



Payreto Services Inc.

COMPANY POLICY AND GUIDELINES

EMPLOYEE'S HANDBOOK

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MESSAGE FROM THE MANAGING DIRECTOR

Congratulations! You have joined the global pioneer in Managed Services Solutions for Payment Providers. Your contributions will be invaluable in the growth and success of Payreto Services Inc. We hope that you will find your stay here at Payreto Services, Inc. a rewarding experience.

This handbook was prepared by the Human Resources Department (HR) to acquaint you with the various HR policies of Payreto Services, Inc. It is intended to give you a better understanding of your responsibilities and the conditions under which you work. In a nutshell, this contains a description of who we are as a company and the rules and regulations governing the workplace.

This handbook should answer frequently asked questions by employees and serves as a "ready reference" for you. Your Immediate Supervisor can help you with any questions you have that are not answered here.

Thank you for joining us!

Sincerely,
Dr. Tschangiz Scheybani
Managing Director

GUIDELINES IN USING THIS HANDBOOK

This handbook replaces and supersedes all prior Department policies and agreements regarding employment, Human Resources (HR) matters and Code of Conduct effective September 1, 2016. Payreto Philippines, Inc. Management may add, remove or change any policy included in this handbook from time to time as Management sees fit.

Your Department may have additional specific procedures for many of the general policies stated in this handbook. It is your responsibility to learn and comply with your respective Department's procedures.

This handbook is intended for use by all employees of the Payreto Philippines, Inc. and all employees are required to strictly follow the rules and regulations embedded herein, subject to such disciplinary penalties herein provided.

The entire content of this handbook is available through HR. HR will communicate to employees if there are any additions and/or changes in any of the policies.

Please direct any questions to your Immediate Supervisor, Department Head, or to the Human Resources Department.

ABOUT PAYRETO SERVICES INC.

Online payment processing is continuously evolving, and industry players need to keep up with the constant change in technology being used and increase in operational requirements. At the forefront of this change is Payreto Services Inc., a subsidiary of Payreto Asia Ltd. (Hong Kong).

Based on the idea of the PARETO PRINCIPLE, Payreto provides Managed Services to companies in the Payment industry such as Merchant Service Providers, Acquiring Banks, Acquiring Processors, Remittance Providers, Risk Management Technology Providers, Gateway Vendors, etc.

By offering its clients customized service packages that keep these payment providers competitive, these companies in turn are enabled to focus on activities that really matter for their business such as Marketing, Sales & Distribution, and Relationship Management.

With our strong expertise in the online payment processing and our team of experienced online payment processing professionals, we give payment providers the time and flexibility necessary to take their business to the next level.

All our services are offered under our white label promise, which means that anything we do shall become integral in our client's services and even perceived as provided by our clients themselves. Through our services, any payment provider can offer highest quality services to its customers, without compromising maximum flexibility and scalability of their company's operations. We simply call this concept "The Payreto Principle"

1. PAYRETO's Mission and Vision

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|----------|---|
| Mission: | To be a success-enabler in each phase of our clients' journeys. |
| Vision: | To be the innovative and collaborative turn-key solutions company for financial service providers in the payments industry space. |

2. PAYRETO's Core Values

- ☐ CLIENT-FOCUSED
- ☐ SOLUTION DRIVEN
- ☐ COLLABORATION
- ☐ PRODUCTIVITY AND ACCOUNTABILITY
- ☐ INTEGRITY

3. PAYRETO's Code of Ethics

All Payreto Services Inc. employees are required to:

- i. Adhere to the core values, principles and standards of business conduct of Payreto Services, Inc.
- ii. Exercise corporate citizenship and protect corporate interest by conducting business affairs in a fair and honest manner and in compliance with the law.

- iii. Protect with zeal and caution confidential knowledge or data on products, business strategies, processes, systems or other important information during or even after employment with Payreto Services, Inc.
- iv. Uphold the corporate interest and avoid undue personal favors, especially in matters of awarding contracts, hiring employees, as well as any and all similar activities.
- v. Utilize Payreto Services, Inc. property, funds, equipment, and time solely for the purpose required by the company.

TERMS OF EMPLOYMENT

1. Talent Acquisition Policy

Policy Statement: Payreto, as an organization, believes in sustaining its growth by hiring high quality talent to fulfill the services provided by the company. Each employee is expected to work towards the overall strategic success of the company. In hiring the most qualified candidates, the HR and Recruitment team must continually create and implement an effective and efficient process.

1.1. Payreto HIRING PROCESS AND PROCEDURES: Detailed processes and guidelines are enumerated are enumerated on the Talent Acquisition Policy and Procedure.

- a. PERSONNEL REQUISITION: Personnel requisitions must be completed to fill Payreto's positions as well as maintain an organized hiring strategy. Requisitions must be initiated by the department Supervisor/Manager, approved by the Managing Director, and then forwarded to HR. Personnel requisitions should indicate the following:
 - i. Reason for the job opening.
 - ii. Essential job functions and qualifications (or a current job scorecard may be attached).
 - iii. Position
 - iv. Employment status (Regular/Probationary/Project-based).
 - v. Job Grade (Compensation and Benefits package)
 - vi. Cost Center: Which cost center is this new opening chargeable to?
 - i. Any special recruitment advertising instructions. The Hiring Manager can choose other recruitment tools and strategies such as but not limited to the following:
 - 1. Promotions/Appointments
 - 2. Headhunter / Executive Search firm
 - 3. Internal Job Posting
 - 4. Employee Referral Program
 - 5. Signing Bonus
 - 6. Other recruitment strategy and tool
- b. JOB ADVERTISEMENT AND POSTING: All job vacancies must be advertised to welcome applications from as many eligible candidates as possible. All of Payreto's job openings will be posted on the company's website, job portal and social networking websites Any job postings will be created and maintained by Talent Acquisition and postings will remain posted until the positions are filled up or should there be modifications in the required positions.

- c. RECRUITMENT PROCESS: Each candidate considered for employment with Payreto shall undergo these steps:
 - i. Completion of Payreto Application Form.
 - ii. Written Assessments in line each of Payreto's prospective roles.
 - iii. Simulation exams that are necessary to some roles.
 - iv. Initial screening and interview from Payreto's HR and Recruitment.
 - v. Operations and/or Management team interview.
 - vi. Reference and background check to ensure that they are the proper fit for the company and as compliance to PCI – DSS standards.
 - vii. Submission of pre-employment medical exam to ensure that each candidate is fit to work.
- d. EMPLOYEE REFERRAL PROGRAM: The program aims to encourage employees to actively help in the recruitment activities by referring competent candidates for the open positions. A referral fee amounting to Php10,000.00 subject to tax shall be given to the employee upon hire of the candidate. Disbursement of the first half will be given upon hire of the candidate and the remaining half will be given after three months that the candidate was hired.

1.2. ON-BOARDING with Payreto

- a. RATIONALE: Payreto seeks to maintain a good roster of talent to fuel its growth. In this, Payreto strives to provide new employees necessary training, guidelines, tools, resources and support so that they may have the ability to easily adapt and grow in the company.
- b. An ON-BOARDING OR PRE-EMPLOYMENT Checklist will be given to each new employee which involves the submission of the following on or before the first day of employment with Payreto:
 - i. NBI Clearance
 - ii. BIR Form 2316
 - iii. SSS ID or Pink Form
 - iv. PAGIBIG or HDMF ID
 - v. T.I.N. ID
 - vi. Pre-employment Medical Examination-with Fit to work remarks
 - vii. Company Clearance from previous employer
 - viii. Diploma/Transcript of Records from school
 - ix. Other additional documents, at the discretion of HR.
- c. All employees are required to attend the following trainings prior to joining Operations. Days of training will be paid working days, in accordance with the Implementing Rules of the Labor Code of the Philippines.
 - i. New Employee Orientation
 - 1. Security Awareness and Data Privacy
 - 2. HR Orientation

- 3. Signing of all Compliance Forms
 - ii. Operations Product Training
- d. Company Identification:
- i. Payreto employees are required to conspicuously wear company identification (ID) while in Payreto premises, in compliance with PCI DSS certification standards.
 - ii. Company IDs are issued to all employees by HR. While there is no charge for an employee's initial ID card, a fee shall be charged for replacements.
 - iii. Employees are required to return their IDs to HR on the effective day of their resignation or upon termination of employment with Payreto.

2. Data Privacy Policy

Policy Statement: Payreto Services Inc. prioritizes security and protection of data privacy. As a solutions provider serving global clients, Payreto Services Inc. abides with the Philippines, German and European data privacy laws, copies of which will be provided to all employees:

1. Philippines Republic Act No. 10173
2. Data Protection Directive (officially Directive 95/46/EC) European Union directive
3. German Bundesdatenschutzgesetz (BDSG), a Federal Data Protection Act, regularizes together with the Data Protection Acts of the German federal states

At the same time, Payreto's efforts in protecting data privacy enables us to maintain our certification with Payment Card Industry Data Security Standard (PCI-DSS). Our compliance may also qualify Payreto for future certifications including ISO.

Thus, as employees, all should comply by performing the following:

2.1. Protect Account Data:

- a. Do not store sensitive authentication data after authorization (even if encrypted).
- b. Render primary account number unreadable anywhere it is stored.
- c. If you do not need it, do not store it.
- d. Need-to-Know Principle: All confidential information is only for yourself and NO one else.

2.2. Personal belongings and use of electronic devices in the operations area:

- a. Electronic Storage devices are not allowed. Only Payreto storage devices are allowed to be used.
- b. All personal belongings should be stored in the locker to maintain security in your workstation and computer.
- c. Only registered Phones can be used in Payreto.

2.3. Exercise proper handling of data assets from marking, transmission, storage and destruction:

- a. **Storage:** Archiving and storing data in workstation only.

- b. Access: Authentication data used to access certain platform, system, laptop, etc. (usually a combination of Username and Password)
- c. Management: Observe the process of handling and controlling of these assets (information).
- d. Backup and Recovery: Report to IT Department to facilitate the copying of the original files and folder in case the original is damaged or erased
- e. Disposal: Report to IT Department to facilitate removal or destruction of data or storage devices and other related hard copies.

2.4. Implement data integrity protection

- a. Record the original creation date and time for files on your systems.
- b. Use encryption, electronic signatures, or watermarking to keep track of authorship and changes made.

2.5. Maintain security in your workstation and computer:

- a. Lock your workstations when you leave.
- b. Lock your pedestals when you leave.
- c. Activate automatic screensaver lock on your PC (set it to 5 minutes).
- d. Maintenance, installation, or any other change of workstation/notebook configuration is restricted except for authorized IT personnel.
- e. Be cautious of shoulder surfing.
- f. ALWAYS update your PC, Antivirus, Antimalware software.
- g. Make it a habit to let your Antivirus scan your PC at least once every 2 weeks.
- h. Use recommended software ONLY.
- i. Avoid visiting unsecured websites.
- j. Do not open suspicious URL or email.
- k. Do not download suspicious attachments or .exe files.
- l. Do not download from untrusted sources at all.

2.6. Observe best known practices for passwords:

- a. Do not write down passwords or store them without encryption in your PC.
- b. Do not store passwords with browsers.
- c. Passwords must be difficult to guess with at least 8 characters long with special characters and numeric combination.
- d. Never use the same password for different accounts.
- e. Practice changing passwords monthly is encouraged and as configured by the IT.

2.7. Maintain security in the office.

- a. Attend Payreto security awareness presentation conducted by IT department at least once a year.
- b. Make sure every visitor/office guest is logged in the visitor Monitoring Sheet.
- c. Wear Company ID in the Payreto premises.
- d. Lock the door if you are the last person to leave the office.
- e. Practice clean desk policy.
- f. Do NOT share the Wireless Access to anyone.
- g. Do NOT connect any device to Payreto network without requesting an approval from IT.

- h. Do NOT copy any sensitive information classified as Restricted in any Payreto system or application.
- i. All device must be registered with the IT Department (BYOD).
- j. Immediately report bugs and security issues to the IT Personnel.
- k. Immediately report lost / stolen keys to HR.
- l. Immediately report lost / stolen laptops, company phones, data storage to IT.
- m. Immediately report break-ins within the office perimeter to Management.
- n. Read and visit the published policies of Payreto

3. Attendance Policy

Policy Statement: Punctual and regular attendance is an essential responsibility of each employee at Payreto. Each employee in the company needs to adhere to this requirement because each instance of tardiness or absence not only affects fellow employees and supervisors but also diminishes the company's general productivity.

3.1. Working Hours and Rest Periods

- a. The regular workweek of Payreto Services Inc. is from Mondays to Fridays, five (5) days a week. Work hours vary depending on the department's operational needs. All staff members are advised to consult with their Department Head's or their Immediate Supervisor on their shift schedule. Shift schedule are as follows:
 - 1. 8 am – 5 pm
 - 2. 10 am -7 pm
 - 3. 1 pm -10 pm
 - 4. 3 pm – 12 am
 - 5. Any other shift schedule as requested by the client or the management
- b. Employees - non-supervisory and supervisory -- are required to use their fingerprint through the biometrics timekeeping machine twice daily, (1) upon arrival for work and (2) leaving the office after work.
 - i. This is the primary basis of attendance monitoring and any payroll deductions for all employees.
 - ii. Employees who habitually forget to login and logout will be subject to corrective and/or disciplinary action for Neglect of Duty.
- c. In the case of non-biometric timekeeping tools used in operations, no employee is allowed to login or logout any other employee but himself/herself.
 - i. Employees who tamper with attendance records will be subject to disciplinary action as a serious offense under Dishonesty.
- d. Employees are entitled to two (2) fifteen-minute breaks and a one-hour lunch break. Staggered 15-minute breaks and lunch breaks may be arranged to ensure the continuous flow of activities and to avoid crowding in the pantry.
- e. Shifting Schedules:
 - i. There will be instances in which an individual's work schedule may be changed on either a temporary or ongoing basis. Such a change may result from workload variations in the employee's department. A change to an employee's work schedule must be authorized by the employee's Department Head and shall be subject to such legal requirements for flexible work arrangements.

3.2. Reporting for Work

- a. Employees are expected to begin work on their respective and assigned scheduled time and to return on time from meal and breaks.
- b. If an employee's arrival to work will be delayed, the employee is expected to notify his or her immediate supervisor and the anticipated arrival as soon as possible.
- c. Immediate supervisors are responsible for monitoring attendance.
 - i. Immediate supervisors are required to check their mobile phones for any notice of an absence or tardiness from their direct reports.
 - ii. They are to report any immediate occurrence to HR and his/her Manager.
 - iii. Immediate supervisors are required to address attendance problems within the 15-day pay period otherwise supervisors will face disciplinary action for Neglect of Duty.
- d. An employee whose attendance demonstrates either a consistent pattern of (1) unscheduled absence or tardiness and/or (2) excessive unscheduled absences or tardiness will be subject to corrective and/or disciplinary action.

3.3. Tardiness

- a. Definition: Tardiness is arriving late for work or returning late from breaks/meals. An employee who is late by one (1) minute up to 119 minutes from their scheduled work time is considered late. Tardiness of more than 119 minutes will be considered a half-day absence. There is no grace period. An employee whose attendance demonstrates a consistent pattern of tardiness will be subject to disciplinary action.
- b. Scope:
 - i. Late arrival for work at the start of the day
 - ii. Late arrival from lunch and breaks.
 - iii. Late arrival from any company or client-initiated trainings or conferences.
- c. Penalties: As defined in Appendix.
- d. Definition: Under-time or quitting work early (before the end of the eighth working hour of the day). Any member of the account must follow the eight (8) hours work time. Late comers will still follow the same rule.
- e. Exemption: Under time or quitting work early (before the end of the 8th hour) shall only be considered authorized on emergency cases and must be filed using the Leave Application same date it is effective.
- f. Otherwise, an employee will warrant the corresponding disciplinary action as Abandonment of Work as stated in the APPENDIX. Management or the immediate supervisor reserves the right to authorize or not the employee's under time. Incurred under time cannot be offset by rendering overtime.

3.4. Absence from Work

- a. Employees are required to report for work at their scheduled times and places unless they are out of the office on official business, on a scheduled absence from work, or in an emergency causes an unscheduled absence or tardiness.
- b. For an unscheduled absence, all three (3) conditions must be met for an unscheduled absence to be excused:

- i. Condition 1: The employee provided sufficient notice to his or her supervisor two (2) hours prior to incurring the unscheduled absence.
- ii. Condition 2: The reason is found credible or acceptable by his or her supervisor. Medical certificates, police reports, etc. may be requested by the supervisor upon return of the employee.
 - 1. For all types of absences, the company reserves the right to validate any documentation or information presented by the employee as support for the incurred absences.
 - 2. A medical certificate is required to be submitted for absences due to medical reasons for two (2) days and beyond.
- iii. Condition 3: Such absence request is approved verbally or in writing by his or her supervisor.
- c. If the supervisor did not approve the leave but the employee continued with the absence, the employee shall be declared AWOL and the following procedure shall be followed:
 - i. The immediate superior/manager shall report the incident to HR immediately after the unauthorized absence or AWOLs incurred.
 - ii. The employee will be subject to corrective and/or disciplinary action. Please see the APPENDIX for the schedule of sanctions.
- d. Excessive and Consistent Pattern of Absences:
 - iii. An employee whose attendance demonstrates either a consistent pattern of unscheduled absences (or tardiness) or unscheduled absences (or tardiness) will be subject to disciplinary action.
- e. In case of absence without prior permission, or when the nature of the absence is such that no prior filing of leave can be made, the employee must notify promptly his Department Head by any available means of communication during the day of absence. The employee may credit his absence under vacation or sick leave on the day when the employee reports for work.
- f. Implementation:
 - i. Corrective and/or disciplinary action is initiated when supervisor observes excessive and consistent pattern of absences.
 - ii. Due Process:
 - 3. Supervisors are required to issue a show cause memo to the employee.
 - 4. Employee is given one hundred twenty (120) hours to respond.
 - 5. Management along with HR will decide the employee's corresponding sanction
 - 6. The schedule of penalties is defined in APPENDIX.

4. Employment Status

The classification of employment in Payreto Services Inc. are as follows:

Regular employees are those who have successfully completed the probationary period and have met the standards required for a regular position, or those who, upon hiring, are given regular appointment upon the recommendation of the Department Manager.

Probationary employees are those hired to fill in regular positions and undergo a probationary period of six (6) months to determine their capability and fitness to hold the position on a regular basis.

5. Regularization Policy

Payreto believes in retaining high caliber performers to sustain quality services.

5.1. Probationary to Regular Status

- a. Probationary employees will undergo a performance review on their third (3rd) and fifth (5th) month of service with their respective immediate supervisor.
 - i. Supervisors are encouraged to perform one-on-one coaching sessions with their direct reports at least every two (2) weeks.
- b. The performance review on the third month will allow the employee to know his achievements and areas of improvement. It also gives the employee ample time for the employee to improve prior to the 5th month review.
- c. The performance review on the 5th month will determine if the employee's performance passed the quality standards for being a regular employee.
- d. Once the employee changes to regular status, the full range of benefits will be accorded to him/her.
- e. While a probationary employee is given the period of time established in his Probationary employment agreement, the company has the right to terminate it at any time prior to the completion of the period when it is shown that he did not meet the quality standards set by the company for the particular position but should made known to the employee at the start of the employment.

6. Personnel file (201)

Human Resources (HR) acts as the custodian of all employees' personnel records. To keep the records up to date, the following information should be reported immediately to the HR through a duly accomplished Human Resource Update form and other forms pertaining to SSS, PhilHealth, HDMF (Pag-ibig), BIR, etc. whenever necessary:

- Change in name or surname.
- Change in civil status.
- Change in tax status (Head of the Family, Married, Single)
- Change in address.
- Change in contact number.
- An additional member of the family that is to be added as "dependent"
- A death in the family that is to be removed as "dependent".
- Change in the contact details of the person to be contacted in case of an emergency
- Any other changes which the employee thinks is essential to update his/her individual records.

7. Promotion

Promotion is a movement of an employee to a higher position that involves an increase of duties and responsibilities and is normally accompanied by an increase in compensation. Promotion is a form of recognition and reward of the company to those employees that have shown good performance, proven skill and ability as well as dedication to his job and loyalty to the company.

The following guidelines are followed in the promotion selection process:

- Promotions are based on the following;
- Vacant Roles
- Performance Evaluation
 - Attendance
 - Behavior
 - Quality of work
- Supervisors are encouraged to consider as many potential candidates as necessary to assure high quality candidates.
- Management has the sole prerogative to hire candidates from any source whether internal or external source.

8. Lateral Transfer

To meet exigencies of work or maybe part of an employee's career growth, an employee may be temporarily assigned to another position. An employee may, however, choose to remain in the position, in which he will have to request for a transfer following the procedure described under section on TRANSFER. Management has the discretion to transfer employees.

9. Temporary Assignments

To meet exigencies of work or maybe part of an employee's career growth, an employee may be temporarily assigned to another position, provided that such assignment does not exceed three months. An employee may, however, choose to remain in the position, in which he will have to request for a transfer following the procedure described in the section on TRANSFER. The company has the prerogative to transfer employees.

10. Outside Professional Engagement

A private professional engagement refers to any kind or form of employment or engagement, with which an employee gains any kind or form of compensation, entered by an employee whereby he performs some professional work or service for an individual or entity other than Payreto Services Inc.

Payreto Services Inc. employees are enjoined to devote their full professional time and expertise to working for Payreto Services Inc. Before accepting any outside professional engagement, an employee shall discuss the matter with Human Resources and obtain a written clearance.

The required clearance is solely for the purpose of enabling the company to determine whether the private professional engagement involves conflicts of interest and whether it will, in any way, impair or diminish the efficiency and productivity with which the employee concerned performs his professional duties at Payreto Services Inc.

11. Separation of Employment

Policy Statement: Separation of employment within an organization can occur for several different reasons. Employment may end as a result of resignation, retirement, release (end of season or assignment), and reduction in workforce or termination.

11.1. “Separation of employment” refers broadly to the process of managing the termination of employment, whether involuntary (such as discharge, layoff, office closure, disability or death) or voluntary (such as resignation, job abandonment or retirement). These 2 categories are broken down below:

a. VOLUNTARY SEPARATION

- i. **RESIGNATION:** Defined as a voluntary act initiated by the employee to end employment with the company. An employee who decides to leave or resign from his post shall be required to tender a 30 days prior written notice. This is to enable the employee to turn over all his tasks and properly tender any deliverables. If an employee does not provide advance notice or fails to actually work the remaining 30 days, the employee will not receive his salary and accrued benefits for the said period and may be subject to a claim for damages. The resignation date must not fall on the day after a holiday.
- ii. **JOB ABANDONMENT:** When an employee fails to report to work or contact his or her supervisor for more than three consecutive workdays without just reason and there is proof that the employee has no intention of coming back, it will be considered as abandonment of his/her job without notice. The supervisor should notify the HR department at the expiration of the third workday and initiate the procedure to terminate the employee. Employees who are separated due to job abandonment or AWOL are ineligible to receive accrued benefits and are ineligible for rehire.

b. INVOLUNTARY SEPARATION

- i. **TERMINATION:** Employees of Payreto are employed on an at-will basis, and the company retains the right to terminate an employee in accordance with the provisions of the Labor Code of the Philippines. The Following are just causes for termination:
 - b) Serious misconduct or willful disobedience of the lawful orders of his/her employer or representative in connection with his/her work;
 - c) Gross and habitual neglect of his duties;
 - d) Fraud or willful breach of trust;

- e) Commission of a crime or offense by the employee against the person of his employer or any immediate member of his family or his duly authorized representatives; and
 - f) Any act analogous to any of the foregoing infractions and;
 - g) Violation of company's Rules and Regulations, where
 - a. the offense committed is classified as one warranting
 - b. termination from employment;
- ii. REDUCTION OF WORKFORCE: An employee may be laid off because of Installation of labor-saving devices, redundancy, retrenchment and closure or cessation of business.

General Policies and Procedures

1. Non-discrimination and equality

- a. Payreto together with the Human Resources and Health and Safety Committee shall implement a no work discrimination of any form against employees who have any sickness like TB related, Hepatitis B and HIV/AIDS in terms of their employment, including hiring, promotion or assignment as long as they are medically fit to work.
- b. Payreto is committed to ensure that employees can work in environment free from any harassment of any kind and unlawful discrimination. We will not tolerate any form of harassment as well as discrimination that will affect an employee's performance.
- c. Payreto shall adhere to rules of employment that respect workers right under DOLE & Labor Code.
- d. Payreto shall treat its employees with respect and dignity. That is no employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse.

2. Occupational Safety and Health Standards

Payreto aims to provide a safe and healthy work environment for its employees. Our health and safety policy intend to lessen or eliminate any injuries related to work. Our company adheres to OCCUPATIONAL SAFETY AND HEALTH STANDARDS of the Philippines.

3. Personal Business

All non-job-related business must be conducted outside working hours. Friends, relatives, and other guests shall not be allowed to visit the work area during this time. If the purpose of their coming is not connected with the business of the company, visitors may be received at the reception area.

4. Office Decorum

Payreto Services Inc. desires to create an office environment that is professional, pleasant, and conducive to serious work. Such an environment calls for the adoption and observance of certain

standards of propriety, refinement, and formality that, along with competence and moral integrity, mark a true professional.

Employees are encouraged to foster a work atmosphere conducive to productivity.

Whereabouts: Employees should inform their immediate supervisors of their whereabouts or itineraries daily to ensure continuity of communications.

Use of Computers: PAYRETO's computers are to be used exclusively for business purposes unless authorized otherwise. Management may also designate a shared computer available for personal use of the employees.

Use of Telephone: In order to keep telephone lines open for business calls, employees are discouraged to make personal calls. Unavoidable personal calls when taken or made should be for the shortest possible time only. The use of the telephone by outsiders in employees' respective areas is likewise discouraged, unless it is in connection with the company's business.

Use of Office Equipment: Non-employees should be refused politely if they request to use office equipment except the telephone. They shall allow the use of office equipment only in cases where the use is to generate documents in relation with their business with us.

Dress Code:

- 1.1 **Customer-Facing Employees:** Employees who are customer-facing should always be presentable and must always be in their proper business attire specially when meeting with customers/clients or any external party on behalf of Payreto. Business casual should be the guideline.
- 1.2 **Office-based Personnel:** Employees who are non-customer/client-facing and are generally office-based are likewise allowed to "dress down" appropriately for the type of work they do and the place they need to perform their function.

5. Inventions, Discoveries and Software

Under company policy, any invention, discovery, or device-like software which is the result of the performance of an employee's regularly assigned duties, shall be the property of Payreto Services Inc., and shall be assigned to Payreto Services Inc. or an organization designated by Payreto Services Inc.

If the employee is uncertain about rights of Payreto Services Inc. to any piece of intellectual property, the employee concerned should file a disclosure and receive a written response from the Management.

6. Career and Personnel Development

It is the policy of Payreto Services Inc. to encourage its employees to develop skills and knowledge necessary to their jobs so that they may improve job performance and qualify for more advanced positions. To further this policy, the company offers training and career development services.

Training and Seminars

The HR Office offers various training opportunities for Payreto Services Inc. employees both for skills relating to their position and for personal improvement. Employees may need to receive the permission of their supervisor before attending certain workshops to check with their training development plan. Classes address a wide range of training issues, including management and supervisory skills, computer skills, basic communication skills, and writing and literacy skills.

Outside seminars may also be available either through invitation and sponsorship of a company, foundation, or foreign government or upon the recommendation of the employee's immediate superior and HR.

Career Development Services

To support the managers and the workforce in meeting the expectations of the organization, HR will be available through individual appointments and department consultations to assist with:

- a. Personal assessments of employee skills, competencies, knowledge, and values
- b. Career counseling, planning, skill/competency assessment, and job choice help
- c. Provide referrals to other community-based job assistance services and useful websites, insightful readings, references and referrals
- d. Job change information
- e. Referrals for professional development/training options
- f. Needs of staff on layoff status
- g. Guidance on mentoring relationships
- h. Promotional and succession planning assistance for units

7. Compensation and Benefits Policy

Policy Statement: It is Payreto Services Inc.'s desire to pay, in a timely and accurate manner, all employees' wages and salaries that are competitive with other employers in the marketplace in a way that will be motivational, fair and equitable.

Salaries

Salaries are based on a job grade salary structure approved by the Management. Existing job positions and job grades are reviewed regularly. On the basis of any significant change in the marketplace, job positions and job grades can be revised accordingly.

Non-Disclosure:

Employees are not allowed to disclose any information about their salaries/payroll and benefits to anyone except to their immediate supervisor in case of payroll issues. All employees are expected to treat salaries as highly confidential and thus sharing of this matter is prohibited. Non-complying employee/s will be subject to corrective and/or disciplinary action.

Salary increase:

Adjustments in salaries may be exercised by the Company and is purely a management prerogative. It may be implemented through:

a. Merit increases:

These are adjustments based on the individual's meritorious work performance done for the year. This is applicable to all regular employees as of Dec. 30 of the current year and is based on their performance evaluations, company performance and financial capacity of the company. The basis of the increases per rating will be determined by the Management every start of the calendar year and will be announced on approved company channels. The Company reserves the right to change and modify this policy at any time.

b. Increases due to promotion or re-classification:

These are adjustments given when there is a change of position from one job to another of a higher classification.

The above salary increases are all based on employee's performance and subject to Management discretion.

Payroll Process

- a. Payroll will be paid twice a month:
 - i. On the 15th of the month or earlier if the 15th falls on a weekend or a Regular or Special Holiday
 - ii. On the 30th of the month or earlier if the 30th falls on a weekend or a Regular or Special Holiday
- b. HR will check the attendance records of Finance, Development, IT and its own Department.
- c. Operations will check the attendance records.
- d. Operations will submit to HR the attendance records for verification of deductions like unpaid absences and tardiness. The following earnings will also be verified: overtime pay, night differential and holiday pay, etc.
- e. The following are the cut off dates for the semi-monthly payroll:
 - i. Payroll on the 15th:
 - Attendance is based on the 26th of the previous month to the 10th of the current month.
 - Operations should start attendance verification on the 11th of the current month.
 - ii. Payroll on the 30th:
 - Attendance is based on the 11th to the 25th of the current month.
 - Operations should start attendance verification on the 26th.
- f. HR communicates with Operations if there are any discrepancies.

- g. Once discrepancies are resolved, HR will send the payroll deductions/inclusions for checking to the respective Department Heads.
- h. Once Department Heads approves summary of deductions/inclusions, HR sends the final payroll deductions/inclusions to Accounting for computation and disbursement.
- i. Accounting distributes to all employees their respective pay slips

Payroll Issues:

- a. Employees are responsible for checking their respective pay slips every payroll.
- b. Should there be any discrepancy, it is the employee's responsibility to immediately report to his/her immediate supervisor.
- c. Accounting will review and resolve payroll issues within three (3) working days after payroll.
- d. If the employee is unable to raise his or her concern one day after the payroll, his or her case will be settled on the next payroll period.
- e. If the adjusted amount is greater than Php1, 000.00, Accounting will immediately settle with the employee, the said amount.
- f. If the adjusted amount is less than Php1, 000.00, Accounting will settle with the employee in the next pay period.

Number of Working/Paid Days in a Year.

Computation of our estimated equivalent monthly rate (EEMR) is based on the 261 divisor since employees are paid 5 days a week and Saturdays and Sundays or rest days are not being paid.

Paid Holidays

Holiday Leaves provide employees the opportunity to take a leave from work in order to observe designated holidays.

PAYRETO observes the following holidays:

Regular Holidays

| | |
|---------------------|-----------------------|
| New Year's Day | January 1 |
| Maundy Thursday | Movable date |
| Good Friday | Movable date |
| Araw ng Kagitingan | April 9 |
| Labor Day | May 1 |
| Independence Day | June 12 |
| National Heroes Day | Last Monday of August |
| Bonifacio Day | November 30 |

| | |
|---------------|--------------|
| Christmas Day | December 25 |
| Rizal Day | December 30 |
| Eidul Fitr | Movable Date |
| Eid'l Adha | Movable Date |

Special Non-working Holidays

| | |
|------------------------------|-------------|
| Ninoy Aquino Day | August 21 |
| All Saint's Day | November 1 |
| Feast of the Holy Immaculate | December 8 |
| Last Day of the Year | December 31 |

Additional Special Non-Working

November 2

December 24

ELIGIBILITY:

- i. Because of different operational requirements per Department, please check with your respective Department Heads if you will be working during Philippine holidays and/or client holidays.
- ii. For Departments that allow Holiday leave for Philippine holidays, eligible employees are all regular full-time employees.
- iii. Employees will not be paid when a holiday observance falls on the employee's scheduled rest day and they do not work on that day.
- iv. Employees who are on an unpaid absence are not eligible for Holiday Leave.
- v. Non-exempt employees who are required to work on a regularly scheduled holiday shall be paid in compliance to Philippine labor laws.
- vi. Supervisor-level and above levels who work during Holidays are qualified for Compensatory Time Off. Please see succeeding section.

PAY COMPUTATION

- i. For REGULAR Holidays, the following rules shall apply:

If it is an employee's regular workday:

- if unworked = 100%
- if worked = 1st 8 hours 200%; excess of 8 hours = plus 30% of hourly rate on said day

If it is the employee's rest day:

- if unworked = 0%
- If worked = 1st 8 hrs. – plus 30% of 200%
- Excess of 8 hrs. = plus 30% of hourly rate on said day

- ii. For Nationwide Special Holidays, the following rules shall apply:

If unworked – 100% of the daily rate if it falls in weekdays; no pay if it falls on rest day

If worked – 1st 8 hrs. – Plus 30% of the daily rate of 100%; excess of 8 hrs. –

- plus 30% of hourly rate on said day
- If rest day and worked = 1st 8 hrs. = plus 50% of the daily rate of 100%; excess of 8 hrs. = plus 30% of hourly rate on said day

Employees will not be paid when a holiday observance falls on the employee's scheduled rest day and they do not work on that day.

- a. Employees who are on an unpaid absence are not eligible for Holiday Leave.
- b. Non-exempt employees who are required to work on a regularly scheduled holiday shall be paid in compliance to Philippine labor laws.
- c. Supervisor-level and above levels who work during Holidays are qualified for Compensatory Time Off. Please see succeeding section.
 - i. Supervisors must submit a written request for the use of earned Compensatory Time Off to their immediate Head at least two (2) days in advance.
 - ii. Immediate Heads are responsible for obtaining decisions and communicating them in writing to the employee. Approvals must clearly define the duration of the absence and the date the employee is expected to return to work. Department Heads are authorized to approve requests for Compensatory Time Off.

Overtime

- a. All employees required to work beyond eight hours in one workday is entitled to overtime pay. The basis of overtime pay is found in Article 87 of the Labor Code.
- b. Overtime work will start after completion of an employee's normal eight hours of work of his workday. The employee is paid for the overtime work of an additional compensation equivalent to his regular wage plus at least twenty-five percent thereof. Work performed beyond eight hours on a holiday or rest day shall be paid an additional compensation equivalent to the rate for the first eight hours on a holiday or rest day plus at least 30 percent thereof.
- c. Overtime pay rates depend upon the day the work is performed, whether it is ordinary working day, special day, holiday or rest day.
- d. For ordinary working day, an additional compensation equivalent to his regular hourly rate plus at least 25% thereof.
- e. For holiday, special day and rest day, an additional compensation equivalent to the rate for the first eight hours on a holiday or rest day plus at least 30% thereof.
- f. Employees who engage in overtime work are required to obtain written consent from their superior by filing an Overtime Authorization (OTA) prior to rendering the overtime work.
- g. The minimum overtime that may be charged in a day is at least one (1) hour.
- h. Number of hours rendered for Overtime shall be verified prior to release of Overtime Pay.

Night Shift Differential

Every employee shall be paid a night shift differential equivalent to ten percent (10%) of his regular wage for each hour of work performed between ten o'clock in the evening (10:00pm) and six o'clock in the morning (6:00am). All employees who have shift schedule between 10:00 pm. to 6:00 am shall forward to HR their names with the signature of their Department Heads for the acknowledgment of the schedule.

Leave Entitlement: Detailed processes and guidelines are enumerated on the Leave Policy.

- a. All employees who are hired for permanent positions, and have been regularized, will be entitled to pro-rated leave credits with pay for each full calendar month of service completed at Payreto upon regularization.
- b. Upon regularization, employees shall be entitled to ten (10) days' Vacation Leave and ten (10) days Sick Leave credits (pro-rated depending upon employee's hired date) per calendar year.
- c. Regular employees accrue 0.84 sick leave credits per month starting January until April and 0.83 sick leave credits per month starting May to December. Furthermore, regular employees accrue 0.84 vacation leave credits per month starting January until April and 0.83 vacation leave credits per month starting May to December.
- d. Accruals are credited to employees on the first day of the month following each full calendar month of completed service.

- e. As a guide, below is the table of leave credit dissemination.

| Month | Leave Credits | |
|-----------|---------------|----------------|
| | Sick Leave | Vacation Leave |
| January | 0.84 | 0.84 |
| February | 0.84 | 0.84 |
| March | 0.84 | 0.84 |
| April | 0.84 | 0.84 |
| May | 0.83 | 0.83 |
| June | 0.83 | 0.83 |
| July | 0.83 | 0.83 |
| August | 0.83 | 0.83 |
| September | 0.83 | 0.83 |
| October | 0.83 | 0.83 |
| November | 0.83 | 0.83 |
| December | 0.83 | 0.83 |

- f. An additional leave credit of 0.5 on Vacation Leave and 0.5 Sick Leave are added for every year of service based on hiring date. Maximum leave credits shall be a total of thirty (30) days.
- g. Contractual or project-based employees are not entitled to leave credits. Employees who are under contractual/project-based or probationary contract can still take a time off but will be tagged as Leave without Pay (LWOP).
- h. Contractual or project-based employees who have rendered at least one (1) year of service shall be entitled to five (5) days of Service Incentive Leave (SIL) as per labor law that can be used for sick, vacation days and emergency cases and is convertible to cash when not used.

Type of Leaves with Pay

A. VACATION LEAVE

- i. Definition: Vacation Leave is an authorized paid absence from work that employees accrue as a result of their continuous employment at Payreto.
- ii. Eligibility: All regular employees with 6 months of continuous service with Payreto.
- iii. Usage:
 1. Probationary employees are eligible to use their accrued VL upon regularization. During an employee's first five (5) months of service, time off that would normally be taken as VL will be taken as Leave without Pay (LWOP).
 2. Regular Employees are entitled to use VL up to the number of leave credit days that they have accrued. Employees who exhaust all their accrued leave credits may request Leave without Pay (LWOP) or a Leave of

- Absence (LOA) for additional absences that would normally be taken as paid VL.
3. A mandatory/forced five (5) day's leave (Mandatory Leave - MANL) shall be applied to all staff in Operations and will deducted on the employee's VL credits.
- iv. Compensation: Employees maintain their regular pay and benefits while absent from work on approved Vacation Leave.
 - v. Requests and Approvals:
 1. Employees must submit a written request to their immediate supervisor
 - i. A notice of at least 2 working days for vacation leaves of 1-2 days
 - ii. A notice of at least 5 working days for vacation leave of 3 or more days.
 2. Supervisors are responsible for obtaining departmental decisions and communicating them in writing to the employees.
 3. Approvals must clearly define the duration of the absence and the date the employee is expected to return to work.
 4. Department Heads are authorized to approve requests for Vacation Leave.
 5. Payreto Services Inc. is exclusively vested with the right to make the ultimate determination as to when Vacation Leave will be scheduled and taken. In each case, without the loss of entitlement, if the employee's applied paid-vacation leave(s) would hamper the company's normal business operations, Payreto may choose to:
 - i. Disapprove the proposed dates of the employee's paid-vacation leaves; and/or
 - ii. Cancel any pre-approved paid vacation leaves.
 - vi. Other Provisions:
 1. If an observed holiday occurs during an employee's scheduled vacation, the day of observance is taken as Vacation Leave.
 2. An employee who becomes ill while on an approved Vacation Leave may not apply for Sick Leave to that period of illness.
 3. Supervisors are responsible for maintaining complete and accurate records of the Vacation Leave accruals for each employee under his or her supervision.
 4. Supervisors are also responsible for accurately reporting Vacation Leave usage on all documents submitted to the Human Resources Department (HR Dept.).
 5. Upon request, employees are entitled to a written statement of their Vacation Leave accrual and usage. Such requests should be made to the employee's immediate supervisor, who is responsible for responding to the requests.

B. SICK LEAVE

i. Definition:

1. Sick Leave (SL) provides employees with an authorized paid absence from work for medical care, illness or injury of the employee or any member of the employee's immediate family (parents, brothers, sisters, children, spouse and even house help who are living with the employee).
2. Leave(s) due to emergency cases (Emergency Leave – EL) will be categorized under Sick Leave.
3. Emergency Leave (EL) conditions include, but are not limited to, vehicular accident, house fires, death of a family member, etc.

ii. Eligibility: All regular employees with at least six (6) months of continuous service to Payreto.

iii. Medical Certificate (and the likes):

1. For Sick Leave of 2 or more days, employee must submit a valid medical certificate that either establishes illness or establishes it's expected duration and/or require a medical examination by a physician and/or hospital chosen by Payreto or thru any accredited doctor and/or hospital of the company's HMO service provider.
2. At any time, Payreto has the right to require an employee to submit a valid medical certificate to verify illness or establishes it's expected duration.
3. Emergency should be properly and promptly advised and should be accompanied by any supporting documents such as police report, death certificate, and/or medical certificates.

iv. Usage:

- a. Probationary employees are eligible to use their accrued Sick Leave upon regularization. During an employee's first five (5) months of service, time off that would normally be taken as Sick Leave will be taken as Leave without Pay (LWOP).
- b. Regular Employees are entitled to use Sick Leave up to the number of leave credit days that they have accrued. Employees who exhaust all their accrued sick leave credits may request to file for Vacation Leave (VL). If all available leave credits (SL and VL) are already exhausted they may request for Leave without Pay (LWOP) or a Leave of Absence (LOA) for additional absences.

v. Compensation:

- i. Employees maintain their regular pay and benefits while absent from work on approved paid Sick Leave.
- ii. Unused Sick Leave are not convertible to cash upon resignation from employment with Payreto Services Inc.

vi. Requests and Approval

- i. Employees who are unable to report to work due to illness must notify their immediate supervisor not more than two (2) hours prior to the start of their shift schedule for the workday.
- ii. Employees must file their Sick Leave thru the company's HRIS (Salarium) and attach necessary documentation e.g. medical certificate etc.
- iii. Employees who are absent for more than one (1) day must notify their supervisor on each day or at intervals requested by the supervisor.
- iv. Employees must request time off for scheduled medical or dental appointments, in writing, from their immediate supervisor at least three (3) workdays in advance of the desired time off.
- v. Time off for medical or dental appointments shall be charged to the employee's accrued Sick Leave. The three-day requirement may be shortened in emergency situations.
- vi. Employees are generally expected to schedule medical and dental appointments during non-work hours.
- vii. Supervisors are authorized to approve these requests and are responsible for communicating their decisions in writing to the employees.

vii. Other Provisions:

- i. Supervisors are responsible for maintaining complete and accurate records of the Sick Leave accruals and usage for each employee under his or her supervision.
- ii. Supervisors are also responsible for accurately reporting Sick Leave usage on all documents submitted to the Payroll Office.
- iii. Upon request, employees are entitled to a written statement of their Sick Leave accrual and usage. Such requests should be made to the employee's immediate supervisor, who is responsible for responding to such requests.

C. EMERGENCY LEAVE

a. Definition:

- i. Emergency Leave provides employees with an authorized paid absence from work for medical care, personal illness or injury, or the care of an ill member of the employee's immediate family.
- ii. Immediate family members are the employee's spouse, parents, parents-in-law, grandparents, brothers, sisters, and children.
- iii. Emergency Leave conditions include, but are not limited to, vehicular accident, house fires, death of a family member, etc.

- b. Compensation: Employees maintain their regular pay and benefits while absent from work on approved paid Emergency Leave.
- c. Request and Approval: Emergency should be properly advised and should be accompanied by any supporting documents such as Police Report, Death Certificate, and Medical Certificates.

D. MATERNITY LEAVE

- i. Definition: In compliance with the Labor Code of the Philippines, the Company grants all pregnant female Regular Employees ML with pay for her deliveries/miscarriages, as follows:
 - 105 calendar days, whether the eligible female employee gives birth via caesarian section or natural delivery.
 - 60 days with full pay in cases of miscarriages (i.e., pregnancy loss before the 20th week of gestation) or emergency termination of pregnancy (i.e., pregnancy loss on or after the 20th week of gestation and includes stillbirth).
 - Additional maternity leave of 15 days with full pay in case the eligible female employee is also a solo parent as defined under Republic Act No. 8972
 - Post-termination maternity leave entitlement (i.e., in case the qualifying event occurs not more than 15 calendar days after termination of employment)
 - Allocation of 7 days of maternity leave credits to the child's father or an alternate caregiver.
- ii. Eligibility: A female employee who has paid at least three-monthly maternity contributions in the twelve-month period preceding the semester of her childbirth, abortion or miscarriage
- iii. Compensation: Pregnant female employees shall be paid a daily maternity benefit equivalent to one hundred percent (100%) of her present basic salary, allowances and other benefits or the cash equivalent of such benefits.
- iv. Requests and Approvals:
 - 1. The pregnant female employee must notify the HR Dept. through her Department Head upon learning that she is pregnant, at least one (1) month before her expected date of delivery, except for miscarriages. Employee must file her Maternity Leave thru the company's HRIS (Salarium) and attach necessary documentation e.g. medical certificate, laboratory results etc. informing her immediate supervisor and/or Dept. Head the dates she will start to use her ML.
 - 2. ML may be extended on account of illness arising out of the pregnancy, delivery or miscarriage, which renders the female employee unfit for work. Even though extended ML is without pay, it may be charged against existing VL or SL credits.
 - 3. Upon returning to work the female employee must present to HR Department copies of the following:
 - a. Medical certificate;
 - b. and birth or death certificate of her newborn.

E. PATERNITY LEAVE

- a. DEFINITION: Paternity leave refers to the leave credits granted to all married male employees to allow him to earn compensation for seven (7) working days without reporting for work, provided that:
 - i. He is the legitimate spouse
 - ii. He is cohabiting with the wife who gave birth
 - iii. This is within the first four children
- b. Availed within 60 days of wife's delivery.
 - i. A male employee must inform HR about this by filling-out a paternity notification form. A medical certificate of the delivery is needed.
- c. Length of Leave: Seven (7) working days
- d. Compensation and Benefits: Employees maintain their regular pay and benefits while absent from work on an approved paternity leave.
- e. Requests and Approvals

F. BEREAVEMENT LEAVE

- a. Definition: Bereavement Leave is an authorized paid absence from work granted when a death occurs in an employee's immediate family. Immediate family members are the employee's spouse, parents, parents-in-law, grandparents, brothers, sisters, and children.
- b. Eligibility: All employees
- c. Length of Leave: Eligible employees may be granted up to five (5) days of Bereavement Leave for the death of an immediate family member.
- d. Compensation: Employees maintain their regular pay and benefits while absent from work on an approved Bereavement Leave.
- e. Requests and Approvals:
 - i. Employees should request Bereavement Leave from their immediate supervisor by informing him or her of the death and the number of days requested.
 - ii. Supervisors are responsible for obtaining Departmental decisions and communicating them in writing to the employees. Approvals must clearly define the duration of the absence and the date the employee is expected to return to work. Department Heads are authorized to approve requests for Bereavement Leave.
- a. Other Provisions:
 - i. Under special circumstances, an employee may require more than the five day Bereavement Leave period. An employee may request additional time off from

his or her supervisor. The additional time off must be charged to accrued leave credits or taken as Unpaid Time Off.

- ii. An absence from work in the event of the death of a person who is not an immediate family member will be charged to the employee's accrued Vacation Leave, available Personal Days, or taken as Unpaid Time Off. Employees must request such absences from their immediate supervisor. Supervisors are responsible for obtaining the departmental decisions and communicating them in writing to the employees.

G. SOLO PARENT LEAVE

Payreto complies with Republic Act No. 8972 and its implementing rules and regulations regarding Solo Parent Leave also known as Parental Leave Benefit.

- a. Definition: Parental Leave refers to the additional leave benefits for solo parent employees.
- b. Eligibility:
 - i. Employee has rendered at least one (1) year of service, whether continuous or broken;
 - ii. Employee has notified his/her employer that he/she will avail himself/herself of it, within a reasonable period of time; and
 - iii. Employee has presented to his/her employer a Solo Parent Identification Card, which may be obtained from the DSWD office of the city or municipality where he/she resides.
- c. Length of Leave: seven (7) working days every year
- d. Compensation: Employees maintain their regular pay and benefits while absent from work on an approved Solo Parent Leave.

H. BATTERED WOMAN LEAVE

Payreto complies with Republic Act No. 9262 Sec. 43 and its implementing rules and regulations regarding Battered Woman Leave.

- a. Definition: Battered Woman Leave refers to the additional leave benefits of up to ten (10) days in addition to other leave benefits for female employees who qualify as a battered woman under RA 9262.
- b. Eligibility: Must be a victim of physical, sexual, or psychological violence and must submit certification from punong barangay, kagawad, prosecutor, or clerk of court that an action under RA 9262 has been filed and is pending
- c. Length of Leave: Ten (10) days but maybe be extended when necessity arises as specified in the protection order
- d. Compensation and benefits: Employees maintain their regular pay and benefits while absent from work on an approved Battered Woman Leave.

I. SPECIAL LEAVE BENEFITS FOR WOMEN

Payreto complies with RA 9710 and it's implementing rules and regulations regarding Special Leave Benefits for Women.

- a. Definition: Special leave benefits for women refers to a female employee's leave entitlement of two (2) months with full pay based on her gross monthly compensation following surgery caused by gynecological disorders.
- b. Eligibility: Female employee must have rendered continuous aggregate employment service of at least six (6) months for the last 12 months.
- c. Length of Leave: Two (2) months
- e. Compensation: Employees maintain their regular pay and benefits while absent from work on an approved Special Leave Benefits for Women.

J. Business Travel Expenses

Policy Statement: It is Payreto Services Inc.'s prerogative to send employees abroad for business travel such as attending to business meetings, conferences or conventions; undergoing training; rendering other work- or business-related activities to foreign clients. All employees are advised to avail the lowest cost for all travel expenses.

a. TRANSPORTATION AND OTHER TRAVEL EXPENSES

Cost of airline tickets, passport and visa processing, terminal fees and other travel documentation expenses shall be charged to or paid by the company. The company shall reimburse any of these items initially paid by the employee upon presentation of receipts. When travelling on business trips, all staff are required to use the most economical and at the same time safe transport system. All cost shall be reimbursed by the company.

- b. HOTEL ACCOMMODATION: The accommodation should be liquidated upon return of the employee subject to presentation of receipts.
- c. WINTER CLOTHING ALLOWANCE: The company shall give winter allowance amounting to PHP 6000.00 to its employees who shall be sent abroad if the business travel is scheduled during winter or weather is within 15 degrees or lower during the time that an employee an employee is in the country of destination. This is one-time allowance good for five years, regardless of the number of days or trips the employee shall take within the said five-year period.
- d. OVERSEAS TRAVEL INSURANCE: The Overseas Travel Insurance shall cover all employees who are on overseas travel. Specifically, the policy is comprised of the following:
 - Hospitalization
 - Emergency Medical Assistance & expenses
 - Accident

- e. **DAILY LIMITS FOR PER DIEM:** The below table provides for a guide for the per diem of staff going on business trips: with no exception what time of the day he arrives in their destination:

| COUNTRY | AMOUNT/CURRENCY |
|----------------|-----------------|
| Hong Kong | 35 EUR |
| Dubai/UAE | 35 USD |
| Europe-Germany | 35 EUR |
| UK | 35 GBP |
| US | 40 USD |

- f. **Incidental TRAVEL EXPENSES:** The company shall reimburse the following which includes cost of telephone bills which were used for official business calls, cost of used of business centers/internet, laundry reimbursement, if there is any, or any incremental cost that were incurred during the stay of the employee in the country.

- g. **Extension of Travel Period for Personal Reasons**

The Company may allow request for extension of travel period for personal reasons subject to the following regulations:

- The extension shall be chargeable to the employee's leave credits.
- The extension shall be subject to approval of Immediate Manager and Managing Director.
- Hotel, lodging and meal expenses during the extended personal travel period shall be for the personal account of the employee.
- Failure to secure prior approval from the officials concerned and/or extending the period of stay shall be considered a violation.

K. SEXUAL HARASSMENT

- a. **Policy Statement:** PAYRETO SERVICES INC., ("PAYRETO") is committed to create and maintain a safe work environment for all its employees, free from any harassment of any kind, including sexual harassment. PAYRETO will operate a zero-tolerance policy for any form of sexual harassment in the workplace, treat all incidents seriously and promptly investigate all allegations of sexual harassment. Any person found to have sexually harassed another will face disciplinary action, up to and including dismissal from employment, regardless of the rank or position of the person who committed it.

This Policy aims to create and maintain an environment free from all forms of harassment, exploitation and intimidation; to make each member of PAYRETO aware that the PAYRETO is strongly opposed to any form of sexual harassment; and to provide a process for reporting and responding to complaints of sexual harassment.

- b. **DEFINITION & SCOPE OF SEXUAL HARASSMENT:** In addition to the provisions of R.A. 7877, the following acts shall be considered as acts constituting sexual harassment for the purposes of this Policy, when committed by an employer, employee, manager, supervisor, agent, intern, or any other person engaged by PAYRETO (an “Employee”) to another Employee (All Employees shall be bound by this Policy).

Sexual harassment can involve one or more incidents and actions constituting harassment. These acts may be physical, verbal, and non-verbal. The following acts are considered sexual harassment and are arranged according to the severity of their corresponding punishment. Note that the list is not exhaustive and is meant as a guide to approximate how certain acts will be punished. The severity and degree of punishment will still be left to the discretion of the Committee on Decorum and Investigation (the “CODI”), taking into consideration the totality, gravity, and extent of the offense.

Sexual harassment refers to behavior that is not welcome, that is personally offensive, that debilitates morale, and that, therefore, interferes with work effectiveness.

Anyone can be a victim of sexual harassment, regardless of their sex and of the sex of the harasser. Payreto recognizes that sexual harassment may also occur between people of the same sex. What matters is that the sexual conduct is unwelcome and unwanted by the person against whom the conduct is directed.

All sexual harassment is punishable whether it takes place within Payreto premises or outside, including at social events, work assignments outside the office, business trips, training sessions, or conferences sponsored by Payreto.

Any person who directs or induces another to commit any act of sexual harassment as defined herein, or who cooperates in the commission thereof by another, shall also be liable under this Policy.

It shall also be considered a violation of this Policy to retaliate against a person who reports an alleged incident of sexual harassment or who testifies, assists, or participates in any proceeding, investigation, or resolution of a sexual harassment report. Retaliation includes, but is not limited to, threats, intimidation, reprisals, and/or any adverse action related to employment or a business decision.

c. PAYRETO GENDER SENSITIVITY OFFICER

Two (2) HR Managers, preferably one male and one female, shall be designated to receive and review sexual harassment complaints. They are tasked with the following duties:

1. Receive formal and informal sexual harassment complaints
2. Facilitate informal discussion between the complainant and the alleged harasser
3. Keep confidential records of the informal discussions
4. Monitor compliance with the resolution agreed upon in the informal discussion
5. Joint review of formal sexual harassment complaints

6. Sending of Letters Requesting Explanation to the alleged harasser
7. Convening of the Committee on Decorum and Investigation (CODI)
8. Coordination with Management on the action to be imposed on the respondent

d. COMMITTEE ON DECORUM AND INVESTIGATION (CODI)

The CODI shall be composed of a Manager, a rank and file employee, and an HR Manager who is not a Gender Sensitivity Officer. In the event that any member of the CODI is part of the complaint, either as a complainant, respondent, or accomplice to the incident, he shall inhibit himself from hearing and investigating the case. Immediately upon approval of this Policy, HR shall organize the CODI. The CODI is tasked with the following duties:

1. Conduct gender sensitivity and sexual harassment orientations to increase understanding and prevent incidents of sexual harassment;
2. Conduct investigation of alleged cases constituting sexual harassment; and
3. Submit reports on investigations conducted to Management

e. COMPLAINTS PROCEDURE

It is recommended that any individual who believes that he or she has been or is being harassed, should make personal written notes of relevant events, as soon as possible after the incident(s) has (have) occurred, noting date(s), place(s), a short description of what happened, and the names of any witnesses and/or of any third parties to whom the incident might have been mentioned. The complainant shall have two options to commence the grievance procedure:

i. INFORMAL COMPLAINTS MECHANISM

1. Anyone who is subject to sexual harassment should, if possible, inform the alleged harasser that the conduct is unwanted and unwelcome. Payreto recognizes that sexual harassment may occur in unequal relationships (i.e. between a supervisor and his/her employee) and that it may not be possible for the complainant to inform the alleged harasser. If the complainant cannot directly approach an alleged harasser, he/she can approach any Gender Sensitivity Officer.
2. The Gender Sensitivity Officer shall then facilitate a discussion with the alleged harasser within three (3) days from receipt of the complaint to achieve an informal resolution that is acceptable to the complainant
3. The Gender Sensitivity Officer shall ensure that a confidential record is kept of what happens.
4. The Gender Sensitivity Officer shall then follow up with the complainant to ensure that the behavior has stopped.
5. If no resolution can be reached in the informal discussion, or if the behavior has not stopped, the complainant may opt to file a formal complaint against the alleged harasser.

i. Formal Complaints Mechanism

1. At the option of the complainant or when no acceptable resolution has been reached in the informal discussion, a formal sexual harassment complaint may be initiated by the complainant by filing a written letter-complaint addressed to a Gender Sensitivity Officer within twenty (20) calendar days from the happening of the incident or from the last informal discussion. The complaint must be written and signed by the complainant. In case the complaint originated from a failed informal discussion, the confidential records of the meeting shall be attached to the complaint.
2. Upon receipt of the complaint, the Gender Sensitivity Officers will immediately send a Letter Requesting Explanation (the “LRE”) to the respondent. The respondent will be given five (5) days to submit a written response (“Response”) to the LRE. The Response shall be submitted to the Gender Sensitivity Officers. If the case stemmed from an informal discussion, the Gender Sensitivity Officers shall immediately forward the Response to HR and the Committee on Decorum and Investigation (the “CODI”).
3. Investigation.
 - a. **If originally filed as a formal complaint:**
 - i. The Gender Sensitivity Officers shall jointly review the complaint and decide, within five (5) business days from the receipt of the Response, if there is sufficient ground for violation of the policy. If there are sufficient grounds, HR will convene the CODI within five (5) business days from the finding of sufficient grounds.
 - b. **In case the complaint originated from an informal discussion:**
 - i. There is no need for the joint review of the complaint by the Gender Sensitivity Officers. The CODI shall be convened within five (5) business days from the receipt of the Response.
4. The CODI shall investigate the matter and submit an investigation report within five (5) business days from the date they were convened, or if the complaint originated from an informal discussion, within five (5) days from receipt of the Response.
5. The CODI shall examine all documents presented and may conduct an interview of the complainant and the respondent separately. They may also interview other relevant third parties separately.
6. While the complaint is being investigated by the CODI, the respondent may be put under preventive suspension for ten (10) working days or depending upon the discretion of the CODI. The respondent shall be notified of the date of commencement of his or her preventive suspension through a letter from the CODI.
7. The CODI shall keep a record of the matter. This record shall be kept confidential. It shall also keep a confidential record of all actions taken on each sexual harassment complaint.

8. The CODI shall submit the investigation report and recommended action to Management, within ten (10) days from convening, or from the receipt of the Response, whichever is later.
9. Management, in coordination with the Gender Sensitivity Officers, shall decide on the action to be taken on the complaint. These actions done under this Policy shall be without prejudice to other actions that management may take under existing labor law, rules and regulations, as well as company policies.

f. IMPLEMENTATION OF THIS POLICY

The HR Department, together with the unit heads, shall be responsible in disseminating this Policy and shall ensure that it is easily accessible to all relevant persons. All new employees must be oriented on the content of this Policy as part of their induction into the company.

The provisions of R.A. No. 7877 are hereby incorporated to form an integral part of this Policy.

This Policy will take effect immediately after posting at PAYRETO's bulletin boards or after sending the Employees a copy of the same.

L. DRUG-FREE WORKPLACE POLICY

- a. **RATIONALE:** Payreto intends to help provide a safe and drug-free work environment for our clients and our employees. With this goal in mind and because of the serious drug abuse problem in today's workplace, we are establishing the following policy for existing and future employees of Payreto
- b. Payreto explicitly prohibits:
 - i. The use, possession, solicitation for, or sale of narcotics or other illegal drugs, alcohol, or prescription medication without a prescription, on Company or customer premises or while performing an assignment.
 - ii. Being impaired or under the influence of legal or illegal drugs or alcohol away from Payreto or customer premises, if such impairment or influence adversely affects the employee's work performance, the safety of the employee or of others, or puts at risk Payreto's reputation.
 - iii. Possession, use, solicitation for, or sale of legal or illegal drugs or alcohol away from Payreto or customer premises, if such activity or involvement adversely affects the employee's work performance, the safety of the employee or of others, or puts at risk Payreto's reputation.
 - iv. The presence of any detectable amount of prohibited substances in the employee's system while at work, while on the premises of Payreto or its customers, or while on company business. "Prohibited substances" include illegal drugs, alcohol, or prescription drugs not taken in accordance with a prescription given to the employee.

APPENDIX: IMPLEMENTING RULES AND GUIDELINES

This section was created to ensure the fair and consistent enforcement of the rules and regulations concerning the required conduct. The primary objective is to correct undesirable action or behavior by an employee.

A. General Statement:

These guidelines are intended for Payreto Services Inc. use only.

B. General Guidelines:

- i. In commendable cases, reduction or waiver of penalty will be carefully and selectively considered bearing in mind Payreto Philippines, Inc. values and principles regarding people versus uniformity of application of penalties.
- ii. In the conduct of Performance Appraisal (PA), disciplinary memos issued for specific offenses shall be considered under each specific PA criteria (e.g. rating on attendance shall be correspondingly be lowered if employee/ organization member has been issued a disciplinary memo on this violation during the period evaluated).
- iii. For grave offenses, investigation by a Fact-finding / Investigation Committee shall be recommended.
- iv. In cases where disciplinary action (i.e. recorded warning, written reprimand, suspension) is issued, the Manager of the concerned employee/organization member shall provide a copy of the Notice of Offense or Notice of Penalty to Human Resources (HR) for filing purposes.

C. Roles and Responsibilities:

a. Role of the People Manager

Manager and team leaders are responsible for making employees aware of and ensuring adherence to the company's policies and the standards expected of them. They are also responsible for applying this policy in a fair and consistent manner with respect to managing performance, behavior, general conduct and business ethics.

b. Role of the Employees

All employees are responsible for familiarizing themselves with their job description, individual terms and conditions of employment and with the general company standards which indicate accepted standards of conduct within the company. They are also responsible in their respective compliance with the set policies.

c. Role of the Human Resources:

The Human Resources (HR) team is responsible for advising, guiding and educating managers in both the practices and the procedures of Payreto and any legal regulations, pertaining to disciplinary matters. They are also responsible for guiding both the

employee and the manager through the process and advising of internal procedures, ensuring consistency and fairness throughout. No disciplinary hearing should take place without a member of the Human Resources team being present.

D. Types of Disciplinary Action:

In classifying the categories into minor, moderate and major, the following factors are considered:

- a) Impact of the image, and efficiency of the operations
- b) Plan in the commission of the offense.
- c) Breach of trust or loss of confidence.
- d) Frequency of non-compliance.
- e) Financial/business impact of the offense to the company

E. General Due Process for Handling Disciplinary cases:

- a) Supervisors are required to issue a First Notice or a “Notice to Explain” which apprises the employee of the particular act or omission for which he/she is being sanctioned for immediately upon knowledge of the infraction.
- b) Employee is given 120-hours from receipt of the “Notice to Explain” to respond in writing and should be given the opportunity to explain himself/herself by inviting him/her to a conference with an HR Manager.
- c) Management along with HR will decide if employee should face corresponding sanctions or not.
- d) Second Notice is served containing the disciplinary action to be imposed on the employee, including the legal and factual bases thereof.

A disciplinary action may vary depending on the gravity of the offense committed by the employee. It may start from verbal warning, written reprimand, suspension or termination if deemed applicable.

I. APPENDIX: TYPES OF DISCIPLINARY ACTIONS

1. Verbal Warning

This is an oral warning by the immediate superior to an erring employee/organization member. The oral admonition shall be documented commonly in a form of an email sent to the erring employee wherein the HR is copy furnished.

2. Written Warning

This is a warning in writing using the Notice of Offense given by the immediate Team Leader to an erring employee/ organization member and warning the concerned person that a repetition of the same offense will be dealt with more severely. This will be a factor for consideration in the

evaluation of the employee/ organization member's performance within the rating period. Such notice is copy furnished to Employee/ Organization Member and HR.

3. Suspension from work without pay

This form of action is upon the discretion and the recommendation of the manager with the signed approval from HR.

4. Termination from work

This is the termination of the employee and/ or organization unit member's services for serious infractions or repeated violations to the Rules and Regulations. Termination or Dismissal is imposed only after a thorough and impartial investigation where the employee/ organization member is afforded the chance to defend himself/ herself.

5. Preventive Suspension

This is exercised only during the period while Management is in the process of evaluating the employee's disciplinary case, and only if the employee's continued employment poses a serious and imminent threat to the life and property of the employer or of his co-workers as written under Rule XIV Sec 3 Book V of the Rules Implementing Labor Code. Further, Section 4 of the same Rule limits the maximum period of preventive suspension to 30 calendar days without pay.

II. APPENDIX: RULES AND REGULATIONS CATEGORIES AND CORRESPONDING SANCTIONS

A. Attendance and Punctuality

a. Absenteeism:

Refers to unscheduled employee absences from the workplace. Many caused of absenteeism are valid reasons but can also be drawn to employee's lack of commitment to their jobs. As a general rule when the nature of absence is emergency and no filing of leave was made, the employee must notify promptly his immediate Head by any available means of communication during the day that he is absent. Any form of acknowledgement from the Immediate Supervisor before his leave is considered valid.

A.a.1. Classification of authorized leave of absence:

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| A.a.1.1. | EMERGENCY LEAVE: | Refers to an unscheduled absence/s of emergency in nature. |
| A.a.1.2. | ANNUAL LEAVE: | Refers to the earned benefit given to the employee. |
| A.a.1.3. | MATERNITY LEAVE: | Refers to the leave credits granted to all pregnant woman employees regardless of employment status. |

A.a.1.4. PATERNITY LEAVE: Refers to the leave credits granted to all married male employees in support to his wife.

A.a.1.5. BEREAVEMENT LEAVE: Employees during an incident wherein an immediate member of his family died.

A.a.2. Absenteeism Schedule of Sanctions for Probationary Status Employees

| VIOLATIONS | DISCIPLINARY ACTION | | | | |
|---|----------------------------------|----------------------------------|---|---|----------------------------------|
| | 1 ST LEVEL OF OFFENSE | 2 ND LEVEL OF OFFENSE | 3 RD LEVEL OF OFFENSE | 4 TH LEVEL OF OFFENSE | 5 TH LEVEL OF OFFENSE |
| Excessive and/or consistent pattern of unscheduled absences | Verbal Warning with Coaching Log | First Written Warning | 2-day Suspension without pay and Final Warning for Recommendation for Termination | 5-day Suspension without pay and Final Warning for Recommendation for Termination | Termination |

A.a.3. Absenteeism Schedule of Sanctions for Regular Status Employees

| VIOLATIONS | DISCIPLINARY ACTION | | | | |
|---|----------------------------------|----------------------------------|----------------------------------|---|----------------------------------|
| | 1 ST LEVEL OF OFFENSE | 2 ND LEVEL OF OFFENSE | 3 RD LEVEL OF OFFENSE | 4 TH LEVEL OF OFFENSE | 5 TH LEVEL OF OFFENSE |
| Excessive and/or consistent pattern of unscheduled absences | Verbal Warning with Coaching Log | First Written Warning | 2-day Suspension without pay | 5-day Suspension without pay and Final Warning for Recommendation | Termination |

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| | | | | n for Termination | |
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A.a.4. Absence without Leave (AWOL):

- i. Refers to any absence/s of an employee without the acknowledgement or approval of Immediate Manager.
- ii. All absences without the approval of the Department Heads concerned shall be considered absence without official leave (AWOL); The employee will not be paid his/her salary for the day/s absent and shall be subject to disciplinary measure based on the Company rules and regulations should it appear that the absence is not on meritorious grounds as evaluated by the employee's superior.
- iii. Should the employee remain absent from work without any reasonable explanation for more than three (3) consecutive days, the absence shall be considered serious enough to merit separation from the company.

A.a.4.1. Absence without Leave Schedule of Sanctions for Probationary and Project-based Employees

| VIOLATION | DISCIPLINARY ACTION | | | | |
|---------------------------------|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | 1 ST LEVEL OF OFFENSE | 2 ND LEVEL OF OFFENSE | 3 RD LEVEL OF OFFENSE | 4 TH LEVEL OF OFFENSE | 5 TH LEVEL OF OFFENSE |
| Absence without Leave (AWOL) | 2-day Suspension without pay and Final Warning for Recommen dation for Terminatio n | Termination | | | |

A.a.4.2. Absence without Leave Schedule of Sanctions for Regular Status Employees

| | |
|--|---------------------|
| | DISCIPLINARY ACTION |
|--|---------------------|

| VIOLATION | 1 ST LEVEL OF OFFENSE | 2 ND LEVEL OF OFFENSE | 3 RD LEVEL OF OFFENSE | 4 TH LEVEL OF OFFENSE | 5 TH LEVEL OF OFFENSE |
|------------------------------|----------------------------------|--|----------------------------------|----------------------------------|----------------------------------|
| Absence without Leave (AWOL) | 2-day Suspension without pay | 5-day Suspension without pay and Final Warning for Recommendation for Termination | Termination | | |

For failure to comply the third time, a notice of AWOL shall be sent to the employee's last known address informing the employee that his/her employment with Payreto Services Inc. has been terminated and stating the effectivity thereof.

A.a.4.3. Unauthorized absence exists:

- i. When the employee is absent without filing a leave form or without any justifiable reason or when absence is not supported by proper medical documentation.
- ii. When an employee goes on leave without approval of the immediate Manager.
- iii. No call – No Show: when the employee failed to report without notification.
- iv. When an employee fails to report for a previously scheduled and agreed upon weekend or holiday work or any special day requiring employees to work, attend training and other forms of continuing education and other reasons due to business exigencies, without notification in advance.

A.a.4.4. Suspension of Work Due to Calamities

- i. Management, at its discretion, may declare suspension of work in the event that typhoon brings about heavy rains and floods.
- ii. If work suspension is for one whole day, absences are not chargeable to leave credits.
- iii. If work suspension is for a half-day only, those who did not report for work shall be considered to be on a half-day leave of absence.
- iv. Those who reported for work in the morning and were later sent home would not be given any absence mark or under time deductions. There will be no deductions from their leave credits.

- v. In all other cases, where there is no suspension of work announced by Management, a regular working day shall remain as such, and all absences are chargeable against leave credits.
- b. Under time:
 - i. Refers to quitting work earlier than 8 hours. The Management or the immediate Manager reserve the Right to authorize or not the employee's under time.
 - ii. All employees must follow the eight (8) hours work time. Late comers will still follow the same rule.
 - iii. Under time or quitting work early (before the end of the 8th hour) shall only be considered authorized on emergency cases and must be filed using the Leave Application same date it is effective. Otherwise, an employee will warrant the corresponding disciplinary action stated in Art 2 Sec 1.4 or Abandonment of Work. The management or the immediate team leader reserves the right to authorize or not the employee's under time. Incurred under time cannot be offset by rendering overtime.
- c. Tardiness:

Tardiness is defined as arriving late for work, returning late from breaks/meals, or returning late from trainings or conferences. In light of such events, here are the ensuing sanctions:

| VIOLATION | DISCIPLINARY ACTION | | | | |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | 1 ST LEVEL OF OFFENSE | 2 ND LEVEL OF OFFENSE | 3 RD LEVEL OF OFFENSE | 4 TH LEVEL OF OFFENSE | 5 TH LEVEL OF OFFENSE |
| Tardiness for an accumulated sum of 30 minutes or more or based on 2 cut-off periods (every 26-10 th) and (every 11 th -25 th) | Verbal Warning | Verbal Warning with Coaching Log | First Written Warning | 2-day Suspension without pay | Termination |

- d. Time Transactions: Refers to the log-in and log-out of employees through biometrics.
 - i. All employees must use the biometrics to log-in and log-out from the office. Accomplishing work requires coordination and teamwork among employees and organization members of the company. It is therefore very important for each employee/ organization member to be in his office or workplace regularly and at the time designated in the work schedule.

B. Performance Duty

It is expected of all employees and organization members to accomplish their assigned tasks and discharge their responsibilities with diligence and care. They are likewise expected to meet the time, quality and measure standards of work as given by management.

a. Section 1: Negligence.

Negligence is defined as failure of an employee/ organization member to exercise proper care, carefulness or the entire absence of care in the performance of task assigned which resulted to actual threat or harm to other employees, damage or loss of company time, equipment, properties and facilities.

| VIOLATION | DISCIPLINARY ACTION | | | | |
|---|--|---|----------------------------------|----------------------------------|----------------------------------|
| | 1 ST LEVEL OF OFFENSE | 2 ND LEVEL OF OFFENSE | 3 RD LEVEL OF OFFENSE | 4 TH LEVEL OF OFFENSE | 5 TH LEVEL OF OFFENSE |
| Failure to exercise care and proper handling of company tools, materials and equipment | Lightest penalty is a Written Reprimand up to Recommendation for Termination depending on the gravity of the offense | | | | |
| Leaving the work area without permission from any one of the following point persons: Immediate Supervisor or Manager Such action shall be categorized as Abandonment of Work | 1st Written Warning | Final Written Warning Show-Cause Notice | Recommendation for Termination | | |
| Sleeping while on duty (distinguished | 1st Written Warning | 2nd Written | Final Written | Recommendation for Termination | |

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|--|---|-----------------------|---------------------------|--|--|
| from “power naps” people take after lunch, etc. and need to rest in a separate room) | | Warning | Warning Show-Cause Notice | | |
| Who absent themselves from work for a period of five (5) consecutive working days without prior notice, or without notifying the Company, or without filing the necessary leave of absence shall be charged with abandonment of work | Dismissal for a Cause | | | | |
| Pretending to be sick to be absent from work. (Dishonesty) | 2-day Suspension without pay and Final Warning for Recommendation for Termination | Dismissal for a Cause | | | |
| Forging, unauthorized alteration erasure, obliteration or otherwise falsifying company documents and papers, including personnel records or malicious | Dismissal for a Cause | | | | |

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| destruction of the same | | | | | |
| Misappropriation of Funds and Theft | Dismissal for a Cause | | | | |
| Misappropriation in all forms or any attempt to do so, of the company funds or property | Dismissal for a Cause | | | | |
| Unauthorized disposals, lending or issuance of Company property, materials or valuable items. | Dismissal for a Cause | | | | |
| Bribery in any form or manner, offer or acceptance of anything of value in exchange for favorable condition of employment or in consideration of a promise to do or not to do a duty" | Dismissal for a Cause | | | | |
| The Use of fake and unauthorized receipts to obtain reimbursement of alleged expenses or payment of hospital bills and medicines. | Dismissal for a Cause | | | | |

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|---|-----------------------|--|--|--|--|
| Giving false material information in the application form or personal records such as, but not limited to birth dates, experience, educational attainment, etc., or withholding or non-disclosure of the same for whatever purpose. | Dismissal for a Cause | | | | |
| Possession or use of a picklock, or unauthorized possession of master key, duplicate key or similar device which can open office doors or lockers, drawers of co-employees and the executives' and supervisors' office doors, lockers or drawers. | Dismissal for a Cause | | | | |
| Disclosing any information of a confidential nature to outsiders or unauthorized persons. | Dismissal for a Cause | | | | |

b. Section 2: Insubordination / Disobedience.

Insubordination or disobedience is defined as failure of an employee member to follow a lawful order in connection to the duties and responsibilities of the employee member that has been made known to the employee at the time of engagement.

| VIOLATION | DISCIPLINARY ACTION | | | | |
|---|---|----------------------------------|----------------------------------|---|----------------------------------|
| | 1 ST LEVEL OF OFFENSE | 2 ND LEVEL OF OFFENSE | 3 RD LEVEL OF OFFENSE | 4 TH LEVEL OF OFFENSE | 5 TH LEVEL OF OFFENSE |
| Reporting for work or working without I.D. card after an official company I.D. has been issued | Verbal Warning with Coaching Log | 1st Written Warning | 2nd Written Warning | Final Written Warning – Show-Cause Notice | Recommendation for Termination |
| Failure to cooperate in an Administrative investigation authorized or conducted by the Management. | Recommendation for Termination | | | | |
| Failure due to negligence to carry out job or work instruction of one's Supervisor, Manager or the Company's executives | Verbal Warning to Dismissal for a Cause depending on the gravity of the offense | | | | |

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|--|-------------------------|------------|-------------------|-----------------------|--|
| Refusing to acknowledge receipt of warning or penalty memorandum | Working Days Suspension | Suspension | Longer Suspension | Dismissal for a Cause | |
|--|-------------------------|------------|-------------------|-----------------------|--|

c. Section 3: Unsatisfactory Performance.

B.c.1. Performance Warning.

If an employee's performance is unacceptable for three (3) consecutive months after feedback and coaching, he or she should receive a Performance Improvement Plan which formally documents the need for immediate, significant and sustained improvement. The Performance Improvement Plan should identify performance concerns, state expectations for improvement, and indicate that failure to sustain an overall acceptable level of performance may lead to further Corrective Action. The Performance Improvement Plan may set milestone dates for specific improvements or may simply indicate that improvements must be immediate. The Performance Improvement Plan becomes a permanent part of the employee's personnel file. If the employee demonstrates sustained improvement, a second document releasing him or her from Corrective Action should be given to the employee and placed in the personnel file.

B.c.1.1. Probation.

If an employee's performance remains unacceptable after a Performance Improvement Plan, he or she should be placed on Probation. (As noted above, in management's discretion, Probation may sometimes be the first step in Corrective Action.) The Probation document should reference the Performance Improvement Plan (if any) and indicate that failure to demonstrate immediate, significant and sustained improvement will result in termination. The document becomes a permanent part of the employee's personnel file. If the employee demonstrates the requisite level of performance, a second document releasing him or her from Corrective Action should be given to the employee and placed in the personnel file.

B.c.1.2. Termination.

If an employee fails to show improvement at any time during the Probation period or if improvement is not sustained after the Probation period, employment may be terminated. A brief notice of the termination and its basis should be presented to the employee and permanently retained in the personnel file.

d. Other Grounds for Disciplinary actions

B.d.1. Offenses Against Company Property

| VIOLATION | DISCIPLINARY ACTION | | | | |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | 1 ST LEVEL OF OFFENSE | 2 ND LEVEL OF OFFENSE | 3 RD LEVEL OF OFFENSE | 4 TH LEVEL OF OFFENSE | 5 TH LEVEL OF OFFENSE |
| Damaging, destroying, tampering or defacing Company Property or other employee's property or any attempt to do any of the said acts. | Dismissal for a Cause | | | | |
| Using Company time, materials or equipment to do unauthorized work | 15 Working Days Suspension | Dismissal for a Cause | | | |
| Overpricing of materials, equipment or supplies including acceptance or receipt of commissions or other benefits arising out of transactions entered into the performance of official duties. | Dismissal for a Cause | | | | |
| Overpricing of materials, equipment or supplies including acceptance or receipt of commissions or other benefits arising out of transactions entered into the | Dismissal for a Cause | | | | |

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|---------------------------------|--|--|--|--|--|
| performance of official duties. | | | | | |
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B.d.2. Offenses against Persons

| VIOLATION | DISCIPLINARY ACTION | | | | |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | 1 ST LEVEL OF OFFENSE | 2 ND LEVEL OF OFFENSE | 3 RD LEVEL OF OFFENSE | 4 TH LEVEL OF OFFENSE | 5 TH LEVEL OF OFFENSE |
| If aggressor and defender cannot be determined, both parties shall be punished. | 5working days suspension | Dismissal for a cause | | | |
| If aggressor is determined | 5working days suspension | Dismissal for a cause | | | |
| Quarreling, threatening, intimidating, coercing or interfering with fellow employees or otherwise instigating, challenging or provoking a fight within Company Premises | Written Warning | Dismissal for a Cause | | | |
| Engaging in gambling, betting, lottery or any other game of chance within Company premises before, during or after working hours or leaving Company premises during working | Dismissal for a Cause | | | | |

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| hours to do any of the foregoing said acts. | | | | | |
| Insult or willful disrespect of the honor or person of any Manager or any Company Executive. | Dismissal for a Cause | | | | |

B.d.3. Offenses against persons not treated above

B.d.3.1. Acts or offenses which are not explicitly mentioned in the foregoing rules but which are offensive and prejudicial to the interest of the Company shall likewise be punished in accordance with the gravity of the offense.

B.d.3.2. The just cause for terminating employment s provided for in the New Labor Code shall be upheld by the Company.

C. ANTI-SEXUAL HARASSMENT DISCIPLINARY ACTIONS

a. Light Offenses (15-day Suspension)

- Sexual stories and comments
- Lewd remarks
- Comments on a person's sexual orientation
- Catcalling
- Insults based on the sex of the employee
- Sending sexually explicit messages (in any medium of communication)
- Display of sexually explicit or suggestive material
- Sexually suggestive gestures

b. Moderate Offenses (30-day Suspension)

- Unwelcome physical contact including patting, pinching, stroking kissing, hugging, fondling, or inappropriate touching
- Overt sexual advances
- Repeated and unwanted social invitations for dates or sexual activity

c. Severe Offenses (Termination)

- Deliberately touching sensitive parts
- Sexual Assault
- Rape, in all its stages of commission

III. RECEIPT AND ACKNOWLEDGMENT OF PAYRETO PHILIPPINES, INC. EMPLOYEE HANDBOOK

I, the undersigned, acknowledge receipt of the Employee Handbook for the employees of Payreto Services Inc. I understand that the policies and benefits described in it are subject to change and may be done so by Payreto Services Inc. at any time for reasons it deems fit.

I further understand that my employment with Payreto Services Inc. is governed by the following agreement:

1. I agree to comply with the rules and regulations embodied in the Payreto Employee Handbook.
2. That I agree to diligently perform the duties and responsibilities pertaining to the job which I have been hired for and other such duties that the management may assign from time to time.
3. That I shall faithfully comply with the company rules and regulations and meet the standards of performance prescribed by Payreto Services Inc. to qualify for regular employment.
4. That it is understood that in case of resignation, a thirty-day (30) prior notice of intention to resign should be given to the Management.
5. That it is understood that if, at any time, I am found unqualified or unfit for employment after due process and careful evaluation of my work performance vis-a-vis the prescribed standards of performance, Payreto Services Inc. may, in its exclusive discretion, lay me off.

Confidential Information

I am aware that during the course of my employment, materials and confidential information will be made available to me (i.e. product designs, marketing strategies, customer lists, pricing policies and other related information, etc.). I understand that copyright to these materials are owned by Payreto and/or its customers and that I have no right to own, acquire, use, disclose, share or distribute these materials. Also, any information I receive as a consequence of my work with Payreto are proprietary to Payreto and is critical to its success. and must not be acquired, stored, distributed or used outside of PAYRETO Services Inc. 's premises or with non- PAYRETO employees. In the event of termination of my employment, whether voluntary or involuntary, I hereby agree not to utilize or exploit these materials and information, or do so with or through, any other individual or company. Violation of such agreement would subject me to criminal and civil liabilities.

Employee's Printed Name & Signature

Position

Date

IV. RECEIPT AND ACKNOWLEDGMENT OF PAYRETO PHILIPPINES, INC. EMPLOYEE HANDBOOK

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6. I agree to comply with the rules and regulations embodied in the Payreto Employee Handbook.
7. That I agree to diligently perform the duties and responsibilities pertaining to the job which I have been hired for and other such duties that the management may assign from time to time.
8. That I shall faithfully comply with the company rules and regulations and meet the standards of performance prescribed by Payreto Services Inc. to qualify for regular employment.
9. That it is understood that in case of resignation, a thirty-day (30) prior notice of intention to resign should be given to the Management.
10. That it is understood that if, at any time, I am found unqualified or unfit for employment after due process and careful evaluation of my work performance vis-a-vis the prescribed standards of performance, Payreto Services Inc. may, in its exclusive discretion, lay me off.

Confidential Information

I am aware that during the course of my employment, materials and confidential information will be made available to me (i.e. product designs, marketing strategies, customer lists, pricing policies and other related information, etc.). I understand that copyright to these materials are owned by Payreto and/or its customers and that I have no right to own, acquire, use, disclose, share or distribute these materials. Also, any information I receive as a consequence of my work with Payreto are proprietary to Payreto and is critical to its success. and must not be acquired, stored, distributed or used outside of PAYRETO Services Inc. 's premises or with non- PAYRETO employees. In the event of termination of my employment, whether voluntary or involuntary, I hereby agree not to utilize or exploit these materials and information, or do so with or through, any other individual or company. Violation of such agreement would subject me to criminal and civil liabilities.

Employee's Printed Name & Signature

Position

Date