

**GLOBAL COMPACT
COMMUNICATION ON PROGRESS**

2006 - 2007

Our Commitment



Jaqalanka values the contribution made by each and every one of our employees; thus it is paramount to focus our efforts to enhance their skills and knowledge.

Chairman/ Managing Director's Message -The Road Ahead

In the light of the current global economic situation; and the Sri Lankan apparel industry in particular, we continue to face threats from other countries with higher productivity and lower costs. In order for this industry including Jaqalanka to survive, we have no option but to overcome these challenges. We focused our attention towards productivity improvement through investment in modern machinery and the introduction of Lean Manufacturing practices whilst continuing to uphold the 10 principles of Global Compact.

We believe that Jaqalanka has made substantial progress in focusing on the binding connections between the core business and Global concerns in the one hand and workers' welfare in the other. Further, we have encouraged empowerment of women employees to take a leading role in management.

Most of the leaders and supervisors are being promoted within the Group creating a career path to take on new roles in other departments. In the coming years we will focus on exploring new ways to retain, train and develop our employees by empowering them to take a leading role in management.

Whilst we are committed to protect our employees and uplift their living standards, focus is never lost on environmental concerns. Programs are underway on reducing waste generated by our operations. Our teams are constantly exploring ways to reduce any adverse impact on the environment while keeping our workplace safe and healthy in order to carryout our operations.

We are also confident that we will be able to achieve these commitments through the collective effort of all our employees by operating as one team working towards continuous improvements and minimizing waste.

Harin Fernando
Chairman/ Managing Director
Jaqalanka Group



Communicating the Status of Global Compact Principles



We have endeavored to communicate the status of our commitment on Global Compact principles to all our internal stakeholders through our intranet facilities, notice boards and public address systems.

Global Compact

Jaqalanka unreservedly supports the Universal Declaration of Human Rights and has the basic structure to fulfill all its obligations.

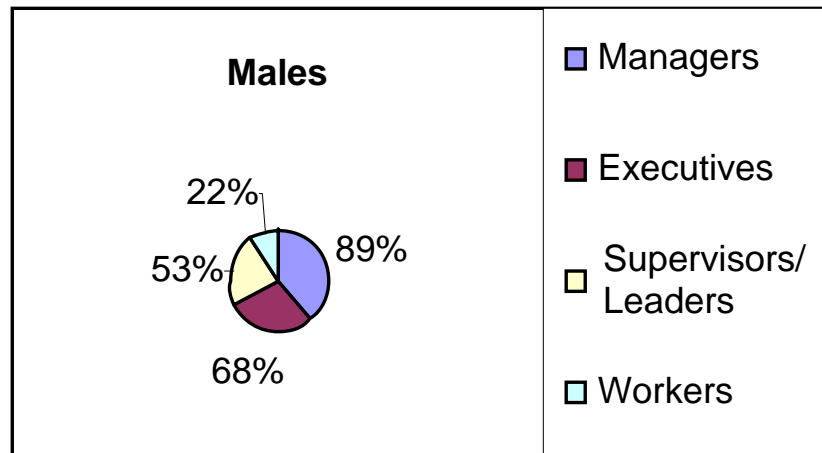
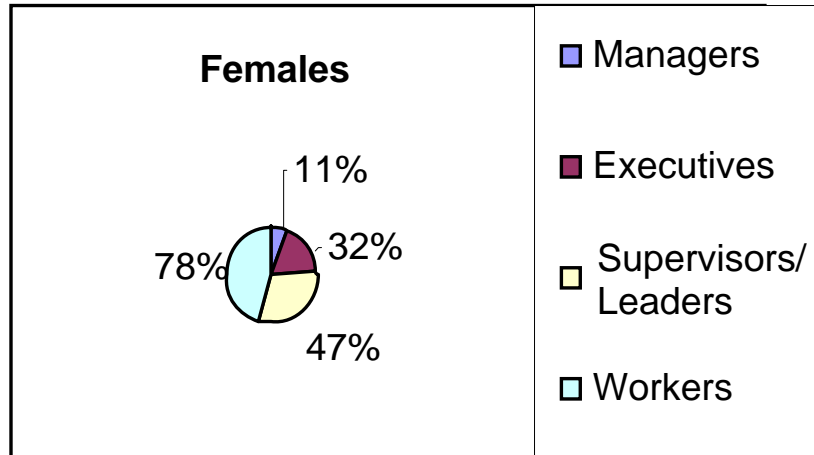
Jaqalanka Policies

There are written policies to uphold the principles of Global Compact and Social Responsibility including Non discrimination, Freedom of Association, Environment, Health & Safety and Anti- corruption.

HUMAN RIGHTS

- **Principle 1 -Support and respect the protection of international human rights within our sphere influence.**
- **Principle 2 – Make sure that our own corporations are not complicit in human right abuses.**
 - Women’s rights honored with no pregnancy test before employment.
 - Letters of Appointment to all employees upon recruitment.
 - Employee hand book issued to every employee
 - Rewarding best performers with an incentive
 - Air conditioned factory environment
 - Access to free medical facilities, free breakfast and free transport in one of our outstation plant situated in Balangoda (Rathnapura District)

Gender Representation



47% of total female cadre, are either Leaders or Supervisors and 32% are Executives.

Free Medical service

There is free medical attention and advice given by a qualified medical practitioner that is available at the factory premises for all employees. Facilities are available to transfer patients needing more care to a nearby clinic or the hospital as required.



First-aid Training by Red-Cross



There is an on-going first-aid training few times of the year so that all new employees too would be proficient in first aid practices.

Fire Training at Katunayake Plant

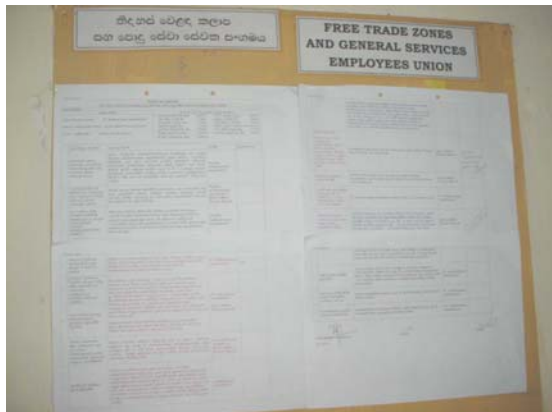


Fire training sessions are conducted frequently by the BOI Fire Department and all employees have a field day in learning to handle the fire extinguishers and fire hoses while enjoying the day outing.



LABOUR STANDARDS

- **Principle 3 – Freedom of association and the effective recognition of the right to collective bargaining.**

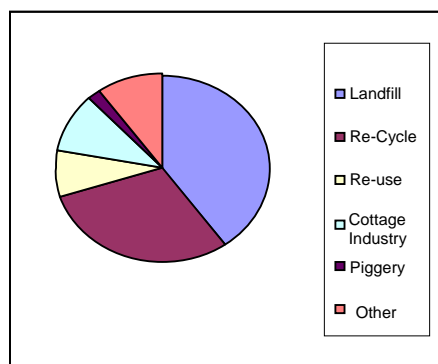


The communication link between the Union and the Workers council is the monthly meetings which are held continually. The minutes of these meetings are recorded and posted on the notice boards signed jointly by both the Management and the Trade Union/ Workers Council committees.

- **Principle 4 – The elimination of all forms of forced and compulsory labour**
 - We at Jaqalanka do not use involuntary or forced labour-indentured, bonded or otherwise.
 - We at Jaqalanka treat all employees with respect and dignity without subjecting them to any form of physical, psychological and verbal harassment or abuse under Section 345 of Penal Code of Sri Lanka.
- **Principle 5- The effective abolition of child labour**
- **Principle 6-The elimination of discrimination in respect to employment and occupation**
 - There is no discrimination whatsoever during recruitment or employment.
 - We respect the Global compliance principles and Jaqalanka as a policy do not employ anyone below the age of 18 years.

ENVIRONMENT

- **Principle 7-Support a precautionary approach to environmental challenges**
- **Principle 8-Undertake initiatives to promote greater environmental responsibility**
- **Principle 9-Encourage the development and diffusion of environmentally friendly technologies.**
 - Have implemented a waste management system in our 3 facilities to ensure that we will consistently be in compliance with local laws. Segregation of hazardous and non-hazardous waste for disposal in a more environmentally friendly manner.
 - We continue to reduce waste and conserve energy whilst exploring opportunities to minimize waste producing processes.
 - We have also managed to segregate waste and dispose them for recycling in order to reduce any adverse impact to the environment.



ANTI CORRUPTION

- **Principle 10 – Business should work against all form of corruption, including extortion and bribery.**
 - Jaqalanka still continues to respect this principle and do not accept any form of corruption, extortion and bribery whatsoever. The following policy has been introduced this year in this respect.

“All activities at Jaqalanka Group of Companies are based on trust and integrity at its highest level. The Jaqalanka Management expects that all our employees and suppliers in whatever capacity are expected to respond in a similar manner by strictly abiding by this principle.

No inducement should be made either by a “giver” or “taker” that would affect a fair and just decision on any matter.

A corrupt practice is the offering, giving, receiving or soliciting directly or indirectly, anything of value to improperly influence the action of another party. They include bribery, embezzlement, theft, fraud, extortion, exploiting a conflict of interest, influence peddling, insider trading, offering or receiving an unlawful gratuity, favour or illegal commission, favouritism and nepotism.

A fraudulent practice is any act or omission, including a misrepresentation, knowingly or recklessly misleads or attempts to mislead a party to obtain a financial or other benefit or to avoid an obligation.

In all business matters there should be no room for any Conflict of Interest where these principles could be violated. Conflict of interest refers to situations in which financial or other personal considerations may adversely affect, or have the appearance of adversely appearing an employee’s professional judgment in exercising any duty or responsibility in administration, management, instruction and other professional activity. It would be necessary for each employee to declare such conflict of interest in advance and in any case whenever such a situation arises or annually whichever that comes first.

Appropriate disciplinary action will be taken against those who violate this policy and may lead up to termination of employment irrespective of their position”.