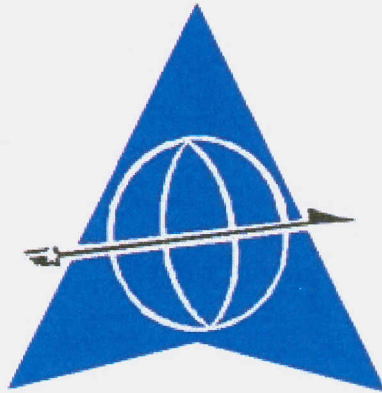


# COG. NO : 201 / 2011

AWARD NO : 944 OF 2011



**COLLECTIVE AGREEMENT**

**BETWEEN**

**AIROD SENDIRIAN BERHAD**

**AND**

**KESATUAN EKSEKUTIF AIROD (KEA)**

**1<sup>st</sup> January 2008 – 31<sup>st</sup> December 2010**

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## **ARTICLE : 1            TITLE**

- 1.1     The title of this Agreement shall be known as the "COLLECTIVE AGREEMENT BETWEEN AIROD SENDIRIAN BERHAD and KESATUAN EKSEKUTIF AIROD SDN BHD". (Hereinafter referred to as the "Agreement")

## **ARTICLE : 2            PARTIES TO THE AGREEMENT**

- 2.1     This Agreement is made this 1st day of January 2008 between AIROD Sdn. Bhd. (Company No: 128885-H), a Company incorporated under the Companies Act 1965, with its registered office at NADI Building, PT 192, Jalan Lapangan Terbang Subang, 47200 Shah Alam, Selangor Darul Ehsan, (hereinafter referred to as the "The Company") of the one part and the Kesatuan Eksekutif AIROD Sdn Bhd, a Trade Union for Executives Staff registered under the Trade Union Act 1959 (registration number 871) with its registered Office at No. 25, Jalan SS 19/6B, Subang Jaya, 47500 Selangor Darul Ehsan, (hereinafter referred to as the "The Union") of the other part.
- 2.2     In the event either the Company or the Union changes its name or merge with other companies or organizations to the effect that the Company or the Union is wholly or partly absorbed by the other organization, the clauses of this Agreement shall continue to apply and cover the employees to which this Agreement is applicable at the time the change of name or merger takes place, for the remaining period of validity of this Agreement.
- 2.3     The effect of this Agreement shall be in accordance with Section 17(1) of the Industrial Relations Act 1967.

## **ARTICLE : 3            PREAMBLE**

- 3.1     The objective of this Agreement is to ensure industrial harmony by providing a mutually beneficial economic and social relationship between the parties concerned in matters affecting the terms and conditions of service for employees in the Company as defined and interpreted herein, to clarify the rights and responsibilities of the company and its employees, and to provide an orderly and effective means of conducting and resolving any misunderstanding or grievances during the continuance of this Agreement.
- 3.2     The provision in this Agreement, in relation to the terms and conditions of the employment, has been fully accepted by both the parties.

- 3.3 Pursuant to the above objectives, both the parties agree that during the continuance of this Agreement, neither party will take unilateral action or present demands which will diminish the value of this Agreement.

#### **ARTICLE : 4                      DEFINITIONS**

In this Agreement, unless otherwise stated, the following definitions shall apply:

4.1        **Call out / Call back**

Shall mean that an employee is requested to come to work outside his normal hours of work.

4.2        **Day**

Shall mean a continuous period of twenty-four (24) hours beginning at 12:00 midnight. For an employee engaged in shift work, day means a continuous period of twenty-four (24) hours beginning at any point of time as per Employment Act 1955 Section 2.

4.3        **Dependent**

Shall mean spouse and unmarried children who are wholly dependent on the employee, (children includes step child and adopted child who are adopted in accordance with the law, below the age of 21 years).

4.4        **Employee**

Shall mean all persons in the permanent employment of the Company appointed to serve the Company under a Contract of Service and who are covered within the scope of the Agreement and shall also include any person temporarily seconded to other firms or companies, but who shall remain as an employee of the Company.

4.5        **Last Drawn Salary**

Shall mean the monthly last drawn basic salary of an Employee.

4.6        **Panel Doctor**

Shall mean a registered medical practitioner who has been appointed by the Company as a "panel doctor" and whose name is included in the list of the Company's appointed panel doctors and any changes to the list of panel doctor is to be published in news bulletin.

**4.7 Qualifying Service**

Service is expressed in years for purpose of computing benefits. Each completed month of service with the Company shall be computed as one-twelfth of a year, and period of 10 days or more in a month shall be regarded as a month, and any lesser period shall be disregarded. Such service shall exclude no-pay leave but include any period of duty, annual leave, sick leave, study leave and any other paid leaves.

**4.8 Rest Day**

Shall mean Sunday or Friday depending on the state where the Employee is working, or such other day as may be determined by the Company based on the exigency of service. Where an Employee is allowed more than one Rest Day in a week and other day(s) shall be considered as off-day(s).

**4.9 Registered Medical Practitioner**

Shall mean all medical Practitioners registered under Medical Act 1971.

**4.10 Wages**

Shall mean 'wages' as defined under section 2(1) of the Employment Act 1955.

**4.11 Service**

Unless otherwise qualified shall mean service as an Employee of the Company and its length be expressed in years and months and days.

**4.12 Shift Worker**

Shall mean an Employee who is engaged with work which by its nature/operation is required to be carried on continuously or continually, as the case may be in two or more shifts.

**4.13 Temporary Assignment**

Shall mean a temporary assignment from present work location to new work location which is not within the same region recognize by the Company up to a maximum period of six consecutive months.

**4.14 Immediate Family**

Is defined as employee's lawful wife/husband as registered in the Company's record, legal children, legal adopted children, stepchildren by marriage, parent, stepparents by marriage, legal guardians, parent-in-law, grandparents, brothers and sisters.

**4.15 Foreign Language**

Shall mean languages other than Bahasa Malaysia, English and spoken Mother tongue.

**4.16 Salary**

Shall mean fix monthly sum payable to an employee for services with the Company excluding bonus, overtime pay, shift allowance and other allowances whatsoever in nature.

**ARTICLE : 5 INTERPRETATION**

5.1 The Company shall provide all employees who are covered by this Collective Agreement a copy of this Agreement in English and translation in Bahasa Malaysia. If there is any conflict in the interpretation between these versions, the English version shall prevail.

5.2 Non Union members who are within the scope of this Agreement shall not in any way whatsoever be entitled to better or more favorable benefits than provided by this Agreement.

5.3 In this Agreement, unless the context otherwise requires, words importing singularity or masculinity shall include plurality or femininity respectively and vice versa.

5.4 The word "Executive" or "Employee" hereinafter refers to as E1 & E2 grade workers.

**ARTICLE : 6 DURATION AND TERM OF AGREEMENT**

6.1 This Agreement shall take effect from 1<sup>st</sup> January 2008 and shall continue to remain in force for a period of three (3) years and thereafter, until superseded by a new Agreement.

6.2 During the period of this Agreement neither the Company nor the Union shall seek to vary, any of its terms nor shall any demands or claims be made on new terms and conditions of employment save by mutual agreement, by operation of the law or as provided therein and provided that such variation shall take effect and be binding on the parties only after given cognizance by the Industrial Court.

6.3 Any variation to the terms of this Agreement shall be jointly deposited by both parties with the Industrial Court for its cognizance. Such variation shall be binding on the parties from such date and for such period as may be specified in the variation Agreement provided that such period shall not commence earlier than the effective date of this Agreement.

- 6.4 Either party may serve on the other three (3) months written notice to negotiate on new terms and conditions of employment and other related matters but no such notice should be served earlier than 1<sup>st</sup> October 2010. The party that serves the notice shall also submit proposals on terms and conditions of employment for negotiation. In the event of deadlock in negotiation, the provisions of the current terms and conditions of employment shall prevail until superseded by new terms concluded between the parties or awarded by the Industrial Court.

#### **ARTICLE : 7           LEGISLATION**

- 7.1 If the government provides new legislation better than the provisions of this Agreement, then the relevant provisions of this Agreement shall automatically be revised as follows :-

- 7.1.1 The Government's legislation is less than provisions of this Agreement then the provisions of this Agreement shall remain in force.
- 7.1.2 The Company shall comply with such legislation if the benefits are more favorable than the provisions of this Agreement.
- 7.1.3 No employee shall be entitled to the benefits of both this Agreement and the Government legislation if the benefits of the legislation exceed the provisions of this Agreement.
- 7.1.4 Where any clause in any current contract of service exists which is in conflict with the terms of this Agreement, then such clause shall be superseded by the relevant terms of this Agreement, however if the benefit contain in the current contract of service is more favorable then the benefit will continue to apply.

#### **ARTICLE : 8           RECOGNITION OF THE UNION**

- 8.1 The company recognizes the Union as the exclusive bargaining agency in respect of rates of pay, hours of work, wages and other terms and conditions of employment for all employees who are employed by the Company in Malaysia and who are eligible for Union membership except those holding non bargaining position as set out in ARTICLE 12 of this Agreement.
- 8.2 In the event that a new category of employees are introduced whom are not covered under the current approved Salary structure, the Union will make representation with a view to determine the above accordingly.

- 8.3 The Company undertakes not to interfere with the affairs and conduct of the Union business and activities, provided these activities do not violate or infringe any of the provisions of this Agreement or any legislation.

## **ARTICLE : 9                    RECOGNITION OF THE COMPANY**

- 9.1 The Union recognizes the right and discretion of the Company to operate and manage its business in all respects and assures the Company that all its members will cooperate with the Company in working for the advancement of the Company's business.
- 9.2 However, the Company in the exercise of its rights and discretion to manage its business shall not violate any of the expressed or implied terms of this Agreement nor shall it victimize any of the members of the Union.
- 9.3 The Union undertakes not to interfere with the affairs and conduct of the Company's business and activities, provided these activities do not violate or infringe of any law for the time being in force and the provision of this Agreement.

## **ARTICLE : 10                JOINT RECOGNITION**

### **10.1      Productivity**

- 10.1.1 The Company and the Union recognize the need for high productivity to enhance the well being of the Company and for the benefit of its employees.
- 10.1.2 Both parties affirm their commitment to high productivity and to provide meaningful work and job satisfaction.
- 10.1.3 High productivity shall be achieved through better skills and better work practices. These include office automation, computerization, advance technology, efficient work methods, flexible work practices and highly skilled and motivated employees.
- 10.1.4 Employees shall be provided with training, at the discretion of the Company, to acquire the necessary skills to develop their capability and potential. Where appropriate, career planning shall be introduced for employees to contribute and achieve their potential, as determined by the Company.

## **10.2 Employee Involvement**

- 10.2.1 The Company recognizes that all employees are involved in the business and are interested in it being run successfully. It therefore believes strongly in employee communication and joint consultation, and shall encourage and promote a climate of open and meaningful bilateral communication with employees. ("two way communication")
- 10.2.2 As part of this communication process, representatives of the Company and the Union shall meet at various levels to discuss industrial and general matters.

## **10.3 The Conduct of Industrial Harmony**

- 10.3.1 The Company and the Union affirm their desire to conduct industrial relations matters in an orderly fashion and to promote a harmonious working relationship.

## **ARTICLE : 11 NOTICE BOARD / ROOM**

- 11.1 The Company shall provide the notice board at suitable location. Other than General Notice concerning the Internal Affairs of the Union, the Union shall not put up any Notice that may be detrimental to the Company.
- 11.2 The Company shall, at its discretion, provide a room in the Company premises to enable the Union to conduct its activities.

## **ARTICLE : 12 SCOPE OF THE AGREEMENT**

- 12.1 This Agreement shall be binding on the Company and all Executives who are within the scope representation in positions represented by the Union and recognized by the Company, with the exception of those employees who are employed in the following capacities/positions:
- 12.1.1 Confidential
- 12.1.1.1 Finance Department
- 12.1.1.2 Human Resource Department
- 12.1.1.3 MIS/ICT Department

12.1.1.4 Billing

12.1.1.5 Executive Secretary

12.1.2 Security

- 12.2 Employees on a fixed term contract for a period not exceeding twenty-four (24) months shall only be eligible for specific article of this Agreement where stated. Other terms shall be within the Employment Act 1955.

#### **ARTICLE : 13            DISPUTE RELATING TO INTERPRETATION OR IMPLEMENTATION**

- 13.1 Any dispute relating to the interpretation or implementation of this Agreement shall, unless settled by negotiation between the Company and the Union, be referred to the Industrial Court in accordance with the provisions of the Industrial Relations Act 1967.

#### **ARTICLE : 14            CHECK OFF**

- 14.1 The Company hereby agrees to deduct the monthly membership subscription fees and other dues through monthly deduction from the salaries of members who have given their written authorizations through the Union to the Company to do so in accordance with section 24 of the Employment Act 1955 and such monies shall be remitted to the Union.
- 14.2 The Union will submit authorizations duly signed and completed by individual employee to the Human Resource Department, one month before the deduction is to be made.
- 14.3 The Authorization for Deduction of Union Dues (Appendix A) should specifically stipulate the monthly subscription rates. If there is any change in the monthly subscription rates, a fresh request in writing has to be made by the Union with written consent by the employees concerned.
- 14.4 Nothing shall prevent the employee from withdrawing his consent at any time during the duration of this Agreement by serving the Company through the Union 30 calendar day's notice in writing. The Company shall stop deducting the Union subscription of its members when noticed to do so.
- 14.5 The Company will send a "Payment Transmittal Memorandum" to the Union not later than the 10<sup>th</sup> day of the following month.

## ARTICLE : 15            DISCIPLINE

- 15.1 Where the Company institutes an inquiry, the Company will inform the employee concerned in writing stating the charges alleged against him, the time, date and location of such inquiry.
- 15.2 After due inquiry, an employee may, on the ground of misconduct inconsistent with the fulfillment of the express or implied terms and conditions of his service be:
- 15.2.1 Dismiss without notice or
  - 15.2.2 Downgraded or
  - 15.2.3 Impose any other lesser punishment as the Company deems just and fit.
- 15.3 For the purpose of an inquiry under sub ARTICLE 15.1 and 15.2, the employer may suspend the employee from work.
- 15.4 Before any disciplinary action is taken, the employee shall have an opportunity to be heard orally or in writing. Where an inquiry is to be held, he may, if he so wishes, be represented by a maximum of two (2) officers of the Union who shall assist the employee for the purpose of cross examination of witnesses.
- 15.5 If on the day of inquiry the proceeding is not held, the employee concerned shall be given further instruction by the Company without uplifting his suspension for a maximum of three (3) months. If after three (3) months, the inquiry does not proceed the case is considered close and the employee shall be considered as not guilty except for any of the following situation:
- 15.5.1 The unavailability of the employee to attend the inquiry due to whatever reason.
  - 15.5.2 The company is unable to conduct the inquiry due to reason beyond its control whereby the employee will be notified.
- 15.6 An employee who has been suspended under sub ARTICLE 15.3 above may be barred from entering the Company's premises during the period of his suspension.
- 15.7 An employee on whom any form of disciplinary punishment is imposed as provided in this Article shall have the right of appeal to the appropriate authority of the Company within fourteen (14) days from the date of the letter informing him of the punishment.

## **ARTICLE : 16            GRIEVANCES**

### **16.1    PURPOSE**

- 16.1.1    It is the desire of both parties to this Agreement that grievances arising between an employee and the Company, or between the Union and the Company be settled as equitably, promptly and as amicably as possible. In pursuance of this, it is agreed that grievances should be processed according to the following procedure with the aim of reaching an agreement at the lowest possible level and continue to preserve the harmonious relationship between the parties.

### **16.2    DEFINITION OF GRIEVANCE**

- 16.2.1    A grievance is defined as an employment related complaint brought by the employee concerned against the Company or officers of the Company relating matters affecting the terms and conditions of service or the application of any provisions in this agreement.
- 16.2.2    For the purpose of this article, the immediate superior means any superior of the employee concerned irrespective of the superior's position or grade.
- 16.2.3    It is the responsibility of the immediate superior concerned to take the necessary action to immediately resolve any grievance brought to him by his subordinates through the channel provided for and within the time period specified.

### **16.3    PROCEDURE**

#### **16.3.1    FIRST LEVEL – Immediate Supervisor**

- 16.3.1.1    If an employee or a group of employees have a grievance he shall discuss it with his immediate superior.
- 16.3.1.2    Within 3 working days from the date the grievance is realized the immediate superior must take the necessary actions to resolve the grievance.

#### **16.3.2    SECOND LEVEL – Manager or Head of Department**

- 16.3.2.1    If the grievance is not resolved by the immediate superior, the employee concerned must forward his grievance in writing in the GRIEVANCE FORM (Appendix C) to his manager within three (3) working days after the expiry of the time period at First Level.

16.3.2.2 For this purpose he may be represented by the Union.

16.3.2.3 The Manager / Head of Department concerned must resolve the grievance within seven (7) working days.

16.3.3 THIRD LEVEL – Human Resource Department

16.3.3.1 If the grievance forwarded by an employee is not resolved by the manager / Head of Department concerned after the expiry of the time period at Second Level, a dispute shall be deemed to have arisen. A written notice shall be given by either party for the settlement of the said dispute at Human Resource Department.

16.3.3.2 Formal discussions between the Company and the Union shall be held not later than fourteen (14) calendar days after the said notice is served. A settlement of the said dispute shall be reached within one (1) month from the date of formal discussion so held.

16.3.3.3 Both parties may hold as many as discussions as they deem fit and shall jointly sign the minutes after each meeting.

16.3.3.4 Representatives from the Human Resource Department and the Union may be called to attend the meeting for the purpose of settling the dispute at this level.

16.3.4 FOURTH LEVEL – Ministry of Human Resource

16.3.4.1 If no agreement is reached within the period of one (1) calendar month from the date of reference to the Human Resource Department the dispute may be referred to the Ministry of Human Resource for a decision.

16.4 Right of both parties pending the settlement of grievance / dispute.

16.4.1 In the interest of the Company's operations, neither party shall take unilateral actions during the period the grievance / dispute is being processed in accordance with the procedure set out herein above.

16.5 Employees shall continue to carry out his duties and if he carries out any order of his superior, which is connected with the grievance / dispute that has been the subject of reference and is in the process of settlement, the said employee is deemed to do so under protest until the dispute is settled. However, in a situation where directive contravenes any statutory law, the directive may be set aside.

16.6 If any time the grievance is not referred to a higher level by the employee or his representatives, or he or his representative fails to attend any meeting arranged to address the said grievances within the period specified at any level, the said grievance shall be deemed to be settled.

16.7 EXTENSION OF TIME LIMIT

16.7.1 At all stages of the procedure where a time limit is specified in sub ARTICLE 16.3, such time limit may be extended by agreement between the Union and the Company.

16.8 INFORMAL MEETING

16.8.1 The existence of grievances shall not prevent either party to this Agreement from continuing informal exchange of views between the Union and the Company on other matters of mutual interest.

**ARTICLE : 17 PROBATION OF NEW EMPLOYEES**

17.1 A new employee who is engaged with the view for regular employment shall serve a probation period not exceeding six (6) months, which may be extended to another three (3) months at the discretion of the Company. If he is not notified of his confirmation or otherwise within fourteen (14) days at the end of his probation period or any extension thereof the employee is deemed to be confirmed.

17.2 During the period of probation or any extension thereof, employment may be terminated by either party giving the other party 24 hour's notice or salary in lieu of notice.

17.3 In all instances, the employee shall be notified of this confirmation even at a later date.

**ARTICLE : 18 PROMOTION**

18.1 It is the policy of the Company to promote suitable employees from lower grades to higher grades as and when vacancies are available. Employees may also be considered for promotion to higher position. In selecting the candidate, the Company shall consider his suitability in terms of his ability to perform the new job. In the event that no suitable employees are available, the Company shall recruit new employees to fill such vacancies that may rise.

- 18.2 When such vacancies are available, the Company will notify the employees of the availability and details of the vacancies by means of the Company's News Bulletin. Such notices shall be displayed or distributed to all Departments at least two (2) weeks before closing date.
- 18.3 Employees who are selected for promotion will be notified in writing and will be required to serve a probationary period not exceeding six (6) months. The employee shall be notified in writing of his promotion, and any changes to the terms and conditions of employment. The employee shall acknowledge acceptance of the promotion and its terms and conditions by signing the promotion offer letter within seven (7) working days of receipt, failing which it is deemed he has rejected the offer.
- 18.4 An employee who is found not suitable for the higher post during the probationary period will be informed by the Company and will automatically revert to his former or similar position and salary without prejudice to his future prospects.
- 18.5 An employee who has been promoted to higher grade shall receive an increase in salary as follows:-
- 18.5.1 Where his previous salary is equal to or higher than the minimum salary of the new grade to which he is being promoted, he shall receive 15% increment in his current basic salary.
- 18.5.2 Where his salary is below the minimum salary of the grade to which he is promoted, after 15% increments, he shall be placed on the minimum salary of the higher grade.
- 18.6 Subject to Articles 18.1 to 18.4, an employee who is occupying a higher position and is only performing the duties in that position, he shall be paid an allowance of 15% of his current basic salary. If he is occupying that position for more than six (6) months, he may be considered for promotion.

#### **ARTICLE : 19            ANNUAL INCREMENT / SALARY STRUCTURE AND ADJUSTMENT**

- 19.1 Annual increment shall be a minimum of 5% of the employee last drawn basic salary and it shall be on 1<sup>st</sup> January provided the company achieved 5% nett profit from its annual turnover in the previous year as verified by the external appointed auditor. If the Company's nett profit exceeds 5%, the Company shall give due consideration to grant an annual increment of more than 5%.
- 19.2 A newly recruited employee who has less than 12 months' service and has been confirmed before 1<sup>st</sup> January shall receive a pro-rate amount of the annual increment.
- 19.3 An employee, who is not eligible for the annual increment due to a maximum salary range, shall be considered for such increment at the sole discretion of the Company.

- 19.4 The Company shall conduct a salary review as and when it deemed necessary and will implement the salary structure in Appendix D herein.
- 19.5 The Company may consider providing additional annual merit increment based on individual performance.
- 19.6 With effect from 1<sup>st</sup> January 2008, the Company shall grant a salary adjustment of 5.75% based on their December 2007 salary to all employees within the scope of this Collective Agreement who were in the employment as at this date.
- 19.7 In the event that the rate of pay after the said salary adjustment and the said annual increment shall be less than the minimum salary applicable in Appendix D, then the employees concerned shall be entitled to the said minimum.

#### **ARTICLE : 20 NOTICE FOR TERMINATION OF SERVICE / RESIGNATION**

- 20.1 As provided in the Contract of Employment or Letter of Offer, the Company or the employee may give written notice of early termination of service.
- 20.2 In lieu of such notice, the Company or employee shall pay the sum of salary as stipulated in the Contract of Employment or Letter of Offer.
- 20.3 This article shall not apply when an employee has a pending disciplinary case.

#### **ARTICLE : 21 WORKING HOURS**

- 21.1 The normal working hours for all employees of the Company covered by this Agreement shall be 39.0 hours per week exclusive of meal break.
- 21.2 The normal hours for Shift Workers shall be 41 hours per week over a period of one (1) cycle of work lay down in the department shift roster but shall not exceed 48 hours per week over a period of any three weeks.
- 21.3 The Company shall undertake to notify the union of any major changes in the normal working hours and schedules at least fourteen (14) days in advance to provide time for consultation prior to implementation.
- 21.4 An Employee on shift duty should have a minimum of 30 hours rest prior to the next shift change.

## ARTICLE : 22 WORKING HOURS SCHEDULE

22.1 The schedule of normal working hours for all employees except shift and intermittent workers are as follows:

### 22.1.1 NORMAL WORKING HOURS

(In States observing Sunday as the Rest day)

DAY	WORKING HOURS	BREAK	LUNCH
Monday to Thursday	0800Hrs – 1700Hrs	0930Hrs – 0950Hrs	1300Hrs – 1340Hrs
Friday	0800Hrs – 1700Hrs	0930Hrs – 0950Hrs	1245Hrs – 1425Hrs
Saturday	OFF DAY		
Sunday	REST DAY		

22.1.2 Work schedules for Shift Workers shall be in accordance with the work site roster.

## ARTICLE : 23 GAZETTED PUBLIC HOLIDAYS

- 23.1 All employees shall be granted paid leave on all Public Holidays gazetted by Federal Government of Malaysia and by the Government on the State in which the employee is permanently assigned.
- 23.2 Any employee who absents himself from work on the working day immediately preceding or succeeding public holidays or a substituted Public Holiday without the prior consent of the Company or without reasonable excuse, shall not be entitled to any holiday pay for that public holiday.
- 23.3 Where any of the gazetted Public Holiday or any other substituted falls within the period during which an employee is on Medical Leave or falls during the period of temporary disablement under the Employees Social Security Act 1969, the Company shall grant another day or days as paid Public Holiday in substitution for such Public Holiday or the day substituted thereof.
- 23.4 Where the following Public Holiday falls on Saturday (Off-Day) as per ARTICLE 22, the Company shall credit one-day leave to the employees' Annual leave entitlement. This will be published in the Company News Bulletin from time to time.

## **ARTICLE : 24            FESTIVAL ADVANCE**

- 24.1            The Company shall grant on application an Annual Festival Advance of not less than one (1) month basic salary to employees who are confirmed in their employment. The Festival Advance shall be for any one of the following festivals:
- 24.1.1    Hari Raya Puasa or Hari Raya Qurban
  - 24.1.2    Chinese New Year or Wesak
  - 24.1.3    Deepavali or Vasakhi
  - 24.1.4    Christmas
  - 24.1.5    Gawai or Amatan
- 24.2            Such Festival Advance shall be payable to the employees not less than two (2) weeks before the Festival.
- 24.3            The above Festival Advance shall be repaid in six (6) equal monthly installments commencing from the month following that in which the advance was taken.
- 24.4            The Company shall notify the employees by means of the Company's News Bulletin specifying the date of requesting the above said Festival Advance four (4) weeks before the respective festival.

## **ARTICLE : 25            MEAL ALLOWANCE**

- 25.1            Subject to provisions of sub Article 25.2 and 25.3 of this article, an employee will be given a meal allowance if he is required by the company to work during his meal time.
- 25.2            The meal times are as follows:
- 25.2.1    Breakfast        -from 0700 to 0730hrs.
  - 25.2.2    Lunch                -from 1300 to 1340hrs.
  - 25.2.3    Dinner                -from 1900 to 2000hrs.
- 25.3            To qualify for a meal allowance, an employee will have to be at work throughout the meal time concerned under the following work assignments:

- 25.3.1 Aircraft flight test
- 25.3.2 Aircraft ground run and related activity
- 25.3.3 Compass swing
- 25.3.4 If his duty is out of base within 120km.

- 25.4 An employee will be eligible to receive a meal allowance of RM7.50 per meal under the provisions of paragraph 25.2 and 25.3 of the above article.
- 25.5 The Company may require an employee to take their meal break if their services are not required during such meal breaks.
- 25.6 The payment of the above meal allowance will not apply in case of an employee who either commences or ends duty during the meal breaks, irrespective of whether he is given a full meal break or not during the meal break concerned.
- 25.7 Only the payment of the meal allowance for the work assignments under Article 25.3.1, 25.3.2 and 25.3.3 are to be paid through the employee pay slip.

#### **ARTICLE : 26            SHIFT ALLOWANCE**

- 26.1 Shift Allowance is paid to compensate the inconvenience experienced and additional expenses incurred by an Employee who is required to work on shift in accordance with the schedules approved by the Company.
- 26.2 For an employee working on shift as and when determined by the Company, the rate of shift allowance to be paid per full shift duty worked are as follows:-
  - 26.2.1 3 Cycle Shift duty                      RM150 per month
  - 26.2.2 2 Cycle Shift duty                      RM100 per month
- 26.3 In the event that an Employee is permanently taken off from shift work, his Shift Allowance shall be withdrawn. The withdrawal of the Shift Allowance shall be effective as from the first day of the month following the cessation of the shift work.

**ARTICLE : 27            LAUNDRY ALLOWANCE**

- 27.1            An employee who is provided with uniform shall wear the uniform while on duty.
- 27.2            An employee will be paid a laundry allowance of RM50 per month and shall not be payable on any of the following circumstances:
- 27.2.1        Employee on Unpaid Leave of more than five (5) days in a month.
- 27.2.2        Employee on Medical Leave of more than five (5) days in a month.
- 27.2.3        Employee on Annual Leave of more than five (5) days in a month.
- 27.2.4        Employee who are suspended from work due to disciplinary action.
- 27.2.5        Where the total number of days of the leave mentioned in 27.2.1, 27.2.2 and 27.2.3 collectively exceed seven (7) days in a month.

**ARTICLE : 28            OVERSEAS OUTFIT ALLOWANCE**

- 28.1            An employee who is required by the Company to travel overseas shall be paid an outfit allowance as follows:
- 28.1.1        RM1500 once every three (3) years during autumn and/or winter in temperate climate countries.
- 28.1.2        RM1000 once every three (3) years during summer and/or spring in temperate climate countries or in tropical climate countries.
- 28.1.3        Provided that the maximum outfit allowance received by the employee is not more than RM1500 for every three (3) years.

**ARTICLE : 29            COVERING ALLOWANCE**

- 29.1            When an employee is required to act in a higher position on a temporary basis during the absence of the substantive holder, he will be paid covering allowance at the rate of RM25 per day subject to the following conditions being fulfilled :

29.1.1 That he substantially performs the duties and assumes the responsibilities of the higher position in which he is covering in addition to his normal duties and responsibilities for a period of not less than five (5) continuous working days.

29.1.2 That the covering employees' normal grading is lower than the established grading of the post in which he covers.

29.1.3 That the covering allowance is only payable to the actual performance of the full duties and assumption of the full responsibilities of the higher position and shall not be payable during the absence from duty of the recipient.

29.2 Where an employee is required to act and assume the full responsibility of another employee on a lateral level he will be paid a lateral covering allowance at the rate of RM15 per day subject to the following condition being fulfilled:

29.2.1 That he substantially performs the duties and assumes the responsibilities of the employee that he acted for in addition to his own duties and responsibilities for a period of not less than five (5) continuous working days.

29.3 Covering allowance shall not be deemed to be basic salary and shall not qualify for overtime or public holiday or rest day payment nor shall it be taken into account for EPF purpose.

#### **ARTICLE : 30           TEACHING/LECTURING INCENTIVE ALLOWANCE**

30.1 An employee who is not appointed as a trainer but subsequently perform teaching duties as instructed by the company shall be paid an Incentive Teaching Allowance a minimum of RM25 per day.

#### **ARTICLE : 31           SPECIAL ALLOWANCE**

31.1 An employee, who is required to perform works inside the fuel tank of an aircraft, where it is necessary for him to be physically inside the aircraft fuel tank from the neck up, will be paid the fuel tank duty allowance of RM10 per day.

31.2 An employee who is designated and whose duties include driving and operating a lorry crane shall be paid a special allowance of RM15 per day.

- 31.3 An employee who is required to follow an aircraft for flight check/test shall be paid a flying allowances of RM225 per month provided he flies at least once in that month.
- 31.4 An employee whose works require him to be exposed to hazardous and dangerous materials, chemicals and radiation and certified by the respective Head of Department shall be paid an allowance of RM60 per month.
- 31.5 The following personnel are entitled to the allowance as sub-article 31.4:
- 31.5.1 Electroplating
  - 31.5.2 Painters
  - 31.5.3 Fiberglass/Fabrics/Composite Materials
  - 31.5.4 Cleaning Shop
  - 31.5.5 Safety (Waste Disposal)
  - 31.5.6 Battery Charging Room Personnel
  - 31.5.7 Fuel and Accessories (FOA)
  - 31.5.8 Non-destructive Testing (NDT)
  - 31.5.9 Fuel tank
  - 31.5.10 Avionics (PMEL Mech)
  - 31.5.11 Petrol, Oil and Lubricant Store (POL)
  - 31.5.12 Hydraulic Shop
  - 31.5.13 Welding Shop

## **ARTICLE : 32           MODE OF TRAVEL**

- 32.1 The Department Head shall decide the mode of travel for his Employee who is on official duty.

- 32.2 If an employee chooses a mode of transport other than permitted under sub ARTICLE 32.1, he shall be eligible to claim an equivalent fare, provided the employee has obtained prior approval from the Company.

#### **ARTICLE: 33 MILEAGE AND TRANSPORTATION REIMBURSEMENTS**

- 33.1 Employees who are required to use their own means of transport in performing their duties shall be paid a mileage reimbursement as follows:

33.1.1	Motorcar	-	RM0.70 cents per kilometer
33.1.2	Motorcycle	-	RM0.50 cents per kilometer

#### **ARTICLE: 34 LICENCE AND TRANSPORTATION FEES REIMBURSEMENTS**

- 34.1 The Company agrees to reimburse any parking fees, toll charges and ferry fares incurred by the employees in the course of pursuing the Company's business.
- 34.2 Employees who are employed to drive the Company's vehicle shall be reimbursed with License renewal and Badge renewal fees annually.

#### **ARTICLE: 35 OVERSEAS DUTY REIMBURSEMENTS**

- 35.1 An Employee required by the Company to perform official duties or attending conferences, seminars and courses overseas shall be eligible to claim actual hotel charges for Standard Room with receipt and Daily Living Reimbursement (DLR) based on his eligibility.
- 35.2 The employees are entitled to DLR from the point of departure on a daily rate as follows:
- |        |                                 |        |
|--------|---------------------------------|--------|
| 35.2.1 | Asian Countries except Japan    | USD80  |
| 35.2.2 | Other Countries including Japan | USD110 |
- 35.3 An employee shall be reimbursed with actual transportation expenses if Company transportation is not provided whilst performing official duties.

**ARTICLE: 36****OVERSEAS MISCELLANEOUS REIMBURSEMENTS**

36.1 An Employee whilst on duty overseas may claim miscellaneous expenses incurred as follows:-

36.1.1 Telephone, telegram, telefax and postage expenses incurred on official business, where there are no such facilities available at the Company's Branch.

36.1.2 Airport taxes supported by receipts and Company approved excess baggage.

36.1.3 Government taxes and service charges related to the hotel room charges.

36.1.4 Processing fee for International Passport and visa application.

**ARTICLE: 37****OUTSTATION AND OFF-BASE DUTY REIMBURSEMENTS**

37.1 An employee who is required to perform official duties away from his Base must submit the Travel and Transportation Order (TTO). All travel arrangement including hotel accommodation should be booked through HR using TTO form duly signed and approved by the appropriate authority prior to departure.

37.2 Where the Company prearranges the hotel, an employee will check-in and receive whatever inclusive benefits offered by the hotel. In case of immediate requirement approved by the Company, the employees shall be eligible to be reimbursed the actual amount of the standard room charge base on receipt.

37.3 Employees on official business or duty traveling off base may use a private vehicle if no Company vehicle is available provided it is approved by the Company. If a hired car is to be used, prior approval must be obtained and receipts produced for reimbursement or prearranged by the Company.

37.4 Employees using own vehicle to travel on company business may claim mileage based on the approved claim rate. Employees may be allowed to depart from his residence for travel on company business/requirements.

37.5 Mileage claims for outstation travel using employee's private vehicle must be submitted through Travel Expense Reports, together with other reimbursements associated with those domestic travels.

37.6 For outstation/off base duty, an employee is entitled to Daily Living Reimbursement (DLR) or lodging if the Company authorizes own accommodation at the following rate for all towns in Malaysia;

**DLR = RM110**

**LODGING = RM150**

- 37.7 An employee shall be reimbursed with actual transportation expenses if the Company transport is not provided whilst performing official duties.
- 37.8 Employee who is not employed as a driver but has to drive a Company's car or Company hired car whilst performing official duty shall be paid a driving allowance of RM10 per day in addition to other related claim.
- 37.9 All payments of claims and refunds shall be settled within thirty (30) calendar days after submitting the Travel Expenses Report.
- 37.10 The Daily Living Reimbursement shall be paid to the employee at least two (2) working days prior to his departure provided the TTO is submitted seven (7) working days before the departure date except for emergency situation where payment should be immediate.
- 37.11 Where accommodation is provided by the company it shall be a minimum of a four (4) Star Hotel provided such accommodation is available.

#### **ARTICLE: 38            ANNUAL LEAVE**

- 38.1 The annual leave entitlement shall be determined by the provision in the contract of service, or, in the absence of such provision in writing, the following shall apply:

Years of service	1 to 5 Years	6 to 10 Years	11 to 20 Years	Above 20 Years
E1	18 Days	21 Days	25 Days	30 Days
E2		24 Days	28 Days	

- 38.2 Annual leave shall be calculated on a calendar year basis. However, new employees who have less than 12 months' continuous service may apply for annual leave, but such application will be considered by the Company on a pro-rata basis for each completed month of service.
- 38.3 In cases of resignation, retrenchment or retirement, the annual leave entitlement for the year in which his contract of service terminates shall be calculated and paid on a proportional basis. No such payment is to be made to an employee who resigned to avoid dismissal or leaving on disciplinary ground.

- 38.4 Where an employee who is on paid annual leave and becomes entitled to Paid Sick Leave or Maternity Leave while on such annual leave, the employee shall be granted the Sick Leave or the Maternity Leave as the case may be, and the annual leave shall be deemed to have not been taken in respect of the days for which such leave is so granted.
- 38.5 Employee who applies for his Annual Leave and his leave application has not been approved by the Company due to operational exigency, then such leave will be carried forward to the following years. If the Company chooses not to grant such accumulated leave, then such leave shall be converted into cash, however, if the employee chooses not to take such leave within the first six (6) months, then such accumulated leave will be forfeited by the Company.
- 38.6 An employee applying for leave of absence shall submit his application in the prescribed leave application form to the Department Head one (1) week before the intended leave.

#### **ARTICLE: 39            SPECIAL LEAVE**

- 39.1 The Company shall grant leave with full pay to the employees for the following purposes:-
- 39.1.1 Represent sports, cultural and religious functions at State or National levels as approved by the Company.
- 39.1.2 Taking part in any National Service Training Programs.
- 39.1.3 For attending local or overseas Trade Union Courses, Conference, Seminars, Forum approved by the Ministry of Human Resources or Malaysian Trade Union Congress, ITF (International Transport Federation) at the discretion of the Company.
- 39.1.4 For attending Court as a Company's Witness or a Crown Witness for the Government of Malaysia.
- 39.1.5 For taking examination that are beneficial to the company, subject to Company's approval.
- 39.2 Application for the above shall be made in writing to the Company stating the purpose and duration at least five (5) working days before the commencement of the events.
- 39.3 An Officer of the Union shall be granted paid leave of absence to enable him to carry out his duties or to exercise his rights as an officer of the Union in relation to Industrial and matters concerning Union provided the duration of leave applied for is no longer than what is reasonably required for the purposes.

**ARTICLE: 40           HAJ LEAVE**

- 40.1   The Company shall grant paid leave not exceeding thirty (30) days to employees who have served the company for a minimum of seven (7) years continuous service for the purpose of performing the Haj.
- 40.2   Such application shall be taken only once during the employment with the Company and must be taken in full.
- 40.3   The Company has the right to limit the number of applicants due to the operational requirement of the company.

**ARTICLE: 41           MATRIMONIAL LEAVE**

- 41.1   All confirmed employees marrying for the first time in his or her life time shall be entitled to five (5) calendar days paid Matrimonial Leave which should be taken at the time of his or her marriage.

**ARTICLE: 42           PATERNITY LEAVE**

- 42.1   A married male employee shall be entitled to two (2) working days paid leave when his wife gives birth. This entitlement is for five (5) surviving children only.
- 42.2   Such leave shall be taken only for that occasion and shall not be accumulated.

**ARTICLE: 43           CALAMITY LEAVE**

- 43.1   Employees shall be granted two (2) days paid leave in the event that he faces any natural calamity arising from flood, fire, landslide, or other mishaps affecting the employee and his personal properties and belongings.
- 43.2   In instances where calamity leave has been granted, employees must on his return from such leave, immediately or as soon as it is reasonably possible furnish documentary evidence of such events.

#### **ARTICLE: 44            COMPASSIONATE LEAVE**

44.1    The Company shall grant paid Compassionate Leave under the following circumstances:-

44.1.1            On the death of immediate family member (as per Sub ARTICLE 4.14) three (3) days leave.

44.1.2            Critical illness of immediate family members requiring hospitalization (as per Sub ARTICLE 4.14) two (2) days leave.

44.2    Any Compassionate leave taken under Sub ARTICLE 44.1 shall be supported by documentary evidence upon his return to work.

44.3    In the event of a demise of the Union member, the Company shall allow minimum of two (2) Union Officials time off to attend the funeral.

#### **ARTICLE: 45            SICK LEAVE**

45.1    An employee shall, after examination by and on the recommendation of the Company's panel doctors or a Government Doctor in a case of emergency where the company's panel doctors are not available or in a case where an employee is hospitalized or where he is receiving post hospitalization treatment from a Government doctor, be eligible to such paid sick leave in the aggregate:-

45.1.1    Fourteen (14) days in the aggregate in each calendar year if the employee has been employed for less than two (2) years.

45.1.2    Eighteen (18) days in the aggregate in each calendar year if the employee has been employed for two (2) years, but less than five (5) years.

45.1.3    Twenty-two (22) days in the aggregate in each calendar year if the employee has been employed for five (5) years or more.

45.1.4    Sixty (60) days in aggregate in each calendar year if the hospitalization is necessary, as may be certified by such registered medical practitioner or medical officer.

45.2    If an employee is certified by a Company's panel doctor or a Government Medical Officer to be ill enough to be hospitalized but is not hospitalized for any reason whatsoever, he shall be deemed to be hospitalized for the purpose of this ARTICLE.

- 45.3 Medical leave granted by dental surgeon is considered as sick leave.
- 45.4 The employee must inform the Company within forty-eight (48) hours of the commencement of such leave and the medical certificate must be given to his immediate superior as soon as he reports for duty. If he fails to notify the Company within such period, he shall be deemed to be absent from work without the permission of the Company and without reasonable excuse for the day(s) on which he is so absent from work.
- 45.5 An employee is not entitled to any sick leave while on maternity leave, SOCSO leave or during a period he is receiving any compensation for disablement under Workmen's Compensation Act 1952.
- 45.6 In cases of prolonged illness resulting from diseases such as tuberculosis, cancer, poliomyelitis, leukemia and leprosy and any other diseases which is medically certified as prolonged illness, a confirmed employee shall be granted leave as follows:
- 45.6.1 First Four (4) months with full pay
  - 45.6.2 Next Six (6) months with half pay
  - 45.6.3 Another Two (2) months without pay
  - 45.6.4 The service of the employee, if he has still not recovered from his illness, shall be terminated on the thirteenth (13<sup>th</sup>) month on medical ground.
- 45.7 The leave stipulated under sub-article 45.6.1 to 45.6.4 does not include the sixty (60) days hospitalization leave under sub-article 45.1.4.
- 45.8 In cases where the Company-designated doctor or any registered medical practitioner/specialist certifies that the ailment classified as prolonged illness is going to last 6 months or more the employee may, at his option, retire from the employment of the Company. In such cases, the Company shall pay in one lump sum, the balance of his prolonged illness entitlement as set forth in Sub ARTICLE 45.6 above, if any, in addition to his eligibility to any other payments.

#### **ARTICLE: 46            MATERNITY LEAVE**

- 46.1 Female employee shall be entitled to maternity leave for a period of 60 consecutive days in respect of each confinement. Maternity leave shall not commence earlier than 30 days immediately preceding the confinement or not later than the day immediately following her confinement. Irrespective of the actual date of confinement, not more than 60 days leave on full pay will be allowed in respect of one confinement.

- 46.2 Maternity leave with full pay is only for female employee who at the time of confinement has less than five (5) surviving children.
- 46.3 Absent from work due to miscarriage during the first 28 weeks of pregnancy shall not be considered as maternity leave but as normal sick leave. In the event of premature birth after 28 weeks of pregnancy, the normal maternity leave shall be granted.
- 46.4 Application for maternity leave shall be supported by a certificate from a registered medical practitioner recommending the grant of such leave.

#### **ARTICLE: 47            INDUSTRIAL ACCIDENT LEAVE**

- 47.1 The Company shall grant accident leave in accordance with the provision of the Social Security Act 1969. It is provided that the employee shall refund to the Company the temporary disablement benefit so received from SOCSO for the aforesaid period. The Company will assist the employee in claiming the SOCSO benefits.

#### **ARTICLE: 48            UNPAID LEAVE**

- 48.1 Employee may apply for unpaid leave and each individual case will be sympathetically considered by the Company on its merits.
- 48.2 All unpaid leave application shall be submitted to Human Resources Department through Department Head a minimum of three (3) weeks before the intended leave. In case of emergency, lesser notice can be considered.

#### **ARTICLE: 49            OUTSTATION TRANSFER LEAVE**

- 49.1 An employee who is on permanent transfer shall be granted paid leave up to a maximum of two (2) working days for single employee and four (4) working days for married employee for the purpose of transferring his personal effects and family and such leave shall not be carried forward.
- 49.2 A permanent transfer is a transfer of more than six (6) months' duration away from an employee's normal work area and which involves an employee having to move his household and family.

**ARTICLE: 50            OTHER BENEFITS**

50.1    The Company shall for the good relationship of Employer-Employee extend the following benefits:

50.1.1        Family Day subject to mutual consent of the Union and the Management.

50.1.2        Salary deduction for payment of contribution and loans to statutory and financial institutions approved by the Company.

50.1.3        All claims submitted by the 10<sup>th</sup> of the month will be paid within the said month.

**ARTICLE: 51            LONG SERVICE RECOGNITION**

51.1    The Company shall recognize the long service of employees who have served for 15 years by giving certificate and other reward deemed affordable.

**ARTICLE: 52            SUGGESTION AWARD**

52.1    The Company may introduce Suggestion Award as incentives to employees whose suggestion have been accepted and implemented by the Company and proven to have increased efficiency, productivity and cost saving to the Company. Any award so granted shall be at the sole discretion of the Company.

**ARTICLE: 53            EXISTING BENEFITS**

53.1    The Company shall not remove any existing benefits being currently received by the employee daily or monthly whether in cash or in kind which are not covered under the terms of this Agreement, except that:

53.1.1        Benefits given in kind for specific reason, as and when such reason ceases to exist shall stop being given.

53.1.2        Allowances paid for the doing of a specific task, as and when such task ceases to be performed by the employees concerned shall cease to be paid.

53.1.3 Benefits which are not provided for under any legislation or contract of employment or in this collective agreement which are provided not as of right of the employees but at the discretion of the Company.

53.2 PROVIDED THAT if it is a benefit given on a personal-to-holder basis, such benefits shall cease upon the holder leaving office; or at the discretion of the Company.

**ARTICLE: 54            MEDICAL, DENTAL CARE, SPECTACLES/OPTIC TREATMENT AND  
HOSPITALIZATION BENEFITS**

54.1 Employees and their dependant will be eligible for free medical consultation, treatment, including medicines and hospitalization provided by the Company's panel doctors or registered medical practitioner.

54.2 All employees and their dependant will be granted free hospital accommodation of two bedded room where the charges do not exceed RM180 per day. In the event of non-availability of the said entitlement or medical requirement, the Company will bear the actual room charges.

54.3 The total liability of the Company in respect of hospitalization, x-ray, surgical, anesthetic and specialist treatment provided under this Article shall be limited to RM8,000 for each unmarried employee and a total of RM25,000 for each married employee and his dependant except childbirth in any one calendar year.

54.4 All employees and their dependant shall receive medical treatment at any panel clinics by filling up a prescribed form provided by the Company at the panel clinics but limited to RM3,000 per employee per dependant in any one calendar year. However, expenses in excess of the entitlement shall be borne by the Company.

54.5 The Company appointed or panel doctors may refer the employee and/or his dependant to a specialist in the Company appointed Specialist Center or Government Hospital for outpatient specialist treatment. The Company shall pay the cost or reimburse the employee for the following area of medical treatment and medicines, but limited to RM5,000 per employee per dependant in any one calendar year:

54.5.1 Consultation for diagnosis, advice and treatment of complaints.

54.5.2 Specialist consultation, where recommended by the in-house or panel doctor.

54.5.3 Injections (excluding immunization unless required by job function) and medicines.

54.5.4 Laboratory test as required by job function.

- 54.6 The Company shall reimburse the cost of dental treatment by a registered dental practitioner which is supported with a valid receipt of the incurred cost up to a limit RM300 per calendar year per employee.
- 54.7 The Company shall bear the cost of childbirth-delivery for confirmed female employee but limited to RM5,000.
- 54.8 The Company shall bear the cost for Outpatient Cancer Treatment and Outpatient Kidney Dialysis for the employee and his dependent but limited to RM3,000 per employee per dependent in any one calendar year.
- 54.9 The Medical benefit provided by the Company is subject to the provisions herein and the terms and conditions under the Group Medical Insurance Policy procured by the Company.
- 54.10 Employees employed under hazardous conditions related to their job requirement shall undergo annual medical examination and the cost shall be borne by the Company.
- 54.11 The Company will not meet medical expenses and paid sick leave will not be granted in respect of any proven illness or disease or injury which arise from misconduct, attempted suicide, the performance of any unlawful acts, the use of drugs not prescribed by a registered medical practitioner, illegal abortive measures, excessive use of alcohol, exposure to any unjustified hazards except when endeavoring to save human life, provoked assault or any breach of the peace or disorderly conduct.

#### **ARTICLE: 55            DEATH AND FUNERAL EXPENSES BENEFITS**

- 55.1 In the event of death of an employee, the Company will grant an ex-gratia amount of RM4,000 to the dependant to meet funeral expenses and a Group Term Life of the sum equivalent to twelve (12) months basic salary of the deceased employee.
- 55.2 The Company will assist the next-of-kin or trustee in claiming the, SOCSO, EPF and any other benefits whatsoever due.

**ARTICLE: 56****RETRENCHMENT BENEFITS**

- 56.1 The provision of this Article shall apply to those employees who are declared redundant by the Company i.e. whose employment is terminated by the Company in consequence of any reorganization or reduction in staff or whose services are surplus to the Company's requirement or due to economic measure within the Company.
- 56.2 Where employees are terminated for redundancy, the Company will adopt the principle, all things being equal, to lay-off employees on a "last-in-first-out" basis by function, except where, after due consideration in the opinion of the Company, the employee might otherwise be lay-off, is retained for he is better qualified to meet the Company's requirements.
- 56.3 In the event of the above, the Company shall give two (2) months' notice and discuss with the Union on the proposed retrenchment to be carried out.
- 56.4 An employee whose employment is terminated on the ground of redundancy shall be paid the lump sum of his last drawn basic salary as retrenchment benefit payable as follows:-
- 56.4.1 Ten (10) days' wages for every year of employment under a continuous contract of service with the employer if he has been employed by that employer for a period of less than two (2) years; or
- 56.4.2 Twenty (20) days' wages for every year of employment under a continuous contract of service with the employer if he has been employed by that employer for two (2) years or more but less than five (5) years; or
- 56.4.3 Thirty (30) days' wages for every year of employment under a continuous contract of service with the employer if he has been employed by that employer for five (5) years but less than 15 years; or
- 56.4.4 Forty (40) days' wages for every year of employment under a continuous contract of service with the employer if he has been employed by that employer for fifteen (15) years or more.
- 56.5 A retrenched employee if he is reemployed will be treated as a new employee.
- 56.6 In the event of vacancy occurring within twelve (12) months of retrenchment, the Company will give first preference to applications from employees declared redundant on previous occasion, provided that the position is suitable for the retrenched employees and they respond within fourteen (14) days of offer.

56.7 If the Company carry out Voluntary Separation Scheme (V.S.S), this article shall be taken as a guideline.

#### **ARTICLE: 57                      UNIFORMS AND SHOES**

57.1 The Company shall issue uniforms to all employees whose work in the opinion of the Company involves regular contact with the public or as an identification or for safety. Uniforms may also be issued to employees in other positions because of the nature of their work and to such other positions as may be determined by the Company from time to time.

57.2 The Company shall provide to each of such employees with three (3) pairs of uniforms or/and coveralls each year.

57.3 The Company shall supply two (2) pairs of antistatic executive safety shoes a year to all eligible employees as determined by the Company. For newly appointed employees, one (1) pair of safety shoes will be issued and another one (1) pair upon confirmation.

57.4 Issuance of uniforms and safety shoes shall be made not later than 30<sup>th</sup> September of each year.

57.5 An employee provided with uniforms shall wear them at all times whilst on duty.

#### **ARTICLE: 58                      DISABLEMENT**

58.1 The Company will endeavor to provide alternative employment for an employee who suffers disability due to sickness or accident caused as a result of and in the course of performance of his duties, subject to the circumstances prevailing at the time. Where alternative employment is provided, the terms and conditions of employment and the salary may as far as possible remain the same depending on his disablement condition and capability.

#### **ARTICLE: 59                      INSURANCE SCHEMES**

59.1 The Company shall continue insuring all employees under Group Personal Accident Policy on twenty-four (24) hours coverage worldwide against death or permanent disablement, at RM125,000 for E1 and RM200,000 for E2 and shall consider to increase the rate to RM250,000 for all employees irrespective of grades on the next insurance renewal.

- 59.2 For those employees who are involved in flight testing of Aircraft, the company shall insure them at RM250,000 per flight test.

**ARTICLE: 60            WORKING CONDITIONS, INDUSTRIAL SAFETY AND HEALTH**

- 60.1 The Company shall continue to provide safe and healthy working conditions and institute safety and health programs in the area of its operations.
- 60.2 The employees shall give full support and participate in the industrial and safety programs instituted by the Company.
- 60.3 The Company shall maintain an occupational safety, health and environment committee to provide for safety in workplace and this committee is to ensure that the safety and health programs are adhered to.
- 60.4 In recognition of the above, it is hereby mutually agreed that the Union shall nominate representatives for the safety committee.
- 60.5 The Company shall train employees on Occupational Safety and Health so as to enable them to work safely.
- 60.6 Employees working at hazardous area are supplied with two (2) packets of low fat milk per working day.
- 60.7 The Company shall take effective measures to ensure the safety and health of the Employees is in accordance with the Occupational Safety and Health Act (OSHA) 1994 and the Company established safety and health regulations.
- 60.8 Sufficient training shall be provided to all appointed Safety and Health Committee members at all levels.

**ARTICLE: 61            TRANSFER**

- 61.1 Every Employee is subject to transfer anywhere within the Company; however, such transfer should be in writing but should not be used as a mean to victimize.
- 61.2 An employee who is transferred may, on compassionate ground, appeal to the management. The compassionate ground may include but not limited to the following:
- 61.2.1 Children in school and taking examinations at the end of the current term.

61.2.2 Children in school and within six (6) months of sitting for qualifying examination.

61.2.3 Children unable to obtain admission to either primary or secondary school in the new work area.

61.2.4 Special children (handicapped) attending special school, which is not available at the new location.

61.2.5 Illness of wife or dependent.

61.2.6 The employee's wife or husband is employed and is required to give notice of termination or transfer to his or her employer.

61.2.7 The employee's wife is pregnant and the delivery date of child is within two (2) or three (3) months of the transfer date as certified by Company appointed Medical Officer or a Government Medical Officer.

61.3 Where an employee is transferred, in the interest of and at the insistence of the Company, the following allowances shall be paid by the Company provided the transfer is more than 100 km radius or between two states;

Marital Status	West Malaysia	East Malaysia
Single	RM2,500	RM3,500
Married	RM3,500	RM5,000

61.4 An employee who goes on transfer without his or her family is eligible to claim the single rate. If the family joins him or her later, the employee will then be eligible to claim the difference.

61.5 If both the employee and his or her spouse are employees of the company, only ONE is eligible to claim for the transfer allowance.

61.6 The Head of Department at the new location where the employee is transferred, shall assist the employee in organizing his affairs.

## **ARTICLE: 62            TERMS OF REFERENCE AND RESPONSIBILITIES**

62.1 Every Employee shall be provided with terms of reference and responsibilities that he is expected to perform. The terms of reference and responsibilities shall be reviewed from time to time.

**ARTICLE: 63            RETIREMENT AGE**

63.1    The COMPULSORY retirement age for employees shall be upon attaining the age of 55 years unless stated otherwise in the contract of employment.

63.2    The date of birth will be as stated in the Birth Certificate or Mycard.

**ARTICLE 64:            RETIREMENT BENEFITS**

64.1    For retirement benefit, the Company shall contribute for each employee an additional of three percent (3%) to the Employees Provident Fund (E.P.F) above the government statutory requirement. However, it should not be less than fifteen percent (15%) of the employee's basic salary.

64.2    Unutilized leave shall be accumulated and be reimbursed in cash on retirement.

**ARTICLE: 65            E.P.F CONTRIBUTION**

65.1    The Company shall contribute for each employee an additional of three percent (3%) to the Employee Provident Fund (E.P.F) above the Government Statutory requirement. However, it should not be less than fifteen percent (15%) of the employee's basic salary.

**ARTICLE: 66            ANNUAL BONUS**

66.1    The Company shall pay to the confirmed permanent employees the annual bonus of one (1) month of their last drawn basic salary and shall be paid by 31<sup>st</sup> March of each year provided the company achieved a five percent (5%) net profit from its annual turnover in the previous year as verified by certified external appointed auditor.

66.2    If the Company net profit exceeds five percent (5%) and with the approval of company's Board of Directors, the company may consider giving more than one (1) month annual bonus.

66.3    An employee who has been in the service of the Company for less than one (1) year shall receive a proportionate amount based on the last drawn basic salary for the number of completed calendar months of service for that year.

- 66.4 An employee who takes a leave of absence without pay shall lose a proportionate share of the bonus payment for the period of such absence.
- 66.5 Where an employee retires, a proportionate bonus will be paid based on the last drawn basic salary for the number of completed months of service in the calendar year which he retires.

**ARTICLE: 67                      APPROVAL HOLDER ALLOWANCE**

- 67.1 Employees who are issued with Approval Holder (AH) by the Company through the Quality Assurance (QA) Department are eligible for the following Approval Holder (AH) allowance.

67.1.1                      Group 1 (Aircraft Trades) – RM300.00 per month

- 67.1.1.1                      Airframe
- 67.1.1.2                      Engine
- 67.1.1.3                      Electrical, Instrument and Radio
- 67.1.1.4                      Armament
- 67.1.1.5                      NDT (PCN & ASNT) Level II per certification & method
- 67.1.1.6                      NDT (PCN & ASNT) Level III per certification & method

67.1.2                      Group 2 (Supporting Groups) – RM250.00 per month

- 67.1.1.1                      Support Shop – Inclusive Testing of Components
- 67.1.1.2                      Overhaul of Engine and Component
- 67.1.1.3                      Electroplating
- 67.1.1.4                      Welding
- 67.1.1.5                      Balancing
- 67.1.1.6                      Machining
- 67.1.1.7                      Testing of Components
- 67.1.1.8                      Aircraft Weighing
- 67.1.1.9                      Engine Ground Run
- 67.1.1.10                      Engine Testing (Test Cell)
- 67.1.1.11                      Sheet Metal
- 67.1.1.12                      Fabric Shop

- 67.1.1.13 Painting
- 67.1.1.14 Fuel Tank
- 67.1.1.15 Fibre Glass
- 67.1.1.16 Any other activities identified and classified under this group by the QA Department.

67.2 In the event where the personnel acquire more than one (1) AH, he shall be paid in the following manner:-

- 67.2.1.1 100% of the prevailing rate for the first AH
- 67.2.1.2 50% of the prevailing rate for the second AH
- 67.2.1.3 25% of the prevailing rate for the third and subsequent

67.3 These allowances are only payable to employees who are currently physically performing work on that particular trade applicable to the approval that he is certified and qualified.

#### **ARTICLE: 68 SPECIAL VEHICLE ALLOWANCE**

68.1 Employees who are authorized by the Company through the Quality Assurance Department to drive or operate special vehicles besides performing their own duties shall be paid a special vehicle allowance of RM 32.00 a month provided that it is certified that the employee drive or operate the special vehicles at least three (3) times in a month.

68.2 Special vehicle are classified as follows:-

- 68.2.1 Aircraft Tow Tractor
- 68.2.2 Electric Tow Cart
- 68.2.3 Mark lift
- 68.2.4 Fork lift

APPENDIX A



KESATUAN EKSEKUTIF AIROD SDN BHD

(Bil. Pendaftaran 871)

No.25, Jalan SS 19 / 6B, Subang Jaya 47500, Selangor Darul Ehsan

AUTHORISATION FOR DEDUCTION OF UNION DUES

Name of Employee : \_\_\_\_\_

Employee Number : \_\_\_\_\_

Identity Card Number : \_\_\_\_\_

Department Number : \_\_\_\_\_

To,

Human Resources Manager,  
Human Resources Department,  
Airod Sdn Bhd.

Effective from \_\_\_\_\_ I, as above particulars, hereby authorize AIROD SDN BHD, to deduct my KESATUAN subscription of **RM 10.00** per month and remit the amount to KESATUAN EKSEKUTIF AIROD SDN BHD.

This authorization shall remain valid, unless written cancellation letter is submitted by me via the KESATUAN.

Thank you.

Truly,

\_\_\_\_\_  
(Signature of Employee)

\_\_\_\_\_  
(Date)

Borang KEA B 002

## FLOW CHART ON GRIEVANCES PROCEDURE PROCESS

LEVEL	RESPONSIBILITY	FUNCTION	PERIOD OF SETTLEMENT
Fourth Level ↑	Ministry of Human Resource	Conciliation at Ministry Level	1 Month From The Date Of Meeting
Third Level ↑	Human Resource Department	If The Decision Made At The Second Level is Not Satisfactory, A Dispute is Deemed To Have Arisen. Either Party Can Submit A Written Notice To Settle The Dispute at Human Resource Department Level Within 14 Days.	
Second Level ↑	Immediate Management Level or Head of Department	Submit Grievances in Writing Using Grievance Form To The Immediate Management	7 Working Days
First Level	Immediate Supervisor	Discussion With Immediate Supervisor On The Grievance	3 Working Days
<b>GRIEVANCE</b>			

APPENDIX C



KESATUAN EKSEKUTIF AIROD SDN BHD

(Bil. Pendaftaran 871)

GRIEVANCE FORM

A. PERSONAL PARTICULARS :

EMPLOYEES'S NAME : \_\_\_\_\_

IDENTITY CARD NO : \_\_\_\_\_ EMPLOYEE NO: \_\_\_\_\_

DESIGNATION : \_\_\_\_\_

DEPARTMENT NAME : \_\_\_\_\_ Dept. No: \_\_\_\_\_

TELEPHONE NO : \_\_\_\_\_ EXT: \_\_\_\_\_

B. MY GRIEVANCE IS / ARE

(Explain in full giving specific article of Agreement violated or nature of Grievance. Attach supporting document or details, if any. Use additional paper as Appendix if this column is insufficient)

Employee's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Union Representative's: \_\_\_\_\_ Date: \_\_\_\_\_  
Name & Signature

GRIEVANCE FORM RECEIVED BY:-

Name: \_\_\_\_\_

Post: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

c.c Manager Human Resource  
Manager Industrial Relation

KEA B 009

## SALARY STRUCTURE

GRADE	POSITION	MINIMUM (RM)	MAXIMUM (RM)
E1	Administrative Executive	1875	6375
	Tech / Eng. Supervisor	2125	6375
	Engineer	2250	6375
E2	Senior Executive	2500	8250
	Superintendent	2750	8250
	Senior Engineer	2875	8250

## APPENDIX E

IN WITNESS whereof the parties hereto have hereunto set their hands the day and year first above written as per ARTICLE 2.1 of Award No: 944 of 2011


### FOR AND ON BEHALF OF AIROD SENDIRIAN BERHAD



.....  
**Raja Muhammad Yusof bin Raja Aziz**  
Head of Human Capital  
AIROD Sdn Bhd




.....  
**Omardin bin Mohd Dasuki**  
Head of Corporate Services  
AIROD Sdn Bhd



.....  
**Pietro Amshah bin Mohd Isa**  
Deputy to COO  
AIROD Sdn Bhd

### FOR AND ON BEHALF OF KESATUAN EKSEKUTIF AIROD SDN BHD



.....  
**Shatiri bin Mansor**  
Presiden  
Kesatuan Eksekutif AIROD Sdn Bhd

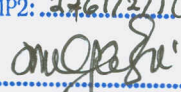


.....  
**Zairul Wesham bin Raihan**  
Secretary  
Kesatuan Eksekutif AIROD Sdn Bhd



.....  
**Farizal bin Kechee**  
Bendahari  
Kesatuan Eksekutif AIROD Sdn Bhd

Salinan asal Perjanjian Kolektif ini telah  
diiktiraf oleh Mahkamah ini sebagaimana  
Pengiktirafan No: 2011/2011 bertariikh 09/09/11  
Fail MP2: 2261/3/1(C5)



.....  
**NORAMIRAH BT ALI**  
Penolong Pendaftar,  
Pendaftaran Pusat Perjanjian Kolektif  
Mahkamah Perusahaan,  
KUALA LUMPUR.

**INDUSTRIAL COURT OF MALAYSIA****CASE NO : 3(7)/2-510/08****BETWEEN****KESATUAN EKSEKUTIF AIROD SDN. BHD.****AND****AIROD SDN. BHD.****AWARD NO : 944 OF 2011****Before : TUAN FRANKLIN GOONTING - Chairman****MR. AKMAL HAMDI BIN  
HASSAN - Employer's  
Panel****MR. KARTAR SINGH A/L  
JAGIR SINGH - Employee's  
Panel****Venue : Industrial Court Malaysia, Kuala Lumpur****Date of  
Reference : 4.7.2008****Dates of Mention : 25.8.2008, 31.10.2008, 28.11.2008,  
19.1.2009, 23.2.2009, 14.4.2009,  
14.5.2009, 15.6.2009, 16.7.2009,  
1.9.2009, 15.9.2009, 2.11.2009,  
13.1.2010, 4.3.2010, 15.3.2010,  
25.5.2010, 20.9.2010, 28.3.2011****Date of Hearing : 13.8.2009, 1.10.2009, 21.4.2010,  
1.6.2010, 2.6.2010, 7.6.2010, 22.7.2010,  
23.7.2010, 13.10.2010, 29.10.2010,  
1.11.2010, 16.12.2010, 4.1.2011,  
18.1.2011, 24.2.2011, 25.2.2011,  
1.4.2011, 4.4.2011, 6.4.2011, 7.4.2011,  
22.4.2011, 27.4.2011, 28.4.2011,  
6.5.2011**

**Hearing of Application** : 16.12.2009

**Hearing of Oral Clarification** : 15.6.2011

**Discussion with Panel Member** : 21.6.2011

**Representation** : Mr. V.K. Raj,  
From Messrs P. Kuppusamy & Co.,  
Counsel for the Union.

Mr. Ibrahim Hashim &  
Mr. Atan Mustafar Bin Yussof,  
From Messrs Ibrahim Hashim & Co.,  
Counsel for the Respondent.

**Reference :**

This is a dispute under Section 26 (2) of the Industrial Relations Act 1967 between **Kesatuan Eksekutif Airod Sdn Bhd** (hereinafter referred to as “the Union”) and **Airod Sdn Bhd** (hereinafter referred to as “the Respondent”).

**AWARD**

This trade dispute which was referred to the court vide Section 26(2) of the Industrial Relations Act 1967 concerns the terms to be incorporated into the first collective agreement (the CA) between Kesatuan Eksekutif Airod Sdn Bhd (“the Union”) and Airod Sdn Bhd (“the Respondent”).

At the outset the court must place on record the reasons for the delay in completing the hearing of the reference and handing down its award. This was caused mainly by the respondent which took seven months even to file its Statement in Reply, and the absence from court on many occasions of its key witnesses, which necessitated postponements. The proceedings stretched from 25<sup>th</sup> August 2008, the first mention date, to 6<sup>th</sup> May 2011, the last hearing date, with about 16 mention dates and 23 hearing dates in between.

The respondent is in the MRO business i.e maintenance, repair and overhaul of aircraft.

There are two unions representing the respondent's employees. The non-executive employees are represented by Kesatuan Pekerja-Pekerja Airol (KPPA) and to date there have been three successfully concluded collective agreements with KPPA, the third collective agreement having been signed on 11<sup>th</sup> August 2009. The executives are represented by the union, or KEA (in this award the terms "the union" or "KEA" will be used interchangeably depending on the context). Unfortunately the respondent did not have the same success story with KEA. Between 14<sup>th</sup> March 2005 and 27<sup>th</sup> December 2006 the parties had 17 rounds of negotiations leading to a finalised collective agreement comprising 68 articles just awaiting a suitable date to be set for the signing ceremony. Each and every page of the final draft (UBD-1, pages 1 to 92) had been signed for identification by both parties and subsequently the union engrossed it and, vide its memo dated 21<sup>st</sup> February 2007, submitted the engrossed

version of the CA (UBD-1, pages 94 to 131) to the respondent with a request that a date be scheduled "soonest" for the official signing. However, one month later, by its letter dated 25<sup>th</sup> March 2007 the union sought re-negotiation of 10 articles. The letter is reproduced:

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**KESATUAN EKSEKUTIF AIROD SDN BHD**

**(Bil Pendaftaran 871)**

No. 25 Jalan SS 19/6B, Subang Jaya 47500 Selangor Darul Ehsan

Tel: 0123307220 (Presiden) 0122826572 (Asst Secretary) 0173102470 (Treasurer)

Abdul Halim Bin Mohd Hariri  
Chairman CA Negotiating Committee  
Head of Legal Services  
AIROD SDN BHD

March 25, 2007

Dear Sir,

**First Collective Agreement - Negotiation Between Airod Sdn Bhd.  
And Kesatuan Eksekutif Airod Sdn Bhd.**

The above subject matter is hereby referred.

We write to inform your goodself that the Union Working Committee Meeting held on 25 March, 2007 has gone through the contents of the draft CA and finally concluded that few of the agreed provision based on the union original proposal are to be revoked and re-negotiated.

The committee came to this conclusion after much deliberation on the consequence and negative impact pertaining to those articles particularly the ones being omitted or written in such a way which may deprive the workers off their rights.

Such a circumstances we hereby request and propose that the articles listed below to be re-negotiated for the betterment:-

1. Article 13 : Scope of Agreement.
2. Article 20 : Annual Increment and Salary Structure *and adjustment*
3. Article 24 : Overtime and Work in excess of hours work
4. Article 25 : The "Hourly Rate" Factor
5. Article 26 : Overtime Pay
6. Article 36 : Market Competitive Allowance
7. Article 61 : Existing Benefits
8. Article 72 : Retirement Benefits ( for clarification )
9. Article 73 : E.P.F Contribution ( for clarification )
10. Article 77 : Standby Allowance

Your kind attention is very much appreciated.

Please revert us your free dates for a joint meeting.

Thank you.

Yours sincerely,



Shatiri Mansor -

President

Pusat Eksekutif Airod Sdn Bhd.

En Mohd Fauzi Abdullah - Management Negotiation Team

En Abdul Sahar Abu Bakar - Management Negotiation Team

Mrs Krishnamah d/o Muniandy - Management Negotiation Team

Pn Suhaida Safian - Management Negotiation Team

KEA Working Committee

En Kamil Aziz - CEO

Mr Gooi Boon San - Head of Corporate Services

The respondent replied vide its letter dated 30<sup>th</sup> March 2007  
which is reproduced:



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30<sup>th</sup> March 2007

The President  
Kesatuan Eksekutif Airod Sdn Bhd

Sdr. Shatiri,

**RE-NEGOTIATION KEA FIRST COLLECTIVE AGREEMENT**

In the spirit of goodwill and industrial harmony, but on a without prejudice basis, the management has kindly agreed to KEA's request for a re-negotiation. Kindly forward in writing the new proposals. We will consult your goodself in due course to determine the meeting schedule.

Thank you



**HALM HARIRI**  
Chairman CA Negotiating Committee

Copy: CEO  
Head of Corporate Services

Thereafter the parties reached deadlock, hence this reference pursuant to Section 26 of the IRA. In its pleaded and presented case the respondent took the stand that if the union wished to revoke the 10 articles, then, it (the respondent), could revoke its agreement to all the other articles as well and therefore all these other articles should be re-negotiated based on "the principle of totality of negotiation". Indeed in its written submissions the respondent prays for the court to either (a) direct both parties to renegotiate the CA all over again, or (b) give recognition to all the 68 articles originally agreed and treat the whole CA negotiation as having been concluded. The court will do neither because as far as it is concerned the matter is past the negotiation stage and the court's terms of reference concern all the articles to be incorporated into the collective agreement. The respondent has not sought judicial review of the minister's decision to refer the matter to the court. If these articles cannot be agreed to in the reference proceedings then the court is bound to hear and decide on them. Fortunately the parties have narrowed down their dispute to 10 articles, to wit:

- |                           |   |  |
|---------------------------|---|--|
| Articles 13               | - | Scope of the CA.                                     |
| Articles 20               | - | Annual Increment/Salary<br>Structure and Adjustment. |
| Articles 24, 25<br>and 26 | - | Overtime.  |
| Articles 72<br>and 73     |   | Retirement Benefits and EPF<br>Contribution.         |

- Article 61 - Existing Benefits, which relates also to
- a) Article 36 – Market Competitive Allowance.
  - b) Article 77 – Standby Allowance.

Having heard the evidence and counsel's submissions the court hereby gives its decision.

The court, together with its panel members, has prepared the CA for the parties to sign. This is annexed hereto and it basically adopts the said engrossed version (UBD-1, pages 94 to 131) but with the necessary changes to accord with the court's decision herein on the disputed articles.

The union contends that the parties had agreed that the period of the CA should be from 1<sup>st</sup> January 2007 to 31<sup>st</sup> December 2009 as evident from Article 6(1) (UBD-1, page 10) of the said final draft of the CA. However, the ministerial reference does not stipulate this, or any period. Section 30(7) of the IRA states that an award may specify the period during which it shall continue in force, and may be retrospective to such date as is specified in the award provided that the retrospective date of the award may not be earlier than six months from the date on which the dispute was referred to the court. In the case at hand the ministerial reference is dated 4<sup>th</sup> July 2008. Six calendar months back in time would be 1<sup>st</sup> January 2008. Therefore the period of the CA shall be 1<sup>st</sup> January 2008 to 31<sup>st</sup> December 2010.

## **ARTICLE 13 (Re-numbered 12) :**

### **Scope of Agreement**

The union seeks to include the MI category of employees, and contract employees into the scope of the CA. The respondent objects to this inclusion, MI employees because of their managerial functions and their access to confidential information, and contract employees because they are recruited, in some cases, into managerial as well as senior management positions. The union disputes this.

Section 9(1) of the IRA prohibits union recognition for workmen employed in any of the following capacities, that is to say (a) managerial, (b) executive, (c) confidential or (d) security, capacity, and sub-section (1A) states that any dispute arising at any time, whether before or after recognition has been accorded, as to whether any workman or workmen are employed in these capacities may be referred to the Director General. Sub-section (1b) requires the Minister to give his decision in writing. In ***United Oriental Assurance Sdn Bhd, And Insurance Industry Management Staff Union*** [1988] 2 ILR 646 the Industrial Court had occasion to deal with this section. This is what it said:

“Section 9 of the Act is clear, Insofar as the determination as to who are or are not workmen employed in a managerial, executive, confidential or security capacity is concerned, this court had no jurisdiction to determine. But the Minister has .... This is the Minister's function and we cannot usurp it ...”.

Accordingly the court will not determine the issue of whether the MI category of employees, and contract employees are employed in any of the said capacities. This is the Minister's function.

## **ARTICLE 20 (Re-numbered 19) :**

### **Annual Increment / Salary Structure and Adjustment**

#### **Annual Increment**

The union demands a 5% annual increment of salary while the respondent's stand is that any salary increment must be on condition that it makes at least 5% nett profit in the previous year, and anything paid for profits between 0% and 4% is discretionary. It stresses the need to be consistent with the CA of the other in-house union, KPPA, which stipulates vide Article 19.1 thereof that the annual increment of 5% is only given if the respondent achieves a nett profit of 5% in the previous year.

This issue is academic because the company did make more than 5% profit for the CA period. If the union wants certainty in respect of the 5% annual increment, this should be left to the negotiations for the next CA.

#### **Salary Structure and Adjustment**

The union seeks to implement a salary structure proposed by it vide Appendix D, found in UBD-1 page 92. It submits that there is no evidence that the respondent cannot afford or can ill

afford this proposal as far as the financial implications are concerned. It also points out that the respondent has not had a salary review for about 13 years prior to its Statement of Case being filed. The respondent does not agree and states that it already has a newly designed salary structure as shown in Appendix 1-2, found in COB-6 which is entitled "The Company's Board Paper For Approval Of The Budget For The Implementation Of New Salary Structure". This was designed by Hewitt, a human resources outsourcing and consulting services provider, after Hewitt had conducted a salary survey in 2008 among MRO organisations inclusive of the respondent. This new salary structure was presented to the union on two occasions, 12.8.2010 and 26.11.2010 but was rejected by the union.

It is the decision of the court that the salary structure should be in accordance with Appendix D because this was what the respondent had agreed to previously and must have already made financial provisions for it. The Hewitt study came later that is, Hewitt was engaged in May 2008 but completed its survey later. The new salary structure proposed by Hewitt was approved by the respondent's Board for KPPA effective 1<sup>st</sup> January 2011. The court urges KEA to consider Hewitt's new salary structure for it in the negotiations for the next CA.

The court keeps in mind the enjoinder by Section 30(5) of the IRA to have regard to the public interest, the financial implications and the effect of its award on the economy of the country, and on the industry concerned, and also to the

probable effect in related or similar industries. In this regard, especially, the court notes that Hewitt's survey covered other MRO organisations besides the respondent.

### **Salary Review Every 3 Years With 15% Increase**

The union's justification for this 15% increase is that the respondent can easily afford it. The respondent disagrees that it can easily afford it. Its witness COW-4 testified that the cost to the respondent of meeting the union's proposal will be an additional RM6.7 million for salaries alone. On a backdated basis, in 2010 the respondent would incur close to RM9 million for back dating salaries to meet the union's proposal. The respondent's after tax profit for 2010 amounted the RM12 million; thus a payment of RM9 million would effectively wipe out most of the respondent's profit.

The union also asserts that the respondents' business from the Government of Malaysia (GOM) is assured. In answering this assertion, COW-8, the respondent's Head of GOM Marketing and Contracts explained the position, viz: The respondent has 17 competitors from the MRO industry. Its business also comes from contracts and tenders which it bid for and in some cases has lost. Although initially it had the first right of refusal when it came to GOM contracts, this was later removed from 1997 onwards by a GOM rolling contract. Under cross-examination COW-8 referred to contract No. KP/BEK-3/UDARA/A/02/1997 OE, found in COB-20, wherein it is provided via clause 5.2 that the GOM shall input all articles and other requirements for services and technical assistance in the C & B listing, but clause

5.3 provides that anytime it realises that the respondent is holding more than 30% of Government assets on any articles exceeding the authorised turn over time, the Government reserves the right to direct the excess works, after prior consultation with the respondent, to other sources. In the GOM rolling contract, work given to the respondent depends on the Government's maintenance requirements, funding ability, price reasonableness and work backlog in the respondent. Not all GOM aircraft are maintained by the respondent. Aircraft from the Royal Malaysian Police, Royal Malaysian Navy, and Jabatan Bomba & Penyelamat Malaysia are maintained by various competitors. The respondent is perceived to be only capable of maintaining older aircraft. When ageing assets of the GOM are phased out, maintenance of new aircraft could easily go to the respondent's competitors; this can be seen from the trend of appointing new aircraft maintenance contractors to maintain newly purchased aircraft by the GOM.

COW-7 gave evidence on the respondent's international business. For such business the respondent is subjected to highly competitive elements. The union's position that the respondent's business is assured is a sweeping statement and is not justified.

The respondent submits that the Harun Formula i.e 2/3 of the average increase in the Consumer Price Index (CPI) should be applied. It cites the recent case of ***Kesatuan Pekerja-Pekerja Perusahaan Logam Semenanjung Malaysia v. Syarikat NSG (M) Sdn Bhd*** (Award No. 1615 of 2010) which

had considered what the rate of adjustment should be for the period of 2007 to 2009, where the court said:

“The cumulative average increase in the Consumer Price Index (“CPI”) for the years 2007 to 2009 was 7.42%. The court is of the view that it is fair and equitable that the wage adjustment be fixed at 4.5% which approximates 2/3 of 7.42%.”.

Thus the respondent submits that the increment should not be more than 4.5% and that there is no basis for the rate to be 15%.

The union responds that the Harun Formula speaks of the CPI increase *since the last review* and reiterates that the last review in the instant case was some 13 years prior to the filing of the union's Statement of Case. Referring to the CPI from 1995 to 2006 the union computes the cumulative increase in consumer prices for this period to be 26.8% and says that all it is asking for is only 15%.

The court does not agree with the union's interpretation of the Harun formula. In ***Malayan Commercial Banks Association v. National Union of Bank Employees*** (January – June 1982) M.L.L.R., 246 Harun J (as he then was) and his panel members were concerned with a new collective agreement after the expiry of the current one and the last review in that case had been 3 years previously. His Lordship clearly stated “We are of the view that salary increases based on the CPI should be an exercise of looking back to see whether salaries

determined *three years ago* have been in any way affected by the CPI of today...”.

(Italics added).

The CPI increase for Peninsular Malaysia in the 3-year period preceding the CA that is, 2005 to 2007 is 8.62%. (Reference source : Statistics Department). Going by the Harun two-thirds formula the salary adjustment for the CA period that is, 1<sup>st</sup> January 2008 to 31<sup>st</sup> December 2010, is 5.75%.

The court has therefore added two new sub-articles, that is, sub-article 19.6, which provides that with effect from 1<sup>st</sup> January 2008 the respondent shall grant a salary adjustment of 5.75% to all employees within the scope of the CA who were in the employment of the respondent as at this date, and sub-article 19.7, which provides that in the event that the rate of pay after the said salary adjustment and annual increment shall be less than the minimum salary applicable in Appendix D, then the employee concerned shall be entitled to the said minimum in Appendix D.

As for revision of the salary structure for the next CA period, the respondent is against being tied down to a commitment to give a 15% upward salary review every three years, come what may. The court is happy to note the union's counsel's clarification that the union is asking for a salary structure revision only for this first CA. This augurs well. The Harun formula has its limitations in that it does not take into

reckoning productivity and/or profitability. The court urges both parties to consider and work out a suitable productivity/profitability linked wage system (PLWS) for the next CA.

## **ARTICLES 24, 25 AND 26 :**

### **Overtime**

The union proposes that members who perform overtime work are paid an hourly rate based on their actual current salary as opposed to an hourly rate based on a basic salary of RM1,500.00. The respondent rejects the union's proposal and takes the position that there should be no clauses on overtime payment for executives. The respondent contends that the current practice is sufficient to compensate the union members who are asked to do overtime work. The current practice is summarised as follows:

- (i) For El Grade 'Direct' Executive staff i.e Supervisor of aircraft, their overtime payment is based on their basic salary as a rate of calculating the overtime; for the indirect or administrative staff, time off *in lieu* is given to the executives in the 'indirect' category.
- (ii) In the case of Superintendents with grade E2 the overtime calculation grade E2, is based on RM1,500.00 as the basis for calculating overtime when they are required to perform manual or direct

work on the floor, commensurate with the job functions of a technician.

- (iii) All Superintendents under E2 Grade receive a Market Competitive Allowance of RM500.00 per month.

The respondent further contends that it has no obligation in law to make overtime payment to executives, specifically those who earn an income of more than RM1,500.00 as provided by the Employment Act 1950. What the respondent is paying for overtime work is already over and above the statutory requirements. COW-4 in evidence stated that:

"The issue on overtime would be on the eligibility and compliance with the current laws and Act. As such, we will abide by whatever ruling that is done in accordance with the existing law."

The practice of having the hourly rate based on a basic salary of RM1,500.00 is grounded on RM1,500.00 being the maximum that a workman can earn before he loses his entitlement to overtime payment. Thus to compensate the executive based on his actual current salary would not be commensurate with the type of work that he performs during the beyond his hours of work. The type of work that the executives do is that of the non-executive technicians.

- a) COW-4 stated in his examination-in-chief that:

"The rationale for the calculation of overtime utilizing the RM1,500.00 fixed salary rate is based on executives who are supervisors or superintendents coming to work in excess of their normal working hours to do the work of the technicians or senior technicians when required."

b) COW-4 also stated in cross-examination:

"However at times they are required to roll up their sleeves and perform the work of senior qualified technician as and when required and as such are compensated based on a worker on the floor and not in their role as Superintendent."

The compensation that the executives received for doing overtime work of non-executive nature is adequate:

- a) \_Some of the executives are given time-off *in lieu* and entitlements (mileage/meal claims);
- b) E1 grade executives are paid overtime based on their current salary even if it exceeds the RM1,500.00; and
- c) E2 grade executives are paid a RM500.00 allowance for disturbance and paid overtime with RM1,500.00 as the basis of calculation.

The respondent seeks to show that the method of using RM1,500.00 or something near, as a base salary for calculating the hourly rate for overtime is practised in other Collective

Agreements. In these CAs, the employees earn more than the base salary of RM1,500.00 and are not entitled by law to overtime claims but overtime payments are made based on a base salary lower than their actual salary. These CAs were tendered through COW-4 in his cross-examination:

- a) Perjanjian bersama (Keempat) di antara Malaysia Airports Holding Berhad dengan Kesatuan Pekerja-Pekerja Malaysia Airports Berhad Semenanjung Malaysia 2005 - 2007 Article 25.5 (COB-8). The base salary figure is RM1,500.00.
- b) Perjanjian Kolektif antara Tenaga Nasional Berhad dan Kesatuan Percantuman Pekerja-Pekerja Tenaga Nasional Berhad 2002 - 2004 Article 28 (COB-9). The base salary figure is RM1,600.00.
- c) Perjanjian Kolektif antara Tenaga Nasional Berhad dan Kesatuan Pegawai-Pegawai Rendah Tenaga Nasional Berhad 2002 - 2004 Article 28 (COB-10). The base salary figure is RM 1,600.00.
- d) The 8<sup>th</sup> Collective Agreement between Malaysian International Shipping Corporation Berhad and Kesatuan Pekerja-Pekerja Malaysian International Shipping Corporation Berhad (COB-11). The base salary figure is RM1,500.00.

COW-4 commented in re-examination:

"The purpose of presenting the actual CA of related industries like MAB and MISC was to show that the practice of calculating of rates based on a fix rate in accordance with figures mentioned in the Employment Act 1955 is an accepted practice and it's a policy that applies even to workers who 'do not fall under Schedule I of the Act.'".

Making overtime payments based on the actual salary of the executives would be a drain on the financial resources of the respondent. COW-4 explained in his examination-in-chief that the respondent already incurred RM700,000 to RM1,000,000 a month based based on monthly salary expenses of RM3,500,000.00.

The issue of overtime payment had been referred to the Industrial Relations Department and a reply was received from the office by way of a letter dated 2.10.2006 (UBD-5 page 58) which stated that employees not in Schedule 1 of the Act can be paid overtime payments if the employee works overtime. However, no rate was advised by the IR Department.

The issue of overtime was also raised in COW-8's cross-examination. In COB-21 which was the Third Supplementary Contract to the Principal Contract [Contract No. KP/BEK/UDARA/A/02/1997(OE)] between the Government of Malaysia and Airod Sdn Bhd, there was a provision (Clause 7.1.2) which reads:

*"The manhour rate for overtime for normal working days/Saturdays, Sundays and Public holidays shall be on an additional of 9%, 21% and 40% respectively of the manhour rate ...."*

However, COW-8 explained that this only sets out the rate if the customer required the respondent to work overtime for example to complete a job in a short time. Other than operational requirements for overtime commissioned by the customers all overtime payment paid to the employees are not chargeable to the customer. It is absorbed by the respondent.

The court does not agree with the respondent's contention that the Employment Act 1955 does not apply to its executive employees, who earn more than RM1,500.00 per month. By Article 4.10 of the engrossed version of the CA (UBD1 pages 93 – 131) the respondent has itself agreed that the term "wages" shall be as defined under Section 2(1) of the Employment Act. However after considering the evidence and the submissions on both sides the court is of the view that the respondent's current practice of paying overtime, as detailed above, is fair, and should be maintained. It is not the case that the union members are asked to do overtime work but are not being paid for such work at all. Moreover in their negotiations prior to the matter being referred to the court the union had agreed to all the overtime articles being dropped. In all negotiations of this nature there would have been trade-offs here and there, and as part of a compromise package the union had agreed to waive the overtime articles. However, if the union feels strongly that overtime

payments should be based on actual salary it should negotiate for this for the next CA.

### **ARTICLES 72 AND 73 (Re-numbered 64 and 65) :**

#### **Retirement Benefits and EPF Contribution**

The union seeks separate and distinct rights in respect of retirement benefits and EPF contribution. It wants (a) for retirement benefits, 20 days last drawn salary for each continuous year of service and (b) for EPF, an additional 3% contribution above the statutory requirement. The respondent submits that the 3% excess EPF contribution it pays already constitutes retirement benefits and there is no need to contribute to a separate private retirement fund. The union's president's contract of employment provides for EPF contribution and retirement benefits as separate and distinct rights. Further, vide the respondent's bulletin SN 31/91 dated 10<sup>th</sup> June 1991, it had implemented the practice of paying retirement benefits at the rate of 20 days last drawn basic salary for each continuous year of service. However, this bulletin has been effectively revoked by the respondent bulletin Section 18/93 dated 27<sup>th</sup> May 1993 which stipulates "*The Management decided to withdraw the following Retirement. Benefits with immediate effect: Monetary payment on retirement age 55.*".

The respondent cites the case of ***New Structure Sdn Bhd, Kilang Sawit Charok Puting v. Kesatuan Kebangsaan Pekerja-Pekerja Ladang*** [1999] 1 ILR 625 to support its position:

“Employer must take steps to ensure that retirement benefits are attractive enough to encourage workers to continue serving in the industry. MAPA has acknowledged this concept but this quantum is nowhere near. The court makes no award on this article as the workers are already contributing to EPF.”.

Another case cited by the respondent is ***Podoyo Plastics Industries (M) Sdn Bhd v. Kesatuan Kebangsaan Pekerja-Pekerja Perusahaan Petroleum Dan Kimia*** [2003] 3 ILR 1399:

“The court considered the matter and was not satisfied that the union had made a case for the quantum of retirement benefit that it proposed. It was not supported by any authorities. On the face of it the proposal was too high. The court agrees with the company that it had already in a way provided for employees retirement benefit by way of its contribution to the Employees Provident Fund ... .”.

The respondent points out that in the ***Podoyo Plastics*** case, this was the first CA, and that the respondent did not even pay anything in excess of the statutory EPF contribution.

¶ Having considered the parties' submissions and the authorities the court finds that the 3% excess EPF contribution already constitutes retirement benefits and there should not be any separate retirement benefits provision. Articles 72 and 73 (re-numbered 64 and 65) are to be taken read and understood ¶ accordingly.

## **ARTICLE 61 (Re-numbered 53) :**

### **Existing Benefits**

The union seeks to introduce its own re-drafted Article 61 (re-numbered 53) by which, in gist, existing and future benefits continue to remain in force. It has given a non-exhaustive list of 7 benefits which includes (a) Market competitive allowance and (b) Standby allowance.

The respondent's position is that it agrees to the said draft article subject to specific benefits, which are temporary, or not in existence, not being deemed to be "existing benefits". Specifically, the respondent objects to "Market competitive allowance" and "Standby allowance" being deemed to be existing benefits.

COW-4 explained the respondent's rationale for taking this position as follows:

"Benefits are designed taking into consideration the prevailing work conditions, market practices and also in some cases to provide incentives to employees for example international SOS benefits for the Company's "Field Repair Team" working in countries like Africa or South America to allow access to medical services and evacuation practices plus a hazard allowance."

If and when such conditions no longer apply the respondent reserves its right to stop giving the benefits if the reason ceases to exist.

As for “Market Competitive Allowance” (MCA) there are special reasons why this is currently given to certain employees:

- a) Employees in critical or key positions receive this allowance because current salary structure and salary bands cannot accommodate it.
- b) It is to allow the respondent to retain employees in positions where the market demand is high.
- c) The MCA would not be relevant once a revised salary scale which is market competitive is introduced in the organisation.
- d) For example in the case of 19 engineers, the Company revised the MCA from 25% to 35% to keep the engineers.

In the case of “Standby Allowance” the same argument applies, that is, the employees should not be entitled to it and the respondent reserves the right to stop giving it if the reason for giving it ceases to exist.

The respondent also urges the court to consider its past record, as testified to by COW-4, of consistently providing benefits to its employees when circumstances warranted it, for example:

- (i) When fuel prices went up, the respondent adjusted its mileage rate from 55 sen to 85 sen per km and to date it has not re-adjusted it downwards even though fuel prices have gone down;
- (ii) In the recent floods, both executives and non-executives who were based in Alor Star were immediately given RM500.00 each whether their homes were affected or not;
- (iii) Academic excellence awards for UPSR, PMR, SPM and STPM;
- (iv) Presents during family day;
- (v) Staff self-improvement course;
- (vi) Festival advance pay without interest; and
- (vii) Long service award.

The court is of the view that both parties' positions are adequately taken care of by Article 61 (now 53) as previously drafted and agreed to and there is no need for the union's re-draft thereof, since the union's counsel has confirmed in his closing submissions that the union was arguing that the workers should get the allowance, or benefit, as long as they do the work, and that this argument cuts both ways. Accordingly Article 61 (now 53) shall remain as it is without any change.

In deliberating on the issues in this trade dispute and making this award the court has kept in mind the IRA enjoinder to have regard to the public interest, the financial implications and the effect of the award on the economy of the country, and on the industry concerned, in this case the MRO industry, and also to the probable effect in related or similar industries [Section 30(4)] and to act according to equity good conscience and the substantial merits of the case without regard to technicalities and legal form [Section 30(5)]. In this regard the court had, after the parties had closed their respective cases, requested both counsel to address the matter of the 2009 global recession which began in 2007. The court takes judicial notice of this economic crisis which affected Malaysia whose economy contracted by 6.2 percent in the first quarter of 2009. The union's position is that the respondent has not been subjected to the inflationary and recessionary trends affecting the rest of the country, contending that the respondent's "business is always assured". This is the union's own narrow perspective but the court, however, in light of Section 30(4), has to take into consideration the effect of its award in a much broader context, that is, on the country as a whole, and must, in doing so, have regard to economic trends such as the nationwide downward turn caused by the said global recession.

This is the parties' first CA. Given the background of this trade dispute and the circumstances giving rise to the delay in bring the matter to fruition, the court and its panel members strongly urge both parties, in the interest of industrial harmony, to make a sincere effort to work together to implement the terms

of the CA. Any loose ends and remaining issues can and should be worked out and resolved when the parties negotiate the terms of the next CA.

The parties shall engross the CA and sign it within one month from the date of this award.

**HANDED DOWN AND DATED THIS 29<sup>th</sup> DAY OF JUNE 2011**



**( FRANKLIN GOONTING )  
CHAIRMAN  
INDUSTRIAL COURT, MALAYSIA  
KUALA LUMPUR**