

MAIN LABOR ASPECTS IN THE PRIVATE SECTOR

MINIMUM WAGE AND FRINGE BENEFITS

The establishment of the minimum wage to be paid is determined by the National Committee of Wages. The current minimum wage in effect for this sector was approved by resolution 5-2004 dated 12 November 2004, setting the following minimum wages:

Ranges between:

RD\$ 3,900.00 to RD\$ 6,400 (US\$ 130.00 to US\$ 214.00)

Depending on the company's capital

RD\$ 3,900.00 = US\$ 130.00 – Less than 2 million pesos (2,000,000.00).

RD\$ 4,400.00 = US\$ 147.00 – More than 2 million pesos (2,000,000.00) but less than 4 Million pesos (4,000,000.00).

RD\$ 6,400.00 = US\$ 214.00 – Equal to or greater than 4 million pesos (4,000,000.00).

RD\$ 5,400 = US\$ 180.00 – For companies of private security.

The Labor Code establishes the following in relation to the fringe benefits and other labor costs.

TOTAL HOURS WORKED IN ONE WEEK

44 HOURS

OVERTIME PAY

- More than 44 hours: 35% of base salary
- More than 68 hours: 100% of increment
- Night shift: 15% above the salaries established for day shift, for work done from 7:00 A.M. a 6:00 P.M.

VACATIONS

Employees with at least one year and not more than five on payroll: **14 days of normal wage.**

Employees with more than five years on payroll: **18 days of normal wage.**

Holidays and weekends will not be taken in consideration.

In the event of an employee's job termination, vacations will be calculated in the following manner:

- | | |
|------------------------|---------|
| • 5 months on the job: | 6 days |
| • More than 6 months: | 7 days |
| • More than 7 months | 8 days |
| •: More than 8 months | 9 days |
| •: More than 9 months | 10 days |
| •: More than 10 months | 11 days |
| •: More than 11 months | 12 days |

TERMINATION OF THE WORK CONTRACT

The advance notice is the notice that the company or the employee must provide by Law, to terminate a contract. If the company decides to end the contract with the employee without advance warning, it must pay according to the following:

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|--|---|
| • 3 months but not more than 6: | 6 days of salary |
| • 6 months but not more than one year: | 13 days of salary |
| • 1 year but not more than 5: | 21 days of salary for each year on payroll. |

CHRISTMAS BONUS

Must be calculated in the following manner:

The employee's salary multiplied by the time worked, divided by 1/12th (months of the year) = Christmas Bonus

LEAVES OF ABSENCE

The remunerated leaves, denominated special rests that the workers have a right to:

- For getting married: 5 days
- Death of any one of their grandparents, parents, children or spouse: 3 days
- Wife giving birth 2 days

MATERNITY

- The termination exerted by the employer is null during the worker's period of pregnancy and up to three (3) months after the date of childbirth.
- In regards to the dismissal, the woman cannot be laid off from her job because of her pregnancy. All layoffs for this reason are null.
- The pre and post-birth rest period for the worker will never be less than 12 weeks.
- If the worker asks to be given her vacation, immediately after the post-birth rest, the employer must grant this request.
- In addition, it establishes that during the first year of the birth of the child, the worker will be entitled to one half day every month, at her convenience, to take it for pediatric care.

INFOTEP

The companies will pay monthly 1% of the total amount of base wages paid to their permanent personnel. That obligation is for the free zone companies as of Article 41 of Law 8-90.

WORK RISK INSURANCE (SRL) 1% OF THE PAYROLL AND AN ADDITIONAL VARIABLE PERCENTAGE From 0.1 TO 0.6%, DEPENDING ON THE COMPANY'S ACTIVITY (LAW 87-01, of 05/04/01, On the Dominican Social Security System)

HEALTH INSURANCE AND PENSIONS INSURANCE

The affiliation of the wage-earning Worker and the employer to the preventive regime is obligatory (art. 36, Law 87-01), and the reason all employees of the companies that are to start operating in the Dominican Republic, must take into account the costs of Insurance of Pensions; also the inclusion of the employees in the Family Health Insurance is obligatory, in accordance with the scale annexed to this document. (Illustrative picture in the end)

LABOR OBLIGACIONES

The Labor Code and Regulation no. 7676, establish the following mandatory use of the labor forms for all companies that operate in the country, these are:

- a) Poster of work and vacations schedule (Form. DGT-3), which indicates the hour in which each workday starts and ends, intermediate rest periods in the day and of weekly rest days for each worker, as well as the vacations period of each worker. It is sold in the Labor Secretariat and must be filled by the company within the first fifteen (15) days of January of every year or of the start of operations by the company and sent to the Labor Secretariat's Work Department to be sealed, and will return one of the pages, properly sealed, to be posted in a visible place at the company.
- b) Poster of overtime hours (Form. DGT-2): The same is also sold in the Labor Secretariat and must be filled in two originals and sent, monthly, reporting the number of overtime hours worked by the employee during that month, to the Work Department of that Secretariat, that will return one of the originals, properly sealed, to be posted in a visible place at the company.
- c) Listing of permanent personnel (Form. DGT-3): The same one is sold in the Secretariat of Labor and must be filled in two originals and sent to the Secretariat's Work Department, within the first fifteen (15) days of the month of January of every year or at the start of the company's operations, that will return one of the originals, properly sealed, to be posted in a visible place at the company.
- d) Book of visits (Form. DGT-8): The same one is also sold in the Secretariat of Labor and contains a card that must be filled by the employer and returned to the National Director of Inspection, of the

Secretariat, within 72 hours after acquiring that corresponding Book of visits.

Financing of the WORK RISKS INSURANCE (SRL)

- Contribution of 1.2 % of the quotable wage, to be paid exclusively by the employer, which will have two components:
- * A fixed quota of 1.0% of uniform application to all the employers and
- * A variable additional quota up to 0.6%, established according to the branch of activity and the risk of the company
- The amount of the quotable wage will be of 10 minimum wages of the sector.

Additional quota for the financing

- Risk type I 0.2%
- Risk type II 0.3%
- Risk type III 0.4%
- Risk type IV the 0.6%

THE FOLLOWING PERCENTAGE IS CALCULATED BASED ON THE MONTHLY WAGE EARNED BY THE WORKER, AND THE YEARS OF APPLICATION BEGIN TO BE COUNTED AT THE MOMENT THAT THE LAW BEGINS TO BE APPLIED

IN THE CASE OF THE FAMILY HEALTH INSURANCE, UP TO THE TIME OF UPDATING THIS DOCUMENT, THIS WAS NOT BEING APPLIED (JANUARY 24, 2004)

DISTRIBUTION OF THE SOCIAL SECURITY RESOURCES

| PREVISIONAL REGIMEN | AMOUNT | | | | | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5 |
| Total Monthly Quota | 7.00% | 7.50% | 8.00% | 9.00% | 10.00% | |
| Affiliate Personal Account | 5.00% | 5.50% | 6.00% | 7.00% | 8.00% | |
| Life Insurance | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | |
| Solidarity Fund | 0.40% | 0.40% | 0.40% | 0.40% | 0.40% | |
| AFPS Commission | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | |

| | | | | | | |
|--|------------|---------------|---------------|---------------|---------------|---------------|
| Superintendence Operation | . | 0.10% | 0.10% | 0.10% | 0.10% | 0.10% |
| . | . | . | . | . | . | . |
| Affiliate Quotas | 30% | 1.98% | 2.13% | 2.28% | 2.58% | 2.88% |
| Employers Quota | 70% | 5.02% | 5.37% | 5.72% | 6.42% | 7.12% |
| . | . | . | . | . | . | . |
| FAMILY HEALTH INSURANCE | . | . | . | . | . | . |
| Total Monthly Quota | | 9.00% | 9.50% | 10.00% | 10.00% | 10.00% |
| Affiliate Personal Account | | 8.53% | 9.03% | 9.43% | 9.43% | 9.43% |
| Life Insurance | | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |
| Solidarity Fund | | 0.30% | 0.40% | 0.40% | 0.40% | 0.40% |
| Superintendence Operation | | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% |
| . | . | . | . | . | . | . |
| Affiliate Quotas | 30% | 2.70% | 2.85% | 3.00% | 3.00% | 3.00% |
| Employers Quota | 70% | 6.30% | 6.65% | 7.00% | 7.00% | 7.00% |
| . | . | . | . | . | . | . |
| . | . | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| GENERAL SUUMARY OF QUOTAS EMPLOYER & EMPLOYEE: PENSION & HEALTH | | | | | | |
| Affiliate Quotas | 30% | 4.68% | 4.98% | 5.28% | 5.58% | 5.88% |
| Employer Quotas | 70% | 11.32% | 12.02% | 12.72% | 13.42% | 14.12% |
| . | . | 16.00% | 17.00% | 18.00% | 19.00% | 20.00% |

UPDATED ON NOVEMBRE 1, 2004