

KOLIN PHILIPPINES INTL. INC

POLICY ON	: CESSATION OF EMPLOYMENT	SECTION	: 006
CATEGORY	: ALL EMPLOYEES	PAGE	: 1 of 5
PREPARED BY	: THADDEUS GEORGE ROMAN	REVISION	: Rev. 07
APPROVED BY	: OLIVER M. PILOTEO	EFFECTIVITY DATE:	: JUL 1, 2025

I. POLICY

Termination of employment refers to the formal cessation of the employer-employee relationship. This may occur under the following circumstances:

- Voluntary Resignation
- Just Causes under the Labor Code of the Philippines
 - Serious misconduct
 - Willful disobedience
 - Gross and habitual neglect of duties
 - Fraud or breach of trust
 - Commission of a crime
 - Other analogous causes
- Authorized Causes:
 - Retrenchment or downsizing
 - Redundancy
 - Installation of labor-saving devices
 - Business closure
 - Disease or physical incapacity, certified by a physician
- Retirement – Based on age or length of service in accordance with law or company policy
- Abandonment of Work
- Death of the Employee
- Other causes provided under the Labor Code or company policies

II. NATURE OF CESSATION

a. Voluntary Resignation

Employees who wish to resign from their position must submit a formal written resignation addressed to their immediate superior and noted by the department head. This notice must be submitted at least thirty (30) calendar days prior to the intended effectivity date. It is the employee's responsibility to ensure the proper turnover of all accountabilities, including documents, equipment, digital files, and other company property, before their last working day. The clearance process is a mandatory step in confirming a complete and responsible exit from the company.

b. Termination for Just Cause

In cases where termination is initiated due to just causes, the company shall ensure that due process is strictly observed. This includes the issuance of a Notice to Explain (NTE), which clearly states the nature of the alleged offense and provides the employee with at least five (5) working days to respond in writing. If necessary, an administrative hearing may be held to allow both parties to present evidence or

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clarification. After evaluating all responses and findings, a Notice of Termination will be issued to formally end the employment. Employees terminated for just cause will forfeit certain benefits, such as convertible leave credits or incentives.

c. Termination for Authorized Cause

For separations due to authorized causes, the company will provide written notice to both the employee and the Department of Labor and Employment (DOLE) at least thirty (30) calendar days before the intended date of termination. Employees affected by the following authorized causes are entitled to separation pay as computed according to Labor Advisory No. 06, Series of 2020:

1. Redundancy – when an employee is terminated due to redundancy, the computation of separation pay is based on the following:
 Separation pay entitlement: One (1) month salary or one-half (1/2) month salary for every year of service, whichever is higher.
 For less than one (1) year of service: The employee shall receive a pro-rated separation pay equivalent to one-half (1/2) month salary for every year of service. The one (1) month salary includes the employee's basic salary and all allowances or regular payments.
2. Retrenchment – in cases of retrenchment (or downsizing), the separation pay is computed as follows:
 Separation pay entitlement: One (1) month salary or one-half (1/2) month salary for every year of service, whichever is higher.
 For less than one (1) year of service: The employee shall receive a pro-rated separation pay equivalent to one-half (1/2) month salary for every year of service. If the employee has worked for less than a year, the separation pay is computed on a pro-rated basis, meaning the employee will receive half a month's salary for every year of service.
3. Installation of Labor-Saving Devices – if an employee is terminated due to the installation of labor-saving devices, the computation of separation pay is as follows:
 Separation pay entitlement: One (1) month salary or one-half (1/2) month salary for every year of service, whichever is higher.
 For less than one (1) year of service: The employee shall receive a pro-rated separation pay equivalent to one-half (1/2) month salary for every year of service.
4. Business Closure – when an employee is terminated due to business closure, the following computation applies:

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Separation pay entitlement: One (1) month salary or one-half (1/2) month salary for every year of service, whichever is higher.

For less than one (1) year of service: The employee shall receive a pro-rated separation pay equivalent to one-half (1/2) month salary for every year of service. However, if the employee has rendered less than 6 months of service, the separation pay is not applicable, unless otherwise agreed upon.

In addition to the separation pay, employees are also entitled to the following benefits, if applicable:

- Pro-rated 13th month pay
- Unused vacation/sick leave credits
- Other final pay entitlements, such as bonuses, commissions, etc.
- Pro-rated separation pay for those with less than one (1) year of service shall be calculated based on the number of months worked, with one-half (1/2) month salary being the basis for every completed year of service.
- The one (1) month salary refers to the employee's regular monthly wage, including allowances or regular benefits.

d. Retirement

Retirement of employees shall be governed by the provisions set forth under Company Rules and Regulations No. 44. Employees who are eligible for optional or mandatory retirement must comply with the requirements and procedures outlined in Company Rules and Regulations. All retirement benefits, including computation of retirement pay and other entitlements, shall be processed in accordance with the stipulations of the said policy and in conformity with existing labor laws.

III. OTHER GUIDELINES AND PROCEDURE

a. Clearance and Final Pay

All separated employees, regardless of the nature of separation, are required to complete an Employee Clearance Form within thirty (30) days from the effective date of separation. The clearance process ensures that all accountabilities are properly turned over and settled. Final pay, which may include unpaid wages, pro-rated 13th month pay, unused leave credits (except for employees terminated for just cause), tax refunds, and unclaimed incentives, will be released within thirty (30) days from the effective date of separation, provided that all accountabilities have been settled. In the event of unresolved accountabilities, the release of final pay will be withheld until all matters are resolved, in accordance with Labor Advisory No. 6, Series of 2020.

b. Confidentiality and Post-Employment Responsibility

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The company does not impose non-compete clauses, in line with its philosophy of supporting employees' career development and professional growth. However, all employees remain bound by the confidentiality provisions of their employment contract, even after separation. This includes the obligation to protect trade secrets, client data, intellectual property, and other sensitive company information. Former employees are expected to act with professional ethics and refrain from disclosing or misusing confidential information obtained during their employment.

c. **Absent Without Leave (AWOL)**

An employee who is absent without leave (AWOL) or without prior notice or valid justification for five (5) consecutive working days may be considered to have abandoned their post. The company will issue a Notice to Explain to the employee's last known address and follow due process before finalizing the termination. Employees found guilty of AWOL may forfeit certain company benefits, such as unreturned company property or unliquidated accountabilities. Final pay, including unpaid wages, pro-rated 13th month pay, unused leave credits (except for employees terminated for just cause), tax refunds, and unclaimed incentives, will be settled but may be withheld until all accountabilities are cleared.

d. **Deductions for Accountabilities**

If an employee has outstanding obligations such as unpaid loans, unreturned equipment, tools, vehicles, or other company assets, these shall be deducted from their final pay. HR and Finance will conduct a thorough reconciliation to ensure all dues are accounted for.

e. **Exit Interview**

All separated employees are required to undergo an exit interview with the HR Department. This interview serves as a platform to gather feedback, clarify any concerns regarding separation, and review any remaining obligations or entitlements.

f. **Certificate of Employment (COE)**

Upon successful completion of the clearance process, the company shall issue a Certificate of Employment upon the employee's request. The certificate will include the duration of employment, the last position held, and the nature of separation.

g. **Post-Employment Guidance**

The company encourages a smooth and respectful transition for all departing employees. To support their continued success, the company may provide professional references or letters of recommendation upon request, subject to

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evaluation of their performance and conduct during employment. HR may also offer guidance on government benefit claims such as SSS, Pag-IBIG, and PhilHealth.

Upon separation, final contributions to all government-mandated funds, including SSS, Pag-IBIG and Philhealth, will be deducted from the employee's final pay as necessary. Employees are also required to complete the turnover of all company-owned property, including machines, equipment, and files, as part of the clearance process.

Through the exit interview and final communication, the company aims to part on good terms and foster a supportive environment even after the employment relationship ends.

h. Access Restrictions

Separated employees are no longer permitted to access company premises unless granted by the HR Department or their former department head. If such access is necessary, it must be properly monitored and recorded.

i. Record-Keeping and Documentation

All documents related to the termination process shall be securely filed in the employee's 201 file and retained for a minimum of five (5) years in compliance with labor and audit regulations.