



**ENVIRONMENTAL CLEAN
TECHNOLOGIES LIMITED**

Disciplinary Action Policy

Version 2

Contents

1	INTRODUCTION.....	3
2	PURPOSE.....	3
3	PROCEDURE	3

1 Introduction

There are two major categories of conduct which are the subject of performance management or disciplinary action (which may include termination of employment):

- i. Performance related conduct; and
- ii. Inappropriate conduct or misconduct.

2 Purpose

ECT's Disciplinary Action Procedure is designed to provide a structured corrective action process to improve and prevent a recurrence of undesirable employee behaviour and performance issues. ECT takes into consideration whether the offense is repeated despite coaching, mentoring or training, the employee's work record, and the impact the conduct and performance issues have on the organization.

ECT regularly reviews performance using a performance review/appraisal process which helps the employee to understand which areas they are doing well and which areas they are not doing so well and provide opportunities for training and improvement to fill any performance gaps.

ECT's Code of Conduct Policy outlines what is acceptable behaviour within the organisation.

3 Procedure

Step 1: Counselling and verbal warning

Step 1 creates an opportunity for the line manager (or Managing Director or Company Secretary) to bring attention to the existing performance, conduct or attendance issue. The line manager (or Managing Director or Company Secretary) should discuss with the employee the nature of the problem, or the violation of ECT's policies and procedures. The line manager (or Managing Director or Company Secretary) are expected to clearly describe expectations and steps the employee must take to improve his or her performance or resolve the problem.

Within five business days, the line manager (Managing Director or Company Secretary) will prepare written documentation of the verbal counselling. The employee will be asked to sign this document to demonstrate his or her understanding of the issues and the corrective action.

Step 2: Written warning

The Step 2 written warning involves more formal documentation of the performance, conduct or attendance issues and consequences. During Step 2, the line manager (or Managing Director or Company Secretary) will meet with the employee to review any additional incidents or information about the performance, conduct or attendance issues as well as any prior relevant corrective action plans.

ECT Management will outline the consequences for the employee of his or her continued failure to meet performance or conduct expectations. A formal performance improvement plan (PIP) requiring the employee's immediate and sustained corrective action will be issued within five business days of a Step 2 meeting. The written warning may also include a statement indicating that the employee may be subject to additional discipline, up to and including termination, if immediate and sustained corrective action is not taken.

Step 3: Suspension and final written warning

Some performance, conduct or safety incidents are so problematic and harmful that the most effective action may be the temporary removal of the employee from the workplace. When immediate action is necessary to ensure the safety of the employee or others, the Managing Director, Company Secretary, or the ECT Board may suspend the employee pending the results of an investigation.

Depending on the seriousness of the infraction, the employee may be suspended without pay in full-day increments consistent with local employment laws.

The investigation itself should be carried out by someone who is not connected with the subject matter of the investigation (preferably management or an independent human resource professional). All relevant witnesses should be interviewed, and relevant documents gathered and kept. The allegations should be put to the employee in detail and the employee allowed to respond.

Pay may be restored to the employee if an investigation of the incident or infraction absolves the employee of wrongdoing.

Step 4: Recommendation for termination of employment

The last and most serious step in the progressive discipline process is a recommendation to terminate employment. Generally, ECT will try to exercise the progressive nature of this policy by first providing warnings, issuing a final written warning, or suspending the employee from the workplace before proceeding to a recommendation to terminate employment. However, ECT may in certain cases combine and skip steps depending on the circumstances of each situation and the nature of the offense.

Furthermore, employees may be terminated without prior notice or disciplinary action.

Once a determination about the allegation is made, there then needs to be a consideration of appropriate penalty and the employee should be given a further opportunity to respond on the issue of penalty before a final determination is made.

Appeals Process

Employees will have the opportunity to present information to dispute information management has used to issue disciplinary action. The purpose of this process is to provide insight into extenuating circumstances that may have contributed to the employee's performance or conduct issues while allowing for an equitable solution.

If the employee does not present this information during any of the step meetings, he or she will have five business days after each of those meetings to present such information.

Performance and Conduct Issues Not Subject to Progressive Discipline

Behavior that is illegal is not subject to progressive discipline and may result in immediate termination. Such behavior may be reported to local law enforcement authorities.

Similarly, dishonest or fraudulent behaviour e.g., theft, substance abuse, intoxication, acts of violence, sexual misconduct, repeated failure to comply with safety requirements, insolent or abusive behaviour in the extreme or repeated instances, and corruption (e.g., bribery) are also not subject to progressive discipline and may be grounds for immediate termination.

Documentation

The employee will be provided copies of all relevant documentation. The employee will be asked to sign copies of this documentation attesting to his or her receipt and understanding of the corrective action outlined in these documents.

Copies of these documents are also to be placed in the employee's official personnel file.

Implementation of this policy

This policy was adopted and implemented by the Board of ECT 18 October 2022.

Availability of this policy

This policy is available on ECT's website.

Review of this policy

The Board will monitor and annually review the effectiveness of this policy.