

AGREEMENT

Between

General Dynamics NASSCO

NATIONAL STEEL AND SHIPBUILDING COMPANY



and

THE INTERNATIONAL ASSOCIATION OF MACHINISTS AND
AEROSPACE WORKERS, DISTRICT LODGE NO. 947,
LOCAL LODGE NO. 389



(Machinists Bargaining Unit)

October 1, 2020 – September 30, 2023

Table of Contents

ARTICLE 1 RECOGNITION	4
ARTICLE 2 SCOPE OF AGREEMENT	4
ARTICLE 3 UNION MEMBERSHIP	4
ARTICLE 4 ASSIGNMENTS OF WORK	5
ARTICLE 5 WAGES/PAY	6
ARTICLE 6 HOURS OF WORK	8
ARTICLE 7 OVERTIME	10
ARTICLE 8 SHIFT DIFFERENTIALS	11
ARTICLE 9 HOLIDAYS	12
ARTICLE 10 VACATIONS	13
ARTICLE 11 REPORTING AND MINIMUM PAY	15
ARTICLE 12 UNION REPRESENTATIVES	16
ARTICLE 13 MANAGEMENT RIGHTS	18
ARTICLE 14 SUBCONTRACTING	20
ARTICLE 15 NO STRIKES/LOCKOUTS	21
ARTICLE 16 GRIEVANCES	21
ARTICLE 17 ARBITRATION	22
ARTICLE 18 SENIORITY	23
ARTICLE 19 REDUCTION AND RESTORATION OF FORCES	25
ARTICLE 20 HEALTH AND WELFARE	28
ARTICLE 21 401(k) SAVINGS PLAN	29
ARTICLE 22 PENSION	30
ARTICLE 23 WORK OUTSIDE THE SHIPYARD	31
ARTICLE 24 LEAVES OF ABSENCE	32
ARTICLE 25 SAFETY	34
ARTICLE 26 TRAINING	39
ARTICLE 27 TRAINEES	40
ARTICLE 28 OTHER TERMS AND CONDITIONS	41

ARTICLE 29 EQUAL OPPORTUNITY NONDISCRIMINATION	43
ARTICLE 30 ANTI-HARASSMENT	44
ARTICLE 31 SUCCESSORS AND ASSIGNS	44
ARTICLE 32 SAVING CLAUSE	44
ARTICLE 33 WAIVER.....	44
ARTICLE 34 WARRANTY OF AUTHORITY	45
ARTICLE 35 AMENDMENTS	45
ARTICLE 36 EFFECTIVE DATE AND DURATION	45
ACKNOWLEDGMENT & EXECUTION	46
SCHEDULE A - WAGE RATES	47
SCHEDULE B HEALTH AND WELFARE	48
SCHEDULE C STANDARD RULES OF CONDUCT	50
SCHEDULE D SUBSTANCE ABUSE PROCEDURE	50
SCHEDULE E ABSENTEEISM & TARDINESS CONTROL PROCEDURE.....	50
SCHEDULE F PECP	50
SCHEDULE G PAID HOLIDAYS	51
SCHEDULE H ALTERNATIVE WORKWEEK SCHEDULES.....	52

**AGREEMENT BETWEEN NATIONAL STEEL AND
SHIPBUILDING COMPANY and THE INTERNATIONAL
ASSOCIATION OF MACHINISTS AND AEROSPACE
WORKERS, DISTRICT LODGE NO. 947,
LOCAL LODGE NO. 389**

(MACHINISTS BARGAINING UNIT)

THIS AGREEMENT is made and entered into this 1st day of October, 2020 at San Diego, California, by and between NATIONAL STEEL & SHIPBUILDING COMPANY (hereinafter referred to as the "Company") and the INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS, DISTRICT LODGE NO. 947, LOCAL LODGE NO. 389 (hereinafter referred to as the "Union").

**ARTICLE 1
RECOGNITION**

The Company recognizes the Union as the exclusive representative of the employees covered by this Agreement as set forth in Article 2 for purposes of collective bargaining with respect to rates of pay, hours of work, and all other terms and conditions of employment.

**ARTICLE 2
SCOPE OF AGREEMENT**

The words "employee" and "employees" as and wherever used in this Agreement shall mean and include only those employees of the Company at San Diego, California, classified in the job classifications set forth in Schedule A, attached hereto. All other persons are excluded.

**ARTICLE 3
UNION MEMBERSHIP**

Section 1: Employees covered by this Agreement shall not be required to join or maintain membership in the Union as a condition of employment, but each employee shall have the rights to voluntarily join and maintain membership in the Union, to financially support the Union, including the payment of dues and/or fees, to engage in lawful activity for or on behalf of the Union, or to refrain from any such activities, all as he or she freely determines.

Section 2: Neither the Company and its management and employees nor the Union and its agents and members shall threaten, intimidate, coerce or otherwise interfere with the exercise of employee rights described in Section 1 of this Article.

Section 3: Upon receipt of a valid authorization signed by an employee to whom this Agreement is applicable, the Company shall, pursuant to the provisions of such authorization and until revoked in writing by said employee, or until termination of this Agreement, whichever occurs first, deduct from such employee's earnings monthly, in four (4) equal installments. The deduction of monthly dues shall be made from the earnings received by employee on the first four (4) pay periods of the month in which a properly executed assignment is received by the Company. Union dues will be deducted thereafter from the earnings received by the employee on the first four (4) paydays of each month; however, should any such employee have no earnings due him or her in any week or should such employee's earnings be less than the amount such employee owes the Union, the deduction shall be made from the employee's earnings on the next succeeding payday on which his or her earnings are sufficient to cover the amount of dues currently owed. The Company shall promptly mail to the Union a check made payable to the Union for the amount of dues the Company has withheld during such month, which shall be accompanied by a list, in duplicate, containing the names of employees and the amount deducted from each employee's earnings. Upon receipt of such check and list, an official of the Union shall sign one copy of such list, acknowledging receipt thereof, and promptly return it to the Company.

Section 4: The Union agrees to indemnify the Company and holds it harmless against any and all suits, claims, demands, and liabilities that may or shall arise out of or by reason of any action that shall be taken by the Company for the purpose of complying with provisions of Section 3 of this Article.

Section 5: The Company will be under no obligation to withhold Union dues beyond the termination date of this Agreement and shall have the right to unilaterally discontinue the withholding and remission of dues upon such termination notwithstanding the language contained within the authorization signed by any employee.

ARTICLE 4

ASSIGNMENTS OF WORK

Section 1: Notwithstanding any other terms or provisions of this Agreement, it shall not be a violation of this Agreement for the Company at any time to (A) assign employees covered by this Agreement to perform work historically performed by persons covered by other collective bargaining agreements or employed in other bargaining units and (B) to assign persons covered by other collective bargaining agreements or employed in other bargaining units to perform work historically performed by employees covered by this Agreement and bargaining unit. Employees shall accept such work assignments and shall to the best of their ability endeavor to perform the work assigned.

Section 2: Notwithstanding any other terms or provisions of this Agreement, it shall not be a violation of this Agreement for the Company at any time to assign and/or reclassify an employee(s) covered by this Agreement to work of a Schedule A classification other than that to which they are normally assigned under this Agreement. Where such assignment exceeds five (5) consecutive work days, the employee(s) shall be reclassified. An employee(s) temporarily assigned to such other Schedule A work for less than six (6) consecutive work days shall not be evaluated, disciplined or laid off because of an inability to satisfactorily perform such work.

ARTICLE 5 WAGES/PAY

Section 1: The minimum straight-time hourly wage rates for the job classifications covered by this Agreement are set forth in Schedule A.

Section 2: Nothing contained in this Agreement or in Schedule A shall preclude or prevent the Company from, in its discretion, paying an employee or group of employees an hourly rate in excess of the minimum hourly rates of pay set forth in Schedule A and, at its discretion, reducing any such excess hourly rate back to the applicable minimum hourly rate set forth in Schedule A, with a minimum of five (5) working days advance written notification to the effected employee(s). The granting or withdrawal of discretionary increases pursuant to this Section, and the failure to grant or withdraw a discretionary increase, shall not constitute discrimination, disparate treatment, or "a practice" with respect to the granting, withdrawal, and the failure to grant or withdraw other discretionary increases with respect to any other employee or group of employees, and such shall not be subject to the grievance and arbitration provisions of this Agreement (Articles 16 and 17).

Section 3: All new hires, except trainees, shall be paid a starting rate of three dollars (\$3.00) an hour less than the applicable minimum straight-time hourly rate of the classification in which the new employee is hired. Such employees shall receive the following pay adjustments in addition to the general wage increases provided for by Schedule A.

After 960 hours paid	\$.50 increase.
After 1920 hours paid	\$.50 increase.
After 2880 hours paid	\$.50 increase.
After 3840 hours paid	\$.50 increase.
After 4800 hours paid	\$.50 increase.
After 5760 hours paid	\$.50 increase

Section 4: Leadmen shall be paid not less than sixty-five cents (65¢) an hour over the minimum hourly rate of the highest paid Schedule A rate for their classification. Working foremen shall be paid not less than one dollar (\$1.00) an hour over the minimum hourly rate of the highest paid Schedule A rate for their classification. Mentors shall be

paid not less than fifty cents (50¢) an hour over the minimum hourly rate of the highest paid Schedule A rate for their classification.

Section 5: An employee assigned for one (1) or more hours in a workday to work for which the minimum straight-time wage is less than the employee's regular classification rate shall, while engaged in such work, be paid his or her regular classification rate. Employees so assigned to work for which the minimum straight-time wage rate is higher than the employee's regular classification rate shall, while engaged in such work, be paid the higher rate.

Section 6: The Company may establish new classifications covering new or different work operations and the wage rate or rates therefore, or it may assign such new or different work to an existing classification. If there is a dispute as to whether a newly established classification and/or new wage rate established for the new classification is proper, the Union shall have the right to grieve as set forth in Articles 16 and 17 to determine the proper classification and/or the wage rate therefore.

Section 7:

- A. Employees shall be paid on a regularly designated day. An employee who is laid off or discharged shall be paid immediately.
- B. Paychecks shall normally be issued at the start of the shift.
- C. Adjustment checks for shortages will be issued as follows:
 - 1. A first shift employee (designated payday Friday) shall receive an adjustment check that day if notification is given to the Payroll Department by 10:00 a.m.
 - 2. Employees on the second and third shifts (designated payday Thursday) who report a shortage to the Payroll Department by 10:00 a.m. Friday shall receive an adjustment check that Friday.
 - 3. If notification is given to the Payroll Department after 10:00 a.m., the employee will be given the option of receiving an adjustment check the following normal business day for the Payroll Department or the following payday. The employee shall also have the option to receive the adjustment payment in cash in lieu of an adjustment check, provided that the Payroll Department has sufficient petty cash available to offer this option.
- D. An employee who returns to work from an absence in which the Company paid the employee's portion of the weekly insurance premiums will be allowed to reimburse the Company in weekly installments an amount not to exceed two (2) weeks arrearages per paycheck.

- E. The Company reserves the right to change from a weekly pay period/payday to a biweekly pay period/payday. The Company shall give the Union forty-five (45) days advance written notice prior to making such change, but will not be required to negotiate with the Union over the decision or implementation of the change. If the Union desires to negotiate with the Company over the effects of the change, it must give the Company written notice of its desire to do so within fifteen (15) days of the Company's notice to the Union. Failure to provide written notice within said fifteen (15) day period shall be deemed a waiver by the Union of its rights to engage in effects bargaining over the change.

ARTICLE 6 HOURS OF WORK

Section 1: Nothing contained in this Article 6 shall be construed as a guarantee of hours of work per day or per week, or of days of work per week, nor shall this Article be used as any basis for the calculation of overtime, premium pay or reporting pay.

Section 2: Subject to the provisions of Schedule H, eight (8) consecutive hours of work exclusive of a one-half (1/2) hour unpaid lunch period shall constitute a normal day's work. Forty (40) hours, Monday through Friday, shall constitute a normal workweek. An employee's workday starts with the commencement of work after more than eight (8) hours off and continues until the employee has been released from work for eight (8) or more hours.

- A. Employees are authorized and permitted to take a rest period of ten (10) minutes net rest per four (4) hours or major fraction thereof. It is the employee's responsibility to take his/her break, provided that the timing and location of the employee's break may be subject to regulation by supervision in order to insure that the timing and location of the break does not disrupt the flow of work. Any claim for a denied rest period must be made in writing to the appropriate supervisor within 24 hours of the end of the shift in which the rest period was denied.
- B. Employees who are prohibited by the Company from taking a break in accordance with Subsection (a) above shall receive one (1) hour of straight-time pay as a penalty for the Company having prohibited the employee from doing so.
- C. Employees who work in excess of six (6) consecutive hours shall receive an unpaid thirty (30) minute meal period, which meal period shall commence on or before the end of fifth (5th) consecutive hour of work. The Union and the employees covered by this Agreement hereby consent to waive the meal period for any employee who does not work more than six (6) consecutive hours. Employees who are required to work more than ten (10) consecutive hours shall receive an additional unpaid thirty (30) minute meal period, which meal

period shall commence on or before the end of the tenth (10th) consecutive hour of work. The Union and the employees covered by this Agreement hereby consent to waive the additional meal period for any employee who does not work more than twelve (12) consecutive hours. Any claim for a denied meal period must be made in writing to the appropriate supervisor within 24 hours of the end of the shift in which the meal period was denied.

- D. Employees who are prohibited by the Company from taking a meal period in accordance with Subsection (c) above shall receive one (1) hour of straight-time pay as a penalty for the Company having prohibited the employee from doing so.
- E. The intent of the foregoing is to conform with California law regarding rest and meal period requirements. The foregoing shall not be applicable to employees who are not subject to such law. Any dispute relating to rest or meal periods for employees covered by this Agreement shall only be subject to resolution through the grievance and arbitration provisions of this Agreement,

Section 3: Subject to the provisions of Schedule H, work shifts are identified as follows,

- A. First or Day Shifts will normally be worked between 5:00 a.m. and 5:00 p.m, or 4:00 a.m. when the work requires an earlier start to support transportation and operational requirements.
- B. Second or Afternoon Shifts will normally be worked between 1:30 p.m. and 1:30 a.m.
- C. Third or Graveyard Shifts will normally be worked between 10:00 p.m. and the following 10:00 a.m.

In the event the Company changes the starting time of a shift, including changes that will result in a shift time outside of the work hours identified above, the Company will give the Union five (5) days written notice, unless a legitimate business reason makes five (5) day notice impracticable. The Company will provide notice to shift employees at the same time it provides notice to the Union. The Company will also make good-faith efforts to accommodate affected shift employees unable to work the new shift hours. Alternatives to be considered by the Company will include allowing transfers to other shifts or other work areas, utilizing temporary tours of duty, or utilizing staggered starting times. All determinations made by the Company regarding accommodation issues shall not be subject to the grievance and arbitration provisions of this Agreement (Articles 16 and 17).

ARTICLE 7 OVERTIME

Section 1: This Article provides the basis for the calculation and payment for overtime and premium pay, and shall not be construed as a guarantee of hours of work per day or per week, or of days of work per week.

Section 2: Time worked Monday through Friday in excess of eight (8) hours in a day shall be paid for at one and one half (1 1/2) times the regular rate of pay for the first two (2) hours and double time (2X) thereafter.

Section 3: Time worked on Saturday not to exceed eight (8) hours shall be paid for at one and one-half (1½) times the regular hourly rate provided the employee has previously worked forty (40) straight time hours Monday through Friday. Hours worked on Saturday in excess of eight (8) shall be paid for at double (2 times) the regular rate of pay provided the employee has previously worked forty (40) straight time hours Monday through Friday.

Section 4: Time worked on Sunday shall be paid for at two (2) times the regular rate of pay provided the employee has worked forty straight time hours Monday through Friday and has also worked at least eight (8) hours on Saturday. Time worked on Sunday in excess of forty (40) hours but less than forty-eight (48) hours in the workweek will be paid for at time and one-half (1½).

Section 5: Employees who are prevented from working forty (40) straight-time hours Monday through Friday or eight (8) hours on Saturday as a result of the following conditions shall be given credit for such lost time in determining the applicable overtime rates for work on Saturday and/or Sunday:

- A. Emergency conditions and emergency layoff provisions, as provided in Article 19, Section 2 (G).
- B. Not allowed to work due to ship movements, dockings, undockings, launchings, sea trial, and lack of work where the employee reported to work but was sent home by supervision with less than eight (8) hours work.
- C. Employees who reported to work and were sent home due to inclement weather will have the lost hours count as hours worked for overtime purposes.
- D. Not requested to work Saturday; credit eight (8) hours.
- E. Paid military leave, paid jury duty, paid bereavement leave, paid vacation, paid holidays, Company-Union contract negotiations(s) meeting(s) and meetings associated with contract negotiations as verified in writing by the Business Representative of the Union.

Section 6: Employees who work overtime and do not receive eight (8) hours off before the start of their next regular shift shall not be required to report to their next regular shift.

Section 7: Employees who work around the clock and are required to work their next regular assigned shift shall continue to be paid at the applicable overtime rate.

Section 8: For overtime calculation, the work week for the Second (Afternoon) Shift starts at 1:30 p.m. on Monday and the work week for the Third (Graveyard) Shift starts at 10:00 p.m. on Sunday.

Section 9: Employees assigned Monday through Friday to dockings, undockings, ship movements, incline tests and launchings, and regardless of the number of hours worked in the day or work week, shall be paid one and one half (1 1/2) times their regular straight-time hourly rates of pay for the first two hours worked outside their regular shift and two (2) times such rates for each additional hour.

Section 10: The Company may assign required overtime work for ship launchings, sea trials, dockings and undockings, time in dry dock, ship movements, incline tests, L.O.E. periods, and during the three (3) calendar weeks immediately preceding such events, provided no employee shall be required to work overtime on more than twenty-one (21) straight days. The applicable overtime rate will be paid without regard to the number of straight-time hours previously worked in the day or week when overtime work is required pursuant to this Section 10. An assigned employee who fails or refuses to work required overtime shall be subject to discipline except in cases of approved absences which fall within the provisions in Article 24 and any leave protected by state and federal law.

Section 11: The Company shall not be obligated or required to offer or assign overtime work to any particular employee(s). However, the Company shall, as practical, offer overtime first to qualified employees working in the area where the overtime is required.

ARTICLE 8 SHIFT DIFFERENTIALS

Section 1: Second shift employees shall be paid a shift differential of sixty-five cents (65¢) an hour for each such shift hour worked. On October 1, 2021, the second shift employees shall be paid a shift differential of one dollar (\$1.00) an hour for each such shift hour worked.

Section 2: Third shift employees shall be paid a shift differential of one dollar (\$1.00) an hour for each such shift hour worked. On October 1, 2021, the third shift employees shall be paid a shift differential of one dollar and thirty-five cents (\$1.35) an hour for each such shift hour worked.

Section 3: Shift differentials shall be included in holiday, reporting and vacation pay and used in calculating applicable shift overtime rates.

Section 4: First shift employees assigned to full shifts on the Second or Third shifts for less than five (5) consecutive workdays shall, in lieu of the applicable shift differential, be paid for the first and last such shifts at the employees' First shift overtime rate.

Section 5: Employees required to transfer from one shift to another at the direction of the Company with less than eight (8) hours off work shall be paid at the applicable overtime rate for the work performed on the first day of work on the new shift.

ARTICLE 9 HOLIDAYS

Section 1: The following are recognized holidays. New Year's Day, Good Friday, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, and Day after Thanksgiving Day, Christmas Eve Day, Christmas Day and New Year's Eve Day, on the dates shown in Schedule G. In addition, by the third week in December each year in 2020, 2021 and 2022, all active employees as of December 1st represented by this Agreement will receive eight (8) hours added to their vacation bank to be used in accordance with Article 10.

Section 2: Should a holiday fall on Saturday, the preceding Friday will be observed. Should a holiday fall on Sunday, the following Monday will be observed. This Section 2 will not apply to the Christmas season holidays.

Section 3: Employees covered by this Agreement shall receive eight (8) hours pay at their regular straight-time hourly rate of pay (including applicable shift differential) for the holidays named above when not worked, provided they shall have been in the employment of the Company for a period of sixty (60) calendar days prior to the holiday and shall have worked the last scheduled workday prior to and the next scheduled workday after such holiday. Employees on jury duty, subpoenaed witnesses in court, those taking military physical examinations, and those in jail due to false arrest, shall qualify as working the day before and/or the day after such holiday, but satisfactory proof of reasons shall be required. Employees on vacation shall be eligible for any holiday(s) falling within the vacation period. If the employees so desire, they may schedule their vacation period to be extended by the number of holidays involved. Employees on an approved leaves of absence other than layoffs which do not exceed thirty (30) calendar days shall qualify for holiday pay for any holiday(s) falling within the leave period, provided the employee returns from the leave on time and resumes work as an active employee.

Section 4: Work performed on a recognized holiday shall be paid for at two (2) times the rate of pay listed in Schedule A in addition to the holiday pay.

Section 5: Employees are eligible for holiday pay for holidays falling in the first ten (10) calendar days of an excused absence due to non-industrial illness and injury. Medical proof of such non-industrial disability may be required by the Company.

Section 6: Employees on layoff shall receive holiday pay for recognized holidays which occur not more than seven (7) calendar days after the date of layoff.

ARTICLE 10 VACATIONS

Section 1: Employees with three or more months of continuous service and who have worked 130 hours in a month shall accrue vacation in accordance with the following schedule. Vacation will be paid when taken at the employee's regular straight-time hourly rate of pay (including shift differential, if applicable).

Continuous Employment	Accrual Rate
Less than 12 months (1 year)	3.50 hours/month (42 hours/year)
12 months but less than 84 months (7 years)	6.66 hours/month (80 hours/year)
84 months but less than 132 months (11 years)	10 hours/month (120 hours/year)
132 months or more	13.3 hours/month (160 hours/year)

Employees who work at least 1,560 clock hours in their vacation eligibility period (12 months from their applicable date of hire) shall receive credit in accordance with the schedule above. Effective January 1, 2017, employees who work at least 390 clock hours in any quarter (each consecutive three-month period) of their vacation eligibility period (12 months from their applicable date of hire) shall receive credit in accordance with the schedule above. Employees who have worked less than 1,560 clock hours during their total vacation eligibility period shall receive vacation pay prorated by dividing the number of clock hours worked during the eligibility period by 1,560 rounded to the second decimal.

Section 2: Employees entitled to two (2) or more weeks of vacation may, upon approval by the department head or his designee, take their vacation in non-consecutive weeks. Vacations of less than five (5) consecutive work days may be taken if requested in writing at least one week in advance and approved by the department head or designee, except that one (1) day vacations may be orally requested by an employee and approved by his/her supervisor not later than the preceding day. Employees may be granted vacation in increments of less than eight (8) hours if requested at least twenty-four (24) hours in advance and if approved by the department head or his designee.

Section 3: Employees shall submit their first and second vacation choices on forms furnished by the Company at least five (5) weeks prior to the start of the proposed vacation, which must commence on Monday. Insofar as practical, and consistent with plant operations and the number of employees requesting the same vacation period, the Company will endeavor to approve the employee's first choice. Employees will be notified in writing within two (2) weeks after submission of the vacation request. Unless otherwise mutually agreed by the employee and the Company, approved vacation dates are binding and shall not be changed.

Section 4: Employees shall be paid for vacations of five (5) days or more at least two (2) days prior to the start of the vacation. Employees with three (3) or more months continuous service who terminate for any reason shall be paid unused and accrued vacation through the date of termination.

Section 5: Employees absent from work and receiving unemployment compensation, disability benefits, or workers' compensation temporary disability may cancel an approved vacation by notifying the Employee Relations Department in writing at least ten (10) work days before the start of the vacation.

Section 6: An employee who has at least one hundred and twenty (120) hours of accrued vacation shall be allowed to sell back to the Company up to sixty (60) hours of accrued vacation. Vacation that is sold back to the Company shall be paid in accordance with Section 1 above. The Company may, at its sole discretion, allow the employee to sell back additional accrued vacation. Employees shall not be entitled to an advance on vacation that has not yet been accrued.

Section 7: Sick Time. Employees are entitled to use up to 40 hours per year of available vacation time for sick leave purposes.

- A. Employees may use a maximum of 40 hours of available paid vacation as sick leave each calendar year.
- B. Sick leave will be paid when taken at the employee's regular straight-time hourly rate of pay and may be taken in no less than two hour increments.
- C. Employees are required to give seven days advanced notice to their supervisor for foreseeable sick leave absences. If the need to use available

sick leave is not reasonably foreseeable, employees will give notice to their supervisor as soon as practicable, but no later than the beginning of the scheduled shift, unless giving notice is not possible.

- D. Sick leave may be used for an employee's own health and wellness or that of a family member as set forth in Schedule E, Tardiness and Attendance Control Procedure, and any other reason as set forth in applicable law or regulation.

Section 8: If any federal, state, or local governmental department or agency enacts new rules or regulations that would require an increase or change to the paid leave provided under the terms of this Agreement, the Company will make and enforce reasonable changes to comply with the new rules or regulations. Disputes over paid leave are subject to the binding grievance and arbitration process set forth in Articles 16 and 17 of this Agreement.

ARTICLE 11

REPORTING AND MINIMUM PAY

Section 1: Employees who report to work as instructed by the Company and who are not put to work shall be paid four (4) hours pay, except when they are not put to work by reason of inclement weather, breakdown of machinery, discharge for cause or other conditions beyond the direct control of the Company. In the event of inclement weather, employees who have reported to work as instructed shall be paid one (1) hour's pay. However, the Company retains the right to assign work to employees that may result in exposure to the inclement weather. Such assignments will be made with proper consideration for the safety of the employees involved. In the event an employee elects not to accept such work, the Company shall not be obligated for the one hour guarantee.

Section 2: Employees who start work as instructed shall receive not less than four (4) hours work or pay unless they voluntarily quit, are discharged for cause, are voluntarily laid off, or are laid off by reason of breakdown of machinery, inclement weather or other conditions beyond the reasonable control of the Company. In the event of inclement weather, an employee who has started to work will receive two (2) hours' work or two (2) hours' pay, it being understood that such employee may be required to remain at the plant during the two (2) hour period. If an employee is assigned to start to work at a time other than his or her regular shift starting time, the two-hour period for inclement weather commences at the assigned shift starting time.

Section 3: Employees called back to work after the end of their regular shifts without eight (8) hours off to perform work not contiguous to their regular shift shall be guaranteed a minimum of four (4) hours work or four (4) hours' pay in lieu thereof. Time

actually worked under this section shall be paid for at double time, and the remaining portion of the guaranteed four (4) hours, if any, shall be paid for at straight time.

Section 4: Pay for time not actually worked under the foregoing Sections of this Article shall not be deemed hours worked for the purposes of calculating overtime and shall be paid for at straight-time rates, except on Saturdays, Sundays, and holidays when the applicable premium rate, if any, shall apply.

Section 5:

- A. Any employee who is injured at the Company's plant as the result of an industrial accident and who, on the first day he or she is sent to a doctor and resumes work during his or her regular working hours shall be paid for the time lost on such day. An injured employee who is admitted to a hospital or instructed by the Company or a doctor to refrain from performing further work on such day shall receive the applicable hourly wage rate for the balance of the shift. If such injured employee shall, on any subsequent day on which he or she performs work for the Company, be directed by the Company medical department to report for medical treatment of such injury at medical facilities outside the yard during the hours of the employee's regular shift, he or she shall be paid at his or her regular rate for the time not worked during such shift, as a result thereof.
- B. The pay obligations provided for above in Subsection 5(A) apply to any employee being treated by physicians or medical facilities to whom they have been referred by the Company. Nothing contained herein is intended to restrict the right of an employee to claim appropriate compensation in accordance with the law for time lost from work while going to his or her choice of physicians.
- C. An employee suffering from welding flash burns or complications from foreign bodies in the eye due to his or her Company employment who reports to the medical department for treatment of such conditions not later than the next work-day following such accident will be paid the regular rate of pay for the remainder of the shift if directed by the Company's medical department to refrain from performing work on such day.

ARTICLE 12

UNION REPRESENTATIVES

Section 1: An authorized representative of the Union (who shall be the regular full-time Business Representative), the Chief Steward involved in the matter under investigation, and an authorized representative of the International Union shall be permitted to visit the offices of the Company at all reasonable hours and, after notifying a representative of the Company designated by it for such purpose, shall be permitted to

enter the shipyard during working hours to investigate any matter covered by this Agreement, unless prohibited from doing so by applicable Federal Security regulations; but he or she shall in no way interfere with the progress of the work. He or she shall, however, be permitted to confer with Stewards and other bargaining unit employees in the course of investigating matters covered by this Agreement. When the regular full-time Business Representative is unavailable, the Union may authorize another full-time local Union Business Representative to have access to the yard or may appoint a regular full-time NASSCO employee to fill in for the Business Representative for such time as the regular Business Representative is unavailable.

Section 2: The Union may appoint a Chief Steward, and five additional Stewards, who shall be regular full-time working employees of the Company. The Chief Steward shall, as necessary, have the last half-hour of his/her shift with pay to conduct Union business. Other Stewards shall be granted a reasonable amount of unpaid, off-clock time to conduct Union business. The Union shall keep the Company informed in writing of the dates of appointment and names of the Union's Stewards. The Union shall update the Company in writing every quarter with the appointment dates, areas of responsibility and names of Union Shop Stewards. The Company will not transfer any Steward outside of his or her assigned area, unless for reasons of ship completion, the ending of a shift, or the Company's manning requirements, for the three (3) months of his or her appointment, provided the Steward has the requisite skill and ability to perform the work in the assigned area. Should the number of active employees in the Bargaining Unit increase subsequent to the date of ratification of this Agreement, the Union may appoint one (1) additional Steward for every additional seventy (70) employees.

Section 3: The Company agrees to give the Union forty-eight (48) hours' notice prior to the layoff or termination (except discharge for cause) of Stewards who have been duly appointed with notice to the Company by the Union. For layoff, the Chief Steward and other duly appointed Stewards shall, ten (10) days following written notice of appointment to the Company in accordance with Section 2 above, have top seniority in his/her classification.

Section 4: In addition to job duties as a Company employee, Stewards shall be permitted a reasonable amount of unpaid, off-clock time during normal working hours to perform the following duties in connection with the application and/or enforcement of this Agreement.

- A. Investigate complaints, disputes, and grievances of employees in his or her Area.
- B. Discuss complaints, disputes and grievances of employees at Step One of the grievance procedure in an effort to satisfactorily adjust the same.
- C. Attend scheduled meetings at Step Two of the grievance procedure, whenever requested by the Union or the Company, in an effort to satisfactorily adjust grievances which were presented by said Steward at Step One.

The foregoing activities shall be kept to the minimum time required and at all other times Stewards shall continue to perform their assigned Company jobs. Each Steward shall perform his or her duties exclusively in the area and on the shift to which he or she is assigned. When a Steward finds it necessary to perform his or her functions as a Steward and/or to leave his or her immediate work area to do so, he or she shall, prior to performing such functions and/or leaving the work area, notify his or her supervisor of the starting time of such performance and/or leaving and the reasons therefore, and he/she shall also notify the supervisor upon returning to his or her assigned Company job.

Section 5: The Company will cooperate with the Union in regard to excusing employees from work without pay to attend the Union's monthly general membership meetings scheduled during an employee's work shift, under the following conditions.

- A. Officers and Stewards of the Union shall normally be excused upon request made one day in advance.
- B. Other employees will be excused when, in the opinion of the applicable supervisor, the work in progress will not be adversely affected and the employee requests such time off at least one work day prior to the meeting.
- C. Employees excused will return to work promptly from the meeting, as agreed to by the supervisor and the employee.
- D. The Union will verify the employees' attendance at the meeting within two (2) workdays by providing the Company with a list of the employees who attended the meeting during their regularly scheduled work hours.
- E. Employees excused in accordance with the provisions of this subsection shall not be considered absent from work. However, they shall clock out when leaving work and, if applicable, clock in when returning to work.

ARTICLE 13

MANAGEMENT RIGHTS

Section 1: The management of the Company's shipyard and the direction of its working forces, including the right to establish new jobs, abolish or change existing jobs, increase or decrease the number of jobs, change materials, products, processes, equipment and operations shall be vested exclusively in the Company. Subject to the express provisions of this Agreement, the Company shall have the right to schedule and assign the work to be performed and the rights to hire or re-hire employees, to promote and demote employees, to recall employees from layoff, to suspend, discipline or discharge employees for proper cause, to transfer employees, and to lay off employees for lack of work or other legitimate reasons; it being understood, however, that the Company shall not discipline or discharge any employee except for just cause.

Section 2: The Company's right to manage the business, its operations, and all other rights ordinarily and customarily exercised by management whether or not expressly referred to in this Article and/or Agreement are reserved and vested to the Company, subject only to the express provisions of this Agreement. A complaint that the Company has exercised any such right in bad faith or for the sole purpose of undermining the Union or the bargaining unit shall be subject to the grievance and arbitration provisions of this Agreement.

Section 3: The Company expressly reserves the right to establish, amend, maintain and enforce reasonable rules and regulations to assure orderly plant operations, efficiency, and employee conduct, but such rules and regulations shall not be inconsistent or in conflict with the express written provisions of this Agreement or applicable law. Such rules and regulations shall be posted on Company bulletin boards and be available in the Employment and Labor Relations offices. Changes in existing rules and regulations, as well as new rules and regulations promulgated by the Company, shall become effective on the twentieth (20th) work day after copies thereof have been furnished to the Union and posted on Company bulletin boards. The Union may grieve the reasonableness of any new or changed rule only within the ten (10) work day period after the posting of said work rules and, as it deems appropriate, then proceed to arbitrate to determine whether or not said rule is reasonable. The Company, upon the filing of such a grievance, may elect to withdraw or delay the effective date of such new or amended rules. Copies of the existing Standard Rules of Conduct, the Substance Abuse Procedure, and the Absenteeism and Tardiness Control Procedure (all accepted by the Union) are incorporated herein by this reference as Schedules C, D and E, respectively.

Section 4: The Company shall have sole discretion in the use, selection and downgrading of leadmen and working foremen.

Section 5: It shall not be a violation of this Agreement for management and supervisors to perform work regularly performed by the employees covered by this Agreement:

- A. When training, checking, auditing or assisting bargaining unit employees;
- B. When required by a breakdown of equipment or facilities, an interruption in power or services, unexpected increases in workloads, and other emergencies, including abnormal or sudden bargaining unit absenteeism and staffing shortages; and
- C. When in connection with the establishment, implementation, and/or installation of new or revised work operations and procedures, systems, techniques or equipment.

ARTICLE 14 SUBCONTRACTING

Section 1: Work that has not heretofore been consistently and regularly performed by the Company, work that requires manpower, skills, equipment, tools and/or licenses the Company does not then have, incidental work performed by a subcontractor in order to secure a guarantee of the subcontracted work, work that is available for no more than a 6 month duration making the hiring of new employees or the recalling of laid-off employees impractical, work heretofore consistently and regularly performed by employees covered by this Agreement including work currently being performed by bargaining unit employees, and work performed by a subcontractor or vendor at work locations other than the San Diego shipyard and historical environs or when there are no available Bargaining Unit employees who can perform the work to the Company's satisfaction, may be subcontracted by the Company without notice, restriction, or obligation. The regular, intermittent or occasional performance of any such work by Company employees covered by any collective bargaining agreement shall not restrict or impair the Company's right to subcontract such work. The Company shall not be required to bargain with the Union over the exercise of its rights under this Article 14 or the effects of its exercise of such rights.

Section 2: Subcontractors performing work heretofore consistently and regularly performed by employees covered by this Agreement must be laid off before any active employees covered by this Agreement and qualified to perform such work shall suffer a layoff; provided that the subcontractors can be retained for no more than thirty (30) days beyond such date.

Section 3: It is not the intent of the Company to exclude local qualified union contractors from an opportunity to compete for construction work on shipyard facilities. The Union is invited to present the Company with lists of construction trade contractors who perform the type of work that is applicable to facilities construction in the shipbuilding and repair industry. This list will be presented to the appropriate Company department head for consideration when they solicit bids for such work.

Section 4: Subcontractors performing work at the shipyard will be required to have an alcohol and substance abuse plan which provides drug testing prior to an employee starting to work at NASSCO and retesting when the employee has not performed work at NASSCO for a period of ninety (90) days. Testing will conform to at least the same standards then utilized by NASSCO. Upon reasonable written request by the Union, the Company will make available documents needed to verify a subcontractor's compliance with this Section 6, including description(s) of the substance abuse plan(s) and listing(s) of the subcontractor's employees working at NASSCO who have been tested.

Section 5: The Union shall have the right once each calendar quarter to request, in writing, the total number of subcontractors currently performing work for NASSCO in both New Construction and Repair, including the names of the companies employing said

subcontractors. The Union shall have the right, upon written notice to the Company, to call for a meeting with the Company to discuss any issues relating to subcontracting. The Union's committee for any such meeting shall consist of the Union's District Business Representative or his/her designee and the Union's Chief Shop Stewards.

ARTICLE 15

NO STRIKES/LOCKOUTS

The Company agrees there shall be no lockout during the term of this Agreement and the Union, for and on behalf of itself, its agents, and the employees covered by this Agreement, agrees there shall be no strike, walkout, work interruption, slowdown, sympathy strike or other interference with work during the term of this Agreement. Should employees covered by this Agreement engage in any such activity, the Union and its agents shall, upon demand from the Company, immediately use their best efforts to promptly terminate such activity.

ARTICLE 16

GRIEVANCES

Section 1: A grievance is a dispute or controversy involving the interpretation and/or application of an express term or provision of this Agreement, including the schedules and exhibits expressly made a part hereof.

Section 2: Grievances shall be filed, processed, and resolved in the following manner.

STEP ONE. An employee having a grievance shall first take up the matter with his or her supervisor (either with or without his or her Steward) immediately, but in no event later than five (5) work days after the event which caused the grievance. However, if circumstances made it impossible for the aggrieved employee or the Union to know the aggrieved had grounds for the grievance, said five (5) work day period shall not commence to run until the date the aggrieved knew or reasonably should have known that he or she had grounds for the grievance. In no event, however, shall any grievance be filed more than thirty (30) calendar days following the act or omission upon which it is based, and any grievance filed later than five (5) work days after said act or omission shall be limited to a retroactive claim period of thirty (30) calendar days prior to the date the grievance was first filed. If the grievance is not satisfactorily adjusted within two (2) work days after having been filed with the supervisor, then within ten (10) work days after the event which caused the grievance, it shall be reduced to writing, signed by the aggrieved employee or the Union and filed at Step Two with a Company Employee Relations Representative.

STEP TWO. The written Step Two grievance shall include a statement of the act or omission giving rise to the grievance; the date upon which the act or omission occurred, if known; the name of the aggrieved; the provisions of the Agreement alleged to have been violated; and, as applicable, the name of the supervisor with whom the grievance was filed at Step One. Within five (5) work days after filing at Step Two, the written grievance shall be discussed and an effort to settle it shall be made by representatives of the Union and the Company. A written answer shall be given no later than 3:00 p.m on the fifth (5th) work day after the discussion of the grievance. The aggrieved party shall sign off the written answer solely to acknowledge receipt. Timely grievances not settled at this Step Two may be referred to arbitration as provided in Article 17. If no timely answer is given, the grievance shall be eligible to be referred to arbitration as provided in Article 17.

Section 3: Grievances not timely filed and processed as provided in Steps One or Two shall be considered null and void and shall not be entitled to further consideration or arbitration.

Section 4: Time spent processing grievances under this Article, and in processing them under Article 17, shall be on the employees' time. This applies to grievants, employees serving in any Union capacity, and witnesses interviewed or called by the Union at any step of the grievance and arbitration procedures, but not when required to attend such processing by the Company's Labor Relations Department.

Section 5: Grievances involving layoffs and discharges not initiated and filed in writing at Step Two of the Grievance Procedure within five (5) work days of the date of the layoff or discharge are untimely, null and void, and not subject to arbitration.

Section 6: Grievance settlements at Steps One or Two that involve the payment of wages will be included in the employee's paycheck. Settlements that involve a reimbursement for costs incurred by an employee will be paid by a separate check.

ARTICLE 17

ARBITRATION

Section 1: A grievance not resolved at Step Two may, within thirty (30) calendar days after the date of the written Step Two answer, be referred to arbitration by the aggrieved party notifying the other party in writing by certified mail of the decision to arbitrate.

Section 2: The parties may, within five (5) work days of the mailing of the notification of arbitration, mutually agree upon the Arbitrator.

Section 3: If the parties do not mutually agree upon the Arbitrator within said five (5) work days, the moving party shall no later than fifteen (15) work days after the mailing of the notification to arbitrate, request the Federal Mediation and Conciliation

Service (FMCS) to nominate a panel of seven (7) persons, all of whom must be members of the National Academy of Arbitrators. Each party may request one additional panel from the FMCS within fifteen (15) calendar days of the date of a prior panel. A true copy of such request shall be mailed to the other party. If the parties cannot agree on one of the seven nominees to serve as the Arbitrator, they shall alternately strike names until only one name remains, and he or she shall be the Arbitrator. A written decision, which shall be final and binding, shall be issued by the Arbitrator within thirty (30) days after the close of the hearing, including brief, if any. The Arbitrator shall not have authority or power to establish wage scales or to add to, subtract from, or modify any of the terms of this Agreement; nor shall he or she have the power to substitute his or her discretion for that of the Company. The arbitration procedures set forth herein shall not be used for the purpose of arriving at an agreement, and only matters involving an alleged violation, application, or interpretation of the express terms of this Agreement shall be arbitrable.

Section 4: Each party shall bear its own costs of processing a grievance and they shall equally share the costs and fees of the Arbitrator, the reporting service and transcript, and the expenses of the hearing location.

Section 5: The original grievance, as filed and processed, shall not be enlarged or expanded during arbitration without the consent of the non-grieving party.

Section 6: In the event either party refuses to submit to arbitration in accordance with the provisions of this Agreement, the other party shall thereupon be released from all obligations under Article 15 of this Agreement (strikes and lockouts).

ARTICLE 18

SENIORITY

Section 1: Seniority is the total length of continuous employment with the Company.

Section 2: New employees obtain seniority from their first day of work only after satisfactorily completing a total of ninety (90) days worked within a consecutive six month period.

Section 3: New employees shall be considered probationary until they have obtained seniority. Probationary employees may be assigned, transferred, laid off, or terminated without recourse to the grievance and arbitration provision of this Agreement. A probationary employee who quits, is discharged, or laid off for more than ninety (90) consecutive calendar days and is subsequently reemployed shall be subject to a new probationary period, starting from the date of reemployment.

Section 4: An employee transferred or promoted out of the bargaining unit shall not accumulate seniority in the bargaining unit. However, there shall be no loss of

seniority if the employee returns to the bargaining unit within sixty (60) calendar days from the date of such transfer or promotion. An employee who has been transferred or promoted out of the bargaining unit for more than sixty (60) calendar days shall be entitled to return to the bargaining unit in accordance with the Performance Evaluation and Communication Program (PECP) incorporated herein by reference as Schedule F.

Section 5: An employee's seniority status and employment may be terminated for the following reasons.

- A. An absence of three (3) consecutive workdays or more without notification and furnishing a justifiable reason for such absence shall be considered a voluntary termination of employment. Exceptional cases will, without setting a practice or precedent, be considered on their merit.
- B. Failure of an employee who is laid off to report for work and return to work in accordance with the recall provisions of Article 19.
- C. Discharge for just cause.
- D. Resignation, quit, retirement.
- E. When an employee has not worked as an active regular employee for a period of one (1) year. This includes non-probationary employees absent due to industrial injury or illness.
 - (1) An employee absent from work for a period of one (1) year due to industrial injury or illness will be terminated at the end of the one year period; however, should the employee receive medical clearance to return to work prior to the end of thirty (30) months, the employee will be reinstated with full seniority.
 - (2) An employee who has not worked as an active regular employee of the Company for one (1) year because of layoff may extend his or her recall rights up to twelve additional months by notifying the Company's Employment Relations Department in writing within the thirty (30) calendar day period immediately preceding the date he or she would have been laid off for one (1) full year. Such notice must contain the employee's current address and telephone number.
 - (3) An employee absent from work due to non-industrial accident or illness at the time he or she is laid off may extend his or her recall rights for an additional twelve (12) months by notifying the Company's Employment Relations Department in writing within the thirty (30) calendar day period immediately preceding the date on which such employee would have been out of work for one (1) full year. Such notice must contain the employee's

current address and telephone number. The aggregate total time off for such disability and layoff shall not exceed twenty-four (24) months.

Section 6: At least once each calendar month the Company will provide the Union with a list of bargaining unit employees, their classifications, rates of pay, and their seniority dates, if any. The Company will from time to time also provide the Union with copies of personnel action forms relating to bargaining unit terminations of any type and changes in classifications and/ or shifts.

Section 7: Employees assigned to and working on the same shift for six (6) months or more shall, in accordance with their relative Seniority, be given preference in filling vacancies in their classifications and work area on a different shift before new hires or recalled employees are assigned to fill such vacancies; provided, however, that employees desiring such shift transfers must first complete and file a shift transfer request form in the Employment Office. An employee who rejects an offered shift transfer, regardless of notice, shall waive shift transfer rights for six (6) months.

Section 8: Seniority shall continue to accrue during military leave, as provided by law.

ARTICLE 19

REDUCTION AND RESTORATION OF FORCES

Section 1: Except as hereinafter provided in this Article 19, reductions and restorations of forces (layoffs and recalls) within classifications shall be made pursuant to and in accordance with the terms and conditions of the PECP.

Section 2: Reduction of Forces.

- A. In the case of a layoff of employees from a classification, the employees lowest rated in such classification shall be laid off first in accordance with the PECP rating system.
- B. Employees notified of a layoff may elect to bump to lower classifications, provided they can satisfactorily verify to the Company that they have previously successfully performed the work of such lower classification, and pursuant to and in accordance with the PECP rating system.
- C. Employees wishing to bump must, at the time of notification of layoff, notify their supervisor in writing of their intention to bump on the appropriate form, which shall be provided.
- D. Employees bumped as provided for above in subparagraph B shall be allowed to exercise bumping rights in the same manner, and so on.

- E. Non-bumped employees will be notified at least four (4) hours prior to layoff, or receive four (4) hour pay in lieu of notice. An employee absent because of illness, industrial injury or vacation on the day he or she would otherwise be notified of layoff shall be paid for the time necessary (not to exceed two (2) hours) on the first day he or she reports to the yard for the purpose of complying with termination/layoff procedures. A list of the employees to be laid off will be given to the Union at approximately the same time the affected employees are notified of their layoff.
- F. If at the time of layoff it appears that the layoff period will be less than thirty (30) calendar days duration, a formal layoff notice will not be filed and vacation pay will not be prorated and paid. If the layoff then extends more than thirty (30) days, the employee may request and receive prorated vacation pay.
- G. The foregoing provisions of this Section 2 shall not be applicable to temporary layoffs not exceeding five (5) calendar days which are occasioned by emergency situations beyond the reasonable control of the Company. This subsection (G) shall not apply to slack periods and, if it is utilized on a recurring basis, the Company will endeavor insofar as practical to avoid laying off the same employees.
- H. The foregoing provisions of this Section 2 shall not be applicable to temporary layoffs of not more than three (3) work days resulting from ship movements within the shipyard, ship movements to or from work locations outside of the shipyard, dockings or undockings and launchings. In the case of sea trials, the duration may equal the duration of the sea trial.

Section 3: Restoration of Forces.

- A. Employees who have been laid off must, as a condition of recall, keep the Employment Department informed in writing of their current address and telephone number.
- B. In the restoration of forces, recalls to a classification shall be made in the inverse order of layoff, pursuant to the PECP rating system, and in accordance with the following procedures.
 - (1) Notification of recall shall be mailed to laid off employees at their last address of record not less than three (3) work days nor more than fifteen (15) work days prior to the scheduled reporting date. Telephonic notices of recall shall be confirmed by letter mailed the same or the next work day.
 - (2) An employee notified of recall shall, not more than three (3) work days after the mailing date of the notification, notify the Employment Department during regular business hours whether or not he or she will report to work as scheduled by the recall notification.

- (a) An employee who responds to recall within said three (3) day work period who is then employed full-time or is unable to return to work as notified because he or she is out of the State may elect to waive the recall. Such employee shall remain eligible for the next recall and be recalled in accordance with the PECP rating system. Recall may not be waived for such reasons more than once during the same layoff.
 - (b) An employee who responds to recall within said three (3) day work period and is unable to report as notified because of confirmed illness, injury or disability shall be returned to work in accordance with the PECP rating system upon three (3) work days written notice to the Employment Department that he or she is then able to resume work, provided such work is then available without displacing another employee.
 - (c) An employee who fails to timely respond to recall as provided above in subparagraph (B)(2) shall forfeit his or her seniority and recall rights. However, the employee may, within thirty (30) calendar days of the mailing of the original notice of recall, apply in writing to the Employment Department to have his or her seniority and recall rights restored. The employee shall then be eligible for, and must accept, the next recall. An employee may not apply for such reinstatement more than once in any twenty-four (24) month period.
- (3) Notwithstanding any other term or provision of this Article, the Company reserves the right to require any laid off employee to return to work from layoff as notified when the number of available and qualified employees recalled to the same classification is then insufficient to meet manpower requirements.
 - (4) By mutual agreement between the Employment Department and the recalled employee, a reporting date may be extended to not later than the fifteenth (15) work day following the mailing of notification.
 - (5) An employee shall not be required to report to work earlier than three (3) work days after the date the notice of recall is mailed, but with the agreement of the Employment Department, an employee may report to work earlier than the scheduled recall date.

Section 4: Joint Committee. A Joint Union/Management PECP Committee shall be established. The Committee shall be composed of three or more Company members and three Union members. The Union members shall be the Chief Shop Steward for the Machinists bargaining unit, the Chief Shop Steward for the Electricians bargaining unit, and the Business Representative for the Union or his/her designee as designated by the Union. The Committee will meet every four (4) months to review the manner in which the PECP is being administered and to discuss possible improvements

to the administration of the Program. The Chief Shop Steward(s) shall not suffer any loss in pay or benefits while attending scheduled PECP Joint Committee meetings pursuant to this section.

ARTICLE 20

HEALTH AND WELFARE

Section 1: Employees shall be eligible to participate in Group Life and Accidental Death and Dismemberment Insurance, Group Health Insurance, Group Dental Insurance, and Disability insurance, as provided for herein and Schedule B attached hereto. An employee's eligible dependents, as defined by the plans, shall be eligible to participate in the Group Health and Dental Plans to the extent provided for herein and by such plan policies. The provisions of the applicable plan policies are incorporated by reference and prevail over the terms of this Agreement. The benefits provided by this Article 20 shall be subject to modification in accordance with the terms thereof or as the result of bargaining between the parties during the term of this Agreement as follows:

The Union shall have the right to request that the Company meet with the Union in July of each year of this Agreement for the purpose of discussing projected premiums to be charged by the available medical plans for Group Health Insurance benefits effective January 1 of the following year, and to negotiate changes to plan design, if any, as a means of addressing premium increases, by providing the Company with thirty (30) days written notice prior to July 1 of its desire to meet for such purposes. Should the Union provide such notice, the parties understand and agree that any such changes agreed to would be subject to approval by the involved medical plan(s). Should the Company and the Union be unable to agree to such changes as the result of the negotiations, or if the Union does not timely request to meet with the Company as set forth in this Section 1, it is understood and agreed by the Union that the Company shall have the right to implement its proposed changes (if any), notwithstanding any other provision of this Agreement.

Section 2: New employees shall be covered and eligible for benefits on the first day actually worked in the calendar month following sixty (60) calendar days of employment. Employees recalled to work from layoff shall be covered and eligible for benefits on the first day worked in the calendar month following the date of return to work.

Section 3: Except for layoffs, coverage and eligibility for benefits ends on a terminating employee's last day of work. Coverage and benefits for laid off employees ends on the last day of the calendar month in which the layoff occurs, except that employees temporarily laid off shall remain covered for a maximum of thirty (30) calendar days after the date of such layoff.

Section 4: At the time of hiring, and once each year during a time designated by the Company, employees may elect coverage by the group health and dental plans offered by the Company, as provided for in Schedule B. An employee who fails to make

an election during the annual enrollment period shall continue in the same plan as before, or if the plan is no longer available, will default to employee only coverage for the comparable base plan.

Section 5: The benefits provided for under the Schedule B health and dental plans shall be coordinated with payments received or receivable under any other applicable insurance plan so that the benefits payable hereunder will not be duplicated or exceed one hundred percent (100%) of the benefits provided under the Company plan covering the employee and/or dependents. Benefits payable by any Company plan shall be reduced by similar benefits provided under California law or through Social Security-Medicare Parts A and/or B.

Section 6: The Company and the Union agree to assist employees in filling out and completing applications for coverage and in submitting claims for benefits under the Schedule B plans; but neither, by doing so, guarantees the payment of such claims or in any other way obligates itself to assume payment for any benefit set forth in Schedule B.

Section 7: Laid off and terminated employees shall have the right to continue plan coverage pursuant to and in accordance with COBRA and the plan.

Section 8: The Company shall have the continuing right to change insurance carriers for any Schedule B plan, provided that the aggregate benefits provided by any subsequent insurer shall not be less than those in effect on the date of the change.

ARTICLE 21

401(k) SAVINGS PLAN

Section 1: The 401(k) Savings Plan currently in effect for bargaining unit employees shall remain in effect. However, the Company reserves the rights, without prior notice, to change the Plan Administrator, the Plan Trustee, and/or the available investment options, which shall not be less than five (5). Except upon the signed authorization of the employee, the Company shall not be required to provide account information and/or balances to the Union or others. The 401(k) Plan document is incorporated by reference.

Section 2: All new hires hired or rehired after December 31, 2013 will be eligible to receive a Company contribution into their 401(k) savings plan, to be made on January 31 of each year, in the amount of three and one-half percent (3.50%) of such employee's straight-time earnings during the prior calendar year, provided they are on active status on December 31 of such prior calendar year. This Company contribution will vest after such employees earn at least three (3) years of vesting service, as defined in the 401(k) Plan document. Such employees will not be eligible to participate in, or earn benefits under, the Pension Plan described in Article 22.

ARTICLE 22

PENSION

Section 1: The Company, at no cost to employees, shall provide pension benefits as set forth in the Pension Plan, which is incorporated herein by this reference and which shall be modified in accordance with the provisions of this Agreement as necessary, for employees who were hired or rehired on or before December 31, 2013. Eligibility for benefits shall be as set forth herein and in said Pension Plan. Normal retirement age is sixty-two (62) years. All new hires and rehires hired after December 31, 2013 will not be eligible to participate in this Plan. Any employee who earned Pension Plan benefits, ceased to be an employee, and then is rehired after December 31, 2013 shall not earn additional Pension Plan benefits on or after the date of rehire.

Section 2:

- A. Effective June 7, 2008, the pension benefit for service prior to October 1, 2005 shall be thirty-five dollars (\$35.00) per month for each year of credited service as defined by the Pension Plan.
- B. Effective October 1, 2005, the pension benefit for service on and after October 1, 2005 shall be forty dollars (\$40.00) per month for each year of credited service as defined by the Pension Plan.
- C. Effective October 1, 2008, the pension benefit for service on and after October 1, 2008 shall be forty-one dollars (\$41.00) per month for each year of credited service as defined by the Pension Plan.
- D. Effective October 1, 2009, the pension benefit for service on and after October 1, 2009 shall be forty-two dollars (\$42.00) per month for each year of credited service as defined by the Pension Plan.
- E. Effective October 1, 2011, the pension benefit for service on and after October 1, 2011 shall be forty-three dollars (\$43.00) per month for each year of credited service as defined by the Pension Plan.
- F. Effective October 1, 2014, the pension benefit for service on and after October 1, 2014 shall be forty-five dollars (\$45.00) per month for each year of credited service as defined by the Pension Plan.
- G. Effective October 1, 2015, the pension benefit for service on and after October 1, 2015 shall be forty-seven dollars (\$47.00) per month for each year of credited service as defined by the Pension Plan.
- H. Effective October 1, 2017, the pension benefit for service on and after October 1, 2017 shall be forty-nine dollars (\$49.00) per month for each year of credited service as defined by the Pension Plan

- I. Effective October 1, 2018, the pension benefit for service on and after October 1, 2018 shall be fifty-one dollars (\$51.00) per month for each year of credited service as defined by the Pension Plan.

Section 3: Employees are eligible to receive disability retirement benefits from the Pension Plan if they are also approved for Social Security disability benefits. All other conditions relating to entitlement to the disability retirement remain unchanged.

ARTICLE 23

WORK OUTSIDE THE SHIPYARD

Section 1: Employees covered by this Agreement may from time to time be assigned to perform work at San Diego Bay and Harbor locations other than the Company's shipyard, but the terms and conditions of this Agreement shall continue to apply to the employees so assigned.

Section 2: The Company will, upon written request, notify the Union's Chief Steward of the names of bargaining unit employees so assigned.

Section 3: Employees required to travel between the shipyard and another work location during their regular shift hours shall be paid for traveling at the applicable straight time rate. Employees instructed and required by the Company to report to the shipyard prior to the commencement of their regular shift for the purpose of being transported by the Company to assignments outside the shipyard shall be paid at the applicable overtime rate for the reporting time prior to and after completion of the shift. However, this Section 3 shall not apply to employees who have the option of providing their own transportation to an outside work location, in which case the Company shall reimburse the employee only for tolls and parking fees incurred, if any, in reporting for such work.

Section 4: Transportation provided by the Company shall not leave the shipyard more than thirty (30) minutes prior to the shift starting time or return to the shipyard more than thirty (30) minutes after the end of the shift. Covered transportation shall be furnished during inclement weather.

ARTICLE 24

LEAVES OF ABSENCE

Section 1: Except as otherwise provided by applicable law, the following provisions shall apply to all leaves of absence.

- A. Requests, approvals, denials and extensions of leaves of absence shall be made in advance and be in writing on Company forms.
- B. The Company will not arbitrarily deny requests for leaves of absence, but the approval or denial of any discretionary leave by the Company shall not constitute disparate treatment or discrimination with respect to the approval or denial of any other request for leave.
- C. Employees who will be on leave for more than fifteen (15) calendar days who wish to continue their health and dental coverage during the full period of the leave are responsible for their share of their medical premiums and must remit them in a timely manner in order to maintain medical insurance coverage.
- D. Employees who fail to return to work as scheduled on the first workday following the expiration of a leave or extended leave shall be subject to discipline. Employees may return to work prior to the scheduled expiration of an approved leave only with the prior consent of the Company.
- E. Any employee who is gainfully employed elsewhere during a leave or who applies for or obtains any leave of absence on the basis of false information or pretenses shall be terminated.
- F. The Company will notify the Union of approved leaves of absence exceeding thirty (30) calendar days.
- G. An approved leave of absence shall not result in a loss of seniority or continuous service.

Section 2: Union Business.

- A. Upon at least two (2) days advance written notice to the Company, six (6) employees covered by this Agreement designated by the Union, but not more than two (2) from the same department, may be granted full-day leaves of absence without pay and benefits for up to sixty (60) workdays in a calendar year for the purpose of performing duties or work for the Union outside of the shipyard and other Company work locations.
- B. Members of the Union's bargaining committee shall, as requested in writing at least two (2) days in advance by the Union, be granted full days off without pay to prepare for and attend contract negotiations.

- C. An employee elected or appointed as the Union's business representative shall be granted a leave of absence without pay and benefits for a period not to exceed two (2) terms of office or eight (8) years, whichever is less.

Section 3: Personal Reasons: Leaves of absence for personal reasons other than FMLA, including non-industrial illness or injury, may be granted without pay or benefits for a period not to exceed thirty (30) calendar days and, upon written application and good cause, such leaves may be extended for an additional thirty (30) calendar days.

Section 4: Bereavement: In the event of a death in an employee's immediate family (parent, spouse, children, brother, sister, grandparent, grandchildren, father- and mother-in-law, brother- and sister-in-law, stepchildren and step-parents), an employee, upon request, shall be excused from work and paid for not more than three (3) consecutive regular workdays for the purpose of attending the funeral, provided the employee furnishes satisfactory evidence of the relationship to the deceased and attendance at the funeral. Pay shall be at the employee's regular straight time shift rate, but no such pay shall be due if it duplicates pay received for time not worked for any other reason. An employee may be granted an additional twenty-seven (27) calendar days unpaid leave under Section 3, above.

Section 5: Jury Duty:

- A. An employee absent from scheduled work in order to respond to a summons for jury duty or to serve on a jury shall be paid at the appropriate rate for the regular shift hours absent from work, less the fee or other compensation paid for reporting and/or serving on a jury, not to exceed ten (10) workdays in any calendar year. Second and third shift employees absent on the calendar day(s) they are required to report for or to serve on a jury shall be deemed absent for jury duty.
- B. As a condition of receiving jury duty pay, the employee must notify the Employee Relations Department at least five (5) workdays in advance of the reporting date, provide a copy of the jury summons and, upon completion of jury service, provide a statement from an official of the court certifying the length of time and the dates of the employee's jury service and the total compensation paid, exclusive of travel allowances.
- C. Employees shall report to work on their regularly scheduled shifts on workdays when not actively performing jury duty.

Section 6: Other Leaves. Other leaves of absence from work, such as for job incurred injury or illness, non-industrial illness or injury (including pregnancy disability), family medical or child bonding leave, school participation, military service and/or reserve duty, etc., shall be granted pursuant to and in accordance with this Agreement and/or applicable local, state or federal laws and regulations governing such leaves. Military

reservists required to annually attend not more than two (2) consecutive weeks of active duty training shall be paid the difference between the gross military pay received for attending such two (2) weeks of training and eighty (80) hours pay at the reservist's regular straight time shift rate.

ARTICLE 25 SAFETY

Section 1: The Company shall exert every reasonable effort to provide and maintain safe working conditions, and the Union shall encourage covered employees to work in a safe manner and to exercise and maintain good housekeeping.

Section 2: The Joint Union/Management Safety Committee

- A. Membership. The Committee shall consist of one (1) employee from each bargaining unit; and at least two (2) management representatives. Each union may also appoint an alternative employee Committee member who may serve in the absence of the regular one. Each union shall keep the Company informed in writing of the names of the Company employees appointed as its regular and alternative Committee members.
- B. Meetings. The Committee will meet twice each calendar month at a time mutually agreed upon for a period not to exceed two (2) hours, which if requested by any Committee member, may include a yard inspection. Safety Committee Representatives shall not suffer any loss in pay or benefits while attending scheduled Committee meetings.
- C. Chairman/Secretary. A management representative of the Company's Safety Department shall serve as the Chairman of the Committee and at the Committee meetings. Such representative shall be responsible for distributing the agenda and arranging for appropriate meeting dates, times, and locations. A Committee member shall be designated as the Secretary and be responsible for recording and distributing summary minutes of each meeting within one (1) week to the Company's President, to the Company's Vice-President of Production, to the Director of Human Resources, to each union's business agent and Chief Steward, and to the union and management members of the Committee.
- D. Purposes of Meetings. The purposes of the Joint Health and Safety Committee meetings are:
 - (1) To discuss safety and sanitation problems, and to make recommendations on any unsafe or unhealthy condition that may exist.

- (2) To review reports on accidents and industrial illnesses, their cause and prevention, and to review pertinent statistical data relating to industrial accidents and illnesses.
 - (3) To review rules governing safety and sanitation in the yard, and to recommend changes and encourage adherence.
 - (4) To review reports by the Safety Manager on action taken or progress made in connection with recommendations made by the Committee at previous meeting(s).
 - (5) To review material data sheets, as requested. If these are not available, any record which identifies the toxic substance or harmful agent by their common generic or chemical name will be reviewed.
 - (6) To review, upon request, tests, results, and methods utilized by the Company Industrial Hygienist, Medical Department, and Safety Department personnel in monitoring for hazards.
- E. The Manager of Safety will attend the Joint Union/Management Safety Committee Meetings at least once each quarter.
- F. All parties agree that the sole purpose of the Joint Union/Management Safety Committee is to assist, through cooperation and education, in eliminating causes of industrial accidents and industrial illnesses, and that any use of the Committee or its activities for political or propaganda purposes violates the spirit and intent of this Article.

Section 3: Paid Health and Safety Representative(s).

- A. The Union may appoint and maintain one (1) employee as a full-time paid Health and Safety Representative to represent all Bargaining Units represented by the Union. The Union Health and Safety Representative will be under the direction and control of the Safety Manager and may be assigned by the Safety Manager to any shift. The appointment and continued service of the Union Health and Safety Representative is subject to approval by the Safety Manager who, prior to the removal of any such Representative, shall provide the Union with ten (10) calendar days written notice, at such time the Company Safety Manager will meet with the Union to discuss. The Union and the Company will meet annually during the time this position continues under the terms of this Agreement in order to discuss the Joint Health and Safety Representative's role, involvement and expectations.
- B. Union Health and Safety Representative shall have access to any part of the yard during their shifts.

- C. Union Health and Safety Representatives may test hazardous areas and will have access to Company-provided test equipment. Training will be provided in the operation and handling of such equipment.
- D. Union Health and Safety Representative shall be provided with office space, a telephone, and a cell phone.
- E. The Company and the Union agree that the intent of the Union Health and Safety Representative position is for the Union and the Company to address safety concerns in a collaborative manner. The following process is to be followed should the Union have concerns regarding safety or OSHA compliance matters:
 - (1) The Union shall bring the safety or OSHA compliance concern to the attention of the Union Health and Safety Representative.
 - (2) The Union Health and Safety Representative shall then attempt to resolve the matter with the Safety Manager. The Safety Manager, at his discretion, may call for a meeting to address the issue with the Union, the Union Health and Safety Representative, and the Manager Employee Relations.
 - (3) If the matter has still not been satisfactorily resolved to the satisfaction of the Union, the Union may then refer the matter to OSHA for resolution.

Section 4: OSHA Inspections. The appropriate Chief or designated Steward on the shift shall be allowed, with no loss of straight time pay, to accompany OSHA representatives on any tours or inspections of the yard.

Section 5:

- A. Safety Surveys. Stewards, as defined in Article 12, Section 2, other than the Chief Steward, shall be allowed one-half (1/2) hour in the first four (4) hours of the shift, without loss of straight time pay, to make a safety survey of any area in which Bargaining Unit employees work, and to submit to the appropriate supervisor a list of items the Steward believes are hazardous. If a Steward finds an employee violating Company safety regulations, including, but not limited to, failure to use appropriate safety equipment, the Steward will inform the employee that he or she is violating a safety regulation which could result in disciplinary action if the employee is observed. Supervisors may accompany any Steward on his or her safety survey.
- B. Site Implementation Groups. The Company may, at its discretion, as part of the total safety culture, implement Site Implementation Groups (SIGS) in which employees may voluntarily observe (and be observed by) other working employees for the purposes of reinforcing safe work practices and correcting unsafe ones. Such observations shall not be used for disciplinary purposes.

Participating employees may be required to attend safety meetings on paid Company time to review and analyze data, recommend changes to work processes, recommend safety training topics, or other related safety subjects.

Section 6: Hazardous Conditions.

- A. If an employee claims, based on objective facts reasonably interpreted that a job assignment is either abnormally unsafe or might unduly endanger an employee's health or safety, and for that reason refuses to perform the job assignment, the employee shall not be disciplined for such refusal until a determination has been made by the Safety Department that such job assignment conforms with state and federal laws and the Company's safe work standards. No other employee will be assigned the questioned work pending such determination.
- B. The foreman shall contact (1) the appropriate Steward and (2) the General Foreman and/or Superintendent who shall discuss the matter to determine if the assignment is safe. If disagreement still exists, a Safety Department Representative will be called to evaluate the assignment. Pending such evaluation, the employee may be assigned other available work or, if none is available, the employee may be sent home.
- C. The employee and the Steward will be advised of the Safety Department's determination. If the Safety Department determines the job is safe and the assignment proper, the employee will be assigned the work in question. In the event the employee then refuses to perform the assigned work, the Company may take disciplinary action. In the event the job was determined to be unsafe, the employee shall not sustain any loss of pay.
- D. The employee shall have the right to file a grievance if the Company fails to follow the procedures outlined in this Section and/or if disciplinary action is issued.
- E. An employee exercising rights under this Section 6 shall not be deemed to be in violation of Article 15, Strikes and Lockouts, if the employee has complied with the procedures set forth in this Section, has acted upon objective facts reasonably interpreted, and if such rights were exercised in good faith to expose, define, and resolve the health and/or safety problem giving rise to the individual's exercise of said rights.

Section 7: Safety Training.

- A. New employees shall be required to attend a safety orientation course conducted by the Company Safety Department.

- B. Leadmen, working foremen, Stewards, and Union Health and Safety Representatives may be required to attend training in methods of detecting and eliminating safety hazards, unsafe work practices, and employee violations of safety rules and regulations.

Section 8: Protective Equipment.

- A. Employees may be required to wear personal protective equipment furnished by the Company, which may include, but is not limited to, masks, plastic face shields, respirators, rubber gloves, hard hats, safety glasses, safety belts, lifesaving gear, rubber aprons, and ear plugs.
- B. Protective clothing and footwear suitable for working in water (such as, but not limited to, the Graving Dock) shall be provided to employees, as necessary.
- C. Employees issued personal protective equipment are responsible for such items until returned to the Company. Employees are responsible for the replacement cost of damage, loss, or excessive wear caused by carelessness or neglect.

Section 9: Medical Studies.

- A. Any medical study conducted by the Company, including routine testing programs required by OSHA standards, periodic medical evaluations, and/or research programs, will be subject to the following.
 - (1) A full report must be made to each individual employee about his or her own medical findings.
 - (2) The Company will provide the Union, upon reasonable request, existing summary reports without revealing identities of those examined.
- B. An employee and the employee's designated representative, with the written authorization of the employee, may request access to medical or exposure records. Copies shall be provided in accordance with applicable state and federal laws and regulations.

Section 10: Sanitation.

- A. Suitable lockers, washrooms, and potable drinking water shall be available.
- B. Toilets and washrooms shall be kept in a clean and sanitary condition, and adequate quarters shall be available for employees to change their clothes. Adequate wash-up facilities shall be provided by the Company.
- C. Lunch tables and benches will be located throughout the shipyard.

- (1) The Union will cooperate with the Company to maintain a clean and sanitary place to work and eat.

Section 11: Maintenance of Current Paid Health and Safety Representative. If the current rights of all other unions to participate in the appointment and maintenance of a paid Health and Safety Representative as described in Section 3 of this Article 25 are terminated during the term of this Agreement, then such rights shall also be terminated for the Union at the same time. Should such rights be terminated, the Company shall, for the term of this Agreement, maintain in his/her position any then-current paid Health and Safety Representative who is a member of a Bargaining Unit represented by the Union.

ARTICLE 26

TRAINING

Section 1: The Company may from time to time, and without prior notice, establish, offer, modify and discontinue training programs and opportunities. The company will consider employee seniority in providing training.

Section 2: The Union may establish a Training Advisory Committee of not more than three (3) employees covered by this Agreement. The purpose of this Committee is to review voluntary, unpaid training programs developed and offered by the Company and to advise the Company with respect to the setting of standards for the various training classifications, the teaching of trades and skills, and the testing of trainees. Meetings between the Training Advisory Committee and the Company's Department representative may be scheduled by the Union. Each member shall be paid for one (1) hour of meeting time per calendar quarter.

Section 3: The parties are committed to the vision of a trained workforce and jointly commit to strengthen the training process during the terms of this Agreement. The vision will be to create a Company-Union partnership, based on trust, dedicated to providing greater job security by developing a well educated and capable workforce, responsive to our competitive business environment. The Union will support the Company's efforts when applying for available grant funding to support training for employees covered by this agreement.

ARTICLE 27 TRAINEES

Section 1: Trainees may be employed in accordance with the provisions of this Article.

Section 2: A ratio of two (2) trainees to five (5) journeyman, by classification, shall not be exceeded unless the Union is unable to refer enough qualified journeymen to meet the Company's manpower requirements.

Section 3: Trainees shall be paid as follows:

Trainee A	90% of applicable New Hire journeyman Wage
Trainee B	80% of applicable New Hire Journeyman Wage
Trainee C	70% of applicable New Hire Journeyman Wage
Trainee D	60% of applicable New Hire Journeyman Wage

Section 4: A Trainee D is an employee with less than six (6) months' work (960 hours) as a trainee or one who has not qualified as a Trainee C.

Section 5: A Trainee C is an employee who has completed at least six (6) months' work (960 hours) as a Trainee D, has successfully passed applicable written and oral examinations, and has a satisfactory attendance record.

Section 6: A Trainee B is an employee who has completed at least six (6) months' work (960 hours) as a Trainee C, has successfully passed applicable written and oral examinations, and has a satisfactory attendance record.

Section 7: A Trainee A is an employee who has completed at least six (6) months' work (960 hours) as a Trainee B, has successfully passed applicable written and oral examinations, and has a satisfactory attendance record.

Section 8: A Trainee A who has completed at least six (6) months (960 hours) as a Trainee A, has successfully passed applicable written and oral examinations, and has a satisfactory attendance record shall be reclassified as a Journeyman and paid at the New Hire Journeyman rate for the classification.

Section 9: A Journeyman who is reclassified or rehired as a trainee will be paid the designated percentage of the regular journeyman rate last received.

Section 10: Trainees shall be laid off and recalled in accordance with and pursuant to the PECP rating system.

Section 11: Consideration for openings in trainee programs will be given first to employees working in classifications where rates of pay are less than that of a journeyman, then to employees on layoff and eligible for recall, and then to new hires.

ARTICLE 28

OTHER TERMS AND CONDITIONS

Section 1: Tool Allowance: The Company shall furnish tools or, at its election, pay the tool allowances set forth in Schedule A to employees required to furnish tools of the trade, as determined from time to time by the Company. Trainees A through D, five cents (5¢) per hour.

Section 2: Tool Lock-Up.

- A. Suitable lockup space shall be provided for Employees' tools and so posted. The Company will pay for or replace tools stolen from Company-designated lockup areas, including Company-assigned personal lockers. Employees who will be (or are) absent from the shipyard for more than five (5) workdays, or who are transferred to duty not requiring the use of tools, must remove their tools from the yard or arrange to have them stored by the Security Office. Tools stored by Security must be removed within ninety (90) calendar days and, prior to the end of such period, the Company will send written notice to affected employees at their addresses of record that it will no longer be responsible for their tools. An employee's failure to follow these procedures, or a failure to properly store or promptly remove tools relieves the Company of any liability for the payment or replacement of lost or stolen tools.
- B. When an employee is injured after beginning work for the day and the Medical Department will not allow the employee to return to the work area to put away his or her tools, the Company will notify the employee's department to return the tools to the designated lock-up area or, if the employee will be out over five (5) workdays, to deliver the tools to the Security Office. If the Company fails to do so and the employee's tools are then lost or stolen, the Company shall provide replacement tools for lost or stolen tools that are on the mandatory tool list for the employee's trade classification or that are on the employee's individual tool list on file with and approved by the department.

Section 3: Bulletin Boards. Not less than five (5) bulletin boards shall be made available for the joint and exclusive use of the unions representing bargaining unit employees to post notices relating to union meetings, the appointment of committees, the election of officers, union financial mailers, grievance and arbitration settlements and awards, union sponsored recreational, entertainment and social functions, health and safety, and such other matters as may be mutually agreed upon. Outdated notices shall be promptly removed by the posting union or, following five (5) workdays advance written notice, by the Company.

A Company representative and one of the Union's Chief Shop Stewards will review the current location of the joint bulletin boards referenced in the preceding paragraph. If the Company and the Union agree that it is necessary to establish a bulletin board(s) for the exclusive use of the Union, then the Company and the Union shall meet and confer

on the location for such bulletin board(s) and who shall be responsible for the costs relating thereto.

Section 4: Sea Trials. Employees engaged in sea trials which exceed twenty-four (24) hours shall receive twelve (12) hours pay at their regular straight-time hourly rate for eight (8) hours of actual work or less within a twenty-four (24) hour period. All hours of actual work in excess of eight (8) hours within a twenty-four (24) hour period shall be paid for at one and one-half (1 1/2) times the employee's regular straight-time hourly rate. Meals and room accommodations are to be furnished by the Company. Partial watches or extended watches may be worked. If a sea trial takes place on Saturday, Sunday or a holiday, the first eight (8) hours will be paid at two (2) times the employee's straight-time hourly rate, in addition to holiday pay if applicable under Article 9. All work actually performed on Saturday, Sunday or on a holiday in excess of eight (8) hours shall be paid at two (2) times the employee's straight time hourly rate.

Section 5: Open Flames. No employee shall be required to use open flames at any time in hazardous proximity to flammable materials being used or applied on or aboard any vessel.

Section 6: Gangplanks. When practical, at least two (2) gangplanks shall be provided when two hundred (200) or more employees are aboard the same vessel at the same time.

Section 7: Disciplinary Notices: To ensure that employees have an opportunity to present relevant facts prior to disciplinary suspensions, the following procedure will be followed before issuing warning notices; provided that the Company may move forward immediately if the continued presence of the employee in the workplace could jeopardize the safety or efficiency of Company operations.

- A. In the event an employee is issued a warning notice for his or her second violation of a Group Three rule, the resulting disciplinary suspension will not begin until at least a three workday waiting period has elapsed.
- B. In the event an employee is issued a warning notice for a first violation of a Group Two rule, the resulting disciplinary suspension will not begin until at least a three workday waiting period has elapsed.

Section 8: Substance Abuse. The parties have agreed to a Substance Abuse Procedure which is attached hereto as Schedule D and incorporated herein by this reference as if fully set forth.

Section 9: Personnel Records. Access to employee personnel records by non-Company employees shall be in accordance with applicable state and federal laws and regulations.

Section 10: Mistakes. Mistakes of omission or commission made by management and/or supervisors in the administration, interpretation and/or application of any term or provision of this Agreement shall not establish or constitute a binding practice or procedure.

Section 11: Construction and Interpretation. The terms and provisions of this Agreement shall not be construed, interpreted or controlled by any interpretation, application, or terms or provisions of any prior collective bargaining agreement between the parties.

Section 12: Tuition Reimbursement: The Union agrees that its bargaining unit members may participate in the Educational Tuition Reimbursement Program offered to the Company's salaried employees with the agreement that the Company may cancel or change the Plan at its sole discretion and without bargaining with the Union over such action.

Section 13: Orientation. The regular Chief Steward of the Machinists bargaining unit shall be allowed fifteen (15) minutes to meet jointly with all new employees attending orientation and employed in Bargaining Units represented by the Union. The Chief Steward will be allowed not more than thirty (30) minutes of paid time per week to do so. The Chief Steward may designate the Chief Steward for the Electricians bargaining unit to attend the orientation in his/her place, in which case the Chief Steward for the Electricians bargaining unit shall be allowed the thirty (30) minutes paid time provided for by this section.

Section 14: PAC Contributions. The Company agrees to continue the prior practice relating to voluntary PAC contributions and the check off of same.

ARTICLE 29

EQUAL OPPORTUNITY NONDISCRIMINATION

The Company and the Union mutually agree that there will be no discrimination against any employee or applicant for employment, or any Union member or applicant for membership in the application of the terms of this Agreement or in any aspect of employment or membership or non-membership in the Union by reason of race, sex, color, religion, national origin, ancestry, age, physical or mental handicap, medical condition, marital status, pregnancy, sexual orientation, membership or non-membership in the Union, or any other category protected by applicable federal, state or local law. It is further agreed that the Company is permitted to take all actions reasonably necessary to comply with all applicable federal, state and local laws and regulations, including, but not limited to, the Americans with Disabilities Act, anti-harassment provisions and regulations (including sexual harassment), the Family Medical Leave Act, and any new laws and/or regulations that may become effective during the term of this Agreement.

ARTICLE 30 ANTI-HARASSMENT

No employee shall harass any other employee or group of employees or other person or persons on Company property or during working hours on the basis of sex, sexual orientation, gender, race, religion, national origin, age, disability, or other reasons prohibited by law. Violations of this Anti-Harassment Article may, depending upon proof and circumstances, result in discipline up to and including discharge. Anti-harassment training shall be provided as required by state and federal law. The Company shall include an article in *The Shipbuilder* at least once each calendar year reinforcing the Company's anti-harassment policy.

ARTICLE 31 SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon the Company's successors and assigns only to the extent required by applicable law.

ARTICLE 32 SAVING CLAUSE

The parties hereto intend that each provision of this Agreement be in conformity with all applicable laws of the United States and of the State of California. In the event that any section or any portion of this Agreement shall be declared illegal or invalid by a competent court or governmental agency, the remainder of this Agreement shall continue in full force and effect. The parties shall then, upon the request of either, meet in an attempt to renegotiate any such provision for the purpose of conforming it with the law or regulation violated.

ARTICLE 33 WAIVER

The parties hereto acknowledge that during the negotiations which resulted in this Agreement each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understanding and Agreements arrived at by the parties after the exercise of such rights and opportunities are fully set forth in this Agreement.

Therefore, the Company and the Union, for the duration of this Agreement, each for itself, voluntarily and unqualifiedly waives the right, and each agrees that the other shall not be obligated, to bargain collectively with respect to any subject matter referred

to or covered in this Agreement, and with respect to any subject or matter not specifically referred to or covered in this Agreement, even though such subjects or matters may not have been within the knowledge or contemplation of either or both of the parties at the time they negotiated, agreed to, and/or signed this Agreement.

ARTICLE 34 WARRANTY OF AUTHORITY

The officials executing this Agreement on behalf of the Union warrant and guarantee that they have the authority to act for and bind the members of the Union. The officials executing this Agreement on behalf of the Company warrant and guarantee that they have the authority to act for and bind said Company.

ARTICLE 35 AMENDMENTS

Any amendment to this Agreement agreed to during its term must be reduced to writing, signed by both parties and attached hereto.

ARTICLE 36 EFFECTIVE DATE AND DURATION

This Agreement shall become effective on the 1st day of October, 2020, at 12:01 a.m. and shall remain in full force and effect until midnight of September 30, 2023, and thereafter, this Agreement shall be automatically renewed for periods of one (1) year unless either party serves written notice on the other of its desire to modify, amend or terminate the same at least sixty (60) days prior to each yearly expiration period, If such notice is properly served, the parties shall meet within ten (10) calendar days after the commencement of the sixty (60) day period (unless otherwise mutually agreed) to establish a proposed schedule for further negotiations.

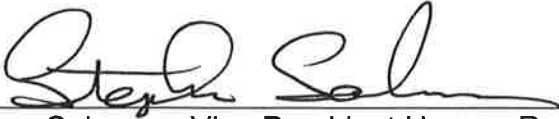
The parties may, by mutual Agreement, extend the termination date.

ACKNOWLEDGMENT & EXECUTION

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their proper officials thereunto duly authorized.

GENERAL DYNAMICS NATIONAL STEEL AND SHIPBUILDING COMPANY

By:



Stephen Solomon, Vice President Human Resources

By:



Connie Lundgren, Director Labor Relations

INTERNATIONAL ASSOCIATION OF MACHINISTS & AEROSPACE WORKERS DISTRICT 94, LOCAL LODGE 389

By:



Richard Suarez, Grand Lodge Representative

By:



John Bellow, Chief Shop Steward – Machinists

By:



Jose Martinez, Chief Shop Steward – Electricians

SCHEDULE A - WAGE RATES

<u>Classification</u>	<u>Effective Dates:</u>			<u>Tool Allowance</u>
	<u>10/1/2020</u>	<u>10/1/2021</u>	<u>10/1/2022</u>	
Numeric Control Machinist	\$30.28	\$31.01	\$31.75	
Pipe Tester	\$29.28	\$29.98	\$30.70	
Pipefitter	\$28.28	\$28.96	\$29.66	\$0.07
Inside Machinist	\$27.28	\$27.93	\$28.60	\$0.10
Label Installer	\$27.28	\$27.93	\$28.60	
Machinery Tester	\$29.28	\$29.98	\$30.70	
Maintenance Machinist	\$27.28	\$27.93	\$28.60	\$0.07
Outside Machinist	\$27.28	\$27.93	\$28.60	\$0.10
Temp Services Machinist	\$27.28	\$27.93	\$28.60	
Metal Photo Operator & Engraver	\$26.50	\$27.14	\$27.79	
Tool Room Attendant	\$23.09	\$23.64	\$24.21	

SCHEDULE B HEALTH AND WELFARE

Section 1. Medical Plans: The Company will offer the following medical plans to employees:

- (a) Kaiser HMO/EPO plan (hereinafter Kaiser Base Plan)
- (b) One Kaiser high deductible plan, with a Health Savings Account (HSA) option with one (1) first time enrollment \$500 Company seed
- (c) Alternative medical plan (Currently Blue Cross/Blue Shield)
- (d) Mexican healthcare plan (Currently SIMNSA)

For the period from October 1, 2020, through December 31, 2022, the Company will pay 80% of the monthly premium for the Kaiser Base Plan for eligible employees and dependents (as defined in Article 20 hereof and by the Plan); the employee must, through payroll deduction, pay the other 20% of the monthly premium; provided that the employee's responsibility for the 20% of the premium shall be capped at \$360 for 2020 and \$389 for 2021, and \$420 for 2022, with the Company to pay any part of the employee's share which is in excess of the cap. If the employee elects to be covered by an alternative medical plan offered by the Company, the employee must, through payroll deduction, pay the difference between the monthly premium paid by the Company for Kaiser Base Plan coverage pursuant to this Schedule B and the monthly premium of the plan selected, which difference may be an increase or decrease depending on the plan selected as a buy-up or buy-down option.

Beginning on January 1, 2023, the Company will pay 78% of the monthly premium for the Kaiser Base Plan for eligible employees and dependents (as defined in Article 20 hereof and the Plan); the employee must, through payroll deduction, pay the other 22% of the monthly premium; provided that the employee's responsibility for the 22% of the premium shall be capped at \$453, with the Company to pay any part of the employee's share which is in excess of the cap. If the employee elects to be covered by an alternative medical plan offered by the Company the employee must, through payroll deduction, pay the difference between the monthly premium paid by the Company for the Kaiser Base Plan pursuant to this Schedule B and the monthly premium of the plan selected, which difference may be an increase or decrease as a buy-up or buy-down option. The Company will continue to pay the cost of the entire premium for the Mexican medical plan for eligible employees and dependents (as defined in Article 20 hereof and by the Plan). If health insurance is available to an employee's spouse through the spouse's own employer, but the employee elects coverage and enrollment in a plan offered herein (except for the Mexican medical plan) for such spouse, a surcharge will be imposed for plan participation by that spouse (in addition to the monthly premium costs for such coverage) not to exceed twenty-five dollars (\$25) per weekly pay period. Spouse includes spouse/partner as defined by the Plan.

Section 2. Dental Plans: The Company offers the Delta Dental DHMO Plan (hereinafter referred to as the Dental Base Plan), and one or more additional dental plans (currently offered through Delta and SIMNSA). The Company will pay the premium for the Dental Base Plan for eligible employees and dependents (as defined in Article 20 hereof and by the Plan). If the employee elects to be covered by a dental plan other than the Dental Base Plan offered by the Company, the employee must, through payroll deduction, pay the difference between the monthly premium for the Dental Base Plan and the monthly premium of the dental plan selected as a buy-up option, which difference may increase or decrease from time to time.

Section 3. Consolidation: The parties agree that the Company shall have the continuing right to consolidate medical and dental plans due to low enrollment in a plan, bankruptcy of a plan, the insurance carrier no longer offering the plan, or for other similar reasons.

Section 4. Life Insurance: The Company will provide employees eligible under Article 20 hereof with a total of fifty thousand dollars (\$50,000) of Group Life and Accidental Death and Dismemberment Insurance.

Section 5. Disability Benefit: Employees eligible under Article 20 hereof are entitled to a weekly disability benefit of one hundred twenty-five dollars (\$125.00) per week commencing on the first day of hospitalization for a non-industrial injury or illness which renders the employee unable to work and beginning on the eighth consecutive calendar day of a non-industrial illness or injury which renders the employee unable to work. This benefit is paid for a maximum of thirty-nine (39) weeks.

SCHEDULE C
STANDARD RULES OF CONDUCT
(Incorporated by Reference)

SCHEDULE D
SUBSTANCE ABUSE PROCEDURE
(Incorporated by Reference)

SCHEDULE E
ABSENTEEISM & TARDINESS CONTROL PROCEDURE
(Incorporated by Reference)

SCHEDULE F
PECP
PERFORMANCE EVALUATION AND
COMMUNICATION PROGRAM
(Incorporated by Reference)

SCHEDULE G PAID HOLIDAYS

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
New Year's	--	1/1/2021 (Friday)	1/3/2022 (Monday)	1/2/2023 (Monday)
Good Friday*	--	4/2/2021 (Friday)	4/15/2022 (Friday)	4/7/2023 (Friday)
Memorial Day	--	5/31/2021 (Monday)	5/30/2022 (Monday)	5/29/2023 (Monday)
Fourth of July**	--	7/5/2021 (Monday)	7/4/2022 (Monday)	7/4/2023 (Tuesday)
Labor Day	--	9/6/2021 (Monday)	9/5/2022 (Monday)	9/4/2023 (Monday)
Thanksgiving	11/26/2020 (Thursday)	11/25/2021 (Thursday)	11/24/2022 (Thursday)	
Thanksgiving (Day after)	11/27/2020 (Friday)	11/26/2021 (Friday)	11/25/2022 (Friday)	
Winter Holiday	12/24/2020 (Thursday)	12/24/2021 (Friday)	12/23/2022 (Friday)	
Winter Holiday	12/25/2020 (Friday)	12/27/2021 (Monday)	12/26/2022 (Monday)	
Winter Holiday	12/31/2020 (Thursday)	12/31/2021 (Friday)	12/30/2022 (Friday)	

*Good Friday holiday for 3rd shift employees will be observed on the following days:
April 5, 2021 (Monday), April 18, 2022 (Monday), April 10, 2023 (Monday)

**July 4th holiday for 3rd shift employees will be observed on the following days:
July 5, 2021 (Monday), July 5, 2022 (Tuesday), and July 5, 2023 (Wednesday)

SCHEDULE H

ALTERNATIVE WORKWEEK SCHEDULES

The Company may, at its discretion and option, schedule non-traditional work weeks/shifts. When scheduling non-traditional work weeks and shifts under this Agreement, the Company will attempt to secure volunteers possessing necessary job qualifications; however, the Company retains the right to assign junior qualified employees. Non-traditional work weeks and shifts may be worked as follows.

Option 1

- A. Four (4) consecutive 10 hour days beginning on any day of the week. Daily overtime would be paid at 2 times the employee's regular rate for all hours over ten (10). Ten (10) consecutive hours of work exclusive of a one half (1/2) hour unpaid lunch period shall constitute a normal day's work. Forty (40) hours shall constitute a normal work week.
- B. Under the four (4) ten (10) hour day work week schedule the fifth consecutive day would be paid at 1 1/2 times the employee's regular rate for the first ten (10) hours and two (2) times the employee's regular rate for all hours over ten (10).
- C. Under the four (4) consecutive ten (10) hour day work week schedule all hours worked on the sixth and seventh consecutive days would be paid at two (2) times the employee's regular rate.

Option 2

- A. Three (3) consecutive twelve (12) hour days beginning on any day of the week. Employees on a three (3) consecutive twelve (12) hour day work week who work the thirty-six (36) hours would be paid for a full forty (40) hours. Employees who do not work the full thirty-six (36) hours would be paid only for actual time worked. Twelve (12) consecutive hours of work exclusive of a one half (1/2) hour unpaid lunch period shall constitute a normal day's work. Thirty-six (36) hours worked with forty (40) hours paid shall constitute a normal work week.
- B. Employees on a three (3) consecutive twelve (12) hour day work week would be paid two (2) times the regular rate for all hours worked over twelve (12) per day.
- C. Employees on a three (3) consecutive twelve (12) hour day work week would be paid at 1 1/2 times their regular rate for hours worked on the fourth (4th) consecutive day up to twelve (12) hours and two (2) times their regular rate for hours over twelve (12).

D. Employees on a three (3) consecutive twelve (12) hour day workweek would be paid two (2) times their regular rate for all hours worked on the fifth (5th), sixth (6th) or seventh (7th) consecutive days.

E. Employees on the three (3) consecutive twelve (12) hour day work week who are prevented from working one (1) or two (2) days of their three (3) day work week schedule due to excused reasons as provided for in the attendance program would be paid a proportionate share of the four (4) bonus hours.

For instance, an employee who is scheduled to work Friday, Saturday and Sunday and is on Jury Duty or Bereavement Leave Friday but works Saturday and Sunday would be paid two thirds (2/3) of the four (4) bonus hours. Any bonus hours paid will be considered as hours worked for vacation accrual purposes.

Reassignment:

Employees on one of the special work weeks may request to be reassigned to the regular shift if they have been on the special work week for over ninety (90) workdays and there are other employees with the needed qualifications. Reassignment of replacements would be as provided for in the first paragraph of this schedule.