



SGF Global

SGF GLOBAL HIRING HANDBOOK

Your go-to guide to onboard
and manage talent in all our offices

ECUADOR

Ecuador, a country of contrasts and charm in the heart of South America, offers a remarkably diverse geography—from the towering Andes and lush Amazon to the golden Pacific coast and the unique Galapagos Islands.

Its rich history and cultural diversity reflect a blend of ancient traditions and modern influences, especially in lively cities like Quito and Guayaquil. With four distinct regions, Ecuador is home to extraordinary biodiversity, making it a global conservation hotspot. Its economy is driven by key industries such as agriculture, fishing, oil and gas, manufacturing, and mining—sectors that continue to shape its dynamic development.

NATIONAL HOLIDAYS

The following are the current public holidays in Ecuador:

JAN 1	New Year
MAR 3 - MAR 4*	Carnival* (<i>*Date varies</i>)
APR 18*	Good Friday* (<i>*Date varies</i>)
MAY 1	Labour Day
MAY 24	Battle of Pichincha
AUG 10	Independence Day
OCT 09	Independence of Guayaquil
NOV 2	All Souls' Day
NOV 3	Independence of Cuenca
DEC 25	Christmas

EMPLOYMENT CONTRACTS

It is the agreement by virtue of which a person undertakes to another or others to provide their lawful and personal services, under their dependence, for a remuneration fixed by the agreement, the law, the collective agreement or custom. (Art. 8 Labor Code).

All types of employment are bilateral between SGF Global and the employee.

INDEFINITE CONTRACT: With 90 days of trial

(Art.14 and 15 of the Labor Code). They work 40 hours a week (Art. 47 Labor Code).

PERMANENT PART-TIME CONTRACT: They work 20 hours per week. (Article 4 Ministerial Agreement No. MDT-2018-135).

EVENTUAL CONTINUOUS WORK: 40 hours a week up to 180 days with a surcharge of 35% of the similar position to occupy in the company. (Art. 11 and 17 of the Labor Code).

EVENTUAL DISCONTINUOUS WORK: 180 days within a calendar year with a surcharge of 35% of the similar position to be occupied in the company. (Art. 11 and 17 of the Labor Code).

EMERGING CONTRACTS: They have a term of one year with the option to renew for the same term after this time becomes an indefinite contract. (Art. 19 Organic Law on humanitarian support to combat the health crisis derived from COVID-19).

FORMS OF REMUNERATION**A) GENERAL (ART. 13 LABOR CODE)**

In salary and daily contracts, remuneration is agreed based on a certain unit of time.

The Joint Venture Contract is one in which the worker has a share in the profits of the employer's business, as remuneration for his work.

Remuneration is mixed when, in addition to the fixed salary or salary, the worker participates in the product of the employer's business, as



remuneration for his work.

B) TYPES OF REMUNERATION

There are the following types of remuneration (Art 80 of the Labor Code):

Salary is the stipend paid by the employer to the worker under the employment contract; The salary is paid for working days and in such a case it is called a daily wage; by units of work or by tasks. The remuneration that corresponds to the employee for the same concept. The salary, for months, without eliminating non-working days.

C) CURRENT LEGAL UNIFIED BASIC SALARY (SBU)

Pursuant to Ministerial Agreement No. MDT-2024-300, it is established that as of January 1, 2025, the unified basic salary of the 2025, the unified basic salary of the worker ("SBU") in general is fixed at four hundred and seventy dollars of the United States of America (US\$470.00); including the wages of small industry workers, agricultural workers, domestic workers, maquila workers, microenterprise collaborators and artisans. However, it is necessary to mention that the employer and the worker may freely agree on their salary, but always respecting the legal minimum. The amount of the basic salary shall be determined by the "National Council of Labor and Wages", or by the Ministry of Labor Relations in the absence



of agreement in the Council. (Art. 81 of the Labor Code).

D) SPECS:

By written agreement between the parties, the working day may exceed the limit set, if it is done with the authorization of the Labor inspector and the following requirements are observed (Article 55 of the Labor Code):

SUPPLEMENTARY HOUR: It is the one that takes place within the working days of the worker. If they take place during the day or until 12 AM, the employer will pay the remuneration corresponding to each of the additional hours plus a fifty percent surcharge. If these hours are between 12 AM and 06 AM, the worker will be entitled to a 100% surcharge. It is allowed up to a maximum of 12 additional hours per week.

EXTRAORDINARY HOUR: It is the one that takes place during the days of rest and holidays. They must be paid with one hundred percent surcharge.

E) PAYMENT LOOPS

The term for the payment of wages may not exceed one week, and the payment of salaries, not more than one month. It must be paid for equal and overdue periods, in legal currency. (Art. 83 Labor Code).

F) TRAVEL

They are a certain sum of money that the employer recognizes to the worker to cover the expenses of subsistence, transport and accommodation incurred for the fulfillment of his functions outside his usual place of work the payment of this will be governed by the internal regulations of the company.

G) PAYMENTS

That are agreed as **NON-SALARY**.

The Base Salary does not include income in money, kind, or service, which you receive by reason of extraordinary and supplementary work, commissions, participation in profits, reserve funds, the legal percentage of profits, per diem or occasional subsidies, additional remuneration, or any other remuneration that has a normal or conventional character and all those determined by Law. (Art. 81 Labor Code).

WORKING HOURS

A) ORDINARY WORKING TIME

The maximum working day is eight hours per day, so that it does not exceed forty hours per week, unless otherwise provided by law. (Art. 47 Labor Code). The night shift, understood as that which takes place between 7 PM and 6 AM the following day, may have the same duration and will entitle you to the same remuneration as daytime work, increased by 25% (Art. 49 of the Labor Code).

Saturdays and Sundays will be forced rest.

However, if due to the circumstances, work cannot be interrupted on such days, another equal time (two consecutive days of the week) will be designated for rest, by prior agreement between employer and workers. (Art. 50 and 51 of the Labor Code).

The compulsory weekly rest shall be paid with the amount equivalent to the full remuneration, that is, two days, according to the nature of the work or industry. (Art. 53 Labor Code).

B) SPECIAL WORKING HOURS

They are special schedules and therefore are subject to authorization from the Ministry of Labor, all those schedules that for specific needs whether internal or external to the industry or business, entail the following characteristics:

- a) That involve work more than five consecutive days and contemplate additional or accumulated days of rest to those established for the ordinary day;
- b) Involving work for less than five consecutive days with rest intervals of less than two consecutive days.
- c) That involve rotating schedules, whether daytime or night or mixed. In addition, they are special schedules, those determined in the new Contractual Typologies, therefore, for the correct application of these, the employer must request the corresponding authorization of special schedules through the System that the Ministry

of Labor determines for this purpose, that is, in cases that:

- It involves a part-time working day of 36 hours per week, which may be distributed over up to six days a week.
- Involve a special day of 40 hours per week, which may be distributed up to six days a week. (Ministerial Agreement MDT-2018-0219).

ENFORCEMENT OBLIGATIONS

IESS	Contribution percentages	Employer- 11.15%
		Employee- 9.45 %
SICKNESS BENEFIT	Percentage of coverage	The Ecuadorian Social Security Institute will pay 75% of the last remuneration
EXTRA HOURS	6 AM-12 AM	Each of the extra hours will be paid with a 50% surcharge
	12 AM-6 AM	Each of the extra hours will be paid with a maximum surcharge
OVERTIME	Applies for rest days and holidays	Each of the extra hours will be paid with a maximum surcharge

A) MONTHLY OBLIGATIONS

IESS: The system provides several health benefits, such as medical and dental care, treatment of diseases among others. It also provides pension insurance benefits such as old age retirement, disability retirement, disability retirement. In addition, it provides a Montepío pension in case of death of the insured.



Sickness subsidy: In case of illness of the worker, the IESS will pay 75% of the last remuneration, from the fourth day to 6 months. For maternity: 75% of the last remuneration is paid, from the first day to a total of 84 days.

GENERAL INSURANCE OF OCCUPATIONAL RISKS: Protects the insured and employers in the contingencies derived from accidents at work and occupational diseases, through the application of prevention programs in Occupational Health and Safety and actions of reparation in the contingencies derived from accidents of work and occupational diseases, including physical and mental rehabilitation, and

reintegration into the labor market.

B) ANNUAL OBLIGATIONS

HOLIDAYS: Every worker shall have the right to enjoy annually an uninterrupted period of fifteen days of rest, including non-working days. Workers who have worked for more than five years in the same company or with the same employer shall be entitled to an additional day of vacation for each of the surplus years. The holiday will be paid as follows (Article 69 of the Labor Code):

SUM OF WAGES RECEIVED (12 MONTHS) +H. EXTRAS +H. SUPPLEMENTARY + COMMISSIONS

THIRTEENTH SALARY: It is a benefit received by workers under a relationship of dependency and corresponds to a remuneration equivalent to one twelfth of all the remuneration they would have received during the calendar year. The deadline for payment is December 24.

SUM OF WAGES RECEIVED (01 DECEMBER - 30 NOVEMBER) + H. EXTRAS + H. SUPPLEMENTARY + COMMISSIONS

12

FOURTEENTH SALARY: Workers will receive an annual bonus equivalent to a unified minimum basic remuneration that will be paid until March 15 in the regions of the Coast and Insular, and until August 15 in the regions of the Sierra and Amazon (Art. 113 Labor Code).

SBU (\$450) BY 2023

RESERVE FUNDS: It is a labor right acquired by any worker who provides services for more than one year to the same employer or company.

REMUNERATION RECEIVED MONTHLY X 0.833

PAID LEAVE

MATERNITY LEAVE: Every working woman is entitled to paid leave of twelve (12) weeks for the birth of her daughter or son; in the case of multiple births the period is extended by an additional ten days. Absence from work shall be justified by the presentation of a medical certificate issued by a doctor of the Ecuadorian

Social Security Institute, and, in the absence of this, by another professional; certificate stating the probable date of confinement or the date on which the event occurred. (Art. 152 Labor Code).

PATERNITY LEAVE: The father is entitled to leave with remuneration for fifteen days for the birth of his daughter or son when the birth is by normal delivery; in cases of multiple births or by caesarean section it will be extended for five more days. (Art. 152 Labor Code).

In cases where the daughter or son has been born premature or in conditions of special care, paternity leave with remuneration shall be extended for a further eight days and when the daughter or son has been born with a degenerative, terminal, or irreversible illness, or with a degree of severe disability, the father may have paid leave for twenty-five days. (Art. 152 Labor Code).

TERMINATION OF THE EMPLOYMENT RELATIONSHIP

The settlement act is the document that formalizes, in detail, the values delivered to the worker as part of their settlement once the employment relationship has ended. In addition, it mentions the reasons for termination, whether by mutual agreement, eviction, untimely dismissal or voluntary resignation, among others described in the Law.

A) GROUNDS FOR TERMINATION OF THE EMPLOYMENT CONTRACT:

Chapter IX of the Labor Code states:

“Termination of the Employment Contract”:

1. For the reasons legally provided for in the contract.
2. By agreement of the parties.
3. For the completion of the work, period of work or services subject to the contract.
4. Due to the death or incapacity of the employer or termination of the contracting legal entity, if there is no legal representative or successor to continue the company or business.
5. Due to the death of the worker or permanent and total incapacity for work.
6. For fortuitous event or force majeure that makes work impossible, such as fire, earthquake, storm, explosion, pests of the countryside, war and, in general, any other extraordinary event that the contracting parties could not foresee or that foreseen, they could not avoid.
7. At the will of the employer in the cases referred to in article 172 of this Code.
8. By the worker’s will according to article 173 of this Code; and
9. For eviction filed by the worker.

B) BONUSES AND INDEMNITIES

If the worker has worked for a consecutive year in the same company, he or she will be entitled to bonuses in addition to those provided for in the law and these are known as Eviction Bonus

and Compensation for Untimely Dismissal, which are detailed in Chapter X of the Labor Code.

“Art. 185.- Bonuses for eviction. - In cases of termination of the employment relationship due to eviction, the employer will bonus the worker with twenty-five percent of the equivalent of the last monthly remuneration for each of the years of service provided to the same company or employer. The same bonus shall be paid in cases where the employment relationship is terminated by agreement between the parties.”

The employer, within fifteen days after the notice of eviction, will proceed to liquidate the value represented by the corresponding bonuses and other rights that correspond to the worker, in accordance with the law and without prejudice to the powers of control of the Ministry of Labour.

It is worth mentioning that the eviction bonus is included in the severance pay and is multiplied for each year worked based on the last full remuneration received by the worker including (Salary + Commissions + Overtime and Other bonuses declared in the IESS).

Another of the causes for which the employment relationship can end and generates an additional item with its actions is the Untimely Dismissal:

“Art. 188.- Compensation for untimely dismissal. - The employer who untimely dismisses the worker

will be sentenced to compensate him, in accordance with the length of service and according to the following scale: Up to three years of service, with the value corresponding to three months of remuneration; and, More than three years, with the equivalent value of one month's remuneration for each year of service, but in no case does that value exceed twenty-five months' remuneration. The fraction of a year shall be considered as a full year."

The calculation of these indemnities shall be made based on the remuneration that the worker would have been receiving at the time of the dismissal, without prejudice to the payment of the bonuses referred to in the case of article 185 of this Code. In the case of a worker who has completed twenty years of work, and less than twenty-five years of work, continuously or interruptedly, he shall additionally be entitled to the proportional part of the employer's pension, in accordance with the rules of this Code.

C) SOCIAL BENEFITS

The severance agreement also includes those labor provisions to which the worker is entitled during his or her stay in the company and are detailed below:

VACATIONS NOT TAKEN: If the worker has not taken the annual leave that corresponds to him (15 days), he must be paid a value proportional to

the time worked.

VACATION CALCULATION: (Monthly salary / 24) x vacation days not taken.

THIRTEENTH SALARY (CHRISTMAS BONUS): It is an additional salary equivalent to one-twelfth of the remuneration received in the year. It is calculated proportionally to the time worked.

Calculation: (Sum of salaries for the year / 12) x months worked.

FOURTEENTH SALARY (SCHOOL BONUS): It is an additional unified basic salary (SBU) that is paid annually. It is calculated proportionally to the time worked.

Calculation: (SBU / 12) x months worked.

SBU 2025: \$470 USD.

RESERVE FUND: It is a value equivalent to 8.33% of the worker's monthly salary if he or she has worked for more than one year. It is paid monthly or at the end of the contract, depending on what was agreed.

Calculation: (Monthly salary x 8.33%) x months worked.

D) SETTLEMENT ACT, SALARIES AND OTHER BENEFITS

If the employment relationship ends before the end of the month, pending remunerations may be added to the settlement, as well as discounts (Loans, Advances, 9.45% IESS Contribution, among others) that are debited to the employee monthly.

If you are an employer, remember that, to proceed with the preparation of the Settlement Act, you must previously enter the exit notice in the SUT (Unified Work System).

Once the news has been communicated to the Ecuadorian Institute of Social Security IESS, the Settlement is prepared on the SUT website.

The settlement is delivered to the collaborator, the proof of payment and the settlement act signed by both the Employer and the Ex-Worker must be uploaded scanned and these physical documents must rest in the company's personnel files.

It is important to note that, in any cause for termination of the employment relationship, the rights of the worker must be respected, and the outstanding wages must be liquidated in accordance with the law. The Ministry of Labor of Ecuador is the entity in charge of supervising and ensuring compliance with these provisions.

Both employers and workers must be aware of these rights and obligations at the time of ending an employment relationship, and that any disagreement about the severance or settlement can be resolved through the competent authority, such as the Ministry of Labor of Ecuador.

