

**Transition Agreement
Between**

**Accenture Business Services
("Accenture")**

**ENMAX Encompass
("Encompass")**

And

**C.U.P.E Local 38
("The Union")**

Version 16

Preamble and Purpose:

1. Encompass and Accenture are intending to enter into a business agreement to outsource all of Encompass' operations to Accenture, the "Business Agreement".
2. The effect of this Business Agreement is that Accenture will become a successor employer to the unionized employees of Encompass under Alberta legislation, effective May 1, 2003, (the "Starting Date").
3. A successorship occurs when a business or part of it is sold or otherwise disposed of and collective bargaining rights are in effect at the original place of business. The effect of a successorship is that the Certificate and Collective Agreement now in effect between Encompass and the Union will apply to Accenture as employer, in place of Encompass. Accenture and the Union will jointly apply to the Labour Relations Board of Alberta for a modification to the Union's Certificate in recognition of the successorship.
4. All employees of Encompass who are members of the Union (the "Affected CUPE Members"), will transfer to Accenture and become employees of Accenture effective as of the Starting Date, subject to the provisions below and subject to the completion of the Business Agreement.
5. The purpose of this Transition Agreement is to facilitate the transfer of Affected CUPE Members to Accenture. The Transition Agreement will supplement the rights and entitlements that flow from the *Labour Relations Code* (Alberta), the Certificate and the Collective Agreement between Encompass and the Union, with the additional terms and conditions specifically negotiated into this Transition Agreement.

Affected CUPE Members:

6. Affected CUPE Members included in this Transition Agreement are listed in Appendix A to this agreement.
7. Affected CUPE Members means all employees employed pursuant to the Collective Agreement, as at the Starting Date, including those employees on approved maternity or paternity leave, parental leave, adoptive leave, jury or witness duty leave, educational leave, union business leave, bereavement leave, personal leave or vacation, but excluding those employees absent on short-term (sickness and accident) or long-term disability leave or workers' compensation leave and employees whose employment terminates for any reason prior to the Starting Date
8. Affected CUPE Members absent on short-term or long-term disability leave or workers compensation leave or those Affected CUPE Members who have claims which are pending or are in the process of being adjudicated, due to occupational or non-occupational illness or injury prior to the Starting Date, will remain on the relevant Encompass/ENMAX benefit coverage, pursuant to the terms of that coverage, pending return to work on a full time basis. Once an Affected CUPE Member is cleared to return

to work under the Encompass/ENMAX benefit plan they will receive an Accenture Welcome Letter and will become an employee of Accenture 1 business day after their return date, if they return to work within 119 days after the Starting Date.

Severance Option:

9. Subject to completion of the Business Agreement, Encompass, Accenture and the Union have agreed to the terms of a limited severance option for certain Affected CUPE Members.
10. Based upon a canvass of its Encompass membership by the Union, 16 Affected CUPE Members have elected to put their names forward for potential qualification for a severance package, based on the entitlements in the Collective Agreement, in lieu of transferring to Accenture.
11. To ensure a smooth transition of Encompass operations to Accenture, Encompass, Accenture and the Union agree that this severance option will only be offered to 10 Affected CUPE Members, which will be the 10 longest-serving employees from the 16 Affected CUPE Members who elected to put their names forward. This severance amount will be paid by Encompass, where the employment relationship is terminated prior to the Starting Date.
12. If, in order to mitigate the operational impact, it is necessary to extend the employment of some or all of the 10 Affected CUPE Members, then Encompass, Accenture and the Union will jointly determine the appropriate arrangements.
13. The names of the remaining 6 CUPE members who elected to put their name forward for qualification for this severance option will be held in reserve. If the final outcome of the Union's challenge in respect of the transfer of former UCA employees to Encompass results in a determination that UCA employees should have had the option of electing severance at that time, then the remaining 6 names will be delivered to Accenture. If the 6 employees continue to be employed by Accenture at that time, they will be offered a severance option, based on the entitlements in the Collective Agreement. Any severance amount payable will be paid by Accenture, as employer.
14. It is possible that, in the event of a settlement of the dispute between the Union and City of Calgary relating to employees who were transferred from UCA to Encompass, there will be a direct or indirect payment from the City of Calgary to the Affected CUPE Members who have chosen the severance option in lieu of transferring to Accenture. The Union communication of the severance option to the Affected CUPE Members who qualify for this severance option will explain that, in these circumstances, employees who have chosen the severance option will be required to immediately assign to Encompass any such financial settlement they receive.
15. In consideration of Paragraphs 9-14, the Union will not institute proceedings, in any forum, in respect of the transition of Affected CUPE Members to Accenture.

Transfer:

16. No less than 2 weeks prior to the Starting Date, Affected CUPE Members will receive individual written notice of their transfer to Accenture, effective on the Starting Date.

Terms and Conditions of Employment:

17. Effective on the Starting Date, Accenture will assume, perform and discharge all obligations in respect of the Affected CUPE Members as successor employer under the Certificate and Collective Agreement.
18. Accenture will recognize past service of Affected CUPE Members with Encompass at the time of the transfer of their employment, for the purpose of calculating any employment right, benefit or termination entitlement.
19. Accenture will establish a Registered Pension Plan that complies with the *Alberta Employment Pension Plans Act* and the *Income Tax Act* and all associated Regulations, which will include both defined benefit and defined contribution provisions, effective at the Starting Date, to provide pension benefits to Affected CUPE Members. The Accenture Pension Plan will provide Affected CUPE Members with pension benefits and entitlements, which are equal to or better, in the aggregate, than the pension benefits provided to Affected CUPE Members under the ENMAX Pension Plan.
20. (a) Accenture will have in effect, as of the Starting Date, a group benefits program consisting of medical, hospital, dental insurance benefits, employee assistance program, life insurance, accidental death and dismemberment, short term disability and long term disability under which Affected CUPE Members will be permitted to participate immediately as of the Starting Date and otherwise in accordance with the terms of the program.
 - (b) Accenture will ensure that it provides benefits equal to or better, in the aggregate, to the terms and conditions currently being provided by Encompass.
 - (c) As at the Starting Date, the benefits plan will provide eligible Affected CUPE Members with employer-paid credits, based on income level and family status, adjusted to arrive at the same net payroll deduction to the Affected CUPE Member as incurred at Encompass for the following standard benefits programs, which can be applied to coverage for the following benefits:
 - (i) Medical
 - (ii) Dental
 - (iii) Basic Life Insurance
 - (iv) Long Term Disability
 - (v) Health Spending Account, (as applicable)

The net payroll deduction will be calculated using the cost of the above benefits provided by Encompass to Affected CUPE Members, as at April 30, 2003.

21. Accenture will establish an incentive pay program, which will be in force from the Starting Date through December 31, 2004, for Affected CUPE Members. The target pay percentage will be by 5% with a maximum of 7.5% (1.5 multiplier for meeting the outstanding target level on all goals). These pay percentages will be based on an employee's regular base pay. 50% of the incentive will be based on Accenture Business Services' corporate performance; 25% will be based on site performance; and 25% will be based on individual performance. During the remainder of the term of the current Collective Agreement, the structure of the incentive pay program will only be changed with the mutual agreement of Accenture and the Union. The "site" and "individual" performance objectives for Affected CUPE Members will be established and in place by 1 September 2003. Between the Starting Date and August 31, 2003, the incentive pay program for Affected CUPE Members will be based 100% on Accenture Business Services corporate performance.
22. Encompass has established budget targets which are being used for 50% of incentive pay targets for management employees for the period January 1, 2003 to April 30, 2003. These same budget targets will be used for 100% of the incentive pay targets for Affected CUPE Members for this period. Any incentive pay earned by an Affected CUPE Member will be paid out as soon as practical following the Starting Date.
23. *HRIS Functionality.* Accenture will ensure that by the Starting Date, it develops and implements a Human Resource Information (HRIS)/Payroll system, or similar capability, with the following functionalities:
 - (i) Current HRIS data for Affected CUPE Members;
 - (ii) Accrual bank balances for paid time off;
 - (iii) Benefits enrolment capability;
 - (iv) Statutory and company holiday processing capability;
 - (v) Paid time off accrual and processing capability;
 - (vi) Compliance with the Collective Agreement;
 - (vii) Employee vacation entitlements; and
 - (viii) Payroll processing accuracy in place, including, but not limited to, correct income tax, Employment Insurance and Canada Pension Plan deductions.

Changes to various current HRIS/Payroll processes and rules are detailed in Appendix B.

General:

24. Issues arising out of this Transition Agreement are subject to the Grievance Procedure under the Collective Agreement as between the Union and the other party to the issue. Should an issue involve all 3 parties, the three parties will meet expeditiously to resolve the matter. If the matter cannot be resolved in this manner, it may be referred by any of the 3 parties to the Grievance Procedure under the Collective Agreement, up to and

including arbitration. Any issues which arise as between Accenture and Encompass only will be dealt with in a forum other than the Grievance Procedure.

For Encompass:

For the Union:

For Accenture:

Date

Date

Date

Appendix A

AFFECTED CUPE MEMBERS

To Be Finalized April 30, 2003

Appendix B

UPDATED PROPOSAL TO CHANGE PROCESSING RULES – VER 1.2

1. Pay Frequency, stubs and related issues –
 - a. Move all hourly paid Affected CUPE members to weekly pay from bi-weekly. In addition the Affected CUPE Members who are on ‘predicted’ pay will be moved to ‘holdback’ pay. The Affected CUPE Member impact will be mitigated over with an advance equal to four days pay and recovered during 2004. Some employees are already on bi-weekly ‘holdback’ pay and will continue on the ‘holdback’ pay but on a weekly basis.
 - b. All Affected CUPE Members to be moved to a Sunday to Saturday calendar from the current Monday to Sunday calendar.
 - c. All time to be reported on Accenture time reporting system for hourly paid Affected CUPE Members.
 - d. Use the Accenture disability policy and processes for providing sickness benefits.
 - e. No advance pays
 - f. All Affected CUPE Members to be on direct deposits and only to one bank account. Multiple bank accounts not available. Credit union deposits will be provided through a separate interface on all regular pay cycles only.
 - g. Pay stubs to be distributed via office mail and not to home addresses.
2. Vacation banks – These banks will be tracked through a spreadsheet till an automated solution on PeopleSoft is implemented. Information will be tracked and managed by line managers. This will enable reports on banks to be produced once a month.
3. Vacation pay – Pay vacation entitlement to on call Affected CUPE Members every pay instead of annually.
4. Statutory holidays –
 - a. Will be paid to all Affected CUPE Members including new hires.
 - b. For part time Affected CUPE Members to use the average pay of last 20 days instead of the 6 week average.
5. Effective date for Affected CUPE Members – All Affected CUPE Members will become Accenture employees effective May 1. Benefits, Payroll and Pension will be effective May 1 with Accenture. For greater clarity, coverage on Benefits and Pension until April 30 will be the responsibility of and provided by ENMAX.
6. Existing Canada Savings Plan Bonds, RRSP and Group RRSP programs will cease. An alternative Group RRSP through Sunlife/Clarica will be provided to Affected CUPE Members.