



Canadian Merchant Service Guild

A NATIONAL ASSOCIATION OF

MASTERS - MATES - PILOTS - ENGINEERS AND OTHER MARINE OFFICERS

La Guilde de la Marine Marchande du Canada

ASSOCIATION NATIONALE DES CAPITAINES - OFFICIERS BREVETÉS - PILOTES ET CHEF - MÉCANICIENS

INTERNATIONAL MARITIME PILOTS' ASSOCIATION

AFFILIATED WITH

INTERNATIONAL TRANSPORT WORKERS' FEDERATION

OTTAWA • VANCOUVER • THOROLD • QUÉBEC • DARTMOUTH • ST. JOHN'S

March 14, 2014

TO ALL GUILD MEMBERS EMPLOYED AS MATES, ENGINEERS, AND ELECTRICIANS AT CANCREW ENTERPRISES LIMITED

NEGOTIATIONS UPDATE AND RATIFICATION VOTE

Dear Officer:

The enclosed Tentative Collective Agreement is the product of the Guild's negotiations with the Company. The contract was finalized on March 5th after two days of mediation in St. John's, which followed the rejection of the previous package circulated to Officers.

The Guild appreciates the feedback from Officers after the previous package was rejected. It was very clear to us what work needed to be done – and every effort was expended to get changes made.

We appreciate Scott Rideout's participation in the latest mediation process as well as the earlier mediation efforts. Officer participation is valuable to the process.

Our goal was to make considerable improvements to the existing Agreement. While there will always be some issues to address in the future, we are confident that this package represents everything available for us to achieve at this set of negotiations. The Guild and the Committee unanimously recommends acceptance of the package.

This tentative Agreement includes wage increases of 4% in each of the 3 years with full retroactivity. The Company's RRSP contribution increases to 11.34% will now also be retroactive to the end of the last Agreement and the maximum available Seniority Bonus will increase by 20% by the end of the Agreement and a further \$500 on year two and year three.

The tentative Agreement is still 3 years in duration and we will be filing notice to Bargain again in 2015 (this time next year) if a majority of Officers to accept the package.

At this point we wish to make it clear that the choice on how we proceed is yours to make. There are only two choices and the Guild will respect the wishes of the majority of Officers and take the action required.

Before Officers cast ballots however, there are some factors on both sides of your decision options that should be considered. These are provided for your information and are intended to help you with your decision.

If Officers vote to accept this tentative Agreement:

- A new Collective Agreement is crafted and signed within the next few weeks
- Retroactive increases of 8% in pay and another 4% this June become effective either when the new Agreement is signed or within a couple of months
- Retroactivity on the increase in RSP will take effect- 11.34% from end of last contract
- Seniority Bonus increases as described
- Shorthand pay will be included to divide the wages of any absent Officer in the manner we proposed
- Notice Period will revert to 14 days
- Other changes as included from the previous package

Officers should recognize that in approximately 5 years of Guild representation, if a majority of Officers find this package acceptable, your base rate at June 1, 2014 will have increased 29% (plus the RSP increase for totals over 32%) and we will be back at the bargaining table in 2015.

If Officers vote to reject this tentative Agreement:

- The Guild will await the decision of the Canada Industrial Relations Board determining if Officers CAN strike or if you are deemed 'essential'
- Once that deliberation is made the result may be that Officers are allowed to strike, in which case the Guild would arrange for Officers to leave the vessels once they are docked at a safe and secure location.
- You should be aware that the employer's argument is the vessels should be put at anchorage and Officers should only be allowed to leave the vessels and STRIKE if they are in excess of the minimum safe manning document
- You should also be aware that the Canadian Transportation Agency has received applications for 3 shuttle tankers (two of which are sister ships to

the Knutsen vessels) and those applications have been APPROVED. These tankers will operate if Officers are out on strike.

- This means with certainty that if you vote to strike, and if the Labour Board allows you to do so, it will undoubtedly be a lengthy process. We include this not to dissuade you but simply to make it abundantly clear.

The Guild stated earlier in this correspondence that we will respect the decision of the majority of Officers and we re-state that unequivocally here.

We want you to make an informed decision, and make it the one that best suits you and your family.

The other request we have of all Officers is that they vote. There was a very good response last time and we are using the electronic voting process again this time.

Full details of what was agreed between the Parties are attached with this document. With the exception of the articles that have been agreed in writing, all other articles will remain as per the current Agreement.

The final say in any Collective Agreement is the one that rests with the individual Officer and his/her individual vote.

The Guild recommends acceptance of this contract as we believe it to be a good step in addressing Officer issues. We believe whole heartedly that we got all there was to get and left nothing on the table.

The choices on your ballot are clear. The options are to accept the offer or provide a strike mandate. If a majority of members choose to accept the offer, then we sign the contract and move forward. If a majority of members indicate they wish to go on strike then we wait for the outcome of the CIRB action currently being worked on by our lawyers. Since we have already given 72 hour notice of strike we may need to do so again to satisfy the requirements of the Labour Code.

Now it's up to you.

The choices for each of you casting a ballot are clear. Do you agree with the recommendation of the Guild Negotiating Committee to accept this tentative agreement or should we inform the Company that we still intend to exercise our option to strike? That is the choice you must make.

The Guild and your Negotiating Committee have recommended acceptance of the package. We ask you review the material and make the decision that you feel is in your best interests.

Please vote as you see fit, but please make sure you vote. We have included the relevant information and please consider this with the wording of your current Agreement. The new features and the other features of your old Agreement will be combined into a new document if the Officers vote to ratify.

Sincerely,

Bruce Carter

Bruce Carter
Secretary Treasurer

I ACCEPT THE PROPOSED SETTLEMENT _____

I AGREE TO GO ON STRIKE _____

March 5, 2014
~~March 5, 2014~~

Memorandum of understanding between Cancrew Enterprises Ltd and Canadian Merchant Service Guild representing Deck, Engineering and Electrical officers

The below noted terms and conditions of employment constitute a tentative agreement subject to ratification

The union bargaining committee will unanimously recommend the tentative agreement in its entirety to the membership and shall vote on the offer.

With the exception of the articles that have been agreed in writing, all remaining outstanding articles will remain as per current agreement.

Article 7.03 Officers promoted or transferred outside the CBA shall maintain seniority up to a maximum of 36 months or the expiry of this CBA whichever occurs first. Officers working outside the CBA must return to the bargaining unit and work a minimum of one riding trip as a supernumerary on board a vessel covered by the CBA to maintain their seniority under this CBA. The riding trip referenced above must be worked before the expiration of their seniority under this CBA.

Article 20.02 Maintain language in current collective agreement, 14 days.

Article 24.02 Expenses must be submitted for reimbursement in the calendar year in which they occur. Except in extenuating circumstances, expenses for December only will be reimbursed up to March 1 of the following year. Expenses not submitted by the corresponding deadline will not be accepted by the company.

Article 29.01 Effective from date of signing the Seniority Bonus to be paid November 2014 will be at maximum of \$11,000 and the Seniority Bonus to be paid November 2015 will be at maximum of \$12,000.

In addition to the annual entitlement in the current agreement, each employee shall receive an additional \$500 for the calendar years outlined above in 29.01

Article 35.01 If for any reason the vessel sails with less than the normal crew complement for a particular crew classification, the wages for that part of the crew that is missing will be divided among the remaining department members provided they perform the normal work of the missing crewmember.

Article 36.03 RRSP-Effective from June 1, 2012 the RRSP contribution from the company will increase to 11.34%

Article 38.03 Payment of Wages-Effective June 1, 2012 4% increase. Effective June 1, 2013 4% increase. Effective June 1, 2014 4% increase

The collective agreement will expire on May 31, 2015.

Larry Moore


Cancrew Enterprises Ltd

Bruce Carter


Canadian Merchant Service Guild

May 23 2013

Article 7 Seniority

7.04

In selecting Officers for upgrading or promotion to or within classifications covered by this Agreement, the following factors shall be considered: certification, qualifications, ability, competency and seniority. Those factors being equal, seniority shall prevail. The Company shall be the judge of ability and competency. When an opening is pending for one of the permanent positions covered by this agreement notice of that opening will be posted on all vessels to permit Officers who may want to apply for promotion to do so.

The remaining paragraph of this part shall remain as is in current contract.



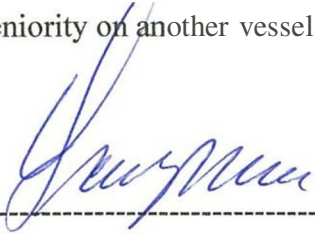
for the Company

For the Guild

May 22, 2013

Article 7.13

Should a vessel be assigned to a long term charter outside the Canadian offshore oil production area Officers on that vessel shall have the ability to exercise their seniority to bump an Officer with less seniority on another vessel working in the Canadian offshore operating area.



For the Company

For the Guild

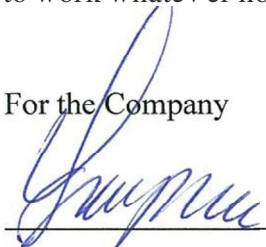
March 8, 2013

Company Response to Guild

19. **HOURS OF WORK**

19.01 An Officer's work day shall be defined as any day in the week. An Officer's normal working day shall consist of twelve (12) hours per day or as required in the Marine Personnel Regulations of the CSA 2001. The watch or work system to be specified by the Master. In addition to these normal working hours, Officers are expected to work whatever hours are required to ensure the safety of the vessel.

For the Company



For the Guild



March 7, 2013

response to Company wording Proposal re Article 21.03

ARTICLE 21. DRUG and ALCOHOL TESTING

Amend 21.03 to read as follows:

A copy of the Drug and Alcohol Policy is available to all Officers and may be obtained from the Human Resource Office, and is contained in the QSMS and available on board.

For the Company

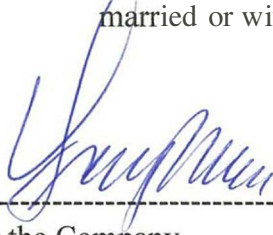
A handwritten signature in blue ink is written over a horizontal dashed line. The signature is cursive and appears to read "G. Simpson".

For the Guild

May 22, 2013

Article 25. Bereavement

25.1 The Company will grant 7 days pay with leave to an Officer in the event of a death in the Officer's immediate family. This leave is granted for the purpose of attending the funeral and shall be granted only to those Officers engaged on a tour of duty. For the purpose of this clause, 'immediate family' shall be defined as the Officer's parent or legal guardian, child and spouse. Spouse is understood to mean someone to whom the Officer is married or with whom the Officer has maintained a conjugal relationship for 12 months.



For the Company



For the Guild

May 23, 2013

Article 28

28.2 Crew changes will be scheduled for morning or midday where possible. It is expected that travel to or from the vessel will be completed in one day. If travel extends beyond day of crew change the Officer shall be paid a travel day once leaving home for each calendar day until midnight of the day prior to joining the vessel or once leaving the vessel for each calendar day commencing at midnight of the day leaving the vessel until reaching home, to the nearest half day. The Travel Day is separate from the day when the Officer joins or departs the vessel. Travel day is understood to be half of the consolidated day rate and in this circumstance no leave/bank days will be deducted/accumulated.

28.3 delete.
28.4 delete.



Ed