

COMPANY POLICY OVERTIME

Purpose

1. To define the company's overtime policy in line with prevailing employment regulations.
2. To ensure employees are consistently and correctly compensated for the work done beyond normal hours of work. The below work shall be classified as overtime and work beyond normal hours of work;

Definition

- a. Work done after normal hours of work in a normal workday
- b. Work done on rest days
- c. Work done on public holidays

Applicability

1. The overtime policy applies to the below employees:
 - a. Wages up to RM 4,000 per month
 - b. Engaged in manual labour irrespective of wages
 - c. Engaged in operation or maintenance of any mechanically propelled vehicle irrespective of wages
 - d. Supervising or overseeing other employees engaged in manual labour irrespective of wages
2. The overtime policy shall not apply to:
 - a. Non-manual workers with wages above RM 4,000 per month. Overtime is worked at the request of the employer and is subject to the contractual terms of employment.
 - b. Approval from immediate superior must be obtained prior to performing overtime work.
 - c. Company may consider overtime work invalid if the overtime work performed is not requested or approved by the Company.

Approval

Other conditions

1. The company does not practice overtime of work of less than one (1) hour. As such, all overtime work performed shall be for a minimum of one (1) hour in order to qualify for overtime pays.
2. All overtime calculations and submissions shall be based on a 'one-hour' block. As such, employees, if agree to work overtime, must complete either one (1), two (2), or three (3) hours overtime block.
3. An employee shall not work; including overtime more than twelve (12) hours per day.
4. Overtime work is limited to four (4) hours.

Calculations and cut-off

1. The calculation of the ordinary rate of pay (ORP) and hourly rate of pay (HRP) shall be based on the following formula: -

| Ordinary rate of pay (ORP) | Hourly rate of pay (HRP) |
|---|---|
| $\frac{\text{Monthly rate of pay}}{26}$ | $\frac{\text{Ordinary rate of pay}}{\text{Normal hours of work}}$ |

2. The normal hours of work adopted by the company is 7 hours and 30 minutes per day, Mondays to Saturdays.
3. All work done beyond normal hours of work shall be compensated at the following rates.

| Overtime or work done on | | Rate of Pay |
|--------------------------|---|-------------|
| Normal Day | Hours after normal hours of work (Maximum of 4 hours) | 1.5 x HRP |
| Off Day | Normal Hours (first 8 hours) | 1.5 x HRP |
| | Subsequent hours (next 4 hours) | 1.5 x HRP |
| Rest Day | Normal Hours (first 8 hours) | 1.0 x HRP |
| | Subsequent hours (next 4 hours) | 2.0 x HRP |
| Public Holiday | Normal Hours (first 8 hours) | 2.0 x HRP |
| | Subsequent hours (next 4 hours) | 3.0 x HRP |

4. Overtime is calculated based on the wage period (by calendar month).
5. The approved overtime form is to be submitted to the HR Department for processing two (2) days after the wage period.
6. Payment shall be made no later than seven (7) days after the wage period.

Statutory compliance

1. All overtime pay and pay for work done beyond normal hours of work are subject to prevailing statutory regulations of Malaysia and shall be borne by the employee.

Others

1. Violations of this overtime policy are subject to disciplinary action, up to and including termination.
2. The Company reserves the right to amend this policy from time to time and shall notify all employees when a such amendment has been made and has been approved by the Management.
3. Should there be a translation of this policy into other languages, the English version of this policy shall be authoritative in the event of any dispute or confusion.

This sample policy/letter/document is merely a sample or guidance. Companies are advised to practice caution when drafting its HR documentation and shall always be in compliance with the Employment Act and Industrial Relations Act as well as past case laws so as to ensure the policy does not violate or infringe the prevailing employment regulations. Companies are encouraged to adopt best practices to be attractive employers and promote a productive and competitive operating landscape. The author shall not be held liable for any damages or claims arising from the usage of the contents of this document.

Prepared by Arulkumar Singaraveloo
HR Consultant; arulkumar.singaraveloo@gmail.com