



GLOBAL COMPACT

Communication on Progress

2005 - 2006

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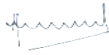
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The Message from the Chairman/ Managing Director

The Jaqalanka Group is committed to uphold the 10 principles of Global Compact and it has been well recognized as a reputable organization who has complied with them. The management is aware of the day to day issues that the employees have to deal with and have done whatever possible to lessen their burden by way of humanitarian assistance and to ensure that the work place is safe and sound with a happy environment. The safety procedures are in place to ensure that all employees are aware of their responsibilities.

We are very concerned about the environment and have taken necessary steps to recycle whatever we can and to dispose waste in a responsible manner to minimize any environmental hazard.

We have adopted policies that are in line with these principles to ensure that each individual is dealt with fairly without discrimination and disciplinary procedure guidelines are laid down for all to follow. We have an excellent labour relationship with all our employees. We were the first garment factory in the Katunayake Free Trade Zone to embrace Freedom of Association by recognizing the Free Trade Zone & General Workers Union. Both the Trade Union and the Workers' Council work hand in hand harmoniously with the management.



Harin Fernando
Chairman/ Managing Director
Jaqalanka Group of Companies

16th October 2006

GLOBAL COMPACT COMMUNICATION ON PROGRESS 2005-2006



OUR COMMITMENT

The Global Compact principles have been the way of life at Jaqalanka Group of Companies and it has become almost second Nature. We have thrived as a Group due to the strong bond we have developed with our employees through following these principles. We are committed to uphold these principles in the future too.

HUMAN RIGHTS

Principle 1 - Supports and respects the protection of international human rights within our sphere of influence.

Principle 2 – Make sure that our own corporations are not complicit in human right abuses.

The Jaqalanka policies include the following:

- Women's rights are honoured with no pregnancy tests carried out before employment.



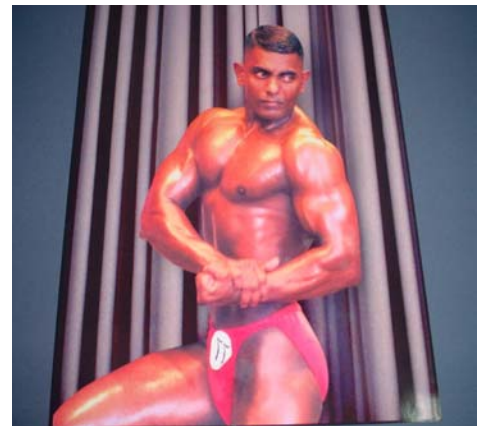
- Letters of Appointment are issued to all employees upon recruitment.
- Employee handbooks are issued to all employees.
- The Group supports whatever recreational facilities that the employees are interested in and organizes regular sports activities.





- Air conditioned factory environments in the Katunayake Free Trade Zone.
- Conduct medical camps to improve the health of our employees. For example, an eye camp was held to ascertain the condition of their eyesight.
- Annual family get-togethers with a musical show held on 1st of January each year are planned jointly with the Workers' Council, Trade Union and the Management.
- Employees are rewarded for best performance along with the usual incentive schemes for efficiency and attendance.

- The Best performer for each Team is identified and rewarded.
- Access to free medical facilities, free breakfast and free transport (at our outstation plant situated in Balangoda in the Rathnapura District about 140 km away from Colombo).
- The Group has sponsored a talented young employee for the Body Building competition at the recently held South Asian Games in Korea.



LABOUR STANDARDS

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

- Freedom of Association was conclusively demonstrated by being the first to embrace the branch unions of Free Trade Zone & General Workers Union at two of our production facilities in the Katunayake Free Trade Zone.
- Memorandum of Understanding was signed on 16th October, 2003 for the recognition of Free Trade Zone Workers' Union and agreed to respect the right of workers to form a union.
- All Jaqalanka employees are free either to join or not to join a Union.
- Jaqalanka has agreed that no worker or union member will be harassed, victimized, discriminated against or otherwise subjected to any unfair labour practices.
- Besides the union, non union members have an avenue to interact with the Management through the Workers' Council.



- All new employees undergo an Induction program to educate them on their rights, working conditions and their duties.
- Employees are given time to discuss any grievance, suggestion and improvement or any other matter amongst themselves which can be brought up with the Management once a month through the Workers' Council or Union meetings. All such meeting minutes are recorded and posted on the notice board.

Principle 4 – The elimination of all forms of forced and compulsory labour

- Jaqakanka does not use involuntary or forced labour; indentured, bonded or otherwise.
- Jaqalanka treats 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.
- A Grievance Procedure is in place for anyone to raise a grievance without any adverse repercussion.

Principle 5 - The effective abolition of child labour

- We respect the Global compliance principles. As such as a policy, Jaqalanka does not knowingly recruit anyone under the age of 18 years.

Principle 6 -The elimination of discrimination in respect to employment and occupation

- The Jaqalanka Management treat all employees fairly without discrimination in employment, including hiring, salary benefits, advancement, discipline, termination or retirement on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion and social or ethnic origin in line with the Article 12 (2) of the constitution.

ENVIRONMENT

Principle 7 - Support a precautionary approach to environmental challenges

- Jaqalanka Group is concerned with the environment, health and safety of all who are working with us including visitors to the premises and those living in the vicinity.
- We take all necessary precautionary measures to ensure that environment is protected at all times during our day to day activities.

The Environment, Health & Safety (EHS) Committee comprising of workers from all sections and management discuss the issues that need preventive actions on a monthly basis. The minutes of these meetings are recorded.

Principle 8 - Undertake initiatives to promote greater environmental responsibility

- We are also committed to comply with all relevant local legislation and customer standards on environmental protection, health & safety requirements.
- We have undertaken to train the workforce by educating them on environmental issues and have encouraged them to fall in line with our objective of protecting the environment.



Principle 9 - Encourage the development and diffusion of environmentally friendly technologies.

- We are committed to reduce waste and conserve energy by exploring opportunities in re-using and re-cycling waste material 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 does not accept nor encourage any form of corruption, extortion and bribery.