

*NOTE: (Please see Annexure A, B and C for further clarifications. (Pgs 23-25))*

20. **Provident Fund.**— (1) The Employer and the employee shall contribute to the Provident Fund at the rates prescribed by the Employees Provident Fund Act No. 15 of 1958.

(2) Subject to the provisions of the Employees' Trust Fund Act No. 46 of 1980, where the Employer and employee as at the date hereof were contributing to a Provident Fund at rates more favourable than those prescribed by the Employees' Provident Fund Act, the more favourable rates of contribution will continue.

21. **Terminal Benefits.**— (1) The Employer will subject as hereinafter provided pay terminal benefits to employees in accordance with the scheme of terminal benefits set out in this clause.

2. As and by way of terminal benefits the Employer shall pay an employee a sum equivalent to half month's salary for each year of service up to twenty (20) years and one month's salary for each year of service over and above twenty (20) years of service. The employees who do not complete five (5) years of uninterrupted service are not entitled to terminal benefits under this provision.

3. The salary on which the said terminal benefits under **sub-clause (2)** hereof shall be payable will be the last monthly salary receivable by an employee on which Provident Fund is payable and shall not include any Non-Recurring Cost of Living Gratuity.

4. For the purpose of calculating terminal benefits under this Clause an year of service shall be a period of not less than six (6) months.

5. If at the date cessation of an employee's service there is due to the Employer from the employee any sum on account of fraud, misappropriation or any other account and the same cannot be recovered from the amount in the employee's credit in the Provident Fund the same shall be recovered from the terminal benefits provided for herein.

6. On the death of an employee whilst in service, who is eligible to receive terminal benefits under this Clause, the Employer shall pay such terminal benefits in the manner and to the persons hereinafter set forth :-

- a) If there is a valid nomination in force for the purpose of the deceased Employee's Provident Fund at the date of his death, to the nominee, or nominees of such employee in conformity with the form of nomination where such nominee is surviving and of full age.
- b) Where there is no valid nomination or in the event of the nominee of any one or more of the nominees having predeceased the employee, or in the event of a nominee being a minor at the time that the payment of the terminal benefits become due, the Employer shall make payment only after the person or persons entitled to the payment have established their claim in law and furnished proof thereof.

7. In the event of any written law providing for payment of gratuity or terminal benefits the more favourable scheme shall apply but not both.

8. No employee shall be entitled to any gratuity or terminal benefits in addition to the terminal benefits provided for in this Clause or by any written law as the case may be.

22. **Bonus.**— The Employer will make a payment of bonus to each employee covered and bound by this Agreement on the following basis during the period of this Agreement, provided however only employees who have completed 12 months service at the time of payment of bonus will qualify for payment in terms hereof and an employee who has not completed 12 months in service at such time will be entitled to receive only a proportionate payment of the bonus having regard to his period of service.

- i A payment of bonus equivalent to one month's monthly salary will be paid on 15th December, 2004.
- ii A payment of bonus equivalent to one month's monthly salary will be paid on 15th March, 2005.  
(Based on December 2004 monthly salary)
- iii A payment of bonus equivalent to one month's monthly salary will be paid on 15th December, 2005.
- iv A payment of bonus equivalent to one month's monthly salary will be paid on 15th March, 2006.  
(Based on December 2005 monthly salary)

23. **Annual Increments.**— The annual increments provided in each grade of the scales of consolidated wages in the first Schedule hereto shall be automatic unless as a matter of punishment for general inefficiency including irregular attendance or un-punctuality or disciplinary action on account of serious misconduct an increment is *suspended, stopped or deferred*, in which case where an increment is

- a) *deffered*, the loss of increments shall be continuous throughout the year ;
- b) *stopped*, the loss of increments shall only be for the period of stoppage during the year ;
- c) *suspended*, the increment is suspended pending a decision to defer or stop an increment, such decision being dependent upon a consideration of the factors giving rise to the suspension. Where on such decision an increment is neither stopped nor deferred, then the suspension shall be treated as waived and the full increment from the date of suspension thereof shall accrue to the employee concerned.

**Deferment, stoppage or suspension** of an increment shall only be effected in cases where the employee has been notified in writing of a complaint against such employee and has been found guilty after due inquiry of inefficiency, fraud or misconduct, which in the circumstances does not merit termination of employment.

24. **Warning.**— If in the opinion of the Employer an offence warrants a warning the same shall be conveyed to the employee by a letter, a duplicate of which shall be signed by the employee.

25. **Suspension.**— 1) An employee may be suspended without pay by the Employer :—

- a) pending an inquiry to be held by the Employer on a charge or charges of misconduct which warrants dismissal ;
- b) in order to avoid a breach of the peace or damage to the property or disturbance of the business of the Employer ;
- c) as a punishment for misconduct for a period not exceeding seven (7) working days after due inquiry ;

2. At the time of suspension under *sub-clause (1)* (a) or within twenty four (24) hours thereof the Employer shall provide the employee with a written order of suspension specifying the reasons for such suspension and thereafter hold an inquiry into the charge or charges in terms of *Clause 26* hereof.

## 26. **Disciplinary Action**

Where the Employer proposes to proceed against an employee then:

1. irrespective of whether an employee has been suspended under *Clause 25* hereof or not, the employee shall be furnished with a show cause notice which shall set out the particulars of the charge or charges of misconduct alleged against such employee and such show cause notice shall give the employee not less than five (5) clear working days in which to give the answer or explanation to the charges preferred.
2. within five (5) clear working days after the date of show cause notice, the employee shall furnish in writing to the Employer the answer or explanation to the charges preferred against such employee. Provided however that if in the circumstances it is reasonable the employee may ask the employer for an extension of time within which to furnish the written answer or explanation to the show cause notice and where such request is made by an employee to the Employer, the employer shall grant such request for such further period of time as is deemed necessary in the circumstance of the case.
3. if the Employer is satisfied with the written answer or explanation of the employee, the employee shall if he is under suspension forthwith be reinstated and shall be paid all wages and entitlements due for the period of such suspension.
4. if the employer is not satisfied with the written answer or explanation of an employee to the show cause notice and such answer or explanation is rejected by the Employer, the Employer shall commence an inquiry within fourteen (14) working days from the date of receipt by him of the written answer or explanation to the show cause notice.
5. after holding such inquiry the employer shall notify the employee of the findings on each of the charges in the show cause notice and the punishment, if any, impose by the Employer. Provided that if the Employer fails to make an order except for reasons beyond the control of the Employer on the charges in the show cause notice within thirty (30) working days from the conclusion of the inquiry into such charges, the employee shall not be liable to be punished thereafter in respect of such charges and no inference adverse to the employee in respect of such charges shall be drawn from such charges.

6. if the employee is under suspension and the Employer after such inquiry makes order that:
- (a) the employee shall not be dismissed then the employee shall resume employment forthwith and shall subject to the provisions of *sub-clause 25 (1) (c)* hereof be paid all wages and entitlements due for the period of suspension irrespective of such other punishment less than dismissal that may be imposed by the Employer on the findings as to the charges in the show cause notice;
  - (b) the employee shall be dismissed, the employee's dismissal shall take effect from the date of the employee's suspension and accordingly the employee shall not be paid for the period of such suspension;
  - (c) in view of the serious or involved nature of the charges in the show cause notice against the employee the Employer is unable to make a final order as it is necessary and desirable that the matter be referred to the Police or other authorities for further investigation or inquiry and that the matter be therefore referred to the Police or other authorities or if in view of the serious or involved nature of the charges preferred against the employee the matter had been previously referred to the Police or other authorities for investigation or inquiry be awaited, then in either of such circumstances the employee may remain suspended without pay.
7. If in any case where an employee is suspended as provided herein the Employer fails to make an order under *paragraph (a) to (c)* of the preceding sub clause for any reason other than that of the employee's own seeking within thirty (30) working days from the date of the employee's suspension, the employee shall be entitled to half of his normal remuneration for the period of thirty (30) days from the date of such suspension in excess of thirty (30) days up to the date on which the Employer makes an order under paragraphs (a) to (c) of the preceding sub-clause, irrespective of the outcome of the inquiry.
8. In any case where an employee is suspended as provided herein the Employer shall make an order under *paragraph (a) to (c) of sub-clause 6* within ninety (90) days of the date of suspension of the employee unless he is prevented from so doing by reason of the employee's own seeking or for reasons beyond the control of the Employer or it is agreed between the Employer and the Union that in the circumstances of the case the period Ninety (90) days be extended for such further time as may be agreed.
9. The Employer shall not be required to hold an inquiry as referred to in *sub-clauses 4 and 5* hereof where the Employer proposes to warn the employee or where the employee admits to the charge or charges. Provided however that if the Union disputes the warning or punishment imposed on the employee by the Employer and request the holding of an inquiry the Employer shall comply with such request and the provisions relating to the holding of an inquiry shall then apply subject to the expectation that the fact that the inquiry had not commenced with fourteen (14) working days after receipt of the employee's explanation shall not be material or relevant.

## 27. Retirement

On reaching the age of sixty (60) years an employee shall ipso facto retire and cease to be employed by the Employer and there shall be no obligation on the Employer to give the employee any notice of such retirement. The employee however has the option to retire at the age of fifty five (55) years or thereafter by giving three months notice to the Employer.

28. **Disputes Procedure.** - (1) The procedure to be followed for the settlement of a dispute shall be as set out in *sub-clauses (2), (3) and (4)* hereof.

(2) Where a dispute is between an employee and the Employer, the employee shall in the first instance, raise the matter through the branch union with the Employer, and both parties shall endeavour to effect an amicable settlement.

(3) In the event of a dispute not being settled under *sub-clause (2)* above or, in the case of a dispute between the Union and the Employer, the Union or the Employer may raise the matter with the Employer or the Union as the case may be and shall endeavour to effect an amicable settlement.

(4) In the event of a dispute not being resolved or settled under the *preceding sub-clause (2) or (3)*, and if the Union or the Employer requests a reference of the dispute under Section 3 (1) (d) of the Industrial Disputes Act for settlement by arbitration, the other party shall consent to such reference. Parties may, by mutual agreement also, decide to refer the dispute to a Mediator or body of Mediators for possible settlement through Mediation prior to a reference to arbitration.

29. **How Anomalies in the Course of Implementing this Agreement shall be dealt with.** - Any anomaly arising from the implementation of this Agreement shall be settled by negotiation between representatives of the Employer and the union of which the employee is a member and if the matter cannot be settled by negotiation the matter shall be settled in accordance with the provisions of the Industrial Disputes Act and the regulations made thereunder.

30. **Trade Union Action.**– The Union and its members covered and bound by this Agreement jointly and severally agree with the Employer that, during the continuance in force of this Agreement, they shall not engage in any strike or other form of Trade Union action against the Employer in respect of any dispute between the Employer on the one hand and / or the Union and / or its members and / or any employee or employees covered and bound by this Agreement on the other had, whether or not such dispute is relative to this Agreement, provided, however, that this clause shall not apply in respect or any dispute arising out of any breach by the Employer of provisions of the *Clause 26, 28 and 32* hereof.

31. **Variations of Terms and Conditions of Employment or Benefits.**– (1) The Union and its members, and the employees covered and bound by this Agreement, jointly and severally agree with the Employer that during the continuance in force of this Agreement, they will not seek to vary or alter or add to all or any of the terms and conditions of employment presently applicable to any of the employees covered and bound by this Agreement, or all or any of the benefits presently enjoyed by any of the employees covered and bound by this Agreement, other than by mutual agreement.

(2) Subject to the terms of this Collective Agreement, the Employer agrees that it will not seek to vary or add to all or any of the terms and conditions of employment presently applicable to any of the employees covered and bound by this Agreement, all or any of the benefits presently enjoyed by the employees covered and bound by this Agreement, other than by mutual agreement.

(3) Any dispute or difference arising from negotiations under provisions of *sub-clause (1) or (2) hereof* may be resolved by voluntary arbitration, but only if all the parties concerned agree to submit such dispute or difference for settlement by voluntary arbitration.

32. **Unfair Labour Practice.**– (1) Any person bound by this Agreement shall not instigate, support or engage in any unfair labour practice.

(2) The Employer will not take any action which is calculated to undermine the existence of the Union in the establishment of the Company.

33. **Retrenchment.**– Without prejudice to the right of the Employer to introduce voluntary separation schemes subject to requirements of the company the employer will not, during the pendency of this Agreement, retrench employees unless with the consent of the union. Any variation of the manning levels in any operation in the Employer's factory will be made in consultation with the union and by mutual agreement.

34. **Casual Employment.**– The Employer will continue to employ Twenty-two (22) persons on a casual basis, to meet the cadre requirement in the factory and the persons so engaged will also be given 10% and 5% increases to the existing wage of Rs. 300/- per day, on the same basis as is granted to the permanent employees covered under the agreement. In addition the company shall also continue to extend to them the benefit of a meal as may be granted to other employees in the factory on such days. It is hereby agreed by the Employer to absorb 11 of the casual cadre set out herein to the permanent cadre in January, 2006. The balance 11 casual employees will be absorbed to the permanent cadre in January, 2007 subject to the realization of the Company's expansion plan.

## PART II

### CONTAINING THE FACILITIES AND CONCESSIONS GRANTED BY THE EMPLOYER TO THE UNION

1. **Breaches of Collective Agreement.**– If in the opinion of the Employer the Union shall commit a breach of any of the terms of this Collective Agreement, then and in any such event the Union committing such breach shall cease to be entitled to enjoy the facilities and concessions granted by the Employer in the succeeding clauses of this part and same shall stand withdrawn without prejudice to the Employer's right to restore such facilities and concessions, upon such terms and conditions as the Employer may decide.

2. **Domestic Inquiries.**– If an employee who is furnished with a show cause notice in terms of *clause 25* is a member of the Union, the following provisions shall apply to the inquiry held by the Employer pursuant to such show cause notice

- (a) The Employer will, subject as hereinafter provided, allow another member of such Union (hereinafter referred to as an "Observer") to be present as an Observer without loss of salary for absence from work.
- (b) If the employee who is served with a show cause notice desires an Observer to be present at the inquiry to be held pursuant to such show cause notice, he shall forty eight (48) hours at least before the time appointed for the commencement of the inquiry submit to the Employer the name of such Observer.
- (c) An Observer may answer any question which the person who conducts the inquiry may ask him, but an Observer shall not be entitled to represent the employee who is served with a show cause notice or otherwise partake in the inquiry.

- (d) The person who conducts an inquiry shall be entitled to require and an Observer who obstructs such inquiry in any manner whatsoever to withdraw therefrom and an Observer shall forthwith comply with such requirement.
- (e) The absence of an Observer from the whole or part of an inquiry for any reason whatsoever shall not vitiate such inquiry, nor the findings pursuant thereto.

3. **Union Meetings.** - (1) The following provisions shall apply to meetings of the Branch Union.

- (a) In respect of each meeting which the Branch Union desires to hold at the Employer's premises, an application for permission shall be previously made to the Employer.
- (b) If the Employer decides to grant permission, the Employer shall be entitled to impose, inter alia, one or more of the undernoted conditions.
  - (i) That no person other than an employee in the service of the the Employer shall be present at a meeting of the Branch Union.
  - (ii) On occasions such as the Annual General Meeting of the Branch, office bearers of the Union may, with the previous approval of the Employer, attend.
  - (iii) Fix a time limit within which a meeting of the Union shall be concluded or adjourned.
- (c) It shall be the duty of the Branch Union and its office bearers to ensure that the terms on which permission to hold a meeting of the Branch Union is granted, are duly complied with.
- (d) It shall be the duty of the Branch Union and its office bearers to ensure that no damage is caused in the cause of, or in connection with, a meeting of the Branch Union to the Employer's property or any other persons at the Employer's premises and the Branch Union shall indemnify the Employer and keep the Employer indemnified against any such damage.

2. The following provisions shall apply to meetings of the General Council of the Union -

- (a) Without prejudice to the right of the Employer to refuse to grant permission if in his discretion the exigencies of the circumstances warrant refusal, the Employer will generally grant permission to a member of the General Council of the Union in order to attend a meeting of the General Council, to leave office not earlier than 3 O' clock in the afternoon on not more than one occasion in a month without loss of salary for such absence if any application for permission to attend is made at least forty eight (48) hours before the time appointed for holding the meeting of the General Council.
- (b) For the purpose of paragraph (a) above the Union shall forthwith furnish each Employer in whose service there are members of the General Council of the Union with a list of such members and keep such Employer informed of all charges therein which may be made from time to time.

3. The provisions of the preceding sub-clauses (1) and (2) shall not be in derogation of any existing concessions or facilities granted by the Employer to a Branch Union regarding union meetings.

4. **Duty Leave** .- (1) The following provisions shall apply to duty leave. Without prejudice to the right of the Employer to refuse to grant permission if, in their discretion, the exigencies of the circumstances warrant refusal, the Employer, will generally grant permission for not less than two office bearers of the Union. -

- (a) to be present at conferences held under the aegis of the Employer or the Employers' Federation of Ceylon or the Department of Labour in connection with a dispute between such Union and the Employer; or
- (b) to attend inquiries before Industrial Courts, Arbitrators or Labour Tribunals without loss of wages for such absence.

2. The Employer will, in his discretion, grant leave without remuneration to an employee to attend a Trade Union Course or Seminar or Conference either in Sri Lanka or abroad unless the employee concerned is entitled to annual, customary or statutory holidays which he wishes to utilize for the purpose.

5. **Check Off**

1. The Employer shall, on the written request of an employee, deduct from the salary due such employee the current monthly Union dues as are specified by the employee to be payable monthly by the employee to the Union and remit the amount so deducted to the Union, in accordance with the procedure and upon and subjects to the conditions hereinafter set forth.