

Policy Manual



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Section:	HRAD		
Subject:	Compensation		
Sub-Topic:			
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Author:			
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1.0 Objective

The Company seeks to establish and maintain a system of compensation and benefits that is externally competitive, internally equitable, and supportive of corporate and individual requirements.

2.0 Scope

This includes compensation of employee from hiring to separation from the Company.

3.0 Details

1. Pay Structure

Job evaluation is the process of ascertaining the appropriate pay grade for a position based on standard factors (e.g., complexity of work, previous experience required, responsibility for information). This is performed whenever there is a newly created position or a newly reconstituted one. A general job evaluation is also conducted as warranted by business circumstances.

Pay scales are provided to guide movements along and across pay grades. These are regularly reviewed vis-à-vis alignment with compensation policy.

2. Hiring Rate

Hiring rate is determined by the position's pay grade and the new hire's assessed relevant qualifications.

3. Pay Increases

3.1. Regularization Increase

This may be given to an employee who satisfactorily completes the probationary period.

3.2. Merit Increase

This is given to an employee based on his work performance for a stated period.

Eligibility and guidelines may vary from year to year. However the computation would normally observe the following process:

- Based on the accomplished Performance Plan and Appraisal form, an initial composite rating is arrived at for the employee.
- The initial ratings are reviewed together by the Line Heads concerned and final ratings are given, using the bell curve distribution as guide.
- The final ratings are used for determining the merit increase.

3. 3. Promotion Increase

This is given to the employee as a result of upward position adjustment and assumption of higher/expanded responsibilities.

3.4 Others

Pay increases may also be given as a result of, among others, structural adjustment, a government directive, acquisition of additional professional credentials, or a Collective Bargaining Agreement.

4. Overtime Pay (Staff)

Overtime pay is granted to staff for excess hours of work, as authorized by the Division and Department Heads.

	Overtime Rate/Hour
Regular Work Day	Before 9:00pm – 150% After 9:00pm – 175%
Regular Holiday	200%

Rest Day, Special Holiday	Up to 8 hours - 150% In excess of 8 hours – 180%
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A minimum of 1 hour overtime work is required before this is authorized.

A grace period of 5 minutes is allowed during rest days and holidays. Beyond this, start time for compensation purposes shall be determined in aggregates of 30 minutes, as illustrated below.

8:00 – 8:05 AM – considered as 8:00 AM

8:06 – 8:30 AM – considered as 8:30 AM

Overtime pay requests are approved by Line Head and directly submitted to Payroll for processing/spot audit.

5. Night Differential

Night Differential is granted for authorized work performed between 10:00 p.m. to 6:00 a.m. This is on top of any overtime compensation.

The rates are as follows

- Staff - P150 per night, proportionate to the actual number of hours
- Supervisor – P250per night, proportionate to the actual number of hours

6. Bonuses

6.1.13th Month Pay

The Company grants all employees a 13th month pay equivalent to 1 month basic salary.

Those with less than a year of service or have been on unpaid leave (except sick leave) and/or suspended for at least 30 continuous calendar days during the calendar year shall receive a proportionate amount. Reckoning date is December 31 of applicable year.

6.2.Christmas Bonus

On top of the 13th month pay, the Company grants regular employees with at least 5 years of continuous service as of December 31 of the applicable year a Christmas Bonus based on the following amounts:

Years of Service	Amount
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5 to less than 10 years	25% of monthly basic salary
10 to less than 15 years	50% of monthly basic salary
15 to less than 20 years	75% of monthly basic salary
20 years and over	100% of monthly basic salary

Employees who have been suspended and/or were on unpaid leave (except sick leave) for at least 30 continuous calendar days during the year shall receive a proportionate amount.

6.3. Midyear Bonus

Each year, the Company grants regular employees with a midyear bonus equivalent to a month's basic salary in 2 tranches; 50% is given on May 10; the other 50%, on October 10. "Basic salary" is as of pay-out date.

Proportionate amount shall be given to regular employee with less than a year of service as of pay-out date.

Proportionate amounts are granted to those who were either suspended and/or or were on unpaid leave (except sick leave) for at least 30 continuous calendar days in the last 12 months.

7. Allowances

On top of basic salaries, the Company may grant allowances. The allowances may be for specified groups and/or reasons. Further, granting may be for a limited period only or subject to certain conditions.

These allowances, which in certain cases may be tax-free, are not included in the computation of basic salary-related benefits (e.g., 13th month pay, leave conversions, Retirement Plan).

Among the allowances are meal allowances (as part of a Collective Bargaining Agreement), per diem (for official out-of-town trips), and cost-of-living allowance (as may be required by law).

7.1 Meal and Transportation Allowance (Supervisors)

The allowance is provided to supervisors to help defray expenses incurred for work performed outside regular working hours or on non-working days. This is computed at P220 per hour, for a minimum of 2 to a maximum of 8 hours.

The approved request for such should be submitted to HR for processing. This should be received on or before Wednesday of each week and the allowance will be released on Friday of the same week.

In case an employee is on outside assignment, he shall not be entitled to this meal and transportation allowance if he is receiving per diem.

8. Payroll

8.1. Payroll Crediting

Salaries are paid every 10th and 25th of the month. If the payday falls on a Saturday, Sunday or holiday, employees may draw their salaries on the immediately preceding weekday.

Payment is released through one's RCBC savings/current account.

Pay slips are normally released 3 days before payroll date.

8.2. Payroll Deductions

As required by law, the Company makes regular deductions for taxes withheld from income, Social Security, Philhealth and PAG-IBIG contributions from the employee's payroll. Other deductible items are the following:

- Excessive tardiness (for staff and supervisors)
 - Leaves without pay
 - Any accountability to the Company
 - Any Authorization for Salary Deduction, as signed by the employee and as allowed by the
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Company.

Total payroll deductions should not go below the take home pay limit of 30%.

9. Determination of Monthly, Daily and Hourly Rates (Based on Basic Pay)

9.1. To convert daily rate to monthly rate (e.g., in case of increase in daily rate)

$$\text{Monthly Rate} = \frac{\text{Daily Rate} \times 365 \text{ days}}{12}$$

9.2. To convert monthly rate to daily and hourly rates (i.e., for overtime pay)

$$\text{Daily Rate} = \frac{\text{Monthly Basic Salary} \times 12 \text{ months}}{261}$$

$$\text{Hourly Rate} = \frac{\text{Daily Rate}}{8}$$

9.3. To convert monthly rate to daily rate (i.e., for sick leave encashment)

$$\text{Daily Rate} = \frac{\text{Monthly Basic Salary} \times 12 \text{ months}}{312}$$

9.4. To convert monthly rate to daily rate (i.e., for vacation leave encashment)

$$\text{Daily Rate} = \frac{\text{Monthly Basic Salary} \times 12 \text{ months}}{261}$$

10. Effect of Prolonged Absence without Pay

Employees who are either suspended and/or were leave without pay (except sick leave) for at least 30 continuous calendar days shall not earn vacation and sick leave credits for the covered period and shall have tenure-based pay increases and bonuses computed proportionately. All other benefits shall be handled on a case-to-case basis.

11. Computation and Processing of Last Pay

The last pay of a separating employee shall be processed upon full completion of exit clearance. In case the last pay is insufficient to pay all liabilities to the Company, the separating employee is obliged to personally settle all obligations upon demand.

Common components of the last pay of employees who are retiring, resigning, or being separated due to an authorized cause shall be the following:

- Last payroll (covering at least ½ month)
- Pro-rated 13th month pay
- Pro-rated Christmas bonus if at least with 5 years of service upon separation
- Commutation of unused vacation leaves, including earned leaves for use the following period
- Commutation of unused sick leaves (for Managers & Officers only), including earned leaves for use the following period
- Retirement Plan proceeds, in case of retirement or voluntary separation after at least 10 years

Last pay of employees who are being separated due to just cause shall cover last payroll and prorated 13th month pay.

Upon receipt of the above, the employee shall be required to sign a Release, Quitclaim and Waiver.

Description / Title	Name List	Sign-off and Approval	
Reviewer(s)		Reviewer's Sign-off	
Business Representative			
Approver(s)		Approval Sign-off	
Business Manager			