



‘Together We Can Help Change Many Lives’

RESOURCE HUB FOR DEVELOPMENT (RHD)

.....Development for All Kenyans.....

SALARIES AND REMUNERATION POLICY

Adopted by the RHD Board with effect from 14th November 2014

POLICY BACKGROUND

RHD believes in a transparent, fair and reasonable process for determining the appropriate remuneration at all levels of its staff. This policy is therefore required to ensure that all RHD employees remain informed and confident in the management of the organization. The organization also understands the importance of attracting and maintaining high quality individuals from directors right through to support staff

OBJECTIVE

The objectives of this policy are:

- (a) to create a transparent system of determining the appropriate level of remuneration throughout all levels of the organization;
- (b) encourage people to perform to their highest level;
- (c) allow RHD to compete in each relevant employment market; and
- (d) provide consistency in remuneration throughout the organization; and
- (e) align the performance of the business with the performance of key individuals and teams within RHD.

The policy details the types of remuneration to be offered by the Organization and factors to be considered by the Board, Nomination & Remuneration Committee and management in determining the appropriate remuneration strategy.

CONTRACT

- i. Non-Executive employees will enter into a letter of engagement. This letter of engagement will set out the terms and conditions of the engagement and the performance expectations for the role and the remuneration package for that employee. The Terms and Conditions for the engagement must be approved by the RHD Board.
- ii. Chief Executive Director, other Directors and senior management employees will enter into a contract with the organization clearly setting out the terms and conditions of the remuneration package for that person. The contract will set out the expectations for the performance of the role and the key performance indicators, measures and criteria for assessment. The Nomination & Remuneration Committee and the Board must approve all contracts for senior management and Directors. The Board will disclose the details of any contract in accordance with the Kenya Labor Laws and the RHD Human Resource Policy.

FORMS OF REMUNERATION

With the assistance of the Nomination & Remuneration Committee, the Board will approve the forms of remuneration to be offered to executive director, program directors, senior management and other employees (Employees), which may include:

a. Fixed Remuneration

The Board in consultation with the Nomination & Remuneration Committee and the Human Resources Manager will from time to time determine the fixed remuneration level for each Employee within the organization. Such remuneration levels will be determined according to industry standards, relevant laws and regulations, labor market conditions and scale of organization's activities relating to the position. The fixed remuneration will reflect the core performance requirements and expectations of the organization. Employees may be offered the opportunity to receive part of their fixed remuneration in the form of direct benefits.

b. Performance Based Remuneration

In addition to fixed remuneration the organization will implement a system of bonuses and incentives designed to create a strong relationship between performance and remuneration. Performance based remuneration will be linked to specific performance targets which will be disclosed to relevant employees regularly.

Termination payments

Each contract (excluding non-executive) will set out in advance the entitlement to payment upon termination of employment for each Employee. The Nomination & Remuneration Committee and the Board must approve all termination payments provided to all Employees at the level of director, executive or senior management to ensure such payments reflect the organization's remuneration policy.

Employee Entitlements

The organization will comply with all legal and industrial obligations in determining the appropriate entitlement to long service, annual, personal and parental leave.

NON-EXECUTIVE EMPLOYEES

The organization will remunerate non-executive employees in a manner designed to attract and maintain high quality board members. Non-executive employees will receive a set fee for their service and may be issued securities in the organization, provided that non-executive employees are not entitled to any performance-based options, bonus payments or retirement benefits. The remuneration of non-executive employees must be consistent with and supportive of maintaining the non-executive employee's independence.

SALARY BENEFITS

(a) Bonus

All employees shall receive an annual bonus equal to one month's basic salary. Bonus will be included in the monthly salary payment of the month preceding the RHD annual festival.

However, new staff on will not receive any annual bonus until the completion of the six-month probationary period.

(b) Provident Fund

All regular employees are expected to set aside 10% of monthly pay to his/her provident fund. RHD will contribute the same amount on monthly basis. Both the employee's and organization's contributions are deposited in a savings account under the employee's name. The provident fund can only be withdrawn upon the employee's resignation from the organization.

Compensation against Accident of the staff during Service

In the event that the staff succumbs to an accident while working for RHD, i.e. during the office hours or during field trips, he/she is entitled to receive compensation amounting to a maximum of two-month salary of the individual to cover the medical expenses.

Working Days and Hours

1. Working Days

RHD will follow a 5 days a week working schedule from Monday to Friday. Saturdays and Sundays are considered non-working days.

Unless otherwise specified, RHD will observe the same public holidays as those prescribed by the Government. The Executive Director will prepare a calendar of public holidays not exceeding 15 calendar days at the beginning of each fiscal year and circulate it to all staff.

2. Office Hours

The office shall open from 08.00 am in the morning till 05.00 pm in the evening. All employees are expected to complete 8 working hours daily. There will be one hour lunch-break.

3. Overtime

Various factors, such as workloads, operational efficiency, and staffing needs, may require variations in an employee's total hours worked each day. In such circumstances, the employee may have to work beyond the scheduled office hours.

Under such circumstances, the staff working overtime is entitled to payment for working overtime and is authorized by its immediate supervisor for the same. However, no overtime compensation will be provided for staff during field trips. The overtime rate will be paid on hourly basis and will be calculated on the basis of the basic salary.

4. Staff orientation

All new employees will get an orientation about the organization's mission and strategies, its structure and the staff within it, the policies and conditions of employment, the internal rules and regulations, etc.

5. Remuneration

RHD believes in attracting and retaining a qualified and effective workforce through a system of payment that is both appealing and fair. All employees of RHD are entitled to a basic salary, depending upon their skills, qualification and experience. The basic salary will be mentioned in the appointment letter as provided by in the organization's salary scale contained in Human Resource Management Policy.

6. Salary Increment

Salary increment will be based upon an employee's position and performance. Increment will be provided to employees on annual basis after their performance evaluation. Salary increment is calculated on the basis of basic salary of the staff.

7. Hourly Wage

Employees classified as non-exempt receive what employers usually call wages, which are calculated on an hourly basis and require overtime payment for work in excess of normal daily hours. Overtime is one and a half times the hourly rate. Employees who have a collective bargaining agreement with management -often called a labor union contract, have wages set by contract terms for a certain period.

8. Retirement Savings

A sample compensation scenario gives employees the opportunity to participate in the employer-sponsored savings plan. Employees designate pre-tax contributions to be deducted from each paycheck. For employees who contribute 5 percent of their gross salary or wages, the organization matches 50 percent of the employee's contribution. In other words, the employer's matching contributions equal 2.5 percent of the employee's gross salary.

Vesting refers to the amount of time before which the employer's contribution is fully available to the employee; Vesting periods range anywhere from one to five years. A five-year vesting period means that for the first year after the organization makes its contribution to the employee's savings plan, 20 percent of the money actually belongs to the employee. In the second year, 40 percent belongs to the employee, and in subsequent years, 60, 80 and 100 percent of the employer's contributions become vested and available to the employee. If the employee leaves his job before completing five years, he forfeits the appropriate portion of the non-vested employer's contributions.

9. Group Health Benefits

A total compensation plan may include group health-care benefits. RHD will pay a sizeable portion of the total monthly premium, leaving a portion of the premium to be deducted from the employee's pay. Premiums for RHD-sponsored health care plans are deducted from pre-tax income, which are gross earnings.

REVIEW AND DISCLOSURE

a. Performance Appraisal

The CEO will conduct annual performance appraisals for all employees to monitor and review the appropriateness of each remuneration package.

b. Board

The Board will be responsible for approving the remuneration strategy for directors, executive and senior management. In determining whether to approve the relevant level of remuneration, the Board will consider the recommendations from the Nomination & Remuneration Committee, prevailing market conditions, performance by the individual and the organization strategies and objectives.

The Board will disclose the remuneration of senior executives in the organization's Annual Report.

c. Nomination & Remuneration Committee

The Nomination & Remuneration Committee is responsible for the monitoring, implementation and review of this policy. The Nomination & Remuneration Committee will provide recommendations to the Board as to how to effectively structure and facilitate a remuneration strategy, which will meet the needs of the organization.

d. Human Resources

The Human resources division of the organization will monitor the day to day compliance with this policy.

REVIEW

The Board will review the contents of, and compliance with, this Policy regularly.