

CHAPTER 6: NON-COMPLIANCE

6.1 TYPE OF MISCONDUCTS

A. MAJOR MISCONDUCT (CATEGORY A)

1. Failure to obey safety rules that may cause major effect to the Company.
2. Habitual or substantial negligence of his duties.
3. Failure to comply/wilfully disobey the rules and regulations or standard of procedures or the law at that time especially regarding safety and health.
4. Willful non- reporting of any defect or occurrence which an Executive may notice or which might endanger himself or any other person or which might result in damage to the Company's or Clients's asset or any person's property within Company.
5. Engaging in private work or trade within the Company or outside the Company which is directly or indirectly in conjunction with the business of the Company.
6. Employment with any other organization or employment without the prior written consent of the Company.
7. Participating in any act or entering into any relationship that could adversely affect the public image of the Company or that of other Company employees.
8. Holding unauthorized meetings inside the Company premises without the prior permission of the Management.
9. Disclosing commercial or manufacturing secrets or calculations or designs or any other information.
10. Making public statements on the policies, decisions, measures or work undertaken by the Company on any issue or, circulating any such statements made by the Company without prior approval from the Company.
11. Making false, improper or excessive claims to the Company.
12. Forging or defacing medical certificates or other official documents to defraud the Company
13. Theft, fraud or dishonesty including attempted theft, attempted fraud or attempted dishonesty in connection with the Company's business or property, or that of the Company's client/customer.
14. Taking or giving bribes or any illegal gratification.
15. Being convicted of drug abuse or drug pushing.
16. Bringing alcoholic beverages, illegal drugs or narcotics within the Company premises.
17. Found drunk/intoxicated or under the influence of liquor whilst on duty.

18. Violence, abusing, assaulting or threatening to assault or to do any injury to other employees or superiors, within the Company's premises at any time, or to Company's customer/clients.
19. Gambling or card playing of any form, whether for money or not, within the Company's premises or through online medium at any time.
20. Riotous or disorderly behavior or fighting anywhere within the Company's premises at anytime, amongst employees, customer/clients.
21. Willful damage to or loss of Company's goods and property or that of the Company's client/customer.
22. Possession of any lethal weapon on the Company's premises.
23. Committing an immoral act/harassment to the other Employer/Employee .
24. Trespassing or forcible occupation of the Company quarters or premises.
25. Conviction and imprisonment for any criminal offense.
26. Habitual breach of any company orders or any rules and regulations applicable to the Company.
27. Furnishing, at the time of employment of wrong or incomplete information suppressing any information regarding age, previous service or experience, qualification, conviction in a court of law, dismissal, removal or compulsory retirement by a previous employment.
28. Any material misstatement made on the Application for Employment form.
29. Willful insubordination whether alone or in combination with others, to any lawful and reasonable order of a superior or customer/client of the Company.
30. Discouraging clients/customers from buying Company products or using company services.
31. Spreading false or unpleasant information of the Company among employees and outsiders.
32. Striking at work or inciting others to strike in contravention of any law or rule of law.
33. Picketing in the Company's premises except where permissible under law agreement or award.
34. Wrongfully in possession of the Company's properties without consent.
35. Deliberate damage and interference with the maintenance process of the equipment of the Company.
36. Habitual absence without leaves, absence without leaves for more than three (3) consecutive working days .
37. Leaving workplace repeatedly during working hours without permission/inform by the superior.
38. Habitual late attendance without valid excuses.
39. Altering the clock card to produce a fraudulent result or attempting to do any of the above.

40. Obtaining or attempting to obtain leave or absence by false pretence.
41. Overstaying sanctioned leave without sufficient grounds or proper or satisfying explanation or without informing or attempting to inform his superiors of the excuse.
42. Smoking at the prohibited place/area.
43. Failure or refusal to submit to a search when required to do so by a Company authorized searcher/security guard.
43. Refusal to accept any communication served both in accordance with the Law, the Code and in the interest of discipline.
44. Any other gross conducts not mention above as may determine by the Company from time to time.

B. MINOR MISCONDUCT (CATEGORY B)

1. Coming late for work.
2. Absent without permission and without valid cause.
3. Any action contrary to Human Resource procedure.
4. Not properly dressed and groomed for work.
5. Ceasing work before the proper finishing time without permission.
6. Leaving the work place, section or department without permission.
7. Committing a nuisance in the Company's premises.
8. Not taking proper care of tools entrusted to him.
9. Not keeping workplace clean and tidy, loitering and malingering within or adjacent to Company's premises
10. Failure to observe health rules and regulations.
11. Lending or borrowing money within the Company in circumstances prejudicial to discipline.
12. Collection of money, distribution of picture, literature, leaflet or posting notices within the Company without prior sanction of the Management.
13. Selling or advertising non-Company products within Company premises during working hours, to colleagues or Company clients/customer.
14. Soliciting for funds or business from fellow workers or Company client/customers without permission.
15. Bringing/entertaining outsiders to the Company without permission.
16. Careless use of Company facilities/utilities.
17. Excessive use of the Company telephone for private calls.
18. Using Company stationery for private correspondence.
19. Interfering with another person's work during working hours.
20. Writing frivolous or offensive notes/memos/letters.
21. Willful failure to report at once to superior of any defect, which's an Executive may notice in any equipment, connected with his work.
22. Incurring debts or acting in any manner which would affect the public image of the Company.

23. Withholding overtime at a critical time to bring pressure on management.
24. Deliberately going to other doctors to obtain medical leave when refused by the first doctor.
25. Unauthorized use of Company's vehicles, equipment or fire appliances..
26. Unauthorized removal or defacement of notice on the Company's notice boards.
27. Willfully slowing down of work or inciting others to do so; sleeping on duty.
28. Any other minor misconducts not mention above as may be determined by the Company from time to time.

6.2 POLICY STATEMENT/GENERAL POLICY

- 6.2.1 Employees who have information about potential non-compliance behaviour of the Company or of any employee under this Handbook or under any laws, rules or regulations should bring it to the attention of their supervisor or the Human Resource or submit an anonymous report as provided below.
- 6.2.2. Employees are required to come forward with any such information, without regard to the identity or position of the suspected offender.
- 6.2.3. The Company will treat the information in a confidential manner and will seek to ensure that no acts of retribution or retaliation will be taken against anyone for making a good faith report.
- 6.2.4. Failure to report knowledge of wrongdoing may result in disciplinary action against those who fail to report.

6.3 PROTECTION AGAINST RETALIATION/REVENGE

- 6.3.1 Retaliation in any form against an individual who reports a violation of company rules, law, or regulation, even if the report is mistaken (provided it was made in good faith) or who, in good faith, assists in the investigation of a reported violation, is itself a serious abuse of this exercise. Acts or threats of revenge should be reported immediately and those involved will be disciplined appropriately.

6.4 VIOLENCE PREVENTION

- 6.4.1 The safety and security of Company employees is vitally important. The Company and its affiliates will not tolerate violence or threats of violence in or related to the workplace.

- 6.4.2 Employees who experience, witness or otherwise become aware of a violent or potentially violent situation that occurs on the Company's property or that affects our business must immediately report the situation to their supervisor or via Safer Cards inside GAMS System.

6.5 DISCRIMINATION & HARASSMENT

- 6.5.1 The Company prohibits all types of unlawful discrimination, including harassment, whether directed against an individual or group, including employees and customers. This specifically includes discrimination based on race, nationalities, ethnic origin, colour, religion, age, sex, sexual orientation, marital status, family status, physical or mental disability.

- 6.5.2 Harassment is defined as any behaviour, often recurrent in nature, which negates an individual's dignity and the respect to which they are entitled because the behaviour is offensive, embarrassing or humiliating. Harassment may take different forms, such as any one or more of the following non-exhaustive list of examples:

- a. unwelcome remarks or jokes about subjects like one's race, national or ethnic origin, colour, religion, age, sex, sexual orientation, marital status, family status, physical or mental disability;
- b. displaying discriminatory or other offensive pictures, posters, e-mails or screen displays;
- c. sending or receiving messages or files, by e-mail or any other form of delivery, that are illegal, sexually explicit, abusive, offensive, profane, unwelcome, or that may adversely affect the Company's image;
- d. sexual harassment;
- e. unnecessary physical contact, such as touching or pinching;
- f. threats, intimidation, or verbal abuse; or any other action that may reasonably be perceived as offensive or disrespectful.

6.5.3 Sexual Harassment

- 6.5.3.1 One of the most common forms of harassment is sexual harassment. There are three (3) key elements to avoiding it in the work place:

- Identification
- Understanding
- Prevention

Sexual Harassment is deliberate and unsolicited. It is generally comprised of offensive sexual comments, gestures or physical contact that are objectionable or offensive either on a first time basis or as a continuous series of incidents. It may also involve favours or promises of favours, or advantages in return for submission to sexual advances or alternatively, the threat of reprisal for refusing them.

As indicated below, sexual harassment is not the accepted social banter that occurs regularly in the work environment, nor is it related to flirtation or a workplace romance between two consenting persons. Sexual harassment, by definition, is coercive and one-sided and both males and females can be victims of it.

Examples of Sexual Harassment:

- Unwelcome remarks, jokes, innuendoes, or taunting about a person's body, sex, or sexual orientation;
- Unwelcome or intimidating invitations or requests with sexual overtones;
- Displaying pornographic or offensive pictures or other material;
- Leering, ogling or obscene gestures;
- Unnecessary physical contact such as touching, patting, or pinching.
- Someone persistently using sexual suggestive language which another person finds offensive, demeaning or otherwise inappropriate.

A suggestion indicating that job security could suffer if the request for sexual favours is denied.

6.5.3.2 For sexual harassment offences, a complaint means any act of sexual harassment made;

- i) By an employee against an employee;
- ii) By an employee against an employer; and
- iii) By an employer against an employee.

6.5.3.3 An employer, when complaint be made, shall inquire into the complaint. However, the employer may refuse to inquire the complaint not later than thirty (30) days when the complaint was

made, the Employer shall inform the complainant and write the reasons of refuse to inquire in the event that;

- i) there is prove there is no act of sexual harassment to the complainant; or
- ii) the complaint made was frivolous, vexatious or was not made in a good faith.

6.5.3.4 The Employer shall take disciplinary action under Section 81C of the Employment Act that are;

- i. Dismiss the employee without prior notice;
- ii. Downgrading the Employee;
- iii. Any other lesser punishment than the above as the
- iv. Employer deems just and fit.

6.6 REPORT OF NON-COMPLIANCE (COMPLAINT)

6.6.1 In-Person Report

Information about known or suspected violations of this Handbook or of any laws, rules, or regulations by any employee should be reported promptly and may be reported to the employee's immediate supervisor or the Corporate Secretary.

6.6.2 Anonymous Reporting

An employee may report anonymously any questionable financial reporting, or known or suspected cases of fraudulent or dishonest activities or conflicts of interest. You will remain anonymous and will not be required to reveal your identity, although providing your identity may assist the Company in investigating your concern.

6.6.3 Inquiry Confidentiality

6.6.2.1 To protect the privacy of the persons involved, the identity of anyone who reports a suspected violation or who participates in the investigation shall not be disclosed.

6.6.2.2 Employees should be aware that the Corporate Secretary and those assisting him or her are obligated to act in the best interests of the

Company, and do not act as a personal representative for the employees.

6.7 INQUIRY (Investigation)

- 6.7.1 An employee, after giving a show caused by the Managing Director or any other officer delegated by him and he replied to the show cause letter, the Employer may set up a formal inquiry.
- 6.7.2 If an employee is accused of any breach of discipline or of dishonesty or of misconduct in the exercise of his official duty or of accepting a bribe or accepting gifts (exceeding the limit permitted by the Company) or of conduct likely to bring the Company or its employee into disrepute, then a formal inquiry (investigation) shall be held by the Managing Director, or any other officer delegated by him, who shall prepare a written record of the investigations.
- 6.7.3 Employees must cooperate in the investigation of reported violations. The person accused of violating this Handbook or under any laws, rules or regulations will, except in extraordinary circumstances, be provided an opportunity to explain or rebut the accusations.
- 6.7.4 All harassment complaints, whether from a “harassed employee” or an “uninvolved observer” or management and supervisory staff, must be investigated immediately. In coordination with Human Resources, the following steps should be taken:
- Interview both the complainant and the alleged harasser;
 - Interview any witnesses;
 - Document the situation accurately and completely;
 - Ensure all information concerning the matter is kept confidential. Disclosure of any information is allowed only if it is necessary for investigation or disciplinary measures;
 - Render a decision/recommendation as soon as possible and advise the parties involved of the action to be taken, if any;
 - If the parties are not satisfied with the recommended proposal for settlement of the grievance, then the matter will be subject to a formal investigation.

6.8 RIGHTS OF THE SUSPECT/PERSON WHO ARE THE COMPLAINT MADE OF

- 6.8.1 The following general principles of natural justice shall apply to the execution of a disciplinary procedure: -
- a. No disciplinary action will be taken against the employee without investigation- and in serious cases, an official inquiry shall be conducted to establish the facts.
 - b. The investigation and inquiry, where called for, will be carried out as early as possible.
 - c. The employees will be given details pertaining to the matter in writing where necessary and will be provided with an opportunity to be heard.
 - d. Where an inquiry is called for, the employee will be given reasonable time to prepare for the case and given every opportunity to cross examine all witnesses produced if she/he so wishes.
- 6.8.2 When an investigation or inquiry is taking place, it will often inappropriate for the employee to continue his formal work; in such cases, the employee may be suspended until a decision is reached.

6.9 ATTENDANCE OF THE ACCUSED EMPLOYEE

- 6.9.1 The accused employee will be present during the whole or part of the inquiry at the discretion of the Managing Director, or any other officer delegated by him, and is allowed to make statement by way of explanation, to produce witness and to cross examine any witness.
- 6.9.2 When the Company institutes an inquiry the Company will inform the employee concerned in writing, stating the charges preferred against him, the time, date and location of such inquiry and at such inquiry allow the representation of the employee concerned on his own.
- 6.9.3 In all such cases the Company's decision shall be notified to the employee in writing.

6.10 MISCONDUCT

- 6.10.1 Misconduct in employment can broadly be dealt with under three headings, namely :-
- a. Misconduct relating to duty such as carelessness, fraud, misappropriation, insubordination, etc.

- b. Misconduct relating to discipline such as fighting, assault, quarrelling, gambling, damage to company property, drug abuse, etc.
- c. Misconduct relating to morality such as indecent acts, sexual harassment, keeping or distributing indecent or pornographic materials at the workplace, etc.

6.10.2 Disciplinary Action

Depending on the seriousness of the misconduct, the following disciplinary actions should be imposed by the Head of Department in the event of inefficiency, misconduct or indiscipline:-

a. **Step 1: Corrective Interview**

- i. The immediate superior/manager shall conduct a corrective interview with the employee, drawing his attention to the disciplinary lapse.
- ii. The superior/manager shall specify clearly the disciplinary lapses and improvement targets.

b. **Step 2: Formal Verbal Warning**

- i. A formal verbal warning shall be given by the immediate superior/manager, pointing out the disciplinary lapses as well as indicating the necessary action for specific improvements within a specified time frame
- ii. Formal verbal warnings given shall be documented and a copy submitted to the Human Resource Department.

c. **Step 3: Written Warning**

The Company may issue written warning letters if an employee persists in committing acts of misconduct.

6.10.3 **Serious Misconduct or Discipline**

a. Show Cause Letter

- i. A preliminary investigation to establish a prima facie case is necessary. A show cause letter will be issued by Human Resource Department, to be answered by the employee within a specified period.
- ii. If the explanation in the reply to the Show Cause letter is not satisfactory to the Management, the Human Resource Department

will obtain approval from the Management to conduct a Domestic Inquiry.

b. Suspension

The Company may suspend an employee pending an inquiry.

6.10.4 **Domestic Inquiry**

- a. Domestic inquiry will be held to ensure disciplinary decision is made fairly based on the gravity of offence committed.
- b. The Domestic Inquiry will be conducted by appointed officers of the company in the role of the Prosecuting Officer, Investigating Officer and facilitated by a panel of senior officers to hear into the case.
- c. Witnesses and evidence will be submitted during the Inquiry.
- d. After the Inquiry, the Management will impose suitable action against the employee if he is found guilty of the offence or misconduct.

6.11 **DISCIPLINARY ACTION**

6.11.1 The Company may impose any one or combination of the following disciplinary actions against an employee in the event of misconduct or procedure:-

- a. Give him written warning
- b. Suspend him with or without pay for a period to be determined by the Management
- c. Withhold his increment for a period to be determined by the Management.
- d. Stop his increment for a period to be determined by the Management.
- e. Defer his increment for a period to be determined by the Management
- f. Stop payment of bonus if such bonus is declared
- g. Demote him
- h. Terminate his service
- i. Summary dismissal.

6.11.2 Exception to the above, before any disciplinary action is taken, an employee shall be given an opportunity to be heard and the Management decision after the hearing shall be final.

6.12 RIGHT TO APPEAL

An employee who has been subject to any disciplinary action shall have the right to appeal within thirty (30) days of the commencement of the disciplinary action.

6.13 REFERENCE TO MANAGING DIRECTOR/DIRECTORS

At the close of such inquiry, the committee shall submit the records of such inquiry together with his findings to the Managing Director for a decision.

6.14 MANAGING DIRECTOR/DIRECTORS DECISION

Depending on the nature of the inefficiency, misconduct in discipline, negligence, carelessness and other default, etc., the Company shall take disciplinary action against the employee in question as follows: -

- Give him a verbal or written warning; and/or
- Suspend him with or without pay for a period to be determined by the Managing Director; and/or
- Withhold his increment for a period to be determined by the Managing Director; and/or
- Stop payment of his bonus if such a bonus is declared; and/or
- Dismiss the employee with one month's notice or pay in lieu
- Emplace him on a lower salary; and/or demote him; and/or summarily dismiss him in the event of criminal breach of trust or other serious offence.

6.15 SUSPENSION OF SERVICE

6.15.1 The President (the Board of Inquiry/MD) or any other officer authorized by the MD shall suspend an employee before or after an investigation has been carried out and the employee shall be notified of his suspension.

6.15.2 For the purpose of the Inquiry, the Company shall suspend the employee for a period not exceeding two weeks during which he shall be paid half of the basic salary only.

6.15.3 Provided that if the inquiry does not disclose any misconduct on the part of the employee of the Company will restore the full basic salary so withheld.

6.15.4 During any period of suspension for the purpose of any inquiry the employee shall be notified in writing to report at his normal place of work on such days and at such time during working hours as shall be required to enable the Company to carry this inquiry.

6.15.5 An employee who has been suspended from duty and who has been issued with property or equipment belonging to the Company shall return, when expressly requested, such articles within the suspension period.

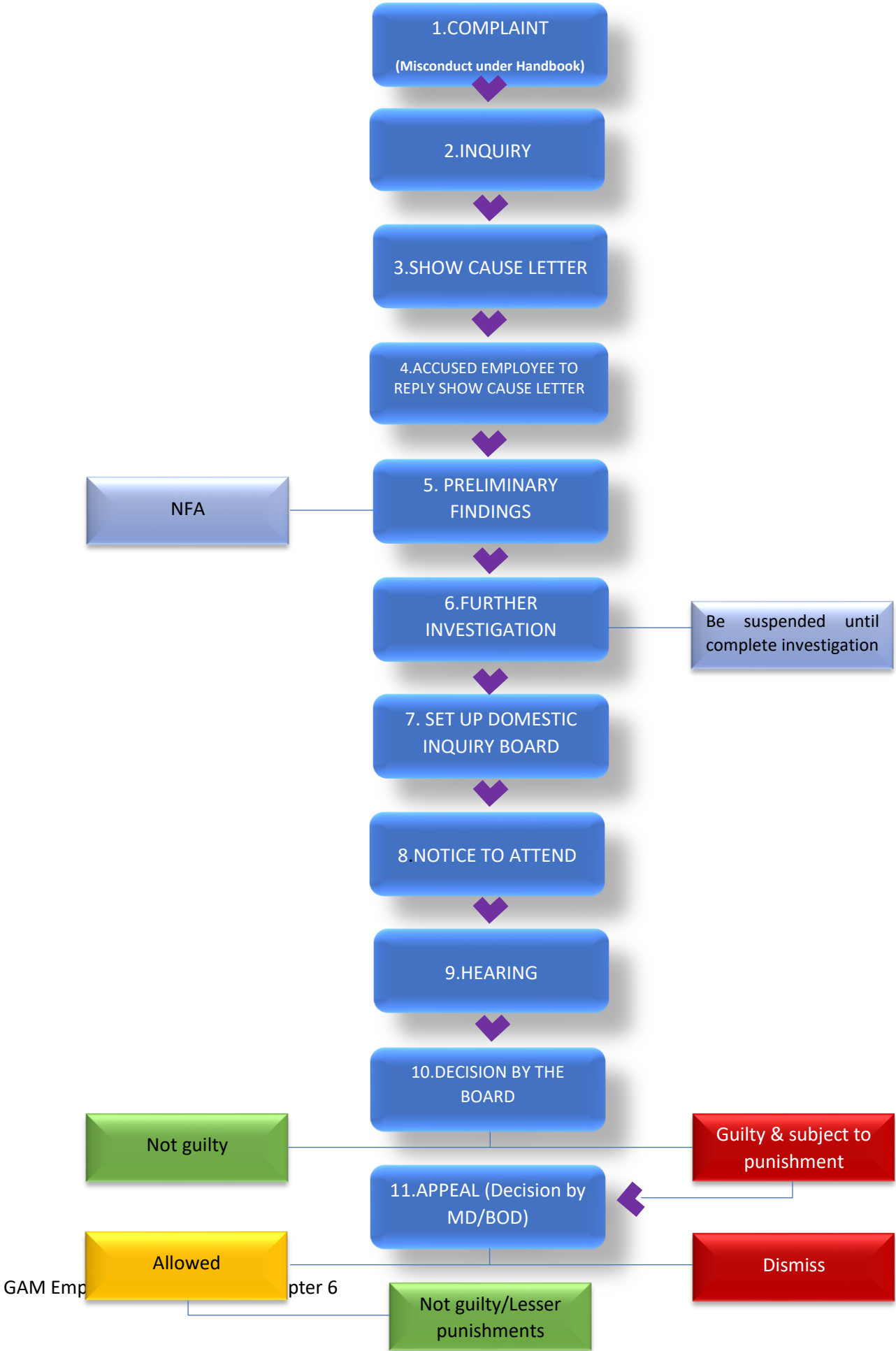
6.16 RIGHT TO APPEAL

An employee who is subjected to any disciplinary action provided under this Regulation shall have the right of appeal to the Group Managing Director whose decision shall be final.

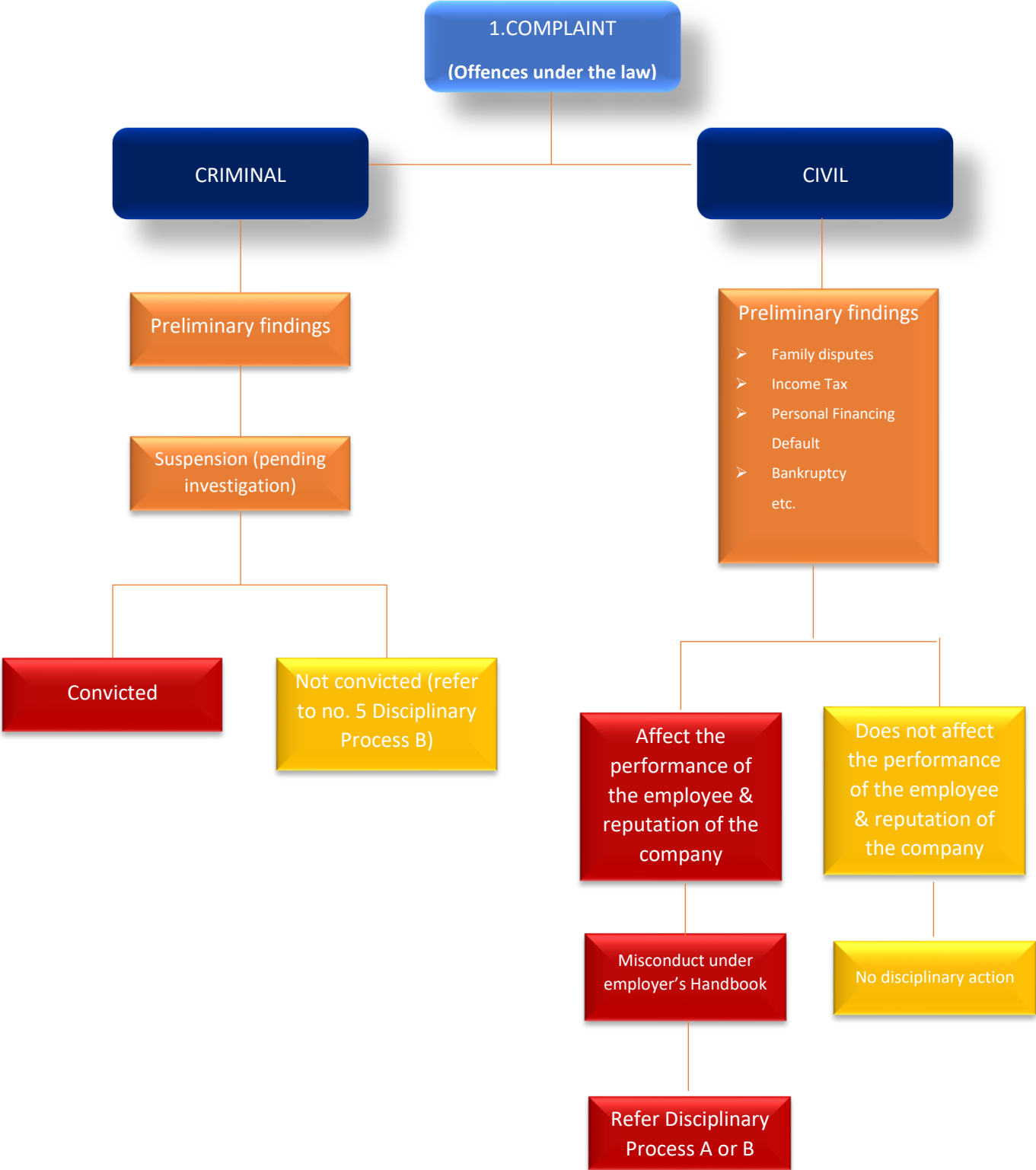
FLOW CHART OF DISCIPLINARY PROCESS (A) FOR CATEGORY B – MINOR OFFENCES



FLOW CHART OF DISCIPLINARY PROCESS (B) FOR CATEGORY A – MAJOR OFFENCES



FLOW CHART OF DISCIPLINARY PROCESS (C)



6.17 GRIEVANCE PROCEDURE

Definition: A grievance is defined as an employment related complaint by the employee concerned which he has brought to the attention of his immediate superior, in writing or otherwise, and which is not settled or resolved within seven (7) working days to the satisfaction of the Employee.

Step 1: If an employee has a grievance he shall channel in writing his grievances to the section head within 14 working days of the date on which the decision is given to the aggrieved by his immediate superior/HOD/HR Manager.

A decision from the section head (HOD) shall be conveyed to the aggrieved Employee within seven (7) working days from the date on which the grievance was brought to his attention.

Step 2: If the said grievances remains not satisfactorily resolved, the Employee may, directly make formal representation to the HR Manager in writing within 14 working days on which the unsatisfactory decision of the section grievance, the HR Manager shall arrange for a meeting with the aggrieved Employee within seven (7) working days of receipt of the said letter. A decision is to be given within seven (7) working days from the date of the meeting.

Step 3: If the said grievance remains not satisfactorily resolved, the Employee may either directly make formal representation to his Managing Director or Chairman of the subsidiary concerned in writing within 14 working days of the date on which the unsatisfactory decision of the Head of Department was conveyed to the aggrieved Employee.

On receipt of the grievance, the Group Managing Director or Directors shall arrange for a meeting with the aggrieved party within ten (10) working days of the date of receipt of the said letter.

A decision is to be given within 30 working days from the date of the meeting.

Step 4: If any complaint or grievance remains unsettled after a formal discussion/meeting or any subsequent discussion/meeting, then HR Department will bring the matter to the attention of the Managing Director. The decision of the Managing Director shall be final.

6.18 TIME-LIMITS

The time-limits stipulated in the grievance procedure shall be observed strictly as far as it is possible.

Where the time-limits are exceeded or are necessarily or likely to be exceeded by one or both parties due to exigencies of duty, any extension of such limits shall be mutually agreed upon. In the event that no agreement on extension is arrived at, the time-limit specified herein shall be adhered to.



6.19 CORRECTIVE PROGRESSIVE DISCIPLINE

Galaxy Aerospace (M) Sdn. Bhd. Employees and Managers are committed to abide by all company policies, terms and conditions relating to conduct and employment.

Breaches of this commitment will result in the onset of Corrective Progressive Discipline procedures as outlined in this policy. Corrective Progressive Discipline is Galaxy Aerospace (M) Sdn. Bhd.'s procedure for altering unacceptable employee behaviour to conform to acceptable work standards.

Galaxy Aerospace (M) Sdn. Bhd.'s Corrective Progressive Discipline Policy has four main purposes:

- To provide employees with advance warning that certain action or behaviour is inappropriate and that a positive change is necessary.
- To ensure a fair and consistent corrective action for all employees.
- To provide written documentation of behavioural or performance problems and the corresponding action that was taken.

To inform the employee of the consequences of unacceptable behaviour before it happens.