Performance Bonus Policy



1. **POLICY**

To encourage, recognize and reward exemplary job performance, ABC Company may award individual employees a one-time, lump sum performance bonus payment outside of and in addition to their base compensation in accordance with the principles, rules and procedures set forth in this Policy.

2. **ELIGIBILITY FOR PERFORMANCE BONUS**

To be eligible for a performance bonus under this Policy, employees must:

- Be an active, full-time or permanent part-time employee of ABC Company;
- Have worked for ABC Company on the above basis for at least 3 continuous years;
- Have completed all required probationary periods; and
- Not have received any disciplinary action for at least the 12 previous months.

This bonus program does not apply to employees whose compensation is determined under the specific terms of a collective agreement between ABC Company and the employee's labour union. Nor does it apply to employees whose employment contracts otherwise provide for earning performance-based bonuses.

3. **PAYMENT OF PERFORMANCE BONUSES**

ABC Company management will decide whether pay performance bonuses at the end of each year, with the size of the bonus pool to be determined by the success of the Company in achieving its earning goals for the year. The bonus amount granted to an individual employee, if any, will be determined by that individual's contribution to the Company's achievement of those business goals, as determined by ABC Company management in its sole discretion.

4. **CRITERIA FOR EARNING PERFORMANCE BONUSES**

ABC Company management will set bonus amounts according to performance-based criteria included in the performance evaluation system using data from the employee's regular

performance reviews evaluating the work accomplished is reviewed with respect to two major objectives: “Accountabilities” and “Behaviours”, each of which has sub-objectives. For each of these many objectives, an employee will be given an ordinal ranking ranging from 1 (“Doesn’t meet standards”) to 5 (“Exceeds standards”). Upon completion of this multi-faceted evaluation, the overall performance of the employee will be converted into a single number. To calculate this number, the sub-objectives within a given major objective will be averaged to give the major objective a ranking. When all top level objectives have been given an average ranking, these objectives will then also be averaged together to produce an “Overall Final Rating” of one number. All employees whose final rating exceeds the value of 4.0 (carrying the descriptive rating “Exceeds”) will be eligible for a performance bonus.

5. **PERFORMANCE BONUS AMOUNT**

The amount of an employee’s performance bonus will be based on the employee’s:

- Performance rating;
- Length of continuous service with ABC Company; and
- Monthly sala

6. **LIMITATIONS**

Bonuses will be paid on a one-time basis and not be considered an addition or portion of an employee’s base pay. Payments of performance bonuses in previous years do not automatically guarantee that employees will receive annual bonuses in future years, nor the size and timing of any such payments.