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Compensation & Benefits Policy PT CRAYON SHINCHAN

Policy Effective Date: <07/08/24>

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Revision History

Ver No.	Change Description	Prepared By	Reviewed By	Approved By	Date

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1. Objective

The objective of the Compensation and Benefits Policy (The Policy) is aimed towards building a strong framework of pay structure for the organization to create a competitive work environment for its employees.

The policy aims to be transparent about compensation plans and communicate the same to its employees.

2. Scope & Applicability

The Policy defines the principles upon which the organisation's Compensation and Benefits (C&B) structure has been formulated. It also serves as a strong base for referring to the structure and elements of compensation for employees and the HR department alike.

The Compensation and Benefits policy applies to all employees working with the organization.

3. Definition & Glossary

Term /Abbreviation	Definition / Expansion
EoSB	End of Service Benefits
GCC	Gulf Cooperating Countries
GPSSA	General Pension Social Security Authority

4. Policy / Process

4.1 Policy Definition

The Policy defines the overall C&B structure for employees and the principles upon which it is based. The policy document aims to act as a guide and referral document to the respective stakeholders.

The basic principles on which the Policy is designed are as follows:

Equal Pay for Equal Work

The Policy defines a pay structure based on "Equal pay for equal work" principles, meaning that employees should be compensated commensurate with their skills and experience.

Non-Discrimination

The organisation does not believe in discrimination amongst and within its organisation based on caste, creed, color, religion, nationality, gender and

pays equally to all its employees as per the designated job roles of the employees within the organisation.

Transparency

The organisation believes in the principle of transparency, i.e. the employees of the organisation are rewarded and compensated as per the respective job roles and performance within the organisation.

4.2. Procedures

The procedure of formulation of C&B policy is explained via the different components of C&B. The policy document aims to share with the respective stakeholders the description and various components of compensation in terms of Fixed and Variable features.

Fixed Components

The following are the Fixed components of compensation of the organisation:

- Basic Salary
- Housing Allowance

The total of Basic Salary and Housing Allowance is the Gross salary.

- The Basic Salary is 50% of the Gross salary.

Allowances

Any other additional benefits, i.e. Car Allowance + Fuel Allowance (depending upon the hierarchy within the organisation and job responsibilities)

The following are the Variable Benefits of the compensation Structure

- Overtime (depending upon the hierarchy within the organisation)
- Incentives and/or Bonus (depending upon the hierarchy within the organisation and job within the organisation)

Mandatory Benefits

The following are the components of Mandatory Benefits that are extended to employees.

- Visa and Employment processing fee – The visa fee of employees shall be borne by the organisation. However, the visa for immediate family members shall have to be borne by employees themselves. If any requests for assistance in providing family visa is made by employees, then the organisation shall assist employees. However, the amount for family visa shall have to be paid to the organisation as per the mutual understanding and agreement between the organisation and employees.
- 30 days Paid Leave i.e. Annual Leave : Depends upon the tenure of employment within the organisation and successful completion of the probation period.

- Medical Health Insurance of employees Medical Health Insurance of the immediate dependents shall have to be undertaken by respective employees. If any requests for assistance in providing medical health insurance for immediate family members are made by employees, then the organisation shall assist them. However, the amount for medical health insurance for close family members shall have to be paid to the organisation as per the mutual understanding and agreement between the organisation and employees.
- End of Service Benefits (ESB) like Gratuity and pending leave salary at the end of service, i.e. applicable if either the employee leaves the organisation or if the employee service contract is terminated by the organisation. To receive the EoSB, employees must have completed at least one year of service with the organisation.
- Pension scheme - Emirati nationals and GCC nationals are enrolled in the Pension scheme with GPSSA.

Variable Benefits: Descriptions – Eligibility - Calculations:

Incentives and/or Bonus

The Incentive and/or Bonus is extended to employees once the organisation achieves its profitability targets and/or is extended on the occasions of festivals.

- Employees become eligible for the same upon completing one year of service with the organisation.
- The Incentive and/or Bonus are shared on an annual basis.
- The Incentive and Bonus are decided and disbursed based on company and individual employee performance.
- The Incentives and Bonus disbursement is at the discretion of management and/or the board of directors.

Overtime

Overtime is given to employees in the event employees devote extra hours to duty or work on a holiday.

- Overtime is extended to employees depending upon the job hierarchy within the organisation.
- The organisation may extend the compensatory off instead of overtime, i.e. employees shall be granted leave in return for working on a holiday and/or extra hours.
- Overtime is calculated on the Basic salary plus 25% of that pay.
- Overtime could increase to 50% if the overtime is done between 10 pm and 4 am.

Mandatory Benefits: Descriptions, Eligibility & Calculations:

Visa and Employment processing fee

- It refers to the costs related to visa and labour contracts submission in the labour department.
- The process of visa issuance and formulation of the service agreement is initiated as per the date of joining of employees.

Medical Health Insurance for employees

- It refers to the health insurance of employees, the cost of which is borne by the organisation.
- Employees working under fixed-time employee service contracts are eligible for the same.
- The Medical Health Insurance of employees is offered until the end of employment service contract with the organisation.

30 days Paid Leave, i.e. Annual Leave

- The same is extended upon completion of one year of service with the organisation.
- The same is equivalent to a one-month salary of an employee.

Maternity Leave

- Maternity leave is given to female employees who are going to give labor.
- Maximum maternity leave period is 3 months.

End of Service Benefits (ESB)

- The same is extended to employees if they decide to leave the organisation or are terminated by the organisation. ESB refers to gratuity or any paid leave salary that has not been paid by the organisation.
- In the event employees serve the organisation for more than 1 year and less than 5 years, the full gratuity pay would amount to 21 days' salary for every year of service.
- If employees serve the organisation for longer than 5 years, the gratuity will amount to 30 days' salary for each year worked over the 5-year threshold.
- The total gratuity payment, regardless of the type of employment contract, will not exceed the amount of the employee's 2 years' salary.

Pension and GPSSA

- Pensions are extended to Emirati nationals in the UAE. All Emirati and GCC nationals are enrolled with the GPSSA. The calculation of employee and employer contributions is different in the government and private sectors. In the government sector, the employee and employer contribution to Pension is as follows:
- **Government sector:** Employer Contribution: 15% of basic monthly salary, social allowance of a national, allowance for children, allowance for the cost of living, and allowance for accommodation. Employee Contribution: 5% of basic monthly salary, social allowance of a national, allowance for children, allowance for cost of living, and allowance for accommodation
- **Private sector** - Employer Contribution: 12.5% of the contractual salary stipulated in the employment contract, including basic salary and allowances (to be paid regularly and monthly). Employee Contribution: 5% of the contractual salary stipulated in the employment contract, including basic salary and allowances (to be paid on a regular and monthly basis). Government Contribution: 2.5% contractual salary stipulated in the employment contract, including basic salary and allowances (to be paid on a regular and monthly basis).
- The minimum base amount for calculating GPSSA is 1,000 AED.
- The maximum base amount for calculating GPSSA is 50,000 AED.
- The salary for the month of January each year is the basis of the social contribution calculation for the remaining months (i.e. February to December).

Pensions

- An Emirati becomes eligible for pensions if the employee completes 20 years of service and is at least 50 years of age.
- The amount of pension increases by 2 per cent for every year the employee works after 20 years of service until the employee completes 35 years of service.
- When employee/s completes 35 years of service, the respective employee qualifies to get a pension equal to his salary.
- When an employee exceeds 35 years of service, then he shall get a pension equal to salary of three months for each year.
- Pension for GCC Nationals: A GCC citizen who works in another GCC country has the right to enjoy a pension in the same ways as he/she would enjoy if working in his/her own home country. He/she is eligible to receive a pension as per the respective law of his/her country.

4.3 Responsibility – HR department / Finance department

- The Manager HR shall keep the records of the employees at the time of joining and/or whose employment service has been terminated.

- For finalisation of ESB , the Manager HR and Manager Finance shall have to be in constant communication regarding the details of employees leaving the organisation or whose employment service contract is being terminated by the organisation.
- For finalisation on visa processing initiation and employment process, the Manager HR and the Manager Finance shall have to be in constant communication to discuss the expenses related to the same.
- The Manager HR should keep records of the employees eligible for social contributions.
- The Manager HR should keep records of the employees of GCC nationals.
- Payments to GPSSA should be processed through organisation's corresponding bank or exchange houses
- Database of requisite employees should be reviewed on a monthly and annual basis to ensure that no eligible employee is missed out on payments.
- The Manager Finance should budget and manage the funds for the release of employees' benefits.

5. Non-compliance and consequences

The organisation shall take necessary disciplinary actions in terms of non-compliance by the requisite parties involved in collecting the records of employees' Compensation and Benefits. The Disciplinary action includes demotion, reprimand, suspension or termination, and detraction of benefits for a definite or indefinite time. An investigation committee shall be formulated for an unbiased investigation of the complaint submitted for non-compliance to the Compensation and Benefits Policy.

6. Special Circumstances and Exceptions

In the event the requisite HR Manager and/or Manager Finance is unable to formulate the data and/or any employees contribution failed to be made on a monthly basis and/or the contribution is missed out due to software and/or technical challenges in the bank system, then no necessary disciplinary action shall be undertaken against the particular HR employee and/or Manager Finance.

ANNEXURE A
Template 1
EMPLOYEE GRATUITY RECORD TEMPLATE

Name	
Department	
Designation	
Date of Joining	
Duration of Service in months	
Total duration of service in years	
End of Service Date	

Template 2
EMPLOYEE MASTER DATABASE FOR EoSB

S.no.	Employee Code	Name	Department	Designation	Date of Joining	Duration of service (in years)	End of Service Date	Total EoSB amount

Template 3
EMPLOYEE MASTER DATABASE FOR VISA PROCESSING AND MEDICAL HEALTH INSURANCE

S.no.	Employee Code	Name	Department	Designation	Date of Joining	Visa Applied/received	Medical Helath Insurance (Applied/received)

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