

LCBO Executive Compensation Framework

February 28, 2018

A. Compensation Philosophy

Provide information on the designated employer's compensation philosophy including details on how the executive compensation program supports the employer's strategic objectives and what the program, including its approach to performance-related pay, is designed to reward.

The LCBO is one of the world's largest buyers and retailers of beverage alcohol. Through over 660 retail locations, e-commerce, catalogues, special order services and more than 210 agency stores, the LCBO offers nearly 24,000 products annually to consumers and its wholesale partners from more than 80 countries, and handles 140 million in-store transactions annually.

While the LCBO has, in the past, operated with limited competition in regards to the products it sells; the recent change in Ontario's alcohol sales landscape, adding the grocery sector for the sale of beer, wine and cider has brought a significant new degree of complexity to the LCBO. The organization now competes with world-class retailers such as Walmart and Loblaws – and must also provide these retailers with world-class wholesale services. While it's facing increased competition and commercial complexity, the LCBO is mandated to ensure that all sales and marketing activities are conducted in a class-leading socially responsible manner.

To maintain its leadership position, it's important the organization can attract, retain and incent its executive talent to meet the needs of the business and adapt to the ongoing transformation of the industry.

The organization's compensation philosophy has four key objectives:

- A compensation management program that focuses on employees achieving and exceeding the LCBO's business objectives;
- Attracting and retaining qualified employees to maintain its leadership in a highly competitive talent marketplace to ensure the success of the LCBO's mandate;
- Establishing compensation levels which are responsible and in compliance with appropriate provincial regulations; and
- Is equitable, providing equal compensation for equal contribution.

B. Designated Executive Positions

List all designated executives at the designated employer. If applicable, indicate the class or category of each designated Executive position as it relates to the salary and performance-related pay structure in the executive compensation program.

Job Title	Class of Position	# of Positions
President and CEO	CEO	1
Chief Customer Officer	CCO	1
Senior Vice President	11	5
Vice President	10	11

C. Salary and Performance-related Pay – Comparator Selection

Provide information on the comparators used to benchmark salary and performance-related pay at the designated employer for each designated executive position or class of positions. Provide a rationale for the chosen comparators.

Comparators

All of the executive positions have been compared against the same comparator group; this includes the following classes of positions: CEO, CCO, 11 and 10.

Canadian Public Sector or Broader Public Sector (BPS) Comparators

Organizations

Alcohol and Gaming Commission of Ontario	Atlantic Lottery Corporation
Business Development Bank of Canada	Canada Mortgage and Housing Corporation
City of Toronto	Farm Credit Canada
Government of Ontario	Greater Toronto Airports Authority
Independent Electricity System Operator	Metrolinx
Ontario Lottery and Gaming Corporation	Ontario Securities Commission
Royal Canadian Mint	Toronto Hydro-Electric System Limited
Toronto Transit Commission	Workplace Safety and Insurance Board

Rationale for Selected Comparators

The 16 organizations were chosen independently by Korn Ferry Hay Group (KFHG) for this compensation review because they:

- Are similar types of operation, in related industries to the LCBO (e.g., alcohol distribution, retailing, other system operators) and are all Canadian Broader Public Sector organizations.
- Operate in the same local market as LCBO.
- Have jobs of similar scope of responsibility to the LCBO executive roles; to ensure jobs are a match in scope to LCBO; KFHG has utilized a job size methodology, as opposed to matching titles, which considers skill, knowledge, ability and accountabilities of each role. Ensuring that the size of the roles in each organization is taken into consideration
- Are organizations, by the nature of their size, industry, geographic location and similarity of the scope of responsibility have roles with which LCBO may compete for talent.
- Have up-to-date total remuneration data within the KFHG database (i.e., data is effective May 1, 2016 and increased by 1.95% to be effective May 2017)

The following table shows the consideration of criteria for each of the companies chosen. Scope as a criterion is listed in the table but explained further below; all organizations have jobs of a similar scope to one or more of the LCBO executive roles.

Organization	Criteria				
	Scope	Type of Operation/ Industry	Comparable Job Size	Competes for Talent	Location
1. Alcohol and Gaming Commission of Ontario	✓	✓	✓	✓	✓
2. Atlantic Lottery Corporation	✓	✓	✓	✓	
3. Business Development Bank of Canada	✓		✓	✓	✓
4. Canada Mortgage and Housing Corporation	✓		✓	✓	
5. City of Toronto	✓		✓	✓	✓
6. Farm Credit Canada	✓		✓	✓	
7. Government of Ontario	✓		✓	✓	✓
8. Greater Toronto Airports Authority	✓		✓	✓	✓
9. Independent Electricity System Operator	✓	✓	✓	✓	✓
10. Metrolinx	✓		✓	✓	✓
11. Ontario Lottery and Gaming Corporation	✓	✓	✓	✓	✓
12. Ontario Securities Commission	✓		✓	✓	✓
13. Royal Canadian Mint	✓		✓	✓	
14. Toronto Hydro-Electric System Limited	✓		✓	✓	✓
15. Toronto Transit Commission	✓	✓	✓	✓	✓
16. Workplace Safety and Insurance Board	✓		✓	✓	✓

Scope – Organizations with jobs that have similar mandates to one or more LCBO roles

Type of Operation/Industry – Organizations operating the same type of operation, specifically those associated with the retailing or alcohol distribution and sales

Comparable Job Size – Organizations with jobs of comparable size to LCBO based on a consistent job evaluation methodology

Competes for Talent – Organizations by the nature of their size, industry, geographic location and similarity of the scope of responsibility of the roles, that LCBO will compete with for talent.

Location – Organizations with roles in Toronto with which LCBO would compete with geographically for talent

Note: the criterion of an organization’s size is embedded within the HAY methodology – (see description in Salary and Performance-Related Pay - Comparator Selection)

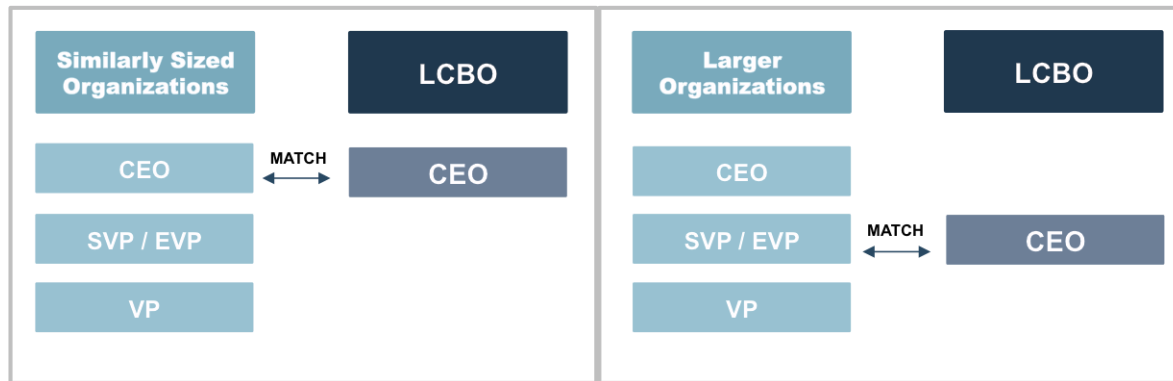
D. Salary and Performance-related Pay – Comparative Analysis Details

Provide information on the percentile used to benchmark the salary and performance-related pay cap for each designated executive position or class of positions. Additional information on the methodology used to determine salary and performance-related pay can provide useful context.

Executive and LCBO Job Evaluation (Scope)

Executive roles have been evaluated considering the required skills, knowledge, ability, responsibility, and working conditions of the role. The evaluation system used for LCBO Executive roles is the Hay Group Guide-Chart Profile MethodSM, which is also used by many other organizations in Ontario, including the Ontario Broader Public Sector. The evaluation points of the role determine the executive grade within LCBO.

This method of comparison is of key importance as it allows LCBO to adjust for “job size” or scope relative to the jobs of the comparator organizations. Job evaluation point considerations include organization size, type of function, scope and portfolio. For illustration, for relatively larger comparators, LCBO’s CEO, for example, would not be matched directly to the comparator CEO, but to an executive level that would have the same points as the LCBO CEO, as illustrated in the diagram below.



With this methodology, jobs of a specific point level at LCBO can be compared to jobs of a similar size in the external market as they have similar levels of skills, knowledge, ability, responsibility, and working conditions. The graphic below shows the factors considered in the Hay job evaluation methodology:

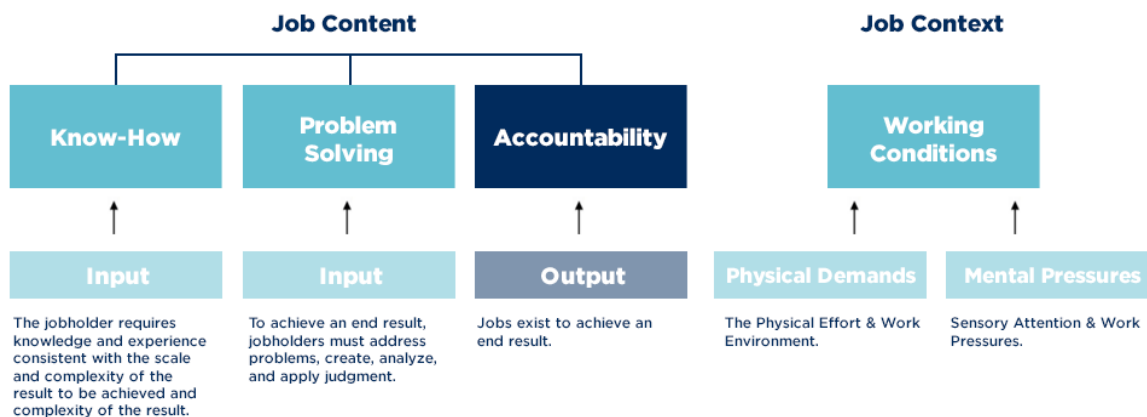
Positions or Classes of Positions

Comparing to organizations of similar revenue / operating budget size can be an important consideration to ensure that the executive roles within the comparator organizations are comparable to the executives at LCBO. However, this alone does not ensure that the roles will be of a comparable job content size because it does not take into account the specific accountabilities of each position and the variety of responsibilities that each job may have in their individual organization. Using a job evaluation methodology such as the one utilized in this analysis ensures that when comparing LCBO's roles to the market we are comparing only to jobs of a similar size.

For example, when we compare the CCO role at LCBO to the market we are not just comparing to CCO's in other organizations, which because of the specific accountabilities could conceivably have job content that is bigger or smaller than that of the CCO at LCBO, we have evaluated the CCO using the Hay Guide Chart Method™. We have also evaluated all of the jobs in the comparator market using the same methodology. We are comparing LCBO's job points per job to what a job with similar points would be paid in the comparator organizations; this ensures a much more precise match to the market.

Korn Ferry Hay Group's (KFHG's) analysis demonstrates an approximate 34.5% gap between LCBO executive compensation and the compensation envelope required to achieve the 50th percentile (i.e. the median) of the 100% public sector comparator group in the Ontario and Canadian market.

For a more detailed explanation of the Hay Group Guide-Chart Profile MethodSM, please see the supplemental information section.



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E. Salary and Performance-related Pay Structure

Provide information on the salary and performance-related pay cap for each designated executive position or class of positions. Additional information on salary ranges and performance-related pay structure can provide useful context.

Salary and Performance-Related Pay Structure

The new salary range structures and performance-related pay caps for each designated executive position or class of positions are illustrated in the following table. This structure and the associated maximum rate of increase to the pay envelope were approved by the Minister of Finance in February 2018.

Total Compensation Range			
Executive Position or Class of Positions	Minimum Total Compensation (\$)	Maximum Total Compensation (\$)	Current Delta to KFHG P50 BPS Market Data
CEO	319,700	581,854	30.1%
CCO	290,000	474,500	26%
Senior Vice President	217,600	365,600	29.2%
Vice President	187,400	304,525	37.5%

The Total Compensation Range is inclusive of salary and variable performance-related pay.

At the time of approval of this plan, all LCBO executive incumbents received a base compensation at or below the minimum of the pay bands noted in the second column above. Any movement towards the maximum total compensation levels are governed by the maximum allowable executive compensation envelope, as noted below (i.e. 5% per year).

In order to establish the new framework, the LCBO with the support of KFHG underwent a rigorous compensation review, including an analysis of comparable private and public sector retailers in Canada. There is no question that the LCBO competes directly with private sector retail, including large multi-national brands for executive talent and the total compensation offered by private sector retail is significantly higher, both base salary and performance-related bonuses. Indeed over the past two years, the majority of LCBO executive recruitments from (and departures to) have been with private sector companies, and more specifically, private sector retailers. Notwithstanding the fact that LCBO competes for executive talent almost exclusively with the private sector, the new range Maximum Total Compensation /Pay Cap is based solely on the 50th percentile of the comparator group of 16 Canadian public sector organizations, as per the regulation guidelines.

In addition to base pay, jobs at these levels are also eligible for a performance-related pay award (included in Maximum Total Compensation, noted above). The amount of the award paid will be determined in accordance with organizational and individual performance.

Individual adjustments to incumbent's salaries and the salary ranges will be reviewed annually to ensure that they remain consistent against the BPS standards.

All salary adjustments will be in accordance with the executive compensation framework and the LCBO's approved compensation program.

Hypothetical Example:

Year	Base Salary	Total Compensation (including incentive)	Base increase assuming full 5% applied*
1	\$187,400	\$224,880	\$9,370
2	\$196,770	\$236,124	\$9,838
3	\$206,608	\$247,930	\$10,330

* The example assumption is that the employee will receive the entire 5% envelope.

F. Salary and Performance-related Pay Envelope

Provide the sum of salary and performance-related pay paid to designated executives for the most recently completed pay year. In addition, provide the maximum rate of increase to the salary and performance-related pay envelope. Additional information on why changes are necessary and how they were determined can provide useful context.

Sum of Salary and Performance-related Pay for the Most Recently Completed Pay Year (\$)	Maximum Rate of Increase to Envelope (%)
\$4,815,730	5% per year

As noted above and at the time of approval of this plan, all LCBO executive incumbents received a base compensation at or below the minimum of the pay bands. The total allowable increase to this pay envelope (i.e. for the group of employees) is 5% per year.

Rationale for the Maximum Rate of Increase:

LCBO considered the following factors in determining the maximum rate of increase to executive compensation:

1. The financial and compensation priorities and realities of the Government of Ontario (i.e. other settlements/awards);
2. Recent executive compensation trends within the Canadian public sector and broader public sector;
3. Review of the existing percentage of operating budget designated to executive compensation;
4. The effect on attracting and retaining executive talent; and,
5. Any significant changes or expansion in the operations of LCBO.

The LCBO holds a unique position in the Canadian retail landscape. It supports the growth of local producers, provides access to retail and wholesale customers across Ontario and provides programs dedicated to quality assurance and the responsible sale and consumption of alcohol. LCBO profits (over \$2 billion per year) are reinvested by the Province back into Ontario, along with millions of dollars in annual donations to charities from its customers. Experienced leadership is essential to drive the LCBO's market transformation agenda. Following a fulsome compensation analysis of comparable private and public sector retailers by KFHG, the LCBO believes it's in a position to comply with a 100% public sector comparator group for this compensation review.

With compensation levels frozen for the 8 of the past 10 years for LCBO executives, the 5% per year compensation envelope increase allows the LCBO to move its executive salaries within their respective ranges. This will better align with Canadian Public Sector compensation, as well as ensure all incumbents are placed into an appropriate pay zone relative to their performance. Any increases to actual compensation rates for executives will however be constrained to a maximum 5% compensation envelope increase per year. Despite this envelope increase, executive compensation will continue to remain below the median relative to 100% public sector comparators.

With these considerations in mind, the LCBO believes the increase to the envelope is reasonable and will allow the organization to operate efficiently and responsibly. Following are specific answers to the considerations set forth by the Broader Public Sector Executive Compensation Guide:

- **The financial priorities and the compensation priorities of the Government of Ontario.** As noted in 2016 Ontario Economic Outlook and Fiscal Review; "We continue to move Ontario forward through investments in public transit, roads, bridges and priority infrastructure. This is all part of our long-term economic plan." the LCBO topped \$6 billion in sales in fiscal 2016-17, delivering a 23rd year of dividend growth, and exceeding \$2 billion in profit for the first time. These funds are reinvested back into Ontario's essential public services and infrastructure, such as hospitals, roads and transit initiatives across the province.
- **Recent executive compensation trends within the relevant industry within the Canadian public sector/broader public sector.** KFHG's 2016 Executive Market Trends report indicates a cumulative increase in actual base salary from 2008 to 2015 of approximately 15%, or a compound annual growth rate of 1.9% for executives in the national broader public sector. LCBO executive compensation was frozen through this period.

- **Comparison between the existing percentages of operating budget designated to executive compensation and the percentages of the identified comparator organizations.** The LCBO's executive pay envelope is 1% of its overall labour budget. Information for the comparator organizations is not readily available at this time, given the existing BPS executive compensation review. As noted in the BPSEC Guide: *Data related to this factor will be more readily available for the development of subsequent executive compensation programs, as information regarding executive salary and performance-related pay envelopes will be provided in public-facing executive compensation programs.*
- **Any significant expansion in the operations that is not the result of a significant organizational restructuring.** The government has established a new competitive landscape where up to 480 grocery retailers are/ will be selling beverage alcohol. This requires the development of a sophisticated supply chain operation to wholesale to those businesses. Simultaneously, consumer expectations demand a significant expansion of the LCBO's e-commerce operations and other consumers' services to create an integrated, omni-channel experience for its customers. The LCBO will be establishing a new retail strategy in line with the government's regulation of the distribution of legalized recreational cannabis in 2018.

G. Other Elements of Compensation

Provide information on any compensation elements, other than salary and performance-related pay, that would be provided to designated executive positions of classes of positions but that are not generally provided in the same manner and relative amount to non-executive managers.

Include rationale outlining the critical business reasons that justify the provision of each element of compensation.

The Management Reimbursement Plan (MRP) provides a \$5,000 discretionary spending to supplement the core (full) benefits package provided to non-executives. The supplement is restricted to expense categories under the core benefits program along with assessments and programs aimed at supporting the health and performance of key strategic leaders of the business. Executives at the CEO, CCO and Senior Vice President levels are eligible for a vehicle allowance of \$17,000 per annum for routine travel expenses associated with LCBO business travel and operations oversight, including representing the LCBO at trade and stakeholder meetings, store openings and relevant events. This allowance helps offset some travel costs that these employees would otherwise submit as expense claims. The LCBO has stores, warehouse facilities, offices and agency store operations in over 500 communities across Ontario.

H. Supplementary Information

Provide any additional information required to support or explain the information included in the executive compensation program.

Hay Group Guide ChartsSM

Hay Group **Guide ChartsSM** provide the standard tools that clients use to systematically evaluate all of their jobs, or a particular group of jobs in the organization. **Guide Charts** (see the illustrative example below) are tailored to suit the

client organization and the jobs to be evaluated. Today, the logic of the **Guide Charts** is often incorporated within computer software as an additional way to assist the evaluation process.

The image displays several overlapping Hay Group Guide Charts. The most prominent one is the 'Know-How' chart, which includes a 3D cube icon and a table with columns for 'Professional Proficiency' (A-H) and 'Professional Competencies' (1-10). Other charts visible include 'Working Conditions' (Physical Effort, Physical Environment, Sensory Attention, Mental Stress), 'Accountability' (Nature of Work, Controls, Communication, Supervision, Responsibility), 'Problem Solving' (Thinking challenge, Thinking environment, Feedback to think), and 'Thinking challenge' (Application, Problem, Solution, Adaptation, Breakthrough, Innovation).

There are a Variety of Ways to Apply the Hay Group Method

When there are a large number of jobs within an organization to be evaluated, a representative sample of jobs is usually evaluated first by an experienced Hay Group consultant and the client organization. The resulting evaluations can be used as **benchmark references** to assist in the evaluation of all other jobs in the organization.

Often a committee, representing various groups within the client organization, is trained in the use of the Hay Group method so that it can evaluate the organization's jobs. More and more these days, the evaluation process is assisted by computer, with committees providing **quality assurance** to the evaluation process. In other organizations, Hay Group consultants might evaluate the jobs and have them checked by the client. In some organizations, the human resources group is charged with the evaluation process and uses various approaches to gather job information, develop evaluations and have them accepted.

Regardless of who is involved, our process of job evaluation is based on **consensus building** after all components of a job are fully understood. Working from documentation which describes the content of the job and the content of the job and

the environment in which it is performed, plus the definitions and quantitative measures provided, each job is given a ranking on the four factors in relation to other jobs in the organization. When only Know-How, Problem Solving and Accountability are used to measure jobs, the results are represented by "total points". When all four factors are used, the results are referred to as "full points". For example, the evaluation for a Research Scientist might be as follows:

Know-How	460
Problem Solving	230
Accountability	(50) 132
Total Points – Content	P4 822
Working Conditions – Context	<u>33</u>
Full Points – Combined	855

THE HAY GROUP GUIDE CHART–PROFILE METHODSM

The Hay Group job evaluation method is a form of factor comparison that has been used by thousands of organizations to evaluate clerical, trade and technical, management and professional, and executive level jobs. At present, it is used in profit and non-profit organizations in over forty countries around the world. A substantial number of clients have relied on our approach for many years, applying the methodology through many reorganizations; during periods of growth and also when they must rationalize their structures. They have also used it to evaluate totally new product and service organizations and as a means to maintain consistency in periods of great change or legal challenge to the previously established order.

The Hay Group's method works because it is a dynamic process that organizations adapt and apply in ways that meet their needs. It is based on the notion that jobs can be measured on the basis of their relative contribution to the overall objectives of the organization. By considering core aspects of content and context that are common to all jobs, it provides a clear, understandable and systematic basis for defining and comparing the requirements for all kinds of jobs at all levels. However, the Hay Group method can readily be adapted to reflect special determinants that affect only some jobs in some organizations.

It is this combination of discipline and flexibility that has made it possible for the fundamental principles of the Hay Group method to remain intact over the years, even as there have been many refinements in language and application. For example: in Canada core factors of Know-How, Problem Solving and Accountability have been expanded to include, once again, a fourth factor – Working Conditions – in response to equal pay legislation. The following explanation covers all four factors and their twelve dimensions.

The Four Factors Used by Hay Group

Know-How

This factor is used to measure the total of every kind of **knowledge and skill, however acquired**, needed for acceptable job performance. Three dimensions are considered:

- practical procedures and knowledge, specialized techniques, and learned skills;
- planning, coordinating, directing or controlling the activities and resources associated with an organizational unit or function; and
- active, practising, person-to-person skills in the area of human relationships.

Problem Solving

This factor measures the **thinking required** in the job by considering two dimensions:

- the environment in which the thinking takes place; and
- the challenge presented by the thinking to be done.

Accountability

This factor measures the relative degree to which the job when performed competently, can affect the end results of the organization or a unit within the organization. The opportunity to contribute to an organization is reflected through three dimensions:

- the nature and degree of the decision-making or influence of the job;
- the unit or function most clearly affected by the job; and
- the nature of that effect.

Working Conditions

This factor measures **the context** in which the job is performed by considering four dimensions:

- **Physical Effort** – Levels of physical activity that vary in intensity, duration and frequency that contribute to physical stress and fatigue.

- **Physical Environment** – Progressive degrees of exposure of varying intensities to unavoidable physical and environmental factors which increase the risk of accident, ill health or discomfort.
- **Sensory Attention** – Levels of sensory attention (e.g., seeing, hearing, smelling, tasting, touching) during the work process that vary in intensity, frequency and duration.
- **Mental Stress** – Progressive degrees of exposure of varying intensities of factors inherent in the work process which increase the risk of such things as tension or anxiety.

Frequently Asked Questions About the Hay Group Method

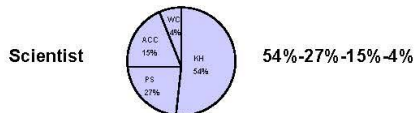
Can a Well-Established Evaluation Method Meet the Needs of a Changing Organization?

The Hay Group method works because it is based on the most flexible elements found in both job rating and ranking systems. It is a **dynamic** process that organizations adapt and apply in ways that meet their needs. It provides the **discipline** of a consistent, systematic means for measuring the relative contribution of different jobs over time, regardless of how the individual jobs may change or how the interrelationships may change. At the same time, it provides the **flexibility** of a process that can be adapted to the specific needs of the organization.

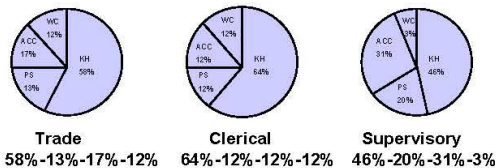
What is the Weighting of the Factors?

This is an often asked question. The answer is that there is **no** universal "weighting". When the Hay Group Method was being developed, it was found that jobs which were the same in nature would have evaluation points distributed between the factors in much the same way, **even though the jobs might differ significantly in size**. In other words, the proportion of the points assigned to Know-How, Problem Solving, Accountability and Working Conditions tends to be similar for similar types of jobs, regardless of the total number of points involved.

As an illustration, in the previous example of a scientist, the points were distributed as follows:



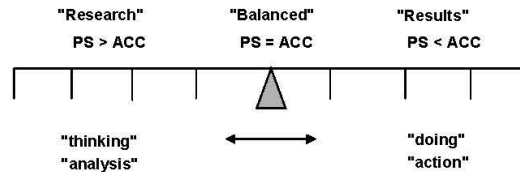
54-27-15-4 is the **"long profile"** or "weighting" or "relative distribution" of the factors for this job. Another position of a similar nature would have a similar weighting or **long profile, even though the total points might be different**. That is, one would expect most of the points **for scientists** to be given for Know-How and Problem Solving (81%) because of their relative importance in such a job. Other examples of typical profiles are:



What is the "Short Profile"

Know-How, Problem Solving and Accountability are all linked together. Working Conditions is more "contextual" in nature. **"Short profile"** assesses the **relationship** between

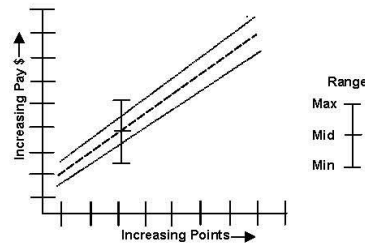
Accountability and Problem Solving (and to Know-How). Jobs with significantly more Accountability points relative to Problem Solving are usually very end results-focused. When Problem Solving is greater than Accountability, jobs are typically more research-oriented. Still other jobs are balanced, with similar amounts of Accountability and Problem Solving. **Short profile** is a valuable **quality control check**, it prompts evaluators to review their work to see if, on balance, they have developed the right "configuration", "relative contribution", or profile for the job being evaluated:



The Profile part of the Hay Group Guide Chart–Profile MethodSM not only provides a clear, brief "description" of the job, but also answers "weighting" and relationship questions.

How are Evaluations linked to Pay?

Evaluations result in Full Point values (K-H + PS + ACC + WC). These values, **through specific points, pay grades, broad bands, work levels, etc.** can be related to different types of pay (internal and/or market comparisons; base salary plans, base + incentive, etc.) Ranges with Midpoints, Maximums and Minimums can be developed that **compare points levels and pay levels**. Jobholders can be positioned in ranges based on a wide variety of criteria.



How does the Hay Group Method Fit with Equal Pay Legislation?

As can be seen on the next page, the four Hay Group factors fit closely with the Skill, Effort, Responsibility and Working Conditions factors which are stipulated in most equal pay legislation. Therefore, the Hay Group method is often used to develop Pay Equity plans.

The Hay Group Method and Equal Pay

*CANADIAN HUMAN RIGHTS ACT
AND EQUAL PAY GUIDELINES*

HAY GROUP GUIDE CHART-PROFILE METHODSM

Core factor	Sub factor	Dimension	Core factor	
Skill	Intellectual skill	Knowledge and skill, however acquired, associated with practical procedures, specialized techniques and scientific disciplines	Know-How	
		Conceptual or actual management knowledge and skill		
		Human relation skill		
	Physical skill	Physical skill associated with practical procedures and specialized techniques		
Effort	Intellectual effort	The independence, complexity and novelty of the thinking required in the job	Problem Solving	
	Physical effort	Intensity, frequency and duration of physical effort or activity producing physical stress or fatigue	Working Conditions	
Responsibility	Accountability for machines, finances and other resources	The size of the organizational unit or function which the job affects, as indicated by the resources involved (human and otherwise)	Accountability	
	Accountability for work of other employees	The role of the job in bringing about the objectives of an organizational unit or function, including accountability for the work of others.		
	Reliance on employees to perform the work	The nature of the organizational unit or function requiring knowledge and skill.	Know-How	
Working Conditions	Noise, heat, cold, physical danger, conditions hazardous to health, other conditions produced by the physical work environment	Intensity, frequency and duration of unavoidable conditions in the physical environment (e.g., fumes, temperature, noise, vibration, dirt, dust, and unavoidable exposure to hazardous substances, equipment, and/or situations)	Working Conditions	
		Isolation, mental stress, other conditions produced by the psychological work environment		Intensity, frequency, and duration of exposure to factors inherent in the work process or environment, (e.g., isolation, multiple deadlines) which increase the risk of such conditions as tension or anxiety.
		Intensity, frequency and duration of sensory attention during the work process		