

14 Employee Relations

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Objective:

Employee relations may be defined as those policies and practices which are concerned with the management and regulation of relationships between the organisation, the individual staff member, and groups of staff within the working environment. An employer can utilize several strategies at once to improve employee relations, from encouraging more interaction on business projects to adjusting management style to encourage a positive working environment. Employee relations is a critical component of a successfully run business.

Since its inception, CATALYST has built a culture based on the values of trust, mutual respect and employee engagement. CATALYST management and employees at all business locations work daily to create and maintain positive individual and collective relationships and are expected to do so as a core part of their job.

This Policy reinforces CATALYST's commitment to long-term business development through an open dialogue and engagement with its employees and external stakeholders in line with its Creating Shared Value concept. The Employee Relations policy not only requires strict compliance with the law, but it guides our actions even if the law is more lenient or where there is no applicable law at all.

A Company trusted by its employees and stakeholders

CATALYST is committed to promoting a greater knowledge and understanding as well as an integral implementation of its Corporate Business Principles as the basis for being trusted by employees and stakeholders. The Company complies with the laws applicable in the countries in which it operates. Therefore, the Company promotes relevant international initiatives in view of continuously improving working conditions.

Proactive and focused approach

CATALYST strives for proactive and continuous improvement of its relationships with internal and external labour stakeholders. The Company accomplishes this approach through organized structures within the Human Resources department at Corporate and local levels and focuses on the implementation of the following strategic areas:

- Compliance with the social aspects of our Corporate Business Principles, relevant international labour commitments and this Policy
- Promotion of the CATALYST Corporate Business Principles, the CATALYST Management and Leadership Principles and the CATALYST Code of Business Conduct



- Enhancement of collective dialogue and negotiations with employee unions and other representatives' associations
- Development & upholding of an open dialogue with external stakeholders on labour matters

The implementation of the Policy is a joint effort on two levels: at Corporate level to set direction and to give guidance to local operations to live up to this framework; and at local level to take all necessary actions to implement the Policy. Local management must ensure collaboration and consistency between all CATALYST Businesses in the country as well as to enforce CATALYST group principles, policies and standards. Employee relations remain a clear responsibility of the local management. Therefore, they will be handled at the appropriate level: first at unit level (factories, warehouse, etc.) and subsequently at regional and corporate office level, according to law and practices

Organizational Culture:

Our commitment to long-term collective relationships with our employees is guided by the implementation of a set of Principles which have governed our Company since its inception. We will therefore continually seek to improve our employees' knowledge, understanding and engagement with our Business Principles. As CATALYST operates worldwide, our Business Principles are available in the local language of each location in which we operate and are explained to employees as efficiently as possible.

Employee priorities:

CATALYST promotes a continuous improvement of the working conditions, giving special attention to the following labour priorities:

- Offer competitive salaries and benefits that allow our employees to cover their needs according to local standards of living.
- Respect the right of our employees to establish and join organizations of their own choosing and engage in constructive negotiations.
- Respect Corporate guidelines regarding "Fixed Term Contract Employee (FTCE)" based on which FTCE staff shall only be used in circumstances where it is justified by the temporary nature of the job and will not result in unjustifiable differences in employment conditions.
- Implement the Corporate guidelines regarding working time for our employees to assure a safe and healthy workplace and a working environment respectful of their family lives, encourage & support them to maintain their work life balance.
- Treat every employee with dignity and without any tolerance for discrimination, harassment or abuse.

Discipline:

An employee is required to maintain certain standards of conduct. Any employee who fails to maintain acceptable standards of conduct in accordance with his/her employment contract, specific position requirements and/or the Company's rules, renders himself/herself liable to disciplinary action. Such disciplinary action is designed to be corrective and to improve conduct (other than where dismissal is warranted) and should be taken as soon as possible after the event

Poor (Under- and unsatisfactory performance) Performance:



All employees are required to maintain certain standards of performance as mutually agreed with their immediate reporting manager. An employee who fails to maintain laid-down standards of performance in accordance with his/her employment contract, specific position requirements and/or the Company rules, renders himself/herself liable to corrective action.

"**Under-performance**" is performance which is below the desired standard for the staff member's rank and for which increases in remuneration levels may be withheld. Under-performance which is not corrected once identified may become unsatisfactory performance in due course.

"**Unsatisfactory performance**" means performance below the level acceptable for continued employment at the rank at which the staff member is currently appointed, or in some instances, in any functional post.

Note:

This procedure needs to be read in conjunction with "Performance management processes for respective employee".

The first objective of this procedure is to correct and/or improve under- or unsatisfactory performance. But because unsatisfactory performance may persist, the second objective is to provide for the termination of the employment contract when this happens.

This procedure is to be used in cases of under- or unsatisfactory performance. Misconduct is a separate issue and must be dealt with through the disciplinary procedure. Under- or unsatisfactory performance may be attributable to lack of appropriate skills, incomplete knowledge, lack of experience, and/or lack of commitment. It may or may not be capable of being remedied.

Procedure:

Where the Business Head believes that a staff member is failing to meet the agreed performance criteria, a formal performance assessment must be held, even if it is not a scheduled annual assessment.

If, in the performance assessment, the Business Head finds one or more area/s of performance to be unacceptable then the Business Head will report this to the HR.

If the HR does not concur with the Business Head's assessment, the HR will counsel the Business Head and the staff member.

If the HR considers that there is prima facie evidence of under- or unsatisfactory performance, the HR in consultation with Managing Director can consider the staff member's performance to take appropriate action.

The Performance Monitoring Meeting (PMM)

The number of PMMs is not prescribed by this procedure but rather depends on the circumstances of each case. The number of PMMs may be indicated by factors such as the degree of under- or unsatisfactory performance and the possible consequences for the Company.

Performance Improvement Plan (PIP)

The necessary steps required to overcome the weaknesses identified in the HR report should be discussed, and where possible agreed to. A PIP shall be drawn up by the HR/Business Head and the staff member for a specific course of action and be documented. A copy of the PIP shall be given to the staff member.



A date for a follow-up PMM shall be set to review the staff member's performance. The period between meetings depends on the nature of the work performed, the period over which performance can be measured, the seriousness of the under- or unsatisfactory performance, and the amount of time and support judged necessary (anticipated) to rectify the under- or unsatisfactory performance. This could be as short as a few weeks or as long as few months.

Informal feedback between the formal reviews should take place. Where the staff member asks for additional formal or informal meetings (e.g. for extra help), these should be arranged unless the requests are unreasonable.

In the case of unsatisfactory performance, and where the HR/Business Head believes that the staff member may be unable and/or unwilling, in a reasonable period of time, to do what is necessary to improve to adequate levels of performance, the HR/Business Head shall indicate the possibility of the employment contract being terminated.

Where the HR/Business Head has warned that the employment contract could be terminated should there be insufficient improvement in performance, the HR representative shall put this in writing to the staff member, indicating that if performance does not improve, the matter would be referred to a Committee of Review (COR) which comprises of Department Head and Director HR or their duly assigned nominees.

Review of Performance Improvement Plan:

Regardless of whether performance has improved, remained the same or deteriorated, the follow-up meeting shall take place on the scheduled date, or within 3 weeks of the scheduled date if either staff member or the HR/Business Head has to change the prior arrangement.

A written review of progress against the PIP shall be completed by the HR/Business Head and given to the staff member after discussion with him/her.

If performance has improved to an acceptable level, the Annual Review with the Business Head and subsequent performance assessment by the Business Head, will be used for further feedback. This would mark an end to the use of the under- or Unsatisfactory Performance Procedure in this episode.

If the HR/Business Head finds that the staff member's performance has not improved to an acceptable level, and believes that despite being given an opportunity to do so, performance is unsatisfactory because:

- The staff member is unable, or unable in a reasonable period of time, to do what is necessary to improve to adequate levels of performance; then the HR/Business Head shall initiate the process of termination as per local labour law and inform the staff member of their decision.

Grievance resolution:

The Company considers it essential that, where an employee (or a group of employees) is dissatisfied for any reason arising from the work situation or employment relationship, this should be articulated and resolved as quickly as possible, at the lowest possible level.

A procedure for addressing grievances has been put in place and all employees should get in touch with their local HR representative to know more about this process.

Employee relations training:

The Company provides employees training to promote informed and sound employee relations practices.

- **Induction course**



Induction courses and refresher training sessions are provided to ensure that staff are familiar with the Company's policies and procedures.

- **Management/supervisory training**

Staff who manage others are provided with training in the skills necessary to give effect to the Company's policies (e.g. communicating and consulting, coaching).

The Management, may its discretion, review this policy periodically and make modifications as necessary from time to time.

