

ශ්‍රී ලංකා ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ ගැසට් පත්‍රය The Gazette of the Democratic Socialist Republic of Sri Lanka

අති විශේෂ EXTRAORDINARY

අංක 1474/15 – 2006 දෙසැම්බර් 08 වැනි සිකුරාදා – 2006.12.08

No. 1474/15 – FRIDAY, DECEMBER 08, 2006

(Published by Authority)

PART I : SECTION (I) – GENERAL

Government Notifications

My No. : T 23/P/47/2000.

THE INDUSTRIAL DISPUTES ACT, CHAPTER 131 OF THE LEGISLATIVE ENACTMENTS OF CEYLON REVISED EDITION (1956)

Revocation of Order under Section 4 (1)

WHEREAS by Order made under Section 4(1) of the Industrial Dispute Act, Chapter 131 of the Legislative Enactments of Ceylon (Revised Edition 1956) as amended by Acts, Nos. 14 and 62 of 1957, 4 of 1962 and 39 of 1968 read with Industrial Dispute (Special Provisions) Act No. 37 of 1986 dated 14/09/2000 and published in the Gazette of the democratic Socialist Republic of Sri Lanka Extraordinary No. 1150/15 of 20.09.2000 the Industrial Dispute in respect of the matter specified in the statement of the Commissioner of Labour dated 22.08.2000 –

BETWEEN

Mr. T. Raveendran, No. 15 1/1, Collingwood Place, Colombo 06

AND

Sri Lankan Airlines Ltd., Administration and Training Building, Bandaranaike International Airport, Katunayake.

was referred to Mr. S. Ediriweera for settlement by arbitration.

AND WHEREAS it is now deemed expedient that the said order is revoked, I Athauda Seneviratne Minister of Labour Relations and Foreign Employment do hereby revoke the said Order and further make Order that no proceedings be taken upon the said Order dated 14.09.2000.

ATHAUDA SENEVIRATNE,
Minister of Labour Relations and Foreign Employment.

Colombo 05,
09th November, 2006.

My No: T 23/P/47/2000.

THE INDUSTRIAL DISPUTES ACT, CHAPTER 131 OF THE LEGISLATIVE ENACTMENTS OF CEYLON (1956 REVISED EDITION)

ORDER UNDER SECTION 4(1)

WHEREAS an Industrial dispute in respect of the matter specified in the statement of the Commissioner of Labour which accompanies this order exists,

BETWEEN

Mr. T. Raveendran, No. 15 1/1, Collingwood Place, Colombo 06

AND

Sri Lankan Airlines Ltd., Administration and Training Building, Bandaranaike International Airport, Katunayake.

NOW THEREFORE I, Athauda Seneviratne, Minister of Labour Relations and Foreign Employment do by virtue of the powers vested in me by Section 4(1) of the Industrial Disputes Act, Chapter 131 of the Legislative Enactments of Ceylon (1956 Revised Edition), as amended by Acts Nos. 14 of 1957, 4 of 1962 and 39 of 1968 (read with Industrial Disputes - Special Provisions) Act No. 37 of 1968 hereby appoint Mr. V. Vimalarajah, No. 153/1, Kirulapone Avenue, Colombo 05 to be the Arbitrator and refer the aforesaid dispute to him for settlement by arbitration.

ATHAUDA SENEVIRATNE,
Minister of Labour Relations and Foreign Employment.

Colombo 05,
09 November, 2006.

My No: T 23/P/47/2000.

**THE INDUSTRIAL DISPUTES ACT, CHAPTER 131 OF THE LEGISLATIVE ENACTMENTS OF CEYLON
(1956) REVISED EDITION**

Mr. T. Raveendran, No. 15 1/1, Collingwood Place, Colombo 06.

AND

Sri Lankan Airlines Ltd., Administration and Training Building, Bandaranaike International Airport, Katunayake.

STATEMENT OF MATTER IN DISPUTE

The matter in dispute between the aforesaid parties are -

Whether the termination of the service of Mr. T. Raveendran who was in employment at Sri Lankan Airlines by the said Company is justified and if not, to what relief he is entitled.

D. SOMAWEERA EDIRISINGHE,
Commissioner of Labour.

Dated at the office of the Commissioner of Labour, Colombo.
This 03rd day of November, 2006,

12 - 747

My No: CI/1494.

THE INDUSTRIAL DISPUTES ACT. CHAPTER 131

THE Collective Agreement entered into between Sri Lankan Airlines Limited, Level 19-22, East Tower, World Trade Centre, Echelon Square, Colombo 01 of the one part and Airline Pilots Guild, 18, Palmyrah Avenue, Colombo 03 of the other part on 22nd September, 2006 is hereby published in terms of Section 06 of the Industrial Disputes Act, Chapter 131, Legislative Enactments of Ceylon (Revised Edition 1956).

D. SOMAWEERA EDIRISINGHE,
Commissioner General of Labour.

Department of Labour,
Labour Secretariat,
Colombo 05.
17 th November, 2006.

Collective Agreement No. 26 of 2006

COLLECTIVE AGREEMENT BETWEEN SRILANKAN AIRLINES LIMITED AND THE AIRLINE PILOTS GUILD OF SRI LANKA 2006-2008

1. ARRANGEMENT AND INDEX

This Agreement is arranged as follows:

<i>Subject Matter</i>	<i>Section Number</i>
Title And Repudiation of Earlier Agreements	2
Parties Covered and Bound	3
Short Recital and General Agreement	4
Duration of Agreement	5
Recognition	6
Job Classifications and Grading Structure	7
Monthly Basic Salary Scales	8
Conversion to the New Basic Salary Scales	9
Type Allowance	10
13th Month Incentive Bonus	11
Transportation Pick - Up Service	12
All other Allowances	13
Income Tax and Statutory Deductions	14
Uniforms	15
Letters of Appointment	16
Probation Period on Joining	17
Notice Period for Termination of Employment	18
Flight Time Limitations and Roasters	19
Overtime Pay	20
Leave Entitlements	21
Retirement Age	22
Employee Provident Fund (EPF)	23
Employee Trust Fund (ETF)	24
End of Service Gratuity	25
Medical Benefits Scheme	26
Loss of License Insurance	27
Accident Insurance Benefits	28
Illness Insurance Benefits	29
Benefits in the Event of Death due to Natural Causes	30
Group Travel Insurance	31
Workman's Compensation	32
Staff Travel Benefits and Concessions	33
Training	34
Bonding	35
Grievance and Dispute Procedure	36
Procedure for Technical Inquiries	37
Procedure for Non Technical Disciplinary Inquiries	38
Signatures of Agreement	39

<i>Appendix</i>	<i>Appendix Number</i>
Additional Allowances and Benefits for Expatriates	A

2. TITLE AND REPUDIATION OF EARLIER COLLECTIVE AGREEMENTS

- 2.1 This Agreement is the "SriLankan Airlines Cockpit Crew Collective Agreement 2006", and hereinafter shall be known and referred to as the "Agreement".

- 2.2 This agreement shall supersede all other Collective Agreements entered into before by the parties and it is also agreed that the Collective Agreement entered into between parties on 10th June, 2003 will stand repudiated with effect from the date of signing of this agreement, and all terms of the agreement entered into between parties on 10th June, 2003 will prevail until the signing of this agreement.

3. PARTIES COVERED AND BOUND

- 3.1 This Agreement is hereby made and entered into pursuant to section 5 of the Industrial Disputes Act, No. 43 of 1950, and is effective from 1st January, 2006 between the following parties listed in sections 3.2 a & b below. In this Agreement, the terms of either "Cockpit Crew" or "Pilots" or "Employees" shall mean all those Cockpit Crew covered by either sections 3.2 a & b in this Agreement below.
- 3.2 This Agreement shall cover and bind:
- 3.2a Sri Lankan Airlines Limited, a Company incorporated in Sri Lanka whose official registered office address is Level 19 - 22, East Tower, World Trade Centre, Echelon Square, Colombo 01, Sri Lanka, hereinafter called the "Company" (which expression wherever the context so admits shall include and mean its successors and assigns).
- 3.2b The Airline Pilots Guild of Sri Lanka, and Employee Guild registered in Sri Lanka under section 10 of the Trade Union Ordinance No. 14, of 1935 under registration number 4229, whose official registered office address is 18, Palmyrah Avenue, Colombo 3, Sri Lanka, hereinafter called the "Guild" (which expression wherever the context so admits shall mean and include its successors, assigns, and all Cockpit Crew who are members of the Guild employed on local terms as rosterable and non-rosterable crew in the Flight Operations grade structure who are covered and bound by this Agreement).
- 3.2c Other individual Cockpit Crew employed on local terms as rosterable/ non rostered crew who are not members of the Guild but who nevertheless wish to accept the terms and conditions of this Agreement by signing on an individual basis.

4. SHORT RECITAL AND GENERAL AGREEMENT

- 4.1 WHEREAS the Company and the Guild have been negotiating for a revision of terms and conditions of employment of Cockpit Crew (Noting that the existing terms and conditions of employment of Cockpit Crew were previously recorded in the Collective Agreement between the Company and the Guild signed on 10th June, 2003).
- 4.2 AND WHEREAS the Guild can verify to the satisfaction of the Company that it represents at least 40% of the Cockpit Crew employed on local terms as rosterable/ non rosterable crew by the Company in Sri Lanka.
- 4.3 AND WHEREAS during the process of negotiations the Management of the Company and the Guild were able to finally reach agreement on the matters contained herein, on the understanding that any and all other matters raised and discussed during negotiations would be regarded as having been withdrawn in favour of this finalised Agreement called the "Sri Lankan Airlines Cockpit Crew Collective Agreement 2006".
- 4.4 AND WHEREAS the intention of both parties was that this Agreement would ensure operational and industrial peace and harmony, improved overall efficiency of the Flight Operations Department, an improvement in overall performance and productivity, co-operation between the Company and the Pilots, and the contented and highly motivated workforce of Pilots. The parties to this Agreement have a common objective in ensuring the proper and successful functioning of the Company, as only this can safeguard the welfare of both the Company and all the Employees.
- 4.5 AND WHEREAS the parties have agreed that there would be strict compliance with all procedures, terms and conditions agreed in this Agreement, and it is agreed by the parties that they would honour and abide by their respective obligations, respecting the rights of each other as set out in this Agreement.
- 4.6 NOW KNOW YE AND THIS AGREEMENT WITNESSETH THAT:- as a result of said discussions, and that for and in consideration of the above premises and the mutual terms and conditions set out in this Agreement, the Guild and the Company have reached this Agreement, which includes clauses for the enhancement of salaries and various allowances to further improve the employment conditions offered by the Company.
- 4.7 AND THAT the parties have agreed that there would be compliance with all existing procedures, processes and regulations annexed herewith in this Agreement that are not otherwise specified in this Agreement, and both parties agree that the Company Flight Operations Administration Manual (FOAM) of 2006 which has been adopted in consultation with the pilots Guild, sets out all major policies and regulations of the Company as pertains to Flight Operations and Tech crew. As a general rule it is

understood and agreed that any proposals by the Company for changes regarding procedures, processes and regulations of the Company shall not be less favourable than those that existed as at the date of signing this Agreement, as laid down in this said FOAM. However, the Guild recognises the right of the company to amend any training policy if such is done based on recommendation of the company designated Flight instructors. In the event that the company wishes to make a change to any existing procedure, process or regulation, and in the view of the guild such change would be less favourable than that which already exists, then the Guild would support such changes provided the change is acceptable to the Guild to be of good practice, commercially sensible and justified in the circumstances and the said Guild would express its acceptance in writing, such written acceptance not to be unreasonably withheld.

- 4.8 AND THAT in the event of any conflict or inconsistency between the terms and conditions of this Agreement and any pre-existing terms and conditions or practices, then the terms and conditions specified in this Agreement shall prevail.
- 4.9 AND THAT this agreement is in full and final settlement of all matters raised and discussed during the negotiations between the company and the Guild, and the parties agree that all demands, claims and requests raised and discussed during the negotiations are hereby withdrawn or settled or satisfied in terms of and /or in consideration of this Agreement.
- 4.10 AND THAT in consideration of this Agreement, no party shall during the continuance of the Agreement seek to vary, alter or add to, all or any of the terms and conditions of employment or benefits contained as provided for in this Agreement, other than by mutual agreement with all other parties in writing.
- 4.11 (a) and that the Guild and/or its members shall not resort to any form of Trade Union action except cases stipulated in clauses 4.11 (b) and 4.11(c) in respect of any matter covered or arising out of this agreement and during the period of this agreement is in force.
(b) The Guild reserves the right to resort to Trade Union action after due notice in the event any matters not referred to herein which have been duly brought to the notice and discussion with the management and where no satisfactory solution has been found after having resorted to the grievance and Dispute procedures embodied herein.
(c) In the event of any party acting in breach of provision of this agreement it is hereby agreed that the aggrieved party shall notify in writing to the other giving 28 days to restore the status - quo under the agreement. Provided however this provision will not prejudice any party from exercising its legal rights guaranteed by law, in event of a breach of provision of this agreement. Any covenant or condition shall not have been observed then in such an event it shall be lawful for the aggrieved party at any time thereafter to terminate forthwith, these presents and the Agreement hereby created in accordance with section 9 of the Industrial dispute Act, No. 43 of 1950 amended by 57 of 1968.
- 4.12 AND THAT the terms and conditions of this Agreement effective from 1st January, 2006 shall be deemed to be included in all the contracts of employment between the Company and all Cockpit Crew covered and bound by this Agreement.
- 4.13 AND THAT if, and in so far as, any provisions contained in this Agreement are superseded by mandatory law in Sri Lanka, all other provisions not so superseded shall remain in full force and effect.
- 4.14 AND THAT it is agreed that any dispute over the interpretation of this Agreement shall be settled by reference to the Commissioner of Labour, or where such decision is not acceptable by voluntary arbitration under the Industrial Disputes Act.
- 4.15 IT IS ALSO AGREED THAT the minimum terms and conditions of service which apply to all cockpit Crew employed on local terms as rosterable /nonrosterble crew in the Flight Operations grade structure who are covered and bound by this Agreement shall be those provided for in this Agreement.

5. DURATION OF AGREEMENT

- 5.1 The Agreement shall be effective from 1st January, 2006, and shall remain in force and binding on all parties for three years from 1st January, 2006 until 31st December, 2008, This shall not preclude discussions taking place and commencing at any time after 1st July, 2008 between parties for a revision of the Agreement effective from 1st January, 2009.

6. RECOGNITION

- 6.1 The Company recognises the right of the Guild to represent the interests of, and when required negotiate on behalf of, all categories of Cockpit Crew who are members of the Guild and who are employed on local terms as rosterable and non rosterable crew in the Flight Operations grade structure.

- 6.2 The Company recognises the right of the Guild to exercise the Guild functions in accordance with the laws of Sri Lanka, and to manage the Guild affairs without interference.
- 6.3 Such recognition by the Company of the Guild shall continue as long as the Guild holds the status of Collective Bargaining Agent of the Cockpit Crew for the Flight Operations grades of the Company, and can verify that at least 40% of all Cockpit Crew employed on local terms as rosterable/non-rosterable crew are members of the Guild.
- 6.4 The Guild recognises the right of the Company to plan, organise and manage the operation of each location in a manner which is not inconsistent with this Agreement in order to achieve maximum safety, efficiency and profitability in the operation. This right includes *inter-alias*, the recruitment, engagement, training, control, discipline, termination, upgrading, promotion, demotion transfer and dismissal of Employees, (in accordance with the laws of Sri Lanka and the procedures and manuals of the Company). This right also includes, *inter-alia*, the use of contract and/or expatriate Cockpit Crew from time to time as operationally required. This right also includes, *inter-alias* the determination of the rosters, working patterns and times, methods and manner of working, the introduction of technical improvements, and the decision to modify, extend, curtail or cease operations, and all safety aspects of the operation. The Company will always exercise the above mentioned rights *bona-fide*, reasonably and fairly within the limits prescribed under this Agreement, and all applicable procedures and manuals of the Company, and all applicable laws.

7. JOB CLASSIFICATIONS AND GRADING STRUCTURE

The grading structure and job classification system for “P” grades within the Flight Operations grading structure are as follows:

Grade	Job Function
P-2	Captain
P-1	First Officer (including those who are operating as Cruise Captain)
P	Junior First Officers (Steps 1J, 2J, 3J)

In addition, there may be “Ab-Initio” and Cadet Pilots also in the “P” grades as follows, but these grades are not covered by this Agreement.

P-C	Cadet Pilot
P-A	Ab-Initio Pilot

8. MONTHLY BASICS SALARY SCALES

- 8.1 With effect from 1st January, 2006, the basic salary scales applicable to the Captains and First Officers covered by this Agreement and who are in employment as at the date of signing this Agreement will be as set out under clause 8.3 hereof and has been ascertained as follows:
- 8.1a The monthly basic salaries in US Dollars (\$) in the salary scales set out under clause 8.3 will be paid to the Captains and First Officers in Sri Lankan Rupees from the Company payroll on the exchange rate for US Dollars (\$) at the time of each monthly payroll processing and such exchange rate used to be, displayed on pay slip by the payroll section.
- 8.2 All newly recruited Cockpit Crew will during the period of this agreement, upon recruitment, be placed on the maximum Step 4 of the First Officer and Step 1 of the Captains salary scale set out at clause 8.3 on the grade applicable to him and he shall thereafter be entitled to receive annual increments in terms of clause 9.2 and 9.3 hereof.
- 8.2 a In the event the Company hires non-rated or CPL Holder Pilots, once successfully checked out as First Officer on Company type aircraft will be placed on 1J of the applicable basic salary scale under clause 8.3 in terms of this Agreement.
- 8.3 The monthly basic salary scales (regardless of aircraft type) effective from 01 January, 2006 until 31st December, 2008 expressed in US Dollars (US\$) per month are :

Captain

Step	Scale as at 01/01/2006	Scale 01/04/2006	Scale 01/04/2007	Scale 01/04/2008
Step 1	6,290	6,290	6,290	6,290
Step 2	6,430	6,430	6,430	6,430
Step 3	6,560	6,560	6,560	6,560

Step	Scale as at 01/01/2006	Scale 01/04/2006	Scale 01/04/2007	Scale 01/04/2008
Step 4	6,700	6,700	6,700	6,700
Step 5	6,830	6,830	6,830	6,830
Step 6	6,970	6,970	6,970	6,970
Step 7	7,110	7,110	7,110	7,110
Step 8	7,250	7,250	7,250	7,250
Step 9	7,380	7,380	7,380	7,380
Step 10	7,520	7,520	7,520	7,520
Step 11	7,650	7,650	7,650	7,650
Step 12	7,800	7,800	7,800	7,800
Step 13	7,950	7,950	7,950	7,950
Step 14	8,070	8,070	8,070	8,070
Step 15	8,210	8,210	8,210	8,210
Step 16	8,340	8,340	8,340	8,340
Step 17	8,490	8,490	8,490	8,490
Step 18	8,630	8,630	8,630	8,630
Step 19	8,760	8,760	8,760	8,760
Step 20	8,940	8,940	8,940	8,940

First Officer

Step	Scale as at 01/01/2006	Scale 01/04/2006	Scale 01/04/2007	Scale 01/04/2008
Step 1J	2,810	2,810	2,810	2,810
Step 2J	2,900	2,900	2,900	2,900
Step 3J	3,000	3,000	3,000	3,000
Step 4	3,360	3,360	3,360	3,360
Step 5	3,700	3,700	3,700	3,700
Step 6	4,130	4,130	4,130	4,130
Step 7	4,200	4,200	4,200	4,200
Step 8	4,250	4,250	4,250	4,250
Step 9	4,320	4,320	4,320	4,320
Step 10	4,370	4,370	4,370	4,370
Step 11	4,430	4,430	4,430	4,430
Step 12	4,480	4,480	4,480	4,480
Step 13	4,520	4,520	4,520	4,520
Step 14	4,580	4,580	4,580	4,580
Step 15	4,670	4,670	4,670	4,670

- 8.4 **Cadet Pilot (P-C)** —. Cadet Pilots appointed as Junior First Officers will initially be placed in ‘Step 1J of the First Officers salary scale as shown in clause 8.3 of this agreement.

After a period of one year in step 1J, he/she will be placed on one incremental step point up to Step 2J of the First Officers salary scale, subject to disciplinary matters.

Further, after a period of one year in step 2J, he/she will be placed on further one incremental step point up to Step 3J of the First Officers salary scale, following the completion of one such year, subject to disciplinary matters.

On successful completion of one year on Step 3J, Junior First Officers will be appointed as First Officers and placed on Step 4 of the First Officer basic salary scale, as shown in clause 8.3 hereof, subject to disciplinary matters.

- 8.5 No First Officer may be promoted to Captain without obtaining their ATPL license validated in Sri Lanka. For the avoidance of doubt, it is agreed that when a Pilot obtains their ATPL license validated in Sri Lanka. The obtaining of an ATPL license by a First Officer will not entitle him to any increases in salary, provided however the following benefits will be granted to such employees by the company:

- (a) If a Pilot takes annual leave to attend an ATPL training course, then on successfully obtaining their ATPL license the Company will credit-back 75% of the actual annual leave debited, subject to a maximum credit-back of 21 days annual leave.

- (b) If a Pilot requests a financial loan to pay for course fees and exam fees to attend an ATPL training course, then the Company will grant a financial loan of upto US\$ 4,000 converted to Sri Lankan Rupees (Rs) at the time of granting the loan, which shall then be repayable through monthly deductions from payroll over 24 months on a interest free basis.
 - (c) A confirmed ticket on "Free-of-Charge" basis will be made available within our route network. This will be on confirmed basis in "EY" and upgrade to "C" if seats available. In respect of off-line stations, we will endeavour to get interline tickets on "Free-of-charge" basis, subject to availability of seats.
- 8.6 All Type-rated Cockpit Crew taken into employment of Company (whether on local terms or expatriate terms) subsequent to the date of signing this Agreement, once checked out as First Officer on company type aircraft will be placed on the maximum at step-4 of the applicable basic salary scale under clause 8.3 in terms of this Agreement. In the event the Company hires non-rated or CPL Holder Pilots, once successfully checked out as First Officer on Company type aircraft will be placed on 1J of the applicable basic salary scale under clause 8.3 in terms of this Agreement.
- 8.7 The Company has agreed that it shall not pay higher annualised remuneration packages to Captains and First Officers employed on local terms who are not members of the Guild, nor to Cockpit Crew employed on expatriate terms, compared to the annualised remuneration packages contained in this Agreement without prior written agreement from the Guild subject to clause 8.11 hereof. The Guild accept that in the event that employment market conditions indicate a need to enhance the annualised remuneration packages for Cockpit Crew employed on expatriate terms to attract suitable expatriate Cockpit Crew required to meet operational requirements and long-term growth plans, then the Company shall discuss and agree with the Guild in writing, the appropriate manner of handling such requirements.
- 8.8 For recruitment of Cockpit Crew on expatriate terms, the Company has the right to offer annualised remuneration packages up to the equivalent value of the annualised remuneration package of a Pilot employed on local terms. The Company may structure such expatriate packages as appropriate subject to 8.9 above.
- 8.9 For Cockpit Crew on expatriate terms, accommodation and education allowances and other normal expatriate benefits as outlined in Appendix A may be offered as additional elements over and above the equivalent annualised remuneration package of a Pilot employed on local terms. A summary of the main additional allowances and benefits for Cockpit Crew employed on expatriate terms is outlined in Appendix A of this Agreement, which defines the level of accommodation and education allowances at the signing date of this agreement.
- 8.10 In the event that the Company considers it necessary and appropriate to increase the accommodation and educational allowances payable to Cockpit Crew employed on expatriate terms to reflect changes in costs in Sri Lanka of such services, then the Company will notify such requirements in advance to the Guild. This exercise will be done in agreement with the Guild.
- 8.11 Herein upon recruitment to any grade in the Cockpit Crew for which salary scales have been provided herein, Captains will be placed at the Step 1 and First Officers will be placed at the maximum Step 4 of the salary scale effective 1st January, 2006, and annual incremental steps applicable to such employees will commence from such initial salary points. In the event the Company hires non-rated or CPL Holder Pilots, once successfully checked out as First Officer on Company type aircraft will be placed on 1J of the applicable basic salary scale under clause 8.3 in terms of this Agreement.

9. CONVERSION TO THE NEW BASIC SALARY SCALES

- 9.1 With effect from 01 January, 2006, the cockpit crew in employment as at the date of signing this Agreement will be placed on the corresponding point on the salary scale applicable to them as set out at clause 8.3 hereof and paid accordingly. For example, an employee prior to 01 January, 2006 was placed on step 3 of the salary scale applicable in terms of the Collective Agreement as at such time, will be placed on step 3 on the salary scale set out at clause 8.3 hereof.
- 9.2 With effect from 01 April, 2006 each employee in employment as at signing this agreement, subject to disciplinary matters, will be entitled to a step increase, on the salary scale set out at clause 8.3 hereof.
- 9.3 With effect from the first day of April, of each year during the operation of this agreement each employee, subject to disciplinary matters, will be entitled to a further step increase. The salary placement points accordingly in respect of 2nd year (2007) and 3rd year (2008) are set at clause 8.3 hereof.
- 9.4 An employee serving a period of probation shall be entitled to an annual increment in terms of clauses 9.2 and 9.3 above only after confirmation and the next increment falls due on the first day of April of the following year.
- 9.5 If a First Officer is promoted or upgraded to Captain, he/she will be placed on the minimum step-1 of the monthly basic salary scale for their new grade in terms of clause 8.3 hereof. In all cases promotion from one grade to another will be subject to a job

vacancy existing in the higher grade and the Pilot having satisfied the competency checks and minimum job requirements for the higher grade.

- 9.6 If a First Officer obtains the requirements to be eligible for command, as defined in the Flight Operations Manual (as per the company command requirement criteria) with the exception of obtaining the required number of years he/she shall be entitled to one step increase in basic salary in terms of the table set out at clause 8.3 hereof, upon receiving of such criteria.
- 9.7 Under no circumstances may the monthly basic salary exceed the maximum step point of the grade, and nor will any incremental allowance above the maximum be considered.

10. TYPE ALLOWANCE

- 10.1 For the duration of this Agreement, all Cockpit Crew will be eligible for type allowance based on their job function and aircraft license. This type allowance is expressed in US \$ Dollars per month, and will be paid monthly through payroll in Sri Lankan Rupees based on the exchange rate from US \$ Dollars to Sri Lankan Rupees used by the Company at the time of payroll processing, as follows:

Type	First Officer	Captain
Multiple	US \$ 600	US \$ 1000
Single Type	US \$ 400	US \$ 700

- 10.2 Captains / First Officers who are currently entitled for a Multiple Type Allowance of US \$ 1000 p.m. and US \$ 600 p.m. respectively will continue to be paid the same quantum of payments, regardless of any change in the composition of the current fleet. There will be no change on the quantum of payment of the Aircraft Type Allowance, during the tenure of this agreement.

In case of fleet change, Captains/First Officers who are currently entitled only for Single Type Allowance of US \$ 700 p.m. and US \$ 400 p.m. respectively, will continue to be paid the same quantum of payment.

If the pilot reaches 500 HRS on type, will be paid the Multiple allowance, if only single type of aircraft is in the fleet.

- 10.3 If an aircraft type not operated by the Company is introduced in to the Company's service and pilots covered by this Agreement are required to operate it, the Guild or the Company may make proposals for variations of the clauses stipulated in 10.2 of this Agreement to provide for entitlements for such pilots on the new aircraft type.

11. 13TH MONTH INCENTIVE BONUS

- 11.1 Subject to satisfactory financial performance by the Company, a 13th month incentive bonus may be payable each year at the sole discretion of the Management of the Company to all Employees, with the end-December payroll as per company rules and regulations.
- 11.2 Subject to the Company rules or regulations as per 11.1 above, each Employee will be eligible to receive any such declared 13th month incentive bonus payment based upon their applicable monthly salary.
- 11.3 In the case of Cockpit Crew covered and bound by this Agreement, the applicable monthly salary for any 13th month incentive bonus as may be declared in terms of cause 11.1 shall be the monthly basic salary applicable to each employee at the time of payment.
- 11.4 A 13th month incentive bonus declared in clause 11.1 will be paid only to those Employees who have completed nine months of service and are in employment with the Company on the payment date in December, provided however that in the case of employees who have services less than one year but more than nine months, the payment will be prorated.
- 11.5 However, where employment has ceased prior to the payment date due to retirement or due to contract-expiry, such Employee will still be eligible to a pro-rata payment.
- 11.6 If the company pays an additional bonus other than the 13th month incentive bonus, the Technical crew will also be entitled for such payment.

12. TRANSPORTATION PICK-UP SERVICE

The company will provide all Cockpit Crew with a transporation pick-up and drop-off service from peripheries defined by the Company for all duty requirements, including both flying duties and all rosterable office duties. In consideration of the provision of this service, a monthly transporation charge of Rs. 1,000 per month will be deducted from monthly salaries from all Cockpit Crew.

New peripheries will be defined, in consultation with the Guild, when the present Transport contract expires. Current peripheries will cover the present cadre and will not be reduced as of date of signing.

A Committee comprising of 2 representatives from the Pilots Guild and 2 from the Flight Operations Management will be assigned to prepare a plan which is acceptable to both parties. The copy of the final plan to be handed over to the Guild.

13. ALL OTHER ALLOWANCES

- 13.1 **Payment for Working on a Day-Off**—, There is no eligibility for overtime payments or productivity payments for Cockpit Crew who are covered and bound by this Agreement, subject to para 13.8. Provided however, an employee is requested to work on a “day-off”, the employee so works will be entitled to a payment as follows for work on such day-off, in respect of each such instance.

Captains :	US \$ 200 per occasion
First Officers :	US \$ 150 per occasion

This payment is expressed in US \$ dollars, will be paid monthly through payroll in Sri Lankan Rupees local currency on the exchange rate from US \$ Dollars to Sri Lankan Rupees used by the Company at the time of payroll processing. There shall be no entitlement for any day-off-in-lieu.

It should be noted that days-off are given to Cockpit Crew to ensure that they are sufficiently rested to carry out flying duties. Therefore, all Cockpit Crew who have agreed to work on a day-off are expected to take adequate rest on layovers as these rest-days will be counted as day-offs.

- 13.2 **Subsistence Whilst on Layover Trips (All Fleets)**—, When a Pilot goes on flying duty involving a layover in a slip location, meal allowances will be paid as follows:

Timing	Payment
07.30 – 08.30	US\$ 20.00
12.30 – 13.30	US\$ 20.00
19.30 – 20.30	US\$ 20.00

All time schedules for applicability of meal allowances as listed above are shown in local times. Cockpit Crew will be eligible for these meal allowances for their total time away from base, as specified in the Flight Operations Administration Manual.

- 13.3 **Subsistence Whilst on Turn-Around Trips (All Fleets Except A 320)** —, When a Pilot on any fleet except the A 320 fleet is on flying duty not involving a layover in a slip station, the subsistence applicable to him will be as follows :

Timing	Payment
07.30 – 08.30	US\$ 20.00
12.30 – 13.30	US\$ 20.00
19.30 – 20.30	US\$ 20.00

All time schedules for applicability of subsistence as listed above are shown in local times. Cockpit Crew will be eligible for these subsistence payments for their total time away from base, as specified in the Flight Operations Administration Manual.

- 13.4 **Subsistence Whilst on Turn-Around Trips (A 320 Fleet Only)**—, From the date of signing this agreement, when a Pilot on the A 320 fleet is on flying duty that does not involve a layover in a slip station, an hourly subsistence will be paid as follows:

Captains:	US\$ 6.00 per hour
All Other Cockpit Crew	US\$ 5.00 per hour

Cockpit Crew will be eligible for this subsistence payment in respect of this total time away from base, as specified in the Flight Operations Administration Manual.

Hours will be added up monthly and rounded up to the next hour if more than 30 minutes and rounded down if less than 30 minutes.

- 13.5 **Over Night Subsistence** —, When a Pilot is on flying duty involving a layover in a slip station, then for a flight departing from or returning to Colombo where a hotel stay is required at a slip station in a hotel whilst on duty, then the over night subsistence will be paid as follows:

Over Night

Captains US\$ 34.00 On-duty at 00.01 and layover involved.

Other Cockpit Crew US\$ 24.00 On-duty at 00.01 and layover involved.

Further, on scheduled and non scheduled turn around flights, if the total block time is over 5 hours through midnight if on flying duties, overnight allowance will be paid. This applies to Crew operating on A330/340 turn around flights where Crew does not get HOTAC.

- 13.6 **Basing Allowance**— A roster pattern that requires a Pilot to be away from Sri Lanka for a period in excess of 14 consecutive nights will be considered as a basing, and in such cases, with effect from 1st June, 2006, a basing allowance of US\$ 45 per night will be triggered and will be payable for all nights of the basing period (including the first 14 nights.) This basing allowance is in addition to allowances payable under sections 13.2 to 13.5 above.

If a Cockpit Crew member is brought down to Colombo after 10 days of a roster period outside Colombo, he will be given 3 nights before being rostered any other duty.

Trainees are not entitled for same.

- 13.7 **Cruise Pilot Allowance** —. From the date of signing this agreement, a First Officer appointed as a Cruise Pilot will be paid a US\$ 200 p.m. from the date of appointment.
- 13.8 **Productivity** —. This will be discussed further and once agreed upon, a letter to this effect will be given by the management to the Pilots Guild. This letter will be included as an annexure to this agreement.
- 13.9 **Warm-Clothing Allowance** —. The warm -clothing allowance for Cockpit Crew who are required to perform operational flying duty to overseas locations where warm-clothing is deemed necessary will be US\$ 300 every two years.
- 13.10 There will be no other allowances or remuneration - related payments that apply to Cockpit Crew who are employed on local terms other than those listed in this Agreement. However, if a Pilot is offered an appointment or management-pilot position (such as Training Captain or Fleet Manager), then any additional applicable payments will be notified to that Pilot in an individual letter of appointment.
- 13.11 **Hotac Committee** —. Two representatives of the Guild will be members of “ crew hotac committee” and the “Crew hotac committee” will develop minimum specifications for selection of appropriate hotels. The final selection of layover hotels however will be at the discretion of the Company, following consultation with the hotac committee. But it is agreed that the minimum normal guideline is to recognise four-star hotels as being appropriate for Cockpit Crew.

14. INCOME TAX AND STATUTORY DEDUCTIONS

- 14.1 It is agreed by all parties that any prior system of tax subsidies or tax rebates are discontinued, and that the individual Employee is at all times fully responsible for their own income tax liabilities and payments and for payment of any other statutory Employee contributions and deductions.
- 14.2 The Company will endeavour to process all payments to Employees in the most tax-effective manner possible within the applicable laws and income tax regulations.

15. UNIFORMS

- 15.1 Employees who are required to wear a uniform during duty hours must do so, and the Employee must ensure that the uniform is worn in compliance with the standards set by the Company. Uniforms will be issued according to Company requirements and will remain at all times the property of the Company. All uniforms are issued by the Company free of charge. Employees are fully responsible for keeping their uniform clean, presentable and in good condition at all times. Any concerns with regard to quality and Design of the uniforms can be addressed to the Management who will endeavour to satisfy the request.
- 15.2 Any concerns which regard to quality and design, Pilots Guild could forward their concerns to the management, and the Management will endeavour to satisfy the requirements.

16. LETTERS OF APPOINTMENT

- 16.1 Upon successfully completing a medical examination conducted by a registered medical practitioner recognised/nominated by the Company, and upon successfully completing all other pre-employment formalities, each newly appointed Employee shall be issued with a letter of appointment in duplicate. Both parties will be required to sign this letter, and a copy shall be kept by each party for their individual records.
- 16.2 This letter of appointment shall state, inter alia, the job title, grade, salary, and other terms and conditions of employment, including the probationary period. It will also state that the Employee concerned will only be confirmed in their employment after the satisfactory completion of the probation period.

17. PROBATIONARY PERIOD ON JOINING

For new Employees the period of probation on joining the Company is six months. Employment may be terminated by either party at any time during the period of probation without notice and without assigning any reason in accordance with the provisions of the applicable laws of Sri Lanka.

18. NOTICE PERIOD FOR TERMINATION OF EMPLOYMENT

For all Cockpit Crew (except Employees under probation) the period of notice to terminate employment is three months from either party, or payment in lieu of notice. Unutilized Annual leave at the time of leaving the company will be encashed.

19. FLIGHT TIME LIMITATIONS AND ROSTERS

All flight and duty time limitations (and associated rules and regulations) are published in the Flight Operations Manual, and form an integral part of the employment contract for all Cockpit Crew. The Company will not request any changes to flight and duty time limitations without prior discussion and agreement with the Guild and approval from the regulatory authority in Sri Lanka.

- 19.1 *Flight Operations Manual.* - During the period of this agreement the company will not revise the paragraphs of Chapter 6.2 of the Flight Operations Manual.

If the company undergoes a re-fleet programme during this period, some revisions may be required and will be effected in consultation with the Pilots Guild.

20. OVERTIME PAY

Cockpit Crew are not eligible for overtime payments, other than those payments specified in section 14.1 for working on a day-off. Nor are there any entitlements to time-off-in-lieu.

21. LEAVE ENTITLEMENTS

- 21.1 *Debit System for all types of Leave.* - Due to the unusual and highly variable working roster pattern of Cockpit Crew, all policies for the various types of leave are expressed in calendar days. If a Pilot takes one calendar day leave from roster (regardless of the nature of assignment of that calendar day on their roster) then such day shall be debited as one calendar day of his leave entitlement.
- 21.2 *Annual Leave.* - The paid annual leave entitlement for all Cockpit Crew who are covered and bound by this Agreement is 28 calendar days of paid annual leave per calendar year. The entitlement to annual leave applies to the calendar year. Each Pilot is required to utilise at least 50% of their annual leave entitlement in one continuous block, and this period will be defined as the annual long-leave block.

For the purposes of calculating annual leave debits for Cockpit Crew, the total period of annual leave will be determined in calendar days, and this total period will commence from the time that the Employee commences annual leave and will end at the time that the Employee reports back after annual leave to be available for rosterable work. If this total period of annual leave includes what would otherwise have been some rostered days-off, then those days-off will also be fully included in this total period of annual leave calculated in calendar days.

Annual leave requests for at least 21 days for the following calendar year should be submitted to the Company no later than the end of the eleventh month of the previous calendar year. In the event of a request for annual leave not being made, then the Company may allocate the leave entitlement as operationally required. Annual leave should be utilised in the year in which it is earned, and annual leave not utilised in one year may be rolled-over to the next year only, and thus the maximum accrual of paid annual leave shall not exceed 56 calendar days. Annual leave may not be encashed if unused. Where a request for leave is denied for operational reasons, then the Employee has the right to roll-over that denied leave without any penalty or forfeiture or limit.

However, the crew member may request for leave during the course of the year, by giving 6 months prior notice to the management. This leave will be granted only at the discretion of the management. Preference to be given for local Tech Crew during the months of April/August.

- 21.3 **Casual Leave** —. The paid annual leave entitlement defined in section 21.2 of 28 calendar days per annum includes any leave as may be provided under the Labour Laws of Sri Lanka for casual leave, and there is no additional entitlement to casual leave for Cockpit Crew.

However, it is agreed that Cockpit Crew may request Compassionate Leave in certain emergency situations. The granting of Compassionate Leave shall be at the sole discretion of the Company but it shall not be unreasonably withheld.

- 21.4 **Leave for Accidents Occurring whilst on Duty**—. In the event of an accident whilst on duty which renders the Employee unable to perform their duties, then subject to approved medical certification by the Company Medical Officer (CMO) and after evaluation by the Safety Section, paid accident leave of up to 3 calendar months may be granted by the Company. This paid accident leave will be paid on the basis of monthly basic salary as defined in section 8 of this Agreement.

However, if there are any payments under the accident insurance policy (as defined in section 28 herein) then the company will take credit for such insurance payments and the employee will not be entitled to receive any payment in excess of what may be otherwise be paid as monthly basic salary.

At the discretion of the Company, accident leave may be extended beyond 3 calendar months based upon a medical review by a medical specialist and the Company Medical Officer (CMO), and will normally continue to be paid. However in no circumstances will the Company extend the total leave for accident whilst on duty beyond 9 calendar months in total.

In this context if an accident occurs whilst travelling from residence or company-provided accommodation to work or vice-versa, then such an accident will be treated in accordance with this clause as an accident whilst on duty. Likewise layover periods in hotels are also considered as duty.

If a medical certificate is required then it will be from a Company approved Doctor or where there is no approved Doctor, will accept medical certificates from any registered medical practitioner in that area. But in cases where the Company has reasonable doubt over the authenticity or credibility of a particular doctor, then the Company reserves the right to reject medical certificates from such doctors after prior advice to employees.

During any approved period of accident leave, all associated medical expenses will be borne in full by the Company after appropriate evaluation by the Company Medical Officer (CMO). Such accident medical expenses are to be treated separately and outside from the normal limits of the medical benefits scheme detailed in section 26 of this Agreement.

- 21.5 **Sick Leave** —. The paid sick leave eligibility for all Cockpit Crew covered and bound by this Agreement is 14 calendar days per year. In exceptional circumstances, subject to the approval by the Company Medical Officer (CMO), additional unpaid sick leave of upto a further 90 calendar days may be granted.

For the purposes of calculating sick leave debits for Cockpit Crew, the total period of sickness will be determined in calendar days, and this total period will commence from the first operational day of which the Employee was absent due to sickness and will end at the time that the Employee reports fit and available for rostered work. If this total period includes any rostered days-off, then those days-off will also be fully included in this total period of sickness in calendar days.

Any sick leave not utilised in one year may not be carried-over nor be encashed. However in the event of any critical illness identified by the Company Medical Officer, and in the event the license is withdrawn by the DGCA due to medical reasons, the staff may utilize, unutilized medical leave accumulated for the last 3 consecutive years. (maximum of 42 calendar days). Under no circumstances the un-utilised Medical leave will be encashed.

- 21.6 **Sick Leave Certification**—. On the first day of any illness it is the duty of the Employee to inform the Company of their absence due to sickness, the nature of their illness, and the expected duration of their absence.

On the first three occasions of sickness per annum, the first two days of sickness per occasion may be uncertified, but for each period of sickness exceeding two days an Employee is required to submit a medical certificate. On the fourth and subsequent occasion of sickness per annum a medical certificate is always required.

On the first three occasions of sickness per annum, if a medical certificate is required then it will be accepted from any recognised doctor. On the fourth and subsequent occasion of sickness per annum, only medical certificates issued by one of the doctors on the specified list of a panel of doctors will be accepted.

In areas of Sri Lanka where there is no appointed doctor on the panel of doctors reasonably accessible to the employee, the Company will accept medical certificates from any registered medical practitioner in that area. But in cases where the Company has reasonable doubt over the authenticity or credibility of a particular doctor, then the Company reserves the right to reject medical certificates from such doctors after prior advice to employees.

The Guild recognise and agree that wherever practically possible, all employees who need to take sick leave will provide prior notification and apply for such leave as much as possible in advance, unless the reason for the absence is one which could not have been foreseen.

- 21.7 **Maternity Leave:**— When a female Pilot becomes pregnant, subject to confirmation of pregnancy by the Company Medical Officer, they will cease all flying duties and will be assigned Office work, by the Flight Operations Management. All female Employees company-wide, including female Cockpit Crew, are entitled to 84 paid working days maternity leave for the first two children, and 42 paid working days for the third child onwards. All other maternity leave for female Cockpit Crew is unpaid. In the case of female Cockpit Crew, 84 paid working days is deemed to be one day short of 17 calendar weeks.

This maternity leave will be paid on the basis of monthly basic salary as defined in section 8 of this Agreement.

The basic salary will continue to be paid while on ground duty and on maternity leave, but not the allowances applicable to flying such as Type Allowance, subsistence and Warm Clothing.

- 21.8 **Public and Statutory Holidays:**— If a Pilot is required to work on a normal statutory public holiday or poya day, then no alternative day-off-in-lieu will be granted. Likewise, if such a holiday coincides with a day-off then the holiday is not rolled-over and no alternative day-off-in-lieu is granted.
- 21.9 **Leave for Trade Union Business:**— Five members of the Executive Committee of the Guild shall be given a day off in every other roster to carry out trade union business, provided that the operational requirements of the Company are not disrupted.

22. RETIREMENT AGE

The retirement age will be 55 years for all Employees employed by the Company in Sri Lanka. For all intents and purposes including the purpose of retirement, the date of birth given by the Employee at the time of appointment shall be the sole and conclusive date of their birth. The Company may offer a Pilot who has reached age 55 (upto the maximum age specified by CAA which is currently 62 years) a three-year fixed-term contract of employment, subject to medical requirements and manpower operational requirements.

23. EMPLOYEE PROVIDENT FUND (EPF)

- 23.1 Contributions to the Employee Provident Fund (EPF) are mandatory for all Employees covered by this Agreement. For Cockpit Crew employed on local terms, the Company contribution rate shall be 15.0% of eligible monthly salary, and the Employee contribution rate shall be 10.0% of eligible monthly salary, and shall be in accordance with the EPF Act.
- 23.2 For the purposes of EPF contributions, eligible monthly salary of all Cockpit Crew covered by this Agreement as defined in section 8 of this Agreement inclusive of monthly Instructor allowance/type allowance shall be taken into account.

24. EMPLOYEE TRUST FUND (ETF)

- 24.1 Contributions to the Employee Trust Fund (ETF) are mandatory for all Employees covered by this Agreement. For Cockpit Crew employed on local terms Employees the Company contribution rate shall be 3.0% of eligible monthly salary, and is non-contributory for the Employee, and shall be in accordance with the ETF Act.
- 24.2 For the purposes of ETF contributions, eligible monthly salary for all Cockpit Crew covered by this Agreement as defined in Section 8 of this Agreement inclusive monthly instructor / type allowance shall be taken into account.

25. END-OF-SERVICE GRATUITY

- 25.1 All Cockpit Crew employed on local terms Employees are entitled to end-of-service gratuity benefits provided they complete five continuous years of service with the Company. No gratuity is payable if the Employee does less than five completed years of continuous service. The gratuity payment shall be in accordance with the Gratuity Act No. 12 of 1983.
- 25.2 The end-of-service gratuity is 0.5 months of applicable salary for each completed year of service, and the applicable monthly salary is the final salary in issue on the last day of service which shall be used to determine the full amount of the gratuity payable.

- 25.3 The applicable monthly salary for all Cockpit Crew covered by this Agreement is the monthly basic salary as defined in section 9 of this Agreement.

26. MEDICAL BENEFITS SCHEME

- 26.1 All Cockpit Crew employed on local terms are covered by medical benefits scheme which apply to all Managerial and Executive Employees and equivalent grades (including all "P" grades for Cockpit Crew), subject to the terms and conditions and exclusions of the medical benefits scheme as described in the medical benefits handbook, which may be amended at any time at the discretion of the Company.

- 26.2 The medical benefits scheme covers the Employee and Family, where Family coverage is defined to be for spouse and unlimited children who are unmarried and un-employed and upto their 24th birthday.

- 26.3 Contributions per person covered are:

- (a) Employee: Rs. 500 per month
- (b) Spouse: Rs. 500 per month
- (c) Child: Rs. 500 per month per child.

- 26.4 The main benefits of the medical scheme for all Cockpit Crew are as follows:

(i) *Company Clinic Benefits*

The Employee only (and not Family dependants) may use the company clinic free of use without limit, and all medicines from the clinic are free-of-charge for the Employee.

(ii) *Panel of Doctors*

The Employee and Family dependants may get consultations free-of-charge from the specified list of a panel of doctors, but any medicines from this panel of doctors is deducted from the limit for out-patient benefits.

(iii) *Out-Patient Treatment*

Coverage for out-patient treatment is Rs. 5,000 per annum per person covered. Benefits of one Family member may be used by another covered Family member. However any high-cost special investigations performed as an out-patient would be fully reimbursed by deducting instead from the limit for in-patient benefits.

(iv) *Dental Care*

Included in the limit for out-patient benefits are treatments for dental care. This includes consultations free-of-charge from the company appointed dentist for the Employee and Family members, but any medicines and any costs of procedures will be deducted from the limit for out-patient benefits.

(v) *In-Patient Treatment*

Coverage for in-patient treatment including hospitalisation is Rs. 150,000 per annum per Employee covered. Coverage for Family members (spouse and children) is Rs. 100,000 per annum per person covered. The benefits of one Family member may be used by another covered Family member after appropriate medical evaluation by the Company Medical Officer (CMO).

All in-patient bills are reimbursed 100% in full within the limit for in-patient benefits.

However if the hospitalisation is in a Government hospital, then a supplemental allowance of double the monthly contribution of the person covered is paid for each day of such hospitalisation.

(vi) *Optical Care*

Coverage for optical care benefits is Rs. 15,000 every two years for each person covered, which provides 100% full reimbursement for approved spectacles frames and lenses within this limit. Benefits of one Family member may not be used by another covered Family member.

(vii) *Medical Screening*

As an additional benefit, an annual medical screening of the Employee only (and not Family dependants) is performed free-of-charge at the Sri Jayawardenapura Hospital or the Nawaloka Hospital.

The above enhancements and the increased contribution will be effective from 1st January 2007. In the event if any member has to utilise the enhanced hospitalisation amount during the year 2006, it will be treated on a case by case basis, provided the individual member will be required to contribute the revised contribution of Rs. 500 per member per month, effective from 1st January 2006.

27. LOSS OF LICENSE INSURANCE SCHEME

- 27.1 All Cockpit Crew employed on local terms are covered by a Loss of License Insurance Policy with the Sri Lanka Insurance Corporation Limited under a very comprehensive "Loss of License Policy," for a capital-sum insured (expressed in US Dollars) as follows:

<i>Rank</i>	<i>Less 5 years in Rank</i>	<i>After 5 years in Rank But less than 15 Years</i>	<i>After 15 Years in Rank</i>
Captain	US \$ 125,000	US \$ 150,000	US \$ 175,000
First Officer	US \$ 100,000	US \$ 125,000	US \$ 125,000

In addition to the above payment a Captain will be paid US \$ 30,000 and a First Officer will paid US \$ 20,000.

- 27.2 This Loss of License Insurance is subject to the terms and conditions and exclusions governing the policy. This policy may be amended at any time at the discretion of the Company, in consultation with the insurer, and the Company will ensure that any changes are not less favourable.
- 27.3 This insurance upto the retirement age of 55 will provide benefits in the event of loss of license on medical or illness grounds, or due to physical or bodily injury. After age 55 benefits are only provided in the event of loss of license due to physical or bodily injury (and medical or illness grounds are excluded).

28. ACCIDENT INSURANCE BENEFITS

- 28.1 All Cockpit Crew employed on local terms are insured by the Company through an existing insurance policy with the Sri Lanka Insurance Corporation Limited under a very comprehensive "Group Personal Accident/Illness and Travel Policy", for a capital-sum insured of 84 months applicable salary, subject to the terms and conditions and exclusions governing the policy. This policy may be amended at any time at the discretion of the Company, in consultation with the insurer, and the Company will ensure that any changes are not less favourable.
- 28.2 For the purposes of this "Group Personal/Accident and Travel Policy", applicable monthly salary for all Cockpit Crew covered by this Agreement is the monthly basic salary as defined in section 9 of this Agreement.
- 28.3 The global coverage which operates 24-hours per day for accident insurance benefits is as follows:

(i) Death

Coverage for death from an accident is 100% of the capital sum-insured of 84 months applicable salary.

(ii) Permanent Total Disablement

Coverage for permanent total disablement resulting from an accident is 100% of the capital sum-insured of 84 months applicable salary.

(iii) Permanent Partial Disablement

Coverage for permanent partial disablement resulting from an accident is 100% of the capital sum-insured of 84 months applicable salary only for specific purposes of:

- * total and irrecoverable loss of sight of both eyes
- * total and irrecoverable loss of sight of one eye
- * loss of two or more limbs
- * loss of one limb

(iv) Temporary Total Disablement

Coverage for temporary total disablement resulting from an accident is:

- * 0.6% of capital sum-insured (of 84 months applicable salary) per week
- * subject to a maximum of 100% of average weekly salary

In nearly all cases, the maximum limit of average weekly salary per week (100%) comes into effect (as 0.6% of sum-insured is 0.6% of 84 months, which is 0.5 months salary per week, so the maximum of 100% of weekly wage is normally triggered).

This temporary total disablement insurance starts after 14 days, and continues thereafter until 104 weeks. Thus the first 14 days is covered by Company policy for sick leave, and then this insurance comes into effect for temporary total disablement.

(v) Temporary Partial Disablement

There is no coverage for temporary partial disablement resulting from an accident.

29. ILLNESS INSURANCE BENEFITS

29.1 All Cockpit Crew employed on local terms are insured by the Company through an existing insurance policy with the Sri Lanka Insurance Corporation Limited under a very comprehensive "Group Personal Accident/Illness and Travel Policy", for a capital-sum insured of 84 months applicable salary, subject to the terms and conditions and exclusions governing the policy. This policy may be amended at any time at the discretion of the Company, in consultation with the insurer, and the company will ensure that any changes are not less favourable.

29.2 For the purposes of this "Group Personal/Accident and Travel Policy", applicable monthly salary for all Cockpit Crew covered by this Agreement is the monthly basic salary as defined in section 9 of this Agreement.

29.3 The global coverage which operates 24 hours per day for illness insurance benefits is as follows:

(i) *Death*

There is no coverage for death from an illness. However, whilst death from illness is not covered, it is instead covered by a scheme that provides benefits in the event of death due to natural causes (including illness) as described in section 31 of this Agreement.

(ii) *Permanent Total Disablement*

Coverage for permanent total disablement by paralysis from an illness is 100% of the capital sum-insured of 84 months applicable salary.

(iii) *Permanent Partial Disablement* :- Coverage for permanent partial disablement resulting from an illness of any kind is 100% of the capital sum-insured of 84 months applicable salary only for the specific purpose of total and irrecoverable loss of sight of both eyes.

(iv) *Temporary Total Disablement*:- Coverage for temporary total disablement resulting from an illness is:

- * 0.6% of capital sum-insured (of 84 months applicable salary) per week
- * subject to a maximum of 75% of average weekly salary.

In nearly all cases, the maximum limit of average weekly salary per week (75%) comes into effect (as 0.6% of sum-insured is 0.6% of 84 months, which is 0.5 months salary per week, so the maximum of 75% of weekly wage is normally triggered).

This temporary total disablement insurance starts after 14 days, and continues thereafter until 104 weeks. Thus the first 14 days of a major illness is covered by Company policy for sick leave, and then this insurance comes into effect for temporary total disablement.

(v) *Temporary Partial Disablement* :- There is no coverage for temporary partial disablement resulting from an illness.

30. BENEFITS IN THE EVENT OF DEATH DUE TO NATURAL CAUSES

30.1 All Cockpit Crew employed on local term Employees are covered through a scheme that provides benefits in the event of death due to natural causes, which pays a capital sum of 60 months applicable salary in the event of death due to natural causes, and applies 24- hours per day with global coverage, subject to the terms and conditions and exclusions governing the scheme, This scheme may be amended at any time any time at the discretion of the Company. Company will ensure that changes are not less favourable.

30.2 For the purposes of this scheme which provides benefits in the event of death due to natural causes, the applicable monthly salary for all Cockpit Crew Covered by this Agreement is the monthly basic salary as defined in section 9 of this Agreement.

31. GROUP TRAVEL INSURANCE ON COMPANY BUSINESS

31.1 All Cockpit Crew employed on local term Employees are insured by the Company through an existing insurance policy with the Sri Lanka Insurance Corporation Limited under a very comprehensive "Group Personal Accident/Illness and Travel Policy" subject to the terms and conditions and exclusion governing the policy. This policy may be amended at any time at the discretion of the Company, in consultation with the insurer. Company will ensure that changes are not less favourable.

31.2 This "Group Personal Accident/Illness and Travel Policy" provides group travel benefits for the Employee whilst travelling on business for and on behalf of the Company in respect of journeys which extend beyond the confines of Sri Lanka as follows:

- * medical expenses of upto US\$ 10,000
- * loss of money insurance of upto US\$ 1,000
- * personal liability insurance of upto US\$ 500,000

- * loss or destruction of or damage to baggage of upto US\$ 1,000
- * funeral and repatriation expenses of upto US\$ 350

31.3 These group travel benefits also apply to Family members of the Employee including spouse and children (excluding children over age 16 years) and parents, whilst officially accompanying the Employee on business duty-travel at the specific and prior request of the Company.

32. WORKMEN'S COMPENSATION

32.1 All Cockpit Crew employed on local terms Employees have the benefit of the statutory "Workmen's Compensation Ordinance" , subject to the terms and conditions and exclusion specified in the Ordinance.

32.2 However, where any payments are made to an Employee under the terms and conditions of the Workmen's Compensation Ordinance, then such payments will be deducted from any other payments due from the Company under other benefits and insurance policies described in sections 27-32 inclusive of this Agreement.

33. STAFF TRAVEL BENEFITS AND CONCESSIONS

33.1 All existing policies on staff travel remain valid.

33.2 All Cockpit Crew shall be entitled to 1 set of free sub-load tickets per annum for Privilege travel on Sri Lankan Airlines Services.

33.3 All Captains shall be entitled to 5 sets of free sub-load tickets per annum for Concessional travel on Sri Lankan Airlines services, and all other Cockpit Crew (other than Captains) shall be entitled to 2 sets of free sub-load tickets per annum for Concessional travel on Sri Lankan Airlines services.

33.4 A set of tickets is defined for a pilot as :

- * For a married Employee it means Employee plus three dependants
- * For a single Employee it means Employee plus two dependants
- * For an employee with three children it means Employee plus Spouse plus three Children.

33.5 The standard list of qualifying dependents is :

- * Spouse
- * Children (under age 24, unemployed)
- * Parents
- * Brothers or Sisters (under age 24 and not in full-time employment)

33.6 The company has expressed a concern that commercial demand in a 2-class operation may at times result in a potential conflict between the commercial aspirations of the Company and the staff travel policies for Cockpit Crew. The Guild recognizes the potential for such conflict and agree that in the event that commercial demand for business class (C) seats on certain sectors becomes excessive and impacts upon positioning and/or duty travel for Cockpit Crew, then a meeting would be convened by Management and the Pilots Guild to resolve any such difficulties arising.

33.7 The Management will provide a set of ID90 tickets on Firm basis per year, on "C" class for Cockpit Crew, who have served as a Cockpit Crew for a period of 10 years. This will apply while in company service only. This set of tickets will be set off against the entitlement.

The set of tickets is defined as per clause 33.4/33.5.

33.8 *Seat Allocation On Privilege Travel:*

- (a) Captains and their dependants will be entitled to travel on 'C' class. If 'C' class is full they will be given 'Y' class seats.
- (b) F/O's and their dependants will be upgraded to 'C' class if seats are available notwithstanding the fact that 'Y' class is not full.

33.9 *Eligibility Of Dependents:*

- (a) In the case of married staff, the employees' spouse and children will be entitled to the same class of travel that the employee is entitled to.
- (b) in the case of unmarried staff, the parents of the employee will be entitled to the same class of travel that the employee is entitled to.
- (c) All other dependents of employees will travel on 'Y' class.

33.10 Passage Entitlement on Duty: For all duty travel Pilots will be entitled to Business Class seats. This will also apply to interline travel as well.

33.11 Operational Travel: Any travel less than 2 hours due to delay/emergency reasons (the period of emergency should be confined to 12 hours), the Station In charge will endeavour to make travel arrangements on "C" class on other airlines. If "C" class is not available due to commercial reasons, station staff will make arrangements to travel on "Y" class.

34. TRAINING

34.1 The Company will endeavour to ensure that all Employees are adequately and properly trained to perform all of their required job functions.

34.2 In addition, the Company will provide training opportunities wherever possible and operationally practical for career advancement. The philosophy of the Company is to give preference to internal candidates for promotional vacancies.

34.3 The selection of an Employee to attend a training course will be based upon an appropriate combination of factors including seniority, qualifications, merit, performance current job requirement and future job/career requirements.

34.4 All relevant factors being equal, the philosophy of the Company is to give preference to Sri Lankan Nationals for any employment or promotional opportunities.

34.5 All existing applicable bonding policies of the Company will continue to apply to all Cockpit Crew.

34.6 All training materials will be provided by the Company.

35. BONDING

35.1 At the discretion of the Company, if an Employee is trained by the Company then they may be required to enter into a bonding agreement which states, amongst other things, that they remain in the service of the Company for a stipulated period of time. The Employee may be asked to provide up to two guarantors to this bonding agreement.

35.2 If an Employee is dismissed from service or resigns during the subsequent bonded period as specified in the bonding agreement, then the Employee or their guarantors will be liable to pay the unexpired value of the bond as liquidated damages to the Company within 14 days of termination of employment.

35.3 If an Employee who has been dismissed or has resigned is subsequently unable to pay the unexpired value of the bond as liquidated damages then there will be a surcharge by way of interest at the rate of 30% compound per annum for the period during which the sum due under the bonding agreement remains unpaid.

35.4 In the case of Cockpit Crew who undertake transitional or conversion training as a condition of initial offer of employment, then a bond will be applied. Thereafter in the case of Cockpit Crew who undertake transitional or conversion or CCQ training at the request of the Company, then no bond will be applied.

35.5 In the case of Cockpit Crew who undertake upgrade training at the request of the Company, then a bond will be applied in all circumstances.

36 GRIEVANCE AND DISPUTE PROCEDURE

In the event of any general dispute or general grievance arising between an Employee or Employees and the Company, it is the desire of the Guild and the Company that Pilots grievance should be dealt with as expeditiously as possible and at the lowest possible level in accordance with the following procedures.

(a) The Employee (or a representative from the Guild) should normally, in the first instance, discuss the dispute or grievance with their immediate Manager (Chief Pilot) or in their absence the Senior Manager Flight Operations, who will arrive at a satisfactory solution in respect of the grievance or dispute within a period of 14 days from the date of initial discussion. The outcome of the said discussion should be communicated in writing to the Guild and/or to the employee within a period of 7 days.

(b) If the grievance or dispute is not satisfactorily resolved, to the satisfaction of the employee, then the Employee (or a representative from the Guild) may discuss the matter with the Senior Manager Flight Operations, and parties will endeavour to arrive at a satisfactory solution in respect of the grievance or dispute within a period of 07 days. The outcome of the said discussion should be communicated in writing to the Guild and or to the employee within the said period of 07 days.

- (c) In the event of a grievance or dispute not being resolved at the level of the Senior manager Flight Operations, the issue in dispute will then be discussed by the Employee (or a representative from the (Guild) with the Head of Human Resources (or his representative), and parties will endeavour to arrive at a satisfactory solution in respect of the grievance or dispute within a period of 07 days. The outcome of the said discussion should be communicated in writing to the Guild and/or to the employee within the said period of 07 days.
- (d) The Company shall at all times (in the meetings mentioned in a b & c) be represented by a persons who will be vested with authority to take action and/or decision in relation to the matter in dispute.
- (e) If no satisfactory solution is arrived at, after following the steps outlined above then the issue in dispute will be discussed with the Senior Management. At such discussion, the number of representatives on each side shall not exceed four (4), The Head of Human Resources will arrange such discussion within three (3) days of a request made by the Guild. The Senior Management having regard to the outcome vested in them will arrive at a satisfactory solution in respect of the grievance or dispute within a period of 07 days, the outcome of the said discussion shall be communicated in writing to the Guild and/or to the employee within the said period of 07 days.
- (f) The Guild representation, which wishes to discuss any matter with the Head of Human Resources, will do so only by prior appointment save and except where the matter is very urgent.
- (g) The Company when informing the Employee or the representative of the Guild with regard to the decision or the steps taken in relation to the matter in dispute will at all times material inform the Guild or the Employee concerned in respect of the steps taken to resolve the matter in dispute in its entirety or in part.
- (h) Both parties do hereby agree that steps set out in the above paragraphs shall be concluded within 31 days of the Grievance/dispute being raised and the said period of 31 days shall be considered a mandatory period to be followed.
- (i) Both parties do hereby agree that in the event the matter in dispute remaining unsolved even after effecting the steps set out in paragraphs (a) - (e) consensus the said matter shall be by mutual consent, be referred to voluntary Arbitration in terms of section 3(1) d of the Industrial Disputes Act for Settlement. The Guild retains the right to be represented by an attorney at law at such arbitration proceedings.
- (j) If both parties agree to arbitration they shall agree on a statement of the matter in dispute and if there is no agreement on such statement they shall request the Commissioner of Labour to determine the statement of the matter in dispute after affording the parties an opportunity to state their case in regard to the statement of the matter in dispute. If the parties are unable to jointly nominate an Arbitrator he shall be nominated by the Commissioner of Labour.
- (k) An award made by an Arbitrator in a voluntary arbitration referred in sub-section (1) above hereby shall be final and binding on the parties, save and except on the grounds that the finding is perverse or not consistent with the available evidence.
- (l) The above provisions will not preclude either part from seeking relief in a civil court even without any reference to what is set out in paragraphs (a) - (k).

37. PROCEDURE FOR TECHNICAL INQUIRIES

- 37.1 **Suspension** — When Company aircraft or flight crews are involved in an incident or accident which, in the opinion of the Company, is a serious one, the pilot or pilots shall be suspended from duty pending an inquiry or investigation of a technical nature. The suspension shall be confirmed in writing as soon as possible by the Senior Manager Flight Operations or his nominee, with copies to Chief Executive Officer, Head of Human Resources, Manager Flight/Ground Safety, and the Pilots Guild. The Senior Manager Flight Operations or his nominee may reinstate a pilot under suspension without prejudice to the outcome of any investigation or inquiry. Such reinstatement shall be in writing with copies to Chief Executive Officer, Head of Human Resources, Manager Flight Ground Safety and the Guild.
- 37.2 **Investigation and follow-up** - (a) On receipt of a report of an incident, or accident the Senior Manager Flight Operations or his nominee shall arrange for an investigation to be carried out. The pilot(s) shall be interviewed and shall be asked to submit written statement(s). After studying the investigation report and the pilot(s) statements the Chief Pilot, in consultation with the Senior Manager Flight Operations or his nominee, shall decide on the appropriate course of action to be taken, including any penalties. If the pilot accepts the Company's decision on the matter, no inquiry need be held.
 - (b) If the pilot does not accept the Company's decision, the Senior Manager Flight Operations or his nominee shall conduct a Company Inquiry, in cases where the incident/accident may warrant dismissal or demotion of the pilot. In any other case which does not warrant same, a divisional inquiry will be held.

37.3 ***Inquiry procedures .-***

- (a) **Company Inquiry Committee:**
A Company Inquiry Committee shall consist of the Senior Manager Flight Operations or his nominee as Chairman and two other Senior Managers or their nominees and a member of Pilots Guild. The Company's case shall be presented by a management pilot who shall not be a member of the Committee.
- (b) **Divisional Inquiry Committee:**
A Divisional Inquiry Committee shall consist of the Senior Manager Flight Operations or his nominee and two management pilots and a member of the Pilots Guild.
- (c) **Procedure:**
 - (i) The Senior Manager Flight Operations or his nominee shall write to the pilot notifying him of the charges against him and the date, time and venue of the inquiry. Where a Company Inquiry is being convened, the pilot shall be given two weeks to tender written explanation if he wishes to.
 - (ii) A pilot may, if he desires:-
 - 1. give evidence on his own behalf;
 - 2. produce such witnesses as he may wish;
 - 3. is entitled to cross examine the prosecution witnesses;
 - 4. have access to any relevant documents in respect of the inquiry subject to prior notification; and
 - 5. have an employee pilot of equal or higher rank or a member of the Executive Committee of the Guild to be present as an observer.
 - (iii) The Committee shall decide on whether the charges against the pilot have been proved and, if so, the form of disciplinary action to be taken. The pilot shall be informed of the decision in writing by the Senior Manager Flight Operations or his nominee within seven working days of the conclusion of the inquiry.
 - (iv) Any appeal from the pilot or the Guild against the decision of the Committee of Inquiry shall be submitted to the Chief Executive Officer within 30 days and must state the grounds of appeal. The decision of the Chief Executive Officer, which shall be final and will be conveyed to the pilot and implemented forthwith.

38. **PROCEDURE FOR NON-TECHNICAL DISCIPLINARY INQUIRIES**

- 38.1 ***Suspension.***- The Head of Human Resources or his nominees may suspend (with or without pay) a pilot pending an inquiry or investigation. The letter of suspension shall be copied to Chief Executive Officer, Senior Manager Flight Operations and the Guild. When a pilot is suspended, an inquiry must commence within 60 days from the date of incident, during the suspension.
- 38.2 ***Investigation and follow-up.***-(a) On receipt of a report of an incident of a non-technical nature the Head of Human Resources or his nominee shall arrange for an investigation to be carried out. The pilots shall be interviewed and shall be asked to submit written statements. After studying the investigation report and the pilot's statement, the Head of Human Resources or his nominee, in consultation with Senior Manager Flight Operations, shall decide on the appropriate course of action to be taken, including any penalties. If the pilot accepts the Company's decision on the matter, no inquiry need be held.

(b) If the pilot does not accept the Company's decision, the Head of Human Resources or his nominee shall convene a Company Inquiry if dismissal or demotion appears to be warranted or a Divisional Inquiry if a lesser penalty appears appropriate.
- 38.3 ***Inquiry procedures.***- The Head of Human Resources or his nominee shall write to the pilot notifying him of the charges against him and the date, time and venue of the inquiry. Where a Company Inquiry is being convened, the pilot shall be given two weeks to tender written explanation.

A pilot may, if he desires.-

- 1. give evidence on his own behalf;
 - 2. produce such witnesses as he may wish;
 - 3. is entitled to cross examine the prosecution witnesses;
 - 4. have access to any relevant documents in respect of the inquiry subject to prior notification; and
 - 5. have an employed pilot of equal or higher rank or a member of the Executive Committee of the Guild to be present as an observer.
- 38.4 An impartial and independent Inquiry Officer would be nominated by Head of Human Resources to go into the facts of the matter and evaluate the evidence and forward the final report. Inquiry proceedings should not exceed for more than 3 days.

- 38.5 Where the inquiry officer considers it is necessary he is entitled to call any witnesses or documents.
- 38.6 Inquiry Officer will submit a report to the Human Resources Manager (Personnel Relations) within 15 days of the conclusion of the inquiry with the findings on each charge and the reasons for such findings.
- 38.7 The Company shall decide the punishment, if appropriate depending on the findings of the inquiry.
- 38.8 In the event of more than one pilot being involved in relation to the same incident, one inquiry may be held depending on the facts of the case.
- 38.9 The record of evidence must be signed by the witnesses/accused as correct, after affording such witnesses/accused an opportunity of reading over his/her recorded evidence.
- 38.10 Inquiry Officer will submit a report of the Human Resources Manager (Personnel Relations) within 10 days of the conclusion of the inquiry with the findings and the reasons for such findings.

Any appeal from the pilot or the Guild against the decision of the company shall be submitted to the Chief Executive Officer within 30 days and must state the grounds of appeal. The decision of the Chief Executive Officer, which shall be final and shall be conveyed to the pilot and implemented forthwith.

39 SIGNATURES OF AGREEMENT

39.1 This settlement is signed in Colombo on 22nd September, 2006 and witnessed as follows:

39.2 *For and on behalf of the Company:*

For and on behalf of the Guild:

MR. PETER HILL,
Chief Executive Officer.

CAPTAIN KIRAN KUMARANAYAGAM,
President.

CAPTAIN R. W. HUTTON,
Chief Technical Officer.

CAPTAIN LALITH GOONEWARDENA,
Vice President.

MR. SUNIL DISSANAAYAKE,
Head of Human Resources.

CAPTAIN UPENDRA RANAWEERA,
Secretary.

CAPTAIN MILINDA RATNAYAKE,
Senior Manager Flight Operations.

TREASURER,
First Officer Chaminda De Zoysa.

APPENDIX A

SUMMARY OF ADDITIONAL ALLOWANCES AND BENEFITS FOR EXPATRIATES

These supplemental notes to the 'Srilankan Airlines Cockpit Crew Collective Agreement 2006' summarise shown below the additional allowances and benefits that apply to Cockpit Crew employed on expatriate terms for contracts issued on or after 1st January, 2006.

A. 13th MONTH INCENTIVE BONUS:

- (i) Provided a 13th month incentive bonus payment is declared in terms of clause 11 of this Collective Agreement in respect of any year, the expatriate cockpit crew will be entitled to receive such payment in respect of each year it is so declared, at the end of his/her contractual period, subject to the completion of their full contractual period.
- (ii) The 13th month incentive bonus payment payable in terms of clause (i) above shall be computed on the basic salary applicable at the time of declaration of such bonus payment.

B. EXPATRIATE ALLOWANCES:

- (i) The accommodation allowance for Cockpit Crew employed on expatriate terms is US\$ 750 per month.
- (ii) Effective signing of this Agreement – Education Support Allowance of US\$ 200 per mensem in respect of each legitimate child over 5 years of age and below 19 years of age attending a recognized school in Sri Lanka or overseas.

The Education Support Allowance shall be limited to not more than 03 legitimate children at any one time.

C. EXPATRIATE TRAVEL BENEFITS:

- i. In addition to travel benefits provided under section 33.2 of this Collective Agreement, an employee on expatriate terms will receive the following:
 - (a) If an expatriate Cockpit crew is proceeding on annual leave the set of tickets will be issued on firm basis on SriLankan airlines sectors.
 - (b) On both joining and repatriation, the Company will provide free firm air travel from the home-base to Colombo on joining and vice-versa on repatriation for an employee on expatriate terms plus spouse and upto three fully dependant children below the age of twenty one years.
 - (c) The Company will provide an unaccompanied baggage allowance of 300 kgs for employee plus 300 kgs for spouse and 150 kgs per child for upto three accompanying children between the age of two and twenty one years. On repatriation, the cost of packing personal effects will home by the company.

12 – 748

My No.: C1/1373.

THE INDUSTRIAL DISPUTES ACT, CHAPTER 131

THE Collective Agreement entered into between Ploytex Garments Ltd. Minuwangoda Road, Ekala, Ja-ela of the one part and Free Trade Zone and General Services Employees' Union, No. 141, Ananda Rajakaruna Mawatha, Colombo 10 of the other part on 03rd October, 2006 is hereby published in terms of Section 06 of the Industrial Disputes Act, Chapter 131, Legislative Enactments of Ceylon (Revised Edition 1956.).

D. SOMAWEERA EDIRISINGHE,
Commissioner General of Labour.

Department of Labour,
Labour Secretariat,
Colombo 05.
17th November, 2006.

COLLECTIVE AGREEMENT No. 25 OF 2006

Collective Agreement

THIS Collective Agreement is entered into by and between Polytex Garments Ltd. a duly incorporated company having its registered office at Minuwangoda Road, Ekala, Ja-ela, (hereinafter referred to as "the Employer") on the one part and the Free Trade Zone and General Services Employees' Union having its registered office at No. 141, Ananda Rajakaruna Mawatha, Colombo 10, (hereinafter referred to as "the Union") on the other part.

Whereas both parties, after a series of discussions, have arrived at an amicable settlement, in regard to the revision of the terms of employment of employees, who are members of the union and who are employed in Grades III and IV stipulated in the Wages Board for the Garment Manufacturing trade, in the permanent cadre of the Employer's Factory at Yakkala.

- 1. This Agreement shall take effect from 1st September, 2006 and shall, unless otherwise terminated by either party giving one month's written notice to the other, continue to remain in force provided, however, that neither party shall give such notice prior to the 31st day of July, 2009, and the agreement shall not stand terminated prior to the 31st day of August, 2009.

2. New Salary Scales – Entry Points.–

- 2.1 The new salary scales as set out in Schedule 1 will come into effect on 1st September, 2006.
- 2.2 All employees who joined the factory after 1st January, 2006 and whose salaries are below the new entry points of the salary scale, will have their salaries adjusted effective 1st September, 2006.
- 2.3 A clear mechanism of granting grade promotions, in considering service and performance of all categories of employees covered and bound shall be implemented by the Management.
- 2.4 A 'Star Performance Allowance' scheme shall be implemented for the Sewing Operator category based on their performance and skills.

3. PERFORMANCE BONUS

The enhanced performance bonus and the new scheme of evaluation that will come into effect from the 1st September, 2006 will be as follows:–

3.1 Qualifying Amounts:

<i>Marks</i>	<i>Qualifying Amount</i>
45 and above	Rs. 600/- per person per mensem
44 to 35	Rs. 400/- per person per mensem
34 to 25	Rs. 200/- per person per mensem
Below 25	No bonus

The method of evaluating performance in relation to the above bonus will be as follows :

3.2 Method of evaluation:

<i>Area of Assessment</i>	<i>Rating Outstanding</i>	<i>Rating Very Good</i>	<i>Rating Good</i>	<i>Rating Below Average</i>
1. Work Performance	15	12	8	4
2. Quality of Work	10	8	5	2
3. Conduct and Attitude	10	8	5	2
4. Attendance and Punctuality	10	8	5	0
5. Initiative	5	3	2	0

3.3 The qualifying criteria of the Performance Bonus and the areas of assessment are as follows:

<i>Area of Assessment</i>	<i>Marks allocated</i>
1. Work Performance	15
2. Quality of Work	10
3. Conduct and Attitude	10
4. Attendance and Punctuality	10
5. Initiative	<u>05</u>
Total	<u>50</u>

4. CASUAL LEAVE

The Management shall grant 3 days of casual leave to those employees entitled for the privilege. For the year 2006, 2 further days of casual leave will be granted, having regard to the day's (one) leave already granted during the month of April, 2006, to those entitled.

5. ANNUAL BONUS

The payment of Annual Bonus will be revised with effect from the year 2007 and payable in December, 2007. Accordingly the revised bonus payment will be as follows:

All employees who have completed a year's service (1 year), will qualify for an annual bonus of 2 months' salary. The present criteria pertaining to the entitlement of bonus shall continue to be in force.

6. Performance Awards

6.1 **Monthly Scheme** .- Each month the 'best sewing line' at the Yakkala Factory will be selected and shall be rewarded in the manner set out below:

- (i) if the 'best line' achieves efficiency levels of 50% but below 64.9% on SAM calculation, it shall qualify for an award of Rs. 10,000/- per line per mensem.
- (ii) If the 'best line' achieves efficiency levels of 65% but below 74.9% on SAM calculation, it shall qualify for an award of Rs. 12,500/- per line per mensem.
- (iii) If the 'best line' achieves efficiency levels of 75% but below 84.9% on SAM calculation, it shall qualify for an award of Rs.15,000 per line per mensem.
- (iv) If the 'best line' achieves efficiency levels of 85% and above on SAM calculation, it shall qualify for an award of Rs. 20,000 per line per mensem.

6.1.1. In addition to selecting the best sewing line, any sewing line that achieves efficiency levels of 75% or above on SAM calculation, shall be entitled to a reward of Rs. 10,000 per mensem.

It should, however, be noted that one sewing line shall be entitled to only one of the awards mentioned above, during a qualifying month.

6.2. **Annual Scheme** .- One (01) sewing line which has maintained efficiency levels of 50% or above, shall be selected as the best performer for the year on SAM calculation and shall qualify for the Best Performing Sewing Line Award of Rs. 30,000.

6.3. It should be noted that in selecting the above award winners, the present selection criteria will also apply in addition to the SAM calculation as stipulated above.

7. ANNUAL SALARY REVISION

An employee who has completed an year's service (1 year) as at 31st March of each qualifying year will be entitled to a salary revision in the following manner :

7.1. **1st Year - (Effective 1st April, 2007).**- Employees who qualify for annual increments shall receive a sum of Rs. 700 as a general increment with effect from 1st April, 2007.

However, if the overall performance of the factory, calculated on SAM efficiency levels exceed the percentages mentioned below, they shall receive a higher increment as specified below :

- * Achievement of 60% or above on SAM calculation - Rs. 1000 (Inclusive of the general increment)
- * Achievement of 55% - 59.9% on SAM calculation - Rs. 850 (Inclusive of the general increment)
- * Achievement of 52% - 54.9% on SAM calculation - Rs. 750 (Inclusive of the general increment)

The performance of the total year will be considered and efficiency is based on SAM calculation. The increment for the year 2007 shall be based on the performance of the year 2006.

7.2. **2nd Year - effective 1st April, 2008** —. Employees who qualify for annual increments shall receive a sum of Rs. 750 as a general increment, with effect from 1st April, 2008.

However, if the overall performance of the factory, calculated on SAM efficiency levels exceed the percentages mentioned below, they shall receive a higher increment as specified below :

- * Achievement of 60% or above - Rs. 1100 (Inclusive of the general increment)
- * Achievement of 55% - 59.9% - Rs. 900 (Inclusive of the general increment)
- * Achievement of 54% - 56.9% - Rs. 800 (Inclusive of the general increment)

The performance of the total year will be considered and efficiency is based on SAM calculation. The increment for the year 2008 shall be based on the performance of the year 2007.

7.3. **3rd Year - effective 1st April, 2009** —. Employees who qualify for annual increments shall receive a sum of Rs. 900 as a general increment, with effect from 1st April, 2009.

However, if the overall performance of the factory, calculated on SAM efficiency levels exceed the percentages mentioned below, they shall receive a higher increment as specified below :

- * Achievement of 62% or above - Rs. 1250 (Inclusive of the general increment)
- * Achievement of 58% - 61.9% - Rs. 1100 (Inclusive of the general increment)
- * Achievement of 55% - 57.9% - Rs. 1000 (Inclusive of the general increment)

The performance of the total year will be considered and efficiency is based on SAM calculation. The increment for the year 2009 shall be based on the performance of the year 2008.

8. TRANSPORT FOR EMPLOYEES

- 8.1. If the entire factory achieves performance levels of 60% efficiency on SAM calculation in the previous year, transport shall be arranged from the 1st February of the following year to places where there is a minimum of 20 employees who require the facility.
- 8.2. It is agreed that the employee will bear 50% of the cost that would be incurred in providing this facility.

9. MONTHLY ATTENDANCE BONUS

Parties agreed that the monthly attendance bonus will be as follows :

- (i) Employees who avail one day (1) of approved leave, per mensem shall receive Rs. 1000 per mensem
- (ii) Employees who avail more than one day (1) and up to two days (2) of approved leave per mensem shall receive Rs. 500 per mensem.
- (iii) Employees who either avail more than two days of leave or are placed on 'No Pay absence' shall not qualify for the attendance bonus

Leave approved on account of contagious diseases and employment related accidents, within the scope of the Workmen's Compensation Ordinance, shall be exempt in considering leave under this scheme.

10. Parties agree that, in addition to the terms and conditions mentioned above, the terms & Conditions as well as facilities hitherto enjoyed by the employees covered and bound by this agreement shall continue to remain in force.

11. UNION FACILITIES

The management shall continue to provide the following facilities, which have been provided to the Union.

- (i) Provision of a notice board and a cupboard.
- (ii) Permission for 2 hours of duty leave per committee member per month to attend committee meetings within the company premises with prior written notice to the Company.
- (iii) Permission to hold membership meetings by the branch committee within the company premises after normal working hours with prior written notice to the management.
- (iv) Permission for the joint Secretary of the Union to attend meetings mentioned in sub clauses ii & iii above, on mutually agreed occasions, with prior written notice to the management.

11. The Employer, the Union, and the employees covered and bound by this Agreement undertake that they shall not during the continuance of this Agreement attempt to seek to vary, in any manner, any of the terms and conditions agreed upon herein and shall not resort to any form of Trade Union action in relation to any dispute connected with or arising out of any matter covered by this Agreement.
12. Parties agree that they shall abide by the 'disputes settlement procedure' set out in the 'Check off' Agreement signed by parties on the 10th May, 2006, in the event of a dispute on a matter not covered by this agreement.

In witness whereof, both parties aforesaid have hereunder set their hands on this Third day of October Two Thousand Six.

Mr. M. Bandaranaike,
Director - Human Resources
for and on behalf of
Polytex Garments Ltd.

Mr. Anton Marcus
Joint secretary
for and on behalf of
Free Trade Zone & General
Services' Union

1. WITNESS (Company)
C. de Abrew
General Manager
Polytex Garments (Yakkala Factory)

1. WITNESS (Branch Union)
S. A. K. Mangalika
(President)

2. WITNESS (Company)
K. Weerasinghe
Assistant Director - General
Employers, Federation of Ceylon

2. WITNESS (Branch Union)
D. T. Priyangani
(Secretary)

SCHEDULE I

Category	Trainee	Grade III	Grade II	Grade I	Super Grade
Machine Operators	4500.00	5000.00	5500.00	6000.00	7000.00
Helpers	4500.00	4700.00	4850.00	5200.00	N/A