

SPECIAL PROJECT NEEDS AGREEMENT

for the

Kitimat LNG Project

Signed

Effective Sept. 15/11

SPECIAL PROJECT NEEDS AGREEMENT

ENTERED INTO THIS ____ DAY OF _____, 20__

BY AND BETWEEN:

CONSTRUCTION LABOUR RELATIONS ASSOCIATION OF BC
and
THE BOILERMAKERS CONTRACTORS ASSOCIATION OF BC
Pursuant to bargaining authorizations granted by KBR Industrial Canada Co.

(hereinafter referred to as "Employers' Organization")

- and -

**THE UNIONS WITH BARGAINING RELATIONSHIPS ESTABLISHED WITH
KBR INDUSTRIAL CANADA CO.**

(hereinafter referred to as "the Local Unions")
(Collectively, the "Parties")

WHEREAS KM LNG General Partnership [the "Owner"] and KBR Canada Ltd. (the "Managing Contractor") intends to construct the Kitimat LNG Project [the "Project"].

AND WHEREAS the Special Project Needs Agreement (the "Agreement") provides for uninterrupted supply of quality trades people for the duration of the Project, bridging any labour negotiations or disruptions which may take place in the general construction industry;

AND WHEREAS the Agreement honours the Project is being constructed on traditional Haisla Nation land. This Agreement recognizes the Haisla Nation is a key participant and benefactor in the execution of the Project.

AND WHEREAS the Agreement recognizes organized labour is a key stakeholder in the overall success of the Project;

AND WHEREAS this Agreement will provide a forum through which key stakeholders including contractors, unionized labour and client may address issues of mutual concern;

AND WHEREAS this Agreement benefits all stakeholders in terms of communications and working relationships;

AND WHEREAS KBR Industrial Canada Co. has invited the Employers' Organization and the Local Unions to establish this Agreement as set out below;

AND WHEREAS the Employers' Organization and Local Unions have entered into this Agreement on behalf of the KBR Industrial Canada Co. and the Local Unions' members as set out below;

AND WHEREAS it is the expressed intention of all of the parties hereto that the execution of this Agreement in no way detracts from nor adds to the bargaining authority of any employers' organization or any group of trade unions, nor does it in any way act as a surrender of any bargaining authority that any such group may hold.

NOW THEREFORE IT IS AGREED that the Local Unions, the Employers' Organization have, based on the mutual understandings set out above, entered into the following terms and conditions of employment.

A. BASIC AGREEMENTS

1.00 Scope and Definition

The Provincial Construction Agreements shall govern the relationship in respect of the major capital facilities as part of the Project, except as is modified by this Agreement.

- 1.01 This Agreement shall only apply in respect of KBR Industrial Canada Co. and employees engaged in General Sector of the construction industry, and to other parties who, with permission and in accordance with the instructions of the Managing Contractor, incorporates some or all of the terms of this Agreement by reference via their own letter(s) of understanding ("Agreement-Based LOUs").
- 1.02 This Agreement is intended to cover Capital Works undertaken as part of the Project. Capital Works are set out in Schedule 4, which schedule shall be amended and updated from time to time in consultation with the Owner and Managing Contractor. This Agreement does not apply to work which is not "general construction" work.
- 1.03 The Agreement and any Agreement-Based LOUs shall be attached to and form part of each of the referenced Provincial Construction Collective Agreements ("Provincial Agreements") between the respective authorized employers' organizations and groups of trade unions.
- 1.04 Each Employers' Organization and each counterpart Local Union agree that, by this Agreement, each is estopped, for the duration of this Agreement, from attempting to change, alter or vary the terms of this Agreement, by any means other than voluntary discussion pursuant to Article 1.05.
- 1.05 Each Employers' Organization and each Local Union understand that together they may discuss changes to this Agreement. The said changes shall, subject to approval by KBR Industrial Canada Co. and after ratification by both the Employers' Organization and majority of Local Union(s), be applicable pursuant to this Agreement.

2.00 Purpose

The parties to this Agreement recognize and understand the specific labour relations needs of the Project and, accordingly, have entered into this Agreement for the purpose of ensuring those needs are met. The Parties understand that the special and peculiar needs of the Project include:

- (a) The need to ensure that construction of the Project shall proceed safely, efficiently, economically, and without interruption;
- (b) The need to increase the level of safety in the construction industry and on the Project particularly.
- (c) The need to recognize that the socio-economic commitments for the Suite of Major Projects are to:
 - i) carry out the Project in a way that enhances the positive socio-economic effects and reduces the negative effects, while maintaining Project economics and the ability to execute the Project;
 - ii) provide many direct and indirect opportunities to the people of the Kitimat Region, British Columbians, as well as other Canadians;
 - iii) ensure that individuals, communities and businesses in the Project region have full and fair opportunity to participate in the benefits of the Project;
- (d) The need to ensure that all employees understand and respect the unique culture of those peoples who reside in the north;
- (e) The need to ensure qualified and interested Haisla, aboriginal and northern non-aboriginal residents working on the Project are treated in a fair, equitable and respectful manner while working on the Project;
- (f) The need to ensure that all employees respect the rights and preferences of local communities;
- (g) The need to enhance the early participation on the Project and the work experience of the qualified trades people and construction workers that are resident in the areas of the Project.
- (h) The need to recognize that the execution of the Project will present unique and unusual challenges regarding the ability of the Parties to meet demands for the supply of skilled labour in a timely manner; and that the Parties will need to develop creative solutions to meet these challenges;
- (i) The need to establish and maintain harmony between the negotiation and administration pursuant to this Agreement and the collective bargaining and relevant Provincial Collective Agreement (“Collective Agreement”) administration pursuant to bargaining authorizations in the balance of the Construction Industry in British Columbia.
- (j) The need to maintain harmonious relations between the Project construction work force other workforces in other construction and other activities on the said site, so that the effectiveness of all of the said work forces is enhanced.

- (k) The need to foster work practices which will yield cost effectiveness and high quality results, and fair compensation for all participants for productive and quality workmanship.
- (l) The need to establish and preserve stability and harmony in the labour management relationships among the parties and the employers and employees engaged on the Project, so that differences and problems are resolved expeditiously and so that inefficiencies, interruptions, and confrontations are not tolerated.
- (m) The need to provide for mechanisms through which the Project will be unaffected by any disruptions that may result from collective bargaining pursuant to authorizations to bargain collectively throughout the general, and specialty sectors of the construction industry.

3.00 Relationship to Provincial Agreements

- 3.01** It is the overarching intention of the parties that the work encompassed by this Agreement shall continue without abatement by strike, lock-out, work slowdowns, or any other action designed to limit output.
- 3.02** Notwithstanding Article 1.03, it is the intention of the parties that this Agreement and any Agreement-Based LOUs shall continue in force through to the conclusion of the Project notwithstanding that such may take place after the expiry of one or more Provincial Agreement(s).
- 3.03** The parties to this Agreement and the parties to any Agreement-Based LOUs agree that in the event of a strike or lockout in respect of any Provincial Agreement(s), the terms of this Agreement and any Agreement-Based LOUs will, respectively, automatically and without interruption, transform into stand-alone voluntary recognition agreements whereby the Agreement and Agreement-Based LOUs will each incorporate the provisions of the affected Provincial Agreement(s) in existence immediately prior to the strike or lockout (“Voluntary Recognition Agreement(s)”), save and except for any provisions of the Provincial Agreement inconsistent with the terms of this Agreement or and Agreement-Based LOU.
- 3.04** It is further agreed that any Voluntary Recognition Agreement will include a provision agreeing to implement wage and benefit increases equivalent to any wage and benefit increases put in place under the relevant renewal Provincial Agreement. Any applicable changes will be effective the date agreed to between the respective Employers’ Organization and Local Union(s) signatory to the Provincial Agreement.
- 3.05** The parties to this Agreement and the parties to any Agreement-Based LOUs agree that the operation of Article 3.03 will create stand-alone voluntary recognition bargaining relationships that exist completely independent of, and separate and apart from, the bargaining relationships underlying the Provincial Agreements.

- 3.06 (a) No Union will bring an application, whether before an arbitrator, the Labour Relations Board, the courts or otherwise, seeking an order that will implicate the work of the Project or employees employed on the Project under a Voluntary Recognition in a bargaining dispute relating to a Provincial Agreement.
- (b) Without limiting the generality of the foregoing, no Union shall bring an application under sections 35 (successorship), 38 (common employer), 65 (picketing), or 68 (replacement workers) of the *Labour Relations Code* seeking any order that would implicate the work of the Project or employees employed on the Project under a Voluntary Recognition Agreement in any bargaining dispute relating to a Provincial Agreement.
- (c) It is agreed that filing of an application seeking such an order constitutes improper conduct for purposes of justifying a refusal of the order sought pursuant to section 133 of the *Labour Relations Code*.

4.00 Work Stoppages and Lockouts

- 4.01 During the term of this Agreement, there shall be no strikes, lockouts, work stoppages, work slow downs or other disruptive activity for any reason by any union or any employee or employers or employers' organization which will stop or interfere with or otherwise restrict the progress of construction of the Project.
- 4.02 No union and no employee shall refuse to handle or refuse to install any material, equipment or components, and no union or employee shall honour hot cargo declarations. The union and the employees shall respect the "first drop principle" in cases of supply or delivery of goods to the Project.
- 4.03 No union and no employee shall fail to cross any picket line established at, near, or affecting the Project Site during the term of this Agreement. Should a third party dispute take place on property near or adjacent to the Project property, or on or near the access road to the Project property, the Managing Contractor and Employers will consult with the Unions regarding any common-site picketing issues and, if necessary, make an application to the Labour Relations Board seeking an order that will enable Project employees to report to work without crossing picket lines relating to the third party dispute.
- 4.04 No union and no employee shall refuse to perform work on the basis that other work is being performed by persons who are not members of a particular union or who are not associated with a particular union.
- 4.05 The parties agree that in the event of an apprehended lockout by any Employer or apprehended strike, walkout, suspension of work, study session, slowdown or work stoppage of any kind on the part of any Union, any employee or any group

of employees, complaints will be pursued through to resolution with all possible expedition.

4.06 The parties agree that once grounds for complaint are known to exist, the parties will conduct themselves in accordance with the expedited hearing guidelines established by the Labour Relations Board as reproduced below, as one consequence:

1. The applicant should contact the Registrar in advance of filing any materials to advise of the matter and discuss details such as service, the timing of hearing and the nature of hearing (i.e. at the Board or by telephone conference).
2. When contacting the Registry to request a telephone conference, the applicant must establish an extreme case of urgency (usually irreparable harm to the applicant or injury to the public interest) as to why the application should proceed by telephone conference.
3. If the Board agrees to schedule a hearing by telephone conference, the Registry will prepare a Notice of Hearing which will be sent by facsimile to the applicant and must be served by the applicant along with its materials in support of the application. The Notice will contain the following information.
 - (i) the Board's acknowledgement of the pending application and its decision to conduct a hearing;
 - (ii) the arrangements which have been made for a telephone hearing including the time and other details;
 - (iii) directions which have been made for service which, if complied with will be regarded as sufficient notice of the hearing; and
 - (iv) the name and telephone number of the Board officer or other person assigned to the application.
4. Once served, the respondent is required to contact the Board officer assigned to the matter and provide a telephone number at which they can be reached. It is the duty of the respondent to notify the Registry if the contact number changes or if legal counsel are appointed to represent them.
5. As supporting materials, the Board will require the applicant to file and serve a short written document which at minimum contains:
 - (i) the full names, addresses, and telephones and facsimile numbers of the parties involved;
 - (ii) the section(s) of the Code under which the application is being made;
 - (iii) a brief statement of the alleged unlawful conduct giving rise to the application and the reason for the urgency; and
 - (iv) the nature of the relief sought.

6. In accordance with Rule 10(1), the Registrar may require that a statutory declaration be filed with the Board prior to the telephone conference. The Panel assigned to the telephone conference hearing may also require a statutory declaration to support any statement of fact relied on during the conference call. Therefore, all parties must be prepared to provide a statutory declaration supporting any facts upon which they have relied.
7. Where possible, parties having direct knowledge of the facts in support of the application should be available to be connected to the conference call to give evidence if such evidence is necessary.
8. Pursuant to Section 133(5) of the Code, the Board has the authority to issue interim decisions. In most cases heard by telephone conference, and especially where there are material facts at issue, the Panel may issue an interim decision: pending the setting of an expedited hearing before the Board; or, pending a review of written submissions and statutory declarations if requested; or, the Panel may adjourn the matter without rendering a decision until an expedited hearing can be held. Where a further hearing is necessary, the Board's usual hearing practices will apply.

4.07 The parties agree that any party seeking to make a complaint regarding these matters will, at the earliest possible opportunity, telephone the British Columbia Labour Relations Board (604.660.1300 (business hours) / 604.644.3033 (after hours and weekends)) to discuss the process for obtaining an expedited hearing.

4.08 The Labour Relations Board will be immediately informed of the existence of this Article and will be promptly provided with a copy.

4.09 The parties agree that:

- (a) a time and date for hearing the complaint may be set by the Labour Relations Board for the earliest possible hearing opportunity, and without consideration of the calendars of counsel or the parties;
- (b) a complaint falling within the scope of this provision has the potential to cause irreparable harm and should, if at all possible, be resolved, whether by interim order or final decision, within 24 hours of filing of the complaint; and
- (c) a complaint falling within the scope of this provision is a matter appropriate for hearing by means of telephone conference.

5.00 No Bargaining Relationship for the Owner or the Managing Contractor, if one is designated.

It is understood by the parties hereto that no bargaining relationship is created by the Owner, or the Managing Contractor, or any subsidiaries and affiliates and their successors, or any of its project partners, with the Local Union, the Council, or any affiliate of the Council, by voluntary recognition or by action of law pursuant to Section 43 of the *Labour Relations Code*.

5.01 Similarly, where the Owner or Managing Contractor has participated in any way in the processes and administrative matters contemplated in this Agreement, it is only for the purposes of this document and the enhancement of the Project and in no way can be construed to be creating a bargaining relationship, extending a voluntary recognition or taking actions which, by action of law, would bind the Owner or Managing Contractor, to any Collective Agreement with the Local Union, the Council, or any affiliate of the British Columbia and Yukon Territory Building and Construction Trades Council.

5.02 Where the Owner or Managing Contractor is mentioned in this document, the terms shall be taken to mean the person or persons designated by Owner or Managing Contractor, if any, in respect to participation in the administration of portions of this Agreement, wherever that context is appropriate.

6.00 Duration

6.01 This Agreement shall become effective the 15 day of September, 2011. This Agreement shall remain in effect and shall apply to affected Employers and employees in respect to the Project on which they are engaged, until, in respect to the work or any portion of the work to be performed by an Employer in respect to the Projects, the date on which such work or component portion has been completed or the Owner or Managing Contractor has taken or assumed possession of such work or component portion, whichever is later. In the event construction is carried out by an affected Employer on the Project or component portion after possession is taken or assumed by the Owner, then this Agreement shall continue to apply to such construction work.

7.00 Review of Project Terms

This Agreement shall be reviewed by the Parties from time to time in consultation with the Owner and Managing Contractor. Any modifications to this Agreement resulting from a review shall be subject to the approval and ratification provisions set out in Article 1.05.

8.00 Liaison Committee

A Liaison Committee shall be established which shall meet on an informal basis, as required to address Stage II grievance matters, at the call of any of the parties signatory hereto, or at least quarterly, to discuss matters of mutual interest pertaining to the Project and/or this Agreement, with the objective of promoting

and maintaining beneficial relations and cooperation between the parties, and of ensuring the achievement of the purposes of this Agreement.

8.01 The Committee shall consist of representatives of the Employer(s), each of which shall be designated by KBR Industrial Canada Co. and business representatives of the Local Union(s). Irrespective of the number of representatives designated by the respective parties or of the number which participate in any meeting of the Committee, Local Union(s) and those designated by the Liaison Committee Members designated by KBR Industrial Canada Co. shall have equal numbers of votes. The parties agree that the Owner and Managing Contractor and / or their designee are entitled to participate in the affairs of the Liaison Committee. Persons appointed to the Liaison Committee by Owner or Managing Contractor will be entitled to participate fully in the proceedings of the Committee but will not be entitled to vote.

8.02 The responsibilities of the Liaison Committee shall include:

- (a) Establishing terms of reference for the Liaison Committee giving due recognition to the language, intent and purposes of this Agreement.
- (b) Establishing rules of procedure for the Liaison Committee to carry out its responsibilities.
- (c) Establishing processes to ensure that decisions of the Liaison Committee that affect this Agreement are recommended to the Parties for incorporation into this Agreement.
- (d) Establishing methods of resolving issues that the parties to and the persons bound by this Agreement are unable to quickly resolve, including by fulfilment of its role at Stage II of the grievance process.
- (e) Assisting in the development, implementation and administration of initiatives towards the enhancement of quality and productivity.
- (f) Addressing differences between any parties engaged on the Project respecting whether certain work is or is not “general construction”.
- (g) Dealing with such matters as are referred to it by this Agreement.
- (h) Establish and implement programs and measures to accelerate the training and mentoring of supervisors, and candidates for supervisory positions.

It is the intention of the parties that the Liaison Committee shall provide for joint stewardship of key performance measures by labour, contractors and owner groups including, without restricting the generality of the foregoing, safety, quality, cost, productivity and schedule. It is also the intention of the Parties that the Liaison Committee will be respectful of the collective bargaining, collective agreement administration and other bargaining agency roles and responsibilities of the Employers’ Organizations and of the Local Union(s).

9.00 Jurisdiction Disputes - Jurisdictional Assignment Plan (“JAPlan”) of the BC Construction Industry

There shall be a pre-job conference and mark-up in respect of each contract awarded by the Employer directly responsible for performing the work.

- 9.01** It is the responsibility of the Managing Contractor to notify the Unions of all contracts awarded that come within the scope of the Agreement.
- 9.02** The processes and considerations to be followed by any Employer in the assignment of work on the Project shall be in accordance with the JAPlan.
- 9.03** A jurisdictional dispute is a difference between the Employer and one or more Unions, or between two or more Unions, respecting the assignment of work.
- 9.04** All jurisdictional disputes shall be resolved in accordance with the JAPlan.
- 9.05** The Employers, the Unions and the Employees shall comply with the decision and awards of the Umpire of Work Assignment as defined and established pursuant to the JAPlan.
- 9.06** Jurisdictional assignments/disputes shall not, at any time, cause a strike, walkout, suspension of work, study session, slowdown, refusal to perform tasks, or a work stoppage of any kind on the part of any Union, any employee or any group of employees. In the event of a jurisdictional dispute, the assignment of work given by the Employer shall be followed until the jurisdictional dispute has been resolved in accordance with the JAPlan.¹

10.00 Expedited Grievance Process

- 10.01** This procedure shall apply to all differences arising between an Employer and a Union relating to the discipline or dismissal of an employee, or to the interpretation, application, operation or alleged violation of this Agreement, any Agreement-Based LOU, or any Provincial Agreement as it relates to this Agreement, to an Agreement-Based LOU or to the Project, including any question as to whether this procedure applies and whether a matter is arbitrable.
- (a) Any Union or Employer may initiate a grievance.
- (b) The parties will use their best efforts to settle the matter informally.
- 10.02** It is agreed that the spirit and intent of this Agreement is to resolve grievances promptly. All grievances, other than those relating to jurisdictional disputes under the JAPlan, must be initiated within ten (10) days of occurrence of the

¹ It is understood by the Parties that the procedures for the resolution of jurisdictional disputes will change based upon the outcomes as set out in the Memorandum of Agreement by and between Construction Labour Relations Association of BC and the BC & Yukon Territories Building and Construction Trade Council dated January 28, 2011

alleged grievance or the date on which the person initiating the grievance ought to have known of the occurrence of the alleged grievance. It is understood the ten (10) day timeframe shall not apply to differences concerning a failure to remit to Trust Funds set out in the Provincial Agreement.

Time limits may be extended only by written mutual agreement of the parties.

10.03 By written mutual agreement of the parties, the processing of any grievance may begin at any stage in the grievance procedure, including submission to arbitration.

10.04 Stage I - Discussion

- (a) The relevant Union representative and Employer's superintendent shall first seek to settle the grievance by discussion.
- (b) Resolutions reached under this process will not be used as evidence of past practice for purposes of interpretation.
- (c) If the matter is not resolved by Stage I discussion, the particulars of the grievance must be reduced to writing by the advancing party and provided to the Liaison Committee within the five (5) days of the discussion.

10.05 Stage II - Liaison Committee Recommendations

- (a) With five (5) days of receipt of particulars delivered under Stage I, a delegation of the Liaison Committee will meet to consider the grievance. The meeting may be attended by the relevant Union and Employer representatives and any affected employee(s). The Union and Employer representatives will be entitled to submit additional information and make submissions at the meeting, either orally or by provision of written materials.
- (b) Within five (5) days of the Liaison Committee's Stage II meeting, the Committee will issue non-binding written recommendations for informal resolution of the grievance.
- (c) Failing acceptance of the Liaison Committee's recommendations for informal resolution, the advancing party may proceed to arbitration.

10.06 Stage III - Arbitration

- (a) Either party may, within five (5) days of issuance of the Liaison Committee's recommendations, provide the other with written notice of intent to submit the grievance to arbitration.

- (b) Unless the parties agree otherwise, the dispute shall be submitted to an Arbitration Panel composing of a union nominee, employer nominee, and a Chairperson. The union and employer nominees shall agree on the Chairperson for the Arbitration Panel.
- (c) The parties shall agree upon a mutually acceptable Chairperson for the Arbitration Panel within five (5) days of receipt of written notice of intent. The parties may mutually agree to extend the time for selecting a Chairperson. Failing agreement within five (5) days or, if applicable, any mutually agreed upon extension of time, either party may request the Director of the Arbitration Bureau to appoint an arbitrator to act as Chairperson.
- (d) The Arbitration Panel shall be requested to hear the grievance and render an award as soon as possible. The parties will use their best efforts to ensure that the hearing is scheduled and carried out as expeditiously as possible.

B. HARMONY PROVISIONS

The parties agree that in order to achieve appropriate working relationships amongst the various employers and Local Unions working on any work to which this Agreement apply, the following conditions shall apply and if any conflict exists between these conditions and the terms of the Collective Agreement between the Employers' Organization (or where there is no Employers' Organization respecting a trade jurisdiction, the Employer or Employers) and the Local Union, this Agreement shall prevail:

11.00 Hours of Work and Scheduling

11.01 The hours of work shall be as set out in the Provincial Agreement with forty (40) hours being the regular work week. In order that there should be consistency on the site between various affiliates of the Council, the following hours of work and scheduling prerogatives shall apply:

- (a) The following Articles are intended to identify regular hours of work, shift hours, and overtime hours and are not to be construed as a guarantee of hours of work per day, per week, or with respect to days of work in any week.
- (b) The regular work week shall consist of forty (40) hours of work. The start time for a regular working day or a compressed work week day will be between 6:00 and 8:00 a.m.
- (c) Recognizing that it may be necessary to establish schedules that accommodate flights to and from the Project for workers from British Columbia, workers from other Canadian Provinces, or for Temporary Foreign Workers that may be employed on the Project, the Owner or Managing Contractor, may institute the work schedules under Schedules 1, 2 and 3 attached to this Agreement. Certain of these Schedules will be referred to as "Fly-in Fly-out Schedules" and will apply to all designated workers for the purposes of transporting workers to and from the Project. Workers on fly-in fly-out schedules will not be entitled to initial or terminal travel provisions or turn-around provisions under their respective Provincial Agreement.
- (d) When the final day of the shift cycle in Schedules 1 through 3 is reduced due to the timing of flights, overtime at time and one half shall apply to the last hour worked on that day.
- (e) The Employer may also schedule shifts for which the start times are between 12:00 noon and 4:00 a.m. To be classified as shift work rather than as overtime, such shifts must be scheduled for at least one (1) regular work week. The premium(s) for any such second ("evening") or third

("night") shifts shall be in accordance with the provisions of the Provincial Agreement. In no event shall the hourly rate be greater than the applicable overtime rate plus shift differential.

11.02 Reporting for Work

The Parties are committed to delivering value for paid time. Accordingly,

- (a) Unless some other reporting location is designated by the Employer, employees shall be in attendance at their work station and prepared to commence work at the scheduled starting time for their respective shifts.
- (b) Employees shall be diligent in respecting start times, shift completion times, lunch periods and rest break periods.

11.03 Variances

The parties recognize that variations in the scheduling of the work week, reporting for work or returning from work, rest breaks, meal breaks and start and finish times may be appropriate from time to time, and that it may be appropriate that such variations affect all or only a portion of the Project. Any variations that are not permitted by the above Articles may be established by resolution adopted by the Liaison Committee.

11.04 Shift Cycles

Other shift cycles, and the premium pay in respect to such cycles, may be established by the Parties, and will become effective such are approved by the Managing Contractor.

11.05 Site Closures

In consultation with the Liaison Committee, the Owner or the Managing Contractor may require that periods are scheduled during which construction activity on the site will be suspended during such periods as Christmas/New Year's. During such closures, the continuance of the activities of certain employees or groups of employees whose presence on the site is necessary during such periods may also be required and scheduled as determined by the Owner or Managing Contractor in consultation with the Liaison Committee.

11.06 Furloughs

Each of the Schedules attached hereto provide for periods of rest, called "furloughs". Work performed, at the employer's request, during a period of furlough shall be compensated at double time.

11.07 Vacations

Employees will be granted up to two weeks unpaid vacation annually upon reasonable notice requesting such vacation. No more than twenty-five percent of the members of a crew may be on vacation at any given time.

11.08 Room Changes on Furloughs

Where a worker is requested to change rooms or camps by the Employer, Managing Contractor, or the client's designated camp manager during a work cycle they will be paid two hours at regular rates of pay to carry out the move. This provision will not apply where a worker is required to pack their room at the end of a work cycle or to facilitate a move that will occur during the worker's furlough.

12.00 Transportation and Travel

12.01 Bus Transportation

- a) For workers on a standard Provincial Agreement schedule coach style bus transportation will be provided by the Owner or the Managing Contractor or by the Employer or groups of Employers from designated locations, to the Project or camp each week or work cycle, prior to the time a crew is scheduled to commence a scheduled work week or cycle, and from the Project site to the designated locations following the end of the scheduled work week or cycle. Initial travel allowance will be paid in accordance with the Provincial Agreement; however, Provincial Agreement turnaround provisions will not apply.
- b) Where air transportation is not practical for workers on Schedule 1 through 3 bus transportation and \$100 per return trip will be provided in lieu of air transportation. Initial travel allowance will be paid in accordance with the collective agreement; however Provincial Agreement turnaround provisions will not apply.
- c) The Owner or the Managing Contractor, or the Employer or groups of Employers providing the transportation, will determine where and when bus routes are established.

12.02 Air Transportation

- a) Where flights are provided and Schedules 1 through 3 are worked:
 - i) Flights are provided to pre-determined destinations at the conclusion of each fly-in fly-out cycle with ground transportation provided from the site/camp to the designated air terminal. Return flights to the work site will be provided from the pre-determined destinations to the site or designated air terminal and ground transportation will be provided from the air terminal to the project site/camp.
 - ii) On a once per annum basis employees resident of British Columbia may opt out of project provided transportation. At any time employees who have opted out of employer provided transportation may choose to opt back into using project provided transportation on reasonable notice to their employer. For those employees that have opted out of using project provided transportation, they shall be reimbursed at a

rate of 46 cents/km (roundtrip) from the project to their point of residence to a maximum of \$750 per rotation subject to meeting the following conditions:

a) The employee must work the full last shift in their work cycle prior to the furlough and stay in camp that evening (For clarity, they must commence driving in the morning after a night of rest, the purpose for which is so employees don't put themselves at risk by driving after working their shift),

b) The employee must arrive back in camp by 9 p.m. the evening prior to the commencement of the first shift on their work cycle on return from their furlough, and work the full first shift of their work cycle, and

3) The employee must participate in project audit controls to confirm compliance with 1) and 2) above.

The Liaison Committee will monitor the administration of clause ii) above and make recommendation to the project as appropriate.

iii) All employees not utilizing the flight arrangements will have transportation provided, at no cost to the employees, between the designated Kitimat region area pick-up locations and their respective camps at the beginning and end of each furlough. All employees are required to maintain a camp residence during their shift and to vacate the camp during their furlough. No daily transportation will be afforded between the start and end of each shift.

b) Where the Provincial Agreement schedule is worked and the employee is ineligible for flights, the initial and terminal transportation and turnarounds, are paid on a cents per kilometre basis calculated from the project to the point of residence up to but not exceeding the applicable Provincial Agreement amount.

12.03 **Local Residents:**

Local residents would receive daily bus transportation (weekly per cycle if the project location required them to be in camp) at no cost from pick-up points determined by the Managing Contractor. Travel conditions regarding the free zone will be in effect.

12.04 **Transportation for Terminated Workers**

Workers not local to the project who are terminated will be provided with return transportation by air if on a fly in fly out schedule or by bus if appropriate at the earliest practical opportunity following lay-off, or travel allowance entitlements they would otherwise be eligible to receive pursuant to the Provincial Agreement for those who have opted out of employer provided transportation in accordance

with 12.02(ii) above. Workers who are not local residents who quit or who are terminated for cause will be provided with bus transportation to Vancouver.

12.05 Owner's Travel and Accommodation Policy

A policy setting out provisions for travel, surface and/or air transportation, and accommodations will be published by the Owner or the Managing Contractor, and amended from time to time. The policy shall address transportation for local residents, other members of the local unions, people from elsewhere in Canada, and temporary foreign workers. The policy shall also address parking locations for workers for whom air transportation is not provided, and the transportation from such locations to the camp or Project. Disputes respecting the application of that policy will be resolved using the process articulated in that policy.

12.06 Process for Determining Residency

Where a question arises as to whether a candidate for employment qualified as a local resident, the designated representatives of the Employer and the Union shall determine the individual's acceptability as to residency only. It is understood that former residents of the Kitimat Area returning to the region will be granted local residents status for the purpose of this Agreement.

(b) Guidelines for determining 'Real Residency'

In making the determination as to a person's residency for the purposes of the Agreement, the following factors will be taken into consideration:

- the dwelling place of the person's spouse and dependents;
- personal property and social ties to the community;
- residential ties elsewhere;
- performance and purpose of residence in a particular community;
- documentation of:
 - (i) property tax and rent receipts, telephone, gas or other utility receipts;
 - (ii) driver's license
 - (iii) vehicle registration or pink card;
 - (iv) income tax;
 - (v) unemployment insurance documents;
 - (vi) voters' list registration;
 - (vii) employee benefit fund administration registrations.

13.00 Mid-Shift Meals for Camp Residents

Notwithstanding the provisions of Article XI of the Camp Rules and Regulations or its successor agreement, camp residents will be provided with a bagged meal for their mid-shift meal. Where practicable, lunch rooms will be furnished with microwave ovens.

14.00 General Holidays

14.01 In order to achieve uniformity in application for all trades under the scope of this Agreement where the observance of a designated day off in conjunction with a General Holiday is not dealt with in a manner consistent with article 14.02, then the applicable referenced collective agreement will be deemed to contain the provisions of article 14.02.

14.02 General Holidays will be observed as follows:

- (a) A General Holiday that falls on a day that, but for the General Holiday, is a day that would have been scheduled for work, the General Holiday will be observed on that date. That day will become a day off, or if worked, compensated at double time.
- (b) A General Holiday that falls during a “vacation”, or during a “furlough” (being one or more weeks off following a work cycle of consecutive weeks), will be deemed to have been observed on the day on which it falls, and will not affect the date of the return to a work cycle nor the rate of pay for that date.

15.00 Local Residents, Aboriginal Residents and Women

The early and continued participation of local residents, members of the local aboriginal communities, and women, is desirable; accordingly, the parties agree to optimize employment and training opportunities for such qualified local residents, members of the local aboriginal communities, and women under this Agreement.

Without limiting the foregoing, the Owner has entered into socioeconomic commitments, benefits and/or access rights to lands owned by the Haisla Nation. The provisions of this Special Project Needs Agreement shall be subject to the terms and conditions of any such applicable socioeconomic commitments, benefits and/or access agreements. In the case of any conflict between this Agreement, any collective agreement(s), applicable socioeconomic commitments, benefits and/or access benefits shall prevail.

16.00 Apprentice Ratio

The Parties agree to cooperate in attaining the optimal training and deployment of apprentices on the Project and will accept persons qualified to become apprentices to fill the journeyman/apprentice ratio where there is a shortage of registered apprentices. The employment of apprentices (within regulatory requirements and limitations), will be promoted throughout the duration of the job, and shall provide for a spectrum of apprentices from the first year through to fourth year (as appropriate to the respective trade).

17.00 Geographical Priority of Workers

The Parties are committed to working co-operatively to identify, recruit and employ workers in the following geographical order of priority in the employment

of workers on the Project: 1. Local; 2. British Columbia; 3. Canada; 4. North America; 5. beyond North America. The Parties recognize that “front-end” work will be required among them to maximize the use of North American workers.

18.00 Hiring

18.01 In addition to the hiring procedures that are set out in the Provincial Agreement, the Local Union shall also use its best endeavours to ensure that those engaged on the Project do not have to travel in order to pick up their dispatch or referral slips. The Union shall make every effort to use facsimile transmission, courier service or some other efficient means to avoid unnecessary travel, transportation and delay.

18.02 A process to facilitate the training, development and effective utilization of Supervision including site foremen will be developed in accordance with Schedule 5.

19.00 Lay-offs

The Parties recognize the substantial effort and cost involved in recruiting workers from out of Province to the Project but it is also accepted that workers within the local unions from British Columbia expect consideration in terms of job retention on British Columbia projects. Therefore a lay-off protocol designed to balance these two interests will be developed as per Schedule 5.

20.00 Successor Organizations

In the event the Employers’ Organization ceases to exist or to represent the constituent members of the Employers’ Organizations listed in Schedule 7 or the successors to any of them, the rights, roles and responsibilities assigned shall be carried out by the signatory Employers’ Organizations, or the successors to any of them, collectively. In the event any Local Union ceases to exist or to represent bargaining units listed in Schedule 7 or the successors to any of them, the rights, roles and responsibilities assigned herein to the Local Union shall be carried out by the signatory Local Unions, or the successors to any of them, collectively.

21.00 Legislation

This agreement shall be governed by the laws of British Columbia and applicable federal legislation.

22.00 Camp

22.01 Camp provided to employees engaged on the project shall be in accordance with the specifications contained within the BC Construction Camp Rules and Regulations 2008-2014 in effect at the time of execution of this Agreement (the “Camp Rules”). The foregoing adoption of the Camp Rules and Regulations shall include the procedures outlined Article 12.00 and the Camp Regulations contained therein.

- 22.02** In the event amendments to the Camp Rules are introduced in accordance with Article 14.00 therein or the Camp Rules are renegotiated and renewed, KBR Industrial Canada Co., reserves the right to adopt some or all of those amendments or maintain 22.01 as stated above. Similarly, in the event the Camp Rules is replaced by a successor thereto, KBR Industrial Canada Co. reserves the right to either maintain 22.01 or adopt the terms of the successor agreement. Should amendments be introduced to the Camp, or, a successor agreement to the Camp Rules as agreed to between the Local Unions and Employers' Organization; 22.01 remains in tact until and unless KBR Industrial Canada Co. provides notice to the Employers' Organization of its intent to adopt some or all of the new terms and conditions.
- 22.03** Nothing in this Agreement shall be interpreted as limiting the right of the designated Camp Operator for making rules necessary for the operation of the Camp.
- 22.04** In the event a camp resident loses privileges to reside on camp on account of violating the Camp Rules or by violating the rules adopted by the camp operator, the resident shall not be entitled to living out allowance, daily travel entitlements contained in this Agreement as one consequence.
- 22.05** In the event of a(n) absence(s) by a resident of the camp which is not excused by the employer; the employer shall recover cost by deducting the cost of the camp from the resident's paycheque as one consequence. For the purpose of this Article the cost of camp shall be deemed to equal one hundred dollars (\$100) for each missed shift. For clarity, the forgoing is not intended to in any way limit management rights, particularly in reference to administering further attendance management programs including disciplining employees for absenteeism.

The Liaison Committee shall issue a procedure for the administration of this clause which will address issues such as auditing processes and circumstances where the \$100 deduction shall not apply.

23.00 Management Rights

- 23.01** Subject to the benefits and/or access agreements, and the scope of work awarded to the contractor, the contractor retains full and exclusive authority for the management of its operations, unless expressly limited by other provisions in this Agreement.
- 23.02** There shall be no limitation or restriction upon the choice of materials or design, nor, regardless of source or location, upon the full use and installation of equipment, machinery, package units, pre-cast, pre-fabricated or pre-assembled materials, tools or other labour saving devices. Such materials may be fabricated, shaped, assembled, tested and transported by personnel not covered by the Agreement. Where practicable, where a situation arises with respect to onsite

work that foreseeably could create controversy the employer will contact the affected Local Union(s) to discuss.

- 23.02** It is recognized that the use of any technology, equipment, machinery, tools, energy and/or labour saving devices and methods of performing work may be initiated by the contractor from time to time during the Project. The parties agree that there will be no restriction of such devices or work methods.
- 23.03** In the event of any conflict between this provision and any clause in a collective agreement in force from time to time, the terms of this Article shall prevail.

Schedule 1 – Twenty-One On, Seven Off Work Cycle

1. A work cycle will consist of
 - Twenty-one, ten-hour shifts,
 - Followed by: Seven days off.
2. In each shift the first two (2) scheduled hours of work and the ninth and tenth scheduled hours of work will be paid at time-and-one-half in accordance with the overtime provisions of the appropriate Provincial Collective Agreement. The six (6) regularly scheduled hours of work in between the first two (2) scheduled hours of work and the ninth scheduled hour of work will be paid at straight time rates in accordance with the applicable Provincial Collective Agreement.
3. Each work day will have a one-half hour unpaid lunch break occurring at approximately mid shift and two fifteen minute paid work breaks, one occurring at approximately the middle of the first half of the shift and the other at approximately half way through the second half of the shift.
4. Work performed outside of the ten scheduled hours of work in a day or on a scheduled day of rest will be paid at double time in accordance with the overtime provisions of the appropriate Provincial Collective Agreement.
5. The seven days off shall be considered a “furlough”.
6. A worker who is transferred to a work cycle with a different start day must be provided with a minimum of two scheduled work day’s notice. If the worker has requested the transfer then overtime rates will not apply for days worked in the scheduled days of rest under their previous schedule. If the transfer is not as a result of a worker request, the worker shall be given a minimum of the scheduled seven day furlough, or overtime provisions will apply for days worked, as a result of such transfer, during the scheduled furlough the worker would have been entitled to under their previous schedule.

Schedule 2 – Twenty On, Eight Off Work Cycle

1. A work cycle will consist of
 - Twenty, ten-hour shifts,
 - Followed by: Eight days off.
2. In each shift the first two (2) scheduled hours of work and the ninth and tenth scheduled hours of work will be paid at time-and-one-half in accordance with the overtime provisions of the appropriate Provincial Collective Agreement. The six (6) regularly scheduled hours of work in between the first two (2) scheduled hours of work and the ninth scheduled hour of work will be paid at straight time rates in accordance with the applicable Provincial Collective Agreement.
3. Each work day will have a one-half hour unpaid lunch break occurring at approximately mid shift and two fifteen minute paid work breaks, one occurring at approximately the middle of the first half of the shift and the other at approximately half way through the second half of the shift.
4. Work performed outside of the ten scheduled hours of work in a day or on a scheduled day of rest will be paid at double time in accordance with the overtime provisions of the appropriate Provincial Collective Agreement.
5. The eight days off shall be considered a “furlough”.
6. A worker who is transferred to a work cycle with a different start day must be provided with a minimum of two scheduled work day’s notice. If the worker has requested the transfer then overtime rates will not apply for days worked in the scheduled days of rest under their previous schedule. If the transfer is not as a result of a worker request, the worker shall be given a minimum of the scheduled eight day furlough, or overtime provisions will apply for days worked, as a result of such transfer, during the scheduled furlough the worker would have been entitled to under their previous schedule.

Schedule 3 – Fourteen On, Seven Off Work Cycle

1. A work cycle will consist of
 - Fourteen, ten-hour shifts,
 - Followed by: Seven days off.
2. In each shift the first two (2) scheduled hours of work and the ninth and tenth scheduled hours of work will be paid at time-and-one-half in accordance with the overtime provisions of the appropriate Provincial Collective Agreement. The six (6) regularly scheduled hours of work in between the first two (2) scheduled hours of work and the ninth scheduled hour of work will be paid at straight time rates in accordance with the applicable Provincial Collective Agreement.
3. Each work day will have a one-half hour unpaid lunch break occurring at approximately mid shift and two fifteen minute paid work breaks, one occurring at approximately the middle of the first half of the shift and the other at approximately half way through the second half of the shift.
4. Work performed outside of the ten scheduled hours of work in a day or on a scheduled day of rest will be paid at double time in accordance with the overtime provisions of the appropriate Provincial Collective Agreement.
5. The seven days off shall be considered a “furlough”.
6. A worker who is transferred to a work cycle with a different start day must be provided with a minimum of two scheduled work day’s notice. If the worker has requested the transfer then overtime rates will not apply for days worked in the scheduled days of rest under their previous schedule. If the transfer is not as a result of a worker request, the worker shall be given a minimum of the scheduled seven day furlough, or overtime provisions will apply for days worked, as a result of such transfer, during the scheduled furlough the worker would have been entitled to under their previous schedule.

Schedule 4: Capital Works

1. Subject to the exceptions in paragraph 2, “Capital Works” means the general construction work in respect to the Project carried on or near the lease or leases held by the Owner in the Kitimat Region.
2. Capital Works shall specifically exclude the following:
 - (a) construction work in respect to any contracts awarded
 - (i) to non-Building Trades affiliated contractors, or
 - (ii) prior to the date this Agreement has been entered into unless specifically included by the Owner or Managing Contractor.
 - (b) work performed by the Owner’s or Managing Contractor’s own forces, contractors and their subcontractors on activities associated with Plant operations and maintenance.
 - (c) project-related work performed, unless otherwise designated by the Owner for any supply or distribution pipelines
3. “Capital Works” pursuant to this Agreement will be deemed to be completed when the Owner or Managing Contractor has assumed possession of such work or component portion. If a contractor performs general construction work in respect of an aspect of the project after it is assumed by the Owner, then the Owner may choose to declare that this agreement also applies to that work.
4. The Owner (or Managing Contractor) may amend this schedule in its discretion.

Schedule 5: Other Issues

1. **Lay off Protocol:** - In the event of a layoff affecting Contractors working on the Project covered by this Agreement, the following protocol will be followed;
 - a. **Voluntary Lay-Offs** – Workers on the Project may be offered the opportunity to exercise the option to accept a voluntary lay-off when there are lay-offs planned on the Project affecting their trade. In such cases this option will be offered to Local Union members first, travel card members second, and workers on permits third.
 - b. **Leave of Absence** – As another option, workers on the Project may be offered the opportunity to exercise the option to take a Leave of Absence from the Project when there are lay-offs planned on the Project that would affect their trade. In such cases this option will be offered to Local Union members first, travel card members second, and workers on permits third. Should the leave of absence extend beyond fourteen days in duration the Worker may request a lay-off.
 - c. **Transfers** – In a situation where one contractor is planning to lay-off workers on the Project and workers in the same trade working for other contractors working on the Project have opted to accept a Voluntary Lay-Off or Leave of Absence as stipulated in (a) or (b) above, or in cases where there are unfilled calls for workers in that trade on the Project, transfers between contractors covered by the terms and conditions of this Project Agreement will be allowed. The offer to accept a transfer under these circumstances will be made to Local members first, travel card members second, and workers on permit third.
 - d. **Onsite Permitting** – Where on the Project layoffs are occurring in one trade and in the employer's discretion those affected worker(s) are qualified to perform work in another trade for which there are or expected to be open (unfilled) calls, those workers will be offered the opportunity to work under permit in that other trade on the Project.
 - e. **Lay-Offs** – Except as modified above, all lay-offs will be carried out in accordance with the terms of the applicable Provincial Agreement. It is understood that where a contractor on the Project is planning a lay-off of workers, workers in the trade where the lay-off is planned who are working for that contractor on the Project under a Labour Market Opinion will be subject to first lay-off unless they are able to be transferred under Clause (c) or permitted under Clause (d) above.
 - f. **Delays** – When a transfer under (c) or permitting under (d) above is planned but time is required to complete the transfer or cross-craft, the affected worker(s) will be allowed to stay in camp at no cost to the worker, until the completion of the transfer or cross-craft to a maximum of

seven calendar days unless an extension is granted by the Owner or Managing Contractor or party with whom the camp manager is contracted.

2. **Supervision:** It is in the interests of the Parties to this Agreement to promote the training and development of foremen and other supervisors to manage the extensive amount of work contemplated for British Columbia. Training and mentoring of supervisors will be facilitated and encouraged on the Project within the scope of this Agreement. Workers showing leadership potential will be encouraged to accept the role of foreman as needed on the Project and will be provided with the training and mentoring to make them successful. Where it is not feasible to meet the needs for supervision on site from within the ranks of British Columbia tradesmen, or in those situations where there are special language situations that need to be considered, the Parties to this Agreement will establish a protocol for insuring that supervisory needs are met having due regard for the need to maintain safety, productivity, quality, and a working environment that will promote the attraction and retention of workers.

Further work on the protocol for meeting Supervisory needs, or amendments as necessary to the Lay-Off Protocol above, may be carried on through the Liaison Committee(s) established for the Project or such other sub-committee as the Parties may agree to utilize.

Schedule 6: Payment of Wages

1. At a minimum, wages and benefits shall be paid in accordance with the wage schedules and calculations contained within the applicable Provincial Agreements.
2. At the employers discretion the wages may be paid via direct deposit.

Schedule 7: Employers' Organizations and Local Unions

Ayee McAllan

Construction Labour Relations Association of BC

D. Galin

Boilermaker Contractors' Association of BC

R. Ho

International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers & Helpers Local 359

Wayne Cole

British Columbia Regional Council of Carpenters

Chelle

Operative Plasterers & Cement Masons Local 919

A. H.

International Brotherhood of Electrical Workers Local 993

Richard

International Association of Ironworkers Local 97

Al N

Construction and Specialized Workers Local 1611

B. J. H.

Millwrights, Machinery Erectors & Maintenance Union Local 2736

W. E. H.

International Union of Operating Engineers Local Union 115

Joe Shaylor

United Association of the Plumbing and Pipefitting Industry of the United States and Canada, Local 170

Ken Johnson

International Association of Heat & Frost Insulators and Asbestos Workers Local 118

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Effective Date:

This Special Project Needs Agreement has been declared to be effective on the 15 day of September , 2011.