

INTER-OFFICE MEMORANDUM

REF NUMBER : VPO- 2020-001

DATE : JANUARY 12, 2020

FOR : ALL EMPLOYEES

FROM : OFFICE OF THE PRESIDENT

SUBJECT : REMUNERATION STRATEGY & COMPENSATION PRACTICES

1. OBJECTIVE OF THE POLICY

- a) The Company remuneration strategy is designed to attract ,motivate, and retain the best individuals, regardless of gender, ethnicity, age, disability or any other factor unrelated to performance or experience.

- b) The strategy aims to attract, motivate, and retain the best people who are committed to maintaining a long-term career with the Company and to perform their functional role in the long-term interests of the stakeholders.

2. COMPENSATION PHILOSOPHY

- a) The Company's compensation philosophy hinges on the principles of internal equity and market-based approach to managing the total remuneration program of the Company (cash plus non cash benefits)

- b) It is the policy of the Company to ensure that salary scales are equitable and competitive.
- c) Internal equity refers to the principle of having equal rates for equal jobs - equal means having the same level of job complexity, responsibility, and authority.
- d) Market-Based Pay Scale refers to the principle that the Company's salary scale is near or within the prevailing market rates
- e) The Company shall implement a responsible and sustainable approach which takes into considering the market price of the job and cost to sustain the cost of salaries within the Company .
- f) The HR Department will help define the internal pay scale structure / formula as well as the external survey parameters which will be used as bases for salary benchmarking.

3. COVERAGE OF POLICY

- a) This policy covers all Company employees, regardless of ranks and status of employment.

4. DEFINITIONS OF TERMS:

- a) Basic Salary - shall include all remunerations or earnings paid by an employer to an employee for services rendered. This does not include cost of living allowances, performance incentives, profit-sharing payments, and all allowances and monetary benefits which are not considered or integrated as part of the regular or basic salary of the employee (per Philippine Labor Code)
- b) Total Compensation - refers to the total remuneration an employee receives in payment of services rendered; includes salary payments received (basic salary) and benefits (both cash and non- cash).

- c) Salary Bands (Job Bands) - the system of categorizing or grouping together similar jobs or positions of more or less equal responsibility and worth.
- d) Salary Scale - is the range of salary assigned to a particular salary / job band. It has an established minimum, midpoint and maximum rate.
- e) Red Circle employees - are staff whose salaries exceed the maximum of the salary scale applicable to their position. Red circle employees are technically not qualified to receive annual salary adjustments anymore on the premise that the job's worth / value for the Company are measured in terms of the salary scale where job is classified.
- f) Green Circle employees - are staff whose salaries are below the salary scale minimum.
- g) Daily-Paid Employees - refers to employees whose salary is on a "per day" basis; daily rates apply to rank & file employees, particularly job bands A and B Lower (BL)
- h) Monthly-Paid Employees - refers to employees whose salary is on a "per month" basis; monthly-paid employees fall under various salary bands and position – rank and file staff , specialists, supervisory-level staff, line supervisors, and managerial employees
- i) Managerial Employees - refers to an employee who is vested with powers or prerogatives to lay down and execute management policies or to hire, transfer, suspend, lay-off, recall, discharge, assign or discipline employees (per Philippine Labor Code)
- j) Supervisory Employees - refers to an employee, who, in the interest of the employer, recommends managerial action and the exercise of such authority is not routinary or clerical but requires the use of independent judgement (per Philippine Labor Code)
- k) Rank & File Employees - refers to an employee whose function is neither managerial nor supervisory in nature (per Philippine Labor Code)

5. JOB PRICING CRITERIA

- a) When pricing jobs, the following are standard criteria and weights used:
 - Work responsibilities
 - Competency level and skills set required from job holder
 - Criticality of the job to the Company
 - Job size
 - Position rank

- b) The Company shall endeavour to review, re-design the pay scale structure as necessary to support the Company's employment strategy – ie., to attract, motivate and retain quality talents.

- c) The salary scale defines the gaps between job bands and the minimum-maximum spread within job bands, which should be consistent with the company philosophy.

- d) Managerial jobs should be valued in accordance with the true job size, accountability, breadth of decision making, or cost of assets managed. This is because management jobs require highly experienced job holders, who perform critical roles either as line manager and/or subject matter experts.

6. PAYROLL PRACTICES

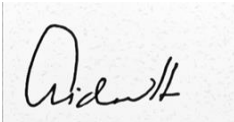
- a) Payroll computation shall be based from attendance data gathered from the timekeeping device and/or submitted manual Daily Time Records (DTRs) for daily-paid rank & file, monthly timesheet for the monthly-paid staff, and the approved leave forms submitted to the HR Department.

- b) The Company has the sole prerogative to revise the payroll cut off periods to support business requirements.

- c) Payroll Cut off Periods:
- Period: 6th to 22th of the month
 - Will be paid on the 30th of the month

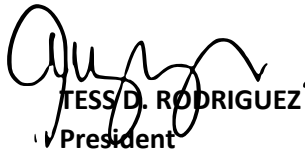
 - Period: 23rd to 5th of the month
 - Will be paid on the 15th of the month
- d) Employees' payrolls shall be paid through Automated Teller Machines (ATMs).
- e) All statutory/government mandated contributions and compensation taxes shall be imposed in accordance with governing **laws**.

Prepared By



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Approval



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