



**HUMAN RESOURCES  
ADMINISTRATION MANUAL**

(HealthCare Food Manufacturers SC, ZAK Ethiopia  
Manufacturing and Trading PLC, Debrebirhan  
Natural Spring Water SC, ASTCO Food Complex  
Factory SC & Articraft Industries PLC)

---

# CONTENTS

## SECTION ONE

### 1. GENERAL INFORMATION

1.1 General information .....	1
1.2 54 FMCG Values .....	1
1.3 Purpose and Scope of the Manual.....	2
1.4 Guiding Principles .....	3
1.5 Priority of Labour Proclamation .....	3
1.6 Effective Date .....	3

## SECTION TWO

### 2. RIGHTS AND OBLIGATIONS

2.1 Rights and Obligations of the Company and the Employee .....	4
2.1.1 Obligations of the Company .....	4
2.1.2 Obligations of managers .....	5
2.1.2 Obligations of the Employee .....	5
2.2 General Employment Regulations .....	7
2.2.1 Equal Employment Opportunity .....	7
2.2.2 Management of HIV & AIDS and Other Diseases Associated with Stigma.....	7
2.2.3 Child Labour Policy .....	8
2.2.4 Third Party Labour Policy .....	8
2.2.5 Disability Policy.....	8
2.2.6 Chronic Illness Policy .....	9
2.2.7 Anti –Harassment Policy .....	9
2.2.8 Harassment.....	9
2.2.9 Sexual Harassment and Violence.....	10
2.2.10 Sexual Violence .....	11
2.2.11 Security at the Workplace.....	11
2.2.12 Gender Policy.....	11
2.3 Standards of Business Conduct.....	12

---

2.3.1 General Conduct .....	13
2.3.2 Conflict of Interest .....	13
2.3.3 Internet & employee cell phone policy and guidelines.....	14
2.3.3.1 Authorization .....	14
2.3.3.2 Responsibilities .....	14
2.3.3.3 Use of internet.....	14
2.3.3.4 Company Sim card.....	15
2.3.3.5 Mobile Replacement Procedure .....	15
2.4 Human Resource Planning (HRP) .....	16
2.4.1 Procedures for human resource planning.....	16

### **SECTION THREE**

#### **3. RECRUITMENT AND SELECTION**

3.1 Recruitment and selection.....	17
3.1.1 Job Advertisement .....	17
3.1.2 Shortlisting .....	17
3.1.3 Selection of the candidate .....	17
3.1.4 Interviewing .....	18
3.1.5 Offer .....	18
3.1.6 Candidate onboarding .....	19
3.1.7 Background Check .....	19
3.1.8 Nepotism Scope .....	20
3.1.9 Probation Period .....	20
3.1.10 Employment of Expatriate Experts .....	21
3.2 Transfer.....	21
3.2.1 Relocation payment .....	22
3.3 Temporary/ Fixed Term Workers .....	22
3.4 Appeal .....	23

### **SECTION FOUR**

#### **4. KPI AND PERFORMANCE APPRAISAL**

4.1 KPI & Performance Appraisal .....	24
---------------------------------------	----

---

4.1.1 Performance Appraisal Process .....	24
4.2 Promotions and Succession Planning .....	25
4.2.1 Promotion .....	25
4.3 Managing poor performance.....	26

## **SECTION FIVE**

### **5. TRAINING AND DEVELOPMENT**

5.1 Training and Development .....	27
5.1.1 Training and development need assessment .....	27
5.1.2 Sending Employees to External Training .....	28

## **SECTION SIX**

### **6. WORKING HOURS AND LEAVE**

6.1 Working Hours.....	29
6.1.1 Working hours principles.....	29
6.1.2 Hours of work .....	29
6.1.3 Overtime .....	30
6.1.4 Rest periods.....	30
6.1.5 Public holidays.....	30
6.2 Leave.....	31
6.3 Types of Leave.....	31
6.3.1 Annual Leave .....	31
6.3.2 Sick Leave.....	32
6.3.3 Maternity Leave .....	32
6.3.4 Nursing Period.....	32
6.3.5 Paternity Leave.....	33
6.3.6 Leave for family events.....	33
6.3.7 Court Hearing Leave .....	33
6.3.8 Leave Without Pay .....	33
6.3.9 Union Leave .....	34
6.3.10 Unauthorized Leave.....	34

---

6.3.11 Postponement of Leave .....	34
6.3.12 Compensatory off for managers .....	35
6.3.13 Process to claim compensatory loss .....	35
6.3.14 Cancellation of leave .....	35
6.3.15 Leave application and approval.....	35
6.3.16 Extension of leave .....	36
6.3.17 Leave calculation on resignation/ termination .....	36

## **SECTION SEVEN**

### **7. SALARY AND BENEFIT**

7.1 Salary and Benefits Administration .....	37
7.1.1 Salary Scale.....	37
7.1.2 Starting salary for new employees .....	37
7.1.3 Bonus .....	38
7.1.4 Payroll Deductions.....	38
7.1.5 Salary Advances.....	38
7.1.6 Loans.....	39
7.1.7 Allowances.....	39
7.1.8 Pension.....	39
7.1.9 Group Personal Accident Insurance Policy .....	40
7.1.10 Medical benefit .....	40
7.1.11 Severance Pay .....	40
7.1.12 Travel and Expense.....	40
7.1.13 Per diem and Accommodation.....	41

## **SECTION EIGHT**

### **8. COMPLAINT AND GRIEVANCE**

8.1 Complaint and Grievance Procedures.....	42
8.1.1 Purpose and objectives of this study .....	42
8.2 Disciplinary Code .....	43
8.3 Disciplinary Procedure.....	43

---

8.4 Types of disciplinary action.....	43
8.4.1 Verbal Warning.....	44
8.4.2 Written Warning.....	44
8.4.3 Final written Warning.....	44
8.4.4 Suspension with pay.....	45
8.4.5 Dismissal.....	45
8.5 Disciplinary Hearing.....	45
8.6 Appeal hearing.....	47
8.6.1 Appeal against dismissal.....	47
8.7 Grievance Procedure.....	48
8.7.1 Collective Grievances.....	49

## **SECTION NINE**

### **9. TERMINATION AND RESIGNATION**

9.1 Employee termination & resignation.....	50
9.1.1 Termination during probationary Period.....	51
9.1.2 Contract End.....	51
9.1.3 Retirement.....	51
9.1.4 Dismissal.....	52
9.1.5 Reporting Process.....	52
9.1.6 Certificate of Service.....	53
9.1.7 Death of an Employee.....	53
9.1.8 Exit Interviews.....	53

## **SECTION TEN**

### **10. OCCUPATIONAL SAFETY**

10.1 Occupational Safety and Health.....	54
10.1.1 Accident Reports.....	54
10.1.2 Environment Protection.....	55
10.1.3 Substance Abuse Policy.....	55
10.1.4 Alcohol and Drug Abuse Policy.....	55

---

10.1.5 Non-Smoking Policy..... 56

**SECTION ELEVEN**

**11. OTHER EMPLOYEE AFFAIRS**

11.1 Whistle-blower policy and procedure ..... 57

11.2 Dressing codes and uniforms ..... 57

# SECTION ONE

## 1. GENERAL INFORMATION

### 1.1 General Information

54 FMCG represents the following Five companies which are engaged in the business of manufacturing consumer-focused products in Ethiopia namely; Health Care Food Manufacturing S.C, ZAK Ethiopia Manufacturing PLC, ASTCO Food Complex Factory S.C, Debrebirhan Natural Spring Water S.C and Articraft Industries PLC. Today these companies manufacture well-known brands for the Ethiopian market including Tena Oil, 555 and Aura Soap, Chef Luca Pasta and Aquasafe Mineral water from their facilities.

### 1.2 54 FMCG Values

<h4>Our Vision</h4>  <p>To improve the life &amp; livelihood of the communities by providing world class products and services for now and future generations</p>	<h4>Our Mission</h4>  <p>To become a leading FMCG and healthcare company, delivering sustainable growth to stakeholders by optimizing Ethiopian resources</p>						
<h4>Our Values</h4> <table><tr><td> <b>Entrepreneurship</b></td><td> <b>Oneness</b></td><td> <b>Agility</b></td></tr><tr><td> <b>Integrity</b></td><td> <b>Passion</b></td><td> <b>Achievement</b></td></tr></table>		 <b>Entrepreneurship</b>	 <b>Oneness</b>	 <b>Agility</b>	 <b>Integrity</b>	 <b>Passion</b>	 <b>Achievement</b>
 <b>Entrepreneurship</b>	 <b>Oneness</b>	 <b>Agility</b>					
 <b>Integrity</b>	 <b>Passion</b>	 <b>Achievement</b>					

54 FMCGs vision is to improve the lives & livelihood of the communities it serves by providing world class products and services for now and future generations.

\_\_\_\_\_  
*Chief People Officer*

*Date*  
*January 01, 2021*

*This policy and procedure outlined in this Human Resource Administration Manual (as amended, modified or supplemented from time to time, hereinafter referred to as the “Manual”) follow the basic principles of the Labour Proclamation No. 1156/2019 (2011)*

### **1.3 Purpose and Scope of the Manual**

The Human Resources manual explains HR policies, procedures, working environment and benefits that employees are entitled to in their contract of employment. The manual is intended to outline an employee working relationship, employee's employment contract, Ethiopian Labor law, Ethiopian Civil Code, HR policy and strategies and other documents issued to an employee from time to time. The Manual supersedes any and all previously issued policies, memos and procedures which have been issued or practiced on the subject matter if contained in this Manual.

The 54 FMCG Human Resource Manual seeks to achieve the following:

- Sets out 54 FMCG policy-level commitments to good practice Human Resources Management;
- Sets out the standards with which 54 FMCG Group of Companies are required to align their own Human Resources policies, procedures and practices to ensure they reflect 54 FMCGs values and philosophy on employment relations;
- Ensure that 54 FMCG and its Group of Companies' employment practices conform to local, national and international labour legislation and best practice.
- Provide 54 FMCG Group of Companies with a framework to guide the embedding of employment industry best practices over and above the achievement of minimum legal compliance in employment practices;
- Ensure that employment practices do not allow for discrimination or Human Rights violations;
- Ensure that Human Resource Management is prioritized, well-resourced and recognized as a critical sustainable business function both within 54 FMCG and across its group of companies;
- Ensure that employment practices support economically, environmentally and socially sustainable business practices within 54 FMCG; and
- Provide the 54 FMCG team with a framework to identify risks and opportunities relating to employment and Human Resources Management when selecting, evaluating and managing its group of companies.

The Human Resources Manual is applicable to the 54 FMCG Group of Companies. This Human Resources Framework Manual is considered a living document and will be updated iteratively as and when required.

## **1.4 Guiding Principles**

54 FMCG subscribes to driving growth and profitability through sustainable employment practices, which in turn generate economic benefit for the business and its Group of Companies, whilst simultaneously creating value for society and all stake holders. 54 FMCG believes that employees are a key asset, and that sound employment relations within its own business and amongst its portfolio companies are a key driver of success. 54 FMCG is committed to ensuring that risks related to employment and Human Resources Management amongst its Group of Companies are mitigated to the greatest possible extent.

54 FMCG respects the Ethiopian legislative framework in which the group of companies operate and all employment and business practice legislation must form the basis on which contractual and employment relations are managed. In addition, underpinning 54 FMCGs employment values include international sustainability standards and labour conventions. These include, but are not limited to:

- Ethiopian Labour Proclamation No.1156/2019;
- ILO Convention C158-Termination of Employment 1982;
- ILO Core Convention-Collective Bargaining;
- IFC Performance Standard 2: articles 18,19 & 20; and
- SDG 8: Promote Sustained, Inclusive, Sustainable Economic Growth, Full and Productive Employment and Decent Work for All.

## **1.5 Priority of Labour Proclamation**

No part of this manual shall affect the employee's rights given under the Labour Proclamation No 1156/2019 However, employees are required to comply with all the company policies, regulations, and procedures. In case the provisions of the manual contradict with the labour law, the provisions of the labour law shall prevail.

## **1.6 Effective Date**

This manual is effective from **January 01, 2021** and remains in force unless otherwise amended by the Executive Team.

## SECTION TWO

### 2. RIGHTS AND OBLIGATIONS

#### 2.1 Rights and Obligations of the Company and the Employee

##### 2.1.1 Obligations of the Company

- I. Shall inform about the vision and strategic plan of the Company.
- II. Shall implement government directives, rules, and regulations pertaining to the rights and the benefits of the employee
- III. Shall pay the salary of the employees according to the European Calendar between 26<sup>th</sup> and 31<sup>st</sup> of each month.
- IV. Shall issue to each employee a valid identity card (ID) by its own cost.
- V. Shall keep personnel file of all employees and make available to the employee upon request of the employee in the presence and overseeing of HR representative.
- VI. Shall issue a certificate of service to employees upon request of the employee and during termination of employment. All certificate should be issued by HR department only.
- VII. Shall maintain the confidentiality of the personnel file of employees.
- VIII. Shall maintain a safe working environment for all employees
- IX. Notices concerning all staff either through e-mail or notice boards shall be issued/announced/administered only by the HR department.
- X. It shall be unlawful for the employer to coerce any employee by force or in any other manner to join or not to join or to cease to be a member of a labour union or to vote for or against any given candidate in elections for labour union offices;
- XI. When an employee request to join a labour union, the company shall collaborate and assist in good faith.
- XII. The employer shall be responsible for looking after safety and health at the workplace and take appropriate measures accordingly to ensure the safety of the work place and the employees.

## **2.1.2 Obligations of Managers**

- I. Ensure that all employees in their department are provided with all of the necessary training and equipment to ensure a safe work environment and minimize injuries and health hazards.
- II. Shall make a performance evaluation of each employee under his/her supervision.
- III. In consultation with the HR department, shall issue performance improvement plans as required for an under-performing employee.
- IV. Shall encourage open dialogue and listen to the issues and concerns of the employees and respond to the same in writing or verbally.
- V. Shall design and conduct job-related trainings as required.
- VI. Shall ensure that employees have the necessary equipment to fulfil their duty
- VII. Shall provide job descriptions which show the duties and responsibilities of each employee, signed by the unit manager (managers signing management agreements)
- VIII. Shall provide specific, constructive feedback, balancing positive and negative to their subordinates through regular one-on-one meetings and performance evaluations.
- IX. Shall empower, not micro-manage employees by giving them freedom to conduct their work according to work rules and labour laws, while still being available for advice as needed and holding them accountable for actions and results.
- X. Shall give all subordinates “stretch” assignments and help them develop SMART goals (specific, measurable, actionable, realistic, time-bound)
- XI. Shall help subordinates plan and prioritize work and remove obstacles to achieving most important or urgent objectives
- XII. Shall assist subordinates in their career development and professional growth
- XIII. Shall inform HR immediately when employee is absent from work for more than one day without notice and make sure leave form is submitted to HR, when on leave..
- XIV. Shall be responsible for looking after safety and health of the employees and take appropriate measure accordingly.
- XV. Shall strictly implement and follow up company’s health and safety policies.

### **2.1.3 Obligations of the Employee**

- I. Shall work the number of hours stated in the contract of employment.
- II. 54 FMCG respects official public holidays, but for those jobs that require uninterrupted attention, 54 FMCG may require employees to work on holidays with holiday pay/overtime payment as per the Labour Code.
- III. No 54FMCG employee, during or after the period of employment, may disclose to any person or body or organization confidential information.
- IV. Shall abide by the rules, regulations, policies and directives, procedures, protocol and manuals of the Company.
- V. Shall properly and efficiently conduct his/her duties detailed in the Job Description utilizing his/her full capability and energy and shall exert the necessary effort to maximize customer service, quality and productivity.
- VI. Shall obey and respect all directives/assignments given by his/her supervisors.
- VII. Shall protect the property of the Company and the equipment for which he/she is responsible, utilize them economically in a manner that could make them long-lasting. Should report within 72 hours, if company property/equipment is damaged or lost
- VIII. Shall return all received company property/money upon termination of his/her employment.
- IX. As per article VII & VIII any company items that are not reported as damaged or lost shall be returned/replaced respectively upon termination.
- X. Shall not cause physical, psychological, or emotional harm to or quarrel or be responsible for a brawl against his/her colleagues at the workplace.
- XI. Shall not use Company property or monies or services for non-work-related purposes that can affect the business activity of the company.
- XII. While on duty, shall not be under the influence of drugs prohibited by law or alcohol causing impaired physical and mental status.
- XIII. Shall abide by all health and safety regulations of the Company including biosecurity rules.
- XIV. Shall not be late for work or depart early or leave his/her workplace during any working hours without permission.
- XV. Shall make every effort to eliminate theft and wastefulness; and report any theft or wastefulness of which the employee becomes aware of.
- XVI. Shall not steal from the workplace property/money of colleagues or customers.

- XVII. Shall renew relevant professional licenses and certifications required for their job.
- XVIII. Shall accommodate physical screening and inspection of belongings by guards when entering or leaving the Company's compound.
- XIX. Shall not carry out his/her personal activities during the working hours of the Company.
- XX. Shall not abandon working tools, equipment or machinery before he/she hands over them to his/her replacement.
- XXI. Shall notify their supervisor or HR representative about any observed or suspected incidents of negligence, theft, damage or any other violation of Company policy, within 24 hours.
- XXII. Shall reimburse the cost of lost or damaged equipment under his/her custody, when such loss or damage was a result of negligence or intentional abuse, by taking into consideration the replacement cost.
- XXIII. Shall use Company e-mail only for work related communications and in the case where the company e-mail is not functioning, an employee may use a personal e-mail address for a maximum of one week after immediately notifying the IT department or contact HR department. The use of a personal email address shall not exceed one week.
- XXIV. Shall strictly comply with Company's health and safety policies.
- XXV. All employees are expected to regularly check their email and respond within a maximum of two working days if not officially on leave or posted an out of office notification due to business related travel outside the normal workplace.

## **2.2 General Employment Regulations**

### **2.2.1 Equal Employment Opportunity**

54 FMCG is an equal opportunity employer. The company will extend equal opportunity to all individuals without regard to race, religion, ethnicity, color, sex (including pregnancy), disability, age, HIV AIDS or any other status protected under the labour law of the nation. Our policy reflects and affirms the Company's commitment to the principles of fair employment and the elimination of all discriminatory practices. This policy applies to all terms and conditions of employment, including but not limited to, hiring, placement, promotion, termination, layoff, recall, and transfer, leaves of absence, benefits, compensation and training.

## **2.2.2 Management of HIV & AIDS and Other Diseases Associated with Stigma**

54 FMCG policies governing equal opportunity, workplace harassment, and personal privacy extend to issues relating to HIV and AIDS. No discriminatory or punitive action is permitted in cases:

- a) where a staff member discloses his/her HIV status;
- b) where the HIV status is discovered while processing medical records, or;
- c) Where a staff member discloses that he/she has been tested or where this is discovered.

It is important to note that HIV testing will not, at any time, form the basis of the company's recruitment and selection decisions. In addition, it is against the law for anyone to carry out any such test without the individual's specific consent.

## **2.2.3 Child Labour Policy**

The Child Labour Policy provides 54 FMCGs standards and processes in promoting decent work for youth of legal working age. Whereby 54 FMCG prohibits the employment of any youth below the legal working age in 54 FMCG Group of Companies and to ensure young people's rights at 54 FMCG are protected. The Policy requires the implementation monitoring mechanisms to manage the minimum age guidelines in 54 FMCG Group of Companies as well as third party contractors providing services to 54 Capital. The Policy provides the process to ensure compliance with the ILO Conventions No. 138 and 182 which includes the identification of hazardous work prohibited to children under the age of 18 years of age.

## **2.2.4 Third Party Labour Policy**

The objective of the Third-Party Labour Policy is to define the protocols of procurement, engagement and management of all third-party contractors aligned to the social performance standards in 54 FMCG which include environmental, safety, security, human rights, and human resource practices. The Policy provides for all third-party contractors to be trained on all company and community related issues and to conform with all human rights practices. All third-party contracts to be concluded within the company framework including consideration of potential for social performance risks in the supply chain is identified, contracts with third parties shall include clauses specifying actions to avoid, minimise or mitigate social impacts. In instances where 54

FMCG is linked to a human rights infringement through a business relationship, it will exert either control or influence to bring about change or terminate the business relationship.

### **2.2.5 Disability Policy**

54 FMCG Disability Policy provides means to protect persons with disabilities against unfair discrimination in the workplace and regulates the requirement that the company provide reasonable accommodation, equal opportunities and fair treatment to employees with disabilities. The Policy supports the rights of any person with disabilities including the opportunity to be employed in any position where the person meets with the inherent requirement of the position. The Policy promotes the awareness of the contribution that persons with disabilities can make within the business and encourages management to consider wherever possible to provide an equal opportunity for employment to people with disabilities.

Disability means a physical, sensory, mental, or other impairment including any visual, hearing, learning or physical incapability, which impacts adversely on social, economic, or environmental participation.

Employees with disabilities are not discriminated upon at the company and are treated with dignity. Such employees are entitled to the same terms and conditions of employment and compensation privileges and benefits as qualified, able bodied employees.

### **2.2.6 Chronic Illness Policy**

54 FMCG Chronic Illness Policy aims to set out guidelines for its employees to ensure that individuals with a chronic illness (e.g. hypertension, diabetes, epilepsy etc.) are not unfairly discriminated against in the workplace. It enables the creation of a supportive environment so that employees can continue working under normal conditions in their current employment for as long as they are medically fit to do so. It ensures the ability to maximise the performance of all employees, including reasonable accommodation measures. Further it requires implementation of reasonable steps to provide and/or to refer employees to appropriate health, welfare and psychosocial services.

### **2.2.7 Anti –Harassment Policy**

54 FMCG is committed to providing a work environment that promotes employee’s equality, respect and dignity. In keeping with this commitment, the Company has adopted a policy of “zero tolerance” with respect to employee harassment including sexual harassment.

### **2.2.8 Harassment**

54 FMCG strives to create and maintain a work environment in which people are treated with dignity, decency and respect. The environment of the company should be characterized by mutual trust and the absence of intimidation, oppression and exploitation. Employees should be able to work and learn in a safe, yet stimulating atmosphere. The accomplishment of this goal is essential to the mission of the company. For that reason, 54FMCG will not tolerate unlawful discrimination or harassment of any kind.

All employees have the right to be comfortable in and satisfied with their working environment. Therefore, all employees of 54FMCG always have a responsibility to treat others with dignity and respect. All employees are expected to exhibit conduct that reflects inclusion during work, at work functions (on or off the work site), and all other 54FMCG sponsored and participative events. In the case that something prevents this from happening; each employee is encouraged to communicate their concerns to his/her immediate supervisor or Human Resources.

Harassment on the basis of race, color, religion, sexual orientation, age, national origin, gender, disability, marital status or any other characteristic is strictly prohibited. Harassment is verbal or physical conduct that insults or shows hostility or aversion toward an individual. Under this policy, harassment has the purpose or effect of (i) creating an uncomfortable, hostile or offensive work environment; (ii) unreasonably interfering with an individual's work performance; or (iii) adversely affecting an individual's employment opportunities.

Harassing conduct includes but is not limited to: insults, slurs or negative stereotyping; threatening, intimidating or hostile acts; denigrating jokes; and written or graphic material that insults or shows hostility and aversion toward an individual or group and is placed on walls, in vehicles or elsewhere on the employer's premises.

### **2.2.9 Sexual Harassment and Violence**

54 FMCG Group of Companies commits to ensuring that employees are not subjected to any form of sexual harassment. Any persistent, unsolicited, and unwanted sexual advances or suggestions made by one employee to another, regardless of gender and/or sexual orientation will not be tolerated. Violations of this Policy will lead to disciplinary action, which will include dismissal, and/or criminal charges. All managers have a responsibility for promptly addressing all reports of

harassment. In dealing with cases of sexual harassment, the company shall be guided by the ILO Convention 111 on Discrimination, Convention 190 on Violence and Harassment, IFC Performance Standard 2 (items 15,16 and 17), and the Labour Proclamation No. 1156/2019.

Sexual harassment and violence constitute discrimination and is expressly forbidden by 54 FMCG. Sexual harassment is defined as “Persuading or convincing another through utterance, signs or any other manner to submit for any sexual favor without his/her consent”. It is also considered as unwelcome sexual advances, requests for sexual favors and other verbal or physical contact of a sexual nature. Sexual harassment occurs when, for example, (1) agreeing to such conduct is made either explicitly or implicitly as term or condition of an individual’s employment; (2) agreeing to or rejecting such conduct by an individual is used as the basis for employment decisions affecting the individual; or (3) such conduct has the purpose or effect of unreasonably interfering with an individual’s work performance or creating an uncomfortable, hostile or offensive working environment.

Sexual harassment may include a range of behaviors and may involve both males and females. Depending on the circumstances, these behaviors may include, sexual harassment: unwanted sexual advances or requests for sexual favors; sexual jokes and innuendo; verbal abuse of a sexual nature; commentary about an individual’s body, sexual prowess or sexual deficiencies; unwelcome notes, emails, phone calls, messages or gifts of a sexually suggestive nature; leering, whistling or touching; insulting or obscene gestures; display in the workplace of sexually suggestive objects or pictures; and other physical, verbal or visual conduct of a sexual nature.

#### **2.2.10 Sexual Violence:**

Sexual violence means sexual harassment accompanied by force or an attempt thereof. It is a violation of 54 FMCGs Productive Work Environment/Sexual Harassment and Violence Policy for any employee to be subjected to the conduct described in this definition. Violators of this policy will be subject to strong disciplinary actions, up to and including termination and criminal charges for their actions, where applicable. In cases where managers are found to be in violation of the sexual harassment and violence policy of the company, the management may take appropriate measure which may include termination.

### **2.2.11 Security at the Workplace**

The Company recognizes that secure operations are dependent upon employee participation, commitment, and accountability. All security activities must adhere to the general principles laid down in the company policies.

### **2.2.12 Gender Policy**

Gender refers to social, economic, physical, cultural, psychological, and other issues affecting men and women. The overall objective of the Gender Policy for 54 FMG is to facilitate the mainstreaming of the needs and concerns of men and women in all areas in the company.

54 FMCG is committed to advance gender equality through its work as the company believes this will maximize operational and organizational effectiveness and improves the contribution to sustainable poverty alleviation.

The commits to ensure that women and men have equal access to, and benefit from, information, assets, services and opportunities. Priority shall be given to female applicants or candidates during employment, promotion and for any other benefits, in cases where the female candidates score equal scores as compared to male applicants or candidates.

## **2.3 Standards of Business Conduct**

### **A. Transaction of Private Business**

- Employees having official dealings with contractors and other suppliers of goods or services must avoid transacting any kind of private business with them by any means other than the Company's normal commercial channels. No favour or preferences as regards price, or otherwise, which is not generally available, should be sought or accepted.

### **B. Confidentiality**

- At all times confidentiality must be maintained. No information can be released to unauthorised persons or organisations. The Chief Executive or other Senior Managers of the Company will inform employees of those authorised to receive information.
- If doubt exists as to the validity of an organisation or individuals to receive information, this must be checked with a Senior Manager.

### **C. Political and civic activities**

- It is not the intention of 54 FMCG, or this policy, to dissuade employees from participating actively in public duties. It is important, however, that by doing so there is no suggestion to a third party that the employee is acting on behalf of, or with the support of, 54 FMCG. To avoid any misunderstanding, no Company employee should permit his or her company affiliation to be noted in any outside organisation's materials or activities without the express written approval of a member of senior management.

#### D. Bribery and Corruption

- The Company has a strict anti-bribery, fraud and corruption policy. A bribe is defined as: giving someone a financial or other advantage to encourage that person to perform their activities improperly or to reward that person for having already done so. Fraud includes any willful or deliberate act committed with the intention of obtaining an unauthorized benefit, such as money or property, by misrepresentation, or other unethical means.
- If you bribe (or attempt to bribe) another person, intending either to obtain or retain business for the company, or to obtain or retain an advantage in the conduct of the company's business this will be considered gross misconduct. Similarly accepting or allowing another person to accept a bribe will be considered gross misconduct. In these circumstances you will be subject to formal investigation under the Company's disciplinary procedures, and disciplinary action up to and including dismissal may be applied.

### **2.3.1 General Conduct**

- I. Employees should at all times conduct themselves in such a way as to enhance the reputation of the Company.
- II. 54FMCG will support employees who become aware of and are willing to report breaches of this policy or who genuinely believe that a breach is occurring, has occurred or is likely to occur within the business. Employees should raise the issue internally with their manager or supervisor or in accordance with the Company's Policy on Disclosing Information ('Whistleblowing').
- III. These standards of conduct are intended to underpin and clarify standards required by the Company of its employees and form a fundamental part of the employment contract. Staff who fail to comply with the guidance detailed in this Policy could be subject, following full investigation, to disciplinary action up to and including dismissal. If through their actions or omissions staff are found to be in contravention of either this Policy or, indeed, their legal responsibilities then the Company reserves the right to take legal action if it deems it to be necessary to do so in line with the Labour Proclamation.

### **2.3.2 Conflict of Interest**

Conflict of interest arises whenever the personal, professional, or business interests of an employee are potentially at odds with the best interests of the Organization. All employees are required to act in good faith towards their employer.

Employees shall avoid any situation that might affect their independence of judgment with respect to any business dealings between the Company and any other organization or individual.

Where such a conflict occurs, (or is perceived to occur), the company's interests will be balanced against the interests of employees; and, unless exceptional circumstances exist, they should be resolved in favour of the company.

If a love relationship between two employees or managers develops within the working environment, the onus is on the senior employee concerned to bring this to the attention of his or her manager to confirm that there is no conflict of interest, nor will a conflict of interest arise. The Company reserves the right to move one of the employees concerned if it deems it necessary to do so.

The possibility that a conflict of interest may occur can be addressed and resolved before any actual conflict occurs. Therefore, if an employee understands or suspects that a conflict of interest exists, they should bring this matter to the attention of HR, so corrective actions may be taken. All conflicts of interest will be resolved as fairly as possible. The CPO or the CEO has the responsibility of the final decision when a solution cannot be found in consultation with the respective department head.

### **2.3.3 Internet and Employee Cell Phone Policy and Guidelines**

This policy sets out the obligations and expectations on employees of the Company including temporary staff, who use the Company's IT facilities for internet and email purposes. IT facilities are provided to assist with day-to-day work. It is important that they are used responsibly, are not abused, and that individuals understand the legal professional and ethical obligations that apply to them.

### **2.3.3.1 Authorization**

No person can use Company IT facilities who has not previously been authorised to do so by the Company IT Department Manager. Unauthorised access to IT facilities is prohibited and may result in either disciplinary action or criminal prosecution.

### **2.3.3.2 Responsibilities**

All Users are expected to act in a manner that will not cause damage to IT facilities or disrupt IT services. Any accidental damage or disruption must be reported to IT Manager as soon as possible after the incident has occurred. Users are responsible for any IT activity which is initiated under their username.

### **2.3.3.3 Use of the Internet**

Use of the Internet by employees is encouraged where such use is consistent with their work and with the goals and objectives of the Company in mind.

### **2.3.3.4 Company Sim card**

Company may provide sim card and air-time facilities for individuals depending on the activities based on work related communication need. Telephone usage should be based upon cost-effective practices that are applied consistently and comply with companies' mission.

54 FMCG is committed to do business in a cost-effective manner. As administrative costs associated with reimbursement for International calls are substantial, all employees are expected to register for international calls.

Payment of air-time allocations might be revised when the employee gets promoted or demoted to a position based on communication need.

When an employee is absent, on leave or sick for more than 30 days, employee might be asked to return sim card and telephone allocations might not be paid.

HR Department is responsible for allocating allowances and Head of Functions are responsible for advising /recommending the phone allowance allocations to be given to each position.

### **2.3.3.5 Mobile Replacement Procedure**

In case of loss or damage of a mobile telephone, the loss must be reported immediately to IT Department. If the mobile phone is lost or damaged within the first year of the date of issue to the first user, employee shall refund 100% of the cost incurred by 54 FMCG Group Companies for the purchase of the new sim card.

If the mobile phone is lost or damaged within the second year of the date issue to the first user, the employee shall refund 60% of the cost incurred by 54 FMCG Group Companies for the purchase of the new sim card.

If the mobile is lost or damaged within the third year of the date of issue to the first user, employee shall refund 30% of the cost incurred by 54 FMCG Group Companies for the purchase of the new sim card.

If there is phone misuse cost, employee will be liable for it. Costs for such cases will be deducted from the employee's salary.

## **2.4 Human Resource Planning (HRP)**

### General

- The actual HR management begins with the estimation of the number of and type of staff needed by the company for operational requirements". It is only after this people should be hired to fill the job.
- The responsibility to work out the manpower plan at the beginning of each fiscal year shall rest primarily with HR department.

### **2.4.1 Procedures for Human Resources Planning**

- External and internal HRM environments shall be assessed and analysed
- In line with the strategy of the company, work units and departments of the company shall draw their HR plan and submit to the HR department during Budget preparation or planning period;
- Upon receiving the plan from all work Units and Departments, HR department shall prepare company human resource plan based on new business plan (if any), expansions and other parameters specific to the planned period.
- The HR department shall compile the plan document and present to the executive team for review and approval.

## **SECTION THREE**

### **3. RECRUITMENT AND SELECTION**

#### **3.1 Recruitment and Selection**

Effective recruitment and selection are central and crucial to the successful functioning of 54 FMCG. It depends on finding people with the necessary skills, expertise and qualifications to deliver the Company's strategic objectives and the ability to make a positive contribution to the values and aims of the organisation.

The hiring manager will ensure budget is available and start the process by filing a new hire requisition form. CEO to approve the new hire request after reviewing the Job description (JD), the need for the hire and available budget. If the request is replacement or approved under the structure, department head will sign the requestion form.

##### **3.1.1 Job Advertisement**

Vacancies will generally be advertised using alternative medium of communications to provide equal opportunity for applicants and attract a pool of candidates for the position. Advertisements will also be notified to the local job advertisement centres or employment agencies if needed.

All vacancies will also be posted on the Company internal notice boards. this will facilitate internal promotions wherever possible as development opportunities for its staff.

HR needs to source from referrals, professional networks/associations, personal networks, Universities and headhunters.

##### **3.1.2 Shortlisting**

HR to close the posting, screen CVs against the minimum qualification using JD and shortlist candidates. Minimum of 3 candidates should be shortlisted for one position.

It is HR departments responsibility to communicate shortlisted applicants and schedule interview. No further communication will be required for candidates who are not shortlisted and therefore unsuccessful.

### **3.1.3 Selection of the candidate**

After getting validation of the recruitment, a local recruitment process will be conducted.

#### **Key principles:**

Internal recruitment and promotions should be favored. In case of external candidates' recruitment, recruitment criteria should include the potential of evolution within local structure or on a worldwide basis as well as the ability to adapt to change.

For internal candidate, direct supervisor to be informed before candidate is selected for the vacant position.

All candidates to first meet HR for application filling regardless who makes first contact with candidates, the documents of which should always be kept by HR.

### **3.1.4 Interviewing**

HR to schedule interview by making sure a minimum of 3 candidates are invited for the interview. If there only one applicant for the position the CPO will be required to approve to the proceeding with the one candidate.

HR to assist on the interview process, preparing interviewing questions and participating on the interviews. If a second interview is required, candidate will be called for the second interview with department head or other Senior management team. Every interviewer is to fill in the Evaluation Form to maintain proper record.

Before confirming employment, the respective Department head need to confirm with HR the expected starting employment date of the potential candidate (giving HR at least 15 days if possible, to legalize employment process).

### **3.1.5 Offer**

Should a potential candidate identified from the interview be suitable, verbal offer will be made to the selected candidate to confirm that the job offer is aligned with the employee expectation, and if employee agrees on the offer, reference check will follow.

HR to conduct a reference check of candidate's 2-3 direct supervisors at previous workplaces, if possible. If feedback received is positive employment offer letter will be issued along with the contract. If not, process will start again.

New employee's salary will be decided by HR which includes all other relevant benefits and all official communications with candidate will be performed by HR.

HR to create personnel file with all the necessary documents such as CV, Educational certificates, offer and contract agreement.

### **3.1.6 Candidate onboarding**

HR will introduce new staff via e-mail or any other means on the first employment date. HR will also coordinate onboarding with relevant functions.

All staff, permanent or contracted, requires an orientation by HR before starting work. During the orientation to staff on the very first day of employment, HR is responsible for hand-over of any HR policies and coordinate with Logistics and IT to hand-over laptop/computer (if any) and Company Car (if any). In addition to normal orientation program, HR with line manager will be responsible for coordination of training program.

For permanent staff, HR in conjunction with the hiring manager will provide job description for the position (in case of existing position) and setting performance goals for the current year, with the latter to be returned to HR duly signed.

### **3.1.7 Background Check**

**a. Academic Verification:** Only applicants with academic qualifications from accredited (officially recognized) universities or institutions are considered eligible for hire. Candidates that are contacted with an offer are expected to provide original and copies of educational degrees, copies of documentation indicated on the curriculum vitae are to be verified by a designated member of the HR team.

**b. Employment Verification:** The selected candidate shall provide clearance(s) and/or certificates of work that details salary and employment from prior employer organizations. Evidence of clearance shall be provided within one month of the Offer Letter date.

**c. Police Record:** The selected candidate shall submit written evidence from the concerned governmental office to prove he has no police record about crimes.

**d. the selected candidate should bring Health Certificate from any of the company's retained medical establishment hospitals to protect against contagious disease and attest to physical fitness.**

This applies when it is requested by the employer only or it can be requested on a case-by-case basis.

### **3.1.8 Nepotism Scope**

In general, 54FMCG prohibits employment of spouses, first and second-degree relatives when there is direct supervision or when the nature of the role gives opportunity for conflict of interest. However, in some cases and only when there are clear operational reasons for accommodating such an arrangement, an exception may be made solely at the discretion of the CPO. In such cases, the department head will request approval from the CPO or CEO before signing the employment contract explaining the nature of the relationship before proceeding with the employment process.

Applicants and employees are expected to declare any close known relationships with 54FMCG employees during the recruitment process, or at any time thereafter as soon as the information is brought to surface, and this information shall be requested on the Employee Information Request Form.

Employees shall inform within five working days, if through marriage they become a first or second degree relative of another employee. If two employees are first- or second-degree relatives, 54FMCG can demand a transfer of one of the two employees to avoid a conflict-of-interest situation.

### **3.1.9 Probation Period**

An employee is hired for a probation period of 60 working days from his/her starting date, during which his/her competence is evaluated. For Managers the probation period shall be 90 working days.

The HR Department shall get the evaluation report from the new employee's immediate supervisor of the employee on probation at least 10 days before the end of the employees' probation period and for Managerial roles at least 15 days before the end of the probation period. An employee shall only be given a satisfactory mark if the supervisor believes that the candidate has a greater than 90% likelihood of achieving their responsibilities as per the initial Job Description.

An employee evaluated as incompetent during the probation period shall be given a letter notifying his/her dismissal signed by the HR Department before the end of the probation period.

An employee, who is rehired for a similar position he/she holds previously within the company, shall not be hired on probation basis.

### **3.1.10 Employment of Expatriate Experts**

Expatriates are intended to fill a knowledge, skill, or managerial experience gap in the Company and transfer knowledge and train local employees. Expatriates can be employed at the discretion of the chairman/CEO and the board of directors. Expatriate employees are governed by this manual and the terms of their contracts.

## **3.2 Transfer**

To match jobs with the most suited qualifications and/or to meet the business and operational needs of the Company, employees may be transferred from their current job. This may be either at the employee's request, interview or as a result of a decision by the company management.

- I. Lateral transfer of an employee shall in no way result in the change of his/her previous salary and job grade. Yet he/she shall get all the benefits attached to the position (place) to which he/she is transferred if the transfer is requested by the Company. If the transfer request is from the employee, or through external vacancy competition, the selected internal employee will not be entitled for relocation, housing and any per diem allowances.
  - Transfer requests by employees would only be considered if the transfer fits into the overall corporate plans and needs.
  - Poor-performing staff member are not be allowed to initiate a transfer.
- II. Temporary transfers shall be made to solve problems that arise temporarily; however, it shall not exceed 2 years of assignment.
- III. All transfers shall be issued by the HR department and communicated in writing to the transferred employee through the department head and the HR Department should keep a signed copy of the transfer letter in the employee's personnel file. The transfer letter shall include the following information:
  - a. Effective date of the transfer
  - b. New place of assignment
  - c. Nature of transfer (permanent or temporary)

- d. Salary and benefit (if there are any changes)
- e. Job Title and description of the new position

Staff should be informed about the transfer 10 days in advance in a formal transfer letter that will be signed by the HR department. Employee supervisor should be responsible to give induction on the new location and assist on the process. The employee must sign acceptance of the transfer and the new conditions of employment attached to the position.

Should the employee decline the offer of a transfer or fail to sign acceptance of the offer thereby fails to be present to his new transferred place for five working days, the employee's service may be terminated with 3 days' notice.

### **3.2.1 Relocation payment**

Company will provide one-time relocation payment up to 5000 ETB if the transfer is from one place into the other. If the transfer is not in the same city, air ticket or transportation cost will be covered by the company and housing allowance might be given as per the new employment agreement.

## **3.3 Temporary/ Fixed Term Workers**

By virtue of Article 10 of the Labour Proclamation No. 1156/2019 the Company when necessary, can hire an employee for a fixed term or on contractual basis (definite period work or piecework) for the following purposes.

- I. Performance of specified piece of work for which the employee is employed.
- II. Replacement of worker who is temporarily absent due to leave or sickness or other causes.
- III. Performance of work in the event of abnormal work pressure.
- IV. Performance of urgent work to prevent damage or disaster to life or property, to repair defects or breakdowns in works, materials, buildings or plants of the company.
- V. An irregular work which relates to permanent part of the work of the company but performed on irregular interval.
- VI. Seasonal works which relates to permanent parts of the works of the company but performed only for specified period of the year, but which are regularly repeated in the course of the year.

- VII. An occasional work which doesn't form part of the permanent activity of the company, but which is done intermittently.
- VIII. Temporary placement of a worker who has suddenly and permanently vacated from a post having a contract of indefinite period.
- IX. The temporary placement of a worker to fill a vacant position in the period between the preparation of an organizational structure and its implementation.

Note: contract of employment under VIII and IX shall not exceed 45 (Forty-Five) working days and shall be done only once.

### **3.4 Appeal**

Should a staff member feel that she/he has been treated unfairly in the transfer process, he/she can first appeal to the immediate supervisor and then HR. The employee should get a response within 5 working days. If the employee is not satisfied with the answer, she/he will use the grievance form template to submit official grievance to CEO.

## **SECTION FOUR**

### **4. KPI AND PERFORMANCE APPRAISAL**

#### **4.1 KPI & Performance Appraisal**

Managers and supervisors are committed to supporting every employee to reach their potential and achieve their personal goals, which in turn will assist the organisation to achieve its objectives.

The KPI Setting and performance appraisal supports the performance appraisal scheme. The scheme is a formal process centred on annual meeting of each employee and their line manager to discuss his/her work. The purpose of the meeting is to review performance achievements and to set objectives for the following year. These should align individual employees' goals and objectives with company goals and objectives.

Yearly objectives will be aligned with company Vision/Mission/Values, strategic plan and annual budget and will be broken down into detailed KPI for all eligible employees. Objectives for employees will be SMART (Specific, Measurable, Achievable, Realistic and Time bound). Every eligible employee will have a minimum of 5 objectives every year.

Once agreed, annual objectives will be formalized and signed-off by employee and manager. A copy of the document will be kept with HR department for archiving.

#### **4.1.1 Performance Appraisal Process**

This will be a yearly exercise and HR will communicate the timelines to each department every year (including objectives set-up, mid-year review, year-end review).

Performance appraisal will be formalized and consist of self-assessment from employee and assessment from manager for each objective. HR will be in charge to facilitate the process and record the final evaluation signed by employees and managers.

HR will give the appraisal form to each employee and ask them to fill-in their own rating on objectives, soft skills & values and submit it to their immediate supervisor.

The immediate supervisor will review and give their ratings on the subordinate's achievement of objectives, soft skills & values and have an appraisal interview with their subordinates to discuss in details and clarify/explain the rating if it is different from what the employee has marked for himself.

Each Manager shall, at a minimum, perform informal quarterly review with each employee reporting to him/her. This process will support the employee to work on his/her improvement areas.

## **4.2 Promotions and Succession Planning**

Every manager and above must mandatorily fill out succession planning form at the time of submission of performance appraisal form mentioning at-least 2 successors out of which at least 1 should be from his own department.

Every head of department and Manager will also fill out succession planning form and sign it. The Management will discuss all promotion cases and get justification. If the Management is satisfied with justification and overall performance of the employee recommended for promotion, it will approve the case otherwise it will be rejected or deferred for next year.

The Management will also review succession planning suggestions in the same session and give their directions / recommendations wherever required.

### **4.2.1 Promotion**

Promotions are merit based and handled in the following manner:

- a) A vacancy announcement shall be posted to give all employees the opportunity to be considered for any available vacant posts.
- b) Employees may be given preference for any vacant positions provided they qualify on merit and fulfil all job requirements in terms of qualification, skills, attitudes and commitment.

- c) The company may also provide a direct promotion for employees to fill position without advertising the post if it is believed that there is only one senior person who can handle the role or employee is acting for more than 3 months provided that the position is vacant.

Promotions without a competitive process may be considered only with the consent of the CPO and CEO but in general all positions should be recruited on a competitive basis. No promotion shall be effective unless approved by the CEO and advised by the department head and the CPO.

An Employee who has got a promotion to a new position should remain in the new position for six months before applying to other positions in the company. However, direct promotions can be recommended by the CPO and Department head and approved by the CEO. The promotion letter should be prepared by the HR department.

### **4.3 Managing poor performance**

In circumstances where an employee's work performance reaches an unacceptable standard, the employee's manager will initiate a formal process to assist the employee in improving performance.

## **SECTION FIVE**

### **5. TRAINING AND DEVELOPMENT**

#### **5.1 Training and Development**

The company shall endeavor to provide formal training to as many employees in each year as possible to pursue relevant courses or training programs. The Company gives employees adequate training to do their job safely and competently. The company believes training is a two-way process. Management encourages employees to participate and to highlight any gaps in their own skills or knowledge they believe they have.

##### **5.1.1 Training & Developmental needs assessment**

All improvement areas pertaining to job responsibilities, soft skills and required training/development to overcome the highlighted shortcomings should be discussed and agreed.

The training and development plan will be prepared annually for every employee and will be derived from shortcomings from objectives and soft skills section.

At the beginning of the year the HR Department will develop an annual training & development plan with respect to individual development plan of employees, policy, strategy and business requirement.

The plan will be submitted to the Management team for approval. Selection of participants to training courses are based on needs required by the job holders in each particular role and responsibility. The department heads together with HR will be making the final decision if necessary.

Employees must present themselves to the courses on time and participate full time until course end to be able to be considered as having participated. Once the employee has completed the full course, the HR will update the training attendance in personal data. Employees who do not complete the course or who do not attend all classes will be considered and recorded as “absent”.

Employees are required to complete pre course work (if any) prior to attending the class and actively participate in class activities to derive the full benefits of the course.

If the employee is not able to attend the course, he/she must inform the HR immediately by any means and later on send a request to cancel the course in writing.

Department Head to sign for approval before forwarding to the HR. However, such a process will be acceptable only when the request reaches the HR at least seven working days prior to the course commencement and with reason. If not, the HR will record as 'absent'.

Employees who miss core courses identified as necessary for each particular role must study courses materials by themselves. Their Supervisors have responsibilities to ensure that Employees are equipped with the necessary skills presented in the courses.

### **5.1.2 Sending Employees to External Training**

The supervisor must make sure that the training program is aligned with the employee's personal objectives and individual development plan. The supervisor needs to know the objectives of training and help employee to reach those objectives.

The Manager/supervisor must have a post-training discussion when the participant comes back from the session to identify how to put in practice what he/she has learned, and to agree on the action-plan, which he/she will have designed by the end of the session.

After a few months (3-4) of observation/coaching in the working situation by the manager, a second discussion should take place to determine what has really been gained after the training and identify the next objectives of another training session.

To get all the benefit of the training, participants should attend the whole session. Training is not a motivation tool; it is a means to increase efficiency and productivity of key people in the organization.

## **SECTION SIX**

### **6. WORKING HOURS AND LEAVE**

#### **6.1 Working Hours**

Hours of work means the ordinary hours that an employee is required to dedicate to working for the operation, and which are permitted in terms of the prescribed legislation or Collective Bargaining Agreement.

The provision of regulated working hours forms part of the conditions of employment which also include leave provisions. The hours of work principles detailed below are interrelated with the other conditions and cannot be applied in isolation.

##### **6.1.1 Working hours principles**

The objective of setting working hours principles is to create a standardized and legally compliant policy on all hours of work including overtime, daily, weekly rest periods, without compromising the operations and business deliverables.

These principles form part of the conditions of employment that govern the terms of employment for each permanent and daily contract employee.

##### **6.1.2 Hours of work**

The core hours of work applicable to employees are:

- Administrative/office employees: working hour is from 8:30am to 5:30pm from Monday to Friday and Saturday from 8:30am to 12:30pm.
- Production employees: Hours of work vary based on each operational requirement, however these hours will be a maximum of 48 hours per week or 8 hours per day.
- Security guards: maximum of 48 hours per week (subject to Sectoral and/or Collective Bargaining Agreement whichever is applicable).

The hours applicable to each of the employees in the above-mentioned categories must be specified in the employees' contract of employment and in terms of Labor Proclamation 1156/2019 Art 63 - Arrangement of Weekly Hours of Work.

The Company maintains the right to modify the hours of work by way of announcement and as circumstances may demand. Reasonable notice of any changes will be given in writing to all employees.

Due to the nature of the operations, the Company may alter the daily and weekly spread of hours in terms of the applicable legislation. Reasonable notice of any changes will be given timeously in writing to all employees.

### **6.1.3 Overtime**

Overtime means the time that an employee may be required to work more than the daily or weekly ordinary hours of work due to operational requirements.

The company may not compel an employee to work overtime unless the circumstances detailed in Labor Proclamation 1156/2019 Art 67 are present:

- Where and when employees can with reason be expected to work overtime and where the Company is obliged from time to time to do the same, there will be an agreement with the relevant employees to work overtime
- Should an employee be required to work overtime, the employee will be entitled to compensation in terms of the applicable legislation or Collective Bargaining Agreement
- All overtime to be worked must be pre-approved by the relevant Manager / Supervisor

### **6.1.4 Rest periods**

The company will ensure that the prescribed daily and weekly rest periods applicable in Labor Proclamation are applied to all employees.

### **6.1.5 Public holidays**

An employee is entitled to all public holidays which coincide with normal working days in terms of Labor Proclamation. Based on the nature of the work, an employee may be required to work on Public Holidays. Payment for work performed on a Public Holiday will be paid in accordance with the Overtime compensation prescribed in Labor Proclamation.

## **6.2 Leave**

All leaves should be applied using the HR tool/leave request form before proceeding on leave. In case of emergency when leave cannot be applied in advance, reporting over the phone to the employee's immediate line manager should be done and it must be regularized within 2 days of resuming duty.

Employees will be eligible for Annual Leave only after completion of the probationary period. On confirmation, annual leave for the period of probation will be credited to employee's account. Employee may apply for leave depending upon their applicable leave balance as per the HR leave records.

All types of leave, with the exception of sick leave, personal emergency leave, compassionate/family leave, and court hearing leave must be requested 15 days in advance and authorized by the employee's direct supervisor using the leave request form on the HR system/form.

In case of prolonged illness or leave of absence from work an employee is required to inform the immediate line manager/ supervisor at regular interval about their condition and the anticipated date of return. In the absence of any communication from the absent employee without good cause, disciplinary action may be taken by the company.

Leave without approval will be considered as absence.

## **6.3 Types of Leave**

### **6.3.1 Annual Leave**

None Managerial employee are entitled to 16 working days of annual leave per calendar year and shall get an additional 1-day leave day for every additional year of service. Managers signed a managerial contract are allowed to 20 days of leave for year and 1 additional day every year. If a staff member did not work the full calendar year, the entitlement of leave days shall be calculated prorating the annual entitlement against the number of completed months that she/he was employed during that respective year.

### **6.3.2 Sick Leave**

The total amount of sick leave shall not exceed 180 calendar days counted consecutively or separately in any continuous twelve months' period starting from the first day of his sickness. Days of sick leave shall be recorded and accumulate through a continuous twelve months' period. Absence from work for the reason of sick leave must be supported by a certificate from a qualified medical practitioner stating the nature of the illness, patient treated and date of treatment and allowed sick leave.

Salary payment during periods of sick leave shall be granted in the following manner:

First month: 100% of his/her monthly wage

Following second and third months; 2 months at 50% his/her wage

Following 3 months (4th, 5th and 6th): without pay

### **6.3.3 Maternity Leave**

Pregnant women employees are entitled to 30 working days of prenatal leave. Where the employee doesn't deliver within 30 working days of her prenatal leave, she is entitled to an additional leave with pay until her confinement. However, if birth takes place before the expiry of pre-natal leave, post-natal leave of the employee shall commence immediately.

Pregnant women employees are entitled to 90 consecutive days of post-natal leave. If the employee fails to take her maternity leave in connection with her delivery, the unused maternity leave period cannot be postponed to another time.

A pregnant employee facing complications due to the pregnancy, and on the recommendation of a medical doctor, may be eligible for sick leave. Maternity leave can be clubbed with annual leave subject to prior permission of the immediate supervisor/ line manager.

A pregnant employee must give a minimum of one month notice of the expected starting date of prenatal leave and or maternity leave to her immediate supervisor/ line manager.

### **6.3.4 Nursing Period**

During the first six months after delivery of her baby, a female staff member can request a reduction of two hours from the standard working hours per day by discussing with her supervisor (time can be disused and decided by the supervisor and the staff) to facilitate proper nursing of the infant. Such request cannot be rejected without the approval of the executive of the respective department and the CPO.

### **6.3.5 Paternity Leave**

A male employee shall be entitled to 3 consecutive days of paternity leave with full pay subject to approval by his immediate supervisor/line manager. Paternity leave may only be taken one week before delivery or two weeks after delivery. Leave not taken during this period will be forfeited. The Employee must submit a copy of their newborn birth certificate birth certificate copy of their newborn child within 30 days of taking paternity leave failing which the submitted leave will be deducted from the employee's annual leave.

### **6.3.6 Leave for family events**

Employees are entitled to family event leave with pay for 3 working days in the following cases (a), marriage b) death of employee's spouse, descendant, ascendants, brother, sister, uncle or aunt. Employees are also entitled to leave with pay for three working days upon the death of his/her spouse's family (descendant, ascendants, brother, sister, uncle, aunt). The Employer has the right to check the validity of this leave. Any false documentation or failure to provide valid evidence will result in disciplinary action.

### **6.3.7 Court Hearing Leave**

Employees are entitled to leave with pay when they are ordered by the court to appear in a judicial proceeding. Employees must notify this/her line manager in advance and provide written evidence to validate the reason for such leave. Documentation from the court is required.

### **6.3.8 Leave Without Pay**

An employee may take unpaid leave in instances where the employee is in need of leave due to unforeseen and serious circumstances. If the company has sufficient reason to consider that there does not exist exceptional or serious event, it can reject the request for leave. In case no approval

taken for leave without pay, such absence of employee will be considered as absence from work. Disciplinary action will be taken in case of absence without approval.

No salary would be paid to the employee for the days leave without pay is availed. An employee is entitled to a maximum of 10 days unpaid leave in a year. The employee must apply for unpaid leave which must be authorized by the employee's immediate line manager or supervisor and approved by the CPO.

Only once such leave is approved, may the employee take the leave (i.e. approval must be given prior to commencing leave).

### **6.3.9 Union Leave**

Trade Unions leaders shall be entitled to leave with pay for the purpose of presenting cases in labor disputes, negotiating collective agreements, attending union meetings, participating in seminars or training courses. The manner of granting such leave will be determined by the collective agreement.

### **6.3.10 Unauthorized Leave**

Absenteeism from work without any form of communication with immediate supervisor is interpreted as unauthorized leave and disciplinary measures will be taken. Unauthorized leave may entail salary deductions and termination of contract as per the law.

### **6.3.11 Postponement of Leave**

If annual leave is not taken within the same calendar year when it is accrued, the leave days can be carried over the following calendar year. However, leave days will be forfeited, if they have not been taken by the end of the second calendar year after accrual of such untaken leave.

Annual leave shall only be postponed for reasons related to operational requirement which should be duly documented and approved by the CPO and the CEO.

There is no payment in lieu of unutilized annual leave. In case of termination, employees shall be paid for annual leave days that they have accrued and not utilized by the end of their employment period.

### **6.3.12 Compensatory off for managers**

As Managers are not eligible to get overtime (OT), Managers might be eligible for compensatory time off when he/she has worked on an important assignment on any of the national/festival/declared holiday. Approval of the CEO or CPO is required to work on any such day i.e. national/festival/declared holiday.

Compensatory time off must be used within a period of 1 month failing which it will be forfeited.

### **6.3.13 Process to claim compensatory loss**

Any compensation for time off must be approved by CPO/CEO. Where a Managerial employee has worked on national/festival/declared holiday and is entitled to a leave in lieu of work done on above mentioned days, he/ she must inform his/her immediate reporting manager, and once approved, it is the immediate managers responsibility to inform HR about the same.

### **6.3.14 Cancellation of leave**

Approved leave can be cancelled depending upon the operational requirements. Once cancelled by the reporting manager, a notification will reach to the employee and the HR. Leave balance will be updated accordingly by HR.

In rare cases, an employee who is on leave may be recalled to duty, if unforeseen circumstances require his/her immediate presence. In such cases, the employee is entitled to claim reimbursement for all expenses related to the return of his/her post.

### **6.3.15 Leave Application and Approval**

The Employee will fill out the leave form or capture their request in the HR system / tool. HR will check the annual leave balance for the leave taken against the total accumulated leave and sign-off the form or approve in the system to confirm leave availability.

After the leave balance is checked and signed-off by HR, the form will be signed by the immediate supervisor and the approved leave request will be filed in the employee's personnel file. HR will

notify managers/supervisors and employees in advance about their unused leave, as well as notification of an employees' leave that is due to expire.

#### **6.3.16 Extension of leave**

In case of extension of leave due to any unforeseen circumstances the employee must inform his / her reporting manager in advance; once extension of leave is approved by the reporting manager it is the manager's duty to inform HR. This is the case when leave extension has been given verbally or over the phone. It is the employee's responsibility to regularize leave on HR tool/system once such employee is resumed back on duty.

The extended leave must be applied on HR tool/system in case of planned extension so that both the reporting manager and HR are informed automatically.

Leave balance is updated in HR tool by HR. In case where an employee extends leave without approval it will be treated as absence from duty and disciplinary action will be taken against the employee.

#### **6.3.17 Leave calculation on resignation/termination**

Where an employee has resigned or on termination of employee, leave balance will be calculated until the last working day of the employee and will be paid in full and final settlement of the employee.

## **SECTION SEVEN**

### **7. SALARY AND BENEFITS**

#### **7.1 Salary and Benefits Administration**

The salary of the employee is maintained according to the company salary scale/salary band to ensure fairness and consistency between all employees. The salary scale reflects the employee's position, qualification, seniority and performance.

The principle of equal remuneration/compensation for work of equal value guides payment of wages and other benefits. However, this does not affect distinctions made based on such factors as qualifications and experience.

Wage is protected against deductions, attachment, set-off by the employer. Only in exceptional cases, the wage of the employee can be deducted up to one-third of the monthly salary of the employee subject to authorisation under the law (eg. for tax purposes), court order, collective agreement or work rules, and written agreement of the worker. A higher amount can be deducted if the employee agrees to it in writing.

#### **7.1.1 Salary Scale**

The grade of each position is established by the CPO and approved by the CEO. The salary scale defines the grades for each position and identifies the minimum and maximum salary for each scale. The salary scale is a confidential document which is not shared with Employees outside the HR Department. The salary scale may be amended from time to time and at the sole discretion of the CPO, CEO and Board.

### **7.1.2 Starting Salary for New Employees**

Employees joining 54FMCG as well as employees who have been promoted to the next level will normally start on the base scale (first step) of the respective grade for their position. However, in recognition of previous relevant experience or qualifications and earning history of the new employee, the CPO can approve in exceptional circumstances, a higher scale may be used as the starting salary.

An employee promoted to a position of higher responsibility will be entitled to a salary increase appropriate to the salary scale level for the new grade into which they are promoted. A promoted employee is entitled to all the benefits of the new position with effect from the date of their promotion.

### **7.1.3 Bonus**

If the company/individual achieves or exceeds its target for the fiscal year, a bonus may be considered. The company bonus plan will be created, and may be adjusted or cancelled annually, as determined by the CEO and board of directors at their sole discretion, subject to the Company's overall budget. This will be detailed in a separate Bonus policy which will be amended from time to time and the custodian of such will be the HR Department as Confidential Information.

Employees who have resigned after worked for more than eleven months of the fiscal bonus year and employees who successfully passed their probation period shall be paid the bonus amount if the company pays out bonuses for such fiscal year.

#### **7.1.4 Payroll Deductions**

The Company is required to withhold statutory deductions and relevant taxes from each employee's gross salary. Additionally, deductions will be made from an employee's salary for benefits such as pension contributions, advances if any, and other monies owed to the company upon obtaining the written consent of the Employee as well as any other amount specified by the employee. Employees should complete the necessary paperwork and inform the HR Department in writing of those deductions they authorize at the beginning of their employment or when they occur.

#### **7.1.5 Salary Advances**

A salary advance may be granted to an employee owing to unforeseen circumstances which place him/her in a difficult financial position requiring assistance from the company.

All permanent employees who worked for more than a year are eligible for one month Salary Advance approved by the CPO & CFO of the company subject to:

- An employee not having any outstanding salary advance or disciplinary case.
- Recovery of the advance to be in 6 months.
- Employees are expected to ensure that they comply with the one third (1/3) rule where their total deductions do not exceed two third (2/3) of their basic salary.
- Financial position of the company
- Employee who requested for advance will be required a guarantor. Guarantor should be a company employee with a basic salary equal to or greater than the employee applying for advance.
- The employee signing an acknowledgment of debt for such advance. The acknowledgement letter will also provide a detailed plan of settlement within the six-month period.

### **7.1.6 Loans**

The Company does not give long term loans. However, the Organization reserves the right to revise this policy as may be appropriate

### **7.1.7 Allowances**

The Company may pay Transport allowance, hardship allowance, accommodation allowance, relocation allowance, acting allowance, housing and position allowance to employees. Such allowances applicable by the company may determine from time to time and as provided to employees by the employment agreement guidelines on Terms and Conditions of Service and capacity of the Company.

### **7.1.8 Pension**

Locally recruited employees of the company shall be covered and administered by Private Pension Proclamation no. 715/2011. All employees and employees with a temporary contract of 45 days or more are entitled to a pension benefit.

### **7.1.9 Group Personal Accident Insurance Policy**

This is an insurance scheme that covers employees hired on a permanent employment term for accidents. Under the Group Personal Accident Insurance Policy, the insured employee will be insured against death or dismemberment. The details of this coverage will be as per the procured insurance policy.

### **7.1.10 Medical Benefit**

54 FMCG offers medical insurance to all permanent employees. Medical Policy in detail, annexed. can be amended from time to time by the CPO & CEO.

### **7.1.11 Severance Pay**

All permanent non managerial employees of the company who served for 5 years or more are entitled to the severance payment as per the labour code.

### **7.1.12 Travel and Expense**

Each Supervisor should ensure that their employees who travel on organization business understand proper procedure for requesting reimbursement for covered expenses.

Employees travelling nationally via air should communicate with their supervisor and HR Department to make sure tickets are processed through the HR Department and ticket will be approved by CEO. Tickets purchased without the knowledge of the supervisor, HR Department and CEO shall not be reimbursed. Expense reimbursements for usage of rented contract taxis is acceptable when employees are on work travel for only drop off and pick up; to and from airport only and with proof of valid receipt. However, when it is necessary, employees can use beyond this limit with the department head approval.

For expat employees who joined the company for the first time, the hotel accommodation might be covered depending on the employment contract and should be approved by the CEO.

### **7.1.13 Per diem and Accommodation**

Employees who are traveling for business, nationally or outside of Ethiopia are entitled to receive per diem and accommodation money in advance of the trip. The accommodation and per diem rates are annexed within this manual. This may be revised from time to time via the approval of CPO, CFO and CEO.

National travel must be authorized by the department head & CFO. All international travels should be authorized by the CPO and approved by the CEO. The international accommodation and per diem rates will be in a separate document. During international travel, if breakfast is not included at the hotel, an amount which is equivalent to half the per diem amount of lunch will be considered to cover the breakfast. Transport expenses should be covered only for drop and pick to and from airport against receipt.

Per diem and accommodation will not be covered by 54 FMCG if employee is traveling for business or training invited by other company and inviting company/person covers all the expenses. A receipt is required if the covered cost of per diem/accommodation is not aligned to the employer's interest. All business trip expenses (National and International) must be settled within 7 working days from the end date of the trip, including the advances.

Outstanding advance requested per diem/s must be settled before requesting a new one. The Finance Department is accountable to insure this is adhered to.

Per-diem allowance is paid when employee travel to authorized places outside of their permanent work place (city) minimum 25 KM.

## **SECTION EIGHT**

### **8. COMPLIANT AND GRIEVANCE**

#### **8.1 Complaint and Grievance Procedures**

54 FMCG employees have a right to voice their complaints. The company supports the right of every employee to lodge a grievance with his/her manager if they believe a decision, behavior, or action affecting their employment is unfair. An employee may raise a grievance about any performance improvement action taken against him/her.

54 FMCG aims to resolve problems and grievances promptly and as close to the source as possible. When necessary, managers will escalate a grievance to the next higher level of authority for more discussion and resolution, and continue escalating it to the level above until it is resolved.

##### **8.1.1 Purpose and objectives of this study**

- To implement a Disciplinary Code and Grievance Procedure to ensure efficient running of the business, safety and fair treatment of all employees and to promote sound industrial relations. It is aimed at managing conflict in the workplace and protecting the interests of both the Company and the Employee
- To provide a framework for maintaining standards of performance and conduct expected by the Company
- To help all employees in understanding the processes and procedures that will be adopted when dealing with issues or shortcomings in performance and dealing with misconduct.
- To provide a corrective process to ensure that discipline is administered in a consistent and fair manner. The disciplinary procedure provides the means for employees to respond to allegations during every stage of the process
- To ensure that disciplinary action is timeous in response to breaches of the Company's rules, policies and laid down procedures as amended from time to time and that it is consistently applied
- To ensure that employees have an avenue to raise complaints and that there is opportunity for resolution

- To provide employees with a formal internal grievance process whereby workplace problems may be jointly and constructively addressed progressively, be individual or collective grievances
- To enhance productivity in the workplace by enabling employees to focus on work-related outcomes, rather than being impacted by problem areas
- To resolve any conflict or misunderstanding at the lowest possible level within the Company hierarchy and to provide protection for employees against any form of inequitable treatment or victimization

This policy is applicable to all permanent and temporary employees of the Company including expats.

## **8.2 Disciplinary Code**

The Disciplinary Code describes the standards of conduct expected of employees at work. The intention of this code is to cover acts of behaviour in the workplace that are not acceptable whether these acts are of a deliberate or negligent nature. It is not possible to list every type of unacceptable conduct in the workplace therefore any type of behaviour or conduct of an employee which has a negative and/or risk impact on the employment relationship may also be regarded as a transgression in terms of this code, even when it has not been specifically mentioned. This is referred to as misconduct.

There are also factors concerning mitigation and aggravation that may lead to a more lenient or harsher sanction than is indicated. The purpose of a disciplinary action must be corrective and not punitive, i.e. to encourage an employee to behave in accordance with the Company's conditions of service and the Code.

## **8.3 Disciplinary Procedure**

The Company shall communicate its intention to initiate disciplinary action within five (5) days of it becoming clear to Management that an offence, which does not grant immediate termination as per the Labour Proclamation, may have been committed.

## **8.4 Types of Disciplinary Action**

Disciplinary action may comprise any one of the following, depending on the seriousness of the offence and the merits and circumstances of each case:

- Counselling

- Verbal warning
- Written warning
- Final written warning
- Suspension with pay
- Dismissal

Where an employee's performance or conduct has been identified as requiring attention, a meeting may be initiated by the line manager. It is an opportunity for face-to-face communication between the line manager and the employee, conducted in private, and is intended to have the constructive goal of providing feedback to the employee to correct the problem.

#### **8.4.1 Verbal Warning**

A verbal warning is an informal warning, of which no formal record is kept. A note of the discussion may, however, be made in the employee's file signed by employee and his/her supervisor.

#### **8.4.2 Written Warning**

A written warning may be given where a verbal warning has failed or where a verbal warning is considered inadequate because of the seriousness of the offence. The employee shall be given a copy of the written warning and should sign in acknowledgement of receipt thereof. Should the employee refuse to sign, the warning shall be handed to the employee in the presence of another employee who shall sign confirmation of the warning being issued or the warning may be posted in the working location of the Employee

A written warning shall remain valid for a period of six (6) months.

#### **8.4.3 Final Written Warning**

A final written warning may be given either where a written warning is considered inadequate because of the seriousness of the offence, or where the offence is committed again within six (6) months of receiving a prior written warning.

The employee shall be given a copy of the final written warning and should sign in acknowledgement of receipt thereof. Should the employee refuse to sign, the warning shall be

handed to the employee in the presence of another employee who shall sign confirmation of the warning being issued or the final warning may be posted in the working location of the Employee.

A final written warning shall remain valid for a period of twelve (12) months.

#### **8.4.4 Suspension with pay**

In exceptional cases, an employee may be suspended from duty until the Company investigates an offence committed by him and gives final decision as to the action it needs to take. The duration of suspension in this case will not exceed 30 days.

Demotion to a lower position can be used as an alternative sanction where the act of an employee justifies termination as per the Labour Proclamation. Such decision shall be passed with the full discretion of the Company within 20 days from the commission of the offence by the Employee justifying termination. The decision shall be effective if the Employee accepts it. If the employee rejects the decision, then the Company will terminate the Employee as per the Labour law.

#### **8.4.5 Dismissal**

In the event a final written warning has failed or in the event of serious misconduct, the employee's contract of employment may be terminated. Termination will usually be in the form of summary dismissal, although in certain circumstances, dismissal with notice may be appropriate.

### **8.5 Disciplinary Hearing**

In case of serious misconduct where dismissal is considered a possibility, Management shall convene a formal disciplinary hearing. Should circumstances require, a disciplinary hearing may be preceded by a preliminary investigation.

During an investigation into alleged misconduct or in appropriate circumstances pending a disciplinary hearing, the Company may suspend an employee on full pay until the conclusion of the investigation or disciplinary hearing. In such circumstances, the employee will not be permitted access the Company's premises and/or communicate with other employees without the express consent of the Human Resources department or the person who issued the notice of suspension to the employee.

The Human Resources department shall cause a notice of the disciplinary hearing to be issued to the employee as soon as it becomes clear to Management that a dismissible offence has been committed.

The notice should clearly indicate the date, time and venue of the hearing as well as the charges to be answered. The employee shall be given adequate notice of the hearing, usually forty-eight (48) hours.

The notice of the disciplinary hearing shall also inform the employee of the following rights:

- The right to be represented at the hearing by a union representative or, in the case of a non-union member, an employee from the workplace. It is the employee's responsibility to ensure the representative is present at the hearing.
- The right to fully state a response to the allegations.
- The right to lead evidence, to call witnesses to the hearing and the right to cross-examine witnesses called to give evidence against him/her.
- The right to state factors in mitigation of any sanction to be imposed.
- Should the employee fail to attend the hearing, the hearing may continue and a sanction will be imposed in his/her absence.

The employee will be requested to sign receipt of the notice of the disciplinary hearing. Should the employee refuse to sign, the notice shall be handed to the employee in the presence of another employee who shall sign confirmation of it being issued or the notice shall be posted in the work place of the employee

The Company shall appoint a senior manager as an independent chairperson of the disciplinary hearing who will be responsible for deciding as to the employee's guilt and, where necessary, an appropriate sanction. In certain circumstances, the Company may appoint an external person to chair the hearing.

At the conclusion of the hearing, the chairperson shall inform the employee of a finding on the charges and, where necessary, the sanction to be imposed. The chairperson shall also inform the employee of the right to appeal against the findings.

## **8.6 Appeal hearing**

An appeal is a process whereby an employee who has been issued with a disciplinary sanction may seek to have that sanction amended or overturned based on some or other stipulated grounds. An appeal is no more than a review by a more senior authority based on written submissions by the employee and will not involve a re-hearing of the case.

### **8.6.1 Appeals against disciplinary action other than dismissal**

Should an employee be dissatisfied with a disciplinary action taken against him/her, the employee should lodge an appeal with the Human Resources department. For this purpose, an Appeal Form should be completed and submitted within two (2) working days of the disciplinary action being presented to the employee. The appeal must clearly state the grounds on which the employee is appealing.

The Company shall appoint a manager senior to the manager who issued the disciplinary action to review the disciplinary action. It shall not be necessary to convene a formal appeal hearing, although, should circumstances so require, this may be done.

The appeal chairperson shall communicate the outcome of the review to the employee within five (5) working days of receiving the application.

### **8.6.2 Appeals against dismissal**

Should an employee be dissatisfied with the sanction of dismissal, the employee should lodge an appeal with the Human Resources department. For this purpose, an Appeal Form should be completed and submitted within two (2) working days of the employee being informed of the dismissal. The appeal must clearly state the grounds on which the employee is appealing.

The Company shall appoint a senior manager to review the employee's dismissal. Although it shall not be necessary to always convene a formal appeal hearing, this may be done should the employee request to make oral submissions or should it be necessary to lead fresh evidence. However, it shall not be permitted to lead evidence already led at the disciplinary hearing.

The appeal chairperson shall communicate the outcome of the review to the employee within five (5) working days of receiving the application.

The employee will have the right to appeal against the outcome of the poor performance process. In such an event, the same process must be followed as that with disciplinary appeals.

## **8.7 Grievance Procedure**

### ***Stage 1 (Line Manager)***

The employee shall first raise the grievance with his/her immediate line manager (Line Manager) utilising Grievance Procedure Form Stage 1, which shall be submitted to the Line Manager.

The Line Manager shall meet with the employee in order to obtain a clear understanding of the issue involved in an attempt to resolve the grievance. Further meetings, possibly involving more persons, may be held.

Should the grievance be resolved, the Line Manager shall record the outcome on the grievance form. The employee, his/her representative (where relevant) and the Line Manager shall thereafter sign the grievance form indicating acceptance of the solution as set out. A copy of this document shall be given to the employee and a copy shall be submitted to HR.

Should feedback not provided within five (5) working days of the grievance having been referred to Line Manager, the employee may proceed to Stage 2.

### ***Stage 2 (Head of Department (HOD))***

Should the grievance remain unresolved, the employee shall complete Grievance Procedure Form Stage 2 attaching a copy of Form Grievance Procedure Form Stage 1 and submit it to the Line Manager's senior (HOD) or HR department.

The HOD shall convene a meeting and attempt to resolve the grievance. At this meeting, the employee, the trade union representative (where applicable), or co-worker and/or any relevant witnesses may make representations, as agreed to or deemed appropriate by the HOD. The meeting shall also be attended by the relevant HR Officer or HR Manager.

Should the grievance be resolved, the HOD shall record the outcome on the grievance form. The employee and/or his representative (where relevant), the HOD and the HR Officer shall sign the grievance form indicating acceptance of the solution as set out. A copy of the form shall be

submitted to HR.

Should the grievance not be resolved within five (5) working days of the grievance having been referred to the HOD, the employee may proceed to Stage 3.

### ***Stage 3 (CEO)***

Should the grievance remain unresolved, the employee should complete Grievance Procedure Form Stage 3 attaching copies of Form Grievance Procedure Form Stage 1 & 2 and submit it to the HOD's senior (CEO).

The CEO shall convene a meeting and attempt to resolve the grievance. At this meeting, the employee, the trade union representative (where applicable), or co-worker and/or any relevant witnesses may make representations, as agreed to or deemed appropriate by the CEO. The meeting shall also be attended by the CPO.

Should the grievance be resolved, the CEO shall record the outcome on the grievance form. The employee and/or his representative (where relevant), the CEO and the HR Head shall sign the grievance form indicating acceptance of the solution as set out. A copy of the form shall be submitted to HR. Should the grievance not be resolved within ten (10) working days of the grievance having been referred to the CEO, the CEO shall record this on the grievance form. The employee and/or his representative (where relevant), the CEO and the HR Head shall sign the grievance form indicating the grievance remains unresolved. A copy of the form shall be submitted to HR.

The outcome of this step shall be considered as final and, should the grievance remain unresolved, the employee shall be entitled to take further steps in accordance with the employment law in force from time to time in the Federal Democratic Republic of Ethiopia.

### **8.7.1 Collective Grievances**

In the event of the grievance affecting or being common to a group of employees, the employees concerned shall elect a delegation of not more than three employees or trade union representatives where relevant. Stages 1 to 3 may be followed, with the representatives acting on behalf of the group or its members.

## SECTION NINE

### 9. EMPLOYEE TERMINATION AND RESIGNATION

#### 9.1 Employee Termination and Resignation

Employment termination refers to the end of an employee's duration within the company. Depending on the case, the decision may be made by the employee, the employer, or mutually agreed upon by both.

Employment termination can occur according to the following cases:

- Resignation
- Termination during probationary period
- Contract end
- Retirement
- Dismissal (in compliance with Labor law)

Probationary period refers to the period provided to an employee to prove and demonstrate their ability to perform the job for which they have been appointed. Probationary period is starting from joining date.

#### ***Resignation***

- The resigning employee submits the resignation notice in writing or resignation letter at least 30 days in advance, respectively to his direct supervisor, head of function and copy to Human Resources department. The effective date of termination needs to be discussed and agreed with supervisor to plan a smooth transition
- HR writes resignation acceptance letter with notification of available leave days
- Employee sends the Clearance Form provided by HR to the relevant departments to clear all expenses and company assets at least 5 days in advance from his last day of work.
- HR conducts an exit interview to identify the reasons for leaving the organization before the last working day. Exit interview form shall be filled and kept at Human Resources department for further analysis and reference.
- Employee returns completed Clearance Form to Human Resources for record and reference in personnel file before last working day.

### **9.1.1 Termination during probationary period**

- Prior end of probationary period and at least 10-15 days in advance, HR reminds the supervisor, if employee performance is satisfactory or if employee needs to be terminated.
- In case the performance is unsatisfactory, the supervisor informs the HR department to terminate employment contract with justification. HR with the Supervisor inform the employee and present him his termination letter 5 days in advance from the end of his probation
- Employee circulates the Clearance Form to relevant departments to clear all expenses and company assets at least 5 days in advance from his last day of work.
- Employee returns completed Clearance Form to Human Resources for record and reference in personnel file before last working day.

### **9.1.2 Contract End**

- HR informs Department Head:
  - one month in advance for employee who has a contract for more than 6 months
  - 15 days in advance for employee who has a contract for more than 3 months.
- Employee circulates the Clearance Form to relevant departments to clear all expenses and company assets at least 5 days in advance from his last day of work.
- Employee returns completed Clearance Form to Human Resources for record and reference in personnel file before last working day
- In case an extension of the working period is required, when HR reminds about the end of the contract agreement, Department Head will inform for the need of the extension to HR. HR will prepare extension letter to be given to employee. If the employee disagrees, HR will start a recruitment process.

### **9.1.3 Retirement**

- HR informs Department Head 3 months before the end of the calendar year of which the employee is due to retire".

- HR prepares severance package considering local labor law and industrial and company practices. It is validated by Chief People Officer and CFO, approved by the CEO and then communicated to concerned parties
- Employee circulates Clearance Form to relevant departments to clear all expenses and company assets at least 5 days in advance from his last day of work.
- Employee returns completed Clearance Form to Human Resources for record and reference in personnel file before last working day.
- In case an extension of employment is required, contract agreement must be prepared by Human Resources and approved by CEO.

#### **9.1.4 Dismissal**

- Dismissal with the initiation of the Supervisor needs to be discussed if the reason of the termination is performance or other discipline issue
- In case of dismissal resulting from performance issue (refer to performance management procedure), immediate line manager / supervisor shall inform HR with the necessary documents e.g. performance improvement plan.
- In case of organizational change, business downsizing or any other similar case, HR informs the employee by written document one month before termination by following all the steps required by labour code.
- HR and direct supervisor should detail the reasons with relevant evidence to the employee
- In case of discipline issue, the discipline SOP will be followed and termination will be according to the labour code
- Employee circulates Clearance Form to relevant departments to clear all expenses and company assets at least 5 days in advance his last day of work.
- Employee returns completed Clearance Form to Human Resources for record and reference in personnel file before last working day
- HR calculates and processes any remaining payment according to local labour law.

#### **9.1.5 Reporting process**

- HR sends employee status changes to authorities and payroll head
- HR updates employee status in local employee database and headcount report

### **9.1.6 Certificate of Service**

The Company will give a certificate of service to staff members who resign or terminated up on request. The certificate will state the dates of commencement and termination of employment, position held, and any other relevant information.

### **9.1.7 Death of an Employee**

54FMCG will support with the difficulties faced by the family upon the death of an employee. The company may pay up to 15000 ETB for funeral.

Separation shall be effective as of the last day paid prior to the employee's death or the date of death or any other date as per the provisions of the Ethiopian Labor Proclamation or collective agreement. All compensation due to the employee as of the effective date of separation shall be paid to the beneficiary, surviving spouse, or to the estate of the employee as determined by law or by executed form in the employee's human resources file.

### **9.1.8 Exit Interviews**

All employees who leave the employment of the Company will have an exit interview with their manager/supervisor or HR department before their last day of employment.

- Exit interviews provide the opportunity for departing employees to discuss their reasons for leaving. The information provided is useful in identifying trends, learning and development and evaluating the effectiveness of HR policies and practices.
- The appropriate line manager should receive all appropriate information, such as recommendations made for change, or significant issues raised in the questionnaire, whilst bearing in mind confidentiality issues. The exit interview questionnaire will be retained on the employee's personal file.

## **SECTION TEN**

### **10. OCCUPATIONAL SAFETY AND HEALTH**

#### **10.1 Occupational Safety and Health**

Health is the general state of physical, mental, and emotional well-being while safety is a condition in which the physical well-being of people is protected. Also, security involves the protection of employees and company property, assets and facilities.

54 FMCG group of companies will, as far as practicable, provide a safe work environment for the health, safety, and welfare of our employees, partners, customers, visitors, and members of the public who may be affected by our work. 54FMCG is also committed to regular health and safety consultation with staff and their representatives and, where necessary with contractors and suppliers of equipment and services, to ensure that occupational health and safety management is of the highest standard.

Ultimately, everyone at the workplace is responsible for ensuring health and safety in the workplace.

##### **10.1.1 Accident Reports**

- Accidents occurring within the company premises must be promptly reported by employees to line manager, EHS or HR Department. Employees must not complete their shift and leave the company premises without reporting any accident which might have occurred during the shift.
- Employees should complete the Occupational Accident Report Form as soon as all injured persons have been attended to and the consequences of the accident ably managed.
- The accident report is used to facilitate investigations, enable data on safety issues to be maintained, facilitate the processing of any insurance claim, and ensure effectiveness of future safety audits if any.

### **10.1.2 Environment Protection**

54 FMCG group of Companies will consistently pursue environment friendly, open and consultative practices and encourage all stakeholders associated with them to help protect the environment through appropriate and best operational practices.

### **10.1.3 Substance Abuse Policy**

54 FMCG Substance Abuse Policy sets out requirements to ensure a safe working environment and to ensure that employees are not endangered in the workplace; by adopting a comprehensive programme to improve safety, reduce potential liabilities, improve productivity and quality, and reduce absenteeism. To provide guidance on conducting objective assessment of intoxication, and on use of such an assessment as a guideline in respect of possible disciplinary action. Management is committed to minimizing the abuse of intoxicating substances amongst employees and in appropriate circumstances, will assist in the rehabilitation of employees through the company's Employee Wellness Policy.

### **10.1.4 Alcohol and Drug Abuse Policy**

54FMCG Group of Company has a zero-tolerance policy on the use of illicit drugs, including Chat on Company's premises or the attending of other work related premises (e.g. clients) while under the influence of illicit drugs. The company also prohibits chewing chat by employees as specified in the preceding paragraph to chew chat in vehicles, in offices and any premises of the company at all times.

The use of controlled substances is inconsistent with behavior expected of employees. The non-prescriptive use, sale, possession, distribution, dispensation, manufacture, or transfer of controlled substances on the company property or other work sites where employees may be assigned during work hours (or elsewhere) is strictly prohibited. Persons violating this policy will be subject to disciplinary action.

The Company does not tolerate attending work under the influence of alcohol, Drag and Chat. This may result in performance improvement action or dismissal.

### **10.1.5 Non-Smoking Policy**

54 FMCG has a non-smoking policy. 54 FMCG offices are public places and therefore are non-smoking environments. An office wide “No-smoking policy” is always in effect. The company does not permit employees to smoke or ignite items that issue smoke in any 54FMCG Group of company office and all Factories. These no-smoking rules shall also apply to the company guests. 54 FMCG also prohibits employees holding driver’s position to smoke in company vehicle or any member of the sales team to smoke on sales vans, tracks or any sales vehicle or any employee using company arranged services to smoke in the vehicle.

## **SECTION ELEVEN**

### **11. OTHER EMPLOYEE AFFAIRS**

#### **11.1 Whistle-blower Policy and Procedure**

The Whistle-blower Policy provides a framework to ensure that the Group of Companies maintains and upholds an anonymous Whistle-blower Procedure which is fair, just and equitable for all its employees and third-party employees. This Procedure applies to all employees, third-party service providing workers and those contractors working on 54 Capital Group of Companies' premises; for example, cleaners, security personnel, builders and drivers. It also covers suppliers and those providing services under a contract in their own premises.

#### **11.2 Dressing codes and uniforms**

When the work carried out by an employee requires a uniform or special clothing, such clothing will be provided by the company. The employee is responsible for keeping the uniform clean and in good order.

54 FMCG dress code for office employees is Business casual. Generally, men are expected to wear collared shirts and pants. Women are expected to wear pants, dresses, or business appropriate skirts (no miniskirts) and are expected to wear professional blouses which minimize exposure to bare skin. T-shirts, clothes with holes are not considered acceptable. Example, wearing hats, hoodies, sweatpants, jeans with holes and miniskirts, slippers/sandals etc. Casual Fridays/Saturdays are accepted by the company but should consider the appropriateness of the outfit to the workplace. Sitting with legs on top of a table, desk or a chair, sitting idle in the reception area during working hours, speaking loudly at the office (either on the phone or in person) to the point of disturbing the environment should be avoided.

All employees are expected to maintain good personal hygiene. Department managers and supervisors are responsible for monitoring and enforcing the dress code. If a uniform is assigned, employees must always wear the uniform as requested by their manager.