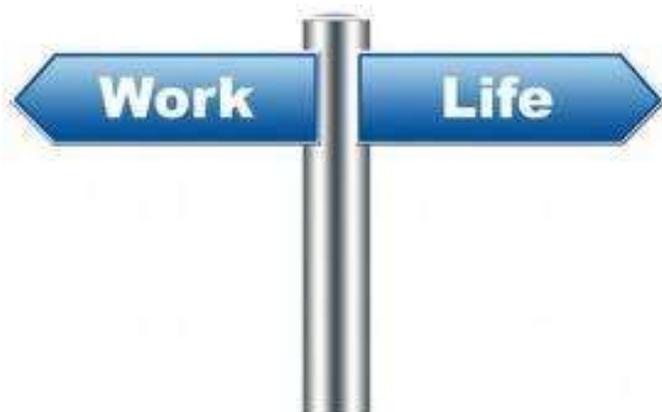


Gratuity Policy



POLICY & GUIDE

P&C Department

Islamic Relief, Pakistan

Development Date	April 2022
Last Revision Date	Sep 2022
Approved by	BoD
Approval Date	
Effective Date	Immediate effect



1. OBJECTIVE

The object of the policy is to accumulate certain sums for benefit of the employees of the IRP and their families in the event of employees leaving service of the organization, due to but not limited to, end of service, resignation, retirement, or death.

Qualifying conditions for IRP Employees

An employee is entitled to gratuity if the following conditions are satisfied and in case staff resigns from service or staff services are terminated by Islamic Relief for any reason other than misconduct;

1. A staff having active regular/FTE and STAs (*for STA, at least 06 months of continuous service in same project is required to become eligible for gratuity*) contract with IRP.
2. The minimum qualifying employment period is six months or above.

Employee Entitlement for payment of gratuity

An employee is entitled to gratuity when:

1. S/He resigns from service.
2. IRP terminates the services due to reasons other than misconduct.
3. Staff dies while in service of the employer (it is not necessary that employee should be on duty at the time of death)
4. Staff reaches the superannuation age and retires.

However, if an employee's services were terminated on account of misconduct (like harassment, theft etc.), gratuity would no longer be admissible to her/him.

In case of death of a staff, gratuity is payable to the legal dependents of a staff i.e as per declared Next of Kin information at time of joining IRP. As mentioned above, death may not necessarily occur on duty but the worker should be in continuous service at that time.

Rate of Gratuity and Its Calculations

Gratuity is payable to every employee holding valid fix term regular contract who resigns or is terminated for grounds other than misconduct at the rate of one month's wages last drawn for each completed year of service or any part thereof in excess of six months. Service length in excess of six months will be calculated on pro-rata basis for gratuity purpose.

For short term contract, at least 06 months of continuous service in same project is required to become eligible for gratuity.

Calculations On the Basis of Wage Rate

Wages for gratuity calculation are the "gross wages", however, these don't include any such contingent or unpredictable payments like temporary relief to workers (e.g. flood relief) or bonus provided by the employer.

Calculations On the Basis of Service

Other than wage rate, the second determining factor in gratuity calculation is the time period a worker has served with an establishment/organization. Any length of service higher than six months is considered for the purpose of gratuity calculation on pro rata basis. Whereas any length of service less than six months is not included in the course of calculating gratuity.

Withdrawal of Gratuity:

In order to provide financial assistance to the IRP Staff, below is the criteria to withdraw gratuity:

- Staff member must have continuous service of at least 03 years with IRP at the time of request for gratuity withdrawal.
- Staff member can withdraw maximum of 90% gratuity from the total gratuity amount.
- No previous writing warning or misconduct in last one year.
- If there is any pending salary advance in name of staff requesting gratuity withdrawal, gratuity will be paid after adjusting the remaining salary advance amount to minimize organizational risk.
- Gratuity withdrawal can be availed only once during the service with IRP.

Note: For certain donor specific project staff, personnel cost budget is all inclusive of salary & benefits. For such cases, gratuity applicability will be decided as per donor guideline's compliance.