

COLLECTIVE AGREEMENT

BETWEEN

MD Robotics

AND

SPATEA

EFFECTIVE

MARCH 13, 2003 - DECEMBER 31, 2005

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COLLECTIVE AGREEMENT

BETWEEN

**MD Robotics,
hereinafter referred to as the "Company",**

AND

**SPATEA
hereinafter referred to as the "Association".**

EFFECTIVE

March 13, 2003 - December 31, 2005

1.0 PURPOSE

The general purpose of this Agreement is to establish, maintain and enhance mutually satisfactory relations between the Company and the Professional and Allied Technical employees represented by the Association, to establish and maintain satisfactory working conditions and fair and equitable terms and conditions of employment, to provide for career opportunities, to maintain effective collective bargaining relations and to provide for the prompt and fair disposition of grievances, as described in this Agreement.

2.0 RECOGNITION AND SCOPE

The Company recognizes that the Association is the sole and exclusive collective bargaining agent for all employees of the Company employed as professional engineers, Members Technical Staff, engineers-in-training, scientists and allied technical employees in:

- (a) the City of Toronto
- (b) at 9445 Airport Road, Brampton
- (c) on work parties outside these facilities
- (d) on long term assignment

save and except employees reporting directly to Vice-Presidents, Supervisors, Foremen, Managers, and Assistant Program Managers, and those above the rank of Supervisor, Foreman, Manager and Assistant Program Manager, persons covered by the collective agreements between MD Robotics and C.A.W. Locals 673 and 112 and persons regularly employed for not more than twenty-four (24) hours per week and students employed during the school or university vacation or on work term assignment.

In view of the foregoing, the parties agree that all employees employed in the following classifications or occupations shall be excluded from the Bargaining Unit:

- Auditors
- Budget Administrators
- Budget and Forecasting Analysts
- Cashiers
- Confidential Payroll Clerks
- Confidential Systems and Procedures Analysts
- Contract Administrators
- Forecast and Performance Analysts
- Legal Advisors
- Management Trainees
- Human Resources Staff including Health Centre
- Pricing Analysts
- Public Relations
- Secretaries
- Security and Plant Protection Personnel

3.0 MANAGEMENT RIGHTS

Subject only to the express provisions of this Agreement, the Association agrees that the Company has the exclusive right to manage its operation including the right to plan, organize and staff for its operations, and to direct and control the required resources, and to make such reasonable rules and regulations as it considers necessary for the orderly and efficient conduct of its business. The Association recognizes that it is a function of Management to hire, determine work assignments and methods, appraise performance, promote or transfer any employee, and to discipline, demote or terminate the employment of any employee for any justifiable reason, subject to the provisions of this agreement and the Ontario Human Rights Code.

4.0 NO STRIKE OR LOCKOUT

During the term of this Agreement, there shall be no strikes, walkouts, lockouts, slowdowns, work stoppages or similar work interruptions.

5.0 SECURITY

The Association recognizes that the Company is subject to Federal regulations in regard to security.

6.0 TRANSFER OF OPERATIONS

Should the Company, during the life of this Agreement, transfer its operations, in whole or in part, from its existing Brampton location, the Company will provide as much advance notice as possible of the intents and plans to transfer, but in no event less than thirty (30) days of these plans having become definite, to the Association President. In addition, every effort will be made to provide equivalent employment opportunities for employees involved in the transfer.

This Collective Agreement shall be extended to any new location within the boundaries of Brampton or the City of Toronto, if at any time the employees transferred form a majority of employees at the new location, and if there is no Collective Agreement at the new location covering such employees as are covered by Article 2.0 of this Agreement.

In the event the transfer is outside the boundaries of Brampton and the City of Toronto, the terms of this Agreement shall continue to be applicable to the transferred employees for a period of three (3) months, provided there is no Collective Agreement at the new location covering such employees as are covered by Article 2.0 of this Agreement. If there is a Collective Agreement at the new location covering such employees, the transferred employees shall be covered by the Collective Agreement at their new location.

7.0 INTRODUCTIONS

New employees, employees returning to the Bargaining Unit, or employees transferring from another Group in the Company shall, within their first week of work, be introduced by their supervisor to the employee's Area Representative. Any ensuing conversation shall only be for a reasonable period of time without loss of pay. During the introduction, the Area Representative may provide relevant Association literature to the new employee.

8.0 ACCESS TO FILES

An employee shall have the right to see, upon request, the contents of both the Company's Human Resources file and the Company's medical file pertaining to the employee.

The employee, upon request, will be provided with one copy of any document in the files. Material related to disciplinary action will be removed from the employee's Human Resources file two years after the action.

9.0 COLLECTIVE AGREEMENT

Each employee in the Bargaining Unit shall receive a copy of this Collective Agreement with the then current salary scales from the Company. A copy will also be included with offers of employment to prospective employees. A copy will also be posted on the company Intranet.

For the printing of this Agreement, the parties shall equally share the cost subject to mutual agreement on the total cost and quantity, and subject to a maximum of five hundred (500) dollars as the Association's share.

10.0 DUES DEDUCTIONS

The parties agree to the following provisions covering eligible employees:

- (a) The Company will deduct from the bi-weekly salary of each employee the amount of Association dues.
- (b) From time to time, the Association President will advise the Company in writing of any change in the amount of Association dues.
- (c) The Company will remit such deducted dues to the Association Treasurer at the Treasurer's work station within ten (10) working days after the date of deduction.
- (d) The Company shall provide the Association Treasurer with a list which indicates each contributing employee's name, employee number, date of hire, department number and total amount of dues deducted for the current pay period. The company shall provide an electronic copy of these lists each pay period.
- (e) This Article shall not apply in the event and for the duration of any strike, walkout, lockout, slowdown, work stoppage or similar work interruption.

11.0 DISCRIMINATION, INTIMIDATION AND COERCION

The Company and the Association agree that there shall be no discrimination, coercion or intimidation in the workplace including interference or restraint by or on behalf of the Company or by or on behalf of the Association with respect to an employee because of membership or non-membership in the Association, or participation or non-participation in lawful Association activities. It is recognized by both parties that disciplinary action per Article 20.6 is not discrimination, intimidation or coercion.

The parties agree that every employee has the right to equal treatment without discrimination in accordance with the Ontario Human Rights Code or for reasons of political affiliation.

12.0 HEALTH AND SAFETY

The Company agrees to maintain adequate sanitary, safety and health conditions throughout its buildings and will provide protective clothing and safety equipment where necessary. No employee will be disciplined for refusal to use any equipment which is not in safe operating order.

The employees have a responsibility to carry out their work in a manner which is safe to themselves and fellow employees, consistent with the Ontario Occupational Health and Safety Act.

The Company agrees to continue its present practice of having the Company doctor refer employees with a personal problem that is impacting their work to an appropriate agency on a voluntary basis.

13.0 EYE PROTECTION

All employees must wear Company-approved eye protection in areas as designated by the Company.

If employees should require prescription safety lenses to comply with the above, the Company will contribute twenty (20) dollars to the cost of the lenses, to be obtained from a safety optical company of the employee's choice.

Should the prescription safety lenses become worn or be accidentally broken during normal duties in the plant, the Company will bear the cost of repair or replacement.

The Company will contribute twenty (20) dollars to the cost of replacement of prescription safety lenses owing to vision deterioration.

If an employee should require prescription safety glasses with protective side shields in order to carry out his/her normal duties in the workplace, the Company will reimburse the cost of such prescription safety glasses every two years as follows:

- (a) approved safety frames to a maximum of forty dollars (\$40.00)
- (b) shatter proof lenses to a maximum of one hundred dollars (\$100.00).

Lenses and frames must be obtained from a safety optical company. Receipts will be required for all purchases.

It shall be the responsibility of the employee to take care of the employee's safety glasses.

14.0 HANDICAPPED EMPLOYEES

Should an employee become incapable of performing regular duties due to injury, disease or illness, the Company will continue its practice of attempting to place the employee in other suitable work the employee can perform where an opening exists.

The Company will allow handicapped employees the opportunity of modified working hours where justified, to be determined by the Director, Human Resources or the Director's designee.

Notwithstanding anything else contained in this Agreement, where the handicapped employee is certified by a doctor to be unable to work full time for an extended period, the Company may elect to pay such employee for the actual time worked, at the employee's basic hourly rate.

The parties recognize their respective responsibilities regarding handicapped employees as outlined in the Ontario Human Rights Code.

15.0 MANAGERIAL LIST

The Company will supply the President of the Association with a list of Supervisors, Managers and Directors and any other employees who have supervisory authority over members of the Association together with the name and title of their immediate supervisor.

The list will be supplied during the first regular work week of March, June, September and December.

The Company will supply the President of the Association with the MD Robotics line and program organization charts down to the employee level at the time they are issued.

16.0 BARGAINING UNIT LIST

The Company shall provide the President of the Association, or designee, electronic lists of all employees covered by this Agreement within the first regular work week of April, August and December. One list will indicate name, classification, service date and department number of each employee and will identify term employees and those on Long Term Disability. A second list will indicate name and current address of each employee.

The Company will provide copies of the Company forms covering the employment, movement or release of persons covered by this Agreement specifying name, classification, service date, department number and release or transfer date, normally within 10 working days of notification to the Company of any change outlined above.

17.0 ASSOCIATION LITERATURE

The Company will provide space on Bulletin Boards at agreed locations throughout the premises for the convenience of the Association in posting information related to the Association and its activities. All such notices must be signed by the President or Secretary of the Association or their designee and submitted to the Director, Human Resources or the

Director's authorized representative for expeditious approval before being posted. The approval will not be unreasonably withheld.

In the event that the Company refuses to post an Association notice, the Company will advise the Association of the reasons for the refusal. If requested, the Company will discuss these reasons with the Association in an effort to reach agreement to post. If, after discussion, approval to post is still withheld, the Company will provide its reasons to the Association in writing.

The Association will indicate post and remove dates on the notice which will not exceed a maximum of ten (10) working days without the agreement of the Director, Human Resources or authorized representative.

The Association may distribute Association literature at the outside exits of the premises at quitting time.

Provision is made for the installation of a distribution box, size and type to be approved by the Company, at the outside exits of the premises. The Association shall ensure that information is removed from these boxes at least every five (5) days.

The Association shall have access to the Company electronic mail system to give notice of Association business. All such notices must be submitted by the President of the Association or designee to the Director, Human Resources or the Director's authorized representative for approval before being posted on the electronic mail system.

18.0 ASSOCIATION REPRESENTATION

18.1 General Purpose Committee

The Company and the Association recognize that matters other than those subject to the Grievance Procedure or under the aegis of the Bargaining Committee will arise.

The Company acknowledges the right of the Association to select from its membership a General Purpose Committee of three (3) members, one (1) of whom shall be designated as the Chairman. In the event that the Chairman or a member of the General Purpose Committee is unavailable, another employee may be selected from the Association membership as an alternate.

The General Purpose Committee shall be involved in discussion of matters of interest to employees covered by this Agreement.

18.2 Bargaining Committee

The Company acknowledges the right of the Association to select from its membership a Bargaining Committee of five (5) members, one of whom shall be designated as the Chairman. In the event that the Chairman or a member of the Bargaining Committee is unavailable, another employee may be selected from the Association membership as an alternate. The Company may allow the attendance of another member of the Association at a meeting of the Bargaining Committee with the Company where the Association member can contribute to the discussion of a specific item because of particular knowledge or skill in that area.

The Company shall recognize and bargain with the Bargaining Committee on any matter requiring negotiation and agreement of the parties, including negotiations for the renewal of the Collective Agreement. This shall not include activities which are the responsibility of the Grievance Committee and the General Purpose Committee.

The Association may have consultants who are not employees of the Company attend meetings of the Bargaining Committee with the Company, provided that the Company is advised of such attendance in sufficient time to arrange suitable venue.

18.3 Grievance Committee

The Company will recognize a Grievance Committee composed of the Chairman who shall be selected from the Association Executive, the Area Representatives, and one (1) member selected from the Association membership.

The sole function of the Grievance Committee is to participate at Step 2 of the Grievance Procedure as described in the Grievance Procedure and participation in arbitration, as required.

In the event the Chairman is unavailable for a Grievance Committee function, the Chairman may be replaced by an alternate selected by the Association from the Association Executive.

18.4 Staff Development Committee

The Company acknowledges the right of the Association to select from its membership a Staff Development Committee of three (3) members, one of whom shall be designated as the Chairman. The functions of the Committee are to meet with the Company to discuss and advise on the administration of Article 23 hereof and on training programs.

18.5 Area Representatives

The Company acknowledges the right of the Association to select Area Representatives from its membership.

The Association has the right to select at least one (1) Area Representative in each location covered in Article 2.0 - Scope and Recognition. The Association may appoint one (1) Area Representative for every fifty (50) employees or portion thereof in any location. The Association and the Company may jointly agree to adjust the number of Area Representatives based on geographic and/or work-related factors.

The Association may appoint an alternate to act in the event of absence of an Area Representative.

The Area Representatives or their alternates shall be members of the Grievance Committee. The Area Representatives or their alternates shall assist in complaint discussions as required and process grievances as described in the Grievance Procedure.

18.6 Safety Representative

The Company will recognize an employee as a Safety representative at 9445 Airport Rd. who may attend the meetings of the Joint Health and Safety Committee and may discuss problems which may affect the safety of employees, with either the supervisor concerned, or the appropriate Safety Officer. The company will also recognize an identified alternate if the Safety Representative is off-site and unavailable. Where the Company and the Association agree, a Safety Representative shall be appointed for work outside of 9445 Airport Rd.

18.7 Company-Association Meetings

The Company shall meet with the Bargaining Committee, the General Purpose Committee or the Staff Development Committee as appropriate when there is business which requires their joint consideration.

Necessity for meeting will be indicated by a letter from either party to the other party containing an agenda of the subjects for discussion. Where possible, the parties shall meet within ten (10) working days of receipt of the letter by the other party.

The parties agree that where necessary, a disposition will be given within fifteen (15) working days following the meeting. Such time limits may be extended by mutual agreement.

18.8 Notification to Company

The Association will verbally inform the Company of the names of the members of the Bargaining Committee, the Grievance Committee, the General Purpose Committee, the Staff Development Committee, the Safety Representatives, the Area Representatives, and their alternate within one (1) working day of their selection, and will indicate who is to be recognized as the Chairman of each committee. The Company will recognize members of these committees upon verbal advice to the Director, Human Resources or the Director's designee provided written notice is received within ten (10) working days.

19.0 ASSOCIATION BUSINESS

19.1 Area Representatives and members of the Grievance Committee shall be compensated for time spent during working hours in order to attend to the processing of grievances. They will use only such time as is necessary during working hours for this purpose.

Before leaving regular duties on behalf of the Company to investigate or process a grievance or to attend a Grievance Committee meeting, permission of the immediate supervisor must be obtained, wherever practicable, with an indication of the length of time anticipated to transact the Association business. Such permission will not be unreasonably withheld. Such time must be booked on time cards as "Association Business With Pay".

19.2 The Association Executive, members of the General Purpose Committee, the Staff Development Committee and the Bargaining Committee shall be compensated for the time spent on meetings with the Company during regular working hours. Time off from work for negotiations meetings with the Company for renewal of the Collective Agreement shall be granted commencing at 9:00 am or such other time as agreed between the parties. The Bargaining Committee shall only be compensated for time spent on such

meetings during regular working hours held within sixty (60) days of the first negotiation meeting provided there has not been a strike or lockout during those sixty (60) days.

19.3 Leave of Absence without pay may be granted, provided the employee can be released from the employee's assignment, to employees designated by the Association for other Association related activities. Permission for such leave shall not be unreasonably withheld.

19.4 No one shall conduct Association activities on Company premises during working hours except as permitted in this Agreement.

20.0 GRIEVANCE PROCEDURE

All grievances arising between the parties shall be dealt with as speedily and effectively as possible. Grievances shall define the circumstances in which the alleged violation occurred. Necessary information pertinent to the resolution of grievances shall be supplied and discussed and a positive effort made at settlement by the parties at all stages of the Grievance Procedure.

The parties will not be under any obligation whatsoever to consider or process any grievance which arose out of any action or conditions exceeding a reasonable period of time after the date the subject of such a grievance became known or should have become known to the grievor. In no event will the above period of time exceed twenty-five (25) working days, nor the Company's financial liability exceed twenty-five (25) working days prior to the date the matter was first drawn to the attention of the Company.

The Company will produce such pertinent production, payroll, attendance records, disciplinary notices and each party shall supply information pertaining to the employee(s) involved as may be necessary to the settlement of a grievance at each stage of the Grievance Procedure. During the Grievance Procedure, the parties shall have reasonable access to the office facilities to view the disputed operations or confer with necessary persons.

At any stage of the Grievance Procedure, including arbitration, the time limits specified may be extended by mutual agreement. Such agreement shall not be unreasonably withheld.

Any grievance submitted by the first party that is not processed by the second party within the time limits provided herein shall be considered settled according to the remedy requested in the grievance. Such grievance, if not processed by the first party within the time limits provided herein shall be conceded to the second party. A grievance settled under this provision will be without precedent or prejudice to any similar grievance.

20.1 Definitions

(a) Grievance

A complaint concerning the interpretation, application, administration or alleged violation of the provisions of this agreement; or

a complaint that a disciplinary action other than discharge is without just cause; or

a complaint that the discharge of an employee who has completed his probationary period is without just cause.

(b) Employee Grievance

A grievance concerning one (1) employee only, or a grievance concerning more than one (1) employee with the same complaint and under the jurisdiction of the same supervisor.

In the latter case, each employee does not have to submit an individual grievance. However, each grieving employee is required to sign the grievance.

(c) Group Grievance

A grievance concerning more than one employee with the same complaint and under the jurisdiction of different supervisors.

In this case, each employee must sign the grievance.

Should more than one employee under the jurisdiction of the same supervisor have the same complaint, this will be considered an employee grievance.

(d) Discharge Grievance

A grievance which claims that an employee who has completed the probationary period has been unjustly discharged. Notwithstanding anything else contained in this Agreement, such grievance shall be filed at Step 2 of the Grievance Procedure within ten (10) working days following the claimed violation. Failing resolution, arbitration may then be invoked.

(e) Policy Grievance

A grievance which could not otherwise be resolved at lower steps of the Grievance Procedure because of the nature or scope of the subject matter of the grievance.

20.2 Complaint Stage

An employee(s) having a complaint, whether or not within the jurisdiction of the immediate supervisor, shall first discuss the complaint with a supervisor at the appropriate level. It shall be mandatory that the parties concerned fully discuss the complaint. The employee may have the employee's Area Representative or an alternate Area Representative in attendance if the employee so desires.

The supervisor shall reply to the employee no later than the fifth (5th) working day following the day on which the complaint was discussed.

20.3 Step 1

If the decision of the supervisor at the complaint stage is not satisfactory to the employee, the grievance shall be reduced to writing on the prescribed form and presented to the employee's Area Representative or an alternate Area Representative. The Area Representative or alternate

Area Representative will present same to the employee's supervisor within five (5) working days of the supervisor's response to the complaint stage.

A meeting of the supervisor, the employee and the Area Representative or an alternate Area Representative shall be convened within five (5) working days of the presentation of the written grievance.

The grievance shall be fully discussed and an answer given in writing to the Area Representative, an alternate Area Representative or the employee by the supervisor within five (5) working days from the date of the meeting.

20.4 Step 2

If the decision of the supervisor is not satisfactory to the employee, the grievance shall be submitted by the employee in writing to the Area Representative or an alternate Area Representative who shall submit it to the Director, Human Resources or the Director's designee within five (5) working days following receipt of the written decision of the Supervisor at Step 1. An employee on a work assignment at the time the written decision is given shall have ten (10) working days to accomplish the above purpose. The written grievance shall be on a prescribed form and must contain the nature of the complaint, the relief sought and all pertinent facts. The Company reserves the right to return any grievance to the employee that does not contain complete information on the aggrieved situation.

The grievance shall be fully discussed at a meeting to be held within ten (10) working days after receipt of the grievance from the Area Representative or an alternate Area Representative. At the meeting will be the Director, Human Resources or the Director's designee, the employee or a representative of the employees in case of a Group or Policy Grievance, and three (3) members of the Grievance Committee, one (1) of whom shall be the Chairman and one (1) of whom shall be the Area Representative or an alternate Area Representative of the employee(s).

If the grievance cannot be resolved in discussion, the Company will provide the Chairman of the Grievance Committee with its written decision within five (5) working days of the Step 2 meeting.

20.5 Step Elimination

It is agreed that certain types of grievances cannot be resolved at either the complaint stage or at Step 1. These types of grievances include:

- (a) Policy Grievance
- (b) Group Grievance
- (c) Discharge Grievance
- (d) Any other grievance that is mutually agreed upon

The above grievances may, therefore, be filed at Step 2 of the Grievance Procedure.

20.6 Disciplinary Action or Discharge

Wherever practicable, a discussion of the issue will occur between the supervisor and the employee prior to disciplinary action being taken. Otherwise, at the employee's request, a discussion will occur following the action having been taken.

At any meeting between the Company and an employee involving disciplinary action or discharge, the Area Representative or an alternate Area Representative shall be present unless the employee requests otherwise. The Area Representative or alternate Area Representative will have the right to advise but not to obstruct the proceedings. If requested, time will be made available following the meeting for the employee to consult the Area Representative or alternate Area Representative.

In any case of discharge, the employee shall be advised of the reason(s).

21.0 ARBITRATION

21.1 If arbitration is to be invoked, the request for arbitration must be made in writing within five (5) working days after delivery of the decision following Step 2 of the Grievance Procedure. The party seeking arbitration shall contact the arbitrators identified in Article 21.7 for a list of available dates to hear the grievance. This list of dates along with the name of the corresponding arbitrator shall be supplied to the other party, and the arbitrator available on the earliest acceptable date for both parties shall hear the grievance. Where practical, the selection of date and arbitrator shall be made within fifteen (15) working days of the list being received by the second party.

21.2 No matter may be submitted to arbitration which has not been considered under Step 2 of the Grievance Procedure and the grievance form and decisions written thereon or attached thereto shall be presented to the arbitrator and the arbitrator's decision shall be confined to deciding the issues therein set out.

21.3 During arbitration, the conferring parties may have the assistance of the employee(s) concerned and any necessary documents or witnesses. All reasonable arrangements will be made to permit the conferring parties to have access to the relevant Company facilities to view the disputed operations or confer with the necessary witnesses.

21.4 When the parties desire or the grievance is of such a nature that due to the accessibility of the operations and witnesses the arbitration hearings should be held on the premises of the Company, the parties may mutually agree to do so.

21.5 The following employees shall be paid at their basic hourly rate for the time they are required to spend during regular working hours travelling to and from and in attendance at arbitration hearings:

- (i) the Chairman of the Grievance Committee or delegate;
- (ii) up to two (2) other members of the Grievance Committee;
- (iii) the grievor; and
- (iv) witness(es) required to be present for testimony.

21.6 Grievances submitted to arbitration shall have the following priority at arbitration:

- (1) Discharge
- (2) Policy
- (3) Discipline
- (4) Leave of Absence
- (5) Others

21.7 It is agreed that disputes which are carried to the arbitration stage shall be heard before a single arbitrator. The Company and Association, having expressed confidence in the ability of the undermentioned persons, agree that they shall be called to arbitrate on the basis of their earliest availability.

- (a) H.D. Brown
- (b) M. Picher
- (c) T. Jolliffe
- (d) M. Mitchnick
- (e) G. Simmons
- (f) O. Shime
- (g) any other arbitrator mutually agreed

21.8 The arbitrator shall not have jurisdiction to alter or change any of the provisions of this Agreement, or to substitute any new provisions in lieu thereof, nor to give any decision inconsistent with the terms and provisions of this Agreement. The arbitrator, however, in respect of a grievance involving a penalty, shall be entitled to modify such penalty to one which in the opinion of the arbitrator is just and equitable.

21.9 The parties agree that the decisions of the arbitrator shall be final and binding on both parties and affected employees.

21.10 The arbitrator's expenses shall be borne in equal shares by the Company and the Association.

21.11 Where a grievance has been properly referred to arbitration under Section 49 of the Labour Relations Act, the parties agree to confer with a Grievance Settlement Officer appointed by the Minister of Labour to endeavour to reach a settlement of the matter prior to a hearing.

22.0 CAREER PLANNING

22.1 During the performance appraisal process outlined in Article 41.1 hereof, managers will discuss and record each employee's:

- (a) immediate and long term career goals; and,
- (b) potential work assignments and training opportunities for the following year that will assist the employee to achieve the identified goals.

22.2 The manager will also:

- (a) describe, discuss and record the manager's view of potential career paths for the employee; and

(b) review and record the employee's progress towards the goals identified in the preceding year, particularly with respect to developmental work assignments and/or training programs in that period.

22.3 As appropriate, the manager may discuss the employee's career plans at times other than during the performance appraisal.

22.4 Periodically, the company will provide information on plans likely to affect employee's career planning.

22.5 It is understood and agreed that where the interpretation, application or administration of this Article is the subject of a grievance that such grievance shall not be submitted to arbitration.

23.0 STAFF DEVELOPMENT

23.1 The objective of staff development is to provide opportunity for and promote the development of the employee's technical, administrative and leadership skills.

The parties agree that with the introduction of new technologies, it is important that new skills and required training be anticipated. Each employee and the Company have a common interest in keeping the employee's capabilities up to date with current developments.

The Company shall, wherever practicable, take the opportunity to provide guidance to the employee to increase the employee's knowledge and skill in order to meet the requirements of changing technology, as it applies to the Company's business.

Employees shall, whenever practicable, take the opportunity to apply themselves to increase their knowledge and skill, so they will keep current in their field of endeavour, or may become qualified for working at a different technology, or become qualified for promotion.

Where an employee, with the prior approval of the Company, registers in a course or seminar which the employee attends while on vacation or an approved unpaid leave of absence, the Company will reimburse the employee for the registration fee and the cost of course materials.

23.2 The Company will continue its present practice for Continuing Education, subject to the following conditions for reimbursement:

(a) The course must be approved in advance of registration.

(b) The maximum annual reimbursement per employee per year will be as follows:

<u>2003</u>	<u>2004</u>	<u>2005</u>
\$2400	\$2500	\$2600

- (c) Refund of tuition fees will be:
 - i) One hundred percent (100%) for a pass
 - ii) No refund for fail or withdrawal.
- (d) Self study and course materials will be eligible for reimbursement under Continuing Education. The maximum reimbursement for such materials will be limited to five hundred dollars (\$500.00) per year and is subject to the maximum set out in paragraph (b) above. The request for reimbursement must be approved in advance of purchase.

23.3 The Company and the Association recognize the desirability of maintaining the technical expertise of the Company's staff. To this end, participation in staff development programs related to the Company's business is to take place on the following basis:

- (a) A minimum number of work days to attend staff development activities based on the average number of employees in the bargaining unit in a year will be calculated by multiplying the average number of employees in the bargaining unit by two (2) days.
- (b) Approximately one third (1/3rd) of these days are to be utilized for conferences and seminars away from the Company premises. Attendance for the purpose of marketing activities is not to be included.

In attending these conferences and seminars, the Company shall bear the cost of expenses such as travel and living and registration, and pay the employee at basic salary for regular work days only.

- (c) Approximately two thirds (2/3rds) of these days are to be applied to in-house technical courses which are conducted on the basis that fifty percent (50%) of the time on the course is spent during normal working hours and the other fifty percent (50%) is spent during the employee's own time.
- (d) Participation in these activities will be distributed as equitably as possible.
- (e) The Staff Development Committee shall meet as required to advise and assist Management in the recommendation of the selection of the most appropriate activities and candidates to attend courses.
- (f) The Company shall maintain updated records of the following concerning employees covered by this Agreement:

- i) Participation in Continuing Education as per 23.2:

Name of employee, course taken, date, amount of reimbursement and total cost per employee per calendar year.

- ii) Attendance at conferences and seminars away from Company premises:

Name of employee, place, purpose, date, duration and cost.

iii) Attendance at in-house courses:

Names of employees, place, description, date and duration.

The Staff Development Committee shall have the right to review such records in a joint meeting with the Company.

An electronic copy of these records shall be provided to the Association by January 31st of each year.

23.4 The Company and the Association recognize the importance of licensing professionals. To this end, where it determines such license will be of value to it, the Company will reimburse the cost of registration and examination in connection with obtaining a professional license, to a maximum of five hundred dollars (\$500.00) per employee per lifetime. A request for reimbursement must be approved in advance of registration. This reimbursement excludes any annual professional association membership fee.

24.0 POSITION COMPETITIONS

Wherever practicable, the Company shall advise all employees by way of posted notices of openings for positions within the Bargaining Unit. In cases where the position is not posted, the Company shall advise the Association of the reasons for not posting. The notice will be posted for a period of five (5) working days and no decision to fill the position will be made for that period. The Company may, in its sole discretion, consider applications received after the posting has been removed from the Company notice boards but shall not be obliged to do so. If a posting is cancelled, a notice to this effect shall be posted and a copy provided to the President of the Association or designee at the time of posting.

A statement of qualifications, abilities and experience required to perform the duties will form part of each posted notice, and the appointee shall be selected on the basis of these criteria and such other factors as are relevant to the open position. A copy of each such notice shall be provided to the President of the Association or designee, at the time of posting.

Applications for posted openings must be submitted to the Human Resources Department concerned, and must state the qualifications and experience of the applicants to perform the required duties. An application by any employee who has served the probationary period will be considered, provided that the applicant's present position did not result from acceptance on another posting dated within the thirteen (13) calendar week period immediately preceding the date of the posting on which the present application is made. The Company will provide the Association with a list of eligible applicants, as defined above, for each posted position.

An applicant from the Bargaining Unit shall be selected, if qualified. Bargaining Unit members who are unsuccessful applicants shall normally be so advised within five (5) working days of the final selection decision, and the reason(s) thereof. Applicants not receiving a formal interview will be advised of the reasons by the responsible manager prior to the selection being made. Names of applicants accepted for posted positions shall be posted.

The Company will endeavour to transfer an employee accepted on a posting to the new position within three (3) months from the date of acceptance on the posting.

Where the transfer occurs beyond the three (3) month period, the employee will be advised of the reasons for the delay. Wherever practicable, in such a circumstance the employee will be transferred but continue to support his previous position on an as required basis.

The Company recognizes that it is a manager's responsibility to support job mobility. It is the employee's responsibility to manage his/her own career. Where an employee has concerns regarding the status of his/her application and/or transfer to a new position, (s)he will discuss these concerns with a member of the Human Resources Department who will assist in resolving any issues that have arisen as a result of his/her application on a posting.

If no applicant from the Bargaining Unit is suitable, then the Company may take such other steps as may be necessary to fill the vacancy. Where an external search is conducted, late applicants on the original posting shall be considered on an equal basis with external applicants.

The Company shall maintain up to date information on open positions within the Bargaining Unit, and shall permit any employee to review this information in the Human Resources Department concerned.

A summary of advertised positions will also be available through the Company Intranet.

25.0 POSITIONS OUTSIDE BARGAINING UNIT

25.1 No employee covered by this Agreement will be transferred to a position outside the Bargaining Unit without the employee's consent.

25.2 The Company shall endeavour to avoid the assignment of work within Bargaining Unit classifications to contract personnel, but shall not be restricted from making such arrangements where it finds that its recruiting efforts (including internal postings) fail to obtain the personnel required, in any classification, as regular employees of the Company, or where it appears from current labour forecasts that the position(s) to be filled will have a duration of less than one (1) year.

26.0 PROBATIONARY EMPLOYEE

A probationary employee is an employee who has worked under the provisions of this Agreement for a period of less than three (3) calendar months. A former employee re-hired within a period of six (6) months shall not be considered a probationary employee. Probationary employees who are absent for more than five (5) working days during the probationary period shall have such absence in excess of the five (5) working days added to the three (3) calendar months for the purpose of determining their probationary period. Days off for plant holidays and vacation will not be considered as days absent.

The discharge of a probationary employee is at the sole discretion of the Company and no grievance shall be lodged. A probationary employee may grieve on all other matters covered by this Agreement.

27.0 CLASSIFICATIONS AND SALARIES

27.1 Each employee shall be classified in one of the classifications identified in Article 42.0, or such other classifications as may be included in the Bargaining Unit under Article 28.0.

The Company will supply to the President of the Association, or the President's designee two (2) copies of current classification descriptions for each classification in the Bargaining Unit.

27.2 The salary scale applicable to each classification and the salary administration procedure shall be in accordance with Article 42.0.

27.3 Each year, by August 15, the Company shall provide to the President of the Association, the following information electronically without names for each individual member of the Bargaining Unit, as at the date supplied:

- a) Date of hire;
- b) Year of graduation;
- c) Classification;
- d) Date of latest promotion;
- e) Salary;
- f) Actual maturity increases since July 1 of the previous year;
- g) Performance ratings since July 1 of the previous year;
- h) Actual performance increases, taking into account the effects of salary constraints;
- i) Overtime pay;
- j) Overtime hours – including flex and lieu;
- k) All bonus information, and any other salary increases.

27.4 Term Employees

The Company and the Association agree that the Company may, from time to time, have a requirement to hire a limited number of employees for a definite term or task as a result of manpower demands or a requirement for specific expertise not otherwise available. It is agreed that such term employees should be included in the bargaining unit for the duration of their employment with the Company. The Association understands and agrees that nothing in this Article will be or will be deemed to be a limitation on the right of the Company to assign work to contract personnel pursuant to Article 3.0 Management Rights and Clause 25.2 of the collective agreement or to employ students during the school or university vacation or on work term assignment pursuant to Article 2.0 Recognition and Scope; such persons not to be covered by the terms of the collective agreement or this article.

The Company and the Association agree that the following terms and conditions shall apply to the employment of such employees:

- a) Term employees may be hired for a definite term or task for a period of up to twenty-four (24) consecutive months.
- b) The original term of employment may be extended by the Company for up to six (6) months.
- c) Save and except for articles listed below, the terms of the collective agreement between the Company and the Association will apply to such employees:

- Article 18.0 – Association Representation
 - Article 19.0 – Association Business
 - Article 22.0 – Career Planning
 - Article 23.0 – Staff Development
 - Article 29.0 – Service Date and Continuous Service
 - Article 30.0 – Security of Employment
 - Article 38.0 – Sick Leave
 - Article 40.0 – Vacations with Pay
 - Article 41.0 – Performance Reviews
 - Article 43.0 – Salary Increases
 - Article 44.0 – Variable Payment Plan
 - Article 45.0 – RRSPs
 - Article 46.0 - Long Term Disability
 - Dental Plan
 - Retirement and Pension Plan
- d) Where the original term is reduced by the Company, the term employee is entitled to the lesser of four (4) weeks' notice or four (4) weeks' pay in lieu of notice or the cash equivalent of what (s)he would have been paid to the end of the original term.
- e) A term employee may not grieve the termination of his/her employment by the Company.
- f) The salary and salary review process (if any) that applies to term employees will be specified in their offer of employment and will, in so far as practical and possible, be consistent with the terms of the collective agreement.
- g) Where a term employee applies for and is accepted on a posting for a permanent position pursuant to Article 24.0 "Position Competitions" or where, at the end of his/her term, the Company decides to offer and the term employee accepts a permanent position, the employee's continuous service date shall be deemed to be the employee's date of hire as a term employee provided only that there has been no break in service; in such case, the most recent hire date will apply.
- h) Entitlement to paid sick leave will accrue at the rate of one (1) day per month of service to a maximum of ten (10) days in any twelve (12) month period. With the approval of his/her supervisor, the employee may be paid for sickness absence to the accrued total.
- i) The amount of vacation to which the term employee will be entitled will be determined through the application, mutatis mutandis, of Article 40.0 – Vacations with Pay. Where the term is twelve (12) months or more, it is expected that the vacation will be taken as time off with pay during the term of employment.
- j) It is understood and agreed that no regular, full time employee in the bargaining unit may apply for or be employed by the Company as a term employee.

28.0 NEW CLASSIFICATIONS

Should the Company introduce a new classification or position which would be of such a technical content as to be included in the scope of the Bargaining Unit, the Company will discuss with the Association the reason for the introduction and work to be performed in the new classification or position and shall provide the Association President with the name of the classification and the salary scale related to same, prior to filling the position.

If a dispute arises between the Association and the Company relative to the exclusion of a new classification from the Bargaining Unit, all such disputes, if not resolved in discussion between the parties shall be the subject of the Grievance Procedure unless mutually agreed by the parties.

Agreement to take the dispute to the Ontario Labour Relations Board shall not be unreasonably withheld by either party. Should the grievance proceed to arbitration, the arbitrator shall make a decision based on the comparison of the new classification with classifications within the scope of the Bargaining Unit.

The above shall be the general practice. However, during the term of this Collective Agreement, the parties agree that any such disputes may be taken to the Ontario Labour Relations Board without the need for mutual agreement.

29.0 SERVICE DATE AND CONTINUOUS SERVICE

29.1 An employee's service date is the employee's date of hire by the Company (or date of last hire in case of a re-hired employee, see Clause 29.4) adjusted by any period of approved Leave of Absence, since date of hire, as stipulated in Clause 29.3.

For those employees who were employed by Spar Aerospace Limited at the time of the sale of the business to MacDonald Dettwiler & Associates (MDA) in May 1999, their existing service date with Spar will continue to be recognized by MDA as the employee's service date with the Company.

29.2 Continuous Service shall mean the total period of time since the employee's service date.

For certain employees, who were on the Company's payroll on or before March 27, 1980, certain periods of service with predecessor or other Companies have been included in the employee's Continuous Service, as described in the Company-published list dated April 8, 1980, by agreement between the Company and the individual employees to whom this was applicable.

29.3 An employee who is on approved Leave of Absence, and subsequently returns to active employment with the Company, shall be credited with the Continuous Service which the employee had prior to the commencement of such leave, plus up to twelve (12) months of the approved Leave of Absence.

29.4 An employee is considered to be re-hired if the employee's previous employment was terminated by the Company or the employee.

30.0 SECURITY OF EMPLOYMENT

- 30.1** (a) Despite any other provision of this Collective Agreement, where there is a forecast lack of work within six months, the Company shall have the unfettered right to lay off one or more than one employee as it sees fit, subject only to sub-paragraph (e).
- (b) The Company's right to lay off, as defined in sub-paragraph (a), shall, without limitation, include any decision concerning a lay-off, including whether to lay off employees, the number of employees to be laid off, the timing of such lay-offs, the location of such lay-offs and the individuals selected for lay-off.
- (c) For clarity, and without restricting the rights of management under this Article 30.1, it is understood that the Company need not consider seniority or continuous service in selecting individuals for lay-off.
- (d) For clarity, it is understood that an employee selected for lay-off from the Company shall not have the right to displace another employee.
- (e) Decisions relating to lay-off shall not be contrary to the Ontario Human Rights Code nor shall such decisions contravene Article 11 of this Collective Agreement.
- (f) In any arbitration challenging a Company decision to lay off, or any aspect relating thereto, the inquiry shall be restricted to a determination of whether there is a forecast lack of work under subparagraph (a) or whether there is a contravention of Article 11 or the Ontario Human Rights Code under subparagraph (e) above. The burden of proof shall be on the Association to prove a violation on a strong balance of probabilities.

30.2 Lay-off Notice and Severance Pay (Lay-off Allowance)

An employee who is to be laid off shall receive written notice of the proposed date of lay-off or pay in lieu of notice and severance pay based on the employee's completed years of continuous service in accordance with the following table.

Severance pay and pay in lieu of notice amounts will be calculated by multiplying the number of weeks as determined from this table by the employee's regular, non overtime, weekly wage.

Employees will receive credit for completed months of continuous service beyond the last completed year of service on the following basis:

- determine the difference in the number of weeks' severance pay between the employee's completed years of service and the number of weeks' severance pay at the next higher completed years of service;
- multiply the number of weeks determined above by the completed months of service divided by twelve;
- add the result to the amount from the table for the employee's completed years of service to determine the total severance payable.

Example: Employee's service - 5 years, 7 months, 1 week

Severance Pay at 5 years = 15 weeks

Severance Pay at 6 years = 18 weeks

Total Severance Pay = 15 weeks

+ 1.75 weeks (3 weeks x 7/12)

16.75 weeks' pay

Should alternative employment within the Company become available and no interruption of work occur, no payments or allowances will be paid in excess of salary for hours worked.

Should alternate employment become available after the lay-off notice has been given to the employee, but before the effective date of lay-off, the employee shall have the option of not accepting the alternative employment with no loss of severance pay (lay-off allowance).

Completed Years of Continuous Service	Period of Notice or Pay in Lieu of Notice (Weeks)	Severance Pay (Weeks)
<1	1	7
1	2	6
2	2	6
3	3	9
4	4	12
5	5	15
6	6	18
7	7	21
8	8	24
9	8	28
10	8	32
11	8	36
12	8	40
13	8	41
14	8	41
15	8	42
16	8	42
17	8	43
18	8	43
19	8	44
20	8	44
21	8	45
22	8	45
23	8	46
24	8	46
25	8	47
26+	8	47

- 30.3** a) A laid off employee shall be deemed conclusively terminated for the purposes of this Collective Agreement and the Ontario Employment Standards Act.
- b) Despite any other provision of this Collective Agreement, upon lay-off an employee shall immediately forfeit all seniority rights or rights of continuous service.
- c) Once an employee is laid off, he or she shall unconditionally be deemed to have abandoned any rights to be recalled, and no employee shall have the right to be recalled.

31.0 HOURS OF WORK

31.1 Regular Work Week, Regular Work Day

The regular work week shall be forty (40) hours, consisting of five (5) consecutive regular work days of eight (8) hours each.

Starting and stopping times on each regular work day shall be 8:00 a.m. and 4:30 p.m., respectively. This schedule may be referred to as Day Shift.

In order to meet specific Company business requirements, the work week may start on any day of the calendar week as mutually agreed between the parties. The Association will not unreasonably withhold agreement. A normal work week commences on Monday.

31.2 Irregular Hours

In the event that the beginning of a work day on the Day, Evening or Night Shift has to be advanced by more than two (2) hours from an employee's scheduled hours, the hours worked outside of the scheduled hours shall be called irregular hours.

31.3 Shift Work

A shift schedule shall be five (5) consecutive work days of eight (8) hours each, commencing after 1:00 p.m. or before 6:30 a.m.

Shifts commencing on or after 1:00 p.m. but before 8:00 p.m. shall be referred to as an Evening Shift.

Shifts commencing on or after 8:00 p.m. but before 6:30 a.m. shall be referred to as Night Shift.

31.4 Vacations and Shift Work

Unless mutually agreed otherwise between the employee and his/her supervisor, the vacation period of an employee regularly scheduled on shift work will commence not later than 2400 hours on the Friday preceding the vacation period if the first day of the vacation is a Monday. The employee will be scheduled to return to work not earlier than 0001 hours on the Monday following the vacation where the last day of the vacation is a Friday. The preceding will apply only to vacation periods of five (5) or more consecutive days.

31.5 Change in Working Hours

Upon giving a minimum of one (1) week's notice, where practicable, to the Association and the individuals concerned, the Company may change the starting and stopping times of shift or regular work week by up to one (1) hour. This pertains to both a general change or a change for individuals or groups of individuals.

Any change in starting or stopping times not covered by the above will be made by mutual consent of the Company and the Association. Such consent shall not be unreasonably withheld.

31.6 Rest Between Work Periods

No employee's work period shall commence prior to an eight (8) hour lapse from the end of the previous work period except in cases of emergency or with the employee's consent.

31.7 No Guarantee of Work

The Company does not guarantee to provide work to any employee for the regularly assigned hours or for any other hours.

31.8 Flexible Working Hours (Flextime)

Employees may participate voluntarily in the flexible working hours program with the agreement of their immediate supervisor, which agreement shall not be unreasonably withheld, subject to the following terms and conditions:

- (a) flextime is defined as time worked by the employee outside the core hours on a regular work day at the employee's option;
- (b) overtime is defined as time required and pre-authorized by the employee's supervisor in excess of eight (8) hours in a day or forty (40) hours in a week;
- (c) each participating employee is required:
 - i) to record the employee's starting and stopping times daily as required;
 - ii) to be at work for the core hours of 9:00 a.m. to 3:00 p.m.;
 - iii) to be at work at such other times as are required by the employee's supervisor for specific business reasons;

- iv) to obtain his/her supervisor's approval in advance for any time off during core hours;
 - v) to obtain his/her supervisor's approval for all paid time worked in excess of forty (40) hours per week;
 - vi) to notify his/her supervisor or designee of time off outside the core hours.
- (d) the employee may bank up to a maximum of eighty (80) hours total in the bank;
 - (e) the flextime bank of an employee shall not be negative at the end of any one week period;
 - (f) authorized travel time may be banked in the flextime bank as provided in Article 35.2;
 - (g) paid leaves of absence will be counted as hours worked for the purposes of the application of flextime on the basis of eight (8) hours per regular work day;
 - (h) should an employee who is participating in a flextime program cease to be employed for any reason, the employee will be paid at his/her then current rate of pay for any positive balance in his/her flextime account on the day of his/her termination;
 - (i) the employee shall ensure (s)he does not exceed the maximum number of hours listed in (d) above. Time charged to the flextime bank in excess of the maximum will not be compensated either by time off work or payment;
 - (j) should an employee persistently fail to follow the conditions set out in section (c) i) through vi) hereof, the employee's participation in the plan may be cancelled at the sole discretion of the Company.

32.0 LUNCH PERIOD

The lunch period shall be one-half (1/2) hour and may be staggered.

33.0 OVERTIME COMPENSATION

Authorized time worked in excess of eight (8) hours in any one day or in excess of forty (40) hours in a week shall be considered overtime.

All authorized overtime worked up to a total of two and one half (2 1/2) hours per week shall be paid at the employee's basic hourly rate. Work performed in excess of these two and one half (2 1/2) hours will be paid at one hundred and fifty percent (150%) of the employee's basic hourly rate.

Authorized overtime on the sixth (6th) day of the week, normally Saturday, will be paid at one hundred and fifty percent (150%) of the employee's basic hourly rate.

Authorized overtime on the seventh (7th) day of the week, normally Sunday, will be paid at one hundred and fifty percent (150%) of the employee's basic hourly rate unless the employee also

worked authorized overtime on the sixth (6th) day of the same week in which case it will be paid at two hundred percent (200%) of the employee's basic hourly rate.

Should an employee be required to work on a recognized holiday, the employee will be paid at the rate of two hundred percent (200%) for all authorized hours worked on the holiday and, in addition, be paid (1) regular day's pay for the holiday or, with the agreement of his/her supervisor, have a lieu day off with pay added to his/her next vacation period.

All authorized work performed during irregular hours will be paid at one hundred and fifty percent (150%) of the basic hourly rate.

An employee's basic hourly rate shall be determined by dividing the basic annual salary exclusive of any pay supplements by two thousand and eighty (2080) hours.

Wherever practicable, authorized overtime hours shall be worked at the employee's convenience. The final decision on when overtime is worked will be based on Company needs. Overtime shall not be compulsory. However, the employee's consent shall not be unreasonably withheld.

33.1 Overtime in Lieu Banking

To a maximum of forty (40) hours in a calendar year, employees have the option of taking time off with pay at their regular hourly rate in lieu of being paid for authorized overtime worked. The amount of such time off will be determined on the basis of one (1) hour off for each hour of authorized overtime worked up to two and one half (2 1/2) hours per week and one and one half (1 1/2) hours off for each hour worked beyond that in a week.

An exception to the foregoing will be made in the case of an employee who works in excess of two hundred (200) hours overtime in a period of six (6) consecutive months. In this case, the employee will be entitled to exchange up to a maximum of forty (40) hours overtime in this six (6) month period and up to forty (40) hours for the balance of the calendar year.

The employee is required to advise the authorizing superior of the desire to exercise this option prior to working the overtime.

Such time off shall be taken in the calendar year in which it is accumulated as mutually agreed to by the employee and the employee's superior, taking into account the operating needs of the Company.

Upon request, an employee will be paid all or some of his/her overtime in lieu bank during the calendar year. The employee shall be paid for this time at the premium rate in effect at the time the overtime was worked, calculated on the basis of the hourly rate in effect at the time it is paid out to the employee. This payment shall be made to the employee as soon as is practicable and, normally, within one month of the payout request being made.

If it is not possible to schedule such time off by the end of the calendar year due to operating needs of the Company, the employee shall be paid for the accumulated overtime at the premium rate in effect at the time the overtime was worked, calculated on the basis of the hourly rate in effect at the time it is determined to pay for the overtime in lieu of time off.

Should an employee's employment be severed for any reason, any outstanding accumulated overtime credits shall be paid as in the previous paragraph.

33.2 Shift Work Compensation

During the term of this Agreement, the Company shall compensate scheduled shift work as defined in Clause 31.3 as follows: Evening Shift will be compensated at one hundred and eight percent (108%) of the basic hourly rate, and Night Shift at one hundred and ten percent (110%) of the basic hourly rate.

33.3 Saturday and Sunday Premium

Employees whose regular work week includes Saturday and Sunday shall be paid an additional 1.2 hours' wages for Saturday and 2.4 hours' wages for Sunday.

The Saturday and Sunday Premium shall be paid to an employee who works more than four (4) hours on the Saturday and/or Sunday. Saturday and Sunday are deemed to commence at 0001 a.m. (midnight).

34.0 MISCELLANEOUS ALLOWANCES

34.1 Call-Back Allowance

An employee who returns to work outside the employee's regular working hours for an unplanned work assignment shall receive a minimum of three (3) hours' pay at the appropriate overtime rate. The return to work shall be as a result of a request made subsequent to the end of the employee's previous regular work period.

34.2 Telephone Calls

In the event an employee is contacted by telephone or a pager, which necessitates a return telephone call, outside the employee's regular working hours in order to provide advice regarding a work related activity, the employee shall receive one (1) hour's pay at straight time. Should the telephone call exceed one (1) hour, actual time consumed will be paid at straight time. Wherever possible, these telephone calls are to be made in such a way as to minimize inconvenience.

35.0 TRAVEL ON COMPANY BUSINESS

35.1 The Company agrees that time spent travelling on Company business during the employee's normal working hours by the method of travel as authorized by the Company is to be considered as time worked.

Authorized travelling time outside normal working hours shall be considered as time worked but not as overtime.

35.2 An employee required to work temporarily at another location, while still returning to his/her residence daily, shall be eligible for travel time in accordance with this article for the

duration of the temporary work assignment, or until the location of the assignment is deemed to be the employee's normal place of work.

- 35.3** During the regular work week, employees may claim authorized travel time up to a maximum of three (3) hours per one way trip in excess of 1 hour outside the employee's normal working hours. The travel time is considered to commence and terminate at either the employee's residence or office location, whichever location is closer to the travel destination.

On the sixth (6th) and seventh (7th) day of the week or on recognized holidays, an employee may claim up to a maximum of eight (8) hours for time spent travelling.

The employee may elect to bank travel time in his/her flextime bank or be compensated at the employee's basic straight time hourly rate.

- 35.4** For extended travel (e.g. Europe), the Company will provide that a reasonable period of rest is allowed from time of arrival until work activity commences. The foregoing will apply except in cases that are determined to be of an emergency nature by the Company.

- 35.5** Allowable travel and living expenses incurred in connection with authorized travel on Company business will be reimbursed as per Company procedure. Receipts and justification are required where meal expenses exceed the per diem rates. The Company will discuss with the Association substantive changes, excluding increases to the per diem and mileage rates, to the Travel and Living Policy FIN.PR.002 in advance of such changes.

35.6 Automobile Business Liability Insurance

An employee who is required to drive on Company business, and who requires additional automobile business liability insurance as determined by his/her insurance company must furnish a letter from the insurance company confirming the insurer's requirements relative to such insurance.

Subject to the Company's prior approval and to the subsequent provision of a receipt, the Company will reimburse the additional cost of automobile business liability insurance. The

Company's decision will be based on the cost effectiveness of reimbursing the cost of business liability insurance versus the cost of using a rental car.

36.0 FIELD ASSIGNMENTS AND ALLOWANCES

Prior to commencement of a field assignment, the Company and the employee affected shall discuss the nature, scope, expected duration and the terms and conditions of the assignment in light of the employee's present tasks, responsibilities and situation. Matters concerning visits to the employee's normal place of work, relocation where applicable and expenses to be reimbursed will be discussed.

Such discussion shall take place as far in advance of the start date of the field assignment as possible. Insofar as practical and possible, the Company will notify affected employees of the commencement of a field assignment in advance in accordance with the following schedule:

<u>LOCATION</u>	<u>DURATION</u>	<u>NOTICE PERIOD</u>
Domestic	2 - 6 months	1 month
	more than 6 months	2 months
Foreign	2 - 3 months	1 month
	3 months or more	2 months

Subsequently, the employee shall be informed in writing of the terms and conditions of the assignment.

Where an employee who has accepted a field assignment requires a new passport or other documents to travel to or from work in the host country, the Company will reimburse the employee for the fees paid for such passport or other required documents.

36.1 Definition of Field Assignment

Assignments which meet the following criteria will be considered field assignments:

- (1) Require the employee to travel to a place other than the employee's normal work place and at least ninety-five (95) kilometres distant from such normal work place;

and EITHER

- (2) Require the employee to remain resident away from the employee's normal place of residence for at least fifteen (15) consecutive calendar days;

OR

- (3) Require the employee to remain resident away from the employee's normal place of residence for more than eighty percent (80%) of the days during any thirty (30) consecutive calendar day period.

36.2 Terms and Location

Field assignments shall be further defined as to term and location:

- (1) Domestic: requiring the employee to locate and work at a place of work in Canada other than the employee's usual place of work.
- (2) Foreign: requiring the employee to locate and work outside of Canada
- (3) Hazardous: requiring the employee to work in an environment where the employee is exposed to a physical, chemical or biological agent to the extent that the normal physiological mechanisms are affected and the health of the employee is impaired.

36.3 Salary and Salary Reviews While on Field Assignment

The Company will continue to pay an employee on field assignment the base salary to which the employee was entitled prior to that assignment. The employee will become eligible for performance or salary reviews, as in Article 41.0, as the employee would have become, had the employee not been given a field assignment.

36.4 Domestic Field Allowance

Whenever an employee is on a domestic field assignment, a dislocation allowance equal to ten (10) percent of the employee's base pay will be paid.

36.5 Expatriate Compensation

Employees on a foreign field assignment will be compensated in accordance with the Company's Expatriate Compensation Policy. An expatriation allowance of not less than ten (10) percent of the employee's base pay will be paid to employees while on a foreign field assignment.

36.6 Hardship Allowance

When a field assignment is carried out under conditions of work which differ substantially in terms of personal security, extreme isolation from society, hazardous living conditions from those that prevail at the Company's facilities, a hardship allowance will be paid to the employee. The amount of such allowance as well as the determination of whether hardship conditions exist and to what degree will be determined by the Company.

36.7 Commencement and Termination of Allowance Payments

Field allowances, if any, will commence the day the employee arrives on the site and will terminate upon the employee leaving the site to return to the employee's normal place of work.

36.8 Hours of Work While on Field Assignment

On any field assignment where the Company provides direct supervision and the hours of work can be controlled by the Company, the standard work week in effect at the employee's home location will apply. Overtime provisions in effect at the employee's home location will prevail.

On field assignments where direct supervision cannot be provided by the Company, and where the hours required to be worked are governed by the conditions of the location or facility of the field assignment, the employee will be paid at the same hourly rate as the employee was entitled to prior to that assignment. Overtime provisions in effect at the employee's home location will prevail.

36.9 Return Visits to Normal Place of Work

In deciding whether an employee assigned to field work should be entitled to a return trip or trips to the employee's normal place of work, the Company will take into consideration the nature of the

employee's assignment, the duration of the assignment and the conditions under which the assignment has to be carried out. An employee will be informed prior to the commencement of the employee's field assignment whether or not the employee is being granted return visits to the employee's normal place of work during the term of the assignment. The Company will discuss with the Association substantive changes, with respect to Transportation, to the Field Allowances Policy HR-POL.004 in advance of such changes.

36.10

Employees may decline hazardous field assignments. If alternative work is not available, the employee will be eligible for severance in accordance with Article 30.01, Security of Employment.

37.0 LEAVE OF ABSENCE

37.1 Personal Leave

During the term of this Agreement, the Company agrees to continue its existing practice of granting Leaves of Absence for personal reasons where operational requirements permit, including intermittent leaves throughout the week for a limited period of time. The amount of salary deducted for a Leave of Absence will be calculated on the basis of the employee's basic hourly rate. The employee has the option of continuing benefits other than Long Term Disability at the employee's cost for up to twelve months' continuous leave.

37.2 Pregnancy Leave

A pregnant employee who commenced employment with MDR at least thirteen (13) weeks before the expected birth date will be granted pregnancy leave. Pregnancy leave may begin no earlier than seventeen (17) weeks before the expected date of birth. Pregnancy leave will be for seventeen (17) weeks, or where the mother is not entitled to take parental leave, for the greater of seventeen (17) weeks or six (6) weeks after the birth of the child.

An employee who wishes to take pregnancy leave must give MDR no less than two (2) weeks' written notice of the date the leave is to begin and a certificate from her physician stating the expected date of birth. Unless an employee on pregnancy leave gives MDR at least two (2) weeks' written notice that, at the conclusion of her pregnancy leave, she intends to commence parental leave, the employee will be deemed to intend to take the maximum length of her pregnancy leave and return to work immediately thereafter. If an employee on pregnancy leave wishes to return to work without having taken her full entitlement to pregnancy leave the employee must provide MDR with at least four (4) weeks' written notice of the date on which she wishes to return.

The benefits of an employee on pregnancy leave will be continued by MDR at its own cost.

Where an employee who has been granted pregnancy leave and parental leave and has exhausted the benefits available to her under Employment Insurance and presents a statement from her physician that she is unable to return to work, that employee will be eligible to qualify for Sick Leave as provided for in Article 38.0

37.3 Parental Leave

An employee who has been employed by MDR for at least thirteen (13) weeks and is the parent of a child will be granted a parental leave of up to thirty-five (35) weeks if the employee also took pregnancy leave and thirty-seven (37) weeks, otherwise. The employee is required to give MDR at least two weeks' written notice of the date the leave is to begin.

An employee who has taken pregnancy leave is required to begin her parental leave when the pregnancy leave ends unless the child has not yet come into the custody, care and control of a parent for the first time. The parental leave of an employee who has not taken pregnancy leave must begin no later than fifty-two (52) weeks after the child is born or first comes into the custody and control of a parent for the first time.

The benefits of an employee on parental leave will be continued by MDR at its own cost.

Unless otherwise advised by the employee, the employee will be deemed to intend to return to work thirty-five (35) weeks after the parental leave began, if the employee also took pregnancy leave and 37 weeks after it began, otherwise. In the event the employee wishes to return to work on an earlier date, the employee is required to give MDR at least four (4) weeks' written notice of that date.

37.4 Return from Pregnancy/Parental Leave

An employee returning from pregnancy leave, parental leave and/or extended leave as provided for in Articles 37.2 and 37.3 of the collective agreement may apply to the Company in writing for part-time work. Such application shall be made thirty (30) days prior to the date on which the employee wishes to commence the part-time work. Where the Company, in its sole discretion, determines there is work available which can reasonably and effectively be performed on the part-time basis proposed, the employee may return to work and continue in the bargaining unit subject to the following terms and conditions:

- (a) The total period of pregnancy leave, parental leave and the time spent working fewer than twenty-four (24) hours per week shall not exceed twelve (12) months from the date on which the employee first commenced a leave.
- (b) The terms of the collective agreement shall apply except that the Company contribution to benefits shall be made on a pro-rata basis in the same proportion as the hours worked bear to the regular work week.

37.5 Bereavement Leave

When a death occurs in an employee's immediate family, the employee shall, on request, be granted a Leave of Absence to make final arrangements and attend the funeral. The length of such Leave of Absence shall depend on the employee's family circumstances. Leave of Absence with pay shall be limited to three (3) regular working days.

Immediate family means parents, parents-in-law, step-parents, guardian (provided the guardian acted in place of a parent), spouse or common-law spouse, children, step-children, children in guardianship, brothers or brothers-in-law, sisters or sisters-in-law, grandparents, grandchildren and relatives permanently residing in the employee's household or those with whom the employee permanently resides.

37.6 Jury Duty

Employees required to serve on Jury Duty or subpoenaed as witnesses to appear in Court shall be paid the difference between their normal day's salary and the amount they receive as fee for such services.

37.7 Educational Leave Credits

Subject to the operational requirements of the Company, individual employees have the option of earning and using credits for a paid educational leave of three (3) to twelve (12) months' duration. Such credits will be earned before the leave commences by the method agreed between the employee and the Director, Human Resources. Specific arrangements for the earning of the credits and the timing of the leave must be approved by the Group President or delegate in advance.

37.8 Observance of Religious Holy Days

The Company agrees that an employee, having advised his/her manager, may be absent from work in observance of holy days celebrated by his/her religion. In order that the manager can schedule work, the employee must provide a minimum of five (5) working days' notice of the dates for which time off is required. The employee may take this time as vacation, flex or lieu time or as an unpaid leave of absence.

38.0 SICK LEAVE

38.1 Sick Leave

Employees absent from work as a result of sickness or accident will be paid for such time off at full or partial salary for up to six (6) consecutive months, the amount paid being related to length of continuous service in accordance with the following schedule:

CONTINUOUS SERVICE	DURATION OF BENEFIT AT FULL SALARY	DURATION OF BENEFIT AT 66 2/3% OF SALARY
0-3 months	1 week	3 weeks
3 mths. but less than 2 yrs.	1 month	5 months
2 yrs. but less than 3 yrs.	2 months	4 months
3 yrs. but less than 4 yrs.	3 months	3 months
4 yrs. but less than 5 yrs.	4 months	2 months
5 yrs. but less than 6 yrs.	5 months	1 month
6 or more years	6 months	

38.2 Where an employee is entitled to receive benefits under the Canada Pension Plan, Employment Insurance, Workplace Safety Insurance Board or other Company paid plan as a result of the employee's disability, the amount paid pursuant to Clause 38.1 will be reduced by the amount of such payment.

38.3 The Company may require an employee to provide a medical certificate for absence due to sickness or accident either to confirm the cause of the absence or to substantiate the employee's fitness to resume work.

39.0 RECOGNIZED HOLIDAYS

The Company will observe the following holidays. No employee covered by this Agreement shall have the employee's salary reduced by reason of observance of the following holidays, providing that the employee is not absent from work on either the work day immediately preceding or the work day immediately following the holiday.

RECOGNIZED HOLIDAYS

	<u>2003</u>	<u>2004</u>	<u>2005</u>
New Years Day	January 1	January 1	January 3
Float		January 2	
Good Friday	April 18	April 9	March 25
Victoria Day	May 19	May 24	May 23
Canada Day	July 1	July 1	July 1
Labour Day	September 1	September 6	September 5
Thanksgiving Day	October 13	October 11	October 10
Float		December 23	December 22
Float	December 24	December 24	December 23
Christmas Day	December 25	December 27	December 26
Boxing Day	December 26	December 28	December 27
Float	December 29	December 29	December 28
Float	December 30	December 30	December 29
Float	December 31	December 31	December 30

It is further provided that an employee will be paid for such a holiday if the employee can supply the Company with satisfactory reasons for the employee's absence on either the work day before or the work day after the holiday. Payment when the employee is absent on both days will be at the Company's discretion. If an employee is on an approved Leave of Absence or on vacation on the work day before and the work day after a holiday, the employee will be paid for that holiday if the employee is not absent on the work day immediately prior to and following the approved Leave of Absence or vacation.

40.0 VACATION WITH PAY

40.1 Definitions

(a) Annual Vacation Entitlement

An employee's annual vacation entitlement is calculated by multiplying the monthly rate at which the employee earns vacation credits by twelve (12).

(b) Continuous Service for Vacation

For the purpose of determining the rate at which an employee earns vacation credits when initially hired, the employee's service date shall be deemed to be the first of the month in which he/she was hired if that was between the first (1st) and the fifteenth (15th) of the month and, if that was on or after the sixteenth (16th), the first of the following month.

(c) Vacation Period

The vacation period is the period of time during which the employee takes vacation.

40.2 Vacation Credits

Each employee earns vacation credits monthly in accordance with the following table on the basis of the employee's service as defined in section 40.1 (b). Such credits are accrued at the end of each MDR accounting month. The MDR accounting calendar shall be posted at the beginning of the year.

<u>CONTINUOUS SERVICE</u>	<u>VACATION DAYS EARNED PER MONTH</u>
Up to two (2) years	Five Sixths (5/6)
Two (2) less than nine (9) years	One & One Quarter (1 1/4)
Nine (9) less than nineteen (19) years	One & Two Thirds (1 2/3)
Nineteen (19) years or more	Two & One Twelfth (2 1/12)

Notwithstanding the above, employees in the classifications Engineer, Senior Engineer, Staff Engineer, Senior Staff Engineer and their equivalents and in the equivalent Allied Technical classifications shall earn vacation credits at the rate of one and one-quarter (1 1/4) days per MDR accounting month for their first nine (9) years of continuous service.

An employee who is on an approved Leave of Absence without pay for a period of thirty (30) consecutive days or more does not earn vacation credits during such Leave of Absence.

An employee may earn up to a maximum of two (2) times the employee's annual entitlement. No vacation credits may be earned beyond this amount. Should an employee reach the maximum, the employee ceases to earn further credits until such time as the employee takes vacation thereby reducing the total credits. Any credits which would otherwise have been earned while the employee's total is at the maximum are lost and may not be added later.

40.3 Vacation Pay

On July 1, 2003, 2004 and 2005, each employee's gross earnings for the immediately preceding twelve (12) months will be calculated. This amount shall be multiplied by the percentage factor related to the employee's continuous service shown below to obtain the employee's vacation pay:

<u>CONTINUOUS SERVICE</u>	<u>PERCENTAGE</u>
Up to three (3) years	Four (4) Percent
Three (3) less than ten (10) years	Six (6) Percent
Ten (10) less than twenty (20) years	Eight (8) Percent
Twenty (20) years or more	Ten (10) Percent

Notwithstanding the above, the percentage factor used in calculating vacation pay for employees in the Engineer, Senior Engineer, Staff Engineer, Senior Staff Engineer, equivalent classifications and in the equivalent Allied Technical classifications for each of the first ten (10) years of employment shall be six (6) percent.

Where the amount of vacation pay is greater than the cash equivalent of the employee's annual vacation entitlement in days and parts of days multiplied by the employee's rate of pay on July 1st of the year, the difference will be paid to the employee as vacation pay in the employee's regular pay as soon as practical and possible after July 1st.

In the case of employees with less than twelve (12) months' continuous service on July 1, 2003, 2004 and 2005, the preceding calculations will be done on a pro-rata basis.

40.4 Scheduling of Vacation Period

Each employee has the right to schedule desired vacation provided the employee's supervisor is informed in a timely fashion. For a vacation of up to five (5) consecutive working days, the normal notice required will be five (5) working days. A one (1) month notice will usually be required for vacations exceeding five (5) consecutive working days.

Wherever practicable, the Company will accede to the employee's request for vacation. However, in case agreement cannot be reached, the final decision will be based on Company needs.

In each year of employment, each employee is required to take a vacation period of not less than five (5) consecutive days.

Provided the employee complies with the provisions of the previous paragraphs, the employee may take vacation when it is earned.

If a recognized holiday occurs during an employee's vacation period, it is paid as a holiday and not deducted from the employee's vacation credits.

If the Company withdraws the previously given approval of an employee's scheduled vacation, the Company will reimburse the employee for any non-refundable costs incurred for reservations for the employee, spouse or the employee's eligible dependents who are unable to go on such vacations the employee has been obliged to cancel.

41.0 PERFORMANCE REVIEWS

The Company and Association recognize the performance appraisal as a valuable tool in motivating and retaining professional and technical employees. Establishment of performance objectives, feedback and discussions relevant to career development form an integral part of the appraisal process.

Each year, on a schedule to be determined by the Company within a three month time frame from April 1st to June 15th in 2003, 2004 and 2005, an annual performance appraisal will be conducted for each employee who has more than six (6) months' service in the bargaining unit

at that time. For employees with less than six (6) months' service in the bargaining unit at the scheduled performance appraisal date as determined above, a performance appraisal will be conducted when the employee completes six (6) months' service in the bargaining unit.

As part of the appraisal process, the employee's manager will:

- (a) obtain inputs from the employee and others having direct knowledge of the employee's work including the manager's own observations, advising the employee when a sub-contractor's input is sought;
- (b) make the appraisal taking only relevant factors into account;
- (c) in making the appraisal, take into consideration the duties and responsibilities applicable to the employee's classification;
- (d) prepare a written appraisal of the employee's performance and provide the employee with an opportunity to review it prior to the appraisal discussion;
- (e) discuss the written appraisal with the employee and, if it is factually incorrect, revise it normally within thirty (30) days of the employee fully defining his/her concerns to the supervisor;
- (f) establish with the employee performance objectives for the coming period;
- (g) conduct a career planning discussion in accordance with Article 22.0 hereof;
- (h) have the written appraisal, including the employee's written comments, if any, placed in the employee's Human Resources file; and,

- (i) if the performance summary is changed by the Company after the original summary is discussed with the employee, discuss the change with the employee.

Intermediate performance appraisals shall be conducted as follows:

- a) Prior to the end of the probationary period, a brief written review of the employee's performance to date shall be discussed with the employee and placed in the employee's Human Resources file.
- b) At times considered to be especially significant by the employee or the employee's manager, an intermediate appraisal will occur providing that not more than one intermediate review will be done in any one year.
- c) Within six months of receiving a Needs Some Improvement (NSI) review, a brief written review of the employee's performance to date shall be discussed with the employee and placed in the employee's Human Resources file.

No issue raised in connection with the contents of an employee's performance appraisal, except in cases where it can be demonstrated that issues not relevant to the performance appraisal have been taken into account, shall be arbitrable.

The relevant classification descriptions shall be readily available in writing to the employees. Grievances related to the employee's classification will be arbitrable.

42.0 SALARY ADMINISTRATION

42.1 All adjustments to salary scales will be made by adjusting the annualized salaries in the appropriate Salary Scale Table by the applicable percentage rounding the result to the nearest dollar. The bi-weekly salaries are obtained by dividing annualized salaries by twenty-six (26) rounding the result to the nearest dollar.

The resultant salary scales in 42.1.1, 42.1.2, 42.1.3 and 42.1.4 below shall be considered an integral part of the Agreement.

The salary scales include a Minimum, Mid and a Maximum salary for each job classification.

42.1.1 From the date of ratification until June 30, 2003, the salary scales for each classification shall be as set out in Appendix I which is attached to and forms part of this offer of settlement and which will be Table 1 in the renewal agreement.

42.1.2 Effective July 1, 2003, the salary scales set out in Table 1, excluding all Cost and Schedule, Database Administrator, Information Technology Analyst, System Architect and Engineering Assistant classifications, shall be multiplied by a factor of 1.01. The resultant salary scales shall be referred to as Table 2: Salary Scales effective July 1, 2003 to June 30, 2004.

42.1.3 Effective July 1, 2004, the salary scales set out in Table 2, excluding all Cost and Schedule, Database Administrator, Information Technology Analyst, System Architect and Engineering Assistant classifications, shall be multiplied by a factor of 1.015. The

resultant salary scales shall be referred to as Table 3: Salary Scales effective July 1, 2004 to June 30, 2005.

42.1.4 Effective July 1, 2005 the salary scale for each classification set out in Table 3 shall be multiplied by a factor of 1.02. The resultant salary scales shall be referred to as Table 4: Salary Scales effective July 1, 2005 to December 31, 2005.

42.2 Performance Increases

Effective on each of July 1, 2003, 2004 and 2005, performance increases will be calculated in accordance with the procedure set out in Article 43.1 hereof provided only that the resulting percentage increase in the total SPATEA payroll will be as set out below in Articles 42.2.1, 42.2.2 and 42.2.3.

In calculating the total SPATEA payroll,

- a) the salaries of employees not eligible under 43.1(i) for a performance increase on the relevant July 1st will be excluded;
- b) the applicable maturity increases shall be applied to each eligible employees' salary prior to calculating the total SPATEA payroll.

42.2.1 On July 1, 2003, the increase in the SPATEA payroll, as determined above, will be 1.5%.

42.2.2 On July 1, 2004, the increase in the SPATEA payroll, as determined above, will be 2.0%.

42.2.3 On July 1, 2005, the increase in the SPATEA payroll, as determined above, will be 2.5%.

42.3 Should an employee not be on the active payroll on July 1, 2003, 2004 or 2005, the appropriate increase in salary shall become applicable upon the employee's return to the active payroll.

43.0 SALARY INCREASES

The salary adjustments at July 1st, 2003, 2004 and 2005 shall be applied, as appropriate, in the following order:

- 1) The Promotion or Maturity increase is applied first. These increases are outside the performance pool budget. Refer to Articles 43.3 and 43.4 for specific details on these increases.
- 2) The non-discretionary portion of the performance increase is applied. Refer to Article 43.1 for details on the performance increase procedure.

- 3) If, following Steps 1 and 2, the resultant salary is below the Minimum salary for the applicable classification, the salary is then adjusted to the salary scale Minimum. This adjustment is outside of the performance pool budget.
- 4) The discretionary portion of the performance increase is applied. Refer to Article 43.1 for details on the performance increase procedure.

43.1 Performance Increase Procedure

43.1.1 The performance of employees with more than six months in the bargaining unit, as of the twelve month performance appraisal date determined in accordance with Article 41.0 hereof, will be reviewed and, based on the employee's demonstrated performance relative to his/her classification level, his/her performance will be summarized as one of the following:

- a) Needs Some Improvement (NSI)
- b) Meets Expectations (ME)
- c) Exceeds All Expectations (EAE)

43.1.2 The performance increase budget for each manager's group will be determined using the total SPATEA payroll for that group, after the application of maturity increases, excluding the salaries of those employees who are not eligible for an increase, multiplied by the relevant percentage as set out in Articles 42.2.1, 42.2.2 and 42.2.3 for each of 2003, 2004 and 2005.

43.1.3 Each manager will distribute the full performance increase budget among his/her SPATEA-represented employees using the following process.

a) Non-Discretionary Performance Increase

Where the employee's June 30th salary is less than the relevant July 1st Mid salary applicable to the employee's classification, an adjustment of 15%, 15% and 15% of the difference in each of the years 2003, 2004 and 2005, respectively, will be applied to the employee's salary.

Where an employee receives a promotion, reclassification/progression or maturity increase during the current performance year, the non-discretionary portion of the performance increase for that year shall not be applied.

Employees whose performance Needs Some Improvement are ineligible for any increase under this step of the process.

Further to the above requirements for eligibility, employees at the Senior Staff or Staff Specialist classification are not eligible for the non-discretionary portion of the performance increase.

b) Discretionary Performance Increase

Once the non-discretionary increases have been determined, and any other adjustments made in accordance with Article 43.0, the manager will distribute the remainder of the

performance increase budget among his/her employees on a discretionary basis, taking into account the employee's new position within the applicable salary scale, their salary relative to other employees at the same classification level, experience, post graduate education, and performance level. Employees whose performance is summarized as Needs Some Improvement are eligible to receive an increase under this step of the process, solely at the manager's discretion.

c) If the performance increase budget is fully depleted as a result of the non-discretionary increases, there will be no discretionary increases paid. If the performance increase budget is exceeded as a result of the non-discretionary increases, a general decrease shall be applied sufficient to lower the payroll percentage increase to the amount agreed under Articles 42.2.1, 42.2.2 and 42.2.3.

43.2 Six Month Service Increase

The salary of an employee who has less than six (6) month's service in the bargaining unit on the relevant date as determined in Article 41.0 herein and whose performance is subsequently determined to Meet Expectations or better, will be adjusted on the date on which the employee completes six (6) months' service by one quarter (1/4) of the overall performance pool increase percentage amount as detailed in Articles 42.2.1, 42.2.2 and 42.2.3 for each of 2003, 2004 and 2005 respectively.

43.3 Maturity Increase Procedure

Employees in the classifications set out below shall receive maturity increases when eligible:

CLASSIFICATION	%
Junior Engineer/MTS	2.5%
Intermediate Engineer/MTS	3.5%
Engineer/MTS	2.0%
Junior Allied Technical Classifications	3.0%
Working Level Allied Technical Classifications	2.0%

Maturity increases will be paid to eligible employees annually during the period from date of ratification through December 31, 2005. These increases will be applied on July 1st in each of 2003, 2004 and 2005 prior to the application of the performance increase and will be pro-rated for any periods of approved leaves of absence as provided in Article 29.3 hereof or where an employee has less than twelve (12) months' service in the bargaining unit at the relevant July 1.

An employee who has achieved a performance summary of Meets Expectations or better during the previous performance appraisal period is eligible to receive a maturity increase. Where the maturity increase is applied before the employee's first performance assessment period has been completed, a Meets Expectations performance summary will be assumed.

Where an employee has been progressed or reclassified, the maturity increase percentage for the higher classification shall be applied providing the resultant salary is no higher than the Mid salary for the higher classification regardless of whether the employee's most recent performance summary was at the Meets Expectations or Exceeds All Expectations level.

Further to the above requirement for eligibility, employees at the Engineer/MTS and Working Level Allied Technical classifications are eligible to receive a maturity increase for two years only after the employee's entry into either of these classifications. For clarification, employees who have been classified at the Engineer/MTS or Working Level Allied Technical classification for two or more years as of the date of ratification of this renewal collective agreement, are not eligible to receive a maturity increase.

43.4 Promotion Increase Procedure

Although promotions normally occur on July 1, 2003, 2004 and 2005 as a result of the classification review that occurs as part of the performance appraisal process for each twelve month period, they may occur at any time during this period.

When an employee is promoted to a position at the Senior, Staff or Senior Staff classification level, the employee shall receive a promotion increase of four and one-half percent (4 ½ %).

43.5 Progression to Engineer/MTS

Progression from the Junior to the Intermediate Engineer/Intermediate MTS classification and/or from the Intermediate to Engineer/MTS classification shall normally occur on July 1st. Such progression depends upon the appraised performance for twelve (12) month periods of service in the bargaining unit and the years from bachelor's graduation of the employee in accordance with the following:

- (a) From Junior Engineer/Junior MTS to Intermediate Engineer/Intermediate MTS:
 - two (2) years from graduation and two consecutive twelve month performance summaries of Meets Expectations or better.
- (b) From Intermediate Engineer/Intermediate MTS to Engineer/MTS:
 - two (2) years as an Intermediate Engineer/Intermediate MTS and Meets Expectations or better for two consecutive twelve month appraisal periods.

For clarity, no employee shall be automatically progressed to the Engineer/MTS level with less than four (4) years work experience from year of graduation unless the Company, at its sole discretion, progresses an employee earlier than provided for in this article, based on management's assessment of the level of work performed throughout the year. Where an employee is progressed by the Company from Junior to Intermediate level earlier than provided for in this article, the employee shall remain at the Intermediate level for such amount of time as to acquire a total of four (4) years of work experience from year of graduation unless the Company, at its sole discretion, progresses an employee to the Engineer/MTS level earlier than provided for in this article.

43.6 Progression to Fully Qualified Allied Technical Classifications

Progression from the Junior to the Fully Qualified Allied Technical classifications will normally occur on July 1st. Such progression depends upon the appraised performance for twelve (12)

month periods of service in the bargaining unit and years from community college graduation (or its equivalent in experience directly related to the job) in accordance with the following:

- two (2) years from graduation or equivalent and two consecutive twelve month performance appraisal periods at the Meets Expectations level or better; or

At the Company's sole discretion, an employee may be progressed earlier than provided for in this article, based on management's assessment of the level of work regularly performed by the employee and the employee's level of performance throughout the year.

43.7 Reclassification to Member Technical Staff

Employees in positions classified as Senior Technologist may, at the sole discretion of the Company, be advanced to positions at the Member Technical Staff level either as a result of their having applied on a job posting and been accepted or as a result of management's assessment of the level of the work being performed by the employee during the performance appraisals conducted for twelve (12) month periods of service in the bargaining unit provided that the employee meets or exceeds the qualifications set out in article 43.8 and 43.9 hereof.

43.8 In order to be advanced to a position at the Member Technical Staff level, the employee must have:

- i) a three (3) year diploma in engineering technology or a Bachelor of Technology degree in engineering technology; or,
- ii) in the case of employees not possessing either a diploma in engineering technology or a Bachelor of Technology degree, the Company may, in its sole discretion, determine that the employee has a combination of education, experience and demonstrated skills equivalent to the formal qualification; and,
- iii) ten (10) or more years' acceptable experience working in engineering technology subsequent to graduation; and,
- iv) three (3) or more years' experience with the Company in a Senior Technologist position.

43.9 Reclassification to positions at the Member Technical Staff level will require affected employees to have demonstrated skills and abilities possessed by an engineer, particularly in the following areas:

- i) problem identification and solving,
- ii) know how,
- iii) judgement,
- iv) initiative, and
- v) maturity and leadership,

such to be demonstrated by the continuing performance of tasks at the equivalent to engineer level.

43.10 Promotion to Staff Designer

Employees in positions classified as Senior Designer may, at the sole discretion of the Company, be promoted to positions at the Staff Designer level either as a result of their having applied on a job posting and been accepted or as a result of management's assessment of the level of the work being performed by the employee during the performance appraisals conducted for twelve (12) month periods of service in the bargaining unit provided that the employee meets or exceeds the qualifications set out in Article 43.10 hereof.

43.11 In order to be advanced to a position at the Staff Designer level, the employee must have:

- i) a three (3) year diploma in engineering technology or a Bachelor of Technology degree in engineering technology or design; or,
- ii) in the case of employees lacking formal qualifications in engineering technology or design, the Company may, in its sole discretion, determine that the employee has a combination of education, experience and demonstrated skills equivalent to the formal qualification; and,
- iii) ten (10) or more years' acceptable experience working in engineering design subsequent to graduation; and,
- iv) three (3) or more years' experience with the Company in a Senior Designer position.

44.0 VARIABLE PAYMENT PLAN

44.1 Overview

Variable payments are part of the total compensation package. The objective of providing variable payments is to directly link individual performance rewards to the organization's and the individual's performance. MD Robotics (MDR) performance is based upon the planned versus actual net income. The individual's performance is based on his/her demonstrated performance during the same year for which the organization's performance is being measured.

Within one month of approval of the annual MDR business plan by MDA executive management, or as soon thereafter as is reasonably practicable, the Company shall communicate the net income target to the employees.

All employees whose performance Meets Expectations or better are eligible to receive variable payments, regardless of salary or placement in the relative salary scale. Such payments are paid as one-time awards and are not added to the employee's base salary.

The individual's assessed performance for the organization's performance year shall be used for purposes of determining the individual performance component of the variable payment. Any variable payment shall be pro-rated when an employee joins or leaves the plan during the year. An employee must be actively employed at the end of the year in order to be eligible for a payment in respect of that year.

The payment dates for the Variable Payments are as follows:

<u>Payment Date</u>	<u>Organization Performance Year</u>	<u>Employee Assessed Performance</u>
April 1, 2003	2002	2002
April 1, 2004	2003	2003
April 1, 2005	2004	2004

44.2 Variable Payment Tables

Variable payment for 2003, 2004 and 2005 shall be paid out in accordance with the following table for employees who are members of the pension plan for SPATEA-represented employees.

Performance Component	If MDR net income less than 85% of plan, Threshold % =	If MDR net income meets 85% of plan, Threshold % =	If MDR net income meets 100% of plan, Target % =	If MDR net income meets 150% of plan, Maximum % =
MDR net income	0 %	1.2375 %	2.475 %	3.7125 %
Individual objectives	1.5125 %	1.5125 %	3.025 %	4.5375 %
Total	1.5125 %	2.75 %	5.5 %	8.25 %

For employees who are not members of the pension plan, the following table applies:

Performance Component	If MDR net income meets 85% of plan, Threshold % =	If MDR net income meets 100% of plan, Target % =	If MDR net income meets 150% of plan, Maximum % =
MDR net income	.45 %	1.6875 %	2.925 %
Individual objectives	.55 %	2.0625 %	3.575 %
Total	1.0 %	3.75 %	6.5 %

For 2005, Total Variable Payment for eligible employees who are not members of the pension plan, will be as follows:

Total % At 150% of Plan = 7.5% wherein the MDR net income component = 2.9625% and Individual Objectives component = 4.5375%.

These employees are eligible to participate in the company matching of employee RRSP contributions as detailed in Article 45.

All of the calculations in Articles 44.3, 44.4 and 44.5 below will be adjusted as required to provide for VCP payments in accordance with the adjusted percentages in the table above regardless of whether or not, the employee elects to make an RRSP contribution.

44.3 MD Robotics Performance Component

In 2003, 2004 and 2005, if the MD Robotics' related performance year meets or exceeds threshold (85% of plan), but is less than the target (100% of plan), the MDR performance components is calculated as:

$$\text{Award \%} = ((\text{MDR Performance} - 0.85)/0.15) * (\text{Target \%} - \text{Threshold \%}) + \text{Threshold \%}$$

If MD Robotics performance meets or exceeds target (100% of plan), the MDR performance component is calculated as:

$$\text{Award \%} = ((\text{MDR Performance} - 1.0)/0.5) * (\text{Maximum \%} - \text{Target \%}) + \text{Target \%}$$

MD Robotics performance is defined as:

$$\text{MDR Performance} = \frac{\text{MDR Actual Net Income}}{\text{MDR Planned Net Income}} \text{ for the relevant calendar year performance.}$$

44.4 Individual Objectives Component

In 2003, 2004 and 2005, if the MD Robotics' related performance year meets or exceeds threshold (85% of plan), but is less than the target (100% of plan), the Individual Objectives component is calculated as:

$$\text{Award \%} = ((\text{MDR Performance} - 0.85)/0.15) * (\text{Target \%} - \text{Threshold \%}) + \text{Threshold \%}$$

If MDR performance meets or exceeds target (100% of plan), the Individual Objectives component is calculated as:

$$\text{Award \%} = ((\text{MDR Performance} - 1.0)/0.5) * (\text{Maximum \%} - \text{Target \%}) + \text{Target \%}$$

In the event the Company does not achieve at least 85% of its net income plan, the individual objectives portion shall still be awarded at threshold level, i.e. Award % = 1.5125%.

The resulting Award % is the pool amount for distribution to employees based on the manager's assessment of each individual's performance during the same year for which the organization's performance is being measured. The dollar amount of this award pool is the sum of the Mid salary for each eligible employee's salary scale multiplied by the Award % determined above.

The entire Individual Objectives pool amount shall be distributed to the employees.

44.5 Employee Variable Payment Calculation

The Variable Payment shall be calculated as follows:

Employee Payment = Mid Salary * (MDR Performance %) + Individual Objectives Award Amount

45.0 RRSPs

The Company will match personal or spousal RRSP contributions up to 1.75% of each eligible employee's Mid salary applicable to his/her classification level, in each of February 2004, 2005 and 2006, up to 50% of the maximum set by Revenue Canada.

Eligible employees are members of the bargaining unit who have been employed by the Company for a minimum of twelve (12) months as of December 31st of the preceding year.

Employees must submit their RRSP receipts to Human Resources by January 25th, 2004, 2005 and 2006 in order to be eligible for matching RRSP contributions. All cheques for matching contributions, payable to the institution, shall be issued to the employee by February 20th, 2004, 2005 and 2006, respectively.

Employees who are currently members of the pension plan for SPATEA-represented employees are not eligible for this program. These employees will continue to participate in the Variable Compensation Plan at the following payout eligibility levels:

Total %	At	<85% of Plan	- 1.5125%
	At	85% of Plan	- 2.75%
	At	100% of Plan	- 5.5%
	At	150% of Plan	- 8.25%

Employees eligible to participate in the RRSP program, shall participate in an amended Variable Compensation Plan with the following payout eligibility levels:

Total %	At	<85% of Plan	- deleted from Plan
	At	85% of Plan	- 1.0%
	At	100% of Plan	- 3.75%
	At	150% of Plan	- 6.5%

For 2005, Total Variable Payment for eligible employees who are not members of the pension plan, will be as follows:

Total % At 150% of Plan = 7.5% where MDR net income component = 2.9625% and Individual Objectives component = 4.5375%.

46.0 BENEFITS

The Company will pay the premiums necessary to provide eligible employees and their dependents with the benefits summarized in the Employee Benefits Handbook. This Handbook references the applicable master policies, which shall prevail in the event of a dispute regarding the benefits provided. Employees should consult with Human Resources or the insurer prior to incurring an expense if they are unclear as to their coverage.

The Company has the right to change insurers or policies at any time provided that equivalent coverage is maintained.

During the term of this Agreement, the Company agrees to continue to provide a Pension Plan for eligible employees.

47.0 LIABILITY INSURANCE

The Company will continue to provide adequate liability insurance for employees for acts done in the course of their employment except where such acts are malicious or criminal.

48.0 DURATION AND TERMINATION

This Agreement shall become effective as of March 13, 2003 unless otherwise specifically provided as to certain provisions, and shall remain in full force and effect until December 31, 2005 and from year to year thereafter, without change, unless written notice to amend or terminate is given by either party.

Notice that amendments are required or that either party intends to terminate the Agreement may only be given during the period of not more than ninety (90) calendar days or not less than thirty (30) calendar days prior to the expiration date.

If notice of amendment or of termination is given by either party, then both parties shall thereupon within ten (10) working days, or such longer period as is mutually agreeable, enter into such negotiations in good faith and make every reasonable effort to secure such renewal or termination.

Each party shall present to the other party in writing any proposed modifications or revisions of this Agreement at the aforesaid meeting. It is understood that following this exchange, only counter-proposals arising out of or related to the original proposals may be presented unless otherwise agreed to by both parties.

It is further agreed that if complete agreement has not been reached by the expiration date of this Agreement, then either party at any time thereafter may terminate this Agreement by giving five (5) working days' advance notice to the other.

EXECUTED at Brampton in the Province of Ontario this day of 2003.

For the Company:

For the Association:

D. Macchia

P. Newhook

B. Mack

D. Peddie

V. Terra

A. Gandhi

T. Taggart

D. Hemingway

L. Rodriguez

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