

- 3.4 This Agreement shall cover and bind the FAU and all Cabin Crew employed in a permanent capacity in grades C1 – C5 (formerly 3C – 7C) inclusive of the Cabin Crew grade structure who are fully paid-up members of the FAU and who possess a valid cabin crew certificate / licence issued by the Civil Aviation Authority.

4. Short Recital and General Terms.–

- 4.1 WHEREAS demands and requests were made by the FAU for a revision of terms and conditions of employment of Employees employed by the Company (noting that the existing terms and conditions of employment of Cabin Crew were previously recorded in the Terms & Conditions which was valid from 1st June, 1999 and expired on 31st May, 2002).
- 4.2 AND WHEREAS the FAU can verify to the satisfaction of the Company that it represents at least 40% of the Cabin Crew employed in a permanent capacity by the Company in Sri Lanka in grades C1 – C5 (formerly 3C – 7C) of the Cabin Crew grade structure of Sri Lankan Airlines and holding a valid cabin crew certificate / licence issued by the Civil Aviation Authority.
- 4.3 AND WHEREAS having received the demands and requests from the FAU, the Management of the Company discussed and negotiated with the FAU, and during the process of negotiations were able to finally reach agreement on the matters raised during the Collective Agreement negotiations contained herein, on the understanding that any and all other matters raised would be regarded as having been withdrawn in favour of this finalised Agreement called the “Flight Attendant’s Union Agreement 2002”.
- 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 Company, an improvement in overall performance and productivity, co-operation between the Employer and Employee, and a contented and highly motivated workforce. 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 This Agreement is as a result of said discussions, and mutual terms and conditions set out in this Agreement, the FAU 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 The parties have agreed that there would be compliance with all existing procedures, processes and regulations that are not otherwise specified in this Agreement, and both parties agree that the Company may in due course publish an Employment Manual which would set out all major policies and regulations of the Company, some of which may be set out in this Agreement as the intended policies of the Company. In the event of any conflict or inconsistency between the terms and conditions of this Agreement and that of the Employment Manual, the Terms and Conditions set out in this agreement shall prevail.
- 4.8 AND THAT this Agreement covers all the demands and claims of the FAU contained in their original requests and demands and other issues brought for negotiation and discussions during the course of bargaining of the said demands in full and final settlement thereof, and that all demands, claims and request raised by the FAU are hereby withdrawn or settled or satisfied in terms of and / or in consideration of this Agreement.
- 4.9 In consideration of this Agreement, parties bound by this agreement, shall not during the continuance of this 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.
- 4.10 AND THAT the terms, and conditions of this Agreement effective from 1st June, 2002 shall be deemed to be included in all the contracts of employment between the Company and all Employees covered and bound by this Agreement, whether such contract of employment be written or not, and which was subsisting as at 1st June, 2002 or shall come into being at any time thereafter during the continuance of this Agreement.

5. Duration of Agreement.–

- 5.1 This Agreement shall come into effect on 1st June, 2002, and shall thereafter continue to be in force unless it is determined by either party, giving one month’s notice in writing to the other, provided however that one party hereto shall not give notice to the other party before the 1st day of May, 2007 and such notice shall not expire before the 31st day of May, 2007. This shall not preclude discussions taking place and commencing at any time after 1st January, 2007 between parties for a revision of the Agreement to be effective from 1st June, 2007.
- 5.2 Subject to Section 4.7 earlier, this Agreement replaces in full any other prior agreements, and replaces all prior working practices, and replaces all prior terms and conditions of employment for Employees employed in a permanent capacity in grades C1 – C5 (formerly 3C – 7C) of the Cabin Crew grade structure and who possess a valid cabin crew certificate / licence issued by the Civil Aviation Authority.

6. Recognition.–

- 6.1 The Company recognises the right of the FAU to represent the interests of, and when required negotiate on behalf of, all Cabin Crew that are classified in grade C1 – C5 (formerly 3C – 7C) inclusive of the Cabin Crew grading structure in Sri Lanka who are fully paid-up members of the FAU and who possess a valid cabin crew certificate / licence issued by the Civil Aviation Authority.
- 6.2 The Company recognises the right of the FAU to exercise the FAU function in accordance with the laws of Sri Lanka, and to manage the FAU affairs without interference.
- 6.3 Such recognition by the Company of the FAU shall continue as long as the FAU holds the status of Collective Bargaining Agent of the Cabin Crew in grades C1 – C5 (formerly 3C – 7C) inclusive of the Cabin Crew grading structure of the Company, and who possess a valid cabin crew certificate / licence issued by the Department of Civil Aviation and can verify that at least 40% of all locally employed Employees in grades C1 – C5 (formerly 3C – 7C) inclusive are fully paid-up members of the FAU and who possess a valid cabin crew certificate / licence issued by the Civil Aviation Authority.
- 6.4 All parties recognise the right of the Company to plan, organize 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-alia, the recruitment, engagement, training, control, discipline, termination, upgrading, promotion, demotion, transfer and dismissal of Employees (always 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 casual Employees from time to time as operationally required. This right also includes, inter-alia, 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.

Provided however, in respect of termination, upgrading, promotion, demotion, transfer and dismissal on employees, working patterns, and times, methods and manner of working, redundancy due to operational reason, the Flight Attendants Union may if it is of such opinion, make representations to the management in accordance with the grievance / dispute procedure stipulated herein and / or in accordance with the law.

7. Job Classifications and Cabin Crew Grading Structure.–

- 7.1 The grading structure and job classification system for Cabin Crew are as follows:

<i>Current Structure</i>		<i>Proposed Structure w. e. f. 01/06/2004</i>	
3C	Steward / ss	C1	– Flight Steward / ss (less than 1 yr. exp.)
4C	Senior Steward / ss	C2	– Flight Steward / ss (more than 1 yr. exp.)
5C	Leading Steward / ss	C3	– Senior Flight Steward / ss
6C	Purser	C4	– Leading Flight Steward / ss
7C	Senior Purser	C5	– Purser / Senior Purser – Personal to Holder)

As an initial transfer, all existing employees (as of 30th November, 2003), in grades 3C, 4C, 5C and 6C would move up immediately as per the above proposed structure.

- 7.2 The career progression criteria for Cabin Crew will be as follows: (after the initial transfer)
- (a) New joiners will commence as a Flight Steward / ss in grade C1.
 - (b) Upgrade to C2 as Flight Steward / ss will occur after completion of 1 year in grade C1, subject only to performance.
 - (c) Promotion to C3 as Senior Flight Steward / ss will occur after completion of at least 2 years in grade C2 subject to performance.
 - (d) Promotion to C4 as Leading Flight Steward / ss will occur after completion of at least 2 years in grade C3, subject job vacancies and selection process.
 - (e) Promotion to C5 as Purser will occur after completion of at least 3 years in grade C4, subject to job vacancies and selection process.
 - (f) Promotion to Senior Inflight Executive (Training & Standards) [SIE (T & S)] will occur after completion of at least 3 years as a Senior Purser / Purser, subject to job vacancies and selection process.

Performance will be based on the last completed appraisal, and staff should have obtained performance rank of either A, B or C (Exceptional, Very Good or Meets Expectations), to be eligible for (b) & (c) above.

- 7.3 Those who are currently designated as Senior Purser will continue to be in the same capacity. There will be no new appointments as 'Senior Purser' in the future.
- 7.4 New Job Descriptions would be evaluated and grading structure would be based on the outcome of the job evaluation process. This would be completed within 06 months of signing the new Collective Agreement.

8. **Monthly Basic Salary Scales.-**

- 8.1 The monthly basic salary scales effective from **1st June 2002** until 31st May 2003 expressed in Sri Lankan Rupees (Rs.) per month are:

<i>Grade</i>	<i>Minimum</i>	<i>Midpoint</i>	<i>Maximum</i>
3C	10,560	13,200	15,840
4C	11,420	14,275	17,130
5C	12,040	15,050	18,060
6C	13,000	16,250	19,500
7C	17,660	22,075	26,490

- 8.2 The monthly basic salary scales will all be increased by a fixed 10.0% effective from **1st June 2003** until 31st May 2004, and expressed in Sri Lankan Rupees (Rs.) per month are:

<i>Grade</i>	<i>Minimum</i>	<i>Midpoint</i>	<i>Maximum</i>
3C	11,620	15,490	19,360
4C	12,570	16,760	20,950
5C	13,250	17,665	22,080
6C	14,300	19,070	23,840
7C	19,430	25,910	32,390

(The maximum of the scale has been adjusted by approximately 11% in keeping with the market maximum of each grade.)

- 8.3 The monthly basic salary scales will all be increased by fixed 10.0% effective from **1st June 2004** until 31st May 2005, and expressed in Sri Lankan Rupees (Rs.) per month are:

<i>Grade</i>	<i>Minimum</i>	<i>Midpoint</i>	<i>Maximum</i>
C1	12,790	17,045	21,300
C2	13,830	17,285	23,050
C3	14,580	19,435	24,290
C4	21,380	28,505	35,630
C5	25,000	31,250	37,500

Pursers/Senior Pursers in grade C5 who have completed 5 years as at 01st June, 2004, will be placed on basic salary point of Rs. 27,910. For this category the maximum of the salary scale would be Rs. 41,870.

- 8.4 The monthly basic salary scales will all be increased by a fixed 10.0% effective from **1st June, 2005** until 31st May, 2006, and expressed in Sri Lankan Rupees (Rs.) per month are:

<i>Grade</i>	<i>Minimum</i>	<i>Midpoint</i>	<i>Maximum</i>
C1	14,070	18,750	23,430
C2	15,220	20,285	25,360
C3	16,040	21,380	26,720
C4	23,520	31,360	39,200
C5	27,500	34,375	41,250

Pursers/Senior Pursers who falls into the above category (clause 8.3) will be placed on basic salary point of Rs. 30,700. For this category the maximum of the salary scale would be Rs. 46,050.

- 8.5 The monthly basic salary scales will all be increased by a fixed 10.0% effective from **1st June 2006** until 31st May 2007, and expressed in Sri Lankan Rupees (Rs.) per month are:

<i>Grade</i>	<i>Minimum</i>	<i>Midpoint</i>	<i>Maximum</i>
C1	15,480	20,590	25,700
C2	16,740	22,265	27,790
C3	17,640	23,460	29,280
C4	25,870	34,405	42,940
C5	30,250	37,810	45,375

Pursers/Senior Pursers who falls into the above category (clause 8.4) will be placed on basic salary point of Rs. 33,770. For this category the maximum of the salary scale would be Rs. 50,660.

8.6 Under no circumstances may the monthly basic salary of an Employee exceed the prescribed limit maximum basic salary of their grade. The employees already on personal differential allowances, their personal differentials will be totally/partially absorbed to the salary depending on the salary scale structure. Thereafter these personal differential allowances will not be increased, and nor will any new personal differential allowance be created.

8.7 The above salary scales will be applicable to those who are in employment as at the date of signing this agreement.

8.8 ***Personal Differential Allowance***

Personal differential allowance is considered for 13th month, EPF, ETF, Gratuity, and Attendance Incentive.

8.9 1st June of every year Pursers who have completed 05 years in grade C5 will be placed in the higher scale of C5 grade.

9. ***Basic Salary Increases***

9.1 ***General Increase on 1st June 2002.***– The actual individual monthly basic salaries as at 31st May 2002 of all Employees covered by this Agreement will be increased by 7.0% effective from **1st June 2002**. Thereafter there will be no further increases to actual individual monthly basic salaries during 2002. For the avoidance of doubt, this 7.0% increase effective from 1st June 2002 will be based on actual individual basic salaries as existed on 31st May 2002, which is after the annual increment that was paid on 1st April 2002.

9.2 ***Annual Increment on 1st June 2003.***– The actual individual monthly basic salaries as at 31st May 2003 of all Employees covered by this Agreement (except those under probation) will be increased by between 0.0% and 6.0% (with an average of 3.0%) depending upon individual performance, effective from **1st June 2003** as the annual increment. If an individual Employee is at (or will reach) the maximum of their basic salary scale, then the annual increment (or excess part) is not applicable, as under no circumstances may the monthly basic salary of an Employee exceed the prescribed limit maximum basic salary of their grade.

9.3 ***GENERAL INCREASE FOR 1ST JUNE 2003.***– The actual individual monthly basic salaries as at 31st May 2003 (after the Merit increase in June 2003) of all Employees covered by this Agreement will be increased by 10.0% effective from **1st June 2003**. Thereafter there will be no further increases to actual individual monthly basic salaries during 2003. For the avoidance of doubt, this 10.0% increase effective from 1st June 2003 will be based on actual individual basic salaries as existed on 31st May 2003, which is after the annual increment that will be paid as per section 9.2.

9.4 ***ANNUAL INCREMENT ON 1ST JUNE 2004.***– The actual individual monthly basic salaries as at 31st May 2004 of all Employees covered by this Agreement (except those under probation) will be increased by between 0.0% and 6.0% (with an average of 3.0%), depending upon individual performance, effective from **1st June 2004** as the annual increment. If an individual Employee is at (or will reach) the maximum of their basic salary scale, then the annual increment (or excess part) is not applicable, as under no circumstances may the monthly basic salary of an Employee exceed the prescribed limit maximum basic salary of their grade.

9.5 ***GENERAL INCREASE FOR 1ST JUNE 2004.***– The actual individual monthly basic salaries as at 1st June 2004 (after the Merit increase) of all Employees covered by this Agreement will be increased by 10.0% effective from **1st June 2004**. Thereafter there will be no further increases to actual individual monthly basic salaries during 2004.

9.6 ***ANNUAL INCREMENT ON 1ST JUNE 2005.***– The actual individual monthly basic salaries as at 31st May 2005 of all Employees covered by this Agreement (except those under probation) will be increased by between 0.0% and 6.0% (with an average of 3.0%), depending upon individual performance, effective from **1st June 2005** as the annual increment. If an

individual Employee is at (or will reach) the maximum of their basic salary scale, then the annual increment (or excess part) is not applicable, as under no circumstances may the monthly basic salary of an Employee exceed the prescribed limit maximum basic salary of their grade.

9.7 GENERAL INCREASE FOR 1ST JUNE 2005.- The actual individual monthly basic salaries as at 1st June 2005 (after the Merit increase) of all Employees covered by this Agreement will be increased by 10.0% effective from **1st June 2005**. Thereafter there will be no further increases to actual individual monthly basic salaries during 2005.

9.8 ANNUAL INCREMENT ON 1ST JUNE 2006.- The actual individual monthly basic salaries as at 31st May 2006 of all Employees covered by this Agreement (except those under probation) will be increased by between 0.0% and 6.0% (with an average of 3.0%), depending upon individual performance, effective from **1st June 2006** as the annual increment. If an individual Employee is at (or will reach) the maximum of their basic salary scale, then the annual increment (or excess part) is not applicable, as under no circumstances may the monthly basic salary of an Employee exceed the prescribed limit maximum basic salary of their grade.

9.9 GENERAL INCREASE FOR 1ST JUNE 2006.- The actual individual monthly basic salaries as at 1st June 2006 (after the Merit increase) of all Employees covered by this Agreement will be increased by 10.0% effective from **1st June 2006**. Thereafter there will be no further increases to actual individual monthly basic salaries during 2006.

10. *Special Premium Allowance.-*

10.1 The categories of Employees that are deemed by the Company to be eligible for monthly special Premium allowance effective from 1st June 2004, are as follows:

<i>Grade</i>	<i>Allowance (Rs) per month</i>
C1 Steward/ss (less than 1 year)	NIL
C2 Steward/ss (more than 1 year)	NIL
C3 Senior Steward/ss	Rs. 2,000 (During the period of the CBA)
C4 Leading Steward/ss	Rs. 3,000 (During the period of the CBA)
C5 Purser / Senior Purser	Rs. 4,000 (With less than 5 yrs experience - During the period of the CBA)
	Rs. 4,500 (With more than 5 yrs exp. - Upto 2005)
	Rs. 5,000 (With more than 5 yrs exp. - From June 2006)
	Rs. 5,000 (With more than 10 yrs exp. - Upto 2005)
	Rs. 6,000 (With more than 10 yrs exp. - From June 2006)

10.2 5 years / 10 years experience of the C5 (Purser / Senior Purser) will be calculated as at 01st June each year.

10.3 Special Premium Allowance is considered for 13th month, EPF, ETF, Gratuity, and Attendance incentive.

11. *13th Month Incentive Bonus.-*

11.1 A 13th month incentive bonus may be payable each year in the end-December payroll as per the rules and regulations that are announced each year at the sole discretion of the Management of the Company to all Employees.

11.2 Subject to the rules and regulations announced as per section 10.1 above, each Employee is eligible to receive any such 13th month incentive bonus payment based upon their applicable monthly salary.

11.3 In the case of Cabin Crew covered and bound by this Agreement, the applicable monthly salary for any 13th month incentive bonus shall be a combination of monthly basic salary as defined in section 8 of this Agreement plus any applicable personal differential allowance as defined in section 8.9 of this Agreement.

11.4 The 13th month incentive bonus is only paid to those Employees who have completed nine months of service and are still in current employment with the Company on the payment date in December. Where service on the payment date is less than one year but more than nine months, then a pro-rata 13th month incentive bonus will be paid.

11.5 However, if employment has terminated prior to the payment date due to retirement or due to contract expiry, then the Employee will still be eligible and a pro-rata payment will be made.