

Incentive Programs Policy



1. POLICY

- Periodically, XYZ Co. may, at its full discretion, establish incentive programs whereby clearly-defined and measurable goals are set and communicated to eligible participants. Eligible participants may receive awards in the program when they achieve or exceed set goals.
- The following types of awards are offered in incentive programs.
- Lump sum payments or payments based on a pre-determined formula.
- Travel, vacation day, conferences, training programs represent non-monetary awards.
 - In order to allow for adjustments, product returns and the determination of the outcome of the program, incentive awards made under the incentive program will be made between **[three(3)] to six (6) months]**
 - Unless otherwise authorized by the **[General Manager]** an employee must meet the eligibility requirements outlined in the incentive program.
 - Prior to implementation, the **[General Manager]** must approve all incentive programs.
 - Employee's performance evaluation, individual goal setting, or informal recognitions are not replaced by incentive programs.
 - Incentive Programs can be terminated at any time, or, for any reason in the sole discretion of the **[General Manager]** by providing reasonable written notice to eligible participants.

2. PURPOSE

- To encourage strategic goal setting for XYZ Co. and to provide formal recognition of program participants who meet set goals is the purpose of this policy.

3. SCOPE

- Incentive programs will specify which employees are eligible for incentive awards. Generally, full-time regular employees may be eligible to participate in an incentive program (depending on the program's participation criteria); specific team or departmental incentive programs may have their own eligibility criteria as determined by management upon the program's inception.

4. RESPONSIBILITY

- Establishing performance goals and strategies to meet set goals is the responsibility of the **[General Manager]**. These strategies include implementing incentive programs, or authorizing department managers to implement department-specific incentive programs in accordance with general guidelines.
- **Department Manager**

The responsibilities of Department Managers are

- To advise the **[General Manager]** of departmental performance outcomes and to propose strategies and incentive programs to improve departmental performance.
- To prepare a detailed outline of a proposed incentive program for prior approval from the **[General Manager]** to advance the following;
 - specific departmental goals;
 - objective criteria by which employee performance can be evaluated;
 - program duration and anticipated costs; and presenting same to the **[General Manager]** for approval prior to implementation.
- To communicate the rules, regulations and policies of the incentive program, to evaluate the performance of eligible participants according to the program criteria, and to present eligible participants with data used to determine if an incentive award should be made.
- In accordance with applicable human rights legislation, to ensure that the approved incentive plan is managed in a non-discriminatory fashion.
- To maintain and secure all records and data in the implementation and administration of the incentive program.
- To present evaluation of the overall success of the incentive program to the **[General Manager]**.

5. DEFINITIONS

- **“Eligible participant”** means a current full-time regular employee who meets the criteria for participation as defined by the incentive

6. REFERENCES and RELATED STATEMENTS of POLICY and PROCEDURE

SPP HR3.01.BC – Pay Principles

SPP HR3.03.BC- Pay Administration

7. PROCEDURE

- A detailed outline of a proposed incentive program shall be presented by Department Managers who wish to establish a department incentive program to the **[General Manager]** for approval prior to the implementation of the program. The outline must contain the following specifics:
 - the purpose of the program;
 - participant eligibility requirements;
 - duration of the program;
 - the targets or goals expected to be achieved during the program duration period;
 - how progress towards the targets will be measured and by whom;

- the minimum level of target achievement that must occur to earn an incentive award;
- maximum level of target achievement beyond which no incentive will be earned;
- schedule of awards to be made at varying levels of target achievement;
- what portion of an incentive award will be made on a discretionary basis, if any;
- if an award is partly discretionary, how the discretionary portion will be determined;
- a cost analysis showing the total costs of awards to be made to participants if targets are achieved, surpassed or not fully met.
- Prior to the inception of the program, an approved incentive program will be communicated in writing to eligible participants including the projected goals and objectives of the program, eligibility, duration of the program, and incentive packages.
- Each participant shall be notified of the results of the incentive program by the Department Manager and provide the participant with a preliminary estimate of any award earned under the program between **[three (3) to six (6) months]** of the incentive program term. Eligible participants will be notified by XYZ Co. of any changes to this timeline.
- After receiving program results, employees shall have **[14 days]** to advise the Department Manager of any apparent error and provide evidence of the error.
- Participants shall receive the appropriate incentive award between **[three (3) to six (6) months]** of the end of the incentive program term. XYZ Co. will notify eligible participants of any changes of this time-line.
- The Department Manager shall evaluate the incentive program within **[one (1) week]** following the conclusion of the program and concurrent with it, present his or her conclusions and recommend whether the program should be continued or discontinued.

8. ATTACHMENT

None.