



# ***Social Compliance Procedure Manual***

HUMAN RESOURCES DEPARTMENT

	<b>Page No</b>
LIST OF CONTENT _____	01
1. POLICY ON LAWS AND WORK PLACE REGULATIONS _____	02
2. POLICY ON PROHIBITION OF FORCED LABOUR _____	03
3. POLICY ON PROHIBITION OF CHILD LABOUR _____	04
4. POLICY ON PROHIBITION OF HARASSMENT OR ABUSE _____	05
5. POLICY ON MPENSATION & BENEFITS _____	07
6. POLICY ON HOURS OF WORK _____	08
7. POLICY ON PROHIBITION OF DISCRIMINATION _____	09
8. POLICY ON FREEDOM OF ASSOCIATION _____	11
9. POLICY ON HEALTH & SAFETY _____	12
10 .POLICY ON ENVIRONMENTS _____	13
11. POLICY ON CUSTOM COMPLIANCE _____	14
12. POLICY ON RETRENCHMENT _____	15
13. POLICY ON ETHICAL CONDUCT _____	15
14. POLICY ON RECRUITEMENT, SELECTION, AND INACTIVE MPLOYMENT _____	16
15. SEPARATION POLICY _____	18
15. POLICY AGAINST HUMAN TRAFFICKING AND SLAVERY _____	22

## 1. Policy on Laws and Work Place Regulations

As our company is governed by the National Labor Laws, particularly we are Complying with these laws and regulations,

- ✓ Wages Board Ordinance (Garment Manufacturing)
- ✓ Factory's Ordinance Act No 45 of 1942
- ✓ Employment of Women, Young Person & Children Act No. 47 of 1956
- ✓ Shop & Office Act No. 19 of 1954
- ✓ Industrial Dispute Act No. 43 of 1950
- ✓ Workmen Compensation Ordinance
- ✓ Gratuity Act No 12 of 1983
- ✓ Termination of Employment (Special Provision) Act No 45 of 1971
- ✓ Employees Provident Fund Act No15 of 1958
- ✓ Employees Trust Fund Act No 46 of 1980
- ✓ Maternity Benefits Ordinance No 32 of 1939
- ✓ National Environment Act Act No. 47 of 1980
- ✓ BOI Labor Standards
- ✓ BOI Environment Guidelines
- ✓ BOI Worker Council Guidelines
- ✓ BOI Engineering Guidelines

### **Responsibility**

Director  
General Manager Operations  
Factory Manager,  
HR & Compliance Manager  
Technical Manager

### **Procedure**

- ❖ When the orientation programmed is done for new employees and makes them aware of the said rules and regulations regularly.
- ❖ Copies of the labor Laws (Factory's Ordinance, Wages Board Ordinance & Industrial Dispute Act) and company standing orders, is distributed to the employees at the recruitment.
- ❖ Notices of such labor laws and company standing orders are displayed in the public areas.
- ❖ Internal public addressing media communicates special announcements such as new regulations and practices.
- ❖ We are a member of the Employers' Federation of Ceylon and they will inform the update any amended labor laws acts and ordinances to the Company.
- ❖ A memo or the photo copy of the amended laws should be sent to the relevant managers of the company.
- ❖ Any amendments of the labor laws will be notified in writing to the workers council
- ❖ A notice in local language is displayed on the notice boards and announcements are made through the public address system
- ❖ The workers education section of the labor department and other professionals conduct internal training sessions for the employees.

## *2. Company policy on Prohibition of Forced Labor*

---

The company shall not use any indentured or forced labor in the manufacturing process. All applicants for employment in the company voluntarily seek employment not under any forced condition.

### **Responsibility**

Director  
General Manager Operations  
Factory Manager,  
HR & Compliance Manager  
Technical Manager

### **Procedure**

- ❖ Our labor is employed on a contract of employment, which is open ended, and the terms and conditions of employment are mutually agreed.
- ❖ Every employee should submit an application for the post he / she applied for.
- ❖ The recruitment of labor is done on advertisement and walk – in interviews. On selection, a letter of appointment is issued to the employees according to their posts.
- ❖ Awareness of policies will be given to all existing employees and new employees. The handbook containing policies will be given to all employees. Their individual acknowledgement shall be filed in their personnel files.
- ❖ A clause is included in the application letter that the applicants seek employment voluntarily.

### *3. Prohibition of Child Labor*

---

As defined in the National Labor Law (Employment of Women & young persons act) "young Persons " should not recruited for the company. Minimum hiring age of employees should exceed 16 years.

#### **Responsibility**

Director  
General Manager Operations  
Factory Manager,  
HR & Compliance Manager  
Technical Manager  
HR assistant

#### **Procedure**

- ❖ We verify the age on the production of the original Birth Certificate issued by the Registrar Births & Deaths
- ❖ The identity of the applicants is crosschecked against the birth certificate by checking the national identity cards on which the date of birth, full name and a photograph of the applicants are affixed.
- ❖ Mostly the school leavers are recruited after producing the leaving certificate issued by the school. After checking the authenticity of the above documents'
- ❖ Should verify through the physical appearance
- ❖ For those who are between 16 -18 of age the following steps should be taken in the employment.
  - Over time should restricted to 50 hours per month
  - Employees are not engage in night work
  - Special register is maintained for them
  - Special identity card should be given
  - They should be given 1.0 O'clock Off on every Saturday
  - They cannot work in packing, loading, unloading, ironing and as cutters

#### *4. Policy on Prohibition of Harassment or abuse including sexual harassment*

---

Employee / employees should not be subjected to any abuse and all types of harassment (Physical / verbal / sexual / psychological) by employee/ employer, or any other party of the company. There should not be any abuse between employee and employee, employees & employer or any other party of the company. All the employees are bound to follow the zero abuse policy at the facility and any type of harassment is not accepted at the company. If there is any such abuse at the company immediate notice of such complaint should be lodge to the Personnel Department verbally or in writing "It is the policy of the Company to promote a productive work environment and not to tolerate verbal or physical conduct by any employee that harasses, disrupts, or interferes with other's work performance or that creates an intimidating, offensive, or hostile environment.

#### **Responsibility**

Director  
General Manager Operations  
Factory Manager,  
HR & Compliance Manager  
Technical Manager  
Production Manager

#### **Procedure**

##### **1. PROHIBITION OF HARASMENT**

- (1) No supervisor or manager is to threaten or insinuate, either explicitly or implicitly, that an employee's refusal or willingness to submit to sexual advances will affect the employee's terms or conditions of employment.
- (2) Other sexually harassing or offensive conduct in the workplace, whether committed by supervisors, managers, non-supervisory employees, or nonemployees, is also prohibited. This conduct includes:
  - a) Unwanted physical contact or conduct of any kind, including sexual flirtations, touching, advances, or propositions;
  - b) Verbal harassment of a sexual nature, such as lewd comments, sexual jokes or references, and offensive personal references;
  - c) Demeaning, insulting, intimidating, or sexually suggestive comments about an individual's personal appearance;
  - d) The display in the workplace of demeaning, insulting, intimidating, or sexually suggestive objects, pictures, or photographs;
  - e) Demeaning, insulting, intimidating, or sexually suggestive written, recorded, or electronically transmitted messages.

- (3) Any of the above conduct, or other offensive conduct, directed at individuals because of their race, national origin, religion, disability, pregnancy, age, or military status is also prohibited.

## **2. WHAT TO DO WHEN THERE IS HARASSMENT:**

Any employee who believes that a supervisor's, manager's, other employee's, or non - employee's actions or words constitute unwelcome harassment has a responsibility to report or complain about the situation as soon as possible. The report or complaint should be made to the employee's supervisor; or to the HR Manager if the complaint involves the supervisor or manager. Complaints of harassment will be investigated promptly and in a confidential manner. Employees are required to cooperate in any investigation.

## **3. COMMITMENT OF MANAGEMENT:**

- ✓ **No toleration:** Any employee, supervisor, or manager who is found to have violated the anti-harassment policy will be subject to appropriate disciplinary action, up to and including termination. However, if an investigation of a complaint shows that the complaint or information was false, the individual who provided the false information will be subject to disciplinary action, up to and including termination.
- ✓ **Confidentiality:** Participants in the investigation should not discuss the subject with co workers. Witnesses should be told as little as possible about the complaint. The Management makes a promise of confidentiality unless information may have to be disclosed to other members of management or legal authorities or may be needed in subsequent agency or court proceedings.
- ✓ **No Retaliation:** The Company prohibits any form of retaliation against employees for bringing bona fide complaints or providing information about harassment. Witnesses and other employees should cooperate with management so that you will be protected.

## ***5. Policy on Compensation & Benefits***

---

The company shall pay employees salaries & wages overtime and other in accordance with the terms and conditions indicated in the letter of appointment of employees. These payments shall not be less than the minimum amounts stipulated by the wages boards for the relevant category employees and shall be paid with in 10 days after the end of the month.

### **Responsibility**

Director  
General Manager Operations  
Factory Manager,  
HR & Compliance Manager  
Technical Manager  
Accounts assistant

### **Procedure**

Should post the legal minimum wage rate and additional information in local language at the company premises. A pay sheet should be given to all employees in local language stating their basic salary OT payment other earning and deductions. Should utilize and maintain an organized system of record keeping. Should retain the pay roll records to support compensation including over time.

A bar code is given to employees to mark their attendance in and out, which helps to maintain an organized system of record keeping. Total deduction from salary should not exceed 50%  
.Providing awareness through Orientation regarding Wage, OT Calculation, EPF, ETF Contribution etc

## 6. Company Policy on Hours of Work

Overtime work should be voluntary. No employee shall be forced to work overtime. Any employees who wish to leave after normal working hours will be permitted to leave the factory without obtaining any approval from factory authorities. Employee who wishes to work overtime voluntarily should sign consent form before starting work.

It is company policy to adhere to the local laws pertaining to the hours of work, which is generally on 8 hours per day and 45 1/2 hours per week. The total working hours per week for all employees (above 18 yrs) should not exceed 60 hours including over time. Total overtime hours for all employees should not exceed 60 hours per month. The over time employment of young person should not exceed 50 hours a month. The period of employment for women or young person should not exceed 12 hours any day (including intervals).

In other conditions relating to Employment of Females in Industrial undertakings, the following restrictions on over time Apply An employer shall not engage in overtime: -

- a. A Woman during her pregnancy, or
- b. A nursing mother for a period of one (01) year from the date of birth of the child, or
- c. A woman delivered of a stillborn child for a period of three (03) months from the date of such stillbirth.

All pregnant employees may request for Over Time from the management by writing a letter giving their consent to work over time during the period of pregnancy of 9 months.

### **Responsibility**

Director  
General Manager Operations  
Factory Manager,  
HR & Compliance Manager  
Technical Manager  
All Managers

### **Procedure**

- ❖ A rest day should be given 1 in 7 days. (For the Garment trade Wages Board Weekly holyday is a Sunday)
- ❖ The employee's written consent should be taken for over time work
- ❖ A bar code is provided to every employee to punch at the arrival and departure
- ❖ Female Employees written consent & prior approval from Labor department should be obtained for Night work from 10pm to 5am.
- ❖ Interval / rest time is provided at every 4 1/2 hours.



## 7. Company Policy on Prohibition of Discrimination

Any employee of the Unilak Fashions shall not subject to discriminate in employment, salary benefits, advancement, discipline, termination, or retirement on the basis of gender, due to Pregnancy, race, religion, age, nationality, political opinion, social or ethnic origin. Employees are free to join associations of their own choosing. The company feels that equal treatment of employees is the fairest and best way to establish a productive work environment, which fosters the highest possible performance. The policy of anti-discrimination is established in order to promote the concept of prohibition of discrimination within the organization.

### **Responsibility**

Director  
General Manager Operations  
Factory Manager,  
HR & Compliance Manager  
Technical Manager  
All Managers

### **Procedure**

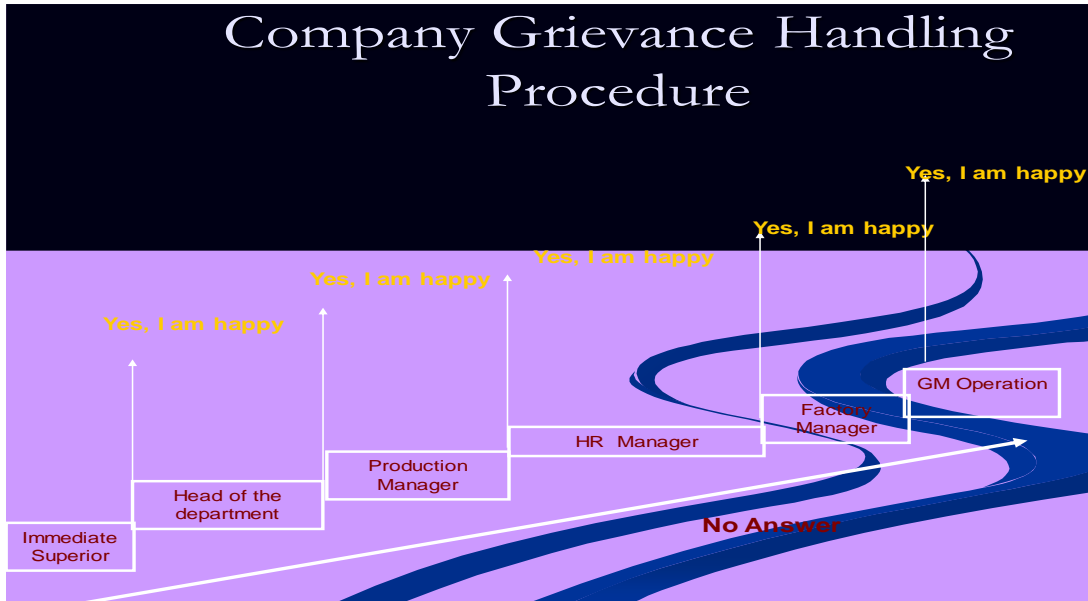
1. Unilak will employ workers on the basis of individual performance and potential, not on the basis of their personal characteristics or belief. The fact of having a family relationship with another employee, no matter where in the hierarchy, does not justify advantage of any kind.
2. Unilak will not subject any person to discrimination in employment, including hiring, salary, benefits, promotion, discipline, termination or retirement... on the basis of gender, Pregnancy, race, religion, age, marital status, physical features, disability, sexual orientation, pregnancy, nationality, political opinion/ belief or social or ethnic origin.
3. Unilak will recognize and respect the legal rights of employees to free association.
4. If there is any contravention of the abuse policy at the company immediate notice of such contravention should be lodge to the Personnel Department verbally or in writing Suggestions / complain box is provided to lodge the complaints
5. Disciplinary actions will be taken against those who violate the policy
6. Training programmed on the anti discrimination policy will be notified at the orientation programme.
7. External parties (drivers / container drivers) shall be informed about the policy
8. Any Female applicant will not be subjected to pregnancy test at the selection
9. Process

### **Grievance procedure:**

Any employee who feels aggrieved for having been discriminated may follow up the grievance procedure of Unilak mentioned in Employee Hand Book or he/she can submit a complaint to Personnel Department through the Suggestion Box placed at the toilets. Suggestion box will be open by the HR Manager once a month & action will be poster in public notice boards.

## What to Do When There Is Discrimination

Any employee who believes that a supervisor's, manager's, other employee's, or non - employee's actions or words constitute unwelcome harassment or discrimination has a responsibility to report or complain about the situation as soon as possible. The report or complaint should be made to the employee's supervisor; or to the department head or HR Manager if the complaint involves the supervisor or manager. Complaints of harassment will be investigated promptly and in a confidential manner. Employees are required to cooperate in any investigation



## *8. Policy on Freedom of Association*

---

Every employee has the freedom of joining or not joining to the trade unions, which are registered under the Trade Union Ordinance 14 of 1955

### **Responsibility**

Director  
General Manager Operations  
Factory Manager,  
HR & Compliance Manager  
Technical Manager  
All Managers  
HR Executive

### **Procedure**

- ❖ Mention about the prevailing workers' council at the company
- ❖ Recognized council - selected officials from each sections and check off facility is given
- ❖ Encourages collective bargaining between the council and the management
- ❖ Negotiation with the council
- ❖ Employees who have not joint to the council can discuss with the HR Manager.
- ❖ A grievance procedure is laid down and employees are aware of it. According to Grievance Procedure any grievance can be forwarded to the relevant authorities.

## 9. Company Policy on Health & Safety

---

Unilak Fashions is committed to do all that is reasonably practicable to minimize the risk of any foreseeable hazards which may result in personal injury, occupational health and industrial hygiene issues damage to property, fire and /or security loss. We will continuously improve our standards of safety so as to ensure the well being of those working on visiting and living in the vicinity of our premises. Our strategy is to

- ✓ Comply with all relevant national legislations and standards of the Unilak Fashions and the ethics & codes of the buyers
- ✓ Identify all hazards, which may cause injury, ill health or property damage and continuously improve the equipment and procedures to eliminate or minimize the risk of exposure
- ✓ Assess health and safety risks introduced through improvements to plant processes and formulations at the early stages of the changes and develop, design , purchase and maintain plant and process to minimize the risks
- ✓ Provide appropriate training and disseminate information on health & safety for all its employees
- ✓ Store, transport, handles chemicals stores accessories, raw materials, finished goods and waste material in accordance with appropriate safety standards
- ✓ Measuring of Noise level, Lux level, & take necessary action to prevent hazard.

### **Responsibility**

Director  
General Manager Operations  
Factory Manager,  
HR & Compliance Manager  
Technical Manager  
All Managers

## *10. Company Policy on Environment*

---

We at Unilak Fashion believe that we are the Best children wear Manufacturer in Sri Lanka by becoming a company of fun people serving happy customers. In achieving this, that we can have a sustainable corporate growth by aiming at eliminating all kind of waste and producing right Quality garment, in right Quality ,at right Time (QQT)

### **Responsibility**

Director  
General Manager Operation  
Factory Manager  
Human Resource Manager  
Technical Manager  
All Managers  
Supervisors

### **Procedure**

We respect for right of existence for lives of other beings and committed to conserve and preserve natural resources around us by constantly monitoring and preventing pollution. And those to comply with the relevant Environmental legislations & regulations, we shall continuously strive to reduce the waste generated by our processes and encourage effective reuse, recycle and rework strategies. And shall train all our employees on Environmental protection and them to retain and make required changers in their activities we shall operate within the requirements of an appropriate environmental management system And we will set and review Environmental objectives and targets to bring significant impacts to the optimum level.

## 11. Company Policy on Custom Compliance

Unilak Fashions is committed to the local legal provisions stipulated in the Customs Act as regards transshipment of sewn products. Unilak Fashions ensures that its processes are in line with the Security program during storage and shipping. To prevent finished goods to be tampered altered or replaced, close supervision and control are exercised by the security employees until final delivery to the forwarders.

### **Responsibility**

Director  
General Manager Operations  
Factory Manager,  
HR & Compliance Manager  
Technical Manager  
All Managers

### **Procedure**

- ❖ On receipt of a confirmed export order MR department will issue a shipping instruction to the shipping department with necessary details in order to arrange shipment
- ❖ On receipt of the shipping instruction shipping department shall check the actual cargo ready dates from packing department and process the relevant documents and get the approval from BOI /SLPA
- ❖ Once cargo is ready for shipment packing department shall issue a packing list for the shipment quantity/ Based on shipment quantity , shipping department staff shall arrange vehicles to transport the goods to consolidators yard / port after BOI verification
- ❖ On arrival of vehicles for loading of export cargo, packing department staff shall inspect the vehicle container condition before they load the goods. After they are satisfied with vehicle / container condition they shall load the goods into the Lorries / containers under security supervision and seal the Lorries containers.
- ❖ A representative from the company shall accompany the goods until they are delivered to buyer consolidator's yard / port to protect goods from any damage and pilferage.
- ❖ Once the goods are put on board, freight forwarder shall issue a forwarders cargo receipt (FCR)/ bill of lading (B/L)on receipt of FCR – B/L along with other shipping documents a full set of shipping documents shall be couriered to buyer / buyers for their customs clearance.

## *12. Company policy on Retrenchment*

---

Unilak Fashions recognizes its responsibility as an employer. As such, it does not terminate the services of its employees without good reason and accepts that staffs need security of employment. The facility, however, also recognizes that operational and financial needs may, from time to time, require a reduction in expenditure, which cannot be achieved without a reduction in staffing levels. Whenever possible, this will be achieved without retrenchment / redundancy, but where unavoidable,

### **Responsibility**

Director  
General Manager Operations  
Factory Manager,  
HR & Compliance Manager

### **Procedure**

Reduce staff by natural attrition,  
Temporarily suspend new recruitment,  
Transfer / appoint a suitable post in the factory,  
If above fails, finally lay off with severance package as per legal requirements consult with Government Department of Labor when laying off, operational requirements, length of service, skills and performance, etc. will be considered.

## *13. Policy on ethical conduct*

---

Unilak fashions shall maintain with highest ethical standards and should not be involved in any form of corruption, extortion, bribery, fraud, false declarations counterfeiting.

- ETI Training will be provided annually for all employees.
- When a Supplier receives any report of suspicious misconduct, an internal investigation should be conducted within five 03 working days. Corrective action shall be made when it is necessary.
- Any employees who have been confirmed to have engaged in bribery, corruption and fraudulent behaviors disciplinary action will be taken as per the disciplinary code.

### **Highest Standards of Ethical Conduct**

. Unilak Fashions must not engage in any form of corrupt practices such as extortion, fraud, false declarations or bribery.

## 14. Policy on Recruitment, Selection, and Inactive Employment

Unilak Fashions will recruit employees on their own free will for the available vacancies and will not use involuntary or forced labor indentured, bonded or otherwise. The minimum age for recruitment is 16 years.

### **Responsibility**

Director  
General Manager Operations  
Factory Manager,  
HR & Compliance Manager

### **Procedure –**

- Vacancies will be existed according to employee's cadre report. And HR Manager will be responsible to fill the manpower in accordance with company budgeted cadre.
- The suitable vacancies will be communicated in following Medias.
  - ✓ Direct interview
  - ✓ Hand bills
  - ✓ Poster campaigns
  - ✓ Recruitment campaigns
- Written application forms are submitted to HRd dept. in their own free will. All interviewers confirming their seeking employment is voluntarily and are not under threat or any penalty.
- Upon receiving application, HR Manager will conduct the interview. Interview criteria are as follows.
  - ✓ Age verification
  - ✓ Physical background
  - ✓ Family background
  - ✓ Educational background
  - ✓ Professional qualification
  - ✓ Work experience
  - ✓ Documentation review

### **Recruitment, Selection, and Inactive Employment**

- Selected candidate will be forward to a technical/professional test
  - ✓ Machine Operators – Industrial Engineering Department
  - ✓ Trainee Machine Operators – Training Section Instructor
  - ✓ Others – Relevant Department heads
- Applications of those who are rejected at the first interview are kept separately in Rejected Applications File and applicants who are being hold at the first interview are kept in the Hold Applications File.
- Applicants who passed the technical/professional test, will forwarded to the medical centre for a medical/fitness test. Female employees will not be test pregnancy test.
- Selected applicant will be given a letter to reporting to work. The letter contains the following.
  - ✓ Employee name



- ✓ Date of Starting work
- ✓ Department and Section
- ✓ Authorized signature
- ✓ Certificates request
- Copy of Birth certificate – compulsory
- Copy of NIC – compulsory
- Copy of Grama Niladhari certificate – compulsory
- Copy of marriage certificate – not compulsory
- Copy of Police Clearance Certificates – Only for Stores, Finishing Employees.
- On the very 1st day of work the company will be completed following areas.
  - ✓ Issuing EPF number and filling the ABH forms for EPF registration.
  - ✓ Issue a photo attached Identity Card for.
  - ✓ Create a personnel file
  - ✓ –Personal file include following certificates
- Check List
- Photo
- Copy of signed employee appointment letter
- Copy of NIC card (To prove the age)
- Copy of Birth Certificate (To prove the age)
- Grama Niladhari Certificate (For employee background check)
- Marriage certificate (If available)
- Educational certificates / Result sheets (If available)
- Professional certificates / Result sheets (If available)
- Appointment Letter carries following details.
  - ✓ Employee Name, Employee EPF No., Effect Date
  - ✓ Designation
  - ✓ Basic Salary
  - ✓ Working hours and Overtime
  - ✓ Leave and holidays
  - ✓ Probationary Period and Confirmation
  - ✓ EPF/ETF and Gratuity
  - ✓ Contributions and Deductions
  - ✓ Cessation of employment

### Inactive Employment

1. Resigned employees.
2. Vacation of post employees.
3. Terminated employees.

### Resigned Employees

- Employees shall resign at their own accord by giving one month prior notice to the company.
- Resignation letters are accepted by the HR Department through relevant HOD.
- HR Department will do the exit interview and fill the **Clearance Form**.
- HR Department will be informed resigned employee to collect their due payments within 30 days from the resigned date.
- Last Month Net Salary – 10th of respective month
- Gratuity payment if an employee is over 05 year service.
- Accepted letter of resignation will be attached to employee personnel file.

## 15/.SEPARATION POLICY - A-(Voluntary)

---

Any employee leaving is a loss of knowledge and value for the company .Our attempt will always be to retain our talent and make all efforts to do so. In the event, a employee decides to leave should understand their reasons in depth and learn their perspective.

A detailed exit process is carried out for all employees leaving Unilak Fashions .This is necessary from security, financial, administration, and asset management and information management perspective. The exit process applies to all employees leaving the company whether they are permanent employees or on probation period.

This policy applies to Employees who are resigning from the company, voluntarily.

### **Procedure**

#### **Notice period & relieving**

When employee resigns, the in charge should attempt to understand his reasons and identify means to retain the employee. In case, there is no possibility of retaining the employee the exit process should be initiated.

The notice period to be served will be as per agreement.

During the notice period it is essential that the necessary information is transferred to another designated team member under supervision of the Head of the Department or perspective in charge as appropriate.

#### **Exit Interview**

On receipt of the resignation letter HR will conduct the exit interview.

The exit interview records are important because they capture the perception of the people who are leaving the organization. The exit interview discussion with the employee is documented and will be shared with the section in charge; the exit interview analysis would throw light on how the work, the management and the manager are perceived by the employees. These could serve as inputs for improvement programs - both for company and the in charges themselves.

The exit interview will also facilitate the process of return of all company assets such as company photo ID , uniform, safety materials, trimmers, keys, PCs, mobile phones, security passes and any other materials given from the company,

#### **Full & final settlement**

- The employee is to get the necessary sign offs on the clearance form, from the concerned departments and hand over the necessary documents for his/her relieving to the HR on the last working day for his/her final settlement HR will give all the required inputs needed to process the full and final settlement of the worker like accrued leave, pay in lieu of notice etc to the accounts.
- The employee final settlement will be processed once all documents are received and submitted to the accounts The accounts will ensure that the employee's final settlements are carried within a period of one month

- **SEPARATION POLICY B.(Involuntary)**

Each employee is considered key member in maintaining quality of our business operations. Maintaining integrity is a vital part of our business and the behavior of each employee reflects the success of our organization. When prevailing circumstances justify such action in relation to an employee, the company's management reserves the right to subject that employee to corrective action up to and including termination of employment. A Corrective Action Policy has been developed which enables the company to deal effectively and consistently with employee related issues in a fair and just manner.

The policy is intended to be a guideline and is not all-inclusive as circumstances and incidents may vary. This guideline is not intended to limit the right of the company to discipline or terminate employees at any time at its sole discretion where the company's opinion is that such steps are justified.

Unilak Fashions reserves the right to change or modify the policy-set forth below at its discretion and without prior notice to employees. This policy is not intended to and does not constitute a contract of employment.

This policy applies to Employees who are being separated from the company, involuntarily.

### **Progressive Disciplinary Steps**

Where the company finds the employee's performance, behavior or conduct warrants such action, company may, at the discretion and judgment of management in appropriate circumstances, pursue the following steps for disciplinary action. If an employee fails to respond to coaching and/or informal counseling, the following action would provide the framework for corrective measures.

#### **1. Initial Verbal Warning**

This is basically a problem solving session wherein the Immediate Supervisor / Reporting Manager conduct a "verbal discussion" related to the performance problem in a private conversation with the employee. The employee is reminded of the need to adhere to and be committed to the work rules and the organizational standards.

This is a first formal step in the disciplinary process and the respective supervisor should end the discussion on a positive note by reiterating the confidence in the employee and the ability to take corrective action within the prescribed timeframe.

The discussion should be documented for reference, with a copy to the Department & HR, even though it only constitutes a verbal warning, as this initial warning will chalk the path for a second verbal discussion before moving to the Second Warning Stage.

The onus of initiating the initial oral warning and the documentation thereafter lies solely with the Supervisor and the Department Head. The Department Head will also be required to keep the HR informed about the same and a note with proof will go into the Personal File of the employee.

#### **2. First Written Warning**

Within 3 weeks of the Initial Verbal Warning, if the problem persists the Immediate Supervisor along with the Department Head and HR will conduct a formal discussion with the employee and fully describe the incident and/or action that may have resulted in the next warning, i.e. this First Written Warning.

The Manager must set the expectation that the employee within the specified time frame must show significant improvement in his/her performance. Also reconfirm the employees understanding of his/her responsibility to change.

**The 1st Warning Letter will be applicable for a max period of 3 months and the employee must be informed that this is the second step of the Disciplinary Process.**

An **Official Written-Memo** needs to be prepared by HR to meet the commitment for bringing the employee's performance to the required standard-level; the HR manager must draft a detail corrective action-plan for improvement of performance. Copies of all documents will be maintained in the personnel files of the employee.

A copy of the **Memo** along with the detail **Draft-Action-Plan** should be handed over to the employee who should also be informed that this will be a last step in the Positive Discipline process and any further infractions may result in severe action from the management.

### **3. Second Written Warning**

In case the particular act continues to persist even after the 1st warning letter is issued then after a formal discussion with the respective Department Head, HR will issue a 2nd Warning letter to the effect.

The Second Written Warning should comprise of structured documentation highlighting the previous feedback provided to the employee and the improvements, if any. The Functional in charge will also be required to keep HR informed about the same and a note with proof will go into the Personal File of the employee.

### **4. Final Warning**

Final Warning is given when there is occurrence of the act even post the 2nd warning letter. The Final warning could result in the termination/suspension of the employee according to the severity of the case.

Termination normally occurs only when the disciplinary action process has failed to bring about a positive change in the employees performance in an acceptable time frame or in case of gross misconduct. The In charge, in a joint review, will present the case to the CEO/Director and HR.

Prior to termination, the HR must consult FM to help determine whether the previous documentation is sufficient to initiate this step. The termination letter however, can be only authorized by the FM.

A Termination Recommendation note must be completed at this stage and forwarded to the Senior Management. HR will then conduct a private one to one conversation with the employee to determine the facts from both angles.

**HR will reserve the right to approve/disapprove the Termination based on the relevant facts and severity of the case. This will be done in consultation with the Senior Management and will be executed as per the standard process followed by a formal communication to the employee through HR.**

Employment will be immediately terminated, whenever it is deemed necessary in the judgment of the management, including but not limited to the following:

- Engagement in Fraud or other dishonest practices
- Falsification of records
- Violation of Company Policies / Records / Equipments / Systems

- Behaving in a manner that is Threatening, Intimidating or Insubordination
- Removing or destroying company or customer records or property, releasing confidential or proprietary information without appropriate approval
- Being under the influence / use / sale / possession of any intoxicating substance or illegal drugs within the company or customer premises
- Possession of weapons of firearms or gambling on company or customer premises
- Engaging in other acts which would be contrary to the best interest of the Company
- Improper use of Company or customer equipment and systems
- Violations of Sri Lankan laws and regulations
- Breach of Customer and/or Company confidentiality
- Breach of Customer and/or Company personal information confidentiality

In certain cases, the Disciplinary Process may start at the Warning Stage. The seriousness of the offense, history of the past disciplinary action and the totality of circumstances surrounding the affected employees overall performance may contribute to this decision

## 16. Policy Against Human Trafficking and Slavery

This Policy outlines the efforts Unilak fashions will make, seek to eradicate human trafficking and slavery from its work place as well as any of its partners. Unilak opposes any use of slavery or human trafficking in the manufacture its products and fully supports the promotion of ethical and lawful business practices within the workplace. Unilak Fashions will not tolerate or condone any form or practice that constitutes human trafficking or slavery in any part of its manufacturing process or any of its service providers.

The workplace practices that we assure within our manufacturing process include:

1. Not to use slave labor or illegal child labor or forced labor.
2. Will ensure that the overall terms of employment are voluntary
3. Shall follow all local applicable laws pertaining to minimum age requirements, wages, overtime and benefits,
4. Shall follow all local applicable laws pertaining to the number of hours worked in a seven (7) day week,
5. Conduct internal verification periodically and address risks of human trafficking and slavery

### **Responsibility**

Director  
General Manager Operations  
Factory Manager,  
HR & Compliance Manager  
Technical Manager

### **Procedure**

- ❖ All company policies on recruitment, working hours, child labor and forced labor is guided and secure with this policy
- ❖ Awareness of policies will be given to all existing employees and new employees. The handbook containing policies will be given to all employees. Their individual acknowledgement shall be filed in their personnel files.
- ❖ A clause is included in the application letter that the applicants seek employment voluntarily.