

SOURCE	C.O.		
EFF.	95	06	91
TERM.	99	07	31
No. OF EMPLOYEES	4400		
NOMBRE D'EMPLOYÉS	560		

MEMORANDUM OF AGREEMENT

BETWEEN

ALGOMA STEEL INC.
(hereinafter referred to as the Company)

AND

THE UNITED STEELWORKERS OF AMERICA
ON BEHALF OF ITSELF AND ITS LOCALS
2251, 5595, 4509, 3933, 5048, 2288.
(hereinafter referred to as the Union)

The undersigned representatives of the parties hereby agree to the following in full settlement of all matters at issue between them and agree to recommend these terms of settlement to their respective principals.

1. This agreement shall become effective upon the completion of **all** of the following conditions:
 - (a) For each Local Union, that local's ratification of this **collective agreement**, which ratification shall include approval of the local becoming part of the new local **2251**;
 - (b) The approval of this Agreement by the Company's Board of Directors;
 - (c) The approval by the holders of the Employee Voting Shares of the issuance of additional common shares resulting in a **reduction** of employee ownership below **50%**;
 - (d) The approval by the Company's Board of Directors and common shareholders of the changes in the Company's Bylaws and Articles to reflect the control and **governance provisions** contained **herein**;
 - (e) The approval by the **Company's Board** of Directors of a Strategic Plan contained herein;
 - (f) The approval by the Company's Board of Directors of a **Recapitalization Plan** which is agreed to by the Union;
 - (g) The approval of the Agreement by the **OLRB** and **CLRB** to replace the Collective Agreements expiring July **31, 1996**;

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If one or more of these conditions remains unfulfilled at April 30, 1995 then this Agreement shall be null and void and of no force and effect.

2. Employee Assistance - _____

The following will be included in the appropriate article(s) of the collective agreement:

1. The current Employee Assistance Program agreed to on June 14, 1993 (and as amended by consensus) will not be changed without the agreement of the Joint Steering Committee.

2. The Employee Assistance Program coordinator shall be selected by the Union on the basis of criteria established by the Joint Steering Committee.

3. There shall be no mandatory drug or alcohol testing.

Harassment policy in accordance with the attached.

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3. General Article

Replace the existing General Article with the attachment "General Article".

4. Management Rights -

Replace Article 4.01, 4.02 and 4.03 with the following:

4.01 The management of the plant and the direction of the workforce will be jointly administered to the extent provided for in Section 3 of the General Article of this agreement. Management retains the right to discipline but shall do so in a manner consistent with the principles and objectives set out in this collective agreement

5. Expiry Date

July 31, 1999

6. Control and Governance

The Company shall use its best efforts to implement the Control and Governance provisions in the attached schedule.

7. Pension Plan

(1) Amend the Pension Plan benefit levels to provide the following:

Effective August 1, 1996

Revise Basic Benefit to \$45 per year of credited service and the Supplement to \$20 per year of credited service for both past and current service with a \$2,000 minimum benefit for 30 years of service comprised of Base of \$1350 and the balance being the Supplement.

$\frac{84}{45}$

Effective August 1, 1998

Revise Basic Benefit to \$48 per year of credited service for all past service.

Current and future service at greater of (i) \$48 and \$20 or (ii) management plan benefit with 90 points unreduced factor reduced to 85 points.

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The parties shall agree on a method of managing attrition, as necessary to successfully accomplish the objectives of the Strategic Plan.

(2) The Union shall appoint 50% of the representatives to the Pension Investment Committee for the Union Pension Plan.

8. Extended Health Care Plan

Effective January 1, 1995 increase the following

1) life insurance to one (1) times current basic hourly rate for 2080 hours

$\frac{700}{100}$

2) future retirees life insurance to \$4000

3) increase vision care to \$140 every 24 months

$\frac{706}{100}$

4) increase Personal Accident Insurance to \$50,000 with 24 hour coverage.

$\frac{760}{1}$

5) hospital coverage to semi-private coverage at 100%

$\frac{701}{100}$

6) major medical as follows

- lifetime maximum to \$50,000 per covered individual
- basic hospitalization included
- \$25 single/family deductible

$\frac{766}{1}$

7) Accident and Sickness for 52 week benefit period:

- a) Starting on first day of sickness, paid at 70% of hourly rate with a minimum payment of \$445/week (i.e. 1/1/17 plan)
- b) From weeks 18 to 26 inclusive, paid at 75% of hourly rate, offset by C.P.P. Disability Pension, with a minimum payment of \$445/week.
- c) From weeks 27 to 52 inclusive, paid at 55% of hourly rate with a minimum payment of \$445/week to a maximum of 75% of basic hourly rate including C.P.P. Disability Pension.

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The parties agree to review short and long term sickness and accident protection and the relationship of these plans to pension benefits, in order to find the best way to provide equal benefits for long term sickness and retirement for bargaining unit members. It is further agreed that benefits available to bargaining unit employees will be improved to a level equal to salaried employees no later than January 1, 1996. It is agreed that the bargaining unit pension plan will be changed to permit members to earn pension credits while on LTD, unless the union agrees this is not required to equalize benefits.

9. - Income Security

The parties shall jointly develop and the Company shall implement an Income Security Program which embodies the following principles:

- Layoffs will only take place in situations where there is no available work which those to be laid off are reasonably capable of performing.

- Laid off employees shall receive the following throughout their layoff:

- (a) supplemental payments such that the sum of the supplemental payment and any UIC benefits or similar government benefit available to laid off Algoma employees equal 90% of the laid off employee's regular weekly earnings at the time of lay off calculated using the average earnings in the last 800 hours worked
- (b) continued coverage under the Company's extended health and insurance benefit plan.
- (c) continued accrual of pension credits and vacation entitlement

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- The Program will be initially designed and adjusted from time to time so as to minimize the cost to the Company through the utilization of all available government programs providing unemployment insurance payments or other benefits to laid off workers.

- The company will pay the appropriate rate under the corporate travel policy, as amended from time to time, to an employee who is provided with available work at a distant location. Specifically, any such employee will be paid 280 miles for a return trip between Sault Ste. Marie and Wawa for each week he is so assigned.
- No employee will be required to travel to a distant location for work that is less than ten (10) working days.
- The Company shall finance the Program out of general corporate revenue.
- Employees who are laid off as a result of a labour disruption or dispute at A.S.I. shall not be eligible for the Program.
- Where work is not available as a result of short term equipment breakdown, process failure, etc., affected employees will be re-assigned to meaningful work or training.
- Employees who are not scheduled to work a full working week because work is not available will be covered by this Income Security Program.
- Employees who work less than a full work week because of a personal request will not be covered by the Income Security Program.
- Employees who do not work a full work week but who have been deemed notified in accordance with the provisions of the Collective Agreement will not be covered by this Income Security Program.
- The Program shall be implemented on the date this Memorandum of Settlement takes effect.

10. Wages

The Local 2288 Standard Hourly Wage Scale is replaced by the Local 2251 Standard Hourly Wage Scale as of the first pay period following the date on which the (agreement comes into effect.

The Standard Hourly Wage Scales listed in the other local agreements in effect as of June 1, 1992 continue,

Effective August 1, 1996

- Increase the Standard Hourly Wage Scales by \$0.10 per hour.
- Increase the increment between job classes by \$0.02

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Effective August 1, 1997

Increase the Standard Hourly Wage Scales by \$0.10 per hour.
Increase the increment between job classes by \$0.02

Effective August 1, 1998

Increase the Standard Hourly Wage Scales by \$0.20 per hour.
Increase the increment between job classes by \$0.02

Cost: of Living Allowance

The comparison periods listed in the various local agreements in effect as of June 1, 1992 are extended for the period August 1, 1996 to July 31, 1999 with the first new comparison period being July 1996 with April 1996 and continuing quarterly thereafter.

Effective August 1, 1996, the total amount of cost of living allowance in effect at July 31, 1996 will be added to the Standard Hourly rates.

Effective August 1, 1997, the total amount of cost of living allowance in effect at July 31, 1997 will be added to the Standard Hourly rates.

Effective August 1, 1998, the total amount of cost of living allowance in effect at July 31, 1998 will be added to the Standard Hourly rates.

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11. Transfer of Jobs to Bargaining Unit

During the life of this Collective Agreement transfer appropriate salaried functions to the bargaining unit.

12. 900 Hour Inequity

The inequitable share allocation in respect of the years 1992 through 1994 caused by the 900 hour minimum in the employee trusts will be addressed by:

1) An amendment to the share allocation terms of the Employee Trusts to provide that the method for allocating shares earned in 1995 will be amended so as to allocate to members of the Trusts the shares they would have been allocated in respect of hours worked in 1992, 1993 or 1994 if the 900 hour minimum had been 150 hours.

2) If the amendment to the terms of the Trusts described above is not in place by June 30, 1995 then the Company will provide to members of the Trusts affected by the 900 hour minimum in 1992, 1993 or 1994 with either the number of shares or, at the Company's option, the cash equivalent of the number of shares which such Members would have been allocated respecting hours worked in 1992, 1993 or 1994 if the 900 hour minimum had been 150 hours. Such payment of either shares or cash shall be made by the Company at the time that the affected member would have received his shares from the Trust (i.e. immediately upon death or disability or the later of June 1, 1997 or retirement). Any such cash payment shall be based on the market price of the shares at the time of payment.

13. Employee Trust Shares

The Company shall at the request of the Union, facilitate and fund all expenses associated with the sale of up to 2 million shares out of the Equity Trusts in a manner as agreed to by the Company and the Union acting reasonably, provided that any such sale must be consistent with the agreed to recapitalization plan and the terms of the Employee Trusts.

The threshold level for future share issues referenced in paragraph 4 of Control and Governance shall be established in the agreement between the Company and the Union on a recapitalization plan.

14. Profit Sharing Plan

The Company and the Union agree to establish a profit sharing plan, for all employees including non-bargaining unit employees. Payments will commence effective for the fiscal year 1995 with the first payment in 1996.

The formula to be used will be based on a percentage of annual income from operations:

<u>Annual Income From Operations</u>	<u>Profit Sharing Percentage</u>
On first \$40 million	2%
On income over \$40 to \$100 million	4%
On income in excess of \$100 million	6%

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Payment will be made within 90 days of the close of the fiscal year.

Payments will be made on an annual basis. 100% of the profit sharing pool will be paid out.

"Annual Income from Operations" is defined as "income from operations", excluding charges for interest and other financial expense, interest income, dividends on preferred shares, income taxes, extraordinary items, one-time and other special charges.

Accounting principles used to calculate the profit sharing payment will be consistent. Accounting principles will be the same as those used in 1994 Audited Statements and generally accepted accounting principles. If accounting principles change, and this will have a material effect on profit sharing, Company to inform Union. Agreement to amend formula of plan to off-set changes in accounting principles.

Profit sharing payments will be paid on the basis of hours. The total amount of the Profit Sharing Pool will be divided by total hours to establish the hourly profit share. Individual profit sharing payment will be equal to the hourly profit share multiplied by individual's hours.

Hours shall be defined as:

- straight time hours worked,
- vacations and statutory holidays
- jury duty and bereavement leave
- leave for union business
- members in receipt of sickness and accident benefits or salary continuance and Workers compensation to a maximum of 1 year.

15. Performance Bonus Plan Freeze

The termination date of the bonus and incentive payments 'freeze referred to in Item 3(c) of the Memorandum of Settlement dated April 8, 1992 is extended to July 31, 1999.

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16. Vacation

a) Past Service

During calendar year 1998, the Company will convert the corporate service of those employees previously on the vacation system to service years based on one (1) service year for each year of corporate service to December 31, 1997 and proportionately to the nearest hundredth for any remaining partial year of service.

Corporate Service date is defined as the date on which continuous service (excluding layoffs, etc.) commenced.

This calculation will be made in such a manner as to ensure no employee has a loss of service years.

This calculation, once made, will be mailed by registered mail to each employee showing the corporate service **date** used and the resulting service years **calculated**. The letters will be mailed not later than April 30, 1998. Any employee who disagrees with the date or the calculation must submit the complaint in the form provided not later than June 30, 1998.

A committee comprised of three (3) management and nine (9) union representatives will be established for the purpose of adjudicating complaints filed. The decision of the committee will be final and binding. All complaints will be finalized by September 30, 1998.

b) Future Service

Replace all existing provisions for service accrued after December 31, 1994 with the following:

Amend entitlement for vacation by service year system as follows:

- 1) convert Local 3933, 5048 and 5595 employees currently on **vacation** by **service** to service years as at January 1, 1995 by granting 1 service year per year of continuous **service** (as adjusted for leave of absence) and that proportion of one service year which the **balance** of service bears to 52 weeks (to the nearest hundredth).
- 2) all employees will receive one (1) service year for each year of service subsequent to December 31, 1994 except that an employee who requests and is granted a leave of absence for the following reasons will receive one (1) service year less that proportion which weeks on leave of **absence** during the year bears to 52 weeks (to the nearest hundredth).
 - a) leave for personal reasons other than a parental or maternity **leave**.
 - b) leave to accept an elected or appointed position with the United **Steelworkers** of America
 - c) leave to accept an elected or appointed position with any level of government. or an agency thereof.

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$$\begin{array}{r} 635 \\ - 4 \\ \hline 631 \\ \hline \end{array}$$

Item (2) will replace the current continuous service and vacation credit provisions for the year beginning January 1, 1995.

17. Payroll Deduction for Share Purchase

The parties will design and implement a program providing employees with the opportunity to purchase common shares in the Company on an ongoing basis through payroll deduction.

18. Witness y

Replace the existing provisions for jury duty (and witness pay) with the following:

An employee who is called for jury duty, or subpoenaed to appear as a witness in a court of law, will be paid for each day of jury or witness duty the difference between his standard hourly rate for his regular shift and the payment he receives for jury or witness duty. The employee will present proof of service and the amount of pay received.

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19. Job Evaluation System

The Company and the Union recognize the need for a fair and equitable compensation system for all employees.

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Therefore it is agreed that a Joint Review Committee will be established by the Joint Steering Committee to look at alternate evaluation systems that will include the present evaluation systems and any conceptual Compensation systems which have or may be developed.

The goal of the committee will be to recommend one system that would classify all jobs within the company.

This Review Committee will submit its recommendations to the Joint Steering Committee within two months of inception. Upon approval by the Joint Steering Committee, any changes to the Collective Agreement which may be required will be made and implemented forthwith.

Any job that has changed because of multi-skilling, job combination or job rotation and any job whose review has been frozen will be reviewed prior to any other jobs.

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20. Strategic Plan

- Agreement Concerning Strategic Plan attached
- Strategic Plan attached

21. Labour Agreement Amendments

1. For purposes of consistency with the principles and objectives of restructuring, and the establishment of common benefits for all employees, the parties agree to make the necessary 'amendments to the agreements currently in effect between Algoma Steel Inc and its' various Local Unions. Such amendments will be made under the direction of and subject to approval by the Joint Steering Committee and will be completed no later than the effective date of the new agreement.

2. Other appropriate contract provisions will be developed for the purpose of ensuring common terms and conditions for employees no later than July 31, 1998. Those items that can not be agreed to as common will be referred to the Joint Steering Committee for an appropriate decision which may include area specific language from the 1992 Collective Bargaining Agreement.

The terms and conditions of the various local agreements in effect as of June 1, 1992 shall continue except:

- as amended herein
- as amended by the Department Steering Committee as set out in Section 5(c) of the General Article, or
- as amended by the Joint Steering Committee in accordance with the preceding paragraph.

Maintenance of Earnings Principles

- 1) In the event of job eliminations employees will be
- (a) laid off with Income Security, or
 - (b) working and/or training on new occupations with 90% earnings (including bonus) protection based on an Out of Line Differential (OLD) that reduces 20% each year for five (5) years.
 - (c) paid the rate of the new job if greater than (b) above.

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2) In the event of the transfer of a salaried occupation to the bargaining unit the incumbent who transfers with it will

- (a) maintain his former earnings until such time as the job is described and classified and the appropriate Standard Hourly Wage Rate shall be effective as of the date of the change. If the change results in a lower classification of the job, any incumbents of such job shall receive an "out-of-line differential" equal to the difference between the rate for the job before such change and the rate thereafter. Such out-of-line differential shall apply in conformity with the provisions of the Basic Agreement governing out-of-line differentials.
- (b) receive an OLD as in 1(b) above where the job is eliminated and he ends up on a job with lower earnings.

22. Pensioners' Bonus Fund

The Pensioners' Bonus Fund is hereby amended to delete the reference to Excess Cash Flow and the Fund will be distributed in 1995 for 1991 and in 1996 for 1992.

23. U.S.W.A. Humanity Fund

The Company agrees to match the employee contributions of \$0.01 per hour worked by each Local 2251 employee.

24. Composition of Steering Committee

The parties agree to the following as part of the Collective Agreement between Algoma Steel Inc. and United Steelworkers of America Locals 2251, 5595, 4509, 3933, 5048, 2288.

(1) The presidents of locals 5595 and 4509 will become Unit Chairs and such position will form part of the executive of the new local 2251. As such they will each occupy one of the local's seats on the Joint Steering Committee.

(2) The new Unit Chairs will be members of the 2251 negotiating committee.

(3) One union member from the Tube Mill, selected by the Unit Chair will be a member of the 2251 grievance committee.

Management Chairman

P. O'Leary

For Management

A. McCarne

For Management

B. W. Box

For Management

L. Moore

For Management

[Signature]
Local 2251

[Signature]
Local 4509

[Signature]
Local 5595

[Signature]
Local 2288

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Local 2288

[Signature]
Local 3933

[Signature]
Local 5048

Area Co-ordinator U.S.W.A.

Director District 6 U.S.W.A.

[Signature]

ANTI-SEXUAL AND ANTI-RACIAL HARASSMENT

PRACTICE: THE UNITED STEELWORKERS OF AMERICA AND ALGOMA STEEL INC. are committed to providing a work environment where the right of Employees to be free from harassment or discrimination is maintained, and equality of treatment in accordance with the HUMAN RIGHTS CODE is assured.

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1. Management., the Union and all employees shall maintain a working environment which is free from sexual and/or racial harassment.
2. For the purpose of this clause "SEXUAL HARASSMENT" includes:
 - i) unwanted sexual attention of a persistent or abusive nature, made by a person who knows or ought reasonably to know that such attention is unwanted;
 - ii) implied or expressed promise of reward for complying with a sexually oriented request;
 - iii) implied or expressed threat: or reprisal, in the form either of actual reprisal or the denial of opportunity, for refusal to comply with a sexually oriented request; or
 - iv) sexually oriented remarks and or behaviour which may reasonably be perceived to create a negative psychological and or emotional environment for work and study.
3. For the purpose of this clause "RACIAL HARASSMENT" includes:
 - i) engaging in a course of comment or conduct that is known or ought reasonably to be known to be unwelcome where such comment or conduct consists of words or actions by a member of management, a Co-worker, or an employee, which disrespects or causes humiliation to the person because of his or her RACE, COLOUR, CREED, ANCESTRY, PLACE OF ORIGIN or ETHNIC ORIGIN.
4. The Parties agree to continue the program to provide a minimum one hour awareness training to the workforce. Management agrees to the posting of the policy.

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INVESTIGATION AND RESOLUTION PROCEDURE

- (a) Management and the Union will establish a mutually acceptable procedure for investigation and resolution of discriminatory harassment. Each party will designate one person who will be the designated Management and Union representative for purposes of investigating allegations.

(b) In addition to the investigative procedure established, the following APPEAL procedure is established in the event, that an allegation is not satisfactorily resolved:

- (i) The Employee who claims a personal violation of the Policy may within thirty (30) days of the date he/she is advised of the results of the investigation, appeal the allegation in writing to the two-person APPEAL COMMITTEE as established hereinafter. The Committee will as soon as possible, following receipt of written appeal, meet and review the facts pertaining to the allegation. The APPEAL COMMITTEE may, at their discretion, seek any additional pertinent information by interviewing the complainant and other employees. The Committee may attempt to resolve the allegation by suggesting a course of action to the appropriate Management and Union designated representatives. In the event that the allegation is not resolved in this manner, the Committee will prepare and issue a report of their findings and recommendations.

Such report will be issued in confidence to the designated representatives who shall endeavour to resolve the allegation with the Complainant and Management.

In the event that the matter continues to be un-resolved, Management will determine whether an Employee has been in violation of the Policy and what appropriate disciplinary action will be taken,

Nothing herein precludes or limits the Employee's entitlement to pursue a complaint through the Grievance Procedure with regard to any disciplinary action taken against him/her.

- (ii) The APPEAL COMMITTEE will be composed of one person designated by the U.S.W.A. District 6 Director as referenced in the Union's Policy document re: Discriminatory Harassment and one person appointed by senior Management.

The two persons so appointed will remain the permanent APPEAL COMMITTEE to investigate and attempt to resolve all appeals.

- (iii) The Union or Management may substitute another person as their permanent designated APPEAL COMMITTEE member but it is intended by both parties that their designated member be appointed on a long term basis where possible.

IT IS UNDERSTOOD AND AGREED THAT THE PROCEDURE ESTABLISHED TO INVESTIGATE AND RESOLVE HARASSMENT COMPLAINTS DOES NOT DENY ANY EMPLOYEE FROM PURSUING HIS/HER COMPLAINT THROUGH THE APPLICABLE LEGISLATIVE OR GRIEVANCE PROCEDURE AND THE CONFIDENTIAL INTERNAL PROCEDURE IS INTENDED AS AN ALTERNATIVE PROCESS WHICH THE INDIVIDUAL MAY ELECT AT HIS/HER OPTION.

IT IS FURTHER UNDERSTOOD THAT ANY COMPLAINT PURSUED THROUGH THE INTERNAL PROCEDURE SHALL NOT BE ARBITRABLE, NOR SHALL ANY DOCUMENTS, REPORTS, DISCUSSIONS OR INFORMATION ARISING OUT OF OR DURING THE PROCEDURE BE INTRODUCED AS EVIDENCE OR FIEFERRED TO IN ANY OTHER LEGISLATIVE PROCEDURE.

THE PERPETRATOR WHO IS FOUND GUILTY, AS A RESULT OF A FULL INVESTIGATION, MAY BE RE-ASSIGNED TO ANOTHER LOCATION, OR TIME OF WORK, WAGES ETC. REGARDLESS OF HIS/HER SENIORITY. SUCH DETRIMENT SHALL FALL UPON THE PERPETRATOR AND NOT UPON OTHER BARGAINING UNIT EMPLOYEES.

The following sets out the Agreement between Algoma Steel Inc. (the "Company") and the United Steelworkers of America (the "USWA") respecting control and governance.

1. Board Composition

- Leave the current structure in place.
- If the preferred shares are not eliminated on recapitalization, then the Company and USWA will jointly use their best efforts to establish a system for the selection of independent directors similar to the Board Nominating Committee.

2. CEO Hiring

- Establish a Search Committee of the Board so that one half of its members are bargaining unit directors. The Search Committee will be empowered to make a recommendation to the Board respecting the hiring of a new C.E.O. No C.E.O. shall be hired unless such hiring is recommended by a majority of the Search Committee.

3. Corporate Strategy and Planning Issues

- Revise the rights attached to the Employee Voting Shares such that any major deviation from the Strategic Plan must be approved by the holders of the Employee Voting Shares unless such major deviation is approved by at least 75% of the Board members voting on its approval. For these purposes, "Strategic Plan" shall mean the finalized and approved strategic plan currently being developed, as amended by the Board from time to time.
- In the collective agreement, establish a formal process whereby all appropriation requests requiring Board approval are reviewed (not necessarily approved) by the Joint Steering Committee before being presented to the Board.

4. Employee Voting Shares

- Change the threshold level of common share ownership required to keep the voting shares alive from 20% to 10%.
- Establish a requirement that employee approval must be obtained for any future share issue which would result in a threshold number of total outstanding common shares being exceeded. Such threshold number will

be the number of outstanding shares after recapitalization plus an agreed to cushion.

5. Observer

- As designated from time to time by the Director of District 6 of the USWA (the "Director"), either the Director or the Staff Representative in Sault Ste. Marie, shall be entitled to receive all Board material and attend all Board meetings as an Observer.

6. Miscellaneous

- The USWA will have the right to make presentations to the Board on matters tabled by a bargaining unit director.
- The USWA shall have access to all financial/operating data.
- The USWA shall be consulted on all employee salary/benefit structures and systems and on employee working conditions.

7. Conditions

This agreement is subject to and conditional upon the mutually satisfactory resolution of a number of other items including:

- the strategic plan
- a new collective agreement
- an employee vote in favour of dilution below 50%
- the design and implementation of a recapitalization of the Company in a manner which provides for the USWA's full involvement, participation and approval
- the appropriate method of implementation for paragraphs 1 - 6 herein.

Agreed to on November 17th, 1994.

ALGOMA STEEL INC.

**W. Allan Hopkins, President
and CEO**

**UNITED STEELWORKERS
OF AMERICA**

Harry Hynd, Director District 6

**Steve Bonifarro, Staff
Representative**

Agreement Concerning Strategic Plan

Section A. - Preamble

As part of the discussions leading to the negotiation of this collective agreement, the Company and the Union have agreed to a strategic plan for Algoma Steel (the "Strategic Plan"), which is attached hereto. The Strategic Plan when approved by the Company's Board of Directors may only be amended pursuant to agreed to corporate governance provisions.

Section B. - Guiding Principle

The parties agree that the implementation of the Strategic Plan will be guided by their mutual commitment to maintain a strong competitive position, ensure job security and maximize employment through the creation of a long-term economically viable enterprise.

Section C. - Principle Components

In carrying out the Strategic Plan the Company shall undertake a high level focused and dedicated effort, including (i) where appropriate and reasonable, substantial capital spending and (ii) substantial spending and investment in market development to:

- (i) Install a thin-slab caster/strip mill.
- (ii) Create a viable tubular business.
- (iii) Remain in the structural business.
- (iv) Continue full operations at Wawa.
- (v) Expand the Company's plate business.
- (vi) Expand the Company's cold rolled, pickled and unfinished parts businesses.
- (vii) Create new businesses for new value-added products.

In addition there shall be a high level focused and dedicated effort to :

- Create a, "Pull manufacturing and supply system" partnership with the Company's core customers.

- Improve profit. margins through better pricing and enhanced mix,

Section D. - Review

The implementation of all aspects of the Strategic Plan shall be reviewed by the Joint Steering Committee ("JSC"). The JSC shall develop specific plans to enable it to carry out this function. The Company shall provide the Union members of the JSC with all of the reasonable resources required to carry out this function.

The JSC shall have substantial input and involvement in the development of an Annual Plan for implementing the Strategic Plan and shall review the Annual Plan prior to its presentation to the Board of Directors.

STRATEGIC PLAN

OBJECTIVE:

The objective of the Strategic Plan is to maintain a strong competitive position, ensure job security and maximize employment through the creation of a long term economically viable enterprise.

GUIDING CONCEPTS

The Strategic Plan is based on three guiding concepts:

- 1) Algoma's core business is and will remain hot rolled sheet products and Algoma will direct resources for ensuring competitive advantage to this area on a priority basis.
- 2) All businesses must contribute cash flow over the long term, and investments will be focused where positive returns can be demonstrated.
- 3) Algoma will seek to maximize employee involvement by encouraging worker involvement in all levels of decisionmaking and fostering a co-operative spirit in employee-management relations,

PRODUCT AND FACILITIES PLAN

- 1) Algoma will retain its existing low cost position in ladle steel by maintaining the existing cokemaking, ironmaking and steelmaking facilities in good operating condition. A substantial investment to support this need is included in the capital spending forecast. Ongoing technological developments in related and competing technologies will be monitored with a view to moving to the best alternative when the Company's existing ironmaking and cokemaking facilities require replacement or substantial refurbishment due to age and/or tightening environmental requirements. Up to \$10 million will be spent to increase ironmaking capacity by approximately 100,000 tons or more per year by increasing oxygen supply.
- 2) The competitive position in the hot rolled sheet products will be improved from a quality and cost standpoint by investing approximately \$350 million in 1995 and 1996 in a new, state-of-the-art thin slab caster and strip mill.
- 3) The investment in the new sheet facilities will significantly strengthen the viability of the sheet businesses but will in no way displace or disadvantage the opportunity for improving the prospects for plate, structural and tubular products. The Company commits to the provision of substantial corporate support and management to enhance the business prospects in these areas,

- 4) The Company is committed to strengthening its plate, pickle, cold-rolled and unfinished parts businesses and will invest in the following projects:

Plate will continue to be produced using the existing slab caster and 166" Plate Mill. Automatic gauge control will be installed at a capital cost of approximately \$6.3 million.

Costs will be reduced and throughput increased on the pickler by spending about \$11 million to increase Algoma's capacity and improve quality.

The Company will invest \$13 million in the cold reduction mill, annealing facilities and a new cleaning line to upgrade Algoma's cold rolled sheet quality from its current sub-class 2 status to class 2 quality.

The effective capacity of the U.P. business will be increased to 100,000 tons per year by adding a leveller to #1 Press line. In addition, \$1.4 million will be expended to increase U.P. productivity and capacity to 125,000 tons or more through better material handling equipment, quick die changeovers and related initiatives. A study will be commissioned to benchmark U.P. performance compared to other blanking facilities to ensure that maximum advantage is being taken of the U.P. facilities. Upon completion of this study and implementation of its recommendations, and once existing capacity has been fully utilized, Algoma will consider further expansion of this facility.

Other projects to upgrade the facilities listed in (4) above will be considered as well.

- 5) Algoma will continue to maintain its existing structural processing facilities in good working order without spending substantial capital. A strong presence in the structural market can be maintained. As part of this strategy, Algoma will support development of the new rail tie product.
- 6) The rail mill will be closed and the rail finishing facilities offered for sale as soon as possible.
- 7) The Tube Mill requires additional sales including a diversification of the product mix in order to ensure longer term viability. Algoma will undertake initiatives to strengthen its commercial presence in existing product lines and OCTG/line pipe; and to accelerate new product development with particular emphasis on rounds for axles and hydraulic cylinders. The success of these initiatives and other product development activities should provide the Tube Mill with an adequate base load and gross margins. Other projects to upgrade these facilities will be considered as well. This will then provide the justification required to invest \$50 million in 1997 in order to complete the round caster.

The company commits to providing strong leadership and management to support these initiatives in order to ensure longer term viability for the Tube Mill. The actual costs charged to the Tube Mill in any assessment of future viability will include tube rounds charged to the Tube mill at the lower of the cost of rounds produced at ASI or the cost of purchased rounds.

If a secure alternate source of #1 Mill sizes can be arranged for the Canadian market #1 Tube Mill will be mothballed with the sale of any equipment subject to a decision on the long term status of the mill.

- 8) The company will develop opportunities for new value added products.

MANNING

The manning plan for the year 1995 - 2000 is shown below and reflects the assumptions included in the Detailed Strategic plan.

<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
5107	4699	4302	4179	4107	4051

The above numbers are for the projected "On Roll Workforce", calculated by dividing total projected manhours by 1,750 hours per employee. The parties agree that these targets ~~should be~~ adjusted for a number of factors including changes in: overtime, contracting in, and capital spending.

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OTHER

The company will implement a "pull manufacturing and supply system" in partnership with its core customers.

The company will strive to improve profit margins through better pricing and enhanced mix.

GENERAL ARTICLE

JOINT DECISION MAKING, JOINT WORKPLACE REDESIGN AND EMPLOYEE PARTICIPATION PROCESS

1. MISSION STATEMENT

The parties are committed to a successful **Algoma Steel Inc**, founded upon principles of tolerance and **respect** between a **strong** independent union and a **strong independent** management and a recognition of the **value** of every employee.

As equal partners, **Algoma** and the **United Steelworkers** of America make as top priority, the creation of an **organization** that is dedicated to the economic: security and empowerment of employees and to continuing improvements in productivity and quality.

2. OBJECTIVES

The parties **recognize** the necessity of redesigning the workplace so that it becomes less authoritarian, safer and more fair. They agree that costs must be reduced, performance improved, and the skill content of jobs enhanced and that this will require substantial **changes** in how work is **organized**, a significant reduction in levels of supervision and other overhead, the creation of opportunities' for **employees** to solve operating problems and the **continual** upgrading of the **skills** of the workforce.

In order to manage change, the parties commit to ongoing consultation, **problem** solving, and discussion between management and the union and **among** employees at all levels. As part of these consultations, **management** is committed to providing the Union and employees with the **opportunity** to participate in decisions **related** to change as early as possible.

The parties agree on the following objectives, and agree to implement **changes** in the workplace during the life of this **collective** agreement which **will**:

- redefine the role and function of supervisors so that they emphasise coaching and coordinating
- upgrade the skill content of jobs on a progressive and ongoing basis, and provide employees with greater opportunity for **training**. In upgrading **the skill level** of trade jobs, an important objective will **be** to increase knowledge within the trade;
- eliminate health and safety hazards, including ergonomic hazards;
- ensure **workers** are **trained in** safe production practices;
- **provide** workers with greater influence, & accountability, responsibility, and control over day-to-day **operations** of their workplace;

lead to continual improvements in productivity and quality based on working smarter, using better equipment, and reducing waste;

- flatten the organisational structure, resulting in the elimination of unnecessary **layers** of management and administration and reduction in overhead costs.

In order to **meet** these objectives, redesign the workplace and to take advantage of the firsthand knowledge and experience of employees to **solve** operational **problems**, the parties will continue to develop and implement the workplace participation process.

3. JOINT STEERING COMMITTEE

a) Mandate and Purpose

A Joint Steering Committee **has** been established for the following purposes::

- i) to **ensure** that changes are implemented in the workplace which **will** achieve the objectives agreed to in Section 2 and in the **Strategic Plan**.
- ii) to jointly manage employment levels at **Algoma** in accordance with the **Strategic Plan**. Employees shall not be laid-off or hired **without** the approval of the Joint **Steering Committee**.
- iii) to **work** with the Company's President and Chief Executive Officer and senior management on business matters generally and in particular with respect to the **achievement of** the goals and objectives of the Strategic Plan, **Annual Business Plans** and other general business goals and objectives of the Company. **For** the purposes of this **collective** agreement the **Strategic Plan** is the **Strategic Plan** as approved and amended by **the** Company's Board of Directors from time to time.
- iv) to jointly direct the workplace participation and **redesign** processes, plans and programs in order to achieve the objectives set out in Section 2.

The parties agree that the process of redesigning the workplace must be a joint endeavour. The Company agrees not to **initiate** any action, program or change with respect to worker participation, workplace **restructuring** or training without the agreement of the **Joint Steering Committee**. For the purpose of this Section **workplace** restructuring will be defined to include the combination, amalgamation, **creation**, or elimination of tasks, **jobs** or lines of sequence, and the **establishment** of operating work **groups** or teams or job rotation systems.

- v) to jointly direct workplace training programs and authorize an Annual Training **Plan** and Budget.
- vi) to jointly direct the process of technological change;
- vii) to jointly direct the Company's Human Resource policies and procedures;
- viii) to act as an on-going forum for senior management and union **officials** to discuss and resolve issues related to the workforce and the company.
- ix) to direct all other joint committees which are established by the **Joint Steering Committee** or the collective agreement

b) Composition

The Joint Steering Committee will consist of **12** members as follows:

- a co-chair as **appointed** from time to time by the Company President and CEO.
- a co-chair as **appointed** from time to time by the United Steelworkers 'Director of District **6.**;
- five senior management personnel as selected by the President and CEO; and
- five union officials of **USWA Local 2251.**

Members of the **Committee** shall **complete** a training program as **approved** by the Joint Steering **Committee** within 6 months of appointment to the Committee.

The District 6 and/or National Director **of** the Union may attend meetings of the Steering Committee on the invitation **of** either co-chair.

c) Duties and Responsibilities

i) Human Resources **Matters**

Algoma's Human Resource policies and **administrative** procedures shall 'be established by the Joint Steering Committee, in accordance with the provisions of this collective agreement.

On advice of the Joint Steering **Committee**, the co-chairs of the Committee shall establish the **administration** of the Company's Human Resources functions including workplace restructuring and redesign, **technological** change, problem solving and cost savings, joint training **board**, training administration, wage and salary administration, benefits administration, pension administration,

collective agreement administration, medical and personnel services, and employee assistance program. For these Human Resources functions the co-chairs of the Joint Steering Committee shall jointly determine the number of people required to fulfil various functions; and the duties and task, and job descriptions required to fulfil the functions.

The Joint Steering Committee has the authority to determine the best method of delivering negotiated employee benefits, including the selection of insurance carriers or self-insurance. The Joint Steering Committee will ensure that employee benefits are provided on a cost **effective** basis, and are provided to employees and their dependents in a fast and courteous manner.

The Joint Steering **Committee will not**

- determine individual **benefit** entitlement;
- deal with any **disciplinary** matter;
- have access to confidential **personnel files** (unless approved by the individual on **authorized** forms) ;
- assume any of the functions of an employer under any legislation of Canada or Ontario.

The Joint Steering **Committee will** make policy with respect to employee communications.

ii) **Business** Matters

The Joint Steering Committee **will:**

- **work** with the President and CEO and senior management towards achievement **of** the company's business goals and objectives as set out in the **Strategic** Plan, and in particular **as** they relate to facilities, manning objectives including attrition and other matters which impact the company's employees.
- review any amendment or other change to the Company's Strategic **Plan** before it is presented to the Company's; Board of Directors.
- review Annual. business plans **before** they are presented to the Company's, **Board** of Directors.
- periodically review and monitor progress toward meeting performance, sales, employment, and other targets set out in the Strategic Plan and Annual Business Plan;
- monitor capital expenditure programs agreed to in the Strategic Plan;
- review proposed major sale, lease or rental of assets, and review major purchases for materials and supplies, and the tender selection process;

- establish corporate travel policy for bargaining unit members;
- direct and set policy for Department Steering Committees and to establish, where appropriate, and set policy for similar committees within Business Units.
 - review Appropriation Requests (**AR's**) before they are presented to the Company's Board of Directors.
 - review Annual plans of the **Department** Steering Committees, particularly respecting manning and other objectives of Strategic Plan.

iii) Training

The Joint Steering Committee shall exercise its responsibilities regarding training through the Joint 'Training Board (**JTB**).

'The Joint Training Board shall review the training needs of all employees, and develop a comprehensive training plan and budget for Algoma to be recommended to the Joint Steering Committee. The training plan will include both shorter term and Longer term components, a timetable, and be designed to ensure that the (objectives set out in Section 2 are achieved. The Joint Training Board will determine the need for apprentices in the skilled trades and crafts.

The plan shall include a process that would allow each employee to help design an individual training plan with the long term objective of entitling each employee to 80 hours of off-the job training per year. *see 11*

The Joint Training Board shall consist of four members appointed by the Union and four members appointed by the Management.

The Joint Training Board will review and recommend training policy, (govern overall training, ensure the training plan is implemented, and give priority of training required.

The parties agree to establish a corporate wide system to track training costs for those purposes established by the Joint Steering Committee.

iv) Major Technological Change

No major technological change shall be introduced prior to review by the Joint Steering Committee. Technological change is defined as technological changes in method of operations, materials and process, including the introduction of new or modified equipment which substantially alters the manner in which work is performed. *22E*
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The Joint Steering Committee will evaluate technological changes based on their contribution to achieving the objectives set out in Section 2 and in the Strategic Plan, and set policies and procedures to be followed in respect of major technological change.

Employees who will be affected by a proposed **technological** change must be involved in the process of designing and implementing that change.

The Joint Steering Committee will establish a joint **sub-committee**, the Joint Technology **Design** Team, to ensure the joint development of technological change, and the participation of workers.

A Joint Project Team **will** be established when proposed **technological** changes **will** change, modify or eliminate work duties or methods, impact on skill requirements, impact on health and safety, or require new training as referred to in the Template. The Joint Project Team would bring together workers who **will** actually use the new technology, and the designers of that equipment **or** system, on a project by project basis. Appropriate expertise and training for the development of the project will be provided to the Joint Project Team.

The Joint Project Team **will** be responsible for the development of the technology.

The Joint Project Team **will** provide the following **information** to the Joint **Technology Design** Team and/or Joint Steering Committee:

- a description of the purpose and function of the technology, and **how it** would fit into existing operationa and process;
- the estimated cost of the technology, and a cost justification of the **technology**;
- **any service** or maintenance warranties or contracts provided by the vendor (**if any**) ;
- the number of jobs which would be eliminated or changed by the technology;
- the anticipated impact on the skill **requirements** of the work force;
- the anticipated impact on established lines of sequence;
- a review of the technology for **health** and safety hazards;
- details **of** any training programs connected with the new technology.

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v) **General**

The Company will pay **lost** time wages and expenses for union members of the! Committee for their Committee activities, including time union members **spend** preparing for such meetings.

The Committee will make decisions by consensus which does not necessarily mean **unanimity** but does require the agreement of both **co-chairs**.

Any matter within the scope of the Committee which cannot be resolved by the Committee, that is not clearly defined in the collective agreement, may be referred by either co-chair to the Company's Board of Directors for a decision.

The Steering Committee will select consultants, advisors and instructors retained by the Company to facilitate and support any process and programs related to work redesign, worker participation and training and will determine assignments and duties of such consultants, advisors and instructors.

The Joint Steering Committee may from time to time define and amend as appropriate the roles and responsibilities inherent in structures and jobs involved in workplace restructuring and redesign.

4. EMPLOYEE PARTICIPATION PROCESS

The parties have established a program of employee participation, which shall continue.

The employee participation program has the following features:

- it will not consider or accept ideas which are not consistent with the terms of this collective agreement and which will negatively impact on rights, benefits, and protection employees have under the collective agreement. This program will not consider or accept ideas which will eliminate jobs :
- is company wide;
- provides opportunities for involvement to all employees who wish to participate;
- ensures that all ideas which are submitted are seriously considered, and that employees whose ideas are not implemented are told why;
- has a clear set of criteria which will be used to prioritize and determine which ideas are to be implemented;
- a graduated approval process designed to allow employees themselves to make implementation decisions on ideas which require minimal expenditure and impact only on their work areas, and to have input into decisions of a larger magnitude;

5. DEPARTMENT STEERING COMMITTEES

a) Mandate and Purpose

The parties will establish Department: **Steering Committees** in various departments of the Company (see list of departments in Appendix A) . Each of these committees shall report to and be subject to the direction of the Joint Steering Committee. The purpose of the Department Steering Committee shall be to:

- direct **the** implementation of change in the workplace which will achieve the jointly agreed to objectives **set** out in Section 2 and in the Strategic Plan;
- direct the achievement of the department's goals and objectives as set out in the Strategic Plan and annual business plan, in particular as they relate to facilities and manning,
- **direct** the application, within the department, of the Human Resources policies and procedures as established by the Joint Steering Committee.
- **direct** departmental. workplace redesign, restructuring and **technological change activities.**

b) Composition

Each Department **Steering Committee** shall have the following members:

- the Department Head who shall be a co-chair,
- a **bargaining** unit co-chair selected by the **Union,**
- **union stewards** and union health and safety representatives **selected** by the Union;
- **other employees** within the department as **selected** from time to time by the co-chairs.

Members of the Committee shall complete a training program approved by the **Joint** Steering Committee within 6 months of appointment to the Committee, which shall include a component of union designed and delivered training for union members.

c) Duties and Responsibilities

- **develop** and submit to the Joint Steering **Committee** for approval, an Annual Department Plan to achieve **goals** and **objectives** from the strategic: **plan,** in particular as they relate to facilities and manning.

direct the implementation of the department's annual plan as approved by the Joint Steering Committee,

- direct the application of **the** Human Resources policies and procedures agreed upon by **the** Joint Steering Committee, within the department.
- development, implementation and monitoring of training plans (including training for **SDWG**) and plans for improving quality of worklife, including plans for the **achievement** of objectives set out in Section 2.
- **implement** workplace restructuring and redesign within the department with authority to make broad based decisions affecting the department (using consensus) covering elements of manpower scheduling and seniority such as lines of sequence, job combinations, **multiskilling**, job rotation, and hours of work, within the provisions of this collective agreement, and provided individual employees affected have been involved in the planning process.
- changes considered in **workplace** restructuring and redesign must be reviewed by the department joint health and safety representatives for their potential impacts on employee **health**.
- **ensure** Joint Project Teams for technological change are functioning in Department
- ensure self **directed** work groups are functioning in **Department** according to the provisions of this collective agreement and **guidelines** set down by the Joint Steering **Committee**.
- reviews issues, suggestions, and problems raised through the **EPU** system, and monitors the **EPU** process in the Department.
- monitors contracting out and overtime hours (excluding **replacement** hours) in excess of **10%** of **all** hours worked in a 12 month period in any specific functions or jobs in the department and initiates any action required in **accordance** with the **policies** and administrative processes established by the Joint **Steering Committee**. 5
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- monitors and reviews all other issues governed by the Joint Steering Committee.
- the union co-chair may be a full-time position as deemed appropriate by the Joint Steering **Committee**.
- the Company will pay lost time wages and expenses for union members of the Committee for their Committee activities.

- the Committee will make decisions by consensus which does not necessarily mean unanimity but does require the agreement of both co-chairs. Where consensus is not reached the matter may be referred to the Joint Steering Committee by either co-chair.

Restructuring task: forces and teams established by the Joint Steering Committee will provide support, training and assistance to the Department Steering Committees as required to meet their objectives.

6. GUIDELINES FOR WORKPLACE RESTRUCTURING AND PARTICIPATION PROCESS

The parties agree to abide by the following guidelines in all matters pertaining to workplace redesign, training, and the workplace participation process.

General guidelines are:

- a) The workplace participation process and workplace redesign initiatives **shall** be consistent with and supportive of **local** and international union structures. The worker participation process shall be consistent with and supportive of the terms of this collective agreement, including the grievance procedure.
- b) The workplace participation process shall not be used to **discipline** employees.
- c) The participation of individual employees in the worker participation process shall be strongly encouraged through a **training program** but **shall** be entirely voluntary; however, new entrants to groups involved in worker participation must commit to participating in the **process**. Participation in such process will be scheduled during **normal** working hours, and employees will be paid at their regular rates for their time.
- d) Union officers and appointees involved in work redesign or any joint committee must be offered the **opportunity** of participating in Union **designed** training.
- e) It is **understood** that as part of the **workplace participation process** the union representatives on **various** committees, task forces, and other groups may wish to meet separately from **management** representatives, and that **attendance** at such meetings is part of the participation program, and shall be paid by the company. The Joint Steering Committee **shall** establish guidelines **respecting** the holding of such meetings and for the payment of employees who attend.
- f) Employees have a right to participate in the process where they have a stake in the outcome and something to contribute.

- g) So as to encourage informed and meaningful participation employees shall have access to relevant information and the necessary resources and expertise.
- h) The parties **recognize** there is no one best way to participate. Each workplace participation group shall have broad latitude and freedom to shape their own process within the guidelines of this Agreement, and by any guidelines established by the Joint Steering Committee.
- i) Decisions shall be made by consensus. In the event consensus cannot be reached there shall be access to the appellate process.
- j) No action will be taken with respect to worker participation, **workforce** restructuring or training in the absence of consensus. Where there is no consensus there shall be access to the appellate process.
- k) In order for participation to be meaningful, participation shall run from the very formative stage of a project to its conclusion.
- l) Employees **participating** in the process shall receive the necessary training to prepare them to play a meaningful role.
- m) All employees will be provided with an informational overview of the overall process.

Principles for the Introduction of Self directed work groups and other reorganization initiatives.

The following principles must be incorporated in the design, implementation, and operation of SDWG or any other work reorganization initiative:

- reasonable workload
- maintain rights to access or egress to and **from** jobs.
- in **compliance** with principles of Employment Equity.
- Provisions for **replacement workers**, as appropriate, (for vacation, sickness, approved absence, or training) can be made available either from within the SDWG or from outside the SDWG.
- Compensation shall be based on an agreed to plant-wide job evaluation system and matters of compensation, including wages, premiums, **bonus**, and gainsharing, will not be addressed by SDWG.
- The **concept** of peer review shall not be incorporated into any SDWG. Discipline (including discipline related to work performance) will remain a management responsibility.

7. RESTRUCTURING SUPPORT AND PROCESSES

In order to ensure that the workplace participation process is effective the Management and the Union are committed to providing appropriate training and support. As part of this support the Management agrees to:

- i) pay lost-time wages for a one day union orientation session for union employees within the first year of the collective agreement;
- ii.) pay lost-time wages for three days of union orientation for up to 100 union delegates/stewards in the first year of the collective agreement and two days per year for each subsequent year; and
- iii) pay lost-time wages for five days of union training per year for up to twenty-five (25) union representatives on the Steering Committee and designated committees and task forces.
- iv) pay lost-time wages for a minimum of four (4) weeks of union training for all the union co-chairs of Department Steering Committees in the first 12 months of the collective agreement, and at least one (1) week per year after.

In addition, Management and the Union agree to create a team of internal personnel dedicated to supporting the participation process. The Union shall select one employee to act as Union Co-ordinator and another employee to act as Assistant Union Co-ordinator. Management shall appoint counterparts to work jointly with the Union appointees. The Union Co-ordinator shall work under the direction of, and report to, the 'Union Co-chair of the Joint Steering Committee. The Assistant Union Co-ordinator shall work under the direction of, and report to the Union Co-ordinator .

The Union Co-ordinator may attend meetings of the Joint Steering Committee and sub-committees or task forces, at 'the invitation of the Union Co-chair of the Joint Steering Committee. In a corresponding fashion Management, may have its Co-ordinator attend meetings of the Joint Steering Committee. The Union Co-ordinator will be responsible for making regular reports to the Union Co-chair and the other union members of the Joint Steering Committee on the progress of the workplace participation process and any other matters they require. At the joint request of the Union and Management Co-chairs the Union Co-ordinator shall make reports to the Joint Steering Committee.

The wages and benefits of the Union Co-ordinator and Assistant Union Co-ordinator will be paid by the Company, and they will continue to be covered by the provisions of their respective collective agreements. The Company will provide the Co-ordinators with an office, equipment and access to clerical support.

The Company shall provide the Union Co-ordinator with a resources budget of \$50,000 on the first day of each quarter to be used to support the activities of the Co-ordinator and Assistant Co-ordinator, including, but not limited to, assistance, travel and expenses, training, workshops, external consultation and educational material. The resources budget shall be approved by the Union Co-chair. If at the end of each quarter the resources budget has not been allocated, the resources budget for the next quarter shall be reduced by the unused amount. The resources budget will be held in a separate bank account.

The Company shall provide up to two additional people, selected by the Director of District 6, to assist the Union Co-chair of the Joint Steering Committee in carrying out his functions related to the Joint Steering Committee. Wages and benefits will be on the same basis as the Union Co-ordinator and Assistant Co-ordinator.

The union co-chairs of the Department Steering Committees shall be provided with office space and office equipment.

Union Evaluation

Every other year (or more often as may be approved by the Joint Steering Committee) the union shall be provided the opportunity and resources to undertake an evaluation of the workplace change process. This evaluation shall be conducted solely by the union, under the direction of the union staff representative, and shall be independent of any joint activities of the union and the company.

The primary objective of the evaluation will be to find out the extent to which employees believe their jobs and work environment have been made better or worse as a result of workplace change. The evaluation will try to find out what union members feel about (a) the workplace restructuring and job redesign process, (b) changes in their own job and work environment, (c) the employee participation process, and (d) the union.

The evaluation will have two parts:

- 1 Survey of all employees.
All employees will have the opportunity to participate in the survey .
- 2 Focus Groups .
The focus groups will be made up of groups of 6 randomly selected union members. Each year fifty (50) focus groups will be run.

The resources required to conduct the evaluation will be provided by the Company to the Union.

The Company agrees to provide the following:

- (a) Funds to develop, administer and **analyze** the employee survey. In the first year \$30,000, in each subsequent year \$10,000. Access to a computer **able** to compile and **analyze** results;
- (b) Paid time for employees to participate in the survey at the **work** place to a maximum of 1 hour per employee;
- (c) Lost time for focus group participants to a maximum of 300 participants for an average of 4 hours each (1,200 hours);
- (d) Two weeks training in leading focus groups for 7 focus group leaders selected by the **union** in the first year, and one week: training **in** each subsequent year;
- (e) Lost time for focus group leaders to conduct focus groups **and** compile and review results (4 weeks per focus group leader).

8. OVERTIME, CONTRACTING OUT, AND EMPLOYMENT LEVELS

The parties agree to monitor and review the levels of overtime and the levels and type of **contracting** out on an ongoing basis.

Each Department Steering Committee will provide the Joint Steering Committee with a quarterly report for their area.

The Joint Steering Committee will take appropriate action to eliminate **or reduce** any overtime or **contracting** out deemed to be excessive.

APPENDIX A - LIST OF DEPARTMENTS

For the purposes of this Agreement, the company shall be deemed to be divided into the following departments:

Accounting
Algoma Ore Division
Automotive Repairs
Cokemaking
Cold Rolled Strip and Unfinished Parts
Human Resources
Environmental Control
ICS Operations
Ironmaking
Maintenance*
Maintenance Services
Metallurgical Labs
Plate and Strip - Hot Mills
Plate and Strip - Finishing
Order **Acceptance** and Product Control*
Purchasing and Stores
Quality **Engineering** - Hold and Release
Steelmaking
Shape Products
Transportation
Tubular **Products**
Utilities
Welded Beam Division

* for purposes of the Department Steering Committees, assigned personnel will participate in the committee for their **assigned** area.

The foregoing list **of** departments may be amended as necessary by agreement of the Joint Steering **Committees**.

Gain Sharing Plan

The Company and the Union recognize the mutual benefit of a gain sharing plan for the Company and the employees.

Therefore it is agreed that a Joint Gain Sharing Committee will be established by the Joint Steering Committee to develop the principles of a gain sharing plan based on reduction of controllable costs (costs that can be impacted by the employees).

The Committee will submit its recommendations to the Joint Steering Committee within six months of inception. Upon approval by the Joint Steering Committee the plan will be implemented ●

No changes will be made in the plan without the agreement of the Joint Steering Committee.

The Plan shall be based on the following principles:

- gains shall be measured and the payout distributed on a Company-wide basis; *no other award to be by the Joint Steering Committee*
- individual payouts shall be made on an equal basis, based on the individual's hours worked in proportion to total hours worked in the period. Hours worked shall be defined as in the profit sharing plan.

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