

Annexure 01

CATEGORY AGREEMENT

This Agreement is made and entered into on this **6 day of November 2008** between Unilever Sri Lanka Limited, a company duly registered in Sri Lanka and having its registered office at No.258, M. Vincent Perera Mawatha, Colombo 14, hereinafter referred to as “**the Employer**” and the Commercial & Industrial Workers’ Union, a trade union duly registered in Sri Lanka and having its registered office at No.17, Barracks Lane, Colombo 1, hereinafter referred to as “**the Union**”.

This Agreement, which shall be effective from 1 January 2008 will cover and bind the employer, the union and the tally-numbered permanent employees of the company working at the Grandpass/ Horana Factory, engaged on permanent monthly contracts of employment.

Whereas the employer is desirous of implementing a categorization of its workforce according to their skills, competencies and knowledge, as well as a performance based remuneration scheme, presented the proposed scheme to the union and after discussion of the modalities and salient features, parties have reached agreement to give effect to the scheme as follows:

- 1.0 It is agreed by and between parties that the proposed workforce categorization will consist of 4 different categories depending on the employees’ skills, competencies and responsibilities as at present, in relation to 112 existing jobs.
- 1.1 The 4 categories and the 112 existing jobs are set out in Schedule 1 attached hereto, which makes an integral part of this Agreement, and it is agreed that the number of categories and jobs may vary from time to time depending on the business requirements of the company. The Union will be kept informed of the variations.

- 1.2 To better comprehend the performance levels expected of employees in relation to carrying out of existing jobs in terms of the relevant categories, they may be categorized into a radar diagram based on the key elements as:
Process/Plant Skills, Total Productive Maintenance (TPM), Safety, Quality, Will, Leadership.
- 2.0 The radar diagram based on the aforementioned key elements in relation to the existing 112 jobs referred to in Schedule 1 above is annexed hereto as Schedule 2 to this Agreement, which also makes an integral part of this Agreement.
- 3.0 Any employee who wishes to ascertain the level of skills, competencies and responsibilities expected of him/her shall refer to the radar diagram that is relevant to each categorization of job expected to be performed (based on the 112 existing jobs).
- 4.0 A dictionary consisting of all the skills applicable to the different jobs shall be maintained at the Industrial Relations Department and shall be made available to any employee who wishes to peruse it and clarify any matters as may be relevant to him.
- 5.0 It is agreed by and between parties that in implementing this scheme, the management shall first assess the employees' knowledge at the initial stage and thereafter prepare a radar diagram based on the aforementioned key elements in relation to the level of skills and knowledge vis-à-vis the jobs required to be performed by the employees concerned. Thereafter the management will place each employee in the appropriate category as referred to in Schedule 1 attached.

- 6.0 The initial radar diagram of each employee shall be compared with the radar diagram of a particular job as referred to in Schedule 1. The management shall, thereafter, inform the employee of the expected level of knowledge in relation to each key element and shall communicate to the employee of the areas that need to be improved.
- 7.0 It is further agreed that once a gap in the skill level of an employee has been identified, it shall be the responsibility of the management to provide facilities for improving such skills and competencies. The employees and the management agree that once a gap in the skill levels of an employee is communicated by the management to relevant employee, it shall be the responsibility of the employee to strictly abide by the instructions of the management in relation to training/instructions for improving such skills and competencies.
- 8.0 It is also agreed between parties that in the event of assessment of skills and competency level of employees as provided for above, the management will conduct such assessments in the months of June and December each year. The process in the assessment centre will be as follows.
- 8.0.1 Refer the performance records of previous year as per annual appraisal
 - 8.0.2 On the job assessment over a period of time, followed by a written test
 - 8.0.3 Formal interview by a panel as described in 10.0 below

9.0 It is also agreed that in the event of an employee's performance is assessed with a view to upgrading him/her to the next category, the management shall allow such employee a period of up to a maximum of 3 years in the existing category to meet the necessary skills, knowledge and competencies. During this process the management shall entertain any applications from employees to be assessed (i.e. in relation to upgrading from one category to another) should any employee wish to avail himself/herself of the opportunity of being assessed prior to the scheduled date. In such an event, the employee shall be required to communicate his/her desire to be assessed to the IR Dept. through the relevant Line Manager.

10.0 In order to ascertain whether the employees have acquired the required competencies a formal interview will be conducted by a panel. The panel will consist of the following:

- a) The Employee (trainee)
- b) Plant Manager/Engineer/Department Supervisor/Manager (as relevant & required)
- c) Industrial Relations Manager/HR Business Partner
- d) Plant Manager (Of another Department)

A union representative will be invited to observe the process.

- 10.1 The employees who are found competent will be placed on the appropriate job category and the promotional increment of 7% will be granted, irrespective of MJV of next category employee is promoted to.
- 10.2 The employees who are fitted into category 2 or category 3 at the initial implementation of Job Categorisation, will be granted an increment of 10.5%. Thereafter the employees will be granted only one promotion at a time, based on assessment centers and only the 7% increment will be applicable.
- 10.3 Employees placed at Category 3 at the initial implementation will be assessed at the first assessment centre and they will be paid balance 3.5% if they are found to be competent.
- 10.4 The current respective MJVs of the categories are as follows:
- | | | | |
|----|------------|---|-------------|
| a) | Category 1 | - | Rs 27,229/- |
| b) | Category 2 | - | Rs 34,605/- |
| c) | Category 3 | - | Rs 41,697/- |
| d) | Category 4 | - | Rs 48,692/- |
- 11.0 Enhancing of the aforementioned Maximum Job Values will be based on the following factors:
- i) On COL index.
 - ii) On Collective Agreement decisions for wage enhancements, if any.
 - iii) On market demands for different jobs.
 - iv) On budgetary relief allowances if applicable

11.1 Minimum wage for Unilever Sri Lanka Workforce will be Rs 12,000/- once the Categorisation is implemented.

12.0 Employees who are below the Maximum Job Value (MJV) will be granted a maximum of 7% Annual Increment of their consolidated wage on the basis of 60% and 40% (Attendance 60% and Performance 40%).

Based on Attendance

60% of the value of 7% will be granted for those employees who do not record any “no pay absence” in the preceding year. Employees who record “no pay absence” will be granted only 50%.

Based on Performance

40% of the value of the 7% increment will be granted for those employees who achieved their competency targets / skill levels. Such targets and skill levels will be made known to each and every employee at the beginning of the year.

12.1 The following procedure shall apply when employees reach their Maximum Job Value and are deprived of their promotions.

a) In the absence of vacancies:

This situation can only arise in category 3

In such a situation, employees will be granted a maximum of 4% annual increment instead of the standard 7% annual increment on the basis of 75% and 25% (attendance 75%, Performance 25%).

b) Category 1 & 2 employees:

Employees of category 1 & 2 who have reached their MJVs and are “not competent” to be promoted to the next category will be given a further period of time to obtain the required competency. During this period employees will remain in the same grade and will have the opportunity of earning a maximum of 3.5% annual increment. 3.5% increment will be granted on the basis of 75% and 25% (Attendance 75%, Performance 25%).

13.0 Employees who prove themselves at the end of the extended training period will be promoted to the next category if they are found competent. If such an employee has exceeded the MJV of the new category, he will be again granted a further period of time with limited 3.5% annual increment to obtain the competency level for the next category. 3.5% will be granted on the basis of 75% and 25% (Attendance 75%, Performance 25%).

14.0 To determine the seniority of a person in a department, his service in the company will be counted from the date of contribution to EPF. When employees need to be transferred from one Department to another, the transfer will take place only within the relevant categories.

Considering the practicality of doing so, transfers will commence from the lowest category which is category 1.

In witness hereof parties have hereunto set their hands on this 6 day of November, Two Thousand & Eight.

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For and on behalf of:
Unilever Sri Lanka Ltd.

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For and on behalf of:
Commercial & Industrial Workers' Union

Name :

Name :

Designation :

Designation:

Witnesses

1.

2.

Name :

Name

Designation :

Designation :