required to make to an employee under the ESA; and
- Any allowances for room or board under an employment contract or prescribed allowances.

The term "wages" does not include:

- Tips and other gratuities;
- Sums paid as gifts or bonuses at the company's discretion and that are not related to hours, production, or efficiency;
- Expenses and travelling allowances; or
- Company contributions to a benefit plan and payments to which an employee is entitled from a benefit plan.

The XYZ company's HR will establish a pay schedule where employees will be paid on a regular basis (Weekly, bi-weekly, monthly etc.)

Payment of wages will be paid either by cash, cheque payable to the employee, or by direct deposit into a financial institution that meets the requirements of section 11(4) of the ESA. Subject to its obligations under applicable collective agreements and employment contract, method of payment will be determined by XYZ Company.

Employees will receive with each payment a written statement listing:

- The pay period the wages cover;
- The wage rate (if there is one);
- The gross amount of wages paid and how it was calculated;
- Itemization of each deduction from wages listing the deduction amount and purpose;
- Any amounts paid to the employee with respect to room and board under Sec. 23(2) of the ESA; and
- Net amount of any wages paid.

6. SOURCE DEDUCTIONS

The following deductions will be made by the XYZ Company:

- Income taxes;
- Employment insurance premiums;
- Canada Pension Plan contributions; and
- Any other source deductions required by federal and provincial laws.

7. HOURS OF WORK

Work schedules for a particular employee will be established by the employee's supervisor or manager and/or negotiated into the employee's employment contract or collective agreement. The work schedule will be created on a regular basis for an established time frame and made available, to all staff before the schedules start date.

Eating Periods and Breaks

Employees are entitled to at least one 30-minute meal break for each 5 hours of continuous work. No employee has to work 5 consecutive hours without getting time to eat. Employees when they take breaks must inform their supervisors in a timely fashion including their return from the breaks. Unless the employee's contract or collective agreement specifically requires otherwise, meal breaks will be unpaid.

Sick Days

Unless the employee's employment contract or collective agreement specifies that sick days will be paid, sick days will be unpaid.

Employees must call-in to notify their supervisor or manager when they feel they are too sick to report to work including any other XYZ Company **procedures** relating to using sick days. Unused sick days for one year cannot be carried forward to the next year. Employees will be allowed a specific number of sick days per year.

8. OVERTIME

Overtime must be approved in advance by the employee's supervisor or manager. Hourly paid employees are entitled to overtime pay at a rate of 1.5 times their regular pay for any hours they work beyond 40 hours per week. XYZ Company will determine whether and under what conditions employees may:

- Enter into averaging arrangements in which work hours over a given work period are averaged and overtime is paid at the end of the period on the basis of the average rather than actual number of hours worked per week during the averaging period;
- Trade overtime pay for extra time off; and
- Bank overtime, i.e., earn overtime pay in one pay period and receive payment for it in a later pay period.

Exceptions: The right to overtime provided for in this Section does not apply to:

- At all times, employees work schedules will meet the requirements for hours of work as contained in Part II of the ESA.
- Firefighters;
- Persons whose work is supervisory or managerial in character and who may perform non-supervisory or non-managerial tasks on an irregular or exceptional basis;
- Information technology professionals; or

- Any other employee listed in Section 8 of the Exemptions, Special Rules and Establishment of Minimum Wage Regulation as not covered under the mandatory overtime provisions set out in Part VIII of the ESA.

9. MINIMUM WAGES

Part IX of the ESA requires that all employees will be paid at least the mandated minimum wage.

Call- in Pay

All employees will be deemed to have worked and be entitled to receive call-in pay for at least 3 hours of work for a day where such employees:

- Regularly work more than 3 hours per day; AND
- Are required to present themselves for work; AND
- Work less than 3 hours.

Call-in pay will be paid at whichever of these rates is greater: i. 3 hours at the minimum wage; or, ii. the employee's regular pay for the hours the employee actually does work after presenting himself/herself at work for the day.

There is no entitlement for employees to call-in pay if the XYZ Company has a stoppage of work due to fire, lightning, power failure or similar causes beyond the control of XYZ Company.

10. STATUTORY HOLIDAY PAY

Statutory holiday pay is paid to eligible employees on the following holidays.

- New Year's Day;
- Family Day;
- Good Friday;
- Victoria Day;
- Canada Day;
- Labour Day;
- Thanksgiving;
- Christmas; and
- December 26

Method Of Calculation

An eligible employee's statutory holiday for a given statutory holiday will be equal to the total amount of regular wages earned and vacation payable to the employee in the 4 weeks before the work week in which the holiday occurs, divided by 20, as **provided** by section 21(I) of the ESA, **UNLESS** another method of calculation is specified. Where XYZ Company is required under Part X of the ESA (Section 25(1) (a), (b), or (c)) to pay premium pay to the employee, statutory holiday pay will be at least one and a half times the employee's regular rate.

Employee Eligibility Requirements to receive STATUTORY holiday pay.

If an employee falls within the definitions set out below the employee is not eligible to statutory holiday pay for a particular holiday.

- Fail without reasonable cause to work any part of either their last regular scheduled shift before the holiday or their first regular scheduled shift after the holiday (this Policy will refer to this rule as the “day before, day after rule”); OR
- Don’t work on the actual holiday when they were scheduled to do so—unless ABC Company consents to the absence or the employee has reasonable cause to be absent; OR
- Are real estate agents or brokers, agricultural employees, commercial fishermen, firefighters, hunting or fishing guides, holders of an elected, political, religious, or judicial office, landscape gardeners, swimming pool maintenance personnel, provincial or municipal police officers, teachers, restaurant and hotel workers provided with room and board, or members of the legal or other profession listed in the ESA Regulations.

Pay For Statutory Holidays

Employees will be paid for statutory holidays in accordance with Part X of the ESA depending on which day the statutory holiday falls on:

(a) When the statutory holiday falls on a day that is ordinarily a working day for the employee, the employee will be entitled to the day off with statutory holiday pay (subject to the day before, day after rule). Where the employee is required to work on the statutory holiday, he/she will be paid either:

- Premium pay of at least time and a half ($1 \frac{1}{2}$) for work done on the holiday; OR
- Another day off with pay.

(b) When the statutory holiday falls on a day that is not ordinarily a working day for the employee (including where the employee is on vacation), the employee will be entitled (subject to the day before, day after rule) to a substitute day off with the statutory holiday unless XYZ Company and the employee agree in writing that the employee will be paid statutory holiday pay for the day instead of getting a substitute day off. Subsection (b) does not apply when the statutory holiday falls on a day that the employee is on pregnancy or parental leave or temporary layoff, in which case the employee’s only entitlement will be statutory holiday pay for the day (subject to the day before, day after rule).

11. PAID VACATION

Vacation Pay Calculation

Vacation pay will be no less than 4% of wages, excluding vacation pay that the employee earned during the period for which the vacation is given.

XYZ Company will grant employees 2 weeks of vacation time after each vacation entitlement year that they complete with the Company.

Vacation arrangements must meet the requirements of Part XI of the ESA, including, among other things, the requirement that:

- The vacation be completed no later than 10 months after the vacation entitlement year for which it is given; and
- The vacation be a single 2-week period or 2 periods of 1-week each, unless the employee requests in writing and XYZ Company agrees to let the vacation be taken in shorter periods.

Following the procedures and in accordance with the rules of XYZ Company and/or collective agreement or employment contract, employees must get prior approval from

their supervisor or manager when during the year employees may take vacation and for how long.

12. UNPAID LEAVES OF ABSENCE

Without forfeiting their employment in accordance with part XIV of the ESA, all employees are entitled to take unpaid leaves of absences. Separate HR policies will be established by XYZ Company which will list the procedures employees must follow. These procedures include notification to XYZ of leave, length of leave, and other ground rules that apply to the taking of each kind of leave of absence which include:

- Pregnancy leave under Sections 46 and 47 of the ESA;
- Parental leave under Section 48;
- Family medical leave under Section 49.1;
- Organ donor leave under Section 49.2;
- Family caregiver leave under Section 49.3;
- Critically ill childcare leave under Section 49.4;
- Crime-related child death or disappearance leave under Sec. 49.5;
- Personal emergency leave under Sections 50 and 50.1;
- Military reserve call-up leave under Section 50.2; and
- Leave for jury duty under Section 41(1) of the Juries Act.

The following rules will apply to any and all unpaid leaves of absence in accordance with part XIV of the ESA.

- The employee will keep participating in ABC Company pension, life insurance, accidental death, extended health, and dental plans unless he/she elects in writing not to do so.
- XYZ Company will keep making contributions on the employee's behalf to the above plans during the leave unless the employee gives ABC Company written notice of his/her intention not to make employee contributions to the plans.
- The amount of time an employee is on unpaid leave of absence under this Policy will be included for the purposes of determining the employee's rights under an employment agreement, including:
 - The length of the employee's employment—whether or not the employment is active;
 - The length of the employee's service—whether or not the service is active; and
 - The employee's seniority.
- However, time spent on unpaid leave will not be included in determining whether a probationary employee has completed his/her 3-month probationary period.
- When the leave ends, XYZ Company will reinstate the employee to the position he/she most recently held with the Company or to a comparable position if that position no longer exists.

13. TERMINATION OF EMPLOYMENT

As required by section 57 of the ESA, employees terminated without just cause after 3 or more months of continuous employment with XYZ Company will receive written termination notice or wages in lieu of notice based upon length of service:

Length of Employment	Termination Notice
Less than 1 year	1 week
1 to 3 years	2 weeks
3 to 4 years	3 weeks

4 to 5 years	4 weeks
5 to 6 years	5 weeks
6 to 7 years	6 weeks
7 to 8 years	7 weeks
8 years or more	8 weeks

There are Circumstances/Conditions is where termination notice is not provided to employees.

These include the following employees:

- Those employed in construction;
- Terminated for willful misconduct, disobedience, or willful neglect of duty that is neither trivial nor condoned by the company;
- Those on temporary lay-off and do not return to work after a reasonable time after XYZ Company asks him/her to do so;
- Whose contract has become impossible to perform or frustrated by fortuitous or unforeseeable events or circumstances;
- That turn down an offer of reasonable alternative employment with XYZ Company or alternative employment made available through a seniority system;
- Terminated or laid off for any reason beyond the company's control, including:
- Complete or partial destruction of plant;
- Destruction or breakdown of machinery or equipment;
- Inability to obtain supplies and materials; or
- The cancellation or suspension of, or inability to obtain, orders;
- Terminated during or because of a strike or lock-out at the place of employment;
- Who is otherwise listed as not being entitled to termination notice in Section 2 of the Termination and Severance of Employment Regulation.

Statutory Severances

XYZ Company will also pay statutory severance to employees terminated after 5 or more years of employment where required under Section 64 of the ESA.

14. EQUAL PAY FOR EQUAL WORK

It is the Policy of XYZ for pay equality among genders without regard or reference to gender in any circumstance. This is what is known now in employment parlance as equal pay for equal work. In practical terms the applicability of this rule applies when:

- Employees of each gender perform substantially the same kind of work in the same establishment; AND
- The performance of such work requires substantially the same skill, effort, and responsibility; AND
- The work is performed under similar working conditions.

Exception To the Rule

The right to equal pay for equal work does not apply if the rate of pay is based on seniority, merit, a system that measures earning by quality or quality of production or by any factor other than gender.

15. NO REPRISALS

NO Reprisals in the form of dismissal, intimidation or other harmful treatment shall be meted out to employees in retaliation for:

- Asking XYZ Company to comply with the ESA legislation or regulations;
- Making inquiries about his/her rights under the ESA;
- Filing a complaint with the Ontario Ministry of Labour under the ESA;
- Exercising or trying to exercise his/her rights under the ESA;
- Giving information to an Ontario employment standards officer;