Global Compensation Training
Americas Region Module
Compensation Training Overview

- The Oracle Compensation Training for managers includes the following modules:
  - Introduction
  - Job Classification and Global Job Table
  - Salary Ranges
  - Managing Pay
  - Compensation Processes
  - Region specific modules
    - Americas
    - Asia Pacific
    - Europe, Middle East and Africa
    - Latin America
Topics

- Compensation information specific to the Americas Region
  -- Canada Overtime Pay
  -- Ontario "Excess Hours"
  -- Canadian Equitable Compensation Legislation
  -- Notifications – US ONLY
  -- Job code selection for temporary employees – US ONLY
  -- Geographical Differentials – US ONLY
Canada: Overtime Pay

- Overtime eligible employees in Canada are all salaried – not hourly as some OT-eligible employees in the US
- Local legislation in each province determines overtime eligibility
- You can verify eligibility for each job code in Canada by going to the Employee Handbook – Overtime:
  - Which jobs are eligible by province
  - Required minimum hours in a day or week
- Overtime paid at 1.5 times an employee’s base salary hourly rate
We will start this training by focusing on Oracle Canada.

In Canada, overtime is handled differently than it is in the U.S. Just as an example, all overtime eligible employees in Canada are salaried, as opposed to some being hourly as they are in the U.S.

What's more, there is not a single set of rules governing the eligibility of overtime. Instead, each individual province passes its own legislation for employees who are employed in their own provinces. This legislation addresses issues such as which types of jobs are overtime eligible and the minimum number of hours that an employee must work in a day, or week, in order to require overtime pay. As a result, a job that is overtime eligible in one province may not be in the next, and vice versa. Due to the complexity in the legislative environment, we have developed a search tool in the Canada Employee Handbook that illustrates which jobs are eligible by province, and the minimum number of hours in a day, or week, that an employee must work in order to receive overtime pay. Even though your employee may work all over the country, and even around the globe, the province where the employee's Oracle office is located determines the overtime eligibility.

It is imperative that employees are assigned the correct job code. If the job code is inaccurate, the employee may be ineligible to log overtime in OTL, or be eligible when they should not be.

After you have consulted the look-up tool, and you have learned if the job is overtime eligible in the province where your employee works, and the minimum number of hours that must be worked for overtime to apply, the rate of overtime pay is the same in all provinces: 1.5 times the employee's base salary hourly rate.

When we say "base salary hourly rate" we mean taking the employee's weekly salary and dividing it by 37.5 hours, which is the standard work week at Oracle Canada. All hours worked above the provincial threshold would be paid at 1.5 times this base salary hourly rate.
Ontario: "Excess Hours"

- Overtime eligible employees in the province of Ontario must sign an unaltered "Excess Hours Agreement Form":
  - To work more than 48 hours a week
  - To work more than 8 hours a day
- Signing is voluntary:
  - If employees do not sign they cannot work more than 48 hours a week or 8 hours a day
- Agreement Form available on Canada Payroll page on myoracle.com
After you have identified any overtime eligible employees in the province of Ontario on the look-up function on the Canada HR Overtime page, there is an additional step that must be completed. Employees who are eligible for overtime in the province of Ontario must be presented with the "Excess Hours Agreement Form". Again, this only applies to overtime eligible employees in Ontario.

In Ontario, an overtime eligible employee starts earning overtime after 44 hours in a week. In order to work ABOVE 48 hours, however, the employee must sign an unaltered "Excess Hours Agreement Form". Signing this form is voluntary. If the employee does sign the Agreement, he or she is not obligated to work any hours above 48 hours per week. However, if an employee does not sign, he or she is not permitted to work more than 48 hours per week. Canada Payroll maintains the signed Excess Hours Agreement Form for all overtime eligible employees and monitors overtime hours to ensure the legislation is enforced. Prior to scheduling an overtime eligible employee for overtime hours, managers must ensure that the employee has signed the "Excess Hours Agreement Form".

Canada Payroll is responsible for administering the Excess Hours Agreement Form. The form expires every three years and Canada Payroll will re-solicit overtime eligible employees in Ontario by sending the form to the LOB heads, who forward it to the managers. Upon receipt of the form, the managers request that the employees sign the form for another three-year term. Once an employee has signed, he or she may rescind his or her consent at any time. Conversely, if an employee initially declined to sign the form, he or she can sign at any time.

Managers who hire overtime eligible employees in Ontario should review the form with their new employees. The form can be accessed on the Canada Payroll website.
Canada: Equitable Compensation Practices Legislation

- Pay Equity:
  - Equal pay for work of equal value
  - Targets gender gaps in total earnings
- Employment Standards:
  - Equal pay for equal work
- Human Rights:
  - Eliminate discriminatory practices
Canada has three separate sets of legislation that aim to eliminate any discriminatory practices regarding compensation decisions.

Pay Equity legislation was introduced to close the earnings gap between jobs in the labour market that are predominantly male and those that are predominantly female. Pay Equity focuses on equal pay for work of equal value.

The best example to illustrate the inequities the legislation is designed to address would be taken from a hospital setting, comparing a nurse (a predominantly female job) to a lab technician (a predominantly male job). If we were to evaluate both jobs using the same job evaluation system, we would probably find that the two jobs have the same value. However, in reality, in many cases it was proven that the average compensation was lower for the predominantly female job (the nurse).

Another piece of Canadian legislation, Employment Standards, has a broader target than just gender, by focusing on equal pay for equal work. The intent of this legislation is to ensure that compensation decisions for employees doing the same work are free of any discriminatory practices.

Canadian Human Rights legislation defines prohibited grounds of discrimination that apply not only to compensation processes but to a broad range of human resources practices and relationships in the workplace.
Canada: Equitable Compensation Practices Legislation (cont.)

- Translated into work practices:
  -- Jobs have different salary grades compared to other countries
  -- Employees must be paid at least the minimum of the range
  -- Employees can not exceed the maximum of the range (exception: employees from acquisitions)
  -- All employees in the same job code must be on the same sales plan
To reiterate, the common denominator of the three pieces of Canadian legislation we reviewed in the previous slide is to ensure that no discriminatory factors influence an employee's earnings potential. To remain legally compliant with this legislation, several practices have been implemented at Oracle Canada.

First, in Canada a job evaluation system is applied: all jobs are evaluated using the same set of factors. One outcome of this process is that a job code in Canada will be in a different salary grade than it is in the US or other countries.

Next, all employees must be paid within the range: no employee's base salary can fall below the minimum of the range, nor can it exceed the maximum of the range. When employees join Oracle Canada through an acquisition, we typically do not reduce their salary to bring them within the maximum of the range. In this case, however, the employee would not receive an increase in base salary until year over year range movement has brought the employee within the range, or the employee changes jobs to one in a higher grade and salary range.

If salary range movement results in an employee's salary falling below the minimum of the range because the ranges have increased, we generally wait until the next salary review cycle to increase the employee's salary to the range minimum. Each year during the salary increase process, employees who are below the minimum of the range must be brought to the minimum of the range before any other pay increases can be awarded to other employees.

For employees in sales roles, all employees in the same job code must be on the same sales plan, which includes pay mix, and receive the same monthly car allowance.
US ONLY - Complying with Wage Hour Law - Fair Labor Standards Act of 1938 (FLSA) and Similar State Laws

- Purpose/Coverage
  - Sets minimum wage, overtime eligibility and recordkeeping requirements.
- Exempt/Nonexempt
  - Job duties must meet regulatory standards to be exempt from overtime.
- Presumption is that employees are overtime-eligible

- Things to be aware of:
  - Proper classification of employees
    - Hire in the right job family
    - Hire at the right level
  - Payment for overtime hours worked
  - Meal & rest periods
  - On-call time
  - Training time
  - Travel time
- The Manager Toolkit, which is posted on the Manager Resource Guide website, is an excellent information source.
Now, we are moving on to compensation topics relevant to US employees.

FLSA applies to all 50 states as well as the District of Columbia and Puerto Rico. Many states also have their own wage and hour laws. Some states, like California, have laws that are more strict than the FLSA. Therefore, you should always be working with your comp analyst and HR manager to ensure compliance with wage and hour laws.

The primary objective of the FLSA of 1938 was workers rights. It specifies a minimum wage, requires overtime pay, and restricts child labor.

The FLSA and state laws, generally set forth: 1) who receives overtime; 2) how to account and pay for this overtime, and 3) what recordkeeping is required by the employer to document this overtime.

Those covered include your employees, your temporary employees, and contractors.

The legal tests for proper classification are complex and can be considered “as clear as mud”. There are many grey areas. So as an Oracle manager it is very important to ensure that you are working with your corporate compensation analyst and HR on classification issues.

It is important to be sure you are hiring and transferring into the appropriate job level that matches your employee’s experience, knowledge, and skill set. When in doubt, ask for assistance and guidance from your HR Business Partner or Compensation Analyst.
FLSA and/or State Laws Provide for the Following Exemptions:

- **Executive** - Mgmt of enterprise or department, regularly supervises at least 2 FTE employees, authority to hire/fire, exercises discretion, spends more the 50% time doing exempt work

- **Professional** - Medicine, Dentistry, Optometry, Architecture, Engineering, Teaching, Accounting – California requires certification or license.

- **Computer Professional** – Primarily engaged in work that is intellectual and creative, requires discretion and independent judgment, high-level work such as systems analysis, systems design

- **Administrative** – Employee must customarily and regularly exercise discretion and independent judgment. More than 50% of work time engage in exempt work. Does not engage in production work.

- **Outside Sales** – primary duty is making sales or obtaining orders or contracts for service. The employee spends his time primarily away from the office

- **Inside Sales** – Requires that at least half of the employee's compensation be from commissions and work in retail or service establishment
This data was obtained through some of the bank's information systems and in each of the major mergers. This data is not intended to be used outside the scope of the bank.

It is important to remember that a determination of whether a transaction is made is based on the bank's database. The information is not intended to be used by any unauthorized individual. Although these data safeguards may vary, the bank is committed to maintaining the confidentiality of its information.

*Confidential: Internal use only - not for external use or disclosure*
US ONLY - Working Overtime

- Employees are required to accurately record their time
- Overtime rate varies by state
- Manager approval required for overtime
- Oracle pays for all hours worked, even if no approval
- Provide opportunity for meal and rest periods in accordance with state law
Employees who are overtime eligible are required to record the hours they work in Oracle Time and Labor (OTL). Employees must record when they begin work, end work, take a meal break, or take a vacation or sick day. It is important that managers encourage their employees to accurately record the hours they are working, so they get paid properly.

The rate of overtime varies by state. In many states, employees are paid at a rate of 1.5 times their regular rate of pay after working 40 hours in a work week. In some states, like California, employees receive overtime after working 8 hours in a day or 40 in a week. Oracle requires employees to obtain manager approval before working overtime. If an employee works overtime without approval, Oracle is still required to pay the employee for the hours he or she worked. As a manager, you should counsel your employees on the importance of obtaining appropriate approvals prior to working overtime. Work with your HR manager whenever you have questions or concerns regarding employee overtime.

Overtime eligible employees are also generally entitled to take a meal and rest period. You should make sure meal and rest periods are made available to these employees. Work with your HR manager if you have questions regarding the variance of state laws on this issue.
Choosing the Correct Job Code

- It is critical that employees be in the correct job code throughout their employment with Oracle, in order to avoid potentially costly lawsuits.
- The job code selected determines the employee's eligibility for overtime pay.
- If the job code is determined to be incorrect, the employee may not be classified and/or paid correctly.
Please cite your title, department, or corporate affiliation when making questions about the distribution of any of your employment.

Please contact your HR manager or corporate compensation manager if you have questions about the distribution of any of your employment.

If you have questions about a separate agreement, please contact your HR manager or corporate compensation manager. Your HR manager will also coordinate with the information office to ensure the accuracy of the job description and any necessary changes will be handled prior to distribution on the appropriate job sites.

This information applies to all employees, including employees who are eligible for overtime, to ensure the accuracy of the job description and any necessary changes will be handled prior to distribution on the appropriate job sites.

CONFIDENTIAL

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US ONLY - Workflow Notifications

- Corporate Compensation is in the approval chain for workflow notifications with the following characteristics:
  - Internal transfers from overtime eligible to non-overtime eligible roles
  - Requires completion of Job Classification Review form
  - All M4 and above promotions in all functions
  - New hire offers 100K and below that are not overtime eligible
Corporate compensation is part of the approval hierarchy for some internal transfers and promotions in the US.

When an employee's job change involves a change in classification status from overtime eligible to non-overtime eligible, the manager will receive an email from Corp-Comp requesting that he or she complete a job classification review form for the new role. This completed form helps Corp-Comp validate that the correct job code and level were chosen for the new position, and it confirms whether it is appropriate to remove the employee from the overtime eligible pay schedule. Please be sure to include the percent of time spent on each duty and complete the form for the specific individual, not just the general position description. It is essential that these forms contain accurate information.

In addition to the overtime eligible role changes, Corp-Comp will also have to approve all M4 and above promotions in all functions. This audit step went into effect in the Fall of 2008. When corporate comp receives a notification for this level of promotion, a compensation analyst will contact the manager to ask some questions about the new role. These questions may include: How has the employee's role changed? How many direct & indirect reports does he or she have? Will he or she be responsible for a single business unit, or multiple units? How is he or she involved in the strategic direction of the team? etc.
US ONLY - Job code selection for Temporary Employees

- In the majority of cases a temporary employee should be assigned job code 50100 Student/Intern (overtime eligible).
- Job code 50200 Professional Student (not overtime eligible) is appropriate for those individuals who fall under the Learned Professional exemption; ie: Attorneys
- Please refrain from classifying temporary employees in Oracle’s regular employee job codes.
US ONLY - Geographical Differentials

- Used to better align pay with local competitive market pay rates
  -- Should an employee in SFBA be paid as much as an employee in Kansas City?

- Two separate pay structures

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<tr>
<th>Job Title</th>
<th>HQ</th>
<th>Non-HQ</th>
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- Differential of [ ] applies to Non-HQ locations
Tools and Resources

- Your manager
- The local Compensation/HR department
  -- the HR Global Website lists compensation contacts & you will find your HR Rep & Manager by checking your ARIA page
- Internal Websites
  - MEE
  - DBI
  - CWB – used for bonus, stock & salary increase processes
  - IWB – shows salary information and history for all employees within your organization
- HR Global Website, global HR policies
In a self service organization like Oracle, there are many resources available to educate you on making compensation decisions.

Your manager should be your number 1 resource for compensation-related discussions. He or she can give you direction about compensation decisions made at the line-of-business level. For example, during the salary increase, bonus, and stock processes, some LOBs may implement specific strategies on how they want to allocate their budget pools.

Another important resource for you is the local Compensation manager or HR manager for the country in which the employee works. He or she will be able to provide expertise on local practices, processes and requirements for that country. In addition to providing advice on day-to-day comp decisions, the compensation team and HR team can also provide advice for some of the more difficult compensation-related challenges that you may face. You can find your HR Contact and HR Manager by checking your ARIA page. The appropriate compensation contact can be found on the HR Global website.

In addition to personal resources, Oracle has plenty of online resources available to you. There is a wealth of information available through the global HR website and through HRMS applications, like Manager Self Service (often referred to as MEE), Compensation Workbench (known as CWS) and Information Workbench (often referred to as IWB).

On the HR Global Website you will find the country HR sites, global compensation information, employee handbooks and global policies such as code of ethics and Business Conduct.

Compensation Workbench is used for comp processes such as the Global Corporate Bonus and the Salary Increase Review and on IWB you will find job and salary information and history for all employees within your organization.
Information Workbench (IWB)

- Main View options:
  -- Salary
  -- Job Information
  -- Sales Salary
  -- Total Compensation (summarized - Rolling 12 months)
  -- US hours worked - great tool to track overtime hours

- Filters:
  -- All employees
  -- Direct employees
  -- By team
  -- Per country

- There is also a training video available under: Information and Links / Trainings.