

THIS AGREEMENT made this 7th day of February, 2003

BETWEEN:

KEY MARINE INDUSTRIES LTD.

(hereinafter referred to as "the Company")
OF THE FIRST PART

**MARINE WORKERS' AND BOILERMAKERS'
INDUSTRIAL UNION, LOCAL NO. 1**

(hereinafter referred to as "the Union")
OF THE SECOND PART

WHEREAS the parties hereto have agreed to enter into a collective agreement upon the terms and conditions hereinafter set forth, with respect to employees employed in the job classifications listed in Schedule "A" hereto.

AND WHEREAS the Company agrees to recognize the Union as the bargaining representative of the said employees, subject to the conditions hereinafter contained:

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and of the mutual covenants and agreements hereinafter contained , the parties hereto agree as follows:

ARTICLE I - DEFINITION

1.01 Employees, wherever mentioned in this Agreement, shall not be deemed to include persons employed in a confidential capacity, or having authority to employ or discharge employees.

1.02 In all relations between the parties hereto under this Agreement, the Union, so long as it remains the certified bargaining representative of the said employees, shall be represented by its bargaining representatives.

ARTICLE II - UNION SECURITY

2.01 There shall be no discrimination against any employee for belonging to the Union, or carrying out Union policy within the terms of this Agreement.

2.02 The Company agrees that as a condition of employment all employees will pay dues to the Union in the amount set for the class of work in which such employees are engaged. The Company is to retain the right to hire employees, provided the Union is asked to fill any vacancy before a non-union man is hired. Similarly, in lay-offs, no Union man will be released while a non-Union man is retained. The Union agrees that in the interpretation of the previous sentence, discretion will be used to the end that there will be no interference with efficient operations.

Upon receipt of a checkoff authorization from the Union, the Company shall make payroll deductions covering Union dues, initiations, reinstatement fees and assessments, as may be established by the Union's Constitution and/or By-laws. These deductions shall be remitted by the Company by the 15th of each month.

The Union agrees to indemnify the Company and hold it harmless against any claim which may arise in complying with the provisions of this article.

2.03 The Company agrees that any person employed who, at the date of this agreement was a member of the Union in good standing or who has become a member of the Union since that date shall, as a condition of continued employment, maintain membership in good standing and any employee who hereafter, during the life of this Agreement becomes a member, or is reinstated as a member of the Union shall, as a condition of continued employment, maintain membership in good standing.

- (a) The Company approves membership in the Union and the Union retaining as members employees as defined in this Agreement.
- (b) The Company agrees to advise all present and future employees and its supervisors and foremen of the contents of this Agreement.
- (c) No employee shall be subjected to any penalties against his application for membership, or re-instatement, except as may be provided for in the Constitution and by-laws of the Union.

- (d) The Union agrees that there shall be no solicitation of

any employees for Union membership or payment of dues in working hours on the Company's premises.

- (e) It is agreed that in the event of an industrial dispute or other disturbance taking place on the Company's property, that the watchman and guards will remain at their posts in order to protect the plant and continue unhindered with their usual duties.
- (f) It is agreed that in the event of an industrial dispute that such maintenance men as are required to prevent deterioration of machinery will be allowed access to the plant in order to carry out these duties.

ARTICLE III - UNION-MANAGEMENT RELATIONS

3.01 The entire management of the Company and the direction of the working forces are vested exclusively in the Company, and the Union shall not in any way interfere with these rights.

3.02 No Union business shall be carried on during working hours; the Business Representatives of the Union shall have access to the Company's premises by applying to the Management for permission, provided they do not interfere or cause men to neglect their work.

3.03 Employees will take orders from the Plant Manager or Superintendent only when their immediate foreman or charge-hand is not readily available.

ARTICLE IV - WAGES

4.01 Wage rates shall be in accordance with Schedule "A" attached hereto and shall be effective on the dates shown in Schedule "A".

ARTICLE V - HOURS OF WORK

5.01 The Company and the Union agree that the standard work day shall consist of seven and three quarters (7 3/4) hours and the standard work week shall consist of thirty-eight and three quarters (38 3/4) hours, Monday to Friday inclusive.

The day shift will work from 0700 to 1515.

The Company shall not make any changes in the standard work week, number of hours worked and lunch periods, except by mutual

agreement between the parties to this Agreement.

It is agreed and understood that the starting time and/or terminating of existing shifts may be varied by written consent of the parties to this Agreement.

5.02 Time worked in excess of standard hours of work shall be considered as overtime and shall be paid at double time. Except for planned maintenance as outlined in 5.03, all work performed on Saturdays and Sundays shall be paid at double time.

Where it is mutually agreed that overtime may be banked, an employee may bank overtime, equivalent to a maximum of three hundred and ten (310) straight time hours. All overtime worked thereafter shall be paid at the appropriate rate to said employees.

Requests for annual vacation will take precedence over requests for banked overtime and banked overtime is not to be taken in the June to August holiday period unless approved by the Company.

Selection of employees to use banked time off shall first be on a voluntary basis and secondly according to seniority, subject to the operating needs of the Company.

No employee can be laid off until all his/her banked hours are used.

5.03 On planned maintenance seven (7) days' notice will be given employees required to work on Saturday, in which case Monday will be their day off, no overtime being paid for such work. On break-downs requiring work on Saturday when the seven (7) days' notice has not been given, overtime rates will prevail.

5.04 (a) The second shift will work from 1515 to 2315 and the shift premium shall be Two and 24/100 (\$2.24) Dollars per hour worked.

(b) The third shift will work from 2315 to 0700 and shall commence at 2315 on a Sunday night. The shift premium shall be Three and 60/100 (\$3.60) Dollars per hour worked.

(c) Three (3) full shifts must be worked by a second shift worker before that shift can be established. Otherwise overtime rates shall prevail.

(d) When changed shifts for any employee do not last three (3) shifts or more, the time for these shifts will be

paid at the usual overtime rates.

- (e) Any employee who starts work after the starting time of the first half of any shift and resumes work in the second half of the same shift shall be paid full time for the second half of the shift, but only for the actual time worked in the first half of the shift, unless the reason for terminating the work is beyond the control of the Company.
- (f) Employers will make every effort to schedule employee shift changes at the weekend. However, if it is necessary to change shifts in mid-week, where there is less than fifteen (15) hours between the end of the employee's former shift and the start of his new shift, he shall work only half of either the last shift he is leaving or the first shift he is joining without any loss in pay.
- (g) The parties may, by mutual agreement, institute twelve (12) hour shifts, in which case, the hours of work shall be as follows:

	<u>0700 - 1900</u>	<u>1900 - 0700</u>
Sunday	12 hours	12 hours
Monday	7 3/4 4 1/4	7 1/2 4 1/2
Tuesday	7 3/4 4 1/4	7 1/2 4 1/2
Wednesday	7 3/4 4 1/4	7 1/2 4 1/2
Thursday	7 3/4 4 1/4	7 1/2 4 1/2
Friday	7 3/4 4 1/4	7 1/2 4 1/2
Saturday	12 hours	12 hours

and in this case premium for the second twelve hour shift shall be Three and 11/100 (\$3.11) dollars per hour worked.

5.05 Employees called in to work four (4) hours or less before the starting time of their regular shift shall be paid overtime rates up to the starting time of their regular shift and straight time for the duration of their regular shift.

5.06 Men called in to work more than four (4) hours prior to the start of their regular shift shall be paid overtime for all hours worked including those on their regular shift.

5.07 Men called in more than four (4) hours prior to the start of their regular shift, so that there is less than eight (8) hours

elapsed time between the time they finish work until the starting time of their regular shift, shall not be required to report for their regular shift until eight (8) hours from the time they finished work. In such case, they will be paid for that portion of their regular shift at straight time rates. The application of this section normally occurs and will be honoured by the Company to employees who have worked either in excess of two (2) continuous shifts, or more than sixteen (16) hours in a span of twenty-four (24) hours.

5.08 A day shift employee working after midnight on overtime work reporting for work on his next regular shift shall not report until eight (8) hours have elapsed between the time he finished working overtime and the time he starts work the following day. However, providing he reports for work after the elapsed eight (8) hours and works until the end of his regular shift, he shall be paid as though he started the shift at the regular starting time.

5.09 The employee, by mutual agreement, may elect not to report for work before the eight (8) hour rest period has expired, in which case he shall be paid for the eight (8) hours rest period.

NOTE: If an employee works until 3:00 a.m., he should report to work at 11:00 a.m. and be paid for four (4) hours rest period. The rest period would be up to 11:00 a.m. and in that case he would be paid for four (4) hours rest period from 7:00 a.m. until 11:00 a.m.

5.10 All employees called in to work at the end of a normal shift, or on Saturday, Sunday or Statutory Holidays, shall be paid the usual overtime rates required by this Agreement, with a guarantee of four (4) hours' work. If the employee chooses to work less than four (4) hours, he shall be paid for the time worked only.

5.11 Where an employee is scheduled to work more than two (2) hours' overtime immediately following his regular shift, he shall be allowed time for supper either at his workplace or away, depending on circumstances. This time is not to exceed one half (1/2) hour and the employee will be considered to be at work for

the time he is consuming the meal. If the length of the overtime is anticipated, it shall be given at the beginning of the overtime.

If this is not possible, it will be given after two (2) hours of overtime have been worked. Any employee who purchases a meal under the conditions outlined above, will be allowed the cost of such meal up to a maximum of Seven (\$7.00) Dollars. The seven dollar meal allowance will be paid for each four (4) hours thereafter. Receipts are to be submitted for meals if asked for and meal allowance will not be included in pay cheques.

5.12 The Company shall not make any changes in the standard work week, shifts per day, number of hours worked, and lunch periods except by mutual consent.

5.13 Every employee shall be paid for not less than four (4) hours if hired after starting time.

5.14 Any employee on the Company seniority list and who has been laid off and is subsequently re-hired shall be guaranteed at least three (3) full shifts or the equivalent of monies earned for twenty-three and 1/4 (23 1/4) hours.

ARTICLE VI - STATUTORY HOLIDAYS

6.01 Statutory Holiday pay shall be paid to all employees on the payroll at the time of a Statutory Holiday.

Every employee covered by this Agreement shall receive a day's pay (seven and 75/100 (7.75 hours) for the following:

New Year's Day	Labour Day
Good Friday	Thanksgiving Day
Easter Monday	Remembrance Day
Victoria Day	Christmas Day
Canada Day	Boxing day
British Columbia Day	

and any other days that may be declared as legal holidays by the Federal and/or Provincial Government. Statutory Holidays falling on a Saturday and/or Sunday shall be observed on the Monday and/or Tuesday next following.

There shall be an additional Statutory Holiday in each year between December 24th and New Year's Day, the day to be mutually agreed upon.

In either of the above cases, if a day or days other than Monday or Tuesday is officially declared as the holiday by the Provincial

and/or Federal Government, then that day or days will be the holiday and not the Monday and/or Tuesday as outlined above.

In all the above situations the day upon which the holiday is observed will be the holiday for the purposes of this agreement.

The parties may, by mutual consent of the Union, agree to observe any of the holidays on an alternate day.

In order to qualify for Statutory Holidays, employees must have worked at least fifteen (15) of the thirty (30) calendar days immediately preceding the holiday, **or** employees must have worked on at least two (2) of the seven (7) calendar days immediately preceding the holiday and on one (1) day in seven (7) calendar days immediately following the holiday, unless the employee has been discharged for cause. An employee who has not qualified for a full day's pay shall be entitled to pro-rated statutory holiday pay. This amount is calculated by dividing the employee's total wages, excluding overtime, earned in the thirty (30) day period by fifteen (15).

6.02 An employee required to work on any of the above holidays shall receive overtime as provided in Article 5.02 in addition to the day's pay.

6.03 Employees will not qualify for statutory holiday pay while receiving Workers' Compensation, or wage indemnity benefits.

6.04 Employees on vacation, leave of absence and in receipt of welfare benefits, shall be considered as at work the day following the said Statutory Holiday.

ARTICLE VII - ANNUAL VACATIONS

7.01 All employees coming under the Union's jurisdiction with less than three (3) years of service with the Company shall be paid vacation pay at the rate of five (5%) per cent of their gross earnings with a maximum time of two (2) weeks off.

New employees hired after the date of ratification shall be paid vacation pay at the rate of four (4%) per cent of their gross earnings and shall be given a maximum of two (2) weeks off.

7.02 All employees who have completed three (3) years of service, but less than eight (8) years of service shall be paid vacation pay at the rate of six (6%) per cent of their gross earnings for the past twelve (12) months and shall be given three (3) weeks off.

7.03 All employees who have completed eight (8) years of service, but less than fourteen (14) years of service, shall be paid vacation pay at the rate of eight (8%) per cent of their gross earnings for the past twelve (12) months and shall be given four (4) weeks off.

7.04 All employees who have completed fourteen (14) years of service, but less than twenty (20) years of service shall be paid vacation pay at the rate of ten (10%) per cent of their gross earnings for the past twelve (12) months and shall be given five (5) weeks off.

7.05 All employees who have completed twenty (20) years of service shall earn additional vacation at the rate of one (1) day's additional vacation for each year of completed service over twenty (20) to a maximum of five (5) days (one (1) week). Pay for each day of extra vacation shall be at the rate of point four (.4%) percent for each vacation day. Thus, the entitlement would be:

20 years' completed service - 5 weeks plus 1 day
21 years' completed service - 5 weeks plus 2 days
22 years' completed service - 5 weeks plus 3 days
23 years' completed service - 5 weeks plus 4 days
24 years' completed service - 6 weeks.

7.06 Annual vacations shall be taken at a time mutually agreeable to both parties. Time off must be taken equivalent to time earned up to the time periods specified in Sections 7.01, 7.02, 7.03, 7.04 and 7.05.

A holiday schedule shall be prepared and, subject to Management's production requirements, shall give employees an opportunity to indicate vacation periods wanted. If there is a dispute, the senior employee may take preference. Once the list has been approved by Management, it shall be posted as final, and it shall not be changed by the Company within the one (1) month period immediately preceding the start of an employee's vacation without the consent of the employee concerned.

7.07 In determining length of service, employees on the payroll for seventy-eight (78) two (2) week pay periods shall be deemed to have three (3) years of service. Employees on the payroll for two hundred and sixty (260) pay periods shall be deemed to have ten (10) years of service. Employees on the payroll for three hundred and ninety (390) pay periods shall be deemed to have fifteen (15) years of service. Only pay periods in which an employee has worked three (3) full shifts or the equivalent of

monies earned for twenty-three and one quarter (23 1/4) hours will qualify.

7.08 Any employee who has been in the employ of the Company for twelve (12) months shall receive holiday credit at his prescribed holiday rate for:

(a) time off on Workers' Compensation up to a maximum of six (6) months.

(b) time off sick up to a maximum of thirty (30) days provided that in the case of such sickness a doctor's certificate can be provided upon request.

7.09 All employees shall receive their appropriate vacation pay entitlement every two (2) weeks based on regular straight time earnings, including vacation and statutory holiday pay.

ARTICLE VIII - GRIEVANCE PROCEDURE

8.01 Any differences between the parties concerning the interpretation, application, operation or alleged violation of a provision(s) of this Collective Agreement, including any dispute with regard to discipline or discharge, shall be considered a grievance and shall be taken up in the manner set out below.

8.02 (a) Step 1

An employee grievance shall first be taken up between the Shop Steward and the employee's Supervisor within fifteen (15) days, and if in agreement, their decision shall be final.

(b) Step 2

In the event that agreement is not reached at Step 1, the grievance shall be taken up within ten(10) days between the Union Bargaining Representative and the Manager. At this stage, the grievance shall be submitted in writing.

The written grievance shall briefly describe the nature of the incident or occurrence giving rise to the grievance, it shall clearly state the provision(s) of the Agreement that has been violated and it shall provide a statement as to the remedy or relief being sought.

If a solution is reached, this shall be final.

(c) Step 3

In the event that agreement is not reached at Step 2, the grievance may be submitted to Arbitration.

8.03 The time limits specified in 8.02 above may be extended by mutual agreement between the Company and the Union.

8.04 Grievance - Time Limits

Any discharged or suspended employee may, within seventy-two (72) hours of his discharge or suspension, (Exclusive of Saturdays, Sundays or General Holidays), in writing, require the Company to give him the reasons for his discharge or suspension and the Company will give such reasons to him in writing, within seventy-two (72) hours of such request and in the event of any dispute or difference as to whether or not there was proper cause for the discharge or suspension of such an employee, only the reasons so set forth in writing, shall constitute cause.

8.05 The Parties agree that a Single Arbitrator shall be used as provided for in the Labour Relations Code. The Company and the Union shall make every effort to agree on the selection of an Arbitrator within ten (10) working days after the Party requesting Arbitration has delivered written notice to the other Party.

8.06 In the event that the Parties fail to agree on the choice of an Arbitrator, they shall forthwith request the Director of the Collective Agreement Arbitration Bureau to appoint an Arbitrator.

8.07 The Arbitrator will be encouraged to commence a hearing within ten (10) working days of his appointment and to render a decision within fifteen (15) working days from the date of the conclusion of the hear.

8.08 The authority of the Arbitrator shall be as set out in Section 89 of the Labour Relations Code of B.C. The Arbitrator shall not be vested with the power to change, modify or alter any of the terms of the Collective Agreement.

8.09 The decision of the Arbitrator shall be final and binding on both Parties.

8.10 Each Party shall pay its own costs and expenses of arbitration and shall bear one-half (1/2) of the cost of the Arbitrator.

ARTICLE IX - SAFETY AND HEALTH

9.01 A Safety Committee shall be maintained representative of all departments in the plant, and the Union shall have equal representation with the Management on such Committee.

9.02 Any employee suffering injury while in the employ of the Company must, if possible, report immediately to the first Aid Department and also report to said Department on returning to work. Any employee who is injured on the job, and having received proper medical care is unable to return to work, shall be paid for the full shift for that day, subject to doctor's verification.

9.03 The Company will contribute Two dollars and fifty cents (\$2.50) per hour earned for each employee to the Union Pension Plan and remit the total to the Union.

9.04 The Union will submit an audited statement of their Pension Plan and send it to the Company annually.

9.05 Effective March 1, 2003, the Company will contribute one dollar and seventy cents (\$1.70)per hour earned for each employee of the Union Welfare Plan and remit to the Union.

9.06 Effective March 1, 2003 the Company will contribute forty cents (\$0.40) per hour earned for each employee for the Union Long Term Disability Fund and remit to the Union.

9.07 Effective January 15, 2004 the Company will contribute two dollars and tens cents (\$2.10) per hour earned for each employee of the Union Welfare Plan and remit to the Union.

9.08 Effective January 15, 2004 the Company will contribute forty - five cents (\$0.45) per hour for each employee of the Union Long Term Disability Fund and remit to the Union.

9.09 The monies remitted under this Article will be forwarded to the Union not later than the 15th day of the month following the month for which the deduction is made.

ARTICLE X - WORKING REGULATIONS AND FIELD WORK

10.01 A Field Work premium shall be paid where an employee is required to be absent overnight from his normal residence (home). The rate of pay for Field Work shall be twelve (12%) per cent above the employee's classified hourly rate of pay in Schedule "A".

10.02 Employees required to report to work on Burrard Inlet, New Westminster, or on the Fraser River to Deas Island Depot will not be paid travel time.

Job sites at Squamish, Woodfibre or Roberts Bank, which do not necessitate employees leaving home overnight will receive travel time, not to exceed one (1) hour.

Employees who use their own vehicles will be paid mileage (distant from Alexander Street to job site). A mileage table will be established by the Company.

All travel time, where applicable, will be paid at straight time rates.

When employees use Company vehicles and being on double time rate, neither travel time nor mileage will apply.

For job sites lasting more than three (3) days away from the shop, Article 10.05 will apply.

10.03 If employees detailed for work away from the Shop are instructed to report at the Company's plant for materials or tools, traveling will then be done on Company's time and expense.

10.04 When traveling on a job which requires the employee to be away from home, traveling time on any day shall be paid at straight time rate for the hours lost traveling to a maximum of eight (8) hours in each twenty-four (24) hour period.

10.05 If required while traveling to and from and working on a job away from home, the Company shall provide first class room and board for each employee affected. In addition, a pre-job conference will be held with employees involved.

10.06 It shall not be compulsory or a condition of employment for employees to use their personal vehicles on Company business. However, if an employee is required to use a personal vehicle, he shall be paid thirty-five (\$0.35) cents per mile (twenty-two (\$0.22) cents per kilometre) for the mileage traveled in such usage.

10.07 Time and one quarter will be allowed employees working on confined places when no adequate means of ventilation are provided, or for dirty work. The foreman and shop Steward to decide if work in question is to be so classed.

10.08 Time and one quarter will be allowed employees welding on galvanized pipe or other galvanized work when efficient ventilation is not provided. The Foreman and Shop Steward to decide if work in question is to be so classed.

10.09 Any welder welding over dry paint, or any person burning off dry paint, shall be paid time and one quarter if, in the opinion of the foreman and Shop Steward the work in question justified such pay.

10.10 The Company shall operate suitable ventilation equipment for removing fumes from confined spaces, and the employees shall undertake not to interfere with this operation.

10.11 All painting, cement finishing, tarring etc. work shall be done after welding wherever possible.

10.12 Employees shall not be asked to work against wet paint if that can possibly be avoided.

ARTICLE XI - SENIORITY

11.01 Seniority shall be attained after sixty (60) working days within a six (6) month period, and the seniority date shall be backdated to the date of employment. A seniority list shall be posted in the plant by Management not less often than every six (6) months.

11.02 When the Company increases or decreases the working force and when, in the opinion of the Company and the Union, the skill and ability of the men concerned are equal, length of service with the Company in their classification, as defined in the following clauses, shall be the determining factor in deciding the order of re-hiring and lay-off as the case may be.

11.03 An employee shall not suffer loss of seniority because of

absence due to sickness, accident or otherwise, if such absence is approved or authorized by the Company. If an employee finds that he is unable to report for work, he should notify the Company as soon as possible, preferably before the end of his first missed shift.

11.04 During a prolonged absence from work due to an accident or injury covered by Workers' Compensation, an employee will continue to accrue seniority for a period of time, provided that he will not continue to accrue seniority after the date at which he would normally have been laid off if he were at work.

11.05 An employee shall continue to accrue seniority if off on non-compensable sickness for a period of six (6) months unless he normally would have been laid off before the six (6) month period.

11.06 An employee who has seniority shall maintain his seniority on lay-off up to a period of one (1) year.

11.07 Leave of absence shall mean an absence from work requested by the employee and consented to by the Company in writing covering a specified period of time. Leave of absence shall not be granted to an employee seeking seasonal work. A copy of such written permission shall be sent to the Union at the time it is granted.

11.08 In order to lay off or re-hire men out of seniority, the difference in skill and ability must be distinct, or seniority applies.

11.09 In the event of a temporary lay-off, due to a breakdown of machinery or some similar situation, such as failure to receive an expected delivery of steel, which lay-off is not expected to last longer than twenty-four (24) hours, the employees immediately affected will be temporarily laid off.

11.10 The Shop Steward shall be given forty-eight (48) hours' notice of lay-offs, in advance of such lay-offs, if possible.

11.11 Any employee with seniority standing, when re-called for work, shall have the right to compare the length of work involved with his present employment to decide on a by-pass. After by-passing the work call once, the employee shall lose his seniority standing if he does not return to work on the next call. The second re-call notice to work, if used to terminate an employee's seniority on lay-off, may not be given until a full calendar month has passed subsequent to the date on which the first notice was given. (Sickness confirmed by a doctor will not be counted as a

by-pass. Loss of seniority in these cases will be subject to review of the circumstances by the parties to this Agreement, with the power to re-establish the employee's seniority rights after this consideration.)

When a laid-off employee on the seniority list is re-called for work, the Company will endeavor to provide at least three (3) days of employment. If less than three (3) days is offered and the employee declines, this will not be considered as a first or second by-pass for purposes of termination of seniority.

All call-backs for employees on lay-off will be done through the Union Dispatcher whenever possible.

ARTICLE XII - GENERAL PROVISIONS

12.01 (a) In the event of an employee being temporarily employed at a higher paid class of work than his own, the full hourly rate of pay agreed to for such classification shall be paid.

(b) Any employee asked to do temporary work at a classification with a lower hourly rate of pay shall receive his usual rate of wages.

12.02 Any employee who is a member of a specific working crew is expected to render whatever assistance may be necessary at any time while he is not engaged on his own operation.

12.03 The Company agrees to pay equal pay for all work classifications herein agreed to regardless of sex.

12.04 Safety glasses and welders' coloured glasses, if required by the Company or by Workers' Compensation regulations shall be supplied on loan by the Company.

12.05 There shall be two (2) ten (10) minute breaks, one in each half shift. The Company may regulate the starting and stopping times of such breaks by the blowing of a whistle if it deems it necessary.

12.06 All time lost by an employee due to necessary attendance on jury duty or on call for jury duty shall be paid for at the difference between his regular hourly pay and the amount he receives for such jury duty, provided however, that any such employee shall make himself available for work before or after being required for such jury duty, whenever practicable.

12.07 In the case of death in the immediate family an employee shall be granted leave of absence with full pay for the purpose of attending or arranging the funeral as follows:

- (a) In the event of death of a spouse, child, mother, father, brother or sister, the Company will grant the employee three (3) days leave of absence with pay.
- (b) In the event of death of a mother-in-law, father-in-law, step-mother, step-father or grandparent, the Company will grant the employee one (1) day leave of absence.
- (c) It is understood that only non-probationary employees qualify for bereavement pay and leave as set out above.

12.08 The Company will replace employee's tools, properly brought into the yard premises in cases where it can be verified that the tools were lost other than by negligence, such loss to be during the course of the employee's employment duties.

12.09 The Company will replace welders' gloves where it can be verified that the gloves, being in good condition, were lost or rendered unusable by damage, other than by negligence or normal wear, such damage or loss to be during the course of the employee's employment duties. In addition, the Company will purchase welders' gloves at wholesale and supply them at the Company's cost to the employees who want them.

12.10 The Company and the Union agree that the practice commonly known as "moonlighting" is wrong in principle. The term "moonlighting" for purposes of this clause shall refer to a full-time employee who regularly makes a practice of working for another employer for a substantial number of hours during the week.

- (a) When this practice affects or conflicts with the Company business or the employee's ability to perform his normal duties, it shall be cause for reprimand or dismissal.
- (b) When this practice affects or conflicts with the Union policy, the Company agrees to co-operate with the Union in reprimand or dismissal.

ARTICLE XIII - SEVERANCE PAY

13.01 All employees forced to retire because of ill health (subject to Canada Pension Plan acceptance), or qualifying for Union Pension, or plant closure, shall be entitled to severance pay

as follows:

- (a) Employees with seven (7) to ten (10) years of service with the Company shall be entitled to two (2) weeks' (ten (10) days') pay.
- (b) Employees with ten (10) years of service or more with the Company shall be entitled to two (2) weeks' pay, plus one (1) day's pay for each year of service thereafter.

13.02 Pay period accumulation for vacation credits will be used as service standard in calculating severance pay.

13.03 Severance pay under this Article can only be exercised once.

ARTICLE IV - CLOTHING AND TOOL ALLOWANCE

14.01 Coveralls and welding gloves will be supplied to all employees after completion of their probationary period as follows:

- (a) Coveralls - as per coverall renting service conditions.
- (b) Safety boots - one (1) pair per year - One hundred (\$100.00) dollars maximum.
- (c) Welding gloves - as per previous Company practice.

ARTICLE XV - DURATION OF AGREEMENT

15.01 This Agreement shall be in full force and effect from and including January 15th, 2003, up to and including January 14th, 2005, subject to the right of either party to this Agreement, within four (4) months immediately preceding the date of January 14th, 2005, or immediately preceding the anniversary date in any year thereafter, by written notice to the Party, require the other Party to commence collective bargaining with a view to the conclusion of a renewal or revision of this Collective Agreement, or a new Collective Agreement.

15.02 Should either Party give written notice to the other Party pursuant hereto, this Agreement shall thereafter continue in full force and effect until the Union shall give notice of strike, or the Company shall give notice of lockout and such strike or lockout takes place, and/or either Party gives notice of termination, or the Parties shall conclude a renewal or revision of the Collective Agreement or a new collective Agreement.

15.03 The parties hereto agree to exclude the operation of

Sub-sections 2 and 3 of Section 50 of the Labour Relations Code of British Columbia.

IN WITNESS WHEREOF the Parties hereto have caused these presents to be signed by their respective officers thereunto lawfully authorized and have caused their common seals to be affixed in the presence of such officers, at the City of Vancouver, in the Province of British Columbia.

DATED at the City of Vancouver, in the Province of British Columbia, this day of February, 2003.

FOR THE COMPANY:

FOR THE UNION:

SCHEDULE "A"

JOB CLASSIFICATIONS AND WAGE RATES

Effective
Jan. 15/02

Boilermaker, Mechanic,
Welder, Burner, Tradesman,
Machinist, Engine Fitter \$24.56

Handyman (Vancouver) 17.84

Labourer (Richmond) 16.39

Journeyman Lead Hand - differential over Journeyman's basic wage
rate for trade 0.10

APPRENTICESHIP RATES:

First 6 months	\$12.28
Second 6 months	13.50
Third 6 months	14.73
Fourth 6 months	15.96
Fifth 6 months	17.19
Sixth 6 months	18.42
Seventh 6 months	20.87
Eighth 6 months	23.33

If a Company apprentice is attending an approved course at school full time, which course has been agreed to by the Company, he shall be paid the difference between his Government allowance while at school and his apprenticeship rate.

NOTE

A Charge Hand is an employee who is assigned to instruct others in the performance of their work, and who may be held responsible for the quantity and quality of the work.

No condition or wages shall be lessened by reason of this Agreement.

Retroactive pay from January 1998 to May 1998 will be paid to all employees on the seniority list as of that date.

The sum of thirty cents (\$0.30) per hour of the base rate will be deducted before taxes and contributed to the Union Pension Plan.

The Company and the Union will commence negotiations just prior to the expiry of the first year to review the feasibility of a wage and/or pension increase for the second year.

LETTER OF UNDERSTANDING

BETWEEN:

KEY MARINE INDUSTRIES LTD.

AND:

**MARINE WORKERS' & BOILERMAKERS'
INDUSTRIAL UNION, LOCAL NO. 1**

It is understood and agreed between the parties hereto that the provisions of Article 10.01 will be waived for the duration of the 2000 - 2002 Collective Agreement.

DATED at Vancouver, in the Province of British Columbia, this
day of February, 2003.

FOR THE COMPANY:

FOR THE UNION:

LETTER OF UNDERSTANDING

BETWEEN:

KEY MARINE INDUSTRIES LTD.

AND:

**MARINE WORKERS' & BOILERMAKERS'
INDUSTRIAL UNION, LOCAL NO. 1**

WELDER TESTING AND CERTIFICATION

Key Marine Industries Ltd. complies with the Canadian Welding Bureau requirements as well as ISO9002 which includes the testing and certification of welders to qualify and maintain their employment with the Company.

Those welders currently on the seniority list are required to pass and continuously hold a valid Canadian Welding Bureau (C.W.B.) shielded metal arc welding (S.M.A.W.) certificate and a flux core arc welding (F.C.A.W.) certificate.

The cost of testing, as required by the Canadian Welding Bureau will be paid by the Company for all welders currently on the seniority list.

In the event that any of the welders listed above fail their check tests when required, the Company will be responsible for the cost of re-validation, but the Company will not be responsible for lost time.

If additional check tests are required because an employee fails more than once, the cost for additional check tests will be paid for by the employee and on his own time.

The Union will supply certified welders as required. If the Union is unable to dispatch certificated welders, the Company will continue the past practice of hiring qualified welders on a permit basis.

Non-Union welders who may be recalled or unemployed welders will be encouraged by the Union to re-validate their C.W.B. and Shield Metal Arc Welding and F.C.A.W. certificates prior to employment through attendance at a qualified welding school.

It is the intent of this agreement to achieve a smooth transition from non-qualified to qualified and unemployed to employed by having welders tested and certified prior to recall to work. It is not the intent to use this agreement as an instrument for the termination or disqualification from re-hire by the Company.

DATED at Vancouver, in the Province of British Columbia, this day of February, 2003.

FOR THE COMPANY:

FOR THE UNION:

COLLECTIVE AGREEMENT

Between:

KEY MARINE INDUSTRIES LTD.

And:

MARINE WORKERS' & BOILERMAKERS'

INDUSTRIAL UNION, LOCAL NO. 1

2003 - 2005

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Schedule "A"

Letter of Understanding re Article 10.01

Letter of Understanding re Welding Testing and Certification