



ARETE

BUSINESS CONSULTING



# Termination Policy

Country: India



## Termination Policy

The intent of this document is to provide the guidelines and steps to be followed in case an employee is leaving the company.

### **Frequency:**

Upon receiving notification of employee's Resignation/ Termination

### Types of Terminations

#### **1. Voluntary Leave (also called "Normal Resignation")**

In this case the employee wants to leave the company to pursue different career path or for personal reasons.

And s/he will get all entitlements as per practice and company policies; this will include compensation for **vacation balance**, the last month's salary ....etc, All related payments will be subject to taxation.

- Once the employee submits his/her resignation to his direct manager and HR.
- The direct manager and/or HR connect with the employee to understand the reason for resignation and see if there is a possibility to retain the candidate.
- In case the employee is retained – no further action is needed.
- In case the employee's final decision is to leave the company;

#### **The following Exit process takes place:**

1. HR sends an email to the employee confirming his resignation date and his last working date based on his notice period, in the same email HR shares a) Exit Interview Template and b) Employee Clearance Checklist.
2. The employee is to fill in the above 2 documents and share with HR.
3. And He /she continues working with Arete during his/her notice period and until a replacement is hired/provided to start the handover process.
4. Each resigning employee needs to complete all open activities from his/her side before leaving especially those working on projects that are approaching GO Live Date and/or Critical activities
5. Part of the Handover and Knowledge transfer is for the resigned employee to provide the related documentations, user manuals, confirmation from clients on completion of open points/actions to ensure a smooth transition of tasks to the replacement person.
6. Employee Submit Arete PC/ Laptop and any other assets related to the HR Administrator at Arete Office in India.
7. *For the Exit payment, the below practice is followed;*

#### **Exit Payment:**

Exit Payment includes; employee's monthly salary during notice period, vacation compensation, business travel expenses "if any" in addition to any other approved expenses paid by the employee for business reasons.

- **Outstanding Vacation Balance** is calculated based on prorated date of termination and vacations consumed *“during COVID-19 Pandemic – Vacation compensation is not included in the final payment because all employees are already working from India/home and travel is restricted”*
- **Business Travel and/or other approved expenses:** the settlement is included with the employees’ final entitlements after receiving the related supporting documents/ approvals.
- **Salary** of resigned employee is kept on hold for the 1<sup>st</sup> month after resignation, and then it’s paid in the following month during the notice period and the salary of the current month is kept on hold instead *“One month salary is kept on hold subsequently until the last month of notice period.”*  
For Example:
  - *If an employee submitted his/her resignation on 20 January and his notice period is 3 months then his last working day should be 20 April*
  - *The employee’s January Salary is kept on hold during January payroll.*
  - *In February, January salary is released/ paid, and February Salary is held/ kept on hold.*
  - *In March, February salary is released/ paid while March Salary is held/kept on hold.*
  - *In April, March salary is released/ paid while April Salary is held/ kept on hold.*
  - *In May, April salary + final entitlements “if any” is paid to the resigned employee.*
- Any exceptions to the above process will be handled on case-by-case basis with HR/ and Top Management

## 2. **Company Initiated Termination**

In this case the company is asking the employee to leave due to one of the following reasons:

- A. Unsatisfactory Performance:
- B. No Show Case “In case an employee disappeared suddenly”
- C. Termination during Probation.
- D. Organizational Restructure.

**Exit process – Same process is followed as Voluntary Leave “Normal Resignation”**

**For Exit Payment;** the below handling takes place

- A. **Unsatisfactory Performance:**
  - Employees Performance is not satisfactory and he/she is not delivering their work as

required by the client/ project manager and/or Delivery manager.

- Communication of unsatisfactory performance is done to the employee by direct manager and documented via email “**at least 2 warning messages**”.
- If the employee continues to perform poorly, then Management sends HR a request to terminate the employee including the unsatisfactory evaluation along with warning messages sent to the employee.

*Exit Process and Payment is handled similar to Normal Resignation and depending on the Notice period “if any”.*

## **B. No Show Case**

- In case an employee disappeared suddenly for more than 3 days and didn't answer business calls/ emails.
- Direct manager/ Project manager or Delivery manager is to notify the HR with the case since day 1.
- The HR / Direct Manager is to try to connect with the employee and/or one from his/her family members for the first 3 days to ensure the employee is not facing an emergency/ critical case “i.e. accident, death,..etc”, in case nothing critical, and the employee is still not showing, then HR to send the employee an official email notice with immediate termination due to No show.
- Employee's Salary is Kept on hold where No Payment is done to the employee until he/she returns the company assets and completes his/her handover/knowledge transfer.
- When KT and handover is done, A prorated payment of salary is paid to the employee for the period he/she worked before he/she disappeared.

## **C. Termination during Probation:**

- HR is to send an official email to the employee with Immediate Termination during probation period along with the reason for termination “performance, absence,.....etc”
- Employee's Salary is Kept on hold where No Payment is done to the employee until he/she returns the company assets and completes his/her handover/knowledge transfer “if any”
- A prorated payment of salary is paid to the employee for the period the employee actually worked before his/her effective termination date.

## **D. Organizational Restructure:**

- In case of Organizational restructuring and a specific role/ scope of work is no longer required by the company.
- HR and/or management is to communicate the organizational changes and the redundancy of the role with the related employees before the last working day at by 1 month or the company will have to compensate the affected employees by paying 1 month notice period.

*The company can retain the employee, in case he/she is willing to work in another position/role that fits his/her skills and expertise.*

**Exit Process and Payment Process is handled on case-by-case basis.**

### 3. Deceased Employee

In case an employee disappeared due to normal or accidental death, the company will start to work on finalizing all payments related to the employee such as: Life Insurance “if any”, Last month Salary, , Vacations, ...etc.

### 4. Termination with Special settlement

This is considered a rare case and after the final decision is taken by the key stakeholders to ensure that there are no negative implications on the company whether internally or externally, the company will ask the employee to leave

Accordingly, the agreed payment/ settlement “such as the notice months that will be granted to the employee at the same time of termination” will be considered as “Final Settlement/ End of Service” and it will be subjected to taxes as per law.

#### Note

Upon Top Management decision, the leaving employee may be receiving a notice month’s payment equal to one month or two months or three...etc of his/her salary & cash benefits; this is handled on case-by-case basis.