

APPENDIX XXXIV – Memorandum of Agreement

MEMORANDUM OF AGREEMENT
between
AIR CANADA
and
INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS
(“IAMAW”)

Whereas the IAMAW and Air Canada have entered into a Collective Agreement in respect of the Technical, Maintenance and Operational Support (“TMOS”) bargaining unit which is effective from April 1, 2011 to March 31, 2016;

And whereas the parties wish to provide for long-term stability in their relationship;

And whereas the parties wish to make certain changes to their April 1, 2011-March 31, 2016 Collective Agreement;

And whereas the parties wish to provide for the entering into of successive collective agreements which will be effective for the following periods: 1) from April 1, 2016 until March 31, 2019; 2) from April 1, 2019 to March 31, 2022; 3) from April 1, 2022 to March 31, 2026;

Now therefore the parties have agreed as follows:

1. With exception of paragraph 2, which will come into force with the signing of this Memorandum, this Memorandum will only come into force once it has been ratified by both the TMOS membership and the Board of Directors of Air Canada and once the IAMAW confirms, to the satisfaction of Air Canada, the withdrawal discontinuance of its single employer applications in Canada Industrial Relations Board files 30424-C and 30420-C.
2. The IAMAW Negotiating Committee and General Chairpersons unanimously recommend ratification of this Memorandum by the TMOS membership and the Air Canada Executive Committee unanimously recommends that its Board of Directors unanimously endorse this Memorandum (“Ratification”). The IAMAW shall commence its ratification process by January 15, 2016.
3. On Ratification, this Memorandum constitutes an agreement under s. 79 of the *Canada Labour Code* respecting the renewal, revision and/or entering into a collective agreement for each of the periods stipulated herein.
4. **Changes to the 2011-2016 Collective Agreement:** The parties agree that the changes set out in Schedule A will be made to the 2011-2016 collective agreement, effective upon Ratification except as otherwise indicated in Schedule A.
5. **The 2016-2019 Collective Agreement:** The parties agree that a new collective agreement will be in effect from April 1, 2016 until March 31, 2019. This 2016-

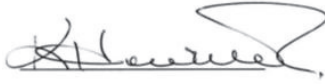
2019 Collective Agreement shall be identical to the 2011-2016 Collective Agreement, including the changes provided for in paragraph 4 above, except as amended by Schedule B.

6. **The 2019-2022 Collective Agreement:** The parties agree that a new collective agreement will be in effect from April 1, 2019 until March 31, 2022. This 2019-2022 Collective Agreement shall be identical to the 2016-2019 Collective Agreement, except as amended by Schedule C.
7. The parties have also agreed that either may seek changes to the 2019-2022 Collective Agreement in accordance with the following procedure:
 - a. Either party may provide notice to bargain between January 1, 2019 and March 31, 2019, in which case the parties shall each set a date and meet in good faith and make every reasonable effort to negotiate in relation to the changes to the 2019-2022 Collective Agreement sought by the parties. Changes agreed to by the parties shall be incorporated into that collective agreement.
 - b. If 90 days after the commencement of negotiations the parties have failed to reach an agreement on all or any items, either party may refer the outstanding items to the mediation-arbitration process set out below.
 - c. The mediation/interest arbitration will be before a mediator-arbitrator of the parties' choosing.
 - d. If the parties cannot agree on a mediator-arbitrator within 30 days of a referral to mediation-arbitration being received by the other party, then either party may request that the Federal Mediation and Conciliation Service make the selection, which selection shall be binding on the parties.
 - e. If after 15 days of mediation (a "day of mediation" being a day during which the mediator meets, at any time and for any duration, with both of the parties), the parties have failed to reach a comprehensive agreement, either may refer a maximum of 10 items each to the mediator-arbitrator for final and binding determination in lieu of strike or lockout ("Interest Arbitration Items"). Any unresolved item that is not an Interest Arbitration Item shall remain unrevised.
 - f. Each Article, Letter of Understanding, Memorandum of Agreement and Appendix listed in the Table of Contents of the Collective Agreement constitutes a single permissible Interest Arbitration Item except that:
 - i. Rates of Pay (Articles 5, 7 and 9); Term (Article 21); Appendix XXV; Appendix XXXVIII; and the benefit pension plans are excluded as permissible Interest Arbitration Items; and
 - ii. Each sub-article of Articles 10, 16 and 20 as listed in the Table of Contents constitutes a single permissible Interest Arbitration Item.



- g. For greater clarity, and without limiting the generality of the foregoing, the following are permissible Interest Arbitration Items, and to the extent that they are pursued they each count as one of the 10 items referred to above in paragraph (e):
 - i. Improvements to the Multi-Employer Pension Plan
 - ii. Any other item that the parties agree is of mutual benefit.
- h. The mediator-arbitrator shall have all of the powers and authority of an arbitrator pursuant to section 60 of the *Canada Labour Code*.
- i. The mediator-arbitrator shall determine his or her own procedure and shall issue a decision on the Interest Arbitration Items within 90 days of the referral to arbitration.
- j. Subject to the second sentence of paragraph k, below, in rendering a decision about an Interest Arbitration Item, the mediator-arbitrator shall have regard to the following:
 - i. the replication principle;
 - ii. the terms and conditions of employment of comparable employees;
 - iii. the impact on the Company, including, without limitation, the cost impact;
 - iv. any other factor that the arbitrator considers relevant.
- k. The arbitrator will also consider the total cost of the package and its impact on total compensation. Specifically, in no event shall the mediator-arbitrator issue an award pursuant to the arbitration contemplated in this Memorandum that increases the total cost of the Company's obligations under the Collective Agreement except for the following item, which the parties acknowledge could result in an increase in cost based on a comparison with the terms and conditions of employment of other comparable employees at Air Canada or in Canada generally and/or cost of living (which shall be determined by the Bank of Canada Core Consumer Price Index -v41693242):
 - i. Improvements to the Multi-Employer Pension Plan
- l. The Collective Agreement will come into effect on April 1, 2016 and remain in effect for its term notwithstanding that negotiations, mediation or arbitration as provided for herein may be in progress. Once negotiation, mediation and/or arbitration have been completed, any change that has been agreed or awarded will be made to the provisions of the 2019-2022 Collective Agreement in effect and the terms of the agreement shall thereby be finalized.
- m. Any terms awarded by the Arbitrator will be included in the collective agreement.

8. **The 2022-2026 Collective Agreement:** The parties agree that a new collective agreement will be in effect from April 1, 2022 until March 31, 2026. This 2022-2026 Collective Agreement shall be identical to the 2019-2022 Collective Agreement, except as amended by Schedule D. The parties also agree that either may seek changes to the 2022-2026 Collective Agreement by providing notice to bargain between January 1, 2022 and March 31, 2022, whereupon the provisions of paragraph 7 (a) to (m) inclusive shall apply as though they were set out hereunder in reference to the 2022-2026 Collective Agreement.
9. The parties agree that the present Memorandum concerns matters respecting the renewal or revision of collective agreements and/or the entering into of new collective agreements, and further agree that any dispute about its interpretation, application or alleged contravention shall be referred to an arbitrator for final and binding determination. For this purpose, the parties agree to adopt and follow the same procedure to address any dispute under this Memorandum as is set out in the collective agreement then in effect.
10. Nothing in the Memorandum detracts from the parties' right to agree to amendments to any existing collective agreement or to the terms set out in this Memorandum.
11. The parties agree that in no event shall the union engage in a strike or the employer engage in a lockout until the time this Memorandum is terminated pursuant to paragraph 12.
12. For clarity, the Parties agree that this Memorandum will terminate upon any of the following events occurring:
 - a. The parties agreeing in writing that this Memorandum should cease; or
 - b. March 31, 2026.
13. The Parties further agree that the terms and conditions in this Memorandum shall be incorporated into and form part of the collective agreements to which they apply.

In witness whereof, the parties hereto have signed this Memorandum of Agreement this 18th day of December, 2015.



For: Air Canada

For: International Association of Machinists and Aerospace Workers