

LETTER OF UNDERSTANDING
Interpretation Guidance

BETWEEN: Teck Highland Valley Copper Partnership
of the First Part

AND: United Steelworkers, Local 7619
of the Second Part

SUBJECT: CONTRACTING OUT

In Bargaining 2017, the Company and the Union considered the efficiency of the operations and have agreed as follows:

1. The Union and Company agree to maximize the benefit of any original equipment manufacturers warranties to HVC, and Article 3 sub section 3.07 (c) shall not apply to this type of warranty work. This work will be reviewed under Article 3 sub section 3.07(d)(ii). Other warranty work will follow the processes outlined in Article 3 sub section 3.07.

Interpretation:

- *The 30 day notice procedure exception for warranty work for equipment covered under OEM warranties is for new equipment only*
 - *HVC will continue the practice of purchasing pro-rated warranties on parts only*
 - *The Company and Union will meet to discuss if additional warranty concerns arise*
2. In the case of equipment failures, the Company will ask qualified employees, who have indicated they are interested in overtime, to work overtime. If sufficient overtime is not immediately available, the Union agrees that the 30 day notice process will not apply and contractors may be used.

Interpretation:

- *This language will only apply to equipment that has a significant impact on production ; the Company and the Union will meet, immediately, to discuss any equipment failure that applies to this LOU*
 - *The Parties will meet to implement an overtime agreement for the equipment failure language as per Article 13 sub section 13.12(b) in each Department*
3. When there is planned work ("peak work") that cannot be completed by HVC employees in the required time frame, the Company will canvass qualified employees, from the crews that normally do that work, for overtime opportunities. If overtime is not available or sufficient to cover the peak work, the Company may contract out that work following the 30 day notice process.

Interpretation:

- *The Company will canvass for overtime prior to giving 30 day notice for this work*

4. In any cases where overtime has been committed to and subsequently withdrawn, for whatever reason, the Union agrees that the Company can contract out without the 30 day notice requirement.
5. Vendors can manage inventory and deliver products around the property provided the 30 day notice process is followed.
6. Article 3.07 does not apply to contracted work that has historically been performed by non-bargaining unit employees (Staff employees).

Dated: May 29, 2018

SIGNED ON BEHALF OF:
TECK HIGHLAND VALLEY COPPER
PARTNERSHIP



Geoff Brick

SIGNED ON BEHALF OF:
UNITED STEELWORKERS
LOCAL 7619



Kyle Wolff