

16. **Non-Recurring Cost of Living Gratuity.**-(i) As the scale of consolidated wages set out in the First schedule hereto have been fixed on the basis of the Colombo Consumer Price Index being 2548 an Employee shall subject to the provisions of the Employer be liable to pay a Non-Recurring Cost of Living Gratuity to the Employee in December each year in respect of the preceding twelve (12) months (1st December to 30th November hereinafter referred to as "qualifying period") ascertained in accordance with the under-noted formula.

#### THE FORMULA

If the average of the Colombo Consumer's Price Index for the qualifying period exceeds 2,548 a sum computed as Rupees two (Rs. 2) for each completed points (i.e. 1.0) by which such average exceeds 2,548 in respect of each month of service during the qualifying period.

(ii) When at the expiry of each twelve (12) month period commencing from the first day of December, Two Thousand and Three, the scale of consolidated wages have been revised in the manner set out in Clause 15 hereof, the base index figure in the formula for the purpose of calculating the Non-Recurring Cost of Living Gratuity shall thereafter be increased by the number of points by which the Colombo Consumers' Price Index Figure has risen during each twelve month period as specified in Clause 15 hereof. (Base Index Figure shall be 2,886 as set out in Schedule II).

(iii) The Non-Recurring Cost of Living Gratuity shall be payable by an employer to an employee who is eligible to receive the same by virtue of his service under the employer during a part of the qualifying year by reason of the fact that he is not in the Employer's service when the non recurring cost of living gratuity becomes due in December of any year or he joined the Employer's service during the course of the qualifying year.

(iv) The Non-Recurring Cost of Living Gratuity shall not be payable to an Employee in respect of any period for which he receives no wages for whatever reason.

(v) No Provident Fund, Trust Fund, overtime or any other payment shall be due or calculated on the Non-Recurring Cost of Living Gratuity.

17. **Medical Scheme.**-(i) In addition to the Medical Scheme set out in the Second Schedule hereto, employees will be medically examined under the guidance and direction of the Company's Medical Consultant and at Company's cost on the following basis. (The above period will be reckoned from the last date of such medical examination) and a report will be given to employees.

Under 40 years of age - once in 3 years.

Over 40 years of age - once in 2 years.

(ii) The Company will be entitled at any time to have an employee medically examined by a Doctor or Doctors of the Company's choice at the Company's expense.

18. **Personal Accident Policy.**- The Company will obtain a Personal Accident Insurance Policy from CTC Eagle Insurance Company to cover all employees up to Rs. 200,000 against death or permanent disablement as a result of an accident outside working hours. Compensation, if any, will be paid strictly in accordance with the terms and conditions of this insurance policy.

19. **Wages for period less than a Month.**- An employee's wages for period of less than one month will be computed in the following manner:

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| (i) For one hour                                     | - the monthly wage divided by two hundred and forty (240)   |
| (ii) For one day                                     | - the monthly wage divided by thirty (30)                   |
| (iii) For one-half day (either morning or afternoon) | - A day's wage ascertained as above divided by two (2)      |
| (iv) For one week                                    | - A day's wage ascertained as above multiplied by seven (7) |

20. **Warnings.**- If in the opinion of the employer an offence warrants a warning, the same will be conveyed to the Employee by letter, a duplicate of which shall be signed by him as proof of receipt.

21. **Suspension.**- An employee may be suspended without pay either as a punishment for misconduct or pending inquiry into an allegation of misconduct against him.

22. **Retirement.**– On reaching the age of fifty five (55) years as employee will ipso-facto retire and cease to be employed and there will be no obligation on the employer to give him any notice of retirement.

23. **Profit Bonus.**– (i) In respect of each financial year 1st April to 31st March, the employer will allocate a percentage of the Pre-Tax Profit of the Company as noted below for the payment of bonus to permanent Manual, Clerical and Supervisory grades.

In December, immediately following the end of the financial year, depending on the number of employees sharing the bonus on the following Formula:

<i>Number of Employees Sharing the Bonus</i>	<i>Percentage of Pre-Tax Profit to be Allocated</i>
(1) 100 to 104 persons	3.36
(2) 105 to 109 persons	3.52
(3) 110 to 114 persons	3.69
(4) 115 to 119 persons	3.85
(5) 120 to 124 persons	4.01
(6) 125 to 129 persons	4.18
(7) 130 to 134 persons	4.34
(8) 135 to 139 persons	4.51
(9) 140 to 144 persons	4.67
(10) 145 to 149 persons	4.84
(11) 150 to 154 persons	5.00
(12) 155 to 159 persons	5.17
(13) 160 to 164 persons	5.33
(14) 165 to 169 persons	5.49
(15) 170 to 174 persons	5.66
(16) 175 to 179 persons	5.82
(17) 180 to 184 persons	5.99
(18) 185 to 189 persons	6.15
(19) 190 to 194 persons	6.32
(20) 195 to 199 persons	6.48
(21) 200 to 204 persons	6.65
(22) 205 to 209 persons	6.81
(23) 210 to 214 persons	6.98
(24) 215 to 219 persons	7.14
(25) 220 to 224 persons	7.31
(26) 225 to 229 persons	7.47
(27) 230 to 234 persons	7.64
(28) 235 to 239 persons	7.80
(29) 240 to 244 persons	7.97
(30) 245 to 249 persons	8.13
(31) 250 to 254 persons	8.30
(32) 255 to 259 persons	8.46
(33) 260 to 264 persons	8.63
(34) 265 to 269 persons	8.79
(35) 270 to 274 persons	8.96
(36) 275 to 279 persons	9.12
(37) 280 to 284 persons	9.28
(38) 285 to 289 persons	9.45
(39) 290 to 294 persons	9.61
(40) 295 to 299 persons	9.78
(41) 300 to 304 persons	9.94
(42) 305 to 309 persons	10.11
(43) 310 to 314 persons	10.28

(ii) Such amounts shall be distributed to the Manual, Clerical and Supervisory grades in relation to their earned gross wage or salary in respect of the relevant financial year on which provided fund is paid.

(ii) The recipients of the profit bonus will be -

- (a) Permanent employees who have been in employment during the full financial year in respect of which bonus is paid and who are in employment at the time the bonus is paid.
- (b) Permanent employees who have been in employment for the full financial year in respect of which the bonus is paid, but who are not in employment at the time the bonus is paid.
- (c) Permanent employees who have been in employment for only part of the financial year in respect of which the bonus is paid. Such employee will receive a bonus proportionate to the number of months they have been in service during the relevant period, provided they were confirmed in employment at the time of cessation of their employment. An employee so entitled to a proportionate bonus will not be regarded as full employee for the purpose of Sub-clause (a) hereof and he will be regarded as proportionate to the number of complete months of service in respect of which he received the bonus. For example, an employee who had only two months' service in respect of which he receives a bonus will be treated as 2/12 of an employee.
- (d) The bonus to employee referred to in (c) above will be paid irrespective of the reasons for the cessation of employment and will be paid at the time the bonus is paid to other employees who are in employment at the time of payment.

(iv) The published Audited Accounts of the Company will be accepted as final on the quantum of the Pre-Tax Profit of the employer and will not be called in question by either party.

#### 24. **Attendance Bonus.**- SCHEME A

- (i) By the end of January each year the employer will pay for sick and casual leave not availed of by an employee in respect of the preceding calendar year, on the following basis and it is agreed that in making such payment, if an over payment results, that a recovery could be made in the month of February.

up to 15 days unutilized leave	- a day's payment for each day left
between 16-23 days leave	- a day's pay for a day plus and extra day, i.e. for 23 days unutilized, 24 day's pay
between 24-26 days leave	- extra 2 days, i.e. for 24 days, payment would be for 26 days
for 27 days unutilized leave	- a payment of 34 days pay
for 28 days unutilized leave	- 36 days pay

#### SCHEME B

(iii) The employer will pay in each succeeding month, an attendance bonus computed as follows:

- (a) If an employee presents himself for work on all working days of the month (i.e. the check roll period), a sum of Rs. 475 will be paid along with the wages.
- (b) If an employee does not present himself for work on one day of the month on approved paid leave only Rs. 267 will be paid.
- (c) If an employee does not present himself for work on two days of the month on approved paid leave (i.e. casual or sick), only Rs. 178 will be paid.
- (d) Any approved paid leave which is over two days and any absence which is not approved paid leave will disentitle an employee to the attendance bonus in the month in which such absence occurs.
- (e) Any absence of an employee on authorized annual leave will be deemed to be days worked for the purpose of the computation, and will be deemed as non working days for the purpose of this scheme, absence on any other grounds whatsoever will be deemed to be a day of absence for the purpose of the computation.

25. **Laundry Allowance.**- (i) The employer will pay each employee Rs. 175/- per month as laundry allowance.

(ii) Employees are required to regularly launder their uniforms and the allowance may be withdrawn from an employee where uniforms are not kept clean.

26. **Uniforms.**- (i) The employer will provide employees with uniforms each year subject to the following:

- (a) All employees will receive three (3) sets of uniforms;
- (b) A probationer will receive his uniforms only at the next issue after confirmation.

27. **Meal Allowance in Special Cases.**- The employer will pay employees a meal allowance of Rs. 50/- per day with effect from 1st November Two Thousand and Four and Rs. 55/- with effect from 1st November Two Thousand and Five as a subsidy on the following basis:

- (i) Where an employee on any other shift is required to work beyond 8.30 p.m.;
- (ii) Where an employee on any other shift is required to work beyond twelve (12) hours, this period to be calculated from clock-in to clock-out time.

28. **Annual Excursion.** – i. With effect from 1st November Two Thousand and Four the Company will grant a subsidy of Rs. 800/- per confirmed employee towards the cost of the annual excursion which may be of two nights out. The office bearers of the Branch Union will be responsible for organizing and conducting the excursion. However, the assistance of the Human Resource Manager may be available for the purpose of reserving transport and places of rest.

(ii) A loan of Rs. 800/- will be granted to each employee to participate in the excursion recoverable in six (6) monthly installments from the wages commencing from the month succeeding the month in which the excursion takes place. If an employee who has received the loan does not participate in the excursion., he shall return the loan within three (3) working days of the excursion or else shall forfeit his right to participate in the excursion in the following year. If the employee so fails to return the money within three (3) working days it will be recovered in four (4) monthly installments commencing from the month in which the loan was granted or from any lump sum payment that may be paid to him during the said four (4) month period such as Bonus or NRCLG and the entirety of the loan shall be recoverable from such lump sum payment less any amount already deducted from wages.

(iii) Each employee who participates in the excursion will be paid an advance against the NRCLG of not more than seventy five percent of the balance due as at that date and this advance will be paid one day prior to the date of departure on the excursion.

(iv) The office bearers of the branch union will be responsible for the good conduct and safety of the employees during the excursion. Any liability arising from damage to public or private property by participants in the excursion will be met by the individuals responsible or, if this is not possible for any reason, by all employees who participated in the excursion.

(v) In the event of complaints of misconduct and damage received by the company alleged to have been committed by participants in the excursion, the company will investigate such complaints and if found to be true, the company reserves to itself the right to take whatever action it deems fit depending on the nature of the misconduct of participants or the extent of damage to private or public property.

29. **Education and Welfare.** – (i) The Company shall provide a gift of Rs. 10,000/- when a child of an employee enters University.

(ii) Where a child of an employee obtained eight D's at the ordinary examination, a gift voucher of Rs. 5,000/- will be gifted.

30. **Relocation at Piliyandala.** – The Company will continue to pay a relocation allowance of Rs. 460/- to employees who were there at the time of relocation of the factory to Piliyandala.

31. **Loan.** – (i) An employee who has completed one year but not five years would be entitled to a loan of Rs. 6,000/-; or where he has more than 5 years service but less than 10 years service he would be entitled to Rs. 8,500/-; or where the service exceeds 10 years Rs. 14,000/-. These loans will be given once the current loan is recovered.

(ii) An employee who is eligible should not have any outstanding loans and should not have authorized deductions exceeding 50% of his salary in terms of the law.

(iii) Bank rates of interest shall be charged.

(iv) Repayment shall be in twenty-four (24) installments.

(v) Current loan will be recovered only by January Two thousand and seven.

32. **Death Donation.** – (i) On the death of an employee, the Company will make a death donation of Rs. 30,000

(ii) In the event of such death, the Company will release a van enabling representation at the funeral if it is held within a Seventy five mile radius.

(iii) The Company will close at 12 noon on the day of the funeral, 6.00 a. m. to 2.00 p.m. shift and the day shift employees will be released at 12.00 noon. Second and third shift employees will be granted duty leave.

33. **Long Service Award.** – (i) Employees who complete 25 years of uninterrupted service will be entitled to receive a half a gold sovereign on the first working day of the following year.

34. **Retiring Employees.** – (i) Employees who retire from the services of the company after completing 25 years if uninterrupted service a Plaque will be given at the management discretion.

35. **Forfeiture Of Wages.** – Unless for cause shown to the employer's satisfaction and employee fails to hold himself available for work throughout the normal working hours on each working day he shall forfeit and the employer will be entitled to deduct from his wages for the period from the time at which such failure occurs until the time at which he is against available for work.

36. **Disciplinary Action.** - Where the employer purposes to proceed against an employee then -

- (i) Irrespective of whether the employee has been suspended or not the employee will be furnished with a show cause notice which will set out the particulars of the charge or charges of misconduct alleged against such Employee and such show cause notice will give the employee not less than three (3) clear working days in which to give the answer or the explanation to the charge or charges preferred.
- (ii) Within three (3) clear working days after the date of the show cause notice, the employee will furnish in writing to employer the answer or explanation to the charges against such employee.

Provided however that if in the circumstance it is reasonable the employee may ask the employer for an extension of the time within which to furnish the written answer the explanation to the show cause notice and where such request is made by employee to the employer, the employer will grant such request for such further period of time as is deemed necessary circumstances of the case.

- (iii) If the Employer is satisfied with the written answer or explanation of the employee, the employee if he is under suspension forthwith be reinstated and will be paid all wages and entitlements due for the period of such suspension.
- (iv) If the Employer is not satisfied with the written answer or explanation of the employee to the show cause notice and such answer or explanation is rejected by the Employer, the Employer will commenced an inquiry within ten (10) working days from the date of receipt by him of the written answer or explanation to the show cause notice.
- (v) After holding such inquiry the employer will notify the employee of the findings on each of the charges in the show cause notice and the punishment, if any, imposed by the employer. Provided that if an employer fails to make an order except for reasons beyond the control of the employer on the charges in the show cause notice within thirty (30) working days from the conclusion of the inquiry in to such charges, the employee shall not be liable to be punished thereafter in the respect of such charges and no inference adverse to the employee in respect of such charges will be drawn from such charges.
- (vi) If the employee is under suspension and the employer after such inquiry makes order that.
  - (a) The employee shall not be dismissed then the employee will resume employment forthwith and will subject to any period of suspension that may be imposed as a punishment be paid all wages and entitlement due for the period of suspension irrespective of such other punishment less than dismissal that may be imposed by the employer on the findings as the charges in the show cause notice.
  - (b) The employee shall be dismissed the employee's dismissal shall take effect from the date of the employees suspension and accordingly the employee shall not be paid for the period of suspension.
  - (c) In view of the serious of involved nature of the charges in the show cause notice against the employee, the employee is unable to make final order as it is necessary and desirable that the matter be referred to the police or other authorities for further investigation or inquiries and that the matter be therefore referred to the police or other authorities or in view of the serious or involved nature of the charges preferred against the employee the matter had been previously refer to the police or other authorities for investigation or inquiries that the outcome of such investigation or inquiries that the outcome of such investigations or inquiries be awaited, than in either of such circumstance the employee may remain suspended without pay.
- (vii) If any case where an employee is suspended the employer fails to make an order under paragraph (a) to (c) of the preceding sub clause for any reason other than of the Employee's own seeking within thirty (30) working days from the date of the Employee's suspension, the Employee shall be entitled to half his normal remuneration for the period of thirty (30) days from the date of such suspension and to his full remuneration for the period of suspension in excess of thirty (30) days up to the date on which the Employer makes an order under paragraph (a) to (c) of the preceding sub-clause, irrespective of the outcome of the inquiry.
- (viii) In any case where an employee is suspended as provided herein the employer shall make an order under paragraph (a) to (c) sub clause (vi) within ninety (90) days of the date of suspension of the employee unless he is prevented from so doing by reason of the Employee's own seeking or for reason beyond the control of the Employer or it is agreed between the Employers' Federation and the Union that in the circumstances of the case the period of ninety (90) days be extended for such further time as may be agreed.
- (ix) An Employer shall not be required to hold an inquiry as referred to in sub-clause (iv) and (v) hereof where the Employer proposes to warn the Employee or where the Employee admits to charge or charges. Provided however that if the Union disputes the warning or punishment imposed on the Employee by the Employer and requests the holding of an inquiry the