

Total Rewards Philosophy for TMG

Introduction

Members of The Management Group (TMG) play critical roles throughout McMaster's academic, administrative and research areas and are vital to the University's ability to achieve its mission and vision. Members of TMG enable and support McMaster's commitment to creativity, innovation and excellence. The Total Rewards Program for TMG is designed to ensure the ability to attract, develop, engage and retain high calibre leaders who are critical to the University's continued success and will strengthen McMaster's reputation as both a premier educational institution and a top employer in Canada. The Total Rewards philosophy underpins the policies, programs, and practices that are used to compensate and reward our employees in TMG and serves as the foundation from which pay decisions are made.

Note: All elements of Total Rewards presented in this document are subject to ongoing review and approval by PVP, the Remunerations Committee and the Board of Governors, and may be periodically updated or changed at the sole discretion of the University. Furthermore, Bill 124, *Protecting a Sustainable Public Sector for Future Generations Act, 2019*, is currently before the Ontario legislature, and is being closely monitored. To the extent that Bill 124 or other compensation restraint legislation gives rise to new regulatory requirements that impact this document, it will be amended to ensure compliance.

Total Rewards Philosophy Statement for TMG

The Total Rewards program for TMG is designed to be competitive and to recognize and reward individual performance. In keeping with this philosophy, the Total Rewards program for TMG provides salary ranges targeted at the 60th percentile¹ of the defined market, pay for performance, competitive benefits, performance and recognition programs, promotes internal equity, supports the maintenance of pay equity, and operates in a financially responsible and sustainable manner.

The two key foundational elements that underpin the Total Rewards program design are:

- Pay for performance; and
- Salary ranges targeted at the 60th percentile of the defined market.

Guiding Principles

The Total Rewards Philosophy for TMG is inspired by the following ideals and guiding principles:

Guiding Principle	McMaster University ...
Create and support a performance culture	<ul style="list-style-type: none">▪ promotes an innovative and collaborative leadership culture and cultivates the potential of all our employees to enable University and personal success▪ articulates and integrates performance and behavior expectations to support a culture of high performance▪ adopts programs and processes that can be applied University-wide

¹ Throughout this document, references to cash compensation target at the 60th percentile of the defined market reflect the current practice. The cash compensation target is subject to review and change at the sole discretion of the University.

Guiding Principle	McMaster University ...
Reward performance	<ul style="list-style-type: none"> ▪ endorses and promotes pay for performance and encourages its application through the design of the total rewards policy, cash compensation administration guidelines and practices, and performance achievement programs ▪ promotes and aligns desired leadership capabilities and performance with rewards
Support inclusive excellence	<ul style="list-style-type: none"> ▪ advances McMaster’s equity, diversity and inclusion goals by ensuring that the qualifications for positions and criteria for assessing merit will be established in a fair, equitable and transparent manner ▪ establishes policies, programs and practices that enable the attraction of qualified candidates ▪ actively reviews programs and acts to remove barriers in the workplace
Support employee development and career progression	<ul style="list-style-type: none"> ▪ offers professional growth and development opportunities along with programs which support employees’ efforts while holding employees accountable for their own careers
Understandable, transparent and enable consistent application across TMG	<ul style="list-style-type: none"> ▪ believes that education and ongoing communication with members of TMG and those that supervise TMG is vital to the effectiveness and consistent application of the total rewards program ▪ develops practices that promote simplicity of implementation and ease of administration
Fair and equitable	<ul style="list-style-type: none"> ▪ through consistent application of the total rewards policy and cash compensation administration guidelines and practices, cash compensation will be allocated to each member of TMG based on: <ul style="list-style-type: none"> ▫ McMaster’s relativity to the defined market ▫ the internal value of the job, as determined through McMaster University’s job evaluation program for TMG ▫ the individual’s skills, abilities, experience ▫ performance achievement results
Internal equity	<ul style="list-style-type: none"> ▪ provides total rewards policy and cash compensation administration guidelines and practices that ensure similar jobs are valued equitably across the organization and promote consistency in application of salary and program administration practices
Competitive with the external market	<ul style="list-style-type: none"> ▪ defines the external market in which we compete for talent ▪ determines the appropriate level at which we will compare to market ▪ ensures the ability to attract, develop, engage and retain high calibre leaders vital to the University’s ability to achieve its mission ▪ reviews survey data on a regular basis to ensure the University remains competitive
Financially responsible	<ul style="list-style-type: none"> ▪ while being competitive with market, must operate within its budget and be both fiscally responsible and sustainable in the long term.

Guiding Principle	McMaster University ...
Flexibility	<ul style="list-style-type: none"> ▪ recognizes the diverse, decentralized operation and develops programs which accommodate real differences ▪ provides for managerial discretion to actively manage the compensation of TMG
Compliant with applicable legislation or other relevant requirements	<ul style="list-style-type: none"> ▪ operates in accordance with applicable legislation, regulation and regulatory policy

Elements of Total Rewards

McMaster utilizes a total rewards approach, providing a competitive salary and benefits package along with programs that support work life, development and career opportunities, and performance and recognition to employees incumbent in TMG positions.

1. Cash Compensation:

To provide competitive pay, base salary will be targeted to the defined market at a level which is determined by the University.

McMaster has a Pay for Performance philosophy for TMG. As such, increase provisions in the annual salary review will, unless legislated to the contrary, be merit-based to align with this philosophy.

In keeping with the Pay for Performance philosophy for TMG, McMaster provides incentive-based compensation programs including the Performance Excellence Program for TMG in Bands F Through M and the Variable Pay Plan for TMG in Bands N through Q which are designed to reward truly exceptional performers.

2. Benefits:

McMaster University provides a comprehensive and competitive benefits program for employees in TMG. Benefits, as defined in the Total Rewards Program for TMG, include health-related benefits as well as retirement income provisions.

3. Work Life:

McMaster promotes a healthy work-life blend and provides a number of programs that support employees in TMG. These include paid and unpaid time off programs, including TMG Management Days, vacation program, holiday closure, programs that support employee health and wellness, and community engagement.

4. Development and Career Opportunities:

McMaster encourages personal and professional growth and provides a number of programs in support of professional development. Employees in TMG are eligible for a Management Professional Development Allowance (MPDA), Tuition Assistance, Tuition Bursary (in accordance with the provisions of the respective policies), and to participate in a variety of professional development and leadership development programs, conferences, and career focused programs and opportunities.

McMaster promotes and encourages a community of leaders at McMaster and supports activities such as TMG Forums, Professional Development Days, Day of Service.

5. **Performance and Recognition:**

Employees in TMG participate in the University's performance achievement program and recognition programs, as may be appropriate and subject to program rules.

Total Rewards Program Approvals

The Total Rewards program for TMG is subject to regular review and update, which may require approvals up to and including that of the McMaster University Board of Governors.

This Total Rewards Philosophy for TMG was approved by the Board of Governors on October 24, 2019.