

Overtime Policy

This overtime policy outlines the procedures for compensating employees who work beyond their standard schedule. Use it as a reference when setting up your own policy.

Policy Brief and Purpose

This policy sets out how the organization manages and compensates overtime work.

Its objectives are to:

- Give employees accurate, timely compensation for overtime
- Prevent misuse of overtime that could lower productivity or cause fatigue, health and safety risks or operational inefficiencies
- Meet all labor laws and regulations on overtime work and pay

This policy is designed to support existing labor legislation, not contradict it. The organization will follow the relevant laws when managing overtime hours.

Scope

This policy applies to all eligible employees of the organization, unless they are specifically exempted under applicable overtime regulations.

Policy Elements

Definition of working hours and overtime

The organization treats standard working hours as the hours in each employee's contract of employment, subject to the legal limits on daily or weekly working time.

Overtime means any hours worked beyond the employee's standard schedule that qualify for compensation under applicable laws and organizational rules.

General rules

1. Employees are classified as exempt or non-exempt according to overtime legislation.
2. Non-exempt employees who work more than their standard hours are eligible for overtime pay.
3. An employee is eligible for overtime pay wherever the work is done, as long as the duties performed are recognized and accepted by the organization.

Excessive Overtime

Overtime may be needed to meet urgent deadlines, handle emergencies or manage peak workloads. The organization recognizes that excessive overtime harms health and performance. To prevent this, it will:

- Keep accurate records of overtime hours
- Limit overtime to urgent or essential tasks

- Provide resources and planning to reduce repeated overtime
- Track work quality, health and performance to spot risks from long hours
- Set a cap of [2 hours per day / 8 hours per week](#)
- Pay for hours beyond the cap as the law requires, while expecting employees to stay within the cap

The organization will not:

- Require employees to work beyond the statutory maximum daily or weekly hours permitted by law
- Apply unfair or discriminatory practices in assigning overtime work or deciding compensation

Shift-Based System

These rules apply to employees working in shifts, in line with labor standards:

- Night shift employees may not work more than 2 hours of overtime, except in emergencies.
- Employees on 12-hour shifts may not exceed 2 hours of overtime.
- Employees on 8 to 10-hour shifts may not exceed 4 hours of overtime.
- Employees on shifts longer than 8 hours may not work double shifts.

Exempt Employees

Some categories of employees are exempt from overtime pay under the law. For these employees:

- The organization may choose to provide overtime pay at its discretion.
- The rules on excessive overtime, health and safety still apply.

Abuse of Overtime

To keep the system fair and prevent misuse, the organization expects that:

- Managers will not assign or encourage excessive or unnecessary overtime.
- Employees will not work overtime just for the extra pay, especially if it lowers the quality of their work.

The organization will:

- Pay all eligible overtime at the correct rate within the payroll cycle
- Keep accurate, reliable timekeeping and attendance records

Procedure for Overtime Approval and Compensation

To meet record-keeping obligations and make sure people are paid on time, follow this procedure:

1. **Overtime request and approval**

- Employees must get their manager's approval before working overtime, except in emergencies.
- The manager and employee must agree on the need and the duration.

2. **Classification and communication**

- Managers must confirm whether each employee is exempt or non-exempt.
- Employees must know whether they are eligible for overtime pay.

3. **Record-keeping**

- Employees must log overtime hours in the timekeeping system.
- The organization will audit the records regularly.

4. **Compensation**

- HR or Finance will calculate overtime pay based on the applicable laws and company pay scales.
- Employees will receive overtime pay in the next payroll cycle.