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# **HUMAN RESOURCE POLICY & PROCEDURES MANUAL**

**Version III**

**Approval Board of Directors**

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## **Contents by Section Number**

1. The Concept of HR Policy
2. Recruitment Policy with KRPs
3. Induction Procedures
4. Performance Appraisal System
5. Transfer Policy
6. Promotion Policy
7. Grievance Policy
8. Leave Policy
9. Absenteeism and Late Attendance
10. Gratuity
11. Termination Policy with Age of Retirement
12. FOTMATS

## **1. THE CONCEPT OF HUMAN RESOURCE POLICY**

Human Resource (HR) Policies contain formal rules and procedures that dictate how certain matters should be addressed in the company including employee rights and duties.

They are basically a course of action embraced by the company such as:

1. The means of communication between the employer and employee.
2. Conveys various guidelines which are to be followed within the company.
3. To treat all employees equally and fairly.
4. Help senior management towards better decision making.
5. Make work process more transparent.
6. Prevent misunderstanding which can arise between the employer and employee.
7. For long term success.
8. To result in risk reduction.
9. To give strategic direction to the company.
10. To make employees more productive

## 2. **RECRUITMENT POLICY**

### **Introduction**

Human Resource is the most valuable resource. In personnel activity the recruitment of people is the first step to operate the company.

It is valuable as the supply of efficient people and their existence will affect the success of the company. Therefore, the recruitment Policy will aim at a logical estimate of manpower requirement in order to develop satisfactory recruitment method along with satisfactory solution techniques so that the most suitable person could be selected from amidst the available applicants.

Manpower Planning is essentially done on a predetermined basis and the business turnover could be taken as a consideration in determining additional manpower requirement. When a vacancy arises or a new post is created to meet the company needs the most suitable candidate will be selected taking into account qualifications, experience, general conduct and potential to give an efficient service and to make a quality to the successful running of the company. It is expected that the manpower requirements will be determined at the time the annual budget is formulated.

In all cases of requirement the “Request for an employee” must be made on the prescribed form (attachment 1) and submitted to the HR Department. At the HR Department the information available such as is a suitable person to fill the post available elsewhere, could a person from another branch or department be transferred / promoted will be inserted and submitted to the CEO / GM for formal approval.

### **Recruitment**

#### **1. LEVEL 1**

TRAINEES: There will be two types of Trainees:

1. Trainees.
2. Management Trainees.

#### **1.1 Trainee**

Age: 18 to 25 years

Qualifications: Passed GCE (O) Level with Mathematics and English.  
 Passed 3 subjects in GCE (A) Level  
 Computer literacy  
 Plus, other additional qualifications  
 Work Experience will be considered as an additional Qualification.

Period of Training:	Two (2) years
Allowances paid:	Prevailing rate at the time of recruitment.
Confirmation of service:	On completing the 06 months training period the Trainee may be confirmed into another 18 months training period as a Banking Trainee II or as a Deposit Mobilization Officer, subject to satisfactory record of conduct and performance and exigencies of service.

## **1.2 Management Trainees**

Age:	20 to 27 years
Qualifications:	Degree of a recognized University OR Equivalent =Higher National Diploma (HND) Accountancy, Management &Econ, Plus other additional qualifications relating to commerce and Banking. Computer Literacy.
Period of Training:	Two (2) years
Confirmation of Service:	On completing the two year training period the Management Trainee will be confirmed in the service of the Company as Executive Officer Grade I, subject to satisfactory record of conduct & performance and exigencies of service.
Allowances paid:	Prevailing rate at the time of recruitment.

## **LEVEL 2**

**2.1 Banking Trainee I:** Banking Trainee II or Deposit Mobilization Officer on successful completion of their two year (2) period of training may be absorbed into the cadre as Banking Trainee I, subject to satisfactory record of conduct and performance. The level of performance is determined by the amount of marks obtained for the Performance Appraisal which should be over 60% or an average rating of 3 or more marks.

### **2.1.1 Absorption to the service and Confirmation:**

Their absorption to the service will be subject to a probationary period of one year after which they will be confirmed in their service, for which an interim Performance Appraisal will be obtained.

**2.1.2 Salary:** On absorption to the Banking Trainee II. They will be placed in prevailing salary scale at the time of absorption.

### **1.1. Executive Officer 1**

- 1.2. Management Trainees on successful completion of their two-year (2) period of training may be absorbed into the cadre as Executive Officer 1, subject to satisfactory record of conduct and performance. The level of performance is determined by the amount of marks obtained for the Performance Appraisal which should be over 60% or an average rating of 3 or more Marks.

### **2.2.1 Absorption to the service and Confirmation:**

Their absorption to the service will be subject to a probationary period of one year after which they will be confirmed in their service, for which an interim Performance Appraisal will be obtained.

**2.2.2. Salary:** On absorption to the grade of Executive Officer 1. They will be placed in prevailing salary scale at the time of absorption.

## **2. LEVEL 3**

**Other Senior Positions:** Recruitment will be by Headhunting and remuneration is negotiable.

**Manager and Above:**

**3.1 EDUCATIONAL QUALIFICATIONS:** Degree or Higher Educational Qualification (preferably in commerce)

**3.2 PROFESSIONAL QUALIFICATIONS:** Associate of the Institute of Bankers (Sri Lanka) and any other qualification.

**3.3 WORK EXPERIENCE:** At least 10 years work experience in a Financial Institution  
Computer literacy

## **4. LEVEL 4**

**Recruitment will be by Headhunting and remuneration is negotiable.**

**HEADS OF DEPARTMENTS AND ABOVE:**

**EDUCATIONAL QUALIFICATIONS:** Job Related/ Master or Basic degree in relation to Banking and Finance.

**PROFESSIONAL QUALIFICATIONS:** Job related (Banking/ Accounting/ IT/ Legal/ HR/ Marketing/Management

**WORK EXPERIENCE:** At least 10 years work experience in a Financial Institution in a senior staff position. Computer literacy \

**5. KEY RESPONSIBLE PERSONS (KRP) CBSL Requirements**

Human Recourses Department should adhere to the requirements in the Finance Business Act Direction of the Central Bank of Sri Lanka on the subject “Assessment of Fitness and Propriety” of KRPs when handling matters relating to them. (*Directive operative at the time of the review of this manual bears Reference No 06 of 2021 and should be updated as appropriate in relation to future directives*)

**5.1 DEFIONITION OF KEY RESPONSIBLE PERSONS OF OUR COMPANY**

- i. CEO
- ii. Officers in the immediate **two layers below the level of CEO** on the organization structure ( This includes Deputy General Managers, Assistant Greneral Managers, Compliance Officer, Chief Internal Auditor, Chief Risk Officer, Chief Information Security Officer and Company Secretary. Such officers shall have authority and responsibility for planning, directing, and controlling the activities of the entity.

**5.2 PRIOR APPROVAL OF CBSL FOR APPOINTMENT OF KRPs**

- 6.2.1 Key responsible persons proposed to be appointed / promoted will be subject to the prior Assessment of candidate’s fitness and priority to hold such position and approval of the Director Department of Supervision of Non- Bank Financial Institutions.
- 5.2.2 The fitness and propriety for continuing as Chief Executive Officer (CEO) shall be annually assessed and the submission of Affidavit and connected papers to CBSL should to be channeled through by the Company secretary.

### 6.3 **TIMELINE FOR ASSESSMENT OF FITNESS AND PROPRIETY OF KRPs**

#### 6.3.1 **Appointment of a new key responsible person,**

Submission of information and documents, 20 working days prior to the expected date of appointment through the company secretary

#### 6.3.2 **Existing/continuing key responsible persons**

##### 6.3.2.1 **Chief Executive Officer (CEO)**

Annual submission of information and documentation, twenty (20) working days before the Annual General Meeting of the company or by end of three months after the financial year of the company whichever is earlier Submit through the company Secretary to CBSL.

##### 6.3.2.2 **Other key responsible persons**

Submission of information and documentation to CBSL, twenty (20) working days prior to changes resulting of promotions, renewal of contracts and on lateral moves to positions requiring special knowledge and/or skills through the company secretary to CBSL.

### 6.4 **RESIGNATION / RETIREMENT/ REMOVAL of KRPs**

**6.4.1** The CEO shall not be resigned, retired or be removed from the company without prior approval of the Director Department of Supervision of Non- Bank Financial institutions of CBSL. In the event of a resignation or removal, the company shall submit such reasons to the Direct.

#### 6.4.2 **Other key responsible persons of the company**

Inform the Director of the resignation, retirement or removal of any other key responsible persons of the company with reasons within three (3) working days of such event

## 7. **PERSONEL FILES**

The human resources Department will be responsible to maintain under their custody the personal file in respect of all employee and held in the order of the Provident Fund Numbers of employee backed by an INDEX

7,1 Following document should be obtained and placed in the Personal File of



employees before assigning duties /issue of the letter of appointment

### **Check List - Mandatory Documents for Personal File**

- (a) Application of candidate for the Post with his Bio Data
- (b) Interview results
- (a) Copy of Letter of Appointment duly accepted by the candidate with JOB Description thereon
- (b) Certified Copies of Professional; / Academic Qualification duly verified against original documents
- (c) Testimonials / Character Certificates
- (d) Certified copy of the Birth Certificate
- (e) Certified copy of NIC duly verified against the original
- (f) CRIB Report Mandatory for Key Responsible Persons
- (g) Service letter from former employer (Where applicable)
- (h) A current Police Report ( Issued within the last 30 days prior to the appointment)
- (i) Oath of Secrecy duly executed by the candidate
- (j) Acknowledgement of the documents provided to them (a) Finance Customer Protection Frame Work (b) Code of Conduct of the company
- (k) Standing order to recover security deposit in installments from the salary and be credited to a savings account with no withdrawals
- (l) Service contract (If recruitment is on a contract basis)
- (m) EPF and ETF documents)
- (n) All documents should be numbered, contents listed on the file cover in chronological order ,and updated as appropriate
- (o) Any other document deemed necessary

### **The formats stated below are for the use of Human Resource Department (Not Attached)**

- *All Trainees should sign a Trainee Contract*
- *All employees should sign a Service Agreement*
- *All employees will be issued with a letter of Appointment*
- *All recruits including Trainees should sign an Oath of Secrecy .*
- *All employees including Trainees will be issued with a copy of The Employees' Code of Conduct*

### 3. **INDUCTION PROCEDURES**

Once an applicant for employment is selected for a job appropriate to his qualifications and placed on a job it is necessary to familiarize him with the organization and the job.

In other words, by this technique the new employee is rehabilitated into the company surroundings and introduced to the practices, policies and purposes of the company.

It is a knowledge management process and is intended to enable the new employee to become an useful, integrated member of the team understanding how to do their job and how their role fits in with the rest of the company.

This process intends to successfully integrate the new employee into the culture and the value system of the company. By this process the new employee should acquire information on norms and customs of the company, job knowledge and the geographical information of the company's different sections, departments and branches. As a priority, it will cover the legal and compliance requirements for working at the company.

Induction will be done in three (3) stages.

**Stage 1:** Welcoming the new employee and assisting him / her to get familiarize with the organization and its environment. (General Orientation Programme). This will be done on the day the new employee accepts his/ her appointment and signs his/her Contract of employment / Trainee Contract.

**Stage 2:** Induction to the job, of the new employee by the Head of Department / Branch Manager or the immediate supervisor.

**Stage 3:** The HR department will arrange to conduct an In house Induction Programme quarterly for those employees recruited during the previous quarter. Ideally it will be a Two day programme covering all important areas that the new employee should learn.

By this process it is expected that it will:

- Enable new employees to settle into the company quickly and become productive and efficient members of the staff within a short period of time.
- Ensure that new entrants are highly motivated and that this motivation is reinforced.
- Assist in reducing staff turnover, tardiness absenteeism and poor performance.
- Assist in developing a management style where the emphasis is on leadership.
- Ensure that employees operate in a safe working environment.
- Will reduce costs associated with repeated recruitment, training and lost production.

**A NOTE ON INDUCTION**

*It is suggested that all new recruits visit the Head Office to obtain and sign their Service/ Trainee Agreement.*

*The Stage 1 of the Induction programme will be done on that day.*

*When the new employee arrives at the Branch / Dept on the first day he/ she should be welcomed by the Manager/ Head of Dept and the stage 2 of the induction will commence.*

*The HR Dept should inform the Branch Manager/ Head of Dept. prior to the date the new comer arrives at the Branch / Dept. so that the Branch Manager/ Head of Dept. prepares him/herself to receive the new employee and conduct the stage 2 of the induction programme.*

## 4. **PERFORMANCE APPRAISAL SYSTEM**

### 1. Introduction

The management of the company has decided to introduce a Performance Appraisal System to all employees of the company with a view to establish an objective based Performance Appraisal System.

This system will provide an opportunity for the employees to clearly identify what is expected from them by the company, their job role and also to identify any lapses, gaps in the knowledge and skills positively.

### 2. Appraisal Period

2.1 The performance appraisal of all employees will be affected every year covering a period of one year.

2.2 The appraisal period will commence on January 1<sup>st</sup> of each year and end on December 31<sup>st</sup> of that year.

### 3. Parties to the Appraisal System

3.1. The Appraise: All employees will be an Appraise.

3.2. The Appraiser: The immediate supervising officer of an employee will be the Appraiser of that employee.

Eg: The Appraiser of a Teller will be the Cash Officer.

The Appraiser of the Cash Officer will be either the Asst Manager or the Manager.

The Appraiser of the Manager will be the officer who looks after the Branch network.

3.3 The Approving officer: In the case of the Teller, the Branch Manager will be the Approving Officer.

In the case of the Cash Officer if the Assistant Manager is the Appraiser, the Branch Manager will be the Approving Officer.

If the Branch Manager is the Appraiser the Approving officer will be the officer who looks after the branch Network.

### 4. Basis of the Appraisal system all grades

Section 1. Employee details and Appraiser's designation and Grade

Section 2. Performance Targets and agreement of Appraise and Appraiser.

Section 3. Behavioral Assessment

Section 4. Rating Scale

Section 5. Overall Performance Rating

Section 6. Training Needs

Section 7. Employee comments and Appraiser comments

Section 8. Approval

#### 5. The process

- 5.1. At the beginning of the year the Appraiser will discuss individually with the Employee the Performance Targets to be achieved during the year and the behavioral Aspects expected of the employee in the appraisal period.
- 5.2. At the end of each quarter the Appraiser will discuss individually with the employee and assess the degree up to which the Targets are met, provide any assistance, tools and other requirements, if any, the employee needs to meet with the Targets.
- 5.3. At the end of the year the appraiser will discuss individually with the employee and assess the degree up to which the Targets are met on a 1 to 5 scale.
- 5.4. Also, the Appraiser and the employee will discuss any training required by the employee to enhance performance and enter same in the specified column.
- 5.5. Thereafter, the appraiser and the employee are required to make their own comments (if any) and sign the appraisal form. 5.6 Submit the signed Appraisal form to the approval authority.

#### 6. Setting of Performance Targets

- 6.1. Setting of Performance Targets will be done at a one to one meeting the Appraiser has with the employee on a mutually agreed date, time and venue.
- 6.2. Targets for the Branches and Departments will be based on the annual budget for the year decided by the Board of Directors.
- 6.3. The Targets for a Branch manager will be the Targets given to the Branch by the Annual Budget.
- 6.4. The Branch managers and Heads of Departments should re allocate the Branch / dept. targets to the individual members depending on the type of work they perform, their capabilities so that the Branch / Department will achieve the expected targets at the end of the year.
- 6.5. Thereafter the Branch managers / Heads of Departments will complete the section 2 of the **Performance Appraisal Form** together with the employee in triplicate.

- 6.6. A copy of the completed appraisal form duly signed by both the Appraiser and employee should be sent to the HR division at Head Office. The original form should be kept with the Appraiser and the employee will get a copy.
  - 6.7. The employee should use the Performance Targets set in the section 2 of the Performance Appraisal form as a guide for their work in the coming 12 months of the year, with reviews and periodical updates where necessary to the set Targets throughout the year.
  - 6.8. Branch managers / heads of departments who are the Appraisers shall use the Performance Targets set in the section 2 of the employee to monitor the performance of the employee, provide feedback, guidance and any support necessary to ensure that the set targets are achieved throughout the year.
7. Rating
- 7.1. Performance Targets
    - 7.1.1 The performance targets set at the beginning of the year will be assessed on the employee performance at the end of the year, on a 1 to 5 scale at the annual discussion with the employee.
    - 7.1.2 The marks achieved for all Targets will be added and divided by the number of Targets to arrive at the average.
  - 7.2. Behavioral Aspects
    - 7.2.1 The behavioral aspects will be rated on a 1 to 5 scale at the annual discussion with the employee.
    - 7.2.2 The marks achieved for all behaviors will be added and divided by the number of behaviors to arrive at the average
8. Evaluation
- 8.1. The average marks obtained for performance Targets will be multiplied by 0.7
  - 8.2. The average marks obtained for Behavioral aspects will be multiplied by 0.3
  - 8.3. The results of 8.1. and 8.2. will be added to arrive at the overall marks which is rated out of 100.
9. Approval
- The completed appraisals will be sent to the approval authority for approval.

**10. Disagreement of Appraiser and Appraise on final Rating**

In the event the Appraise and Appraiser do not agree on the final rating, they are expected to make their comments in the appropriate column and forward the appraisal to the Approving Officer, who will consider the comments of both Appraiser and Appraise, discuss with them if he thinks it is necessary and give his decision which will be final and binding on both parties.

**11. Filing of Appraisals**

On the approval the appraisals will be sent to the HR department for filing with the personal file of the employee.

**5. TRANSFER POLICY**

Transfer is one of the ways that individuals broaden and deepen their career experience by professional moves within the company.

**Background Information**

This policy has been developed in support of the provisions for staff to be transferred within the company. The company recognizes that in order to meet its operational requirements, it may be necessary to transfer a staff member from one position to another within the company. It is changing position for a lateral move, promotion, department change or job change.

**2. Policy Statement**

A transfer is the administrative relocation of a staff member from one position within the company to another position within the company. Notwithstanding any other policy or provisions, the company may transfer a staff member into another position at their current level and duration.

A transfer may be for a defined period or it may be an ongoing arrangement that does not have an end date, except for those staff who are employed on a fixed-term contract of employment. Company proposals and requests for transfers will be considered in line with the operational requirements of the company.

**3. Policy Purpose**

- 3.1 This policy outlines the arrangements to be undertaken to transfer a staff member to another position within the company, either at the direction of the company or the request of a staff member.
- 3.2 It is the approved policy of the company that all staff members except for those on fixed term contracts change their stations of work at least once in three (3) to five (5) years.

#### 4. Application of Policy

- 4.1 This policy applies to all continuing and fixed term staff of the company  
Whose employment is covered by the provisions of the company. Members of staff employed on a fixed-term contract who are transferred will normally have at least 12 months of the contract to run, unless work is no longer available for them in the area of their current employment.
- 4.2 Staff are not required to relocate from one station to another as a result of a transfer. However, a staff member may request such a transfer.
- 4.3 A transfer can be undertaken without an external advertisement for the role. If a vacancy exists and it is considered desirable to organize a transfer at level without advertising, the matter should be referred to the Human Resources Division.
- 4.4 A staff member who transfers to another position will retain all of her or his accrued leave entitlements.

#### 4.5 Transfers at the direction of the company

4.5.1 A transfer at the direction of the company may occur:

- As part of a change management process,
- In order to avoid the need for notification of redundancy,
- Because work in a particular unit is declining or increasing,
- It may be related to a staff member's capacity to perform some or all of the duties of her/his position.
- As part of a developmental strategy and /or □ On promotion to a higher position.

#### 4.6 Transfers at the request of the staff member

- 4.6.1 A staff member may initiate a voluntary request to be transferred to another position and/or organizational unit within the company. The company will consider the request in light of the operational requirements of the relevant units concerned. If a suitable vacancy is available, the company will use its best endeavors to facilitate the requested transfer. However, the company is not obliged to facilitate a staff member's request for a transfer where no suitable vacancy is available.
- 4.6.2 All staff-initiated requests for transfer must be submitted in writing to the staff member's current supervisor for consideration.
- 4.6.3 The staff member's current supervisor will consult with and provide a copy of the staff member's written transfer request to the HR



Department who will consider the request in conjunction with the prospective organizational unit.

4.6.4 The request will be considered in line with:

- The operational requirements of the company,
- The knowledge, skills, competencies, qualifications, experience and personal attributes of the staff member, and
- The availability of a suitable vacant position at the staff member's grade.

4.6.5 A staff member who relocates their residence as a consequence of a staff-initiated transfer will not normally be provided with relocation assistance. However, she/he will have access to paid Personal Leave for relocation of residence as provided by the company's Leave Policy.

## **5. Approvals**

A Proposal to transfer a staff member and a request for a transfer from a staff member must be submitted for approval by the appropriate delegated officer.

## **6. Policy Review**

The company may make changes to this policy and procedures from time to time to improve the effectiveness of its operation. In this regard, any staff member who wishes to make any comments about this Policy may forward their suggestions to the Human Resources Department.

## **7. Transfer Arrangements**

- 7.1 The HR Dept. shall collect information of staff members who have served for more than three (3) years in the same Branch / dept. in the month of May every year and select those who are eligible for transfer according to the policy as outlined under 3.2 above.
- 7.2 At the same time HR Dept. shall call for applications from staff members who are willing to apply for transfers on their own due to personal reasons.
- 7.3 On receipt of the information as per 7.1 above and applications as per 7.2 above a transfer Board comprising of three senior staff members headed by the Senior Deputy General Manager Appointed by the CEO. / Executive Director will consider and information received and the applications for transfer and decide on the transfers to be effective from January 1<sup>st</sup> of the succeeding year.

7.4 Adequate notice will be given to the staff members who are to be transferred.

7.5 If any staff member who is listed for transfer is not happy with the transfer order he/she may make an appeal requesting a change or deferment within two (2) weeks of receiving the transfer order to the CEO/Executive Director through the Head of Department/ Branch Manager setting out the reasons for his/her request. The Head of Dept / Branch manager is free to make his comments / observations on the request. The decision of the CEO /Executive Director will be final and binding.

## 6. **PROMOTION POLICY**

### **PREAMBLE**

In terms of a career, a promotion refers to the advancement of an employee's rank or position in the hierarchical structure. Vertical movement of an employee within the organization. In other words, it is the upward movement of an employee from one job to another higher one, with increases in salary, status and responsibilities.

Promotion has an in-built motivational value as it elevates the authority, power and status of an employee within an organization. It is considered good Personnel Policy to fill vacancies in a higher job through promotions from within the organization because such promotion provides an inducement and motivation to the employees and also remove feelings of stagnation and frustration.

Seniority alone is not sufficient to support a claim for promotion since other factors such as efficiency, suitability and merit must be considered, seniority being the decisive factor only when all things are equal.

### **1. OBJECTIVES**

- I. To recognize an employee's skill and knowledge and utilize it to improve the organizational effectiveness.
- II. To reward and motivate employees to higher productivity.
- III. To develop competitive spirit and inculcate the zeal in the employees to acquire skill, knowledge etc.
- IV. To promote employee satisfaction and boost their morale.
- V. To build loyalty among the employees towards the organization.

- VI. To promote good human relations.
- VII. To increase sense of belongingness.
- VIII. To retain skilled and talented people.
- IX. To attract trained, competent and hardworking people.
- X. To impress the other employees that opportunities are available to them too if they also perform well.

## **2. POLICY**

- i. To provide equal opportunities for promotion across the jobs and departments.
- ii. Apply uniformly to all employees irrespective of their background.
- iii. Fair and Impartial treatment to all.
- iv. The basis of promotion to be clearly specified and made known to all employees.
- v. Correlated with career planning. (avoid quick and delayed promotions)
- vi. Final decision entrusted with appropriate authority.
- vii. Progress of the promoted employee monitored. Appropriate action to be taken if it fails to make required progress.
- viii. Maintain a good blend, select from both inside and outside the company.

## **3. BASIS OF PROMOTION**

- 1. Seniority i.e. Length of service
- 2. Educational and Professional qualifications.
- 3. Potential for better performance.
- 4. Career and Succession plan.
- 5. Vacancies based on organizational chart.
- 6. Motivational strategies like Job Enlargement.
- 7. Training.

## **7. DISCIPLINARY POLICY**

\_ Please refer Board approved Disciplinary Code of the Company for audience

## **8. GRIEVANCE HANDLING POLICY**

### **1. Introduction**

Lanka Credit and Business Finance Limited seek to provide a work place in which all employees feel that they are an important part of the company, and where employees feel fairly treated. However, there may be times when employees have a dispute with a supervisor or the company which can best be resolved through a formal procedure for grievance (dispute) resolution.

Grievance means any type of dissatisfaction or discontentment's arising out of factors related to an employee's job which he thinks is unfair. There are several informal options available and it is important that these are explored before recourse to the formal Grievance Handling Procedure. However, in the case where an individual feel aggrieved, the matter should be raised at the earliest opportunity.

Although there is no legal requirement that employers utilize a formal Grievance Handling Procedure, there are many reasons for utilizing a reasonable Grievance Handling Procedure which allows employees a formal means to resolve disputes. A Grievance Handling Procedure can help a disgruntled employee to let off steam. Although it is possible to receive many grievances that lack merit, on a balance having a policy in place allows employees a forum in which to be heard.

### **2. Informal options**

The informal options available to employees include:

- Approaching the line Manager to discuss the issue.
- Discussing the issue with the officials of the Human Resources Department.

If the issue is not resolved to the satisfaction of the employee through informal options, the company aims to provide a structured process to resolve the Grievance fairly and at the earliest opportunity.

### **3. Principles Governing the Procedure**

- The parties should attempt to resolve the grievance before the formal procedure is invoked.
- The parties should attempt to reach an acceptable solution as close as possible to the point of origin and without undue delay,
- The parties should make available any relevant documents to all involved in the formal stages of this procedure.
- The parties may on occasion, and by mutual agreement, modify the timescales referred to in this procedure.
- Employees should be given a fair hearing at all stages of this procedure.
- Throughout the formal procedure, the complaint, notice of hearing(s) and decision(s) made must be communicated in writing to the parties.

- Where the complainant does not attend hearings, the reason for nonattendance will be considered and in exceptional circumstances the complainant may be given the opportunity to make a written representation to the Chair of the panel.

#### **4.Rights of the Employee (complainant)**

At all stages of this Procedure, the complainant has the right to be:

- Accompanied and represented by a friend or colleague who is an employee of the company.
- Submit relevant documents for consideration by the members of the panel.
- Call relevant witnesses.
- Progress to the next stage of the Procedure if the matter is not resolved to their satisfaction, until the procedure has been exhausted.

#### **5. Rights of the Employee who is the subject of the Grievance**

At all stages of this Procedure, the employee who is subject of the grievance has the right to be:

- Informed of the complaint made against him/her.
- Accompanied and represented by a friend or colleague who is an employee of the company.
- Submit relevant documents for consideration by the members of the Panel.
- Call relevant witnesses.

#### **6.Grievance Handling Procedure**

##### **Stage 1**

The complainant will raise the matter in writing with his or her immediate supervisor. The superior officer will investigate the grievance and will do his or her best to resolve the matter as soon as possible and in any event within ten (10) working days.

If the employee's grievance is with his or her superior, or if he or she feels that they cannot reach their immediate superior on the matter, the employee will raise the issue with an individual one level higher, if appropriate, who will investigate the grievance and will do his or her best to resolve the matter as soon as possible and in any event within ten (10) working days.

The officer who investigated the matter will convey his decision to both parties in writing. On receipt of the decision of the investigating officer the complainant should inform the investigating officer if he or she is willing to accept the decision. If the decision is accepted the matter stands resolved. If the complainant does not agree with the decision, he or she has the right to make his or her observations on the matter to the investigating officer with a copy to the Senior Deputy General Manager requesting him to intervene on the matter.

On receipt of the observations of the complainant giving reasons why he or she is not agreeable to the decision the investigating officer should forward all relevant documents including the

observations of the complainant on the decision and if there are any further observations of him or her to the Senior Deputy General Manager.

## **Stage 2**

The Senior Deputy General Manager should study the documents sent by the investigating officer and the complainant and attempt to resolve it within fifteen (15) working days. His decision should be conveyed to the complainant in writing with a copy to the investigating officer. If the decision is accepted the matter stands resolved. If the complainant does not agree with the decision, he or she has the right to make his or her observations on the matter to the Senior Deputy General Manager with a copy to the Chief Executive officer requesting him to intervene into the matter. On receipt of the observations of the complainant giving reasons why he or she is not agreeable to the decision the Senior Deputy General Manager he should forward all relevant documents including the observations of the complainant on the decision and if there are any further observations of him or her to the Chief Executive Officer.

## **Stage 3**

If the complainant is not satisfied with the decision of the Senior Deputy General Manager and the matter is still unresolved the complaint should be made in writing to the Chief Executive Officer in writing, who will appoint a Panel of three (3) senior officers other than the Senior Deputy General Manager to look into the matter. The Panel so appointed shall study the documents submitted by the complainant along with the documents submitted by the Senior Deputy General Manager and if the panel think it is necessary request the complainant to make further representations and call witnesses and make their decision on the matter to the Chief Executive Officer. The Chief Executive Officer shall peruse the documents and the decisions submitted and convey his decision to the complainant in writing. The decision of the Chief Executive Officer will be final and binding.

# **9. LEAVE POLICY**

## **HOLIDAYS AND LEAVE**

Employees of the company are entitled to the following leave.

1. Weekly Holidays
2. Statutory Holidays
3. Casual Leave
4. Annual Leave
5. Medical Leave
6. Duty Leave 7. Maternity Leave.
8. Other types of leave

The regulations governing the provisions of the Shop and Office Employees' Act will apply.

**Weekly Holidays**

Saturday and Sunday are considered as Weekly Holidays for all employees.

**Statutory Holidays**

The following days which have been declared as Public Holidays will be holidays for all employees. (Such other statutory holiday that may be declared in the future)

- ✓ Thai Pongal Day
- ✓ Independence Day
- ✓ Day Preceding Sinhala Tamil New Year
- ✓ Sinhala Tamil New Year Day
- ✓ May Day
- ✓ Day after Wesak full moon Poya Day
- ✓ Prophet Mohammed's Birth day ✓ Christmas Day.

**Full Moon Poya Days**

- ✓ All full moon poya days will be holidays for all employees.

**Casual Leave**

Entitlement: Not more than Seven (7) days leave in the year for private business ,ill health or other reasonable cause.

Should be taken at the rate of one or two days (the most) at a time.

In the first year of employment, this leave is to be apportioned at the rate of **one** (1) day for every two months of employment. The first year of employment means the period up to the end of December that year.

An employee who is required to engage in work on a Public holiday shall be paid not less than twice the daily salary or a substitute holiday as Lieu Leave on any day within a month.

**Annual Leave**

For each calendar year (*which means the period from January to December*) during which an employee has been in continuous employment, he is entitled to take in the following year, twenty-one (21) days holidays as Annual Leave of which at least seven (7) days must be taken on consecutive days. This leave must be taken on days mutually agreed upon by the employee and the head of the Department /Branch he works.

At the end of the first year of employment, the employee qualifies for proportionate leave as follows to be taken in the following year: -

- (a) The full annual holiday of twenty-one (21) days if his employment commenced on or after 1<sup>st</sup> January but before 1<sup>st</sup> April. `
- (b) A holiday of Fifteen (15) days if his employment commenced on or after 1<sup>st</sup> April but before 1<sup>st</sup> July.

(c) A holiday of ten (10) days if his employment commenced on or after 1<sup>st</sup> July and before 1<sup>st</sup> October.

(d) A holiday of seven (07) days if his employment commenced on or after 1<sup>st</sup> October.

On Termination: - The employee is entitled to the annual leave earned by him in respect of the previous year plus the days earned during the year of termination at the rate of one day for every month worked for a period less than ten(10) months and Twenty-one (21) days if he has worked ten (10) months or more less any annual leave availed by him during the year of termination.

### **Medical Leave**

Employees who are confirmed in service are entitled to fourteen (14) days medical leave per year. An employee may obtain medical leave for a period not exceeding two (2) days on submission of a sick note. However, if he has to keep away from work for more than two (2) days a medical certificate obtained from a registered medical practitioner should be produced.

### **Duty Leave**

If an employee is required to leave his place of work to attend to work in relation to some duties regarding matters relating to the company, example; discussions at the Department of Labour, or with the company Lawyer, then he will be allowed Duty Leave for the period he was away from his normal place of work. If he has to travel a long distance for the purpose he will be granted Duty Leave for the travelling time to and for, as well. It is desirable to apply for and get prior approval from the appropriate authority prior to proceeding on Duty Leave.

### **Maternity Leave**

A female employee is entitled to 84 (eighty-four) days of paid leave, which includes 14 (fourteen) days of pre-confinement leave and 70 (seventy) days of post confinement leave. Maternity leave is considered without taking into account the weekly holidays, public holidays and poya holidays. If a female employee decides to take 14 days pre confinement leave and the child is born before the expiry of the 14 days, then the unauthorized portion of the pre-confinement leave will be added to the post-confinement leave and granted with the latter.

However, if the confinement results in:

- a) The issue of a child who is dead.
- b) The issue of a “viable foetus”.

Then the leave entitlement shall be 42 days only. (6 weeks. i.e. 2 weeks pre and 4 weeks post).

A female employee who is nursing a child under one year, of age shall be allowed 02 (two) nursing intervals of one (1) hour each, within the normal working day in addition to the meal interval, at such time as she may require.

### **Accident Leave**

Although there is no special provision by law to grant Accident Leave, the company has provisions to grant Accident Leave under the following circumstances.



If an employee meets with an accident in the course of attending to his work and is required to be hospitalized for treatment, such period he has to be hospitalized would be considered as Accident Leave, and as such leave will not be deducted from his normal quota of any leave available.

### **Leave to Vote at Elections**

An employee who is qualified to vote at Parliamentary Elections or at the Presidential Elections or Provincial Council Elections is entitled to special paid leave of not less than four (4) hours to enable him to exercise his vote. The question of whether the quantum of such leave should be four (4) hours or more would depend on the place where the employee is registered to vote. An employee who is registered in a distant constituency may have to be granted a full day's leave. An employee who wishes to take an extra day's leave for purpose of travelling against his leave entitlement should be permitted to do so.

An employee who is qualified to vote at an election of a local authority is entitled to special paid leave of not less than two (2) hours to enable him to exercise his vote. The same duration of leave must be permitted for voting at Pradeseya Sabha elections. The observation made in the preceding paragraph regarding the quantum of leave that should be granted would be equally applicable in this instance.

### **Leave to Attend Local Authority Meetings.**

If an employee is elected as a member of any local authority he shall be granted leave with full pay, in addition to his normal leave entitlement to enable him to attend a meeting of such local authority whenever notice of such meeting is received by such employee.

Leave to attend courts on summons

If an employee is required to attend court as a witness on a summons, his absence from work should be set off against his leave entitlement. If he has no leave to his credit, he should be placed on No-Pay leave.

If however, he is summoned to give evidence on any matter arising out of his duties or in his official capacity, he should be granted duty leave to appear in court.

### **No-Pay Leave**

There is no category of leave called No-Pay leave to which an employee is entitled. In very exceptional situations, however, an employee may be treated as being on "NO-Pay" leave where an employee has exhausted his leave entitlement but is genuinely ill and hospitalized or he proceeds abroad with the company's permission but has no leave to his credit.

An employee who is on no-pay leave approved by the company is entitled to count that period of leave as being in employment for the purpose of calculating his annual leave entitlement.

For example, if the employee has been granted no-pay leave for a year, he will still be entitled in the following year to his full quota of annual leave with full remuneration.

## **Leave Application**

All employees who wish to avail themselves of leave are required to make an application for leave in the prescribed form. The approving authority should take an early decision on such leave application before the date and time of the commencement of such leave.

## **10. ABSENTEEISM AND LATE ATTENDANCE**

### **10.1 Absenteeism**

When an employee who is scheduled to be on duty does not turn up for work, he is considered as absent. If he has obtained prior leave, then it will not be considered as absenteeism.

### **10.2 How to check Absenteeism**

Where an employee is absent from work and if the absence is not covered by leave, then such absence will be considered as unauthorized and will be placed on no –pay. If the period of absence is more than two (2) days due to ill health, then the employee must produce a medical certificate obtained from a registered medical practitioner.

If the employee is found to have exceeded his medical leave and still persists in submitting medical certificates and sick notes he should be interviewed in order to ascertain the specific problem faced by him and advised on disruption caused to the management and on consequent implications to him. Even after such advice if he continues to absent himself, then he should be issued a letter informing that it would appear that he is physically unfit to carry out the duties entrusted to him.

### **10.3 Unauthorized absence**

Unauthorized absence is considered as an act of misconduct and disciplinary action could be taken leading to termination of employment. An employee is deemed to have committed a serious breach of discipline if he is continuously absent from work for more than three (3) days without intimation.

The following action should be taken in such situations.

- I. The Department Head / Branch manager will inform the Human Resources Dept. whenever an employee is absent without leave for more than three days.
- II. The HRD will then make necessary inquiries and send a notice of vacation under registered cover stating that if the employee does not report to work on or before a given date on receipt of the letter it will be presumed that he has vacated his post.
- III. If he returns to work he will be required to show cause for his absence without leave in violation of the company rules. Based on his explanation suitable disciplinary action will be taken against him.

- IV. IF the employee does not report to work as required a notice will be sent to him under registered cover stating that he has vacated his post from the date of his absence.

#### 10.4 **Late Attendance**

All employees are expected to report to work at the appointed time. Those who report after the fixed time are considered latecomers. Latecomers will in the first instance be informed of their late attendance and advised that disciplinary action would be taken against them if their late attendance continues.

An employee reporting late for work should immediately be interviewed by the Head of Department or the Branch Manager and the reason for the late attendance will be found out. Thereafter the employee will be advised accordingly. His attendance thereafter should be assessed for a period of two(2) to three (3) months and if late attendance continues letters of warning will be issued.

#### 10.5 **Pay Cuts**

It should be noted that the company is entitled to deduct from the salary a proportionate amount in respect of late attendance. Such a deduction is not strictly a punishment because in such a case the company is merely paying the employee for the number of hours that he attends work. However, in fairness to the employee when the management proposes to effect a pay cut the employee will be informed of the consequences by the HR department.

### 11. **GRATUITY**

The Gratuity becomes payable on the termination of the services of an employee, whether by the company or by the employee whether on retirement or by the death of employee or operation of law or otherwise. It is payable even on the dismissal of the employee at the rate of half month's last drawn salary for each year of completed service subject to his service is over five (5) years.

In the event of the death of an employee the gratuity is payable to the legal heirs. The Gratuity should be paid within thirty (30) days of the termination of services or of the death of the employee.

### 12. **TERMINATION POLICY**

The contract of employment stipulates a notice period of one (1) month. When an employee does not give notice and decides to resign, the HR department should request payment as follows and if payment is not made it has to be enforced in a civil court.

- An employee in the Grade of Branch Manager and above should give 3 months' notice to resign or pay one-month salary to the company in lieu of the required notice.
- Employees below the grade of Branch manager should give one-month notice to resign or pay one-month salary to the company in lieu of the required notice.

However, if there are payments other than wages, Gratuity and Provident Fund dues, the company may consider recovering the amount due on account of notice from such payment.

Statutory Dues:

When the company terminates the employment of the employee, or the employee lawfully terminates his employment, the company shall pay the salary due and any overtime payments etc. He will also be paid all earned annual leave which has not been availed of. There will be no payment due in respect of un availed casual or medical leave.

If the Gratuity payment is due, it will be paid within thirty (30) days of cessation of employment.

Methods of termination:

A contract of employment may be terminated in one of the following ways:

a) **Retirement**

### **AGE OF RETIREMENT**

- (a) The age of retirement shall be Sixty-five (65) years, Therefore, all employees shall retire from service on reaching the age of sixty-five ( 65) years. Subject to (b) below
- (b) However, CEO/ Executive Director may at his discretion, extend the retirement age beyond sixty (65) years, up to 70 Years, of the employees whose experience and performance specially relating to achievement budgetary targets and such other targets of the company which had been exceptional satisfactory. Accordingly, such extensions will be based on the annual performance appraisal .
- (c) The age of Retirement of the CEO/ Executive Director shall be seventy (70) years based on his / her experience , capacity and capability to manage and administer the Finance Company. However, the Board of Directors may extend the age of retirement of CEO /Executive Director beyond the age seventy (70) up to the age of seventy-five (75) years based on his / her annual performance and the requirements of the company. subject to the prior approval of the Director Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka as the position of the CEO is considered as that of “:Key Responsible Person” KRP by their directions .

**b) Misconduct**

If the conduct of an employee is inconsistent with the due and faithful discharge of the expressed or implied duties of service, the company shall take a serious view of any conduct by the employee which is likely to interfere with the safe and proper conduct of the operations. The procedure to be followed is detailed in the section “Disciplinary Procedure”.

- c) Death. /Permanent Disability (Mental or Physical)
- d) Termination by the employee due to reasons of his own. (Voluntary retirement)
- e) **Vacation or abandonment of Employment**

Vacation or abandonment of employment covers absence for a sufficiently long period of time without leave or authority which raises a reasonable inference that he does not intend to return to work. It should be clear that the employee is not physically restrained from attending work. (example, when he is in Police custody)

Then a letter under registered cover informing that the company considers the employee has vacated post should be sent to the employees last known address.

- f) **Fixed Term Contract**

The contract will clearly stipulate the date of commencement and the due date of cessation of employment after which date the contract would be considered null and void.

The company shall not grant series of Fixed Term Contracts to any one employee repeatedly. In the event it is required to continue the service of the contracted employee after the lapse of the contracted period he shall be placed on a new contract and **NOT** a renewal of the earlier contract.

For any matter not covered in this manual or for any clarification with regard to contents herein, reference should be made to CEO/ Executive Director for a decision

Head of Human Resource shall be responsible for reviewing and/ updating this Manual as when the need arises

**Recommend to the Board of Directors for Adoption**

**By the Board Human Resources and Remuneration Committee on 25.09.2023**

**CEO/ Executive Director**

**Attachment 1****Oath of Secrecy**

The Chief Executive Officer/ Executive Director,  
Lanka Credit and Business Finance Limited.

I ..... hereby pledge that i will faithfully and honestly fulfill the duties that devolve upon me by reason of my employment at Lanka Credit and Business Finance Limited and observe strict secrecy respecting all transactions of the company, its customers, and the state of accounts and any matter that comes to my knowledge by reason of such employment and also pledge myself not to reveal, disclose and make known any matters which may come to my knowledge in the discharge of my duties unless I received due authority.

Signature.....  
Name .....  
EPF NO .....  
Date .....

Oath taken in my presence.

.....  
Signature

.....  
Name of the Manager/ Head of the Department

.....  
Branch/ Department

.....  
Date



## Attachment 2

## Performance Appraisal Form

Section 01 – Employees' Details			
Name:		Grade:	
Branch/DEPT		Position	
Review Period:		EPF NO:	
Appraiser's Name:		Appraiser's GRADE:	

Section 2 – Performance Targets (Select a minimum of 5 ) <input type="checkbox"/> Ratings 5- Exceptional 4 – Exceeded expectations 3- Met expectations 2- Partly met expectations 1 – Below expectations	Performance Rating (1-5)	Remarks
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		

Performance Target Agreement: .....

.....

.....

Signature of the Appraiser &amp; Date      Signature of the Employee &amp; Date

Section 03- Behavioral Assessment *Ratings 5- Distinguished 4- Exceeded expectations 3- Met expectations 2- Partly met expectations 1- Unsatisfactory	Appraiser's Rating*					Marks
<b>Customer Service</b>						
1. Acts on behalf of key customers, takes an independent view of customer needs considering the long term	1	2	3	4	5	

interest of the customers and company.						
--	--	--	--	--	--	--

2. Endeavors to create new solutions to meet customer needs which work effectively in their local markets	1	2	3	4	5	
3. Follow up on customer feedback to improve performance and seeks to providing a delightful experience to customers	1	2	3	4	5	

### **Trustworthiness & Accountability**

1. Takes responsibility for the outcomes resulting from the decisions, choices, actions and behaviors he/she displays capable and performing.	1	2	3	4	5	
2. The entrusted duties to the expected standards and contribute effectively.	1	2	3	4	5	

### **Continuous Improvement**

1. Able to learn and use new skills, respective to constructive feedback and suggestions for continuous improvement.	1	2	3	4	5	
2. Use interpersonal and public relations skills to promote the company image.	1	2	3	4	5	
3. Plans out the work entrusted and accomplishes the tasks according to plans Punctual in meeting deadlines.	1	2	3	4	5	

### **Leadership & Decision Making**

1. Act as a problem-solver, quick to identify and suggest workable solutions, actively listens and is respective to others' ideas.	1	2	3	4	5	
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2. Quick to recognize problems before they become critical and suggest workable solutions.	1	2	3	4	5	
Team Spirit						
1. Recognizes and resolves differences of opinion and the development of conflict, enables all team- members to contribute positively	1	2	3	4	5	
2. Provide assistance in the most efficient manner and guides the team towards continuous business development.	1	2	3	4	5	
Behavioral Assessment	Total Marks achieved:					
Average Marks Achieved: Total Divided by number of behaviors: =						

**Section 04 \_ Rating Scale**

Range of Marks	Ratings
	Below expectations
	Partly met expectations
	Met expectations
	Exceed expectations
	Excellent

Section 05 – Overall Performance Rating	Marks Obtained (A)	Weightage (B)	Final Marks (A*B)
1. Average Performance Targets Achievement		<b>0.7</b>	
2. Average Behavioral Assessment		<b>0.3</b>	
<b>Total performance Marks</b>			
<b>Overall Performance Ratings as per Section - 3</b>			

**Section 06 Training Needs**

1.
2.

**Section 07**

<b>Employees' comment</b>	<b>Appraiser's comment</b>
<b>Employees' signature:</b>	<b>Appraiser's signature:</b>
<b>Date:</b>	<b>Date:</b>
<b>Section 08 - Approval</b>	

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