

Document Code: HR-COMPEN-02112019- POL014 v. 2.0 July 21, 2021	<b>LEAVE POLICY</b>	
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## **PURPOSE**

This policy specifies employee's leave eligibility, cumulation, commutation and usage provisions.

## **SCOPE**

This policy applies to all employees of Payreto Services, Inc. ("Payreto").

## **DEFINITION**

Leave of Absence

- generally defined as a right granted to employees not to report for work with or without pay as may be provided by law.

Cumulation of Leave Credits

- incremental acquisition of unused leaves by an employee.

Commutation of Leave Credits

- conversion of unused leave credits to their corresponding monetary value.

## **GUIDELINES AND PROCEDURES**

### **1. ENTITLEMENT AND ACCRUAL**

- 1.1. 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.
- 1.2. 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.
- 1.3. 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.
- 1.4. Accruals are credited to employees on the first day of the month following each full calendar month of completed service.
- 1.5. 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

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- 1.6. Leave Credits are renewed or replenished every February of the following year.
- 1.7. Additional leave credit of 1.0 is being added to the Annual Leave Credits of an employee for every year of service based on hiring date.
- 1.8. Maximum leave credits shall be a total of thirty (30) days.
- 1.9. This additional leave credit may be used for sick or vacation days and shall be consumed first before the Sick Leave and Vacation Leave. Furthermore, annual leave credit shall be forfeited if not used by the end of January of the following year or by the date of renewal of leave credits.

## **2. AUTHORIZED LEAVES**

### **2.1. VACATION LEAVE**

- 2.1.1. Definition: Vacation Leave (VL) is an authorized paid absence from work that employees can use for personal reasons and that they accrue as a result of their continuous employment at Payreto.
- 2.1.2. Eligibility: All regular employees with Payreto. Probationary employees are eligible to use their accrued VL upon regularization.
- 2.1.3. Compensation
  - 2.1.3.1. Employees maintain their regular pay and benefits while absent from work on approved Vacation Leave.
- 2.1.4. Requests and Approvals
  - 2.1.4.1. Employees must file their Vacation Leave through the company's HRIS (Salarium).
  - 2.1.4.2. Employees must submit the request to their immediate supervisor.
    - 2.1.4.2.1. A notice of at least 2 working days is required for vacation leaves of 1-2 days.
    - 2.1.4.2.2. A notice of at least 5 working days is required for vacation leave of 3 or more days.
  - 2.1.4.3. Supervisors are responsible for obtaining departmental decisions and communicating them to the employees. Department Heads are authorized to approve requests for Vacation Leave.
  - 2.1.4.4. Approvals must clearly define the duration of the absence and the date the employee is expected to return to work.
  - 2.1.4.5. Payreto 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:
    - 2.1.4.5.1. Disapprove the proposed dates of the employee's paid-vacation leaves; and/or
    - 2.1.4.5.2. Cancel any pre-approved paid vacation leaves
- 2.1.5. Other Provisions
  - 2.1.5.1. If an observed holiday occurs during an employee's scheduled vacation, the day of observance is taken as holiday. Unless the employee is required by the operations to report for work but would like to request for a time off on a holiday, the employee has to submit a written approval from the immediate supervisor, copy furnish the HR Total Rewards.
  - 2.1.5.2. An employee who becomes ill while on an approved Vacation Leave may not apply for Sick Leave to that period of illness.
  - 2.1.5.3. Supervisors are responsible for maintaining complete and accurate records of the Vacation Leave accruals for each employee under his or her supervision.
  - 2.1.5.4. Supervisors are also responsible for accurately reporting Vacation Leave usage on all documents submitted to the Human Resources Department (HR Dept.).
  - 2.1.5.5. Leave Balances can be accessed by employees in the Salarium. Any discrepancies shall be checked with the Immediate Supervisor/ Manager and HR Department.

### **2.2. SICK LEAVE**

- 2.2.1. Definition
  - 2.2.1.1. 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 (employee's parents, grandparents, siblings, children, spouse and cohabiting partner).
- 2.2.2. Eligibility: All regular employees Payreto. Probationary employees are eligible to use their accrued Sick Leave upon regularization
- 2.2.3. Medical Certificate
  - 2.2.3.1. 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

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company's HMO service provider. The said Medical Certificate shall cover the day/s leave to make the SL valid. Failure to provide a valid medical certificate may subject the employee to disciplinary action.

2.2.3.2. At any time, Payreto has the right to require an employee to submit a valid medical certificate to verify illness or establish its expected duration.

#### 2.2.4. Compensation

2.2.4.1. Employees maintain their regular pay and benefits while absent from work on approved Sick Leave.

#### 2.2.5. Requests and Approvals

2.2.5.1. Employees who are unable to report to work due to illness must notify their immediate supervisor at least two (2) hours prior to the start of their shift schedule for the work day.

2.2.5.2. Employees must file their Sick Leave thru the company's HRIS (Salarium) and attach necessary documentation which covers the day/s leave, e.g. medical certificate etc.

2.2.5.3. Employees who are absent for more than one (1) day must notify their supervisor on each day or at intervals requested by the supervisor.

2.2.5.4. Employees are generally expected to schedule medical and dental appointments during non-work hours unless unavoidable, time off for medical or dental appointments shall be charged to the employee's accrued Sick Leave.

2.2.5.5. Medical Appointment scheduled on a working day of an employee shall be advised for the approval of the immediate supervisor/ manager at least two (2) days prior the appointment and shall be filed in the Company's HRIS (Salarium).

2.2.5.6. Supervisors are authorized to approve these requests and are responsible for communicating their decisions to the employees.

#### 2.2.6. Other Provisions

2.2.6.1. Supervisors are responsible for maintaining complete and accurate records of the Sick Leave accruals and usage for each employee under his or her supervision.

2.2.6.2. Supervisors are also responsible for accurately reporting Sick Leave usage on all documents submitted to the HR Dept.

2.2.6.3. 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.

### 2.3. MATERNITY LEAVE

#### 2.3.1. Maternity Leave

2.3.1.1. Definition: In compliance with the Labor Code of the Philippines, the Company grants all pregnant female employees Maternity Leave (ML) with pay, as follows:

2.3.1.1.1. For normal and C-Section deliveries one hundred five (105) calendar days

2.3.1.1.2. For miscarriage / emergency termination of pregnancy, sixty (60) calendar days.

2.3.1.1.3. Additional 15 calendar days for solo parents who gave birth, regardless of the delivery result.

2.3.1.2. 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 is entitled to Maternity Leave Benefits.

2.3.1.3. 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 while on ML.

#### 2.3.1.4. Requests and Approvals

2.3.1.4.1. The pregnant employee must notify the HR Dept. through her Department Head upon confirmation 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 Department Head of the dates she will start to use her ML.

2.3.1.4.2. 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 SL and VL credits in that order.

2.3.1.4.3. Upon returning to work the female employee must present to HR Department copies of the following:

2.3.1.4.3.1. Medical certificate;

2.3.1.4.3.2. and birth or death certificate of her newborn.

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### 2.3.2. Expanded Maternity Leave

2.3.2.1. Definition: A female employee can allocate up to 7 days of her maternity leave credits to: Child's Father – married or not to the female member, or Alternative Caregiver – relative or current partner sharing the same household.

2.3.2.2. The handling for expanded maternity leave varies if the employee is the one (who gave birth) to allocate the leaves or if the employee is the one to receive (father of the child or alternative caregiver) the leaves, as follows:

2.3.2.2.1. If the employee is the one (who gave birth) to allocate expanded maternity leave

2.3.2.2.1.1. Eligibility: The female employee who gave birth to a live baby can allocate up to 7 days leave to the father of the child or to a qualified alternative caregiver.

2.3.2.2.1.2. Compensation: The 7 days expanded maternity leave that will be allocated to the eligible receiver of the leave will be deducted from the 105 days leave of the employee who gave birth.

2.3.2.2.1.3. Request and Approval: The employee who would like to allocate the expanded maternity leave shall:

2.3.2.2.1.3.1. Submit the following requirements at least 30 days before the date of delivery:

2.3.2.2.1.3.1.1. Duly stamped copy of maternity notification (MAT1),

2.3.2.2.1.3.1.2. Maternity Leave Form,

2.3.2.2.1.3.1.3. CS Form No. 6 and

2.3.2.2.1.3.1.4. proof of relationship (Any of the following may be used as a proof of relationship):

- Philippine Statistics Authority (PSA) or Local Civil Registrar (LCR)- issued Certificate of Live Birth
- Marriage Certificate
- Barangay Certificate
- Other bona fide documents that can prove filial relationship

2.3.2.2.1.3.2. Afterwards, the remaining leave of 98 days shall be filed in the Company's HRIS (Salarium).

2.3.2.2.1.3.3. In cases of neonatal death, the 7 days expanded maternity leave will not be credited to the employee's spouse or qualified alternative caregiver but will be returned to the employee's (who gave birth) entitlement.

2.3.2.2.2. If the employee is a receiver of the allocated expanded maternity leave

2.3.2.2.2.1. Eligibility: Child's father (married or unmarried) or alternative caregiver, who is currently employed with the Company is eligible to receive the expanded maternity leave allocation.

2.3.2.2.2.1.1. The employee who will be the alternative caregiver must be a relative of the person who gave birth within the fourth degree of consanguinity.

1st degree: Parents, children

2nd degree: Siblings (brothers/sisters), grandparents, grandchild

3rd degree: Nephews, nieces, uncles, aunts

4th degree: First cousins

2.3.2.2.2.1.2. Both the alternative caregiver and the employee who is the spouse to receive the expanded maternity leave must be sharing the same household.

2.3.2.2.2.2. Compensation: Employees maintain their regular pay and benefits while absent from work on an approved allocation of expanded maternity leave.

2.3.2.2.2.3. Request and Approval: The spouse or Alternative Caregiver must notify the HR Dept. through the Department Head at least one (1) month before the expected date of delivery of the female employee. Employees must file the Allocation of the expanded Maternity Leave thru the company's HRIS (Salarium) and attach necessary documentation e.g. duly stamped maternity allocation form from SSS informing his/her immediate supervisor and/or Dept. Head of the dates he/she will start to use the allocation of maternity leave.

### 2.4. PATERNITY LEAVE

2.4.1. Definition: Paternity Leave (PL) refers to the paid leave credits granted to all married male employees for seven (7) working days to assist his wife who has delivered a child or suffered a miscarriage

2.4.2. Eligibility: The male employee is eligible for the PL provided that:

2.4.2.1. He is the legitimate spouse:

2.4.2.2. He is cohabiting with the wife who gave birth: and

2.4.2.3. This is within the first four (4) deliveries/miscarriages

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2.4.3. Compensation: Employees maintain their regular pay and benefits while absent from work on an approved paternity leave. It should be availed within sixty (60) days of wife's delivery.

2.4.4. Requests and Approvals

2.4.4.1. The married male employee must notify the HR Dept., through his Immediate Supervisor/ Department Head, upon learning the pregnancy of his legitimate spouse and the expected date of such delivery.

2.4.4.2. The married male employee must file his Paternity Leave thru the company's HRIS (Salarium) and attach necessary documentation e.g. medical certificate, laboratory results etc.

2.4.4.3. Upon returning to work the male employee must present to HR Department copies of the following:

2.4.4.3.1. Birth or death certificate of his new born.

## 2.5. BEREAVEMENT LEAVE

2.5.1. Definition: Bereavement Leave (BL) is an authorized paid absence from work for five (5) days, 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.

2.5.2. Eligibility: All employees regardless of employment status e.g. contractual, project-based, probationary or permanent/regular are eligible for five (5) days Bereavement Leave.

2.5.3. Compensation: Employees maintain their regular pay and benefits while absent from work on an approved Bereavement Leave.

2.5.4. Requests and Approvals

2.5.4.1. Employees should request for Bereavement Leave (BL) from their immediate supervisor by informing him or her of the death and the number of days requested.

2.5.4.2. Employees must file the Bereavement Leave through the company's HRIS (Salarium) and attach necessary documentation e.g. medical certificate, death certificate etc.

2.5.4.3. Supervisors are responsible for obtaining Departmental decisions and communicating them 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.

2.5.5. Other Provisions

2.5.5.1. 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 his/her accrued SL and VL, in that order. In the event that SL and VL are already exhausted, approved time off will be taken as Leave without Pay (LWOP).

2.5.5.2. 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 or Leave without Pay (LWOP). Employees must request such absences from their immediate supervisor and file it into the company's HRIS (Salarium). Supervisors are responsible for obtaining the departmental decisions and communicating them to the employees.

## 2.6. SOLO PARENT LEAVE (SOLO PARENT ACT)

2.6.1. Definition: Parental Leave or Solo Parent Leave (SPL) refers to the additional seven (7) leave benefits for solo parent employees. Payreto complies with Republic Act No. 8972 and it's implementing rules and regulations regarding Solo Parent Leave.

2.6.2. Eligibility

2.6.2.1. Employee must have the sole custody or responsibility of the child;

2.6.2.2. Employee has rendered at least one (1) year of service with the company, whether continuous or broken;

2.6.2.3. Employee has notified his/her employer that he/she will avail himself/herself of the Solo Parent Leave, within a reasonable period of time; and

2.6.2.4. 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.

2.6.3. Compensation: Employees maintain their regular pay and benefits while absent from work on an approved Solo Parent Leave (SPL).

2.6.4. Requests and Approvals

2.6.4.1. Employees must file the Solo Parent Leave (SPL) through the company's HRIS (Salarium).

2.6.4.2. 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

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employee is expected to return to work. Department Heads are authorized to approve requests for Solo Parent Leave.

## **2.7. BATTERED WOMAN LEAVE**

2.7.1. Definition: Battered Woman Leave (BWL) refers to the additional leave benefits of up to ten (10) days, but may be extended when necessity arises as specified in the Protection Order, in addition to other leave benefits for female employees who qualify as a battered woman under RA 9262. Payreto complies with Republic Act No. 9262 Sec. 43 (The Anti-Violence Against Women and Their Children Act of 2004) and its implementing rules and regulations regarding Battered Woman Leave.

### **2.7.2. Eligibility**

2.7.2.1. All female employees regardless of employment status e.g. contractual, project-based, probationary or permanent/regular are eligible for Battered Women Leave.

2.7.2.2. 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.

2.7.3. Compensation: Employees maintain their regular pay and benefits while absent from work on an approved Battered Woman Leave.

### **2.7.4. Requests and Approvals**

2.7.4.1. Employees should request for Battered Woman Leave (BWL) from their immediate supervisor by informing him or her of the date she starts her leave and the number of days requested.

2.7.4.2. Employees must file the Battered Woman Leave (BWL) thru the company's HRIS (Salarium) attached with a certification from punong barangay, kagawad, prosecutor, or clerk of court that an action under RA 9262 has been filed and is pending.

2.7.4.3. 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 Battered Woman Leave.

## **2.8. SPECIAL LEAVE BENEFITS FOR WOMEN**

2.8.1. Definition: Special Leave Benefits for Women (SLBW) 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 gynaecological disorders. Payreto complies with RA 9710 and its implementing rules and regulations regarding Special Leave Benefits for Women.

### **2.8.2. Eligibility**

2.8.2.1. All female employees regardless of employment status e.g. contractual, project-based, probationary or permanent/regular are eligible for Special Leave Benefits for Women (SLBW).

2.8.2.2. Female employees must have rendered continuous aggregate employment service of at least six (6) months for the last 12 months prior to undergoing surgery for gynaecological disorder.

2.8.2.3. Female employee has undergone surgery due to gynaecological disorders as certified by a competent licensed physician.

2.8.2.3.1. The special leave may be availed for every instance of gynaecological disorder requiring surgery.

2.8.3. Length of Leave: Two (2) months

2.8.4. Compensation: Employees maintain their regular pay and benefits while absent from work on an approved Special Leave Benefits for Women.

### **2.8.5. Requests and Approvals**

2.8.5.1. Employees should request for Special Leave Benefits for Women (SLBW) from their immediate supervisor by informing him or her within a reasonable period of time from the date of surgery.

2.8.5.2. Employees must file the Special Leave Benefits for Women (SLBW) through the company's HRIS (Salarium) and attach necessary documentation e.g. medical certificate, surgical and procedural report (if available) etc.

2.8.5.3. 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 Special Leave Benefits for Women (SLBW).

### **2.8.6. Other Provisions**

2.8.6.1. Under special circumstances, a female employee may require more than the two-month period, she may request for additional time off from his or her supervisor. The additional time off must be charged to her accrued sick leave credits or vacation leave, in that order. In the event that SL and VL



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are already exhausted, approved time off will be taken as Leave without Pay (LWOP) or taken as Leave without Pay (LWOP).

## **2.9. Service Incentive Leave (SIL)**

### **2.9.1. Definition**

- 2.9.1.1. Total of five (5) paid leaves earned by a contractual or project-based employee, which can be used for sick and vacation days.

### **2.9.2. Eligibility**

- 2.9.2.1. contractual or project-based employees who have rendered at least one (1) year of continuous or broken service in the company.

### **2.9.3. Compensation**

- 2.9.3.1. Contractual or project-based employees shall maintain their regular pay while on an approved Service Incentive Leave.

### **2.9.4. Request and Approval**

- 2.9.4.1. An employee who wishes to avail of the Service Incentive Leave (SIL) shall notify the immediate supervisor and file the leave in the company's HRIS (Salarium).

### **2.9.5. Other Provision**

- 2.9.5.1. Unused Service Incentive Leave (SIL) by the end of the year is convertible to cash.
- 2.9.5.2. Unused Service Incentive Leave (SIL) of offboarding eligible contractual or project-based employees should be included in the payment of his or her final pay.
- 2.9.5.3. The management has the discretion to give additional leave on top of the 5 days Service Incentive Leave earned by a deserving project-based employee.

## **2.10. Leave Without Pay (LWOP)**

### **2.10.1. Definition**

- 2.10.1.1. Is an authorized unpaid absence that may be filed by employees who do not have leave credits.

### **2.10.2. Eligibility**

- 2.10.2.1. Probationary employees, contractual or project-based employees who have not yet rendered at least one (1) year of service in the company or regular employees who have already exhausted all of his or her accrued leave credits may file a Leave without Pay (LWOP) for a time off.

### **2.10.3. Compensation**

- 2.10.3.1. Employees shall not be paid on the dates of approved LWOP.

### **2.10.4. Request and Approval**

- 2.10.4.1. An employee who wishes to request for a time off but does not have a leave entitlement or have exhausted his vacation and/or sick leave, shall notify his or her immediate supervisor and file an LWOP in the company's HRIS (Salarium), following the same timeline and procedure for filing sick or vacation leave.

## **2.11. Client Holiday Leave**

### **2.11.1. Definition**

- 2.11.1.1. An additional leave granted to employees in the operations who are affected by the official holiday in the country of the client they are supporting.

### **2.11.2. Eligibility**

- 2.11.2.1. Payreco employees who are in the Operations and are following the client's holidays.

### **2.11.3. Compensation**

- 2.11.3.1. Employees shall maintain their regular pay while on a Client Holiday Leave. In addition, such leave shall not be charged to the employee's leave credits.

### **2.11.4. Request and Approval**

- 2.11.4.1. Team Leaders shall send a notification to Total Rewards on the official schedule of Client Holiday.
- 2.11.4.2. Employees who are affected by the Client Holiday shall file the Client Holiday Leave in the Company's HRIS (Salarium).

## **2.12. Compensatory Time-Off**

### **2.12.1. Definition**

- 2.12.1.1. Time-off given to exempt employees or no-timesheet-required employees for the hours rendered during holidays and not for a regular work day.

### **2.12.2. Eligibility**

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2.12.2.1. Exempt employees are employees with Job Level 3 and up, who are not eligible for overtime pay but are eligible for compensatory time off.

**2.12.3. Compensation**

2.12.3.1. Employees shall maintain their regular pay while on an approved Compensatory Time-off. In addition, such time-off shall be charged to the earned Compensatory Time-Off and not to the employee's leave credits.

**2.12.4. Request and Approval**

2.12.4.1. Compensatory time off shall be requested to the immediate supervisor in writing at least 2 days before the intended schedule of time off.

2.12.4.2. The immediate supervisor has the discretion to approve or disapprove the request for Compensatory time off.

2.12.4.2.1. Without the loss of entitlement, if the schedule of compensatory time off would hamper the Company's normal business operations, the management may disapprove or cancel the request. Such decisions should also be made in writing

2.12.4.3. Compensatory Time-off shall be availed within 3 months from the time it was earned and shall be forfeited if not used.

**3. SCHEDULING AND AVAILMENT**

3.1. All employees shall file appropriate leaves accordingly based on the procedures. Failure to properly file, advise, and/or secure necessary documents shall make the absence unauthorized and shall subject the employee to disciplinary action as prescribed under the code of discipline.

3.2. While every effort is made to allow employees to schedule their leave availability according to their preference, Payreto shall have exclusive right to approve or disapprove and/or re-schedule the same subject to the exigencies of the service.

3.3. It shall be the immediate supervisor's responsibility to schedule the leave of employees under their area of responsibility ensuring that the smooth operation of the unit is not hampered.

3.4. Should the employment relationship end during the year, the vacation and sick days shall be granted on a pro-rata basis for each full month of the year of employment. If the employee has consumed his/her vacation and sick leaves in advance (and with prior approval of his/her immediate supervisor and/or Dept. Head), the employee shall reimburse the company the portion of vacation and sick leaves consumed in excess of his/her entitlement.

**4. CONVERSION AND FORFEITURE**

4.1. All regular/permanent employees who have rendered at least one (1) year of service until December 31 of the current year will be eligible for leave conversion (commutation of leaves).

4.1.1. Maximum of ten (10) unused Sick Leaves will be converted to cash based on the latest employee's daily rate at the end of January of the following year and the rest will be forfeited.

4.1.2. Unused Vacation Leaves are not convertible to cash and will be forfeited by the end of January the following year.

4.2. Permanent employees who resign from Payreto prior to completing the twelve (12) month residency period to earn ten (10) workdays of vacation leave shall be credited vacation leave on a pro-rata basis for each full month of service. Cumulation of leave will follow the table of leave credit dissemination (Section 1.5).

4.2.1. The cash equivalent of unused vacation leave of the resigned employee up to maximum of ten (10) will be included in the employee's final pay.

4.2.2. Unused Sick Leaves are not convertible to cash upon separation from employment with Payreto.

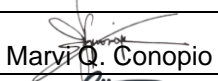

4.2.3. The accrued vacation and sick leave credits of a probationary employee who resigns or is terminated prior to permanency/regularization shall be forfeited.

4.3. Unused VL credits of terminated regular employees due to just causes or due to serious violation of company policies, code of discipline and pertinent laws, or due to authorized causes shall be included in the employee's last pay while accrued SL credits shall be forfeited.

4.4. Unused Annual Leaves will be forfeited upon separation of the employee.

**5. POLICY AMENDMENT AND REVISION**

5.1. The Management reserves the right to make reasonable changes, amendments, additions or revisions of this policy from time to time and following consultation, in accordance with the law.

Prepared by:  Mary Q. Conopio	Date Signed: July 23, 2021
Reviewed by:  Mhikko T. Ilagan	Date Signed: July 26, 2021



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Approved by:  Tschangiz Scheybani	Date Signed: October 27, 2021
 Donnabel D. Castillo	Sep 21, 2021
 Carl Michael A. Zaragoza	September 30, 2021
 Richmond R. Lim	October 14, 2021
 Jasper Jason C. Zumel	October 15, 2021