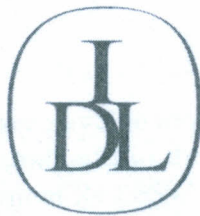


COLLECTIVE AGREEMENT

BETWEEN I D LANKA LIMITED

AND FOOD BEVERAGES & TOBACCO INDUSTRIES EMPLOYEES' UNION



**COLLECTIVE AGREEMENT
BETWEEN I D LANKA LIMITED AND
FOOD BEVERAGES & TOBACCO INDUSTRIES EMPLOYEES' UNION
(MANUAL GRADE EMPLOYEES)**

This Agreement made an entered into on this 24th day of December 2012 between I D Lanka Ltd., a duly registered company having its factory and office at Melfort Estate, Kotalawela, Kaduwela (hereinafter referred to as "**the Company**") and the Food, Beverages and Tobacco Industries Employees Union, a duly registered Trade Union having its registered office at No. 513-1/2, Elvitigala Mawatha, Colombo 5 (hereinafter referred to as "**The Union**").

1. PARTIES COVERED AND BOUND

This Agreement shall cover and bind the Company, the Union and all members of the Union employed in the Company on permanent monthly contracts as at the date of signing this Agreement, unless otherwise stated, and for whom salary scales have been provided in Schedule 1 hereof.

Unless otherwise stated, it is also agreed by and between parties that the terms of this Collective Agreement will be applicable to those employees in the Company who are not members of the Union but who are employed in the categories specified in Schedule 1 on permanent monthly contracts of employment as at the date hereof and to all those who will be recruited by the Company to positions referred to in Schedule 1 hereof during the period of this Agreement.

2. SALARIES OF EMPLOYEES

It is hereby agreed that the salaries of employees covered by this Agreement will be revised as follows:

(i) First Year 2012/2013

- (a) To ascertain the salary payable to an employee with effect from 1st November 2012 the employer shall add to the monthly salary as at 31st October 2012 of each employee, a sum of Rs 1,850/-.

The minimum salary scale applicable to an employee in respect of each category of employment based on grade and period of service are as per the scale set out in Schedule 1 hereof.

- (b) The employees shall also be entitled to a seniority allowance on the rates applicable as follows, which shall also be included for EPF, ETF, Overtime and Gratuity.

- i. Service from 5 yrs to less than 11 yrs Rs 26/25 per year of service
- ii. Service from 12 yrs to less than 16 yrs Rs 16/80 per year of service
- iii. Service of 16 yrs or more Rs 12/60 per year of service

(ii) Second Year - 2013/2014

(a) To ascertain the salary payable to an employee with effect from 1st November 2013 the employer shall add to the monthly salary as at 31st October 2013 of each employee, a sum of Rs 1,500/- and,

(b) In addition the seniority allowance as referred to in (c) shall be revised as follows:

- i. Service from 5 yrs to less than 11 yrs Rs 14/18 per year of service
- ii. Service from 12 yrs to less than 15 yrs Rs 19/95 per year of service
- iii. Service of 16 yrs or more Rs 24/94 per year of service

3. BONUS

During the pendency of the Agreement The Company will pay in December and April of each year a Bonus to employees calculated on the basis set out hereunder.

- i) A sum equal to one and a half (1.5) month's salary in December provided that the Company has operated at a profit during the financial year immediately preceding the bonus payment, and a further half (0.5) month's salary in April at the discretion of the Company. The salary for this purpose shall be the salary paid to employees in the month of November of the year in which the bonus falls due having regard to the position that the financial year of the Company is from 1st October to 30th September.
- ii) The Company agrees to pay an additional sum equal to half month's salary in December each year if the Company achieves the budgeted sales target of in 1.2 million cases in respect of the financial year 2012/13 & the budgeted sales target for 2013/14, respectively.
- iii) In the event of the Company not having made profits in respect of any financial year, the bonus payable shall be restricted to one (1) month's salary per employee in December. The Union, however, reserves the right to raise a dispute in relation to such reduction and should the controlling body of the Union so decide, such dispute shall be pursued under the provisions of the Industrial Dispute Act. It is agreed in this regard, the Union and/or the employee shall not resort to any form of Trade Union action in pursuing such dispute.

4. LOANS

The Company will grant the following types of loans to employees on applications made for such loans on the basis set out hereunder.

- a. Provided the applicant has no outstanding amount on the category of loan applied for.
- b. The retirement date of the employee applying for such loan shall be taken into consideration in the working of the recovery period of the loan.
- c. Ability of the applicants to furnish information, documentation and security as relevant and be complaint with the requirements of the Company for the granting of such loans.

i) Distress Loan

The Company will grant distress loans to employees on applications made for such loans on the following basis.

- a) Employees with over 5 years service Rs 15,000/-. An interest free loan repayable in 12 monthly instalments.
- b) Employees whose service period is 3 years and above and under 5 years of service will be entitled for a interest free loan of Rs 10,000/- repayable in 12 monthly instalments.
- c) Employees whose service period is 1 year and above and under 3 years of service will be entitled for a interest free loan of Rs 7,500/- repayable in 12 monthly instalments.

ii) Housing Loans

Housing loans shall be granted to employees once in five years during their period of service with the company, in accordance with the conditions presently applicable in the following manner.

1. Employees with a service of 3 yrs to less than 8 yrs Rs 60,000/-
2. Employees with a service of 8 yrs to less than 10 yrs Rs 75,000/-
3. Employees with a service of 10 yrs or more Rs 125,000/-

The interest rates shall be determined on the average bank lending rate prevalent and shall apply to these loans on the basis of a reducing balance, and the total loaned amount together with the interest is recoverable within 48 months of granting such loan to an employee.

iii) **Loan to purchase Motorcycle or Three Wheeler**

A loan of Rs 125,000/- shall be made available to employees who have completed one year's (1) service to purchase either an unregistered motorcycle or a three wheeler subject to the tendering of a legally accepted valuation & other terms presently applicable. An employee would only become eligible to apply for a further loan after full repayment and the lapse of 5 years since the last loan.

The interest rates prevalent shall apply to these loans on the basis of a reducing balance, and the total loaned amount together with the interest is recoverable within 48 months of granting such loan to an employee.

5. **WORK ARRANGEMENTS**

In addition to the normal working hours, the Company shall at its own discretion, schedule longer work programmes such as overnight production and work on shift basis to meet market demand as and when required.

These work arrangements shall include a dual shift operation, which shall be worked from 6.00 am to 2.00 pm and from 2.00 pm to 10.00 pm on a continuous basis and without interruption. On the days dual shift is operated, the employer shall pay a 'shift allowance' to employees who attend work on such shifts as follows:

1 st Shift (6.00 am to 2.00 pm)	- Rs 175/-
2 nd Shift (2.00 pm to 10.00 pm)	- Rs 225/-

Where a second shift is not necessary, a single shift will be operated on the basis of the traditional work arrangements (ie. as a single shift) also on a continuous basis and without interruption to production operations.

To facilitate uninterrupted operations the Union and employees agree to avail of the meal intervals on a staggered basis irrespective of the shift being operated (ie. whether or not it is a single or dual shift being operated) as per schedule (2) hereof.

In the event a change of working hours is deemed necessary for the company, ie to change the operations from a single shift to a dual shift or 'vice versa' as the case may be, such changes will be notified seven (7) days prior to the implementation. The modalities of implementing of such work arrangements shall be decided upon after consultation with the Union. It is also agreed that the employees shall extend their co-operation in relation to such work arrangements.

6. MONTHLY PERFORMANCE BONUS

The Company agrees to pay a Monthly Performance Bonus (MPB) based on local liquor sales of a minimum of 50,000 (9 ltr cases) per month on the basis of the scale hereunder with effect from 1st November 2012.

Number of Cases in (000)	Applicable MPB per employee in (Rs)
50 - less than 60	3,000
60 - less than 70	4,500
70 - less than 75	6,000
75 - less than 80	6,500
80 - less than 85	7,000
85 - less than 90	7,500
90 - less than 95	8,000
95 - less than 100	8,500
100 - less than 105	9,000
105 - less than 110	9,500
110 - less than 115	10,000
115 - less than 120	10,500
Over 120	15,000

7. PRODUCTION INCENTIVE

The Company will contribute Rs 5/-- per 9 litre case produced towards a production incentive pool during the month and distribute to each employee in an eligible category (excluding those earning a sales commission/bonus) on a pro-rata basis, on the number of hours actually worked by each eligible employee during the entire month. Any period of prior approved annual leave obtained by an employee will be regarded as hours worked for the purpose of computing this incentive payment.

The Company shall also take into consideration of both shifts in the event of a dual shift operation period, as set out in clause five (5) above, for the purpose of calculating the production incentive.

8. SALES COMMISSION/BONUS

The Company will pay Rs 1/40 per 9 litre case to employees engaged in the delivery of finished goods from the factory/company warehouse/depots to customers.

In the transfer of finished goods between and among the factory and or company operated warehouses/depots, a payment of cts. 20 per 9 litre case shall be paid.

9. BATA RATES FOR DELIVERY STAFF

The following rates shall apply to Distribution Staff engaged in work during the time of such meals.

Bed tea	-	Rs 30/-
Breakfast	-	Rs 100/-
Morning tea (10 am)	-	Rs 30/-
Lunch	-	Rs 150/-
Afternoon tea (3 pm)	-	Rs 30/-
Evening tea (6 pm)	-	Rs 60/-
Dinner	-	Rs 150/-

This revision will be effective from 25th December 2012.

10. LATE WORK INCENTIVE FOR MANUAL CATEGORIES

The Company will pay a sum of Rs 75/- per employee for work performed in the factory premises from 5 pm up to 8 pm or thereafter, provided that the total duration for such work shall not be less than three hours.

11. ANNUAL PICNIC

During the pendency of this Agreement the Company will make a grant of Rs 3,500/- per employee who participates in the annual picnic organized by employees of the Company. Further, air-conditioned bus/busses, depending on the number of employees participating and seating capacity, shall be provided by the Company to cover a maximum travel distance of 650 km.

In the event of there being no annual picnic in respect of any year, no grant will be made on such account and the Company will not carry forward this amount to a subsequent year.

12. UNIFORMS

Uniforms provided to employees annually will be four (4) T-shirts and Three (3) trousers.

In order to enhance the hygiene standards of the Company, employees are prohibited from wearing the Company uniforms outside the premises of the factory and the location where work is assigned.

13. DUTY LEAVE FOR UNION SECRETARY

A half working day of each month is allowed as duty leave to the Branch Union Secretary for union work with the prior approval of the officer responsible for Employee Relations, Head of Department or the Chief Operating Officer.

14. VARIATION OF TERMS AND TRADE UNION ACTION

The Union and the employees covered and bound by this Agreement on their part agree that;

- i) During the continuance in force of this Agreement, the Union and employees shall not seek to vary or alter any term or condition of this Collective Agreement or make any demands relating to the payment or increase of any monetary benefits to employees whether by way of a salary revision or otherwise.

- ii) During the pendency of this Agreement the Union and the employees shall not engage in strike or any other form of trade union action in respect of any dispute that may arise between the Union and the Company and or the employees, and except in a situation where in the opinion of the controlling body of the Union, the Company acts in a manner calculated to threaten or undermine the existence of or the legitimate activities of the Union in relation to an industrial dispute and the Company is given 14 days written notice of such action.

15. MOBILITY OF LABOUR

If work is temporarily not available for a General Worker in the Department where such employee is normally assigned work at any given time, or in the event the services of a General Worker is urgently required by another Department, he/she shall be deemed ready and willing to perform work within his capacity and skill in any other Department to which he may be assigned.

The Company shall establish a Grievance Handling mechanism to address any grievance that may arise due to such temporary assignment. The decision of the management shall be final.

16. TRANSFERS


Employees will be transferred from Department to Department at the discretion of the Management, subject to the competence of the employee.

17. PERIOD OF AGREEMENT

- i) The provisions of this Collective Agreement shall be effective from 1st November 2012 and shall remain binding unless otherwise terminated by the Company or the Union with one month's notice to each other, provided, however, that no such notice may be given by either party prior to the 30th September 2014, other than for a reason involving the violation of all or any of the provisions contained herein by a party.

- ii) The provisions of this Collective Agreement shall supersede the provisions of any other memorandum of settlement or collective agreement entered into between parties earlier and the provisions of whatever such earlier settlement/agreement shall stand terminated with effect from the date hereof.

In witness hereof parties have hereunto on this 24th of December 2012 set their hands at Colombo.



For and on behalf of
I D LANKA LIMITED

Name : R S Tissanayagam

Designation: Managing Director



Witness to the above signature

Name : B L Ekanayake

Designation : Consultant



For an on behalf of
Food Beverages and Tobacco
Industries Employees' Union

Name : D Malavisuriya

Designation: Secretary



Witness to the above signature

Name : K D K J N U Kumara

Designation : Branch Union President

Category-wise Minimum Monthly Salaries

The minimum rates of salaries mentioned below will be adjusted to be consistent with the minimum rates of wages to be promulgated by the Wages Board for the Liquor & Vinegar Trade and gazetted in terms of the law during the period of operation of this Collective Agreement.

Category	Designations	Minimum Salary (Rs)
Minor staff - A	General Worker Production Worker	7,750.00
Minor Staff - B	Office Aid Transport Aid (previously Cleaner)	7,850.00
Skilled - A	Minor Supervisor Machine Operator Driver	8,250.00
Skilled - B	Electrician Technician Mechanic Blending/Vat Operator	8,500.00

Staggered Meal Intervals of Employees

1. The meal intervals for the respective shift times will be as follows:
 - a. Single Shift
Mid-day meal (lunch) - 12 noon to 1 pm
Tea break - morning 10 am to 10.15 am
Tea break - afternoon 3.15 pm to 3.30 pm
 - b. Double shift - morning
Breakfast - 7 am to 7.15 am
Morning tea- 10 am to 10.15 am
Lunch - 12 noon to 12.30 pm
Double shift - Evening
Afternoon tea - 3.15 pm to 3.30 pm
Evening Tea - 6 pm to 6.15 pm
Dinner - 8 pm to 8.30 pm
Tea - 10 pm

2. Employees involved in the production process (Production, Maintenance and Stores) will avail only half an hour for the mid day meal (lunch) or dinner which will be staggered along with the relevant tea breaks during the times as set out below.
 - a. Single shift
Mid-day meal (lunch) - 12 noon to 1 pm
Tea break - morning 9.45 am to 10.30 am
Tea break - afternoon 3 pm to 3.45 pm
 - b. Double shift - Morning
Breakfast - 7 am to 7.45 am
Morning tea - 10 am to 10.45 am
Lunch - 12 noon to 1 pm
Double shift - Evening
Afternoon tea - 3 pm to 3.45 pm
Evening tea - 5.45 pm to 6.30 pm
Dinner - 8 pm to 9 pm

3. An employee who avails of only half hour for the mid day meal (lunch) during the single shift operation shall be paid an interval allowance of Rs 75/- per day and half an hour's overtime at one and half times the normal hourly rate. These payments will be paid strictly to only those employees who actually engage in direct production operations on a given date.

4. During maintenance work or machine service the above arrangements will not be applicable, provided however, that advance notice has been given to the employees regarding such maintenance work.

5. An employee will qualify for the payments referred to in paragraph (3) above only if he works the full day. Therefore, those factory employees on half a day's leave will not enjoy this facility. However, if an employee on half day's leave either works half an hour after 12 noon or half an hour before 1 pm is entitled to claim half an hour's overtime but not entitled to the interval allowance. Any employee utilizing short leave immediately prior to 12 noon or after lunch will not be entitled to claim the interval allowance or the overtime on that particular day. At the request of employees involved in the production process the company will permit an employee up to a maximum of two occasions per month to leave the work place half an hour early without providing any replacements. This facility is available to a maximum of two persons per day. Accordingly an employee who wishes to make use of this facility would have to work half an hour early during the lunch interval to be eligible for this concession and entitled to claim the interval allowance, however, no overtime will be paid.

6. The company will accede to a request from the Union not to operate the production lines during one of the tea intervals to enable the Union to have a meeting with its members at branch level. This will be limited to a maximum of two occasions a month provided that the Union will give at least 48 hours notice to the Company. If the circumstances justify, a meeting at shorter notice than 48 hours of a request being made by the Union, will be considered by the management on a case by case basis. The Company will also have the option of this facility by giving the employees prior notice of its intension to stop production during an interval.