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## Human Resource Policy - Compensation & Benefits

**Effective Date:** 01 Aug 2025

**Policy Owner:** Human Resources Department

**Reviewed By:** Vivian Heng

**Next Review Date:** 31 Jul 2026

### Policy Statement

DG Packaging is committed to providing fair, transparent, and compliant compensation and benefits to all employees. This policy outlines salary practices, overtime entitlements, reimbursements, and support mechanisms that promote wellbeing, productivity, and long-term commitment, in alignment with Singapore's Employment Act and internal operational standards.

### Part A: Compensation Provisions

#### 1. Pay Day

- Salaries are credited via direct deposit on the last calendar day of each month, unless it falls on a non-working day
- If the last day of the month falls on a public holiday or weekend, salary will be credited on the preceding working day
- In compliance with Section 20 of the Employment Act, salary will be credited no later than 7 days after the end of the salary period
- Resigned employees will receive final salary via bank transfer on their last working day, subject to exit clearance, or within 3 working days, in accordance with Section 21 of the Employment Act

#### 2. Pay Period

- The pay period runs from the 1st to the last day of each calendar month
- Employees are paid on a monthly-rated basis
- Salary will be pro-rated for partial service within the pay period
- Overtime claims are processed based on a cutoff date of the 23rd of each month to allow for payroll consolidation. Overtime worked from the 24th onward will be reflected in the following month's payroll.

#### 3. Salary Deductions

- All salary deductions will comply with Section 26 of the Employment Act, which permits deductions only when:
  - Authorized by law
  - Ordered by a court or government authority
  - Made with the employee's written consent for specific purposes
  - Required for statutory contributions (e.g. CPF)



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- Deductions may apply for:
    - Unjustified absences or reduced working hours without valid reason
    - Repeated instances of lateness that cumulatively affect expected working hours over the course of the calendar month.
  - Deductions will be calculated based on the employee's basic salary and may be considered during performance appraisal.
  - Unpaid leave deductions are calculated using the Ministry of Manpower's recommended daily rate formula, ensuring consistency regardless of the month in which leave is taken or processed. Retroactive deductions will reflect the salary rate applicable during the leave period. This policy supports transparency, fairness, and market-aligned payroll practices.
  - For any deduction related to damage or loss of company property, the Company will:
    - Conduct an internal inquiry
    - Allow the employee to respond
    - Limit the deduction to 25% of one month's salary, unless otherwise approved by MOM
  - The Company will ensure that no more than 50% of an employee's salary is deducted in any month, except in cases of final salary payment upon termination
  - Employees will be notified in writing of any deductions made, with supporting explanation and breakdown

Eligibility Reminder: The provisions outlined in Sections 4 to 5 — including overtime compensation, rest day pay, and public holiday pay — apply only to employees covered under Part IV of the Employment Act, which includes:

- Workmen earning a monthly basic salary of SGD \$4,500 or less
- Non-workmen earning a monthly basic salary of SGD \$2,600 or less

Managers and executives are excluded from Part IV coverage and not subject to statutory overtime and holiday pay entitlements. DG Packaging may, at its discretion, offer alternative forms of compensation (e.g. Time Off in Lieu (TOIL) or Job Activation Fees) for this group.

#### **4. Overtime Compensation**

- Overtime must be pre-approved by the Head of Department
- Capped at 72 hours per month under the Employment Act
- Only employees covered under Part IV are eligible for overtime pay

Rates:

- Weekdays & Saturday: 1.5× hourly rate
- Public Holidays & Rest Day: 1.5× hourly rate



Hourly Rate Calculation Formula:  $(\text{Monthly Salary} \times 12) \div (52 \text{ weeks} \times 44 \text{ hours})$

*Note: In accordance with Part IV of the Employment Act, non-workmen earning a monthly basic salary of \$2,600 or less are legally entitled to overtime pay. DG Packaging's policy stipulates that non-workmen earning above \$2,600/month are not eligible to claim hourly overtime pay.*

## 5. Working on Rest Days (Sunday) and Public Holidays

Compensation structure (Part IV-covered employees):

Scenario	Employer Request	Employee Request
≤ Half Day	1 day's salary	½ day's salary
> Half Day	2 days' salary	1 day's salary
Beyond Normal Hours	2 days + OT pay	1 day + OT pay

For public holiday work, eligible employees receive:

- An additional day's salary at basic rate
- Gross pay for the holiday
- Overtime pay for excess hours

Daily Rate Formula:

$(12 \times \text{Monthly Basic Pay}) \div (52 \times 5.25 \text{ days})$

## 6. Time Off in Lieu (TOIL) – Non-Part IV Employees

For employees not covered under Part IV (e.g. managers and executives), the Company may offer Time Off in Lieu (TOIL) or extra pay as an alternative, subject to mutual agreement and manager approval.

TOIL Structure:

- Work ≤ 4 hours: 4 hours of time off on a working day
- Work > 4 hours: 1 full working day off
- TOIL must be taken within 3 months of accrual
- Not applicable for work already compensated via overtime pay or job activation fees

This policy applies to work conducted on Sundays, public holidays, and designated Saturday training sessions.

## 7. After-Office Job Activation Fee

For customer-paid overtime jobs:

Role	Activation Timing	Amount per Job
Operations Personnel	Anytime (Standard Activation)	\$70



Role	Activation Timing	Amount per Job
Operations Personnel	Between 2200hrs and 0700hrs	\$85 per day
Customer Service Staff	Whenever activated	\$10

If multiple employees are involved, the amount will be divided accordingly. These fees are CPF-contributable.

**Claim Requirements:**

- Ops staff must indicate activation on the Delivery Order (DO)
- Submit claims to HR by the 23rd of each month
- Stacking of benefits is not allowed unless job scopes are clearly separate

**8. Cross-Department Activation Principle**

DG Packaging may activate employees from various departments to support operational needs outside standard working hours. To ensure fairness and consistency, the following principles apply:

- Standardized Remuneration
  - Activated employees will be compensated at a standardized hourly rate of \$25/hour, with a minimum guaranteed amount depending on the day:
    - Weekdays: \$25/hour or \$100, whichever is higher
    - Weekends (for non-shift staff): \$25/hour or \$150, whichever is higher
  - This ensures internal equity across departments, regardless of job grade or base salary.
- Manager Activation
  - Managers activated outside their regular scope may be eligible for Off-In-Lieu (OIL), subject to Management approval.
  - OIL may be granted by the management based on hours contributed. Usage of OIL is subject to operational feasibility and must be scheduled with management approval.

**9. Annual Salary Review & Performance Bonus**

- Salaries are reviewed annually for confirmed employees as part of the Company's performance management process
- Salary increments are not guaranteed and may be awarded based on:
  - Company performance and business outlook
  - Team contribution and operational effectiveness
  - Individual appraisal and role alignment

*Note: The Company may exercise wage restraint in periods of economic uncertainty or operational restructuring, in line with National Wages Council (NWC) guidelines*

Annual Bonus:



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- Discretionary and merit-based
  - Quantum may vary based on Company performance and individual contribution
  - Not payable to employees who resign or are dismissed before the payout date

## **10. Salary Structure & Progression**

### **10.1 Salary Bands**

Employees are assigned to job grades — including Staff, Supervisor, Manager, and Senior — each with corresponding salary bands based on role scope, qualifications, and operational responsibilities. These bands are reviewed periodically for market relevance and internal alignment

### **10.2 Salary Reviews & Adjustments**

Salaries are reviewed annually in alignment with budget cycles and performance evaluations. Adjustments may be considered for cost-of-living revisions, upskilling achievements, role expansions, or reclassification.

### **10.3 Progression Criteria**

Movement across *job grades and corresponding salary bands or entitlements tiers* will be based on

- Documented performance review outcomes
- Tenure thresholds (e.g. minimum 18 months in current tier)
- Completion of designated training or development milestones
- Managerial recommendation and availability of enhanced roles

### **10.4 Promotion Guidelines**

Promotions will be endorsed by HR and relevant department heads, subject to:

- Business needs and available headcount
- Evidence of leadership or expanded scope
- Internal audit of past performance and behavioural alignment

### **10.5 Salary Offers for New Roles**

All new offers must comply with DG Packaging's internal salary banding framework. Offers outside prescribed banding require dual approval from HR and the hiring manager with written justification.

### **10.6 Performance-Related Reclassification**

Employees who do not meet the expectations of their assigned role may be reclassified to a lower job grade or salary band under the following conditions:

- Formal performance review and documentation of shortfalls
- Completion of a structured remediation plan (minimum 3 months)
- HR consultation and departmental endorsement



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- Salary adjustments to take effect only after written notice and employee acknowledgment. Reclassification shall not exceed one band level unless exceptional justification is approved by HR and Senior Management.

### **10.7 Internal Department Transfer**

Employees may request a transfer to another department or role, or be recommended for transfer by their current manager, subject to operational feasibility and management approval.

- Transfer requests or recommendations must be submitted to HR with stated reasons and the desired role/function
- Post-transfer probation (e.g., 3 months) may apply to assess fit and effectiveness
- Salary adjustment is not automatic and will be evaluated based on scope and job grade.
  - If the new role reflects a lower job grade or reduced scope, a downward salary adjustment may apply.
  - In such cases, HR may consider phased adjustments or temporary salary protection, subject to management approval.
- All approved transfers shall be recorded formally in the employee's personnel file.

### **11. Final Salary Payment**

- Final salary will be disbursed via bank transfer or cheque, in accordance with Section 21 of the Employment Act
- Payment timelines are as follows:
  - Dismissal: On the last working day or within 3 working days from termination
  - Resignation without notice: Within 7 calendar days from date of resignation
  - Resignation with notice served: On the last working day, subject to exit clearance
- Final salary will include:
  - Outstanding salary up to the last working day
  - Encashment of any unused annual leave
  - Approved claims (if applicable)
- The following may be deducted from final salary with prior written consent:
  - Unreturned company property (uniforms, devices, keys, etc.)
  - Outstanding debts, loans, or advances
  - Compensation for damage or loss to Company assets (after proper inquiry)
- For non-Singapore Citizens or PRs, final salary will be released only after tax clearance (IR21) is completed

## **Part B: Employee Benefits & Wellbeing**

### **Introduction**



In addition to salary-related provisions, DG Packaging supports employee health, engagement, and long-term service through the following benefits designed to uplift the work experience and recognize contributions.

## 12. Outpatient Medical, Dental & Specialist Benefits

Confirmed employees are entitled to annual outpatient claims for medical, dental, and traditional Chinese medicine consultations, including prescription costs and optical charges (within the annual limit).

Tier	Annual Claim Limit	Eligibility
Tier 1	\$800	Management
Tier 2	\$300	General Staff

- Medical certificates from dental clinics are treated as paid sick leave
- Unused claim balances cannot be carried forward to the following year
- Claims must be supported by receipts and claim forms
- Submit claims to HR by the 23rd of each month

Note: Employees under the legacy scheme will retain their prior claim limits unless formally transitioned to the new structure. Higher-tier benefits for senior leadership are governed by individual appointment letters and internal guidelines.

### 12.1 Exclusions

The Company will not reimburse outpatient expenses for the following, which are to be borne by employees personally:

- Expenses arising from diseases caused by personal indiscretion
- Illness or disablement resulting from attempted suicide, unlawful acts, provoked assault, drug use, abortive measures, excessive alcohol consumption, or hazardous activities
- Elective or cosmetic procedures, including LASIK surgery

## 13. Work Injury Compensation Insurance

DG Packaging insures all employees under the Work Injury Compensation Act (WICA), which provides statutory protection for work-related injuries and occupational diseases.

Coverage includes:

- Medical leave wages for certified absence due to work injury
- Medical expenses
- Lump sum compensation for:
  - Permanent incapacity
  - Death



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*Note: Compensation amounts are subject to MOM's prescribed formulas and medical assessments. Claims must be filed within 1 year of the accident.*

### **13.1 Claim Routing & Interaction with Company Benefits**

- All work-related injuries or occupational diseases must be reported to HR immediately for WICA assessment and filing.
- These cases are not claimable under Section 11: Outpatient Medical, Dental & Specialist Benefits, which applies only to non-work-related conditions.
- In limited cases where WICA does not apply (e.g. minor incidents, rejected claims), the Company may reimburse reasonable consultation costs at approved clinics, subject to HR and management review.
- Such reimbursements must be supported by medical reports, receipts, and proof of payment, and will be processed outside the WICA framework.

### **14. Recognition & Occasional Benefits**

Confirmed employees will receive gifts or tokens in recognition of personal milestones and cultural celebrations, including:

- Birthdays
- Paternity & Maternity milestones
- Festive occasions, based on the employee's declared ethnicity or religious affiliation:
  - *Chinese Lunar New Year* – for employees of Chinese descent
  - *Hari Raya Haji* – for employees of Malay/Muslim background
  - *Deepavali* – for employees of Indian/Hindu background
- Long Service Awards – for employees with 5 years or more of continuous service

*Note: Employees may be asked to declare their preferred festive recognition during onboarding or via HR records. Each employee is eligible for only one festive gift/token per calendar year, based on their declared preference. The Company reserves the right to amend or withdraw this scheme at its discretion.*

#### **\*\*\*CPF & IRAS Compliance**

Gifts or tokens provided under this scheme will be assessed in accordance with IRAS and CPF Board guidelines to ensure statutory compliance:

- Cash gifts or cash-convertible vouchers (e.g. red packets) may be subject to CPF contributions and taxable benefits reporting
- Non-cash gifts (e.g. hampers, merchandise, non-cash gift cards) are generally not CPF-payable, unless tied to contractual duties or performance
- Gifts exceeding \$200 per occasion may attract tax obligations even if non-cash

DG Packaging will ensure CPF contributions and reporting are fulfilled where applicable, with supporting documentation maintained by HR for payroll and audit purposes.





## 15. Wellness & Social Bonding Activities

DG Packaging supports staff morale and team spirit through occasional wellness-related activities. These programmes are not held annually by default and are subject to budget availability, operational needs, and management approval.

Activities may include:

- Festive gatherings (e.g. Christmas office dinner)
- Dinner & Dance

These events are coordinated by a management-appointed committee when approved and may be subsidized at the company's discretion. While such initiatives are not guaranteed each year, DG Packaging remains committed to recognizing staff contributions and fostering a positive workplace culture where possible.

## 16. Retirement, Re-employment & Employment Assistance Payment (EAP)

In line with the Retirement and Re-employment Act (RRA) and Tripartite Guidelines:

- The minimum retirement age is 63 years
- Eligible employees will be offered re-employment up to age 68, subject to:
  - Singapore Citizen or Permanent Resident status
  - At least 2 years of service before reaching retirement age (if hired at age 55 or above)
  - Satisfactory performance and medical fitness
  - Born on or after 1 July 1952

If re-employment is not possible, DG Packaging will:

- Transfer the re-employment obligation to another employer (with employee's consent), OR
- Offer a one-off Employment Assistance Payment (EAP) as follows:
  - Standard EAP: 3.5 months' salary (min \$6,250, max \$14,750)
  - Reduced EAP: 2 months' salary (min \$4,000, max \$8,500) — applicable if employee was re-employed for ≥30 months
  - Outplacement assistance may be provided to support job transition

*Note: EAP is offered only after all re-employment options have been considered and no suitable role is available.*