

## PORT EVERGLADES FRANCHISE APPLICATION

An application will not be deemed completed and processed until all required documents and fees are received.  
A separate application must be filed for each type of franchise Applicant wishes to apply for.

CHECK ONE  STEAMSHIP AGENT  STEVEDORE  
 CARGO HANDLER  TUGBOAT & TOWING  
 VESSEL BUNKERING  VESSEL OILY WASTE REMOVAL  
 VESSEL SANITARY WASTE WATER REMOVAL

**Note: Applicant is defined as the legal entity applying for the franchise. All information contained in this application shall apply only to the Applicant, not to any parent, affiliate, or subsidiary entities.**

Applicant's  
Name LOGISTEC EVERGLADES LLC  
(Name as it appears on the certificate of incorporation, charter, by-laws, or other official document)

Applicant's Business Address 2550 Eisenhower Blvd., Suite 308, Ft. Lauderdale, FL 33166  
Number / Street City/State/Zip

Phone # (954 ) 527-0676 E-mail address bcoleman @ coleary.com

Fax #: ( 954 ) 527-0676

**Name of the person authorized to bind the Applicant  
(This person's signature must appear on Page 10.)**

Name William N. Coleman

Title Port Manager

Business Address 2550 Eisenhower Blvd., Suite 308, Ft. Lauderdale, FL 33166  
Number / Street City/State/Zip

Phone # (954 ) 527-0676 E-mail address bcoleman @ coleary.com

Fax #: (954 ) 527-0676

Provide the Name and Contact Information of Applicant's Representative to whom questions about this application are to be directed: (if different from the person authorized to bind the Applicant)

Representative's Name William N. Coleman OR Andre Dubois

Representative's Title Port Manager General Manager

Representative's Business Address 2550 Eisenhower Blvd., Suite 308, Ft. Lauderdale, FL 33166  
Number / Street City/State/Zip

Representative's Phone # (954 ) 527-0676 \ A. Dubois - (941) 721-7209

Representative's E-mail address bcoleman @ coleary \ adubois@logistec.com

Representative's Fax #: ( 954 ) 527-0676

PLEASE COMPLETE THIS APPLICATION AND LABEL ALL REQUIRED BACKUP DOCUMENTATION TO CLEARLY IDENTIFY THE SECTION OF THE APPLICATION TO WHICH THE DOCUMENTATION APPLIES (I.E., SECTION A, B, C, etc.).

**Section A**

1. List the name(s) of Applicant's officers including CEO, COO, CFO, director(s), member(s), partner(s), shareholder(s), principal(s), employee(s), agents, and local representative(s) active in the management of the Applicant.

Officers:

Title GENERAL MANAGER  
First Name ANDRE Middle Name —  
Last Name DUBOIS  
Business Street Address 2550 EISENHOWER BLVD, SUITE 308  
City, State, Zip Code FORT LAUDERDALE, FL, 33166  
Phone Number (954) 527-0673 Fax Number (954) 527-0676  
Email Address ADUBOIS @ LOGISTEC.COM

Title \_\_\_\_\_  
First Name \_\_\_\_\_ Middle Name \_\_\_\_\_  
Last Name \_\_\_\_\_  
Business Street Address \_\_\_\_\_  
City, State, Zip Code \_\_\_\_\_  
Phone Number ( ) \_\_\_\_\_ Fax Number ( ) \_\_\_\_\_  
Email Address \_\_\_\_\_ @ \_\_\_\_\_.

Title \_\_\_\_\_  
First Name \_\_\_\_\_ Middle Name \_\_\_\_\_  
Last Name \_\_\_\_\_  
Business Street Address \_\_\_\_\_  
City, State, Zip Code \_\_\_\_\_  
Phone Number ( ) \_\_\_\_\_ Fax Number ( ) \_\_\_\_\_  
Email Address \_\_\_\_\_ @ \_\_\_\_\_.

Title \_\_\_\_\_  
First Name \_\_\_\_\_ Middle Name \_\_\_\_\_  
Last Name \_\_\_\_\_  
Business Street Address \_\_\_\_\_  
City, State, Zip Code \_\_\_\_\_  
Phone Number ( ) \_\_\_\_\_ Fax Number ( ) \_\_\_\_\_  
Email Address \_\_\_\_\_ @ \_\_\_\_\_.

Attach additional sheets if necessary.

2. RESUMES: Provide a resume for each officer, director, member, partner, shareholder, principal, employee, agent, and local representative(s) active in the management of the Applicant, as listed above.

**Section B**

1. Place checkmark to describe the Applicant:  
( ) Sole Proprietorship ( ) Corporation ( ) Partnership ( ) Joint Venture (X) Limited Liability Company
2. Provide copies of the documents filed at the time the Applicant was formed including Articles of Incorporation (if a corporation); Articles of Organization (if an LLC); or Certificate of Limited Partnership or Limited Liability Limited Partnership (if a partnership). If the Applicant was not formed in the State of Florida, provide a copy of the documents demonstrating that the Applicant is authorized to conduct business in the State of Florida.

Attached

**Section C**

1. Has there been any change in the ownership of the Applicant within the last five (5) years? (e.g., any transfer of interest to another party)  
Yes X No \_\_\_ If "Yes," please provide details in the space provided. Attach additional sheets if necessary.

The LLC was formed with Coleary Transport Co., Inc., a Florida corporation being the sole Member of Logistec Everglades LLC. Coleary will transfer ownership of 60% of the membership interest to Logistec USA Inc. once the license is approved.

2. Has there been any name change of the Applicant or has the Applicant operated under a different name within the last five (5) years?  
Yes \_\_\_ No X If "Yes," please provide details in the space provided, including: Prior name(s) and Date of name change(s) filed with the State of Florida's Division of Corporations or other applicable state agency. Attach additional sheets if necessary.

3. Has there been any change in the officers, directors, executives, partners, shareholders, or members of the Applicant within the past five (5) years?

Yes X No \_\_\_ If "Yes," please provide details in the space provided, including:

Prior officers, directors, executives, partners, shareholders, members

Name(s) William N. Coleman, President. Coleary, Inc. was the sole officer and Coleary Transport Co., Inc. was the sole /

New officers, directors, executives, partners, shareholders, members

member

Name(s) \_\_\_\_\_

Also supply documentation evidencing the changes including resolution or minutes appointing new officers, list of new principals with titles and contact information, and effective date of changes. Attach additional sheets if necessary.

Once Logistec Everglades LLC obtains the license issued by the Broward County Board of County Commissioners, Logistec USA Inc. will become a member of Logistec Everglades LLC holding a 60% membership interest and Coleary Transport Co., Inc. will hold a 40% membership interest. The directors and officers will then consist of the individuals listed

in Section B(3). See Attachment "Section B(3)"

Provide copies of all fictitious name registrations filed by the Applicant with the State of Florida's Division of Corporations or other State agencies. If none, indicate "None" None.

**Section E**

1. Has the Applicant acquired another business entity within the last five (5) years?  
Yes \_\_\_ No X If "Yes," please provide the full legal name of any business entity which the Applicant acquired during the last five (5) years which engaged in a similar business activity as the business activity which is the subject of this Port Everglades Franchise Application.  
If none, indicate "None" \_\_\_\_\_.
2. Indicate in the space provided the date of the acquisition and whether the acquisition was by a stock purchase or asset purchase and whether the Applicant herein is relying on the background and history of the acquired firm's officers, managers, employees and/or the acquired firm's business reputation in the industry to describe the Applicant's experience or previous business history. Attach additional sheets if necessary.

N/A

3. Has the Applicant been acquired by another business entity within the last five (5) years?  
Yes \_\_\_ No X If "Yes," provide the full legal name of any business entity which acquired the Applicant during the last five (5) years which engaged in a similar business activity as the business activity which is the subject of this Port Everglades Franchise Application.  
If none, indicate "None" None \_\_\_\_\_.
4. Indicate in the space provided the date of the acquisition and whether the acquisition was by a stock purchase or asset purchase and whether the Applicant herein is relying on the background and history of the parent firm's officers, managers, employees and/or the parent firm's business reputation in the industry to describe the Applicant's experience or previous business history. Attach additional sheets if necessary.

N/A

**Section F**

Provide the Applicant's previous business history, including length of time in the same or similar business activities as planned at Port Everglades.

The applicant will continue the current business operated by Coleary Transport Co., Inc. since 1992. The applicant will include member-ship of Coleary Transport Co., Inc., its President William Coleman and Logistec USA Inc., an experienced provider of the services required by the License.

**Section G**

1. Provide a list of the Applicant's current managerial employees, including supervisors, superintendents, and forepersons.  
See Attachment "Section G"
2. List the previous work history/experience of the Applicant's current managerial employees, including their active involvement in seaports and length of time in the same or similar business activities as planned at Port Everglades.

See Attachment "Section G"

**Section H**

List all seaports, including Port Everglades (if application is for renewal), where the Applicant is currently performing the services/operation which is the subject of this Franchise application. Use this form for each seaport listed. Photocopy additional pages as needed (one page for each seaport listed).

If none, state "None" \_\_\_\_\_.

Seaport PORT EVERGLADES Number of Years Operating at this Seaport 5 YEARS AS COLEARY TRANSPORT

List below all of the Applicant's Clients for which it provides services at the seaport listed above.

| Client Name (Company)      | Number of Years Applicant has Provided Services to this Client |
|----------------------------|--|
| <u>INTERMETALS</u>         | <u>5 YEARS</u>   |
| <u>SHERWOOD LUMBER</u>     | <u>3 YEARS</u>   |
| <u>HOEGH AUTO LINER</u>    | <u>1 YEAR</u>  |
| <u>HORIZON TERMINALS</u>   | <u>1 YEAR</u>  |
| <u>NYK LINE</u>            | <u>1 YEAR</u>  |
| <u>SAGA FOREST CARRIER</u> | <u>3 YEARS</u>   |
| <u>COGI</u>                | <u>1 YEAR</u>  |
| <u>CARGOWAYS LOGISTICS</u> | <u>1 YEAR</u>  |
|                            |  |
|                            |  |
|                            |  |

### Section I

1. Provide a description of all past (within the last five (5) years) and pending litigation and legal claims where the Applicant is a named party, whether in the State of Florida or in another jurisdiction, involving allegations that Applicant has violated or otherwise failed to comply with environmental laws, rules, or regulations or committed a public entity crime as defined by Chapter 287, Florida Statutes, or theft-related crime such as fraud, bribery, smuggling, embezzlement or misappropriation of funds or acts of moral turpitude, meaning conduct or acts that tend to degrade persons in society or ridicule public morals.

The description must include all of the following:

- a) The case title and docket number
- b) The name and location of the court before which it is pending or was heard
- c) The identification of all parties to the litigation
- d) General nature of all claims being made

If none, indicate "None" None.

2. Indicate whether in the last five (5) years the Applicant or an officer, director, executive, partner, or a shareholder, employee or agent who is or was (during the time period in which the illegal conduct or activity took place) active in the management of the Applicant was charged, indicted, found guilty or convicted of illegal conduct or activity (with or without an adjudication of guilt) as a result of a jury verdict, nonjury trial, entry of a plea of guilty or nolo contendere where the illegal conduct or activity (1) is considered to be a public entity crime as defined by Chapter 287, Florida Statutes, as amended from time to time, or (2) is customarily considered to be a white-collar crime or theft-related crime such as fraud, smuggling, bribery, embezzlement, or misappropriation of funds, etc. or (3) results in a felony conviction where the crime is directly related to the business activities for which the franchise is sought.

Yes  No

If you responded "Yes," please provide all of the following information for each indictment, charge, or conviction:

- a) A description of the case style and docket number
- b) The nature of the charge or indictment
- c) Date of the charge or indictment
- d) Location of the court before which the proceeding is pending or was heard
- e) The disposition (e.g., convicted, acquitted, dismissed, etc.)
- f) Any sentence imposed
- g) Any evidence which the County (in its discretion) may determine that the Applicant and/or person found guilty or convicted of illegal conduct or activity has conducted itself, himself or herself in a manner as to warrant the granting or renewal of the franchise.

### Section J

The Applicant must provide a current certificate(s) of insurance. Franchise insurance requirements are determined by Broward County's Risk Management Division and are contained in the Port Everglades Tariff No. 12 as amended, revised or reissued from time to time. The Port Everglades Tariff is contained in the Broward County Administrative Code, Chapter 42, and is available for inspection on line at: <http://www.porteverglades.net/development/tariff>.

See Attachment "Section J"

**Section K**

1. The Applicant must provide its most recent audited or reviewed financial statements prepared in accordance with generally accepted accounting principles, or other documents and information which demonstrate the Applicant's creditworthiness, financial responsibility, and resources, which the Port will consider in evaluating the Applicant's financial responsibility.

Attached is the financial information for the Applicant, which is a newly formed entity. See attachment "Section K"

2. Has the Applicant or entity acquired by Applicant (discussed in Section E herein) sought relief under any provision of the Federal Bankruptcy Code or under any state insolvency law filed by or against it within the last five (5) year period?

Yes \_\_\_ No X

If "Yes," please provide the following information for each bankruptcy or insolvency proceeding:

- a) Date petition was filed or relief sought
- b) Title of case and docket number
- c) Name and address of court or agency
- d) Nature of judgment or relief
- e) Date entered

3. Has any receiver, fiscal agent, trustee, reorganization trustee, or similar officer been appointed in the last five (5) year period by a court for the business or property of the Applicant?

Yes \_\_\_ No X

If "Yes," please provide the following information for each appointment:

- a) Name of person appointed
- b) Date appointed
- c) Name and address of court
- d) Reason for appointment

4. Has any receiver, fiscal agent, trustee, reorganization trustee, or similar officer been appointed in the last five (5) year period by a court for any entity, business, or property acquired by the Applicant?

Yes \_\_\_ No X

If "Yes," please provide the following information for each appointment:

- a) Name of person appointed
- b) Date appointed
- c) Name and address of court
- d) Reason for appointment

**Section L**

List four (4) credit references for the Applicant, one of which must be a bank. Use this format:

Name of Reference Harris Bank Nature of Business Banking  
Contact Name Brian Vachout Title \_\_\_\_\_  
Legal Business Street Address 111 West Monroe Street  
City, State, Zip Code Chicago, IL 60603  
Phone Number (312) 995-3570

(Provide on a separate sheet.) See Attachment "Section L"

**Section M**

1. Security: Pursuant to Port Everglades Tariff 12, Item 960, all Franchisees are required to furnish an Indemnity and Payment Bond or Irrevocable Letter of Credit drawn on a U.S. bank in a format and an amount not less than \$20,000 as required by Broward County Port Everglades Department.

See Attachment "Section M(1)"

2. Has the Applicant been denied a bond or letter of credit within the past five (5) years?

Yes \_\_\_ No X

If "Yes," please provide a summary explanation in the space provided of why the Applicant was denied. Use additional sheets if necessary.

**Section N**

1. Provide a list and description of all equipment currently owned and/or leased by the Applicant and intended to be used by the Applicant for the type of service(s) intended to be performed at Port Everglades including the age, type of equipment and model number.

See Attachment "Section N(1,2,&3)"

2. Identify the type of fuel used for each piece of equipment.

See Attachment "Section N(1,2 &3)"

3. Indicate which equipment, if any, is to be domiciled at Port Everglades.

See Attachment "Section N (1,2, & 3)"

4. Will all equipment operators be employees of the Applicant, on the payroll of the Applicant, with wages, taxes, benefits, and insurance paid by the Applicant?

Yes X No \_\_\_

If "No," please explain in the space provided who will operate the equipment and pay wages, taxes, benefits, and insurance, if the franchise is granted. Use additional sheets if necessary.

**Section O**

Provide a copy of the Applicant's current Broward County Business Tax Receipt (formerly Occupational License).

See Attachment "Section O"

**Section P**

1. Provide a copy of Applicant's safety program.
2. Provide a copy of Applicant's substance abuse policy.
3. Provide a copy of Applicant's employee job training program/policy.
4. Provide information regarding frequency of training.
5. Include equipment operator certificates, if any.

See Attachment "Section P"



### Section Q

1. Has the Applicant received within the past five (5) years or does the Applicant have pending any citations, notices of violations, warning notices, or fines from any federal, state, or local environmental regulatory agencies?  
Yes \_\_\_ No X
  
2. Has the Applicant received within the past five (5) years or does the Applicant have pending any citations, notices of violations, warning notices, or civil penalties from the U.S. Coast Guard?  
Yes \_\_\_ No X
  
3. Has the Applicant received within the past five (5) years or does the Applicant have pending any citations, notices of violations, warning notices, or fines from the Occupational Safety and Health Administration?  
Yes \_\_\_ No X

If you responded "Yes" to any of this section's questions 1, 2, or 3 above, please provide a detailed summary for each question containing the following information:

- a) Name and address of the agency issuing the citation or notice
- b) Date of the notice
- c) Nature of the violation
- d) Copies of the infraction notice(s) from the agency
- e) Disposition of case
- f) Amount of fines, if any
- g) Corrective action taken

Attach copies of all citations, notices of violations, warning notices, civil penalties and fines issued by local, state, and federal regulatory agencies, all related correspondence, and proof of payment of fines.

4. Provide a statement (and/or documentation) which describes the Applicant's commitment to environmental protection, environmental maintenance, and environmental enhancement in the Port.  
See Attachment "Section Q(4)"

### Section R

Provide written evidence of Applicant's ability to promote and develop growth in the business activities, projects or facilities of Port Everglades through its provision of the services (i.e., stevedore, cargo handler or steamship agent) it seeks to perform at Port Everglades. For first-time applicants (stevedore, cargo handler and steamship agent), the written evidence must demonstrate Applicant's ability to attract and retain new business such that, Broward County may determine in its discretion that the franchise is in the best interests of the operation and promotion of the port and harbor facilities. The term "new business" is defined in Chapter 32, Part II of the Broward County Administrative Code as may be amended from time to time.

See Attachment "Section R"

By signing and submitting this application, Applicant certifies that it has read and understands the governing rules and regulations for a franchise as provided in Chapter 32, Part II, of the Broward County Administrative Code as amended. For additional information, visit: <http://www.municode.com/resources/gateway.asp?pid=13528&sid=9>.

By signing and submitting this application, Applicant certifies that all information provided in this application is true and correct and further, understands that providing false or misleading information on this application may result in the franchise application being denied, or in instances of renewal, a franchise revoked. Applicant hereby waives any and all claims for any damages resulting to the Applicant from any disclosure or publication in any manner of any material or information acquired by Broward County during the franchise application process or during any inquiries, investigations, or public hearings.

The individual executing this application personally warrants that s/he has the full binding authority to execute this application on behalf of the Applicant. Applicant further understands that if there are any changes to the information provided herein (subsequent to this application submission) and/or to its officers, directors, senior management personnel and/or in its business operation and/or any citations, notices of violation, warnings or fines from any federal, state or local regulatory agencies, as stated in this application, Applicant agrees to provide such updated information to the Port Everglades Department of Broward County including the furnishing of the names, addresses (and other information as required above) with respect to persons becoming associated with Applicant after its franchise application is submitted and any other required documentation requested by Port Everglades Department staff as relating to the changes in the business operation. This information must be submitted within ten (10) calendar days from the date of any change made by the Applicant.

Applicant certifies that all workers performing functions for Applicant who are subject to the Longshore and Harbor Workers' Act are covered by Longshore and Harbor Workers' Act, Jones Act Insurance, as required by federal law.

By signing and submitting this application, Applicant authorizes the Port Everglades Department of Broward County to make any inquiry or investigation it deems appropriate to verify or augment the information contained in this application, and authorizes others to release to the Port Everglades Department of Broward County any and all information sought in such inquiry. Applicant further understands that under the laws of the State of Florida, this application is subject to the Florida Public Records Act (Chapter 119, Florida Statutes) as may be amended.

Signature of Applicant's Authorized Representative  Date Signed 5-23-2017

Signature name and title - typed or printed ANDRE DUBOIS, GENERAL MANAGER

Witness Signature (\*Required\*) 

Witness name-typed or printed William N. Coleman

Witness Signature (\*Required\*) \_\_\_\_\_

Witness name-typed or printed \_\_\_\_\_

If a franchise is granted, all official notices/correspondence should be sent to:

Name \_\_\_\_\_ Title \_\_\_\_\_

**André Dubois**

**October 30, 2006** - Director of Operations – Port Manatee

Have overall responsibility for the day-to-day vessel and terminal activities in the Port of Manatee.

**August 1<sup>st</sup>, 2005** – Director of Operations – Logistec USA

Have overall responsibility for the day-to-day vessel and terminal activities in the Port of New Haven.

**May 1<sup>st</sup>, 1998** – General Manager - Marine Port Terminals in Brunswick, Georgia

**November 22, 1994** – General Manager – Port of Québec

**May 1<sup>st</sup>, 1993** – Operations Manager – Port of Québec

**June 1<sup>st</sup>, 1992** – Superintendent – Port of Québec

**William N. Coleman**  
1275 NW 159 Ave  
Pembroke Pines, FL. 33028  
Tel# 786-251-2999  
W29bill@yahoo.com

Accomplished in developing effective processes and directing complex logistics functions for various projects. Excel at coordinating tasks of numerous internal divisions and external agencies to ensure rapid, accurate delivery of shipments, materials, and resources. Advanced expertise in reviewing invoices and shipping manifests to ensure full compliance with local customs and international regulations. Track record of identifying redundancies and maximizing resources to streamline operations.

**AREAS OF EXPERTISE:**

- Management
- Quality Assurance
- Standards / Procedures Compliance
- Leadership
- Transportation / Materials Handling
- Inventory Control Processes
- Vendor and Staff Relations
- Continuous Process Improvement

**Career Goal**

Obtain a position with a professional organization in the maritime industry pertaining to vessel charters and operations, utilizing my operational experience and bilingual abilities.

**Professional Experience**

Coleary Transport Company, Inc.

**Port Manager**, 1992 – to present

*Operations Management*

Provided management and oversight to an office and operational staff relevant to cargo handling, stevedoring and vessel agency. . Managed with a hands on approach the day-to-day operations including office staff, negotiations, providing competitive quotes, port operations, vessel operations and warehouse operations.

Caribbean Transport Lines, Inc.

**Operations Manager**, 1997 – 2011

*Operations Management*

Provided management and oversight to an office staff relevant to freight sales and documentation. Managed with a hands on approach the day-to-day operations including office staff, vessel charters, port operations, vessel operations, freight, cargo and warehouse operations.

*Vessel Charters*

Maintained close relationships with ship and cargo brokers to keep informed on industry trends. Reviewed and negotiated charter parties with regards to daily hire, fuel consumption, lay cans and payment terms. Negotiated daily charter hire for additional vessels to accommodate overages of cargo for liner service. Negotiated daily charter hire for liner vessels during off-season. Maintained voyage calculations based on daily fuel consumption, speed, cargo operations and weather delays. Negotiated cargo claims, demurrage, speed claims and off hire statements when finalizing voyage calculations. Maintained daily communications with all vessels on charter with regards to current position, average speed, daily fuel consumption, fuel remaining onboard and estimated times of arrival.

#### *Port Operations.*

Generated loading guides for stevedores preparing to load export vessels. Verified United States Custom Clearance for cargo pending export. Correctly rolled cargo to following voyages if US Custom Clearances were not met. Worked hand in hand with International Longshoreman's Association providing labor for vessels. Maintained relationships with nonunion stevedores in ports that did not require union labor. Worked in conjunction with United States Coast Guard, United States Homeland Security in way of Customs and Immigration. Communicated vessels needs and assisted shore side agents to provide United States Customs and Agriculture clearance for foreign vessels arrivals. Worked closely with crewing, crew transportation, and crew payroll. Coordinated all deliveries to vessel and scheduled all shore side labor to assist with onboard repairs. Assisted with loading vessels and provided stow plans.

#### *Vessel Operations.*

Accurately filed vessels Electronic Notice of Arrival to United States Coast Guard prior to vessels arrival in port. Submitted vessels Ballast Water Management reports to USCG. Arranged for berthing prospects with local Harbor Masters to effectively position vessel for ease of loading cargo. Worked with vessels crew to observe and comply with onboard maintenance schedules. Developed relationships with vendors supplying vessel with spares, provisions, and services needed for vessels port call. Attended dry-docking of vessels both in the United States and Foreign. Arranged for both bunker and lube oil deliveries to vessel during port calls. Maintained shore side contracts with technical vendors for vessels radio and communication systems onboard. Worked closely with flag surveyors to maintain vessels certificates and ships documents are current and within expiration dates. Arranged for vessels internal and external audits to be completed to comply with ISPS. Worked closely with crew in order to maintain vessels solas equipment up to date such as extinguisher, life rafts, and other solas requirements. Supplied provisions to crew satisfying many different cultures onboard.

#### *Freight*

Provided excellent customer service to shippers, consignees and agents both domestic and overseas. Handled multiple responsibilities very efficiently. Problem solved any questions and or concerns that they may have had. Booked freight for overseas shipment. Various types of freights moved include vehicles, household goods, raw materials, foodstuffs, FCL and LCL cargoes. Calculated freight charges based on filed tariff. Communicate with the customers making them aware of any delays in the shipping process. Received, reviewed, and processed export documentation for various shippers and vendors. Prepared and processed Booking Confirmations, Bills of Lading, and Manifests for export shipments using in house database. Generated EDI / ITN numbers for data entered into AES Filing web site to comply with United States Customs regulations regarding SED's (Shippers Export Declarations). Courier the correct documents to the shippers and scans these copies for overseas agents and consignee's. Assisted with maintaining proper accounting for all shippers and agents. Calculated accurate freight commissions for all agents based on current volume of shipments

BCB Enterprises, Inc.

**Dispatch, 1995 - 1997**

Solicit freight from freight brokers and contract trips for company trucks. Developed contracts with shippers to transport multiple trailer and container loads from arrival port to destination. Utilized DAT Services to locate both FCL and LTL shipments to provide back haul for company fleet. Ordered and procured permits following IFTA. Managed drivers in way of DOT regulations, log books, payroll, and paperwork. Verified all "proof of delivery". Handled all cargo claims regarding damages and shortages.

Navieros Inter-Americanos, S.A.

**Operations Manager / Dispatch, 1992 - 1997**

*Dispatch / Equipment Control*

Positioned equipment using owner operators to provide equipment for all steamship lines bookings. Scheduled pickup of all loaded equipment and ensured delivery to port within time constraints for export. Coordinated deliveries of all import cargo from port facility to local destinations. Arranged for all empty equipment to be returned to port facility or local hub to check and prepare equipment for future use. Maintained an ongoing inventory of containers and trailers owned and leased by the line both domestic and foreign. Updated equipment inventories daily to reflect loaded or empty status. Effectively coordinated the repairs and preparation of equipment to be used for future bookings and export.

**Education**

Arizona State University, Tempe, Arizona  
Bachelors of Science, Business Administration  
August 1987 - May, 1992

SECTION B (3)

As pointed out in the introductory letter to the applications, as soon as the contemplated franchises are issued in favor of Logistec Everglades LLC by the Broward County Board of County Commissioners, the activities previously carried out by Coleary Transport Co., Inc. ("CTC") will then be carried out by Logistec Everglades LLC.

More precisely, Logistec USA Inc. ("Logistec") will then become a member of Logistec Everglades LLC with a sixty percent (60%) membership interest and CTC will retain a forty percent (40%) membership interest. At the same time the following persons will then be the directors and officers of Logistec Everglades:

Rodney Corrigan, President

Andre Dubois, General Manager

William N. Coleman, Port Manager

# Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "LOGISTEC EVERGLADES LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE NINTH DAY OF MARCH, A.D. 2017.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN ASSESSED TO DATE.

FILED  
2017 MAR 10 AM 9:06  
SECRETARY OF STATE  
DELAWARE



*Jeffrey W. Bullock*  
Jeffrey W. Bullock, Secretary of State

6325535 8300

SR# 20171695652

You may verify this certificate online at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

Authentication: 202171994

Date: 03-09-17



To: Page 2 of 4  
Division of Corporations

2/17/2017 11:01 CST

9547 80845 From: Rana McGraw

# M17000002057

Florida Department of State  
Division of Corporations  
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To: Division of Corporations  
 Fax Number : (850) 617-6383

From: Account Name : C T CORPORATION SYSTEM  
 Account Number : FCA000000023  
 Phone : (614) 280-3338  
 Fax Number : (954) 208-0845

**\*\*Enter the email address for this business entity to be used for future annual report mailings. Enter only one email address please.\*\***

Email Address: \_\_\_\_\_

Foreign Limited Liability Company  
LOGISTEC EVERGLADES LLC

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| Certificate of Status | 0        |
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M. MILLIGAN  
MAR 13 2017

**APPLICATION BY FOREIGN LIMITED LIABILITY COMPANY FOR AUTHORIZATION TO TRANSACT BUSINESS IN FLORIDA**

*IN COMPLIANCE WITH SECTION 605.0902, FLORIDA STATUTES, THE FOLLOWING IS SUBMITTED TO REGISTER A FOREIGN LIMITED LIABILITY COMPANY TO TRANSACT BUSINESS IN THE STATE OF FLORIDA:*

1. Logistec Everglades LLC  
(Name of Foreign Limited Liability Company: must include "Limited Liability Company," "L.L.C.," or "LLC.")

(If name unavailable, enter alternate name adopted for the purpose of transacting business in Florida. The alternate name must include "Limited Liability Company," "L.L.C." or "LLC.")

2. Delaware 3. 82-0729643  
(Jurisdiction under the law of which foreign limited liability company is organized) (FEI number, if applicable)

4. \_\_\_\_\_  
(Date first transacted business in Florida, if prior to registration.)  
(See sections 605.0904 & 605.0905, F.S. to determine penalty liability)

5. 2550 Eisenhower Blvd, Suite 308  
Fort Lauderdale, Florida 33166  
(Street Address of Principal Office)

6. Same  
(Mailing Address)

7. Name and street address of Florida registered agent; (P.O. Box NOT acceptable)

Name: C T Corporation System  
Office Address: 1200 South Pine Island Road  
Plantation, Florida 33324  
(City) (Zip code)

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SECRETARY OF STATE  
TALLAHASSEE FLORIDA

**Registered agent's acceptance:**

*Having been named as registered agent and to accept service of process for the above stated limited liability company at the place designated in this application, I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relative to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as registered agent.*

By: Chris Rickard  
(Registered agent's signature)

8. The name, title or capacity and address of the person(s) who has/have authority to manage is/are:

Andre Dubois, General Manager  
2550 Eisenhower Blvd, Suite 308  
Fort Lauderdale, Florida 33166

9. Attached is a certificate of existence, no more than 90 days old, duly authenticated by the official having custody of records in the jurisdiction under the law of which it is organized. (If the certificate is in a foreign language; a translation of the certificate under oath of the translator must be submitted)

[Signature]  
Signature of an authorized person

This document is executed in accordance with section 605.0203 (1) (b), Florida Statutes. I am aware that any false information submitted in a document to the Department of State constitutes a third degree felony as provided for in s.817.155, F.S.

Andre Dubois  
Typed or printed name of signee



March 13, 2017

FLORIDA DEPARTMENT OF STATE  
Division of Corporations

LOGISTEC EVERGLADES LLC  
2550 EISENHOWER BLVD., STE 308  
FT LAUDERDALE, FL 33166

Qualification documents for LOGISTEC EVERGLADES LLC were filed on March 10, 2017, and assigned document number M17000002057. Please refer to this number whenever corresponding with this office.

Your limited liability company is authorized to transact business in Florida as of the file date.

This document was electronically received and filed under FAX audit number H17000066755.

To maintain "active" status with the Division of Corporations, an annual report must be filed yearly between January 1st and May 1st beginning in the year following the file date or effective date indicated above. If the annual report is not filed by May 1st, a \$400 late fee will be added.

A Federal Employer Identification Number (FEI/EIN) will be required when this report is filed. Apply today with the IRS online at:

<https://sa.www4.irs.gov/modiein/individual/index.jsp>.

Please notify this office if the limited liability company address changes.

Should you have any questions regarding this matter, please contact this office at the address given below.

Michelle Milligan  
Senior Section Administrator  
Registration Section  
Division of Corporations

Letter Number: 817A00004739

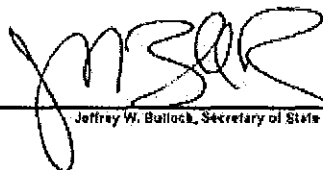
# Delaware

Page 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "LOGISTEC EVERGLADES LLC", FILED IN THIS OFFICE ON THE TWENTY-THIRD DAY OF FEBRUARY, A.D. 2017, AT 2:55 O`CLOCK P.M.



  
Jeffrey W. Bullock, Secretary of State

6325535 8100  
SR# 20171186954

Authentication: 202092874  
Date: 02-24-17

You may verify this certificate online at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 02:55 PM 02/23/2017  
FILED 02:55 PM 02/23/2017  
SR 20171186954 - FileNumber 6325535

**Certificate of Formation  
of  
LOGISTEC EVERGLADES LLC**

This Certificate of Logistec Everglades LLC (the "LLC") dated as of February 8, 2017, is being duly executed and filed by John D. Padgett, as an authorized person, to form a limited liability company under the Delaware Limited Liability Company Act.

FIRST. The name of the limited liability company formed hereby is as follows:

Logistec Everglades LLC

SECOND. The address of the registered office of the LLC in the State of Delaware is o/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, County of New Castle, 19801.

THIRD. The name and address of the registered agent for service of process on the LLC in the State of Delaware is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, County of New Castle, 19801.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation as of the date first written above.

  
\_\_\_\_\_  
John D. Padgett, Authorized Person

**AMENDED AND RESTATED  
LIMITED LIABILITY COMPANY  
AGREEMENT  
OF  
LOGISTEC EVERGLADES LLC**

*A DELAWARE LIMITED LIABILITY COMPANY*

\_\_\_\_\_  
EFFECTIVE AS OF \_\_\_\_\_, 2017

THE INTERESTS DESCRIBED AND REPRESENTED BY THIS LIMITED LIABILITY COMPANY AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "*ACT*") OR ANY APPLICABLE STATE SECURITIES LAWS ("*STATE ACTS*") AND ARE RESTRICTED SECURITIES AS THAT TERM IS DEFINED IN RULE 144 UNDER THE ACT. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR QUALIFICATION UNDER THE ACT AND APPLICABLE STATE ACTS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE ACT AND APPLICABLE STATE ACTS, THE AVAILABILITY OF WHICH IS TO BE ESTABLISHED TO THE SATISFACTION OF THE COMPANY.

\_\_\_\_\_  
THE TRANSFER OF THE LIMITED LIABILITY COMPANY MEMBERSHIP INTERESTS EVIDENCED BY THIS AGREEMENT IS RESTRICTED AS PROVIDED IN THIS AGREEMENT AND NO ASSIGNEE, VENDEE, TRANSFEREE OR ENDORSEE WILL BE RECOGNIZED AS HAVING ACQUIRED ANY SUCH INTERESTS FOR ANY PURPOSES UNLESS SUCH ASSIGNMENT, SALE, TRANSFER OR ENDORSEMENT IS EFFECTED IN FULL COMPLIANCE WITH THE TERMS AND CONDITIONS SET FORTH HEREIN.

**AMENDED AND RESTATED  
LIMITED LIABILITY COMPANY AGREEMENT**

**OF**

**LOGISTEC EVERGLADES LLC**  
*A DELAWARE LIMITED LIABILITY COMPANY*

---

**THIS AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT** (this "*Agreement*") of **LOGISTEC EVERGLADES LLC** (the "*Company*"), a Delaware limited liability company, is made and shall be effective as of the \_\_\_ day of \_\_\_\_\_, 2017, by and among, the Members (as defined herein) identified as a Delaware entity, the attached Member List (as defined herein), as the same may be amended from time to time, and incorporated herein by reference thereto, pursuant to the provisions of the Delaware Limited Liability Company Act, 6 Del. C. § 18-101, *et seq.* (the "*Act*"), on the following terms and conditions:

**RECITALS**

The Company was formed for the initial benefit of Coleary Transport Co., Inc. ("*CTC*"), a Florida corporation, and in connection therewith, CTC, as the sole Member of the Company, entered into a Limited Liability Company Agreement dated as of February 23, 2017 (the "*Operating Agreement*"). The Company formed the LLC for the purpose of acquiring select assets owned by CTC, free and clear of all liens and encumbrances, and the Stevedore Cargo Handling and Vessel Agency licenses ("*Licenses*") previously used by CTC and the CTC-Logistec USA Inc. ("*Logistec*") joint venture under their joint venture agreement dated December 15, 2013, as amended on February 24, 2014 ("*JV*"). As part of the consideration for such acquisition, the Company agrees to issue Units (as defined herein) to Logistec, equaling sixty percent (60.0%) of all Percentage Interests (as defined herein) in the Company pursuant to the terms of the Membership Interest Purchase Agreement dated as of the \_\_\_ day of \_\_\_\_\_, 2017.

In connection with, and as a result of the consummation of, the acquisition described above, the Members desire to enter into this Agreement in order to add Logistec as an additional Member and to provide for the operation of the Business of the Company (as defined herein), all in accordance with and subject to the terms and conditions hereinafter set forth in this Agreement and as otherwise permitted under applicable Law (as defined herein).

**ACCORDINGLY**, in consideration of the mutual covenants set forth herein and for other good valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the Members, intending to be bound legally hereby, agree that the Operating Agreement shall be amended and restated in its entirety as follows:

**ARTICLE I**  
**DEFINED TERMS; INTERPRETATION**

**1.1 DEFINED TERMS.** As used in this Agreement, all capitalized terms used herein shall have the meanings ascribed to such capitalized terms as set forth in **Schedule B** attached hereto and, together with any other terms defined elsewhere in this Agreement, shall include the plural as well as the singular.

## 1.2 COMPUTATION OF TIME PERIODS; CONSTRUCTION.

- (a) For purposes of computation of periods of time hereunder, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding.”
- (b) Unless the context of this Agreement clearly requires otherwise:
- (i) references to the plural include the singular and vice versa;
  - (ii) references to any Person include such Person’s successors and assigns but, if applicable, only if such successors and assigns are permitted by this Agreement;
  - (iii) references to one gender include all genders;
  - (iv) “including” is not limiting (such that it will be deemed to be followed by the phrase “without limitation” if such phrase does not actually follow);
  - (v) “or” has the inclusive meaning represented by the phrase “and/or”;
  - (vi) the words “hereof,” “herein,” “hereby,” “hereunder” and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement;
  - (vii) article, section, clause, exhibit, appendix and schedule references are to this Agreement unless otherwise specified;
  - (viii) any definition of or reference to any Laws will be construed as referring to such Laws as from time to time amended, supplemented or otherwise modified; and
  - (ix) any definition of or reference to any statute will be construed as referring also to any rules and regulations promulgated thereunder.

## ARTICLE II FORMATION; NO CONFLICT WITH ACT; NAME; PURPOSE

**2.1 FORMATION.** The Members acknowledge the formation of the Company by the execution and delivery of its Certificate of Organization (the “*Certificate of Organization*”) to the Delaware Secretary of State (the “*Secretary of State*”) on February 23, 2017 (the “*Effective Date*”), in accordance with and pursuant to the Act.

**2.2 NAME OF COMPANY.** The name of the Company is “Logistec Everglades LLC” The Company may do business under that name and under any other name or names that the Board determines. If the Company does business under a name other than that set forth in its Certificate of Organization, as amended, then the Company shall file fictitious name certificates as required by applicable Law.

**2.3 PURPOSE.** The purpose of the Company is to engage in the Business of the Company and any other lawful business as the Board, subject to the provisions of this Agreement, determines, together with any and all lawful acts and things that may be necessary, incidental, convenient and appropriate to carry out the Business of the Company as contemplated by this Agreement.



**ARTICLE III**  
**TERM**

The Company shall continue in existence until it terminates in accordance with the provisions of this Agreement or the Act.

**ARTICLE IV**  
**TAX CLASSIFICATION**

**4.1 TAX CLASSIFICATION.** Notwithstanding any other provision of this Agreement, if at any time there is more than one (1) Person owning an Interest, the Members intend that the Company be treated as a partnership for federal income tax purposes, and this Agreement shall be interpreted accordingly. The Board shall take all Actions necessary to cause the Company to file Form 8832 to cause the Company to be taxed as a partnership for federal income tax purposes; provided, however, if there is only one (1) Member, the Company shall be disregarded as a separate entity for federal income tax purposes and this Agreement shall be interpreted accordingly. If there is only one (1) Member, no special allocations pursuant to Sections C.1, C.2 or C.3 of **Schedule C** to this Agreement shall be made.

**4.2 APPLICATION OF TREASURY REGULATIONS.** For purposes of applying the Treasury Regulations to this Agreement, and for purposes of interpreting and applying the provisions of this Agreement that refer to or incorporate by reference provisions of the Treasury Regulations, the term "**Company**" as used in this Agreement shall have the same meaning as the term "partnership" as used in the Treasury Regulations, and the term "**Member**" as used in this Agreement shall have the same meaning as the term "partner" as used in the Treasury Regulations.

**ARTICLE V**  
**MAINTENANCE OF STATUS**

**5.1 REQUIRED FILINGS.**

(a) Delaware. The Members (whether in their own right or acting through the Board and the Officers), to the extent that they are required by applicable Laws, shall take any and all Actions reasonably necessary to perfect and maintain the status of the Company as a limited liability company under the Laws of the State of Delaware, including the preparation and filing of such amendments to the Certificate of Organization and such other assumed name certificates, documents, instruments and publications as may be required by Law.

(b) Other Jurisdictions. The Members (whether in their own right or acting through the Board and the Officers), to the extent that they are required by applicable Laws, shall execute and cause to be filed original or amended certificates, and shall take any and all Actions as may be reasonably necessary or advisable, to perfect and maintain the status of the Company as a limited liability company or similar type of entity under the Laws of any other jurisdictions in which the Company engages in business.

(c) Certificate of Cancellation. Upon the dissolution and completion of the winding up and liquidation of the Company in accordance with ARTICLE XVIII, the Members (whether in their own right or acting through the Board and the Officers) shall promptly execute and cause to be filed Certificate of Cancellation in accordance with the Act and the Laws of any other jurisdictions in which such filings are deemed necessary or advisable.

**ARTICLE VI**  
**ADDRESSES**

**6.1 PRINCIPAL PLACE OF BUSINESS.** The initial principal place of Business of the Company shall be 2550 Eisenhower Blvd, Suite 308, Fort Lauderdale, Florida, USA, 33166. The Company may locate its principal place or other places of business at any other place or places as the Board may from time to time deem advisable.

**6.2 REGISTERED OFFICE AND REGISTERED AGENT.** The Company's registered office and the name of the registered agent at such address shall be as set forth in the Certificate of Organization. The registered office and registered agent may be changed from time to time by filing the address of the new registered office and/or the name of the new registered agent with the Secretary of State pursuant to the Act. The Company shall retain other registered agents and registered offices in other jurisdictions where required by the Laws of any such other jurisdiction in which the Company owns property or otherwise conducts its business.

**ARTICLE VII**  
**MEMBERS OF THE COMPANY**

**7.1 GENERAL.** The term "*Member*" or "*Members*" means only the undersigned and any Persons subsequently admitted as Members pursuant to and strictly in accordance with the terms and conditions of this Agreement. A Member ceases to be a Member upon the Transfer of such Person's entire interest in the Company.

**7.2 MEMBER LIST; NAMES AND ADDRESSES.** The Company shall maintain at its principal office a current list (the "*Member List*") showing the name, address, percentage interest in Profits and Losses ("*Percentage Interest*"), and any required Capital Contribution, of each Member (the current Member List is attached hereto as **Schedule A**). The Member List, absent manifest error, shall be the definitive record of ownership and all relevant information with respect to each Member. Unless the Board shall determine otherwise, all of the Interests are personal property for all purposes and shall be uncertificated and recorded in the books and records of the Company.

**7.3 MEMBER'S REPRESENTATIONS AND WARRANTIES.** By its execution hereof, each Member (for itself only) represents and warrants to the Company and the other Members:

- (a) Power; Qualification. Such Member has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder, and the execution and delivery by such Member of this Agreement, and the performance of all obligations hereunder have been duly authorized by all necessary action; and
- (b) Authority; Enforceability. This Agreement has been duly and validly executed and delivered by such Member and, assuming due execution and delivery of this Agreement by the other parties hereto, constitutes the binding obligation of such Member enforceable against him in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar Laws affecting creditors' rights generally, and by principles of equity.

**7.4 NO AUTHORITY OF MEMBERS.** Except as specifically provided in this Agreement, no Member shall have any:

- (a) authority to bind or act for, or assume any obligations or responsibility on behalf of, the Company; or
- (b) any right or power to take part in the management or control of the Company or its business and affairs in any way.

**7.5 ADMISSION OF MEMBER.** A Person acquiring an interest in the Company from the Company may be admitted as a Member only pursuant to and in accordance with Section 17.6.

**7.6 LIMITED LIABILITY.** Anything in this Agreement or elsewhere to the contrary notwithstanding, the personal liability of each Member arising out of or in any manner relating to the Company shall be limited to and shall not exceed such Member's Capital Contribution except as otherwise provided by applicable Law. No Member shall have any personal liability for liabilities or obligations of the Company or any other Member solely by reason of being a Member. Except as expressly provided in this Agreement, no Member shall be required to lend or advance funds to the Company for any purpose.

**7.7 VOTING RIGHTS.** Whenever the Members are entitled, by this Agreement or by the Act, to vote on or consent to a particular matter, the affirmative vote of the Members holding more than fifty (50%) of the Percentage Interests held by all such Members shall be required to constitute the act of the Members (including voting as a class); *provided, however*, that with respect to any Action provided for herein requiring "*Member Consent*," the affirmative vote of the Members holding sixty percent (60.0%) or more of the Percentage Interests shall be required.

**7.8 MEETINGS OF THE MEMBERS.**

(a) The Members may, but shall not be required to hold any annual, periodic or other formal meetings; *provided, however*, meetings of the Members may be called by any Members holding more than twenty-five (25.0%) of the outstanding Interests. The call shall state the location of the meeting and the nature of the business to be transacted. Notice of any such meeting shall be given to all Members not less than three (3) Business Days nor more than thirty (30) days prior to the date of such meeting. Whenever the vote or consent of the Members is permitted or required under the Agreement, such vote or consent may be given at a meeting of the Members or may be given in accordance with the procedure prescribed in this Section 7.8.

(b) For the purpose of determining the Members holding Units entitled to vote at any meeting of the Members or any adjournment thereof, the Member requesting such meeting may fix, in advance, a date as the record date for any such determination. Such date shall not be more than thirty (30) days nor less than ten (10) Business Days before any such meeting.

(c) Each Member may authorize any Person or Persons to act for it by proxy on all matters in which such Member is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Every proxy must be signed by the Member holding Units or its attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at the pleasure of the Member executing it unless otherwise provided in the proxy.

(d) Each meeting of Members shall be conducted by the Chairman or such other Person elected by holders of a majority of the Units.

(e) Notwithstanding paragraphs (a) through (d) of this Section 7.8, the Company may take any Action contemplated under this Agreement to be approved by Member Consent, such consent to be provided in writing, or by telephone, facsimile or electronic mail, if such telephone conversation,

facsimile or electronic mail is followed by a written summary of the telephone conversation or facsimile or electronic mail communication sent by registered or certified mail, postage and charges prepaid, addressed as described in Section 19.3 below, or to such other address as such Person may from time to time specify by notice to the Members.

**7.9 TITLE TO PROPERTY.** All Company Property shall be owned by the Company as an entity in the name of the Company (and not in the name or names of any Member or Members) and no Member shall have any ownership interest in such property in such Member's individual name or right, and each Member's Interest in the Company shall be such Member's personal property for all purposes.

**7.10 NO PAYMENTS OF INDIVIDUAL OBLIGATIONS.** The Company's credit and Company Property shall be used solely for the benefit of the Company in accordance with the terms of this Agreement, and no Company Property shall be transferred or encumbered for or in payment of any individual obligation of any Member unless otherwise provided herein.

**7.11 PROHIBITION AGAINST PARTITION.** Each Member irrevocably waives any and all rights the Member may have to maintain an action for partition with respect to any Company Property.

**7.12 CONDUCT OF MEMBERS.** The Members shall have the same duties and obligations to each other that members of a limited liability company formed under the Act have to each other. Except as otherwise specified herein, any Action by a Member may be given or taken in the sole and absolute discretion of that Member in its own best interests and without regard to the best interests of, or the financial, tax or other effect on, any other Member. No Member is authorized to act as the agent, representative or attorney-in-fact for any other Member, unless expressly so provided herein.

**7.13 OTHER ACTIVITIES OF THE MEMBERS.** Except as provided in ARTICLE XXIII, nothing in this Agreement or the Certificate of Organization shall limit or restrict the right of any Member or any Affiliate of any Member to engage in or to conduct any other activity or trade or business, independently or with others, or to make investments of any nature whatsoever, if such other activity, trade, or business or investment is not adverse to, does not compete with or is non-complementary with the Business of the Company, or does not otherwise conflict with such Member's obligations under this Agreement or any other agreements made by such Member or Affiliate. Nothing herein shall be deemed to confer upon the Company or any of the other Members any right or interest in any such other venture or investment or in any income, profit or other benefit derived therefrom. Neither the Company nor any Member shall have any right, by virtue of this Agreement, to share or participate in such other investments or activities of a Member or any Affiliate of any Member or to the income or proceeds derived therefrom. Notwithstanding the foregoing, each Member shall give notice to the Board and each other Member of its interest, or the interest of any of its Affiliates, in any other business or undertaking which proposes to enter into any business transactions with the Company.

**7.14 WITHDRAWAL.**

(a) Voluntary Withdrawal; Right to Dissociate; Wrongful Dissociation. The term "*Voluntary Withdrawal*" means a Member's dissociation from the Company by means other than an Involuntary Withdrawal in accordance with Section 7.14(b) below. A Member's Voluntary Withdrawal from the Company is wrongful and will constitute a breach of this Agreement if:

- (i) the dissociation occurs prior to the dissolution and winding up of the Company;
- (ii) the Member is expelled by judicial order; or

- (iii) the Member (other than an individual, estate or non-business trust) intentionally dissolves or terminates its legal existence.

A Member of the Company shall have the power to dissociate from the Company prior to the dissolution and winding up of the Company in accordance with ARTICLE XVIII of this Agreement by providing written notice to the Company. Such Voluntary Withdrawal shall be effective as of the later of the date specified in the notice or the date such notice is received by the Company. Notwithstanding the foregoing, if a Member voluntarily gives notice of dissociation as set forth above, such action shall be considered wrongful and a breach of this Agreement. Any Member who wrongfully dissociates as a Member is liable to the Company and the other Members for any damages caused by the dissociation; a Member's Voluntary Withdrawal shall not entitle the Member to require the Company to purchase such Member's Interest and such Member shall be considered an Assignee as of the date of the Voluntary Withdrawal.

(b) Involuntary Withdrawal. Except as otherwise provided in ARTICLE XVIII, if a Member undergoes an event of Involuntary Withdrawal, such Member shall be deemed to withdraw from the Company, shall cease to be a Member of the Company, and shall become an Assignee with respect to such Member's entire Interest. Such withdrawing Member shall neither (i) be entitled to receive the return of such Member's Capital Contribution, nor (ii) be entitled to require the Company to pay to such Member the fair market value of such Member's Interest by reason of such withdrawal. Except as provided in ARTICLE XVIII, the withdrawing Member shall (x) be entitled only to such allocations and distributions to which such Member was entitled before such withdrawal, (y) have no rights of a Member hereunder other than the right to allocations and distributions, and (z) be disregarded in determining whether any approval, consent or other action has been given or taken by the Members, any percentage.

## ARTICLE VIII CAPITAL CONTRIBUTIONS AND MEMBER LOANS

**8.1 CAPITAL CONTRIBUTIONS.** The Members shall make Capital Contributions in the amounts and at the times set forth on the Member List. A separate capital account shall be maintained for each Member's ownership interest in the Units (a "*Capital Account*"). In addition to the foregoing, in the event that the Company is unable to borrow funds required for operations, the Members may, but are not obligated to, contribute such additional Capital Contributions (or to make loans to the Company) as may be required from time to time in order to fund working capital and acquisition of new equipment and facilities, which additional Capital Contributions by Members shall be promptly reflected in an amended Member List at the time so made.

### **8.2 ADDITIONAL CONTRIBUTIONS OR LOANS.**

(a) The Members acknowledge that the Company may require funds in excess of the Initial Capital Contributions. In such event, the Board shall, in its sole and absolute discretion, either:

- (i) make a capital call on all Members (based upon the Members' respective Percentage Interests) for additional funds (such funds referred to herein as the "*Additional Capital Contributions*"), which funds shall be contributed by the Members to the Company within the time period necessary to meet the payment deadline of the event(s) for which the funds are required as set forth in the notice of the capital call; or
- (ii) cause the Company to obtain the funds, as a loan, on commercially-reasonable market terms and conditions acceptable to the Board, from non-affiliated third party sources.

(b) Except as specifically provided in this Section 8.2, no Member shall be required, nor entitled, to make (i) any Additional Capital Contributions or (ii) any loans to the Company. The Percentage Interests of the Members shall not be changed or otherwise affected by the funding or non-funding of Additional Capital Contributions pursuant to this Section 8.2, except as provided in Section 8.3(b).

**8.3 FAILURE TO MAKE CAPITAL CONTRIBUTIONS.** Any Member who fails to make its Additional Capital Contribution pursuant to Section 8.2 when required thereunder and fails to cure such default within five (5) business days after receipt of a written notice of such default (a “*Default Notice*”) from another Member, shall be referred to as a “*Defaulting Member*” and any Member who makes its respective Additional Capital Contribution when due shall be referred to as a “*Non-Defaulting Member*”. The Non-Defaulting Member shall send a written notice of default, upon the failure of a Member to make an Additional Capital Contribution when required, to the Defaulting Member(s) and all other Non-Defaulting Members. If one or more Members are Defaulting Members and one or more Members are Non-Defaulting Members, then the Non-Defaulting Member(s) may, in their sole and absolute discretion, exercise any one or more of the following remedies:

(a) Member Loans. The Non-Defaulting Members may lend the entire (but not less than the entire) amount of such Additional Capital Contribution to the Company (a “*Member Loan*”) on a basis with recourse solely to the assets of the Company, except that a Non-Defaulting Member may have recourse against a Defaulting Member pursuant to Section 8.3(b)(i) of this Agreement. If more than one Non-Defaulting Member (“*Contributing Member*”) shall elect to make a Member Loan, each such Non-Defaulting Member shall make a loan in an amount equal to the product of the amount in default multiplied by a fraction, the numerator of which is such Non-Defaulting Member’s Percentage Interest and the denominator of which is the sum of the Percentage Interests of all Non-Defaulting Members electing to make such Member Loan. To the extent that there are two or more Non-Defaulting Members and one or more of such Non-Defaulting Members elects not to advance its share of the Member Loans, the other Contributing Member(s) may, but shall not be obligated to, advance such amount to the Company in the same manner as set forth above; provided, however, the amount of all such advances by the Contributing Members shall not be less than the entire amount of the Additional Capital Contributions of the Defaulting Members. In the event that the amount of the Member Loans made by Contributing Members is less than the amount of the required Additional Capital Contributions, then the sole rights and remedies of the Non-Defaulting Members with respect to Defaulting Members shall be the rights and remedies set forth in Section 8.3(b)(iii) of this Agreement. Each such Member Loan shall bear interest at the Preferred Return Rate, but in no event at a rate greater than the maximum permissible rate under applicable usury Laws in the State of Delaware. All Member Loans, together with any interest accrued thereon, shall be paid by the Company prior to any other distribution to the Members. All payments on Member Loans shall be applied first to accrued interest, then to unpaid principal. All Member Loans shall rank *pari passu* with all other Member Loans.

(b) Dilution. If any Member Loan has not been repaid in full (whether by the Defaulting Member(s) making the Additional capital Contributions or otherwise) within ninety (90) days of the date the Member Loan is made, then, in addition to any other rights or remedies available to the Contributing Member(s) hereunder, at any time thereafter each of the Contributing Members may elect to proceed under Sections 8.3(b)(i) or 8.3(b)(ii) below:

(i) Each Contributing Member, by written notice to the Defaulting Member, may elect to treat the outstanding principal balance of the Member Loan made by such Contributing Member as an Additional Capital Contribution to the Company by such Contributing Member, and the Percentage Interests of the Defaulting Member and such Contributing Member shall be adjusted by reducing the Percentage Interest of the Defaulting Member and increasing

the Percentage Interest of the Contributing Members so that their respective Percentage Interests shall be in proportion to the total Capital Contributions then made by them. In addition, the amounts treated as Capital Contributions under this 8.3(b) shall be repaid to the Contributing Members who elected under this 8.3(b), from distributions of Net Cash prior to any distributions to the Defaulting Member (but after repayments therefrom to a Contributing Member who elects under 8.3(b)(ii) below). Accrued interest on any Member Loan which is converted to capital as provided above shall not be converted to capital and shall be payable as provided in 8.3(a) above; *provided, however*, that if such accrued interest is not paid in full upon demand in accordance therewith, the Member making such demand may at any time thereafter exercise its rights under 8.3(b)(ii) below with respect to the then-outstanding amount of such accrued interest.

- (ii) Any Contributing Member may elect to make written demand upon the Defaulting Member for payment in full of that part of such Contributing Member's Member Loan attributable to the Defaulting Member's delinquent Additional Capital Contribution, including accrued interest thereon. Upon failure of the Non-Contributing Member to pay such part of the Member Loan and interest in full upon demand, the provisions of 8.3(a) shall continue to apply, and the Contributing Member may bring suit against the Defaulting Member to collect such part of the Member Loan made by such Contributing Member plus interest and reasonable costs of collection (including, without limitation, attorneys fees and expenses).
- (iii) Unless a Member has elected to proceed under 8.3(b)(i) above, such Member's Member Loan shall remain in place and shall bear interest and be repaid as provided in 8.3(a) above, if and until collected under 8.3(b)(ii) above. The rights of a Member under 8.3(b)(i) or 8.3(b)(ii) shall be mutually exclusive and a Member electing to proceed under one of the two identified sections shall waive its rights to proceed under the section not so elected as to that particular Member Loan (except as otherwise provided in 8.3(b)(ii) with respect to the payment of accrued interest on any Member Loan which is converted to capital).
- (iv) If the Non-Defaulting Member(s) do not make Member Loans, then notwithstanding anything to the contrary herein, (i) the Non-Defaulting Member(s), acting as a majority (in terms of relative Percentage Interests of the Non-Defaulting Members) if there are more than one, may cause the Company to borrow from third parties the defaulted amount plus any additional sums required by reason of the default and in such event the Non-Defaulting Members may either bring suit against the Defaulting Member for the amount of such loans attributable to the Defaulting Member's delinquent Additional Capital Contribution plus interest and damages or reduce the interest of the Defaulting Member and increase their interests as if the Non-Defaulting Members had made a Member Loan in accordance with subsection (b)(i) above; or (ii) the Non-Defaulting Member(s), acting jointly if there are more than one, may exercise (or cause the Company to exercise) any other rights and remedies at law or in equity in respect of such default.

**8.4 RETURN OF CAPITAL.** No Member shall be entitled to interest on, or to require the return of all or any part of, such Member's Capital Contribution.

**8.5 CAPITAL ACCOUNT DEFICITS.** No Member shall be obligated to repay to the Company or to any other Member any deficit in such Member's Capital Account arising at any time during the term of the Company or upon dissolution and liquidation of the Company.

**8.6 RETURN OF CAPITAL CONTRIBUTION.** Except as otherwise specifically set forth in this Agreement, no Member shall:

- (a) be entitled to the return of such Member's Capital Contribution at any fixed time or upon demand;
- (b) have the right to receive property other than cash in return for such Member's Capital Contribution at such time, if any, as it is returned and any such return shall be made solely from Company Property; and
- (c) receive interest on its Capital Contribution.

No Member, nor any member of the Board, shall be personally liable for the return of a Member's Capital Contribution.

**8.7 LOANS NOT CAPITAL CONTRIBUTIONS.** Except as may occur pursuant to Section 8.3(b) above, a loan to the Company shall not be considered a Capital Contribution.

## ARTICLE IX UNITS

**9.1 UNITS REPRESENT OWNERSHIP OF COMPANY.** The Members collectively have sole ownership of the Company. Each Member's ownership interest is represented by units ("*Units*") with the rights and obligations specified in the Act, the Certificate of Organization and this Agreement.

**9.2 AUTHORIZED UNITS.** The Company is authorized to issue an unlimited number of Units divided into multiple classes of Units, but as of the date of this Agreement there shall be only one (1) class of Units, referred to as the "*Units*," which class shall consist of one hundred (100) Units, to be initially issued in accordance with the terms and conditions of this Agreement. The Board may establish, from time to time in accordance with such procedures as the Board shall determine, other classes, one or more series of any such classes, or other securities with such designations, preferences, rights, powers and duties (which may be senior to existing classes and series of Units or other securities), as shall be determined by the Board, including:

- (a) the right to share in Profits and Losses or items thereof;
- (b) the right to share in Company distributions;
- (c) the rights upon dissolution and liquidation of the Company;
- (d) whether, and the terms and conditions upon which, the Company may or shall be required to redeem the Units or other securities (including sinking fund provisions);
- (e) whether such Unit or other security is issued with the privilege of conversion or exchange and, if so, the terms and conditions of such conversion or exchange;
- (f) the terms and conditions upon which each Unit or other security will be issued, evidenced by certificates and Transferred;



- (g) the method for determining the Percentage Interest as to such Units or other securities; and
- (h) the right, if any, of the holder of each such Unit or other security to vote on Company matters, including matters relating to the relative designations, preferences, rights, powers and duties of such Units or other securities.

Except as expressly provided in this Agreement to the contrary, any reference to “*Units*” shall include the Units and any other classes that may be established in accordance with this Agreement. All Units of a particular class or series shall have identical rights in all respects as all other Units of such class or series and, accordingly, shall entitle the holder to (x) the same rights and obligations as a holder of any other Unit of that class or series, including the any preference, priority or right and (y) participate equally with respect to any and all distributions made by the Company, if any, in all circumstances with respect to other Members in respect of any Unit of the same class or series.

**9.3 UNITS FULLY-PAID AND NON-ASSESSABLE.** The Company shall issue Units only as fully-paid and non-assessable.

**9.4 FRACTIONAL UNITS.** The Company may issue fractional Units.

**9.5 MEMBER LIST.** The Member List of the Company shall be the definitive record of ownership of each Unit and all relevant information with respect to each Member. Unless the Board shall determine otherwise, Units are personal property for all purposes and shall be uncertificated and recorded in the books and records of the Company. The Board shall maintain **Schedule A** listing all Members and their respective Units and Percentage Interest and may unilaterally restate **Schedule A** to reflect changes in the Member List, such as admission of new Members, additional Capital Contributions or Transfers.

**9.6 REGISTERED MEMBERS.** The Company shall be entitled to recognize the exclusive right of a Person registered on its records as the owner of Units for all purposes and shall not be bound to recognize any equitable or other claim to or interest in Units on the part of any other Person, whether or not it shall have express or other notice thereof, except as otherwise provided in this Agreement or by the Act or other applicable Law.

**9.7 UNITS ARE SECURITIES.** All Units shall constitute “securities” governed by Articles 8 and 9 of the Delaware Uniform Commercial Code (“*UCC*”), as provided in UCC §8.103(c) and, unless otherwise designated or approved by the Board, shall not be represented by certificates (*i.e.*, Units are “uncertificated securities” as defined by UCC §8.102(a)(18)).

## **ARTICLE X**

### **PERCENTAGE INTERESTS**

**10.1 CALCULATION OF PERCENTAGE INTERESTS.** The “*Percentage Interest*” for each Interest Holder is its relative Unit ownership expressed as a percentage of the total Units then outstanding (whether in the same class of a Interest Holder or as an aggregate of all classes of Interest Holders as appropriate). The rights, preferences, privileges and limitations of each Interest Holder are proportional to its Percentage Interest, except as expressly stated in this Agreement.

**ARTICLE XI**  
**ALLOCATIONS AND DISTRIBUTIONS**

**11.1 ALLOCATION OF PROFITS.** After giving effect to the special allocations set forth in, and generally subject to, **Schedule C**, Profits for each Fiscal Year shall be allocated to the Interest Holders in the following manner and order of priority:

- (a) *First, pro rata* among the Interest Holders in accordance with their respective Percentage Interests until the cumulative Profits allocated to the Interest Holders pursuant to this Section 11.1(a) for the current Fiscal Year and all prior Fiscal Years equal the cumulative Losses allocated to the Interest Holders pursuant to Section 11.2(a) for all prior Fiscal Years; and
- (b) *Second, pro rata* among the Interest Holders in accordance with their respective Percentage Interests.

**11.2 ALLOCATION OF LOSSES.** After giving effect to the special allocations set forth in, and generally subject to, **Schedule C**, Losses for each Fiscal Year shall be allocated to the Interest Holders in the following manner and order of priority:

- (a) *First*, to each Interest Holder to the extent of such Interest Holder's positive Capital Account balance in accordance with the ratio that the amount of such Interest Holder's positive Capital Account balance bears to the total of the positive Capital Account balances of all Interest Holders having such balances (determined as of the date of allocation under, or with respect to, this Section 11.2(a) allocation is to be made); and
- (b) *Second, pro rata* among the Interest Holders in accordance with their respective Percentage Interests.

**11.3 DISTRIBUTIONS OF NET CASH FROM OPERATIONS.** Subject to Sections 11.5 through 11.10 below, the Net Cash from Operations shall be distributed at such times as the Board determines in its sole discretion but not less than annually, to the Interest Holders, *pro rata*, in accordance with their respective Percentage Interests; *provided, however*, that if the Board reasonably determines that there is adequate cash available to pay current operating expenses and to pay or establish reasonable reserves for future expenses, debt payments, capital improvements and replacements, then within ninety (90) days after the end of each Fiscal Year, then the Board shall cause the Company to distribute Net Cash from Operations in an amount at least equal to forty percent (40.0%) of its net income for such prior Fiscal Year.

**11.4 DISTRIBUTIONS OF NET CASH FROM SALES AND REFINANCINGS.** Subject to Sections 11.5 through 11.10 below, the Net Cash from Sales and Refinancings shall be distributed in the following order of priority:

- (a) First, to repay all Company debt, whether or not currently due, or establish escrow or other reserves therefor;
- (b) Next, to the Interest Holders, *pro rata* in accordance with their respective Percentage Interests.

**11.5 GUARANTEED PAYMENTS.** Guaranteed payments ("*Guaranteed Payments*") for salary, wages, fees, payments on loans, rents, etc., may be made to the Interest Holders and such Guaranteed Payments shall not be deemed to be distributions to the Interest Holders on account of their

Interests, and shall not be charged to the Interest Holders' Capital Accounts. To the extent any compensation paid to any Interest Holder by the Company, including fees payable to any Interest Holder, is determined by the Internal Revenue Service not to be a guaranteed payment under Code Section 707(c) or is not paid to the Interest Holder other than in the Person's capacity as a Interest Holder within the meaning of Code Section 707(a), the Interest Holder shall be specially allocated gross income of the Company in an amount equal to the amount of that compensation, and the Interest Holder's Capital Account shall be adjusted to reflect the payment of that compensation.

**11.6 AMOUNTS WITHHELD.** All amounts withheld pursuant to the Code or any provision of any Law with respect to any payment, distribution or allocation to the Company or the Interest Holders shall be treated as amounts paid or distributed, as the case may be, to the Interest Holders with respect to which such amount was withheld pursuant to this Section 11.6 for all purposes under this Agreement. The Company is authorized to withhold from payments and distributions, or with respect to allocations to the Interest Holders, and to pay over to any federal, state and local government or any foreign government, any amounts required to be so withheld pursuant to the Code or any provisions of any other Law, and shall allocate any such amounts to the Interest Holders with respect to which such amount was withheld.

**11.7 TAX DISTRIBUTIONS.** Because the Company has elected to be categorized as a partnership for both federal and state income tax purposes, the Interest Holders will be taxed on a share of items of Profit or Loss of the Company. Notwithstanding anything in this Agreement to the contrary, the Board shall cause the Company to distribute at least enough cash (a "*Tax Distribution*") to each Interest Holder which, when combined with all other distributions pursuant to Section 11.3 and this Section 11.7 to such Interest Holder in respect of such Fiscal Year, equals the product of (x) the combined maximum federal, state and local marginal income tax rate applicable to ordinary income or capital gains for a corporation, as appropriate, applicable to any Interest Holder for such period and (y) (i) the aggregate income allocated to such Interest Holder in the current and all preceding Fiscal Years over (ii) the aggregate Loss allocated to such Interest Holder in the current and all preceding Fiscal Years, or such other formula as the Board may determine in its reasonable discretion. Notwithstanding the foregoing, any Tax Distribution may be reduced or not made with respect to any Fiscal Year to the extent that the Board reasonably determines that there is not adequate cash available to pay current operating expenses and to pay or establish reasonable reserves for future expenses, debt payments, capital improvements and replacements. Tax Distributions made to any Interest Holder on a non-ratable basis to such Interest Holder pursuant to this Section 11.7 shall be treated as advances against future distributions that otherwise would be made to such Interest Holder (but only to the extent that the non-ratable amount distributed to such Interest Holder exceeds the amounts distributed to all Interest Holders on a ratable basis) and, therefore, shall reduce the amount of such future distribution dollar for dollar. The Tax Distributions shall be reduced by any amount paid or required to be paid by the Company on behalf of any Interest Holder (or, in the case of Interest Holders that are limited liability companies or trusts, on behalf of a member or beneficiary of an Interest Holder) to any state or local taxing authority.

**11.8 LIMITATION UPON DISTRIBUTIONS.** No distribution shall be made if such distribution would violate the Act.

**11.9 DISTRIBUTIONS UPON DISSOLUTION.** Upon the dissolution of the Company, the assets of the Company shall be distributed as set forth in Section 18.1 **Error! Reference source not found.**

**11.10 REPAYMENT OF LOANS.** Before the Company makes any distribution pursuant to Section 11.3, the Company shall repay any debt that is due or may, with the passage of time, become due within ninety (90) days, including, but not limited to, any Member Loan or any loan or other indebtedness guaranteed by a Member, or establish escrow or other reserves therefor.

**ARTICLE XII**  
**POWERS DELEGATED BY THE MEMBERS TO THE BOARD**

**12.1 MANAGER-MANAGED.** The Company shall be a manager-managed company within the meaning of the Act.

**12.2 DELEGATION OF POWER AND AUTHORITY; CONSENT TO EXCLUSIVE AUTHORITY.** The power and authority to manage and control the Business of the Company shall be delegated to the Board established pursuant to ARTICLE XIII and to the Officers of the Company as set forth in Section ARTICLE XIV below and hereby consent to the Board's and such Officers' exclusive management of the Company and its business and to the Board's and such Officers' exercise of the powers conferred by this Agreement.

**12.3 POWERS DELEGATED TO BOARD OF DIRECTORS.** Without limiting the generality of the foregoing, but subject to the limitations of Section 12.4, the Board shall have power and authority, on behalf of the Company to:

- (a) purchase, lease, or otherwise acquire, and sell, lease, exchange, or otherwise dispose of, Company Property, and any other real or personal property necessary or convenient to the operation of the Company;
- (b) delegate all or any of its duties hereunder and in furtherance of any such delegation, to appoint, employ, or contract with any Person whom the Board may, in its sole discretion, deem necessary or desirable for the transaction of the Company's business, including Affiliates of the Members; provided, however, that the Board shall continue to be primarily responsible for the performance of all such obligations;
- (c) expend the Company's capital and revenues in furtherance of the Company's purposes;
- (d) manage, operate, and develop Company Property or investments, and to enter into a management, operating, development, construction or any commercial agreement with others (including the Members and their Affiliates) with respect to properties, investments acquired by the Company and any Business of the Company containing such terms, provisions, and conditions as it shall approve;
- (e) create or acquire Affiliate entities of the Company and exercise all rights of the Company with respect to such Affiliates;
- (f) borrow money from banks, other lending institutions or other Persons (including any Member or any Affiliate of a Member) for any Company purpose, and in connection therewith to issue notes, debentures, and other debt securities; to hypothecate Company Property to secure repayment of the borrowed sums; and no bank, other lending institution or other Person to which application is made for a loan shall be required to inquire as to the purpose for which such loan is sought; and, as between this Company and such bank, other lending institution or other Person, it shall be conclusively presumed that the proceeds of such loan are to be and will be used for the purposes authorized hereunder; provided, however, that no Member or Director shall be obligated to guarantee or otherwise incur any direct liability with respect to such indebtedness without its consent;

- (g) invest Company Property in bank demand deposit and savings accounts, money market funds, savings and loan association deposits, commercial paper, certificates of deposit, bankers' acceptances, government securities and other short term interest bearing obligations;
- (h) grant security interests in and mortgages on Company Property and to obtain replacements of any security agreement or mortgage related in any way to Company Property, and to repay in whole or in part, refinance, recast, modify, consolidate, or extend any security agreement or mortgage affecting any such property and to give deeds, bills of sale, receipts, releases and discharges, with respect to all of the foregoing and any matters incident thereto as it may deem advisable or appropriate;
- (i) place record title to any property in the Company name, or in the name of a nominee or trustee, for the purpose of mortgage financing or other convenience or benefit of the Company;
- (j) enter into agreements and contracts with any Person to execute any guaranty or accommodation endorsement incident to the conduct of the Business of the Company and execute, acknowledge and deliver any and all instruments, documents, or agreements to effectuate such guaranty or accommodation endorsement;
- (k) maintain, at the expense of the Company, adequate records and accounts of all operations and expenditures and to furnish the Members the reports specified in Section 19.2;
- (l) purchase, from or through others, policies of liability, casualty and other insurance which the Board deems advisable, appropriate or convenient for the protection of any Company Property or affairs of the Company or for any purpose convenient or beneficial to the Company;
- (m) arrange for the preparation and filing of any required federal, state or local tax returns, and the payment from Company funds of any tax due from the Company;
- (n) construct any real property improvements to or on Company Property or to make any alterations thereto;
- (o) enter into any and all agreements, contracts, documents, certifications, and instruments necessary or convenient in connection with the management, maintenance and operation of Company Property, or in connection with managing the affairs of the Company, including amendments to this Agreement and the Certificate of Organization to the extent provided herein or therein;
- (p) establish, maintain and expend reserves from amounts which otherwise would be distributed to Interest Holders to provide for working capital, debt service, other obligations of the Company and such other purposes as it may deem necessary or advisable;
- (q) prepay in whole or in part, refinance, recast, increase, modify, or extend any liabilities affecting Company Property and in connection therewith execute any extensions or renewals of encumbrances on any or all of such property;

- (r) make distributions to the Interest Holders in accordance with the provisions of this Agreement, and perform all matters in furtherance of the objectives of the Company or this Agreement, including opening and maintaining Company bank accounts and authorizing signatories with respect thereto;
- (s) employ accountants, legal counsel, agents and other Persons (including Affiliates of Members) to perform services for the Company and to compensate them from Company funds;
- (t) make any and all elections for federal, state, and local tax purposes including any election, if permitted by applicable Law;
- (u) to extend the statute of limitations for assessment of tax deficiencies against Interest Holders with respect to adjustments to the Company's federal, state, or local tax returns; and
- (v) institute, prosecute, defend, settle, compromise, and dismiss lawsuits or other judicial or administrative proceedings brought by or on behalf of, or against, the Company in connection with activities arising out of, connected with, or incidental to this Agreement, and to engage counsel or others in connection therewith;
- (w) make or have made for the Company such research reports, economic and statistical data, evaluations, analyses, opinions and recommendations as it may deem necessary or desirable with respect to investment or business opportunities in connection with the Business of the Company or development of Company Property;
- (x) enter into joint venture agreements or any other arrangement with another entity or entities for the acquisition, development and operation of any asset or property;
- (y) approve any contract between the Company and any Member or any Affiliate of such Member;
- (z) engage in any kind of activity and perform and carry out contracts of any kind (including contracts of insurance covering risks to Company Property) necessary or incidental to, or in connection with, the accomplishment of the purposes of the Company, as may be lawfully carried on or performed by a limited liability company under the Act;
- (aa) take, or refrain from taking, all Actions not expressly proscribed or limited by or addressed in this Agreement, as may be necessary or appropriate to accomplish the purposes of the Company; and
- (bb) interpret this Agreement to resolve any ambiguities or inconsistencies in this Agreement.

**12.4 LIMITATION UPON RIGHTS AND POWERS.** In addition to other acts expressly prohibited by this Agreement or by Law, the Board of Directors and the Officers shall not have the authority to:

- (a) do any act in contravention of this Agreement;

- (b) do any act which would make it impossible to carry on the Business of the Company, except as expressly provided in this Agreement;
- (c) execute or deliver any general assignment for the benefit of the creditors of the Company;
- (d) possess Company Property or assign the rights of the Company in specific property for other than a Company purpose; or
- (e) knowingly or willingly do any Action (except an Action expressly permitted by this Agreement) which causes the Company to be treated for tax purposes as other than as a partnership.

**12.5 AUTHORITY TO ACT OR EXPEND ADDITIONAL FUNDS IN EMERGENCY.**

Notwithstanding anything to the contrary in this Agreement, in the event an emergency arises by act of God or otherwise, the Chairman shall have the right to take such Actions (including expending any funds of the Company necessary to prevent any damage and to effect any required repairs to Company Property), as the Chairman, in his or her reasonable judgment, deems necessary for the protection of life or health or preservation of Company Property if, in the good faith determination of the Chairman, any delay would materially increase the risk to life or health or materially increase the magnitude of such property damage; *provided, however*, that the Chairman shall notify the members of the Board of the emergency situation and the Action the Chairman proposes to take or has taken (including the amount of any expenditures) as soon as reasonably practical.

**12.6 NO AUTHORITY OF MEMBERS.** Except as specifically provided to the contrary in this Agreement, no Member shall have any:

- (a) authority to bind or act for, or assume any obligations or responsibility on behalf of, the Company; or
- (b) any right or power to take part in the management or control of the Company or its business and affairs or to act for or bind the Company in any way.

**ARTICLE XIII**

**BOARD OF DIRECTORS; RIGHTS, POWERS AND DUTIES**

**13.1 EXCLUSIVE RIGHT TO MANAGE.** The business and affairs of the Company shall be managed exclusively by its Board of Directors (the "**Board**") and, except for situations in which the approval of the Members is expressly required by this Agreement or by nonwaivable provisions of applicable Law, the Board shall have full, complete and exclusive authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts and activities customary or incident to the management of the Company's business. Each of the duly elected members of the Board (individually, a "**Director**" and, collectively, the "**Directors**") shall act only through the Board. The Board may delegate its executive authority pursuant to consent of the Board as required by this Agreement to implement the decisions of the Board and take Action on behalf of the Company to one or more of the Company's officers (individually, an "**Officer**" and, collectively, the "**Officers**"), who are hereby empowered to perform any and all acts incident to the day-to-day management of the Company's business, to exercise any and all powers of the Company, and to execute the policies and decisions of the Board, in accordance with and subject to the limitations set forth in this Agreement, the Certificate of Organization and the Act, all as set forth in and subject to ARTICLE XIV below. Accordingly, the Board and the Directors, in their capacity as such, have no authority to perform executive acts on behalf of the Company or to bind the

Company to any obligation, and such powers are vested solely in the Officers, and the Directors shall not make any representation to the contrary to the public or to any third party.

**13.2 COMPOSITION AND ELECTION OF BOARD.** The Board will initially consist of three (3) Directors, two (2) of whom shall be appointed by Logistec (the “*Logistec Representatives*”) and one (1) of which shall be appointed by CTC (the “*CTC Representatives*”), respectively. The initial Logistec Representatives shall be Rodney Corrigan, and Alain Pilotte and the initial CTC shall be William Coleman. Thereafter, Logistec and CTC shall have the right (but not the obligation) to appoint, remove, or replace the Directors appointed by it. The number of Directors may be changed only with Member Consent; *provided, however*, that in no instance shall the Company have less than three (3) Directors, two (2) of whom shall have been appointed by Logistec and one (1) of which shall have been appointed by CTC. No Director need be a resident of the State of Delaware.

**13.3 MEETINGS OF THE BOARD.** The Board shall hold quarterly meetings; *provided, however*, other meetings of the Board may be called by as needed from time to time by the Chairman or the Logistec Representatives. The call shall state the location of the meeting and the nature of the business to be transacted. Notice of any such meeting shall be given to all Board members not less than three (3) Business Days nor more than thirty (30) days prior to the date of such meeting.

**13.4 QUORUM; BOARD CONSENT; ACTION WITHOUT MEETING.** The presence of a not less than two (2) of the Logistec Representatives and one (1) CTC Representative shall be necessary at any meeting to constitute a quorum of the Board to transact business. Whenever the consent or approval of the Board is required to take any Action concerning the Company, such Action shall be approved by the affirmative vote of a majority of the Directors present and voting, unless otherwise provided in this Agreement or the Act. A Director may participate in a meeting of the Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person and attendance at a meeting. Any Action of the Board, which is required or permitted to be taken at a meeting, may be taken without a meeting if written consent to the Action is signed by all of the members of the Board and is filed in the minutes of the proceedings of the Board before the taking of such Action.

**13.5 REQUIRED MEMBER CONSENT.** Notwithstanding anything in this Agreement to the contrary, the following Actions by or on behalf of the Company shall require Member Consent, as evidenced by written consent, ballots or other reasonable means:

- (a) amending the Certificate of Organization or of any specific terms of this Agreement (except for restating **Schedule A**); *provided, however*, that the terms of this Agreement may be amended without Member Consent if such amendment is made pursuant to the implementation of a Transfer of an Interest as permitted under the provisions of ARTICLE XVII, **Error! Reference source not found.** and such amendment would not have an adverse effect on any rights or obligations of any non-Transferring Member under this Agreement (including any amendment to or restatement of **Schedule A**);
- (b) adversely changing the Economic Rights or Management Rights of any Member;
- (c) amending this Agreement to provide for additional classes or groups of Members having such relative rights, powers and duties as may be established, which additional classes or groups are senior to existing classes and groups of Members (or otherwise issuing additional Units of existing classes, which issuance does not equally dilute the Percentage Interests of the existing Members) or to grant to



all or certain identified Members or a specified class or group of the Members the right to vote separately or with all or any class or group of the Members, on any matter, which voting by such Member may be on a per capita, number, financial interest, class group or any other basis;

- (d) approving:
  - (i) the sale, restructuring, refinancing or disposition of all or any significant portion of Company Property;
  - (ii) the admission of an Assignee as a substituted Member;
  - (iii) appointing or removing an Officer;
  - (iv) hiring or firing any senior level employee;
  - (v) approving increases in employee compensation;
  - (vi) creating or issuing any equity incentive or cash bonus plan increases in the compensation of Officers;
  - (vii) selling, assigning or licensing any material technology or intellectual property;
  - (viii) increasing or decreasing the size of the Board;
  - (ix) acquiring another company or its assets or business;
  - (x) approving or entering any contract requiring the payment by, or providing for the payment to, the Company of an amount more than \$150,000.00 (a "*Material Contract*");
  - (xi) amending or modifying any Material Contract
  - (xii) forming a subsidiary of the Company or entering any other joint venture;
  - (xiii) changing the principal Business of the Company, entering any new line of business or discontinuing any existing line of Business of the Company
  - (xiv) Engagement or termination of the Company's auditors;
  - (xv) Any change to the tax or accounting policies of the Company;
  - (xvi) the conversion of the Company into another organization;
  - (xvii) the merger or consolidation of the Company with any other entity;
  - (xviii) the acceptance or rejection of any offer or proposal by a third party regarding such a transaction; or
  - (xix) the material terms of any such sale, restructuring, refinancing, disposition, merger, consolidation, liquidation or dissolution.
- (e) filing any petition in bankruptcy or reorganization or instituting any other type of bankruptcy, reorganization or insolvency proceeding with respect to the

Company or Company Property, consenting to the institution of involuntary bankruptcy, reorganization or insolvency proceedings with respect to the Company or Company Property, the admission in writing by the Company of its inability to pay its debts generally as they become due or the making by the Company of a general assignment for the benefit of its creditors.

- (f) dissolving the Company;
- (g) lending money to, or guaranteeing the debts or other obligations of, a Member or any other Person; and
- (h) comingling of any Company monies with monies of any Member (including the Board) or maintaining any Company funds in other than an account of the Company.

**13.6 RESIGNATION.** A Director may resign at any time by giving written notice to the Members. The resignation of a Director shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Upon the resignation of a Director, the Member appointing such Director shall appoint a successor to such Director.

**13.7 REMOVAL.** A Director may be removed at any time with or without cause by the Member that appointed such Director. Upon the removal of a Director, such Member shall appoint a successor to such Director.

**13.8 COMPENSATION OF THE DIRECTORS.** The Directors shall not receive any compensation for their services to the Company in such capacity; *provided, however*, that a Director shall be entitled to reimbursement of reasonable expenses incurred by such Director in the performance of his duties on behalf of the Company and further provided that no Person who is a Director shall be precluded from receiving such salary or other compensation from the Company based on the fact that such Person is also a Director.

**13.9 DIRECTORS HAVE NO EXCLUSIVE DUTY TO COMPANY.** The Directors may have other business interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, by virtue of this Agreement, to share or participate in such other investments or activities of any Director or to the income or proceeds derived therefrom.

**13.10 TRANSACTIONS WITH AFFILIATES.** The Board may engage any Member, any Affiliate of a Member or any business entity in which a Member, any Affiliate of a Member or any officer, director, shareholder or partner thereof, has a direct or indirect interest, to provide goods to or perform services for or on behalf of the Company, including maintenance, repair, management consulting, administrative management, property management and leasing, construction, engineering, legal, accounting, and bookkeeping services; *provided, however*, that the terms and conditions of such employment shall be competitive with the terms which could reasonably be obtained from non-affiliated Persons supplying comparable goods or performing comparable services. No contract or other transaction between the Company and one or more of its Members, any Affiliate of a Member or any other Person in which one or more of the Members is financially interested, shall be either void or voidable because of such relationship or interest if the contract or transaction is fair and reasonable as to the Company (and does not divert funds which would otherwise be appropriate for distribution or reasonably allocated to other uses) at the time it is authorized by the Board.

**ARTICLE XIV**  
**OFFICERS OF THE COMPANY.**

**14.1 GENERAL.** The Officers are not managers of the Company under the Act, but are entitled to exercise the executive powers of the Board by virtue of the power delegated to them from time to time under Section 13.1 above. The Officers are not authorized to take, or cause the Company to take, any Actions requiring special approval under this Agreement in the absence of such approval. The Officers of the Company have the following authority and responsibilities:

- (a) Chairman. The Board may appoint a Chairman of the Board (the “*Chairman*”). The Chairman is the principal executive officer of the Company and, subject to the control of the Board, shall in general supervise and control all of the business and affairs of the Company. The Chairman shall take Action on behalf of the Company with respect to all its rights in and to its assets, including casting all votes to which the Company is entitled by nature of its ownership of equity or debt securities. The Chairman shall sign any deeds, mortgages, bonds, contracts, or other instruments authorized under this Agreement generally or by the Board specifically, and in general the Chairman shall perform all duties incident to the office of chief executive officer and such other duties as may be prescribed by the Board from time to time. In addition, the Chairman shall represent the Company and its Members before taxing authorities or courts of competent jurisdiction in tax matters affecting the Company and its Members, and shall file any tax returns and execute any agreements or other documents relating to or affecting such tax matters, including agreements or other documents that bind the Members with respect to such tax matters or otherwise affect the rights of the Company or the Members. The initial Chairman shall be Rodney Corrigan.
- (b) President. The Board may appoint a President. The President primarily shall be responsible for the day-to-day operations and management of the Company’s business and shall report directly to the Chairman. The President shall in general perform all duties incident to such delegation of authority and responsibility and such other duties as from time to time may be prescribed by the Chairman or by the Board. The initial President shall be Rodney Corrigan.
- (c) Vice-Presidents. The Board may appoint one or more Vice-Presidents. In the absence of the President, or in the event of the President’s death, inability or refusal to act, the Vice-Presidents in the order of their length of service as such, unless otherwise determined by the Board, shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice Presidents shall in general perform all duties incident to such delegation of authority and responsibility and such other duties as from time to time may be prescribed by the Chairman, the President or by the Board.
- (d) Secretary. The Board may appoint a Secretary. The Secretary shall: (a) keep the minutes of the meetings of the Members and the Board, and of all committees in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with this Agreement or as required by Law; (c) maintain and authenticate the records of the Company; (d) maintain and have general charge of the books of the Company; (e) attest the signature or certify the incumbency or signature of any Officer of the Company; and (f) in general perform all duties incident to the office of secretary and such other duties as from time to time may

be prescribed by the Chairman or by the Board. The initial Secretary shall be Ingrid Stefancic.

- (e) Assistant Secretary. The Board may appoint one or more Assistant Secretaries. In the absence of the Secretary or in the event of his death, inability or refusal to act, the Assistant Secretaries in the order of their length of service as such, unless otherwise determined by the Board, shall perform the duties of the Secretary, and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary. They shall perform such other duties as may be prescribed by the Secretary, by the Chairman, or by the Board.
- (f) Treasurer. The Board may appoint a Treasurer. The Treasurer shall have the custody of the Company's funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company and shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Board. In addition, the Treasurer shall (a) maintain appropriate accounting records as required by Law; (b) prepare, or cause to be prepared, annual financial statements and other reports required by this Agreement or the Board; and (c) in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be prescribed by the Board. The Treasurer shall disburse the funds of the Company as may be ordered by the Board, or by the Chairman with respect to expenditures within the Chairman's authority, taking proper vouchers for such disbursements, and shall render to the Chairman and the Directors, when this Agreement generally or the Board specifically require, an account of all transactions as Treasurer and of the financial condition of the Company. The initial Treasurer shall be Jack Lassen.
- (g) Assistant Treasurers. The Board may appoint one or more Assistant Treasurers. In the absence of the Treasurer or in the event of his death, inability or refusal to act, the Assistant Treasurers in the order of their length of service as such, unless otherwise determined by the Board, shall perform the duties of the Treasurer, and when so acting shall have all the powers of and be subject to all the restrictions upon the Treasurer. They shall perform such other duties as may be prescribed by the Treasurer or by the Board.
- (h) Other Officers. The Board may establish such other Officers as it determines, from time to time, to be necessary or convenient to the Company's operations, and may modify the authority and duties of the Officers, by written resolution. Such written resolutions shall be appended to this Agreement and to the extent so appended are hereby incorporated herein by reference. The initial General Manager shall be André Dubois and the General Manager will report to the President; the initial Port Manager shall be William Coleman and the Port Manager will report to the General Manager.

**14.2 LIMITATION UPON RIGHTS AND POWERS OF OFFICERS.** Without the consent of the Board as set forth in this Agreement, and addition to other acts expressly prohibited by this Agreement or by Law, the Officers shall not have the authority to:

- (a) do any act in contravention of this Agreement;

- (b) do any act which would make it impossible to conduct or carry on the ordinary Business of the Company, except as expressly provided in this Agreement;
- (c) execute or deliver any general assignment for the benefit of the creditors of the Company; or
- (d) possess Company Property or assign the rights of the Company in specific property for other than a Company purpose.

#### **14.3 EXECUTION OF DOCUMENTS.**

(a) The Officers are authorized, in the name and on behalf of the Company, to sign and deliver all contracts, agreements, leases, notes, mortgages and other documents and instruments which are necessary, appropriate or convenient for the conduct of the Company's day-to-day business and the furtherance of its purposes or which are necessary, appropriate or convenient to carry out matters permitted by this Agreement, and no other signatures shall be required, except for such contracts, agreements, leases, notes, mortgages and other documents and instruments which, by their terms and conditions, require more than the signature of one Officer.

(b) Any Person dealing with the Company shall be entitled to rely on a certificate of the Secretary as conclusive evidence of the incumbency of any authorized representative of the Company and its authority to take Action on behalf of the Company.

(c) Any document executed on behalf of Company shall constitute a binding, legal and enforceable obligation of Company, even if the party executing the same is a party to the transaction that is the subject of such document.

**14.4 REQUIRED ACTS OF OFFICERS ON BEHALF OF THE COMPANY.** Subject to the authority of the Board and this Agreement, the Officers shall perform all acts and execute and file, record or publish such other documents as necessary to comply with the requirements to (a) operate a limited liability company under the Laws of the State of Delaware, (b) limit the liability of the Members as provided for herein, and (c) vest and confirm in the Company the power to own the Company Property and to carry out the Business of the Company.

**14.5 AUTHORITY TO ACT OR EXPEND ADDITIONAL FUNDS IN EMERGENCY.** Notwithstanding anything to the contrary in this Agreement, in the event an emergency arises by act of God or otherwise, the Officers of the Company, acting singly, shall have the right to take such Actions (including expending any funds of the Company necessary to prevent any damage and to effect any required repairs to Company Property), as such Officer, in his reasonable judgment, deems necessary for the protection of life or health or preservation of Company Property if, in the good faith determination of such Officer, any delay would materially increase the risk to life or health or materially increase the magnitude of such property damage; *provided, however*, that the Officer taking such Action shall promptly notify the Directors of the emergency situation and the Action the Officer proposes to take or has taken (including the amount of any expenditures) as soon as reasonably practical.

**14.6 COMPENSATION OF AN OFFICER.** An Officer shall not be entitled to any compensation for the performance of his services unless such compensation (or any increase to any prior approved compensation) is approved by the Board; *provided, however*, this Section 14.6 does not affect any rights of a Person to receive distributions as a Interest Holder.

**ARTICLE XV**  
**OTHER MATTERS REGARDING DIRECTORS AND OFFICERS**

**15.1 REIMBURSEMENT OF EXPENSES.** The Company shall pay or reimburse the Directors and the Officers (without mark-up) for any reasonable expenses incurred on behalf of the Company.

**15.2 BUSINESS JUDGMENT RULE.** The Directors and Officers shall perform all Actions in good faith and shall exercise their business judgment when managing the Company and its business. Unless otherwise expressly limited herein or by the Act, the Board has sole, absolute, arbitrary and subjective discretion over all Actions of the Company. A Company agent, which includes the Directors, Officers and other agents engaged by the them, may rely and shall be justified in acting or refraining from acting upon any certificate, document, or other instrument that such agent believed was genuine and signed or presented by the proper party(ies). On behalf of the Company, the Board may hire experts, which include legal counsel, accountants, tax consultants, appraisers, management consultants, investment bankers and other advisors. Any advice within such expert's professional competence fully justifies any Action taken by the Board or a Company agent in accordance with such advice.

**15.3 NO REQUIRED TIME.** The Directors and Officers may devote such time to the performance of their duties as they, in good faith, deem appropriate.

**15.4 NO EXCLUSIVE DUTY TO COMPANY.** No Director or Officer shall be required to manage the Company as such Person's sole and exclusive function and he or she may have other business interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, by virtue of this Agreement, to share or participate in such other investments or activities of another Member, Director or Officer or to the income or proceeds derived therefrom, unless such investments or activities are otherwise in violation of this Agreement.

**15.5 NO OBLIGATION TO PRESENT OPPORTUNITIES TO COMPANY.** No Member or Director has any obligation to present any business opportunity to the Company, unless the opportunity is of a character such that it would be eligible to become Company Property within the guidelines of the Company's plan for the Business of the Company. Except as described in the preceding sentence, a Member may, without presentation to the Company, take advantage of any business opportunity for its own account. The Company and the Members waive any right to share or participate in any income or profit derived by a Member from any such opportunity.

**ARTICLE XVI**  
**SECURITIES AND TAX MATTERS**

**16.1 SECURITIES LAWS.** Notwithstanding any provision in this Agreement to the contrary, no Member shall Transfer its Interest by will, trust or otherwise, whether voluntary or involuntary, to any individual, corporation, partnership, trust or other entity that if such Transfer would, in the opinion of the legal counsel for the Company, result in a violation of either federal or applicable state securities Laws.

**16.2 RETURNS AND OTHER ELECTIONS.** The Board shall cause the preparation and timely filing of all tax returns required to be filed by the Company pursuant to the Code and all other tax returns deemed necessary and required in each jurisdiction in which the Company does business. Copies of such returns, or pertinent information therefrom, shall be furnished to the Members within a reasonable time after the end of the Fiscal Year (taking into account any extensions of such filings elected or requested by the Board). All elections permitted to be made by the Company under federal or state Laws shall be made by the Board in its sole discretion.

**16.3 ALLOCATION OF INCOME AND LOSS AND DISTRIBUTIONS IN RESPECT OF INTERESTS TRANSFERRED.**

(a) If any Interests are Transferred, or any Interest is increased or decreased by reason of the admission of a new Member or otherwise, during any Fiscal Year, each item of income, gain, loss, deduction, or credit of the Company for such Fiscal Year shall be assigned *pro rata* to each day in the particular period of such Fiscal Year to which such item is attributable (*i.e.*, the day on or during which it is accrued or otherwise incurred) and the amount of each such item so assigned to any such day shall be allocated to the Member based upon its respective Interest at the close of such day.

(b) Distributions shall be made only to the Members who, according to the books and records of the Company, are the holders of record of Interests as Members in respect of which such distributions are made on the actual date of distribution. Neither the Company nor any member of the Board or any Officer shall incur any liability for making, or not making, distributions in accordance with the provisions of the preceding sentence, whether or not the Company or such Person has knowledge or notice of any Transfer or purported Transfer of Interests which has not been approved in accordance with the provisions of ARTICLE XVII. Notwithstanding any provision above to the contrary, any gain or loss of the Company realized in connection with a sale or other disposition of any Company Property shall be allocated solely to the parties owning Interests as of the date such sale or other disposition occurs.

**16.4 TAX DECISION NOT SPECIFIED.** Tax decisions and elections for the Company not provided for herein must be approved by the Board.

**16.5 NOTICE OF TAX AUDIT.** Prompt notice shall be given to the Members upon receipt of advice that the IRS intends to examine the Company income tax returns for any year.

**16.6 AUDITS BY THE INTERNAL REVENUE SERVICE ("IRS").** For purposes of compliance with Code Sections 6221 through 6233, the following shall be applicable:

- (a) The Treasurer (or, if no Person holds such office, the Chairman) shall be the initial Tax Matters Member ("*Tax Matters Member*"), as defined under Code Section 6231(a)(7), prior to the effective date of the amendment by the Revised Partnership Audit Procedures, and as the "partnership representative" of the Company for any tax period subject to the provisions of Section 6223 of the Code, as amended by the Revised Partnership Audit Procedures (in each such capacity, the "*Tax Matters Representative*"), after the effective date of the Revised Partnership Audit Procedures;
- (b) The Tax Matters Representative may be changed by designation of the Board;
- (c) The Tax Matters Representative shall be required to comply with the duties and notice requirements imposed under the Code on the Tax Matters Representative and, additionally, shall immediately, in writing, notify all Members of any proposed position espoused by the IRS or with any state, local, or non-U.S. taxing authority that is adverse to the position taken by the Company on any previously filed tax return;
- (d) The Members acknowledge and agree that it is the intention of the Members to minimize any obligations of the Company to pay taxes and interest in connection with any audit of the Company, including, if the Tax Matters Representative so determines, by means of elections under Section 6226 of the Code and/or the Members filing amended returns under Section 6225(c)(2) of the Code, in each case as amended by the Revised Partnership Audit Procedures. The Members

agree to cooperate in good faith, including by timely providing information requested by the Tax Matters Representative and making elections and filing amended returns requested by the Tax Matters Representative, and by paying any applicable taxes, interest and penalties, to give effect to the preceding sentence. The Company shall make any payments it may be required to make under the Revised Partnership Audit Procedures and, in the Tax Matters Representative's discretion, allocate any such payment among the current or former Members of the Company for the "reviewed year" to which the payment relates in a manner that reflects the current or former Members' respective interests in the Company for that year and any other factors taken into account in determining the amount of the payment. To the extent payments are made by the Company on behalf of or with respect to a current Member in accordance with this Section 16.6(d), such amounts shall, at the election of the Tax Matters Representative, (i) be applied to and reduce the next distribution(s) otherwise payable to such Member under this Agreement or (ii) be paid by the Member to the Company within thirty (30) days of written notice from the Tax Matters Representative requesting the payment. In addition, if any such payment is made on behalf of or with respect to a former Member, that Member shall pay over to the Company an amount equal to the amount of such payment made on behalf of or with respect to it within thirty (30) days of written notice from the Tax Matters Representative requesting the payment. The provisions contained in this Section 16.6(d) shall survive the dissolution of the Company and the withdrawal of any Member or the transfer of any Member's Interest in the Company and shall apply to any current or former Member

- (e) The Company shall reimburse the Tax Matters Representative for any expenses incurred in acting as Tax Matters Representative and, additionally, shall immediately pay the reasonable fees and costs for any tax advisors employed by the Tax Matters Representative to assist it in handling the audit and responding to the positions asserted by the IRS;
- (f) The Tax Matters Representative shall be indemnified and held harmless for any liability to any Member for any Actions taken as Tax Matters Representative if such Actions were taken in furtherance of the Company's interests, were not illegal or fraudulent and were taken in the reasonable belief that such Actions were in the best interests of the majority of the Members;
- (g) The Tax Matters Representative may resign at any time by notice to the Board not less than fifteen (15) days prior to the effective date of resignation. With any such resignation, the Board shall appoint a successor Tax Matters Representative.

## **ARTICLE XVII** **TRANSFERS**

### **17.1 GENERAL.**

- (a) Applicability. All Interests now owned or hereafter acquired by each Interest Holder shall be subject to the terms and conditions and restrictions on Transfer set forth in this ARTICLE XVII.
- (b) General Prohibition on Transfers. Except as otherwise provided herein and subject to satisfaction of the conditions set forth in Sections 17.2 and 17.8, no Interest Holder shall have the right to



Transfer all or any part of such Interest Holder's Interest (or any Management Right or Economic Right of such Interest Holder with respect thereto) to any Person unless:

- (i) the Transfer is effected with Member Consent, which consent can be granted or withheld by any member of the Board in its sole and absolute discretion, with or without cause (and further provided that the giving of Member Consent in any one or more instances shall not limit or waive the need for such consent in any other or subsequent instances); or
- (ii) such Person is an Eligible Person.

For purposes of clarity, Member Consent shall not be required for any Transfer described in paragraph (ii). Any Transfer described in clauses (i) or (ii) shall be considered a "*Permitted Transfer*". Any Assignee of an Interest Transferred by a Permitted Transfer shall be a "*Permitted Transferee*".

(c) Indemnification. Each Interest Holder shall hold the Company and each other Member harmless from any fees, judgments, fines, penalties, costs, damages or losses (including liabilities for income taxes and costs of enforcing this provision, including reasonable attorneys' fees) incurred by the Company or any of the other Members as a result of any Transfer in violation of this Agreement or any applicable Laws, including federal or state securities Laws.

**17.2 AGREEMENTS WITH PERMITTED TRANSFEREES.** No Permitted Transfer shall be effective to make the Assignee thereof a Member or entitle such Assignee to any Management Rights or Economic Rights unless and until the proposed Assignee agrees in writing to assume and be bound by all the obligations of the Assignor and be subject to all the restrictions to which the Assignor is subject under the terms of this Agreement and any further agreement or other matter contemplated by this Agreement to which the Assignor is then subject or is then required to be a party. Furthermore, unless waived in whole or in part by the Board, no Transfer of all or any portion of an Interest may be effective unless the following conditions are met:

- (a) The delivery to the Company of a fully executed copy of all documents relating to the Transfer, including this Agreement, an instrument of transfer and the agreement in writing of the Assignee to:
  - (i) be bound by the terms of this Agreement;
  - (ii) pay all reasonable costs and expenses of the Company incident to the Transfer; and
  - (iii) assume all obligations of the Assignor under this Agreement relating to the Interest that is the subject of such Transfer; *provided, however*, that:
    - (1) if less than the entire Interest of the Assignor is to be acquired, then the assumption need only be as to a share of the Assignor's obligations in proportion to the portion of the Assignor's Interest so acquired; and
    - (2) no assumption shall be required unless the Assignee is being substituted or added as a Member.
- (b) The representations of the Assignor and the Assignee, and the delivery of an opinion of counsel reasonably acceptable to the Board, that:

- (i) the Transfer will not cause the Company to be treated as an association taxable as a corporation for Federal income tax purposes; and
  - (ii) the Transfer will not violate the Securities Act of 1933, as amended, or any other applicable Federal or state securities Laws.
- (c) The representation by the Assignor and the Assignee that all of the conditions under this ARTICLE XVII relating to the admission of a Member have been satisfied.

**17.3 EFFECT OF ATTEMPTED PROHIBITED TRANSFER.** Any purported Transfer other than a Permitted Transfer (a "*Prohibited Transfer*") shall be of no effect as between the Company and the purported Assignee and shall be unenforceable as against the Company or any Member. No Member shall be charged with actual or constructive notice of any such Prohibited Transfer. The Board is expressly prohibited from making allocations and distributions hereunder to any purported Assignee of any such Prohibited Transfer and any Person to whom an Interest is attempted to be transferred in violation of this ARTICLE XVII shall not be entitled to vote on matters coming before the Members, participate in the management of the Company, act as an agent of the Company, receive distributions from the Company, or have any other rights in or with respect to the Interest or otherwise as a Member. If the ownership of an Interest is in doubt, or if there is a reasonable doubt as to who is entitled to distribution of cash or property attributable to such Interest, the Board may accumulate any cash otherwise distributable to the holder of such Interest until such issue is finally determined and resolved. Such accumulated cash or property will be credited to the Capital Account of the Interest Holder whose Interest is in question. If any Person shall acquire an Interest as a result of the action of a court of competent jurisdiction that the Company is required to recognize or otherwise by operation of law (an "*Involuntary Transfer*"), or if an Interest Holder attempts to make a Prohibited Transfer of an Interest, then such Interest shall be immediately subject to the option to purchase set forth in Section 17.7. In the event that the Company or the Members do not exercise their options to purchase that arise as a result of a Prohibited Transfer or an Involuntary Transfer, the holder of such Interest as a result of such Prohibited Transfer or Involuntary Transfer shall be an Assignee and shall be entitled only to the rights of an Assignee as provided in this Agreement, but shall not acquire any other rights of a Member unless admitted as a Member pursuant to Section 17.1(b)(i).

**17.4 RESTRAINING ORDER.** In the event that any Interest Holder shall at any time Transfer or attempt to Transfer all or any part of its Interest in violation of the provisions of this Agreement and any rights hereby granted, then the Company and any of the other Members, shall, in addition to all rights and remedies at law and in equity, be entitled to a decree or order restraining and enjoining such Transfer and the offending Interest Holder shall not plead in defense thereto that there would be an adequate remedy at law; it being hereby expressly acknowledged and agreed that damages at law will be an inadequate remedy for a breach or threatened breach of the violation of the provisions concerning Transfer set forth in this Agreement. In the case of a Prohibited Transfer (or attempted Prohibited Transfer) or Involuntary Transfer, the parties engaging (or attempting to engage) in such Prohibited Transfer or causing such Involuntary Transfer shall be liable to indemnify and hold harmless the Company and the other Members from all cost, liability, and damage that the Company or any of such indemnified Members may incur (including incremental tax liabilities, lawyers' fees and expenses) as a result of such Prohibited Transfer (or attempted Prohibited Transfer) or Involuntary Transfer and efforts to enforce the restraining order and indemnity granted hereby.

**17.5 REASONABLENESS.** Each Member hereby acknowledges the reasonableness of the restrictions imposed by this Agreement in view of the Company's purposes and the relationship of the Members. Accordingly, the restrictions on Transfer contained herein shall be specifically enforceable.

**17.6 GENERAL.** A Permitted Transferee of an Interest shall be admitted as a Member in place of the Assignor Transferring its Interest to the Permitted Transferee and shall have all rights of a Member with respect to the Interest Transferred. An Assignee of an Interest other than a Permitted Transferee shall be admitted as a Member only with Member Consent. The rights of an Assignee who is not admitted as a Member shall be limited to the right to receive allocations and distributions from the Company with respect to the Interest Assigned as provided by this Agreement. The Assignee of such Interest shall not be a Member with respect to such Interest, and, without limiting the foregoing, shall not have the right to inspect the Company's books, act for or bind the Company, vote in Company decisions, or otherwise interfere in its operations. Any Interest held by an Assignee shall be subject to all restrictions applicable to a Transfer of an Interest, including the option to purchase contained in Section 17.7; those restrictions shall be applied as though the Assignee were a Member Transferring an Interest. Regardless of whether an Assignee is a Permitted Transferee, the Assignee shall pay all reasonable fees and expenses incurred by the Company in connection with the Transfer, including attorneys' and accountants' fees, as determined by the Board. The Member List shall reflect the same information with regard to Assignees as it does with regard to Members.

**17.7 INVOLUNTARY WITHDRAWAL OF A MEMBER.**

(a) In the event of the Involuntary Withdrawal of a Member (for purposes of this Section 17.7, the "*Withdrawing Member*"), the Company shall have the option to redeem, and if such option is exercised as provided herein, the Withdrawing Member or its successor shall sell, all of the Withdrawing Member's Interest according to the terms in this Section 17.7. This option may be exercised by delivery of written notice to the Withdrawing Member, not later than forty-five (45) days after the date of the event causing the Involuntary Withdrawal (the "*Triggering Event*"). If the Company does not exercise its option, the option shall lapse and the Remaining Members shall have the option to purchase their Proportionate Share of the Interest owned by the Withdrawing Member at the time of the Triggering Event, upon the same terms that the Company was entitled to redeem such Interest. Any Remaining Member may exercise this option by delivery of written notice to the Withdrawing Member, or the Withdrawing Member's personal representative, as the case may be, not later than forty-five (45) days after the lapse of the Company's option. If neither the Company nor any Remaining Member exercises their respective options to purchase the Withdrawing Member's Interest, then such options shall lapse. If the option is exercised by the Company or Remaining Member(s), the Withdrawing Member's Interest shall be purchased according to Section 17.7(b).

(b) In the event of any purchase pursuant to this Section 17.7, the purchase price (the "*Withdrawal Purchase Price*") shall be an amount equal to the Book Value of the Company times the Withdrawing Member's Percentage Interest. The purchase and sale shall be on the following terms and conditions:

- (i) The Company, by written notice to the Withdrawing Member shall fix a closing date (the "*Withdrawal Closing Date*") for the purchase. The Withdrawal Closing Date shall not be earlier than ten (10) days or later than ninety (90) days after the Trigger Date.
- (ii) The Withdrawal Purchase Price shall be paid by delivery by the Company to the Withdrawing Member of a promissory note (the "*Promissory Note*") payable to the Withdrawing Member in an amount equal to the Withdrawal Purchase Price. The Promissory Note shall be payable in ten (10) equal annual installments of principal and interest beginning one (1) year after Closing, with interest calculated at the long-term applicable federal rate on the date the first payment is to be made and shall contain such other terms and conditions as the parties may agree. Notwithstanding the foregoing, in

the event that the Involuntary Withdrawal is due to the termination of a Member's full-time employment with the Company for any reason other than death, termination for cause (as such term is generally understood) or such Member's resignation (other than for good cause due to the actions of the employer), then in lieu of the Promissory Note, the Withdrawing Member shall be paid in cash at the Withdrawal Closing Date.

**17.8 RIGHT OF FIRST REFUSAL ON BONA FIDE OFFER.** In the event that an Interest Holder receives a bona fide, written third party offer for the purchase or transfer of all or part of such Interest Holder's Interest, or the Interest Holder desires to sell the Interest Holder's interest then such Interest Holder (the "*Seller*"), shall provide, prior to the sale or other transfer of any or all of the Seller's Interest, a notice that Seller desires to sell his interest in the Negotiated Purchase Price (the "*Written Notice*") to the Company and to the other Members (the "*Remaining Members*"). Within fifteen (15) days after receipt of the Written Notice (the "*Option Period*"), the Company shall have the option to purchase the Seller's Interest for the Negotiated Purchase Price. If the Company decides to exercise its option to purchase such Interest, the Company shall notify the Seller and purchase the Interest for the Negotiated Purchase Price. If the Company does not exercise its option to purchase such Interest within the Option Period, then the Remaining Members shall have the option to purchase their Proportionate Share of the Seller's Interest (at the Negotiated Purchase Price), by giving notice to the Seller of their intent to exercise said option within fifteen (15) days after the expiration of the Option Period. As used in this Section 17.8, "*Proportionate Share*" shall mean that portion of the Seller's Interest which is equal to the ratio that the Percentage owned by each Member who elects to purchase its Proportionate Share of the Seller's Interest pursuant to this Section 17.8 bears to the total Percentage owned by all of the Members who elect to purchase their Proportionate Share of the Seller's Interest. For example, if only one Member elects to purchase such Member's Proportionate Share of the Seller's Interest pursuant to this Section 17.8, then such Member shall be entitled to, and shall be required to, purchase all of the Seller's Interest. In the event that neither the Company, nor any of the Remaining Members, elect to exercise this option within the stated period, the Seller shall be free to sell its Interest to the third party purchaser, provided however, that such sale is on the same terms as those set forth in the Written Notice.

**17.9 TAG-ALONG RIGHTS.** Notwithstanding the terms of Section 17.8, if any one or more Interest Holder (the "*Selling Holders*") proposes to sell more than one-half of the Interests held by such Selling Holders pursuant to such section, and such Interests, in the aggregate, represent more than thirty percent (30.0%) of the total Percentage Interests in the Company, then, the Selling Holders shall permit each other Interest Holder, or cause each other Interest Holder to be permitted, to sell the same proportionate part of the Interests held by such Interest Holder as the Selling Holders shall sell of the Interests owned by them for the same consideration and otherwise on the same terms and conditions obtained by the Selling Members (the "*Tag-Along Right*"). The obligation of the Selling Holders under this Section 17.9 to afford the other Interest Holders, or cause the other Interest Holders to be afforded, the rights referred to herein will be discharged if the other Interest Holders are given written notice which allows the other Interest Holders thirty (30) days after receipt of such notice to elect to avail themselves of such rights by a written reply, addressed to such Person as may be designated in the notice and, if requested in such notice, sent by registered mail, return receipt requested.

**17.10 CONTINUATION OF OBLIGATIONS.** Notwithstanding any Transfer, whether Permitted or otherwise, the obligations of each Interest Holder under this Agreement, including the obligations set forth in ARTICLE XXIII, shall continue in full force and effect, and shall be binding and enforceable against, each such Transferring Interest Holder to the same extent as if such Transfer had not occurred.

**ARTICLE XVIII**  
**DISSOLUTION**

**18.1 EVENTS OF DISSOLUTION.** Subject to the limitations in ARTICLE XIII, the Company shall be dissolved and its affairs wound up on the earliest of the date (a) if all of the Member(s) agree in writing, determined by all of the Members, or (b) on which the Company sells substantially all of the Company Property, whereupon the Company Property shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom, to the extent sufficient therefore, shall be applied and distributed in the following order:

- (a) first, to creditors, including Interest Holders who are creditors, to the extent permitted by Law, in satisfaction of liabilities of the Company, whether by payment or establishment of reserves, other than liabilities for distributions to Interest Holders under § 18-601 or § 18-604 of the Act;
- (b) second, to Interest Holders and former Interest Holders in satisfaction of liabilities for distributions under § 18-601 or § 18-604 of the Act;
- (c) third, to Interest Holders with positive balances in their Capital Accounts in proportion to their respective positive balances in their Capital Accounts until the balances of their Capital Accounts are reduced to zero; and
- (d) fourth, to the Interest Holders in proportion to their Percentage Interests.

Except as otherwise provided in this Agreement, no Interest Holder shall receive any additional compensation for any services performed pursuant to this Section.

**18.2 NEGATIVE CAPITAL ACCOUNT.** In the event any Interest Holder's Capital Account has a deficit balance (after giving effect to all contributions, distributions and allocations for all taxable years, including the year in which the liquidation of the Company takes place), such Interest Holder shall have no obligation to make any contribution to the capital of the Company with respect to such deficit, and such deficit shall not be considered a debt owed to the Company or any other Person for any purpose whatsoever.

**18.3 COMPLIANCE WITH TIMING REQUIREMENTS OF TREASURY REGULATIONS.** In the event the Company is "liquidated" within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g), distributions shall be made pursuant to this Section to the Interest Holders who have positive Capital Accounts in compliance with Treasury Regulations Section 1.704-1(b)(2)(ii)(b)(2). In the discretion of the Board, a *pro rata* portion of the distributions that would otherwise be made to the Interest Holders pursuant to this Section may be:

- (a) distributed to a trust established for the benefit of the Interest Holders for the purposes of liquidating Company Property, collecting amounts owed to the Company, and paying any contingent or unforeseen liabilities or obligations of the Company or of the Board arising out of or in connection with the Company. The assets of any such trust shall be distributed to the Interest Holders from time to time, in the reasonable discretion of the Board, in the same proportions as the amount distributed to such trust by the Company, would otherwise have been distributed to the Interest Holders pursuant to this Agreement; or
- (b) withheld to provide a reasonable reserve for Company liabilities (contingent or otherwise) and to reflect the unrealized portion of any installment obligations

owed to the Company, provided that such withheld amounts shall be distributed to the Interest Holders as soon as reasonably practicable thereafter.

**18.4 DEEMED LIQUIDATION.** Notwithstanding any other provisions of this Agreement, in the event the Company is liquidated within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g), but no decision to terminate the Company's existence pursuant to the Certificate of Organization or this Agreement has been made, the Company Property shall not be liquidated, the Company's liabilities shall not be paid or discharged, and the Company's affairs shall not be wound up.

**18.5 RIGHTS OF INTEREST HOLDERS.** Except as otherwise provided in this Agreement, each Interest Holder shall look solely to the assets of the Company for the return of such Interest Holder's Capital Contribution and shall have no right or power to demand or receive property other than cash from the Company. Except as otherwise expressly provided in this Agreement, no Interest Holder shall have priority over any other Interest Holder as to the return of Capital Contributions, distributions, or allocations.

**18.6 TERMINATION.** Upon completion of the winding up, the Company shall terminate.

#### **ARTICLE XIX** **ADMINISTRATIVE PROVISIONS**

**19.1 OFFICES.** The principal office, registered office, and registered agent shall be as set forth in the Certificate of Organization.

**19.2 BOOKS AND RECORDS.** The Company shall keep full, accurate and current books of account and records at the principal office of the Company or such other office as may be designated for such purpose by the Board upon prior notice to all Members. Upon reasonable notice, each Member, or the Member's designated representative, shall have access to such books and records during reasonable business hours and may inspect and make copies of them at the Member's expense. Each Director shall have access to the Company's books and records as may be requested from time to time. In order to maintain the books and records of the Company, the Board:

- (a) shall have monthly, quarterly and annual financial statements of the Company prepared in such detail as the Board deems appropriate, which financial statements shall be distributed to the Board; and
- (b) may cause the Company's financial statements to be reviewed by an independent certified public accountant to the extent the Board deems necessary.

**19.3 NOTICES.** All notices required hereunder shall be given in writing and shall be delivered by hand, by facsimile transmission, by overnight delivery service or by registered or certified mail, return receipt requested, postage prepaid, to the Person to receive the same, at such Person's address as then shown on the Member List. All such notices shall be deemed effective (a) when received, if delivered personally and (b) on the Business Day delivered (or the next Business Day following delivery, if not delivered on a Business Day) if sent by facsimile transmission, overnight delivery service or registered or certified mail.

#### **ARTICLE XX** **ALTERNATIVE DISPUTE RESOLUTION**

**20.1 AGREEMENT TO USE PROCEDURE.** The Members have entered into this Agreement in good faith and in the belief that it is mutually advantageous to them. It is with that same spirit of cooperation that they pledge to attempt to resolve any dispute amicably without the necessity of

litigation. Accordingly, the Members agree that if any dispute arises between them relating to this Agreement (the "*Dispute*"), they will first utilize the procedures specified in this ARTICLE XX (the "*Procedure*") before commencing any other proceedings.

**20.2 INITIATION OF PROCEDURE.** The Member seeking to initiate the Procedure (the "*Initiator*") shall give written notice to the other Members, describing in general terms the nature of the Dispute, the Initiator's claims for relief, and identifying one or more individuals with authority to settle the Dispute on the Initiator's behalf. The Member(s) receiving such notice (each a "*Respondent*") shall have five (5) Business Days within which to designate by written notice to the Initiator, one or more individuals with authority to settle the Dispute on such Member's behalf. The individuals so designated shall be known as the "*Authorized Individuals.*" The Initiator and the Respondents shall be referred to collectively as the "*Disputing Parties*" or individually as the "*Disputing Party.*"

**20.3 DIRECT NEGOTIATION.** The Authorized Individuals shall be entitled to make such investigation of the Dispute as they deem appropriate, but agree to promptly, and in no event later than thirty (30) days from the date of the Initiator's written notice, meet to discuss resolution of the Dispute. The Authorized Individuals shall meet at such times and places and with such frequency as they may agree. If the Dispute has not been resolved within thirty (30) days from the date of their initial meeting, the Disputing Parties shall cease direct negotiations and shall submit the Dispute to mediation in accordance with the following procedure.

**20.4 SELECTION OF MEDIATOR.** The Authorized Individuals shall have five (5) Business Days from the date they cease direct negotiations to submit to each other a written list of acceptable qualified attorney-mediators not affiliated with or related to any of the Members or their Affiliates. Within five (5) days from the date of receipt of such list, the Authorized Individuals shall rank the mediators in numerical order of preference and exchange such rankings. If one or more names are on both lists, the highest ranking person shall be designated as mediator. If no mediator has been selected under this procedure, the Disputing Parties will jointly request a judge of the Florida Circuit Court or United States District Court having jurisdiction and venue pursuant to Section 24.16, to supply a list of potential qualified attorney-mediators. Within five (5) Business Days of receipt of the list, the Authorized Individuals shall again rank the proposed mediators in numerical order of preference and shall simultaneously exchange such lists and shall select as the mediator the individual receiving the highest combined ranking. If such mediator is not available to serve, they shall proceed to contact the mediator who has the next highest ranking until they are able to select a mediator.

**20.5 TIME AND PLACE OF MEDIATION.** In consultation with the mediator selected, the Authorized Individuals shall promptly designate a mutually convenient time and place (which place shall be within Broward County, Florida, unless all of the Disputing Parties consent to another place) for the mediation, and, unless circumstances require otherwise, such time shall be no later than forty-five (45) days after selection of the mediator.

**20.6 EXCHANGE OF INFORMATION.** In the event any Disputing Party has substantial need for information in the possession of another Disputing Party to prepare for the mediation, all Disputing Parties shall attempt in good faith to agree to procedures for the expeditious exchange of such information, with the help of the mediator if required.

**20.7 SUMMARY OF VIEWS.** At least seven (7) days before the first scheduled session of the mediation, each Disputing Party shall deliver to the mediator and to the other Disputing Parties a concise written summary of its views on the matter in Dispute and such other matters required by the mediator. The mediator may also request that a confidential issue paper be submitted by each Disputing Party.

**20.8 PARTIES TO BE REPRESENTED.** In the mediation, each Disputing Party shall be represented by an Authorized Individual and may also be represented by legal counsel. In addition, each Disputing Party may, with permission of the mediator, bring such additional Persons as needed to respond to questions, contribute information, and participate in the negotiations.

**20.9 CONDUCT OF MEDIATION.** The mediator shall determine the format for the meetings, which must be designed to assure that both the mediator and the Authorized Individuals have an opportunity to hear an oral presentation of each Disputing Party's views on the matter in dispute, and that the Authorized Individuals, the Disputing Parties, and their counsel (if any) attempt to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others, but with the assistance of the mediator. To this end, the mediator is authorized to conduct both joint meetings and separate private caucuses with the Disputing Parties. The mediation session shall be private. The mediator will keep confidential all information learned in private caucus with any Disputing Party unless specifically authorized by such Disputing Party to make disclosure of the information to the other Disputing Party. The Disputing Parties commit to participate in the proceedings in good faith with the intention of resolving the Dispute if at all possible.

**20.10 CONFIDENTIALITY.** Mediation is a compromise negotiation for purposes of Federal and Florida Rules of Evidence and constitutes privileged communication. The entire mediation process is confidential; no stenographic, visual, or audio record thereof shall be made. All conduct, statements, promises, offers, views, and opinions, whether oral or written, made in the course of the mediation by any Disputing Party, their agents, employees, representatives, or other invitees and by the mediator shall be confidential and shall, in addition and where appropriate, be deemed privileged. Such conduct, statements, promises, offers, views, and opinions shall neither be (a) discoverable or admissible for any purpose, including impeachment, in any litigation or other proceeding involving the parties, nor (b) disclosed to anyone who is not an agent employee, expert, witness, or representative of any of the Members. Notwithstanding the foregoing, however, evidence that would otherwise be discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation.

**20.11 TERMINATION OF PROCEDURE.** The Disputing Parties agree to participate in the mediation procedure to its conclusion. The mediation shall be terminated (a) by the execution of a settlement agreement by the Disputing Parties, (b) by a declaration of the mediator that the mediation is terminated, or (c) by a written declaration of a Disputing Party to the effect that the mediation process is terminated at the conclusion of one full day's mediation session. Even if the mediation is terminated without a resolution of the Dispute, the Disputing Parties agree not to terminate negotiations and not to commence any additional proceedings prior to the expiration of five (5) days following the mediation. Notwithstanding the foregoing, any Disputing Party may commence additional proceedings within such five (5) day period if the Dispute could be barred by an applicable statute of limitations.

**20.12 ARBITRATION.** If the Disputing Parties are not successful in resolving the dispute through the mediation process, the Disputing Parties may unanimously elect, but shall not be required, to submit the matter to binding arbitration in accordance with the provisions of the Florida Arbitration Act, Chapter 682, Florida Statutes. Judgment upon the award rendered by the arbitrator(s) may be entered into any court having jurisdiction.

**20.13 SELECTION OF ARBITRATOR.** The Authorized Individuals shall have ten (10) Business Days from the date they cease mediation to submit to each other a written list of acceptable qualified attorney-arbitrators not affiliated with any of the Members. Within five (5) days from the date of receipt of such list, the Authorized Individuals shall rank the arbitrators in numerical order of preference and exchange such rankings. If one or more names are on both lists, the highest ranking person shall be designated as arbitrator. If no arbitrator has been selected under this procedure, the Disputing Parties are jointly to request a judge of the Florida Circuit Court or the United States District



Court having jurisdiction and venue pursuant to Section 24.16 to supply a list of potential qualified attorney-arbitrators. Within five (5) Business Days of receipt of the list, the Authorized Individuals shall again rank the proposed arbitrators in numerical order of preference and shall simultaneously exchange such list and shall select as the arbitrator the individual receiving the highest combined ranking. If such arbitrator is not available to serve, they shall proceed to contact the arbitrator who has the next highest ranking until they are able to select an arbitrator.

**20.14 FEES OF MEDIATION AND ARBITRATION; DISQUALIFICATION.** The fees and expenses of the mediator and/or arbitrator(s), if any, shall be shared equally by the Disputing Parties. The mediator and arbitrator(s), if any, shall be disqualified as witnesses, consultants, experts, or counsel for any Disputing Party with respect to the Dispute and any related matters.

## **ARTICLE XXI**

### **LIABILITY AND INDEMNIFICATION**

**21.1 NO PERSONAL LIABILITY.** This Agreement neither creates a partnership among the Members nor establishes a relationship for any purpose other than the limited liability company as expressly set forth herein. Neither the Company nor any Member shall be responsible or liable for any indebtedness or obligation of any other Member or otherwise relating to the Company whether incurred or arising before or after the execution of this Agreement, except as to those responsibilities, liabilities, indebtedness or obligations incurred after the date hereof pursuant to and as limited by the provisions of this Agreement; provided, however, the foregoing shall in no way limit or otherwise adversely affect such indebtedness to which a Member has expressly agreed to guarantee or otherwise be liable for.

**21.2 LIABILITY OF MEMBERS.** No Member shall be obligated to make additional Capital Contributions to the Company except as provided in ARTICLE VIII. No Member (nor any shareholder, director, officer, member, principal, employee or agent of any Member or any Affiliate of any Member) shall have any personal liability with respect to the liabilities or obligations of the Company. The failure of the Company to observe any formalities or requirements relating to the exercise of its powers or the management of its business or affairs under this Agreement, the Certificate of Organization or the Act shall not be grounds for imposing personal liability on the Members for liabilities or obligations of the Company. The Board shall not be liable, responsible or accountable in damages or otherwise to any of the Members or to the Company for errors in judgment or any acts or omissions resulting from errors in judgment or for any act or omission performed or omitted by it in good faith, and in the reasonable belief that such act or omission was within the scope of the authority granted to it by this Agreement, provided that the Board, or any member thereof, was not guilty of gross negligence or willful misconduct.

**21.3 LIABILITY FOR CERTAIN ACTS.** The Board shall not be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member (or successor thereto), except to the extent, if any, that the loss or damage shall have been the result of gross negligence, fraud, deceit, willful misconduct, or breach of this Agreement.

#### **21.4 INDEMNIFICATION.**

(a) Actions by Third Persons. Unless otherwise prohibited by the Laws of the State of Delaware, the Company shall indemnify any Person who was or is a party (other than as a plaintiff) or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the Company, by reason of the fact that such Person is or was a member of the Board, Officer, Member, employee or agent of the Company, or is or was serving at the request of the Company as a manager, director, officer, employee or agent of another limited liability company, corporation, partnership, joint venture, trust or

other enterprise or entity (an “*Indemnitee*”) against expenses (including but not limited to reasonable attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by it in connection with such action, suit or proceeding, if he or she acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any claim, action or proceeding, had no reasonable cause to believe its conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the Person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that its conduct was unlawful.

(b) Actions by the Company. Unless otherwise prohibited by the Laws of the State of Delaware, the Company shall indemnify Indemnitee who was or is a party (other than as a plaintiff) or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Company, to procure a judgment in its favor by reason of the fact that he or she is or was a member of the Board, Officer, employee or agent of the Company, or is or was serving at the request of the Company as a manager, director, officer, employee or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise or entity against expenses (including but not limited to reasonable attorneys’ fees) actually and reasonably incurred by it in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company; notwithstanding the foregoing, no indemnification shall be made in respect of any claim, issue or matter as to which such Person shall have been adjudged to be liable to the Company.

(c) Determination. Any indemnification provided to an Indemnitee pursuant to Section 21.4(a) or Section 21.4(b), unless ordered by a court, shall be made by the Company only as authorized in the specific case upon a determination that indemnification of a member of the Board, Officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in such Sections, as applicable. Such determination shall be made:

- (i) except as provided in clause (ii) below, if the Members are disinterested and not a party to such action, by a Member Consent;
- (ii) if the Members are disinterested and not a party to such action, by independent legal counsel in a written opinion if so elected by Member Consent; or
- (iii) if the Members are not disinterested, regardless of whether the Members are a party to such action, by independent legal counsel in a written opinion.

(d) Expense Advances. Expenses incurred by an Indemnitee in defending a civil or criminal action, suit or proceeding shall be paid by the Company in advance of the final disposition of such action, suit or proceeding upon the Company’s receipt of an application therefore by or on behalf of such Indemnitee. Indemnitee shall repay such amounts if it shall ultimately be determined that he is not entitled to be indemnified by the Company as authorized by the provisions of this Section 21.4. Such expenses incurred by other employees and agents may be paid upon such terms and conditions, if any, as the Members deem appropriate.

(e) Insurance. The Company may, to the full extent permitted by the Laws of the State of Delaware, purchase and maintain insurance on behalf of any Indemnitee against any liability asserted against and incurred by it in any such capacity or arising out of its status as such, whether or not the

Company would have the power to indemnify such Indemnitee against such liability under the provisions of this Section 21.4.

(f) Continuation of Indemnification. The indemnification and advancement of expenses provided by or granted pursuant to this Section shall continue as to a Person who has ceased to be a member of the Board, Officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a Person as well as the successors of any entity.

(g) Other Matters regarding Indemnification.

- (i) Any indemnification permitted under this Section 21.4 shall be made only out of the assets of the Company, and no Member shall be obligated to contribute to the capital of, or loan funds to, the Company to enable the Company to provide such indemnification;
- (ii) In no event may an Indemnitee subject a Member to personal liability by reason of the indemnification provisions of this Agreement, except for the matters set forth in this Agreement; and
- (iii) The provisions of this Section 21.4 are for the benefit of the Indemnitees and the heirs, successors, permitted assigns, administrators and personal representatives of the Indemnitees and shall not be deemed to create any rights for the benefit of any other Persons. The indemnification obligations under this Section 21.4 shall survive the Transfer of any Interest by any Member, the Transfer of Company Property or any portion thereof by the Company, or the dissolution of the Company.

## **ARTICLE XXII**

### **POWER OF ATTORNEY**

Each Member hereby irrevocably makes, constitutes and appoints the Chairman (or any Person named by the Members holding a majority of the Interests), acting singly, with full power of substitution, so long as such Person is acting in such a capacity (and any successor Person thereof so long as such successor Person is acting in such capacity), its true and lawful attorney, in such Person's name, place and stead (it is expressly understood and intended that the grant of such power of attorney is coupled with an interest) to make, execute, sign, acknowledge, swear and file with respect to the Company:

- (a) all amendments of this Agreement adopted in accordance with the terms hereof;
- (b) all documents which such Person deems necessary or desirable to effect the dissolution and termination of the Company;
- (c) all such other instruments, documents and certificates which may from time to time be required by the Laws of the State of Delaware or any other jurisdiction in which the Company shall determine to do business, or any political subdivision or agency thereof, to effectuate, implement, continue and defend the valid existence of the Company; and
- (d) all instruments, documents and certificates which the Board deems necessary or desirable in connection with a Reorganization which has been authorized in accordance with the terms of this Agreement.

This power of attorney shall not be affected by and shall survive the bankruptcy, insolvency, death, incompetency, or dissolution of a Member and shall survive the delivery of any assignment by the Member of the whole or any portion of its Interest. Each Member hereby releases each Person from any liability or claim in connection with the exercise of the authority granted pursuant to this power of attorney, and in connection with any other Action taken by such Person pursuant to which such Person purports to act as the attorney-in-fact for one or more Members, if the Person believed in good faith that such Action taken was consistent with the authority granted to it pursuant to this ARTICLE XXII.

**ARTICLE XXIII**  
**NON-COMPETITION; NON-SOLICITATION AND NON-DISCLOSURE**

**23.1 NONCOMPETITION.** Except with the express written consent of the Board, no Member or owner of Member shall compete anywhere, directly or indirectly, through an Affiliate or otherwise, either for its own benefit or for the benefit of any other Person, directly compete in any capacity (through any form of ownership or as an advisor, principal, agent, partner, officer, director, employee, employer, consultant, member of any association or in any other manner whatsoever) with the Business of the Company during the period of its ownership of Units and, with respect to Members other than Logistec and its Affiliates, for the greater of (the "*Restricted Period*") (a) three (3) years after ceasing to be a Member (whether such cessation is due to withdrawal, dissociation, Permitted Transfer or otherwise) or (b) three (3) years after termination of employment, for any reason whatsoever, with respect to any individual Affiliates of a Member who are employed by the Company, Logistec or any of their Affiliates, nor will any Member or Affiliate, directly or indirectly, assist or encourage any other Person in carrying out, directly or indirectly, any activity that would be prohibited by the foregoing provisions of this Section 23.1 if such activity were carried out by such Member, either directly or indirectly.

**23.2 ACKNOWLEDGEMENT.** By its execution hereof, each Member hereby acknowledges that:

- (a) the geographic boundaries, scope of prohibited activities and the time duration of the provisions of this Section 23.1 are reasonable and are no broader than are necessary to protect the legitimate business interests of the Company, and that each Member is relying on the covenant of each Member as an inducement to enter into this Agreement; and
- (b) are fair and reasonable in light of all of the facts and circumstances of the relationship between the Company and Members; however, the Company and Members are aware that in certain circumstances courts have refused to enforce certain agreements not to compete. Therefore, in furtherance of, and not in derogation of the provisions of Section 23.1, in the event that a court should decline to enforce the provisions of Section 23.1, such Section will be deemed to be modified or reformed to restrict a Member's competition, as applicable, with the Company to the maximum extent, as to time, geography and business scope, which the court will find enforceable. Subject to the foregoing, to the extent that any provision of this Agreement is held to be invalid, illegal or unenforceable under any applicable Law, the validity, legality and enforceability of the other provisions of this Agreement will not be affected or impaired thereby.

**23.3 NON-SOLICITATION.** For the time Restricted Period, no (former) Member, nor any of its Affiliates, shall:

- (a) request, induce or attempt to influence, directly or indirectly, any current or future employee of the Company or any Affiliate of the Company to leave the

employ of the Company or such Affiliate, or in any way interfere with the relationship between the Company or any such Affiliate and any employee thereof;

- (b) employ any Person who as of the date of proposed employment, is an employee of the Company or any Affiliate of the Company; or
- (c) induce or attempt to induce, directly or indirectly, any customer, supplier, distributor, franchisor, licensor, franchisee, licensee or other business relation of the Company or its Affiliates to cease doing business with the Company or any of its Affiliates, or in any way interfere with the relationship between any such customer, supplier, distributor, franchisor, licensor, franchisee, licensee or other business relation of the Company or any of its Affiliates.

**23.4 NON-DISCLOSURE.** All business information of the Company is deemed confidential and proprietary information and only the Board may authorize disclosure of any such information. From the date of this Agreement, each Member hereby agrees to use only on behalf of the Company, and not otherwise to disclose, information regarding the business and finances of the Company, regardless of the means or capacity in which the Member became aware of such information, until the filing of the Certificate of Cancellation as provided in Section 5.1(c), except that a Member may disclose such confidential information:

- (a) as directed by the Board;
- (b) at any time to a regulatory or judicial authority when legally obligated to do so or when given under appropriate confidentiality arrangements;
- (c) at any time to any Person to the extent not inconsistent with the furthering of the Company's business and affairs and otherwise in accordance with the duties and obligations owed by the disclosing Member to the other Members;
- (d) at any time to Affiliates of a Member; and
- (e) at any time to the directors, officers, employees, agents and advisors, including its attorneys, accountants and bankers, of a Member (or its Affiliates), provided that such Persons are made aware of the confidential nature of such information and agree to keep such information in confidence to the same extent as provided in this Agreement.

For a period of two (2) years after the filing of the Certificate of Cancellation, the restrictions on disclosure or use of such Company information under this Agreement shall continue; *provided, however*, that the two-year period of time after such filing shall not lessen or otherwise affect the obligations of any Member under any other agreement with the Company.

**23.5 GENERALLY AVAILABLE INFORMATION.** Notwithstanding Section 23.4 above, the obligation of non-disclosure shall not apply to any information relating to the business and finances of the Company which is or becomes generally available to the public through no fault of any Person owing an obligation of non-disclosure or confidentiality to the Company.

**23.6 BREACH AND RECOURSE.** Each Member hereby acknowledges and agrees that a breach of any of the covenants of non-competition (23.1), non-solicitation (23.3) or nondisclosure (23.4) would be difficult fully to compensate the Company for damages resulting from any breach by it of such provisions of this Agreement and may cause immediate and irreparable injury to the Company and its

Members. Accordingly, in the event of any actual or threatened breach of such provisions, the Company will (in addition to any other remedies which it may have) be entitled to apply to a court for temporary or permanent injunctive relief to enforce such provisions, and such relief may be granted without the necessity of proving actual damages.

**23.7 AFFIRMATION OF OTHER RESTRICTIVE COVENANTS.** The Members acknowledge that the restrictions and covenants set forth herein are in addition to, and not in lieu or substitution of, any other restrictive covenants, each of which other restrictive covenants are expressly affirmed as being valid and binding obligations of such Members notwithstanding the terms and conditions of this ARTICLE XXIII.

#### **ARTICLE XXIV** **MISCELLANEOUS**

**24.1 AMENDMENT.** This Agreement may be amended only with Member Consent.

**24.2 ATTORNEYS' FEES.** In the event any of the Members institutes a legal proceeding to enforce its rights hereunder and/or in regard to the Company, the legal fees and all costs of the proceeding shall be paid by the non-prevailing party to the prevailing party, whether in arbitration, at trial, or on appeal.

**24.3 COUNTERPARTS.** This Agreement may be executed in any number of counterparts, each of which is an original but all of which shall constitute one and the same instrument.

**24.4 ENTIRE AGREEMENT.** This Agreement together with the Certificate of Organization constitutes the entire agreement of the parties with respect to the subject matter described herein and replaces and supersedes all prior and contemporaneous agreements by and among the parties with respect to the subject matter hereof. Any prior understandings or representations preceding the date of this Agreement will not be binding on any party.

**24.5 GOVERNING DOCUMENTS; EFFECT OF INCONSISTENCIES.** The Members intend that this Agreement, together with the Certificate of Organization, shall be the sole source of the relationship among the Members, and, except to the extent a provision of this Agreement (a) expressly incorporates federal income tax rules by reference to sections of the Code or Treasury Regulations or (b) is expressly prohibited or ineffective under the Act, this Agreement shall govern, even when inconsistent with, or different than, the provisions of the Act. To the extent any provision of this Agreement is prohibited or ineffective under the Act, this Agreement shall be considered amended to the smallest degree possible in order to make such provision effective under the Act. If the Act is subsequently amended or interpreted in such a way as to validate a provision of this Agreement that was formerly invalid, such provision shall be considered to be valid from the effective date of such interpretation or amendment.

**24.6 FURTHER ASSURANCES.** Each party will execute and deliver such other instruments, provide such information, and take or forbear such further acts as may be reasonably required to carry out the intent and purpose of this Agreement as long as it is not inconsistent with the terms of this Agreement.

**24.7 GOVERNING LAW.** This Agreement, and the application and interpretation hereof, shall be exclusively governed by and construed in accordance with the Laws of the State of Delaware, and specifically the Act, without giving effect to any choice or conflicts of law provisions or rule (of either the State of Delaware or any other jurisdiction).

**24.8 NOTICE.** Whenever notice is required to be given under this Agreement, it shall be given in writing and sent to the address for each part as specified in herein; if such notice is served by certified mail, return receipt requested, it shall be deemed to have been given on the date four days after the date such notice is mailed.

**24.9 RIGHTS AND REMEDIES CUMULATIVE.** The rights and remedies provided in this Agreement are cumulative; the use of any one right or remedy shall not preclude or waive any other right or remedy.

**24.10 SEVERABILITY.** If any provision in this Agreement is held to be invalid, illegal, or unenforceable in any respect or the application of any provision is held to be invalid, illegal, or unenforceable as to any Person, fact, circumstance or situation, such invalidity, illegality, or unenforceability shall not affect the remainder of such provision, any other provision hereof, or any permitted application. This Agreement shall be construed so as to be valid, legal, binding and enforceable to the fullest extent permitted by Law, as if this Agreement had never contained any such invalid, illegal, or unenforceable provision.

**24.11 SPECIFIC PERFORMANCE.** Each Member agrees with the other Members that (a) the other Members would be irreparably damaged if any of the provisions of this Agreement are not performed in accordance with their specific terms, and (b) monetary damages would not provide an adequate remedy in such event. Therefore, the Members all agree that, in addition to any other remedy to which a Member may be entitled, at law or in equity, the nonbreaching Members shall be entitled to injunctive relief to prevent breaches of this Agreement and to specifically enforce the terms and provisions of this Agreement in any action instituted in any court having subject matter jurisdiction thereof.

**24.12 SUCCESSORS.** To the full extent permitted by Law, this Agreement shall be binding upon and shall operate for the benefit of each party and shall be binding upon and shall operate for the benefit of their heirs, legal representative, transferees, assigns, and any successor to any such Person.

**24.13 SURVIVAL OF REPRESENTATIONS, WARRANTIES, AND COVENANTS.** The covenants, representations, warranties and other written statements set forth in this Agreement or any separate instrument pursuant to which the Members subscribe to this Agreement shall survive the execution and delivery hereof and thereof. Each of such covenants, representations, warranties and other written statements shall be deemed to be independent and material and to have been relied upon by the party to whom made.

**24.14 TIME.** If any date described in this Agreement falls on a Saturday, Sunday or national holiday that date shall be automatically extended to the next day that is not a Saturday, Sunday or national holiday.

**24.15 THIRD PARTY BENEFICIARIES.** Except as otherwise provided herein, none of the provisions of this Agreement shall be for the benefit of or enforceable by any creditor of a Member or the Company.

**24.16 VENUE AND JURISDICTION.** Subject to the provisions in ARTICLE XX regarding mediation and arbitration, the parties consent to exclusive jurisdiction and venue in the courts having jurisdiction over Broward County, Florida in connection with any action, suit, or other proceeding arising from, relating to, or in any way connected with this Agreement. Each party agrees that it will not assert in any such action, suit, or proceeding that it is not personally subject to the jurisdiction of such court, that the action, suit, or proceeding is brought in an inconvenient forum, and/or that the venue of the action, suit, or proceeding is improper. Each such party further irrevocably consents to the service of process out

of any of the aforementioned courts in any such action or proceeding by the mailing by certified or registered mail, return receipt requested, of any process required by any such court and acknowledges that it shall constitute valid and lawful service of process against them, without necessity for service by any other means by statute or rule of court; provided, however, notwithstanding the foregoing, a party hereto may otherwise effect service of process in accordance with the laws of the State of Florida. Each party hereto agrees that a final judgment in any action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law; provided, however, that nothing in this Section 24.16 is intended to impair any party's right under applicable Legal Requirement to appeal or seek a stay of any judgment. Each party hereto hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement brought in such courts referred to above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum..

**24.17 WAIVER.** The failure to insist upon strict performance of a covenant hereunder or of any obligation hereunder, irrespective of the length of time for which such failure continues, shall not be a waiver of such right to demand strict compliance in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation hereunder, shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation.

**24.18 WAIVER OF JURY TRIAL.** EACH MEMBER KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, AFTER OPPORTUNITY FOR CONSULTATION WITH INDEPENDENT COUNSEL, WAIVES ITS RIGHT TO TRIAL BY JURY IN ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING ARISING FROM OR BASED UPON ANY LITIGATION OR OTHER PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS OR OBLIGATIONS ARISING FROM THIS AGREEMENT OR ANY COURSE OF DEALING, COURSE OF CONDUCT, STATEMENT (VERBAL OR WRITTEN) OR ACTION OF THE PARTIES IN CONNECTION WITH THIS OPERATING AGREEMENT. EACH PARTY AGREES THAT:

- (a) IT SHALL NOT SEEK TO CONSOLIDATE ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL HAS NOT BEEN OR CANNOT BE WAIVED.
- (b) THE PROVISIONS OF THIS SECTION HAVE BEEN FULLY NEGOTIATED BY THE PARTIES HERETO AND SHALL BE SUBJECT TO NO EXCEPTIONS.
- (c) NO PARTY HAS IN ANY WAY AGREED WITH OR REPRESENTED TO ANY OTHER PARTY THAT THE PROVISIONS OF THIS SECTION WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

\* \* \* \* \*

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;  
SIGNATURES FOLLOW ON SEPARATE PAGES]

\* \* \* \* \*



**MEMBER SIGNATURE PAGE  
TO  
AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF  
LOGISTEC EVERGLADES LLC**

---

The undersigned, by its execution below, hereby adopts, accepts and agrees to be bound by all of the terms and provisions of the Amended and Restated Limited Liability Company Agreement of Logistec Everglades LLC, a Delaware limited liability company (the "*Company*"), as a Member and holder of Units of the Company.

**IN WITNESS WHEREOF**, the undersigned has executed this Member Signature Page to the Amended and Restated Limited Liability Company Agreement of Logistec Everglades LLC as of \_\_\_\_\_, 2017.

**LOGISTEC USA INC.**

By: \_\_\_\_\_  
\_\_\_\_\_, Its \_\_\_\_\_

**MEMBER SIGNATURE PAGE  
TO  
AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF  
LOGISTEC EVERGLADES LLC**

---

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**IN WITNESS WHEREOF**, the undersigned has executed this Member Signature Page to the Amended and Restated Limited Liability Company Agreement of Logistec Everglades LLC as of \_\_\_\_\_, 2017.

**COLEARY TRANSPORT CO., INC.**

By: \_\_\_\_\_  
\_\_\_\_\_, Its \_\_\_\_\_

SCHEDULE A  
MEMBER LIST  
OF  
LOGISTEC EVERGLADES LLC

| <u>Name and Business<br/>Address of Member</u> | <u>Initial<br/>Capital Contribution</u> | <u>Units</u> | <u>Initial<br/>Percentage Interest</u> |
|--|---|--------------|--|
|--|---|--------------|--|

**SCHEDULE B**  
**DEFINITIONS**

- B.1 *Act* shall mean the Delaware Limited Liability Company Act, codified as 6 Del. C. § 18-101, *et seq.*, as amended from time to time hereafter (or any corresponding provisions of succeeding Law).
- B.2 *Action* shall mean any action, inaction, determinations, decisions, omissions, refraining from acting, whether directly or indirectly, appropriate, proper, advisable, incidental to, or convenient to further and accomplish the purpose of the Company, unless expressly prohibited by this Agreement or by any Law.
- B.3 *Additional Capital Contributions* has the meaning set forth in Section 8.2(a)(i) of this Agreement.
- B.4 *Adjusted Capital Account Deficit* means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant fiscal year after giving effect to the following adjustments:
- (a) credit to such Capital Account any amounts that such Member is deemed to be obligated to restore pursuant to the next to the last sentences of Treasury Regulations Sections 1.704 2(g)(1) and 1.704-2(i)(5), together with such Member's share of Company Minimum Gain and Member Nonrecourse Debt Minimum Gain; and
  - (b) debit to such Capital Account the items described in Sections 1.704 1(b)(2)(ii)(d)(4), 1.704 1(b)(2)(ii)(d)(5), and 1.704 1(b)(2)(ii)(d)(6) of the Treasury Regulations.
- The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704 1(b)(2)(ii)(d) of the Treasury Regulations and shall be interpreted consistently therewith.
- B.5 *Affiliate* means, when used with reference to any Person, (a) any Person that, directly or indirectly, through one or more intermediaries controls, is controlled by, or is under common control with, the specified Person (the term "control" for this purpose, shall mean the ability, whether by the ownership of shares or other equity interest, by contract or otherwise, to elect a majority of the directors of a corporation, independently to select the general partner of a partnership or a manager of a limited liability company, or otherwise to have the power independently to remove and then select a majority of those Persons exercising governing authority over an entity, and control shall be conclusively presumed in the case of the direct or indirect ownership of fifty percent (50%) or more of the equity interests); and (b) an officer, director, shareholder, partner, member or other principal of such Person (if not an individual), or a spouse, lineal ancestor, lineal descendant, or a spouse of lineal descendant of such Person (if an individual), or a trust for the benefit of one or more of the same.
- B.6 *Agreement* has the meaning set forth in the introductory paragraph hereof.
- B.7 *Assignee* means the Person to whom a Transfer, or attempted Transfer, has been made.
- B.8 *Assignor* means any Person who makes, or attempts to make, a Transfer.
- B.9 *Authorized Individual* has the meaning set forth in Section 20.2 of this Agreement.
- B.10 *Bankruptcy* means, with respect to any Member, the occurrence of any of the following events:
- (a) the Member makes an assignment for the benefit of creditors;

- (b) the Member files a voluntary petition of bankruptcy;
- (c) the Member is adjudged bankrupt or insolvent or there is entered against the Member an order for relief in any bankruptcy or insolvency proceeding;
- (d) the Member files a petition or answer seeking for the Member any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any Law;
- (e) the Member seeks, consents to, or acquiesces in the appointment of a trustee for, receiver for, or liquidation of the Member or of all or any substantial part of the Member's properties;
- (f) the Member files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Member in any proceeding described in Subsections (a) through (e); or
- (g) any proceeding against the Member seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any Law, continues for one hundred twenty (120) days after the commencement thereof, or the appointment of a trustee, receiver, or liquidator for the Member or all or any substantial part of the Member's properties without the Member's agreement or acquiescence, which appointment is not vacated or stayed for one hundred twenty (120) days or, if the appointment is stayed, for one hundred twenty (120) days after the expiration of the stay during which period the appointment is not vacated.

B.11 **Board** has the meaning set forth in Section 13.1 of this Agreement.

B.12 **Book Value of the Company** means the net book value of the Company based on the information shown on the books of the Company on the last day of the Fiscal Year ending most recently before the date of the Triggering Event.

B.13 **Business Day** means any day other than Saturday, Sunday or any recognized federal, state or local holiday on which businesses located in Broward, Florida generally are not open in the normal course.

B.14 **Business of the Company** means (a) breakbulk cargo-handling activities (stevedoring and terminal work) in Port Everglades, Florida currently performed under the JV.

B.15 **Capital Account** has the meaning set forth in Section 8.1 of this Agreement and more specifically, means, with respect to any Member, the Capital Account maintained for such Member in accordance with the following provisions:

- (a) to each Member's Capital Account there shall be credited such Member's Capital Contribution, such Member's distributive share of Profits, any items in the nature of income or gain that are specially allocated pursuant to Section C.1 of **Schedule C** to this Agreement, and the amount of any Company liabilities assumed or paid by such Member or that are secured by any Company Property distributed to such Member;
- (b) to each Member's Capital Account there shall be debited the amount of cash and the Gross Asset Value of any Company Property distributed to such Member pursuant to any provision of this Agreement, such Member's distributive share of Losses, any items in the nature of expenses or losses that are specially allocated pursuant to Section C.1 of

**Schedule C** to this Agreement, and the amount of any liabilities of such Member assumed by the Company or that are secured by any Company Property contributed by such Member to the Company;

- (c) in the event an Interest is Transferred in accordance with the terms of this Agreement, the assignee shall succeed to the Capital Account of the assignor to the extent it relates to the Transferred Interest; and
- (d) in determining the amount of any liability for purposes of this Section B.14, Code Section 752(c) and any other applicable provisions of the Code and Treasury Regulations shall be taken into account.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations Section 1.704 1(b) and shall be interpreted and applied in a manner consistent with such Treasury Regulations. In the event the Tax Matters Member determines that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities that are secured by contributed or distributed property or that are assumed by the Company or the Members), are computed to comply with such Treasury Regulations, the Tax Matters Member may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Member pursuant to ARTICLE XVIII upon the dissolution of the Company. The Tax Matters Member also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes in accordance with Treasury Regulations Section 1.704 1(b)(2)(iv)(q), and (ii) make any appropriate modifications in the event of unanticipated events (for example, the acquisition by the Company of oil or gas properties) that might otherwise cause this Agreement not to comply with Treasury Regulations Section 1.704 1(b).

- B.16 **Capital Contribution** means, with respect to any Member, the amount of money and the Initial Gross Asset Value of any property (other than money) contributed to the Company with respect to the Interest held by such Member. The principal amount of a promissory note that is not readily traded on an established securities market and that is contributed to the Company by the maker of the note (or any person related to the maker of the note within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(c)) shall not be included in the Capital Account of any Member until the Company makes a taxable disposition of the note or until (and to the extent) principal payments are made on the note, all in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(d)(2). Any interest paid on any such note shall be treated as taxable income to the Company rather than as a Capital Contribution by the maker thereof. **Initial Capital Contribution** means the initial contribution to the capital of the Company made by a Member pursuant to this Agreement.
- B.17 **Certificate of Cancellation** has the meaning set forth in § 18-203 of the Act.
- B.18 **Certificate of Organization** has the meaning set forth in Section 2.1 of this Agreement.
- B.19 **Chairman** has the meaning set forth in Section 14.1(a) of this Agreement.
- B.20 **Code** means the Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding Law).
- B.21 **Company** means Logistec Everglades LLC, as formed and registered as a limited liability company in accordance with the Act and existing under this Agreement.

- B.22 **Company Minimum Gain** means, with respect to all Nonrecourse Liabilities of the Company, the minimum amount of gain that would be realized by the Company if the Company disposed of the Company Property subject to such Nonrecourse Liabilities in full satisfaction thereof computed as provided in Treasury Regulations Sections 1.704-2(b)(2) and 1.704-2(d).
- B.23 **Company Property** means all real and personal property acquired by the Company and any improvements thereto and shall include both tangible and intangible property.
- B.24 **Contributing Member** has the meaning set forth in Section 8.3(a) of this Agreement.
- B.25 **CTC** has the meaning set forth in the Recitals of this Agreement.
- B.26 **Default Notice** has the meaning set forth in Section 8.3 of this Agreement.
- B.27 **Defaulting Member** has the meaning set forth in Section 8.3 of this Agreement.
- B.28 **Depreciation** means, for each Fiscal Year or other period, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount that bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization, or other cost recovery deduction for such year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Tax Matters Member
- B.29 **Director** and **Directors** have the meanings set forth in Section 13.1 of this Agreement.
- B.30 **Dispute** has the meaning set forth in Section 20.1 of this Agreement.
- B.31 **Disputing Party** and **Disputing Parties** have the meanings set forth in Section 20.2 of this Agreement.
- B.32 **Economic Rights** means only the right to receive allocations of Profits and Losses and distributions, reimbursement of expenses, and/or a return of capital as, and only as, expressly provided in this Agreement attributable to a specific Interest, but an Economic Right is not an ownership interest in Company and the holder of an Economic Right shall satisfy all duties and obligations imposed on Members by this Agreement but the Economic Rights holder shall not be a Member and shall not have any rights of a Member as provided under the Act or this Agreement.
- B.33 **Effective Date** means November 16, 2016, the date on which the Certificate of Organization were filed.
- B.34 **Eligible Person** means a Member or any Affiliate of a Member that (a) is wholly-owned by such Member or (b) wholly owns the Member.
- B.35 **Fair Market Value of the Interest** means an amount, set by an appraiser, having at least ten (10) years of experience as an appraiser and who is not related to or affiliated with any Member, selected by the Company, at which the property being appraised would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts. In determining the Fair Market Value of the

Interest, the selected appraiser shall determine the Fair Market Value of the Interest as of the date of the event giving rise to the need for the appraisal and shall **NOT** make any discounts, including discounts for lack of marketability, lack of liquidity, minority interest, the tax consequences associated with built in gains, or loss of a key individual. The appraisal shall be binding on all of the parties.

- B.36 **Fiscal Year** means the twelve-month period commencing on January 1 and ending on December 31.
- B.37 **Gross Asset Value** means, with respect to any Company Property, the adjusted basis of such Company Property for federal income tax purposes, except as follows:
- (a) the Gross Asset Value of any Company Property contributed to the Company by a Member shall be, at the time of such contribution, the Initial Gross Asset Value of such asset;
  - (b) the Gross Asset Values of all Company Property shall be adjusted to equal their respective gross fair market values, as determined by the Board, as of the following times: (i) the acquisition of an additional Interest by any new or existing Member in exchange for more than a *de minimis* Capital Contribution; (ii) the distribution by the Company to a Member of more than a *de minimis* amount of Company Property as consideration for an Interest; and (iii) the liquidation of the Company within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g); provided, however, that adjustments pursuant to clauses (i) and (ii) above shall be made in accordance with Treasury Regulations Section 1.704-1(b)(iv)(f) and only if the Board reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;
  - (c) the Gross Asset Value of any Company Property distributed to any Member shall be adjusted to equal the gross fair market value of such Company Property on the date of distribution; and
  - (d) the Gross Asset Values of Company Property shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such Company Property pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m), Section B.36(f) of **Schedule B** and Section C.1(k) of **Schedule C** to this Agreement; *provided, however*, that Gross Asset Values shall not be adjusted pursuant to this Section B.37(d) to the extent the Board determines that an adjustment pursuant to Section B.37(b) at this **Schedule B** is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this Section B.37(d).

If the Gross Asset Value of any Company Property has been determined or adjusted pursuant to Section B.37(a), Section B.37(b), or Section B.37(d), such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such item of Company Property for purposes of computing Profits and Losses.

- B.38 **Guaranteed Payments** has the meaning set forth in Section 11.5 of this Agreement.
- B.39 **Indemnitee** has the meaning set forth in Section 21.4(a) of this Agreement.
- B.40 **Initial Gross Asset Value** means:



- (a) with respect to the assets contributed by the Members upon the formation of the Company, the amounts set forth on **Schedule A**; and
- (b) with respect to any asset contributed by a Member subsequent to the formation of the Company, the gross fair market value of such asset at the time contributed, as determined by agreement between the contributing Member and the Board.

- B.41 **Initiator** has the meaning set forth in Section 20.2 of this Agreement.
- B.42 **Interest** means, with respect to any Member, the Interest held by the Member as shown opposite such Member's name on the Member List and includes, with respect to any Member, all or any portion of such Member's rights and interests in the Company (including the Economic Rights and Management Rights of such Member), including such Member's Units and Percentage Interest.
- B.43 **Interest Holder** means any Person who holds an Interest, whether as a Member or as an unadmitted Assignee of a Member.
- B.44 **Involuntary Transfer** has the meaning set forth in Section 17.3 of this Agreement.
- B.45 **Involuntary Withdrawal** means, with respect to any Member, the occurrence of any of the following events:
- (a) the Member's Bankruptcy;
  - (b) an attempt by a creditor (whether a judgment creditor or other type of creditor) to seize the Member's Interest or other assets in satisfaction of a debt;
  - (c) the imposition of a charging order on the Member's Interest;
  - (d) any action similar to any of the foregoing actions being taken with respect to the Member or the Member's assets;
  - (e) the attempted Transfer of all or any part of an Interest other than a Permitted Transfer; or
  - (f) the Member is a full-time employee of the Company and such employment is terminated for any reason whatsoever, including by death or permanent disability.
- B.46 **IRS** has the meaning set forth in Section 16.6 of this Agreement.
- B.47 **Issuance Items** shall have the meaning set forth in Section C.1(h) of **Schedule C** to this Agreement
- B.48 **Law** means any constitution, statute, rule, regulation, code, injunction, judgment, order, decree, ruling, restriction or charge. Unless expressly limited in a particular provision, such term includes federal, state and local Law. A reference to a specific statute also refers to (a) the regulations, if any, relating to that statute and (b) that statute as revised or amended at the time such statute is being applied.
- B.49 **Logistec** has the meaning set froth in the Recitals of this Agreement.
- B.50 **Management Rights** means the rights, if any, of a Member to participate in the management of the Company and to vote on, consent to, or approve Actions of the Company.

- B.51 **Material Contract** has the meaning set forth in Section 13.5(d)(x) of this Agreement.
- B.52 **Member** means any Person who (a) is referred to as such in this Agreement or has been admitted as an additional or substitute Member pursuant to the terms of this Agreement; and (b) has not ceased to be a Member pursuant to the terms of this Agreement. **Members** means all such Persons.
- B.53 **Member Consent** has the meaning set forth in Section 7.7 of this Agreement.
- B.54 **Member List** has the meaning set forth in Section 7.2 of this Agreement.
- B.55 **Member Loan** has the meaning set forth in Section 8.3(a) of this Agreement.
- B.56 **Member Nonrecourse Debt** has the meaning set forth in Section 1.704-2(b)(4) of the Treasury Regulations.
- B.57 **Member Nonrecourse Debt Minimum Gain** means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Section 1.704-2(i)(2) of the Treasury Regulations.
- B.58 **Member Nonrecourse Deductions** has the meaning set forth in Section 1.704-2(i)(1) and Section 1.704-2(i)(2) of the Treasury Regulations. The amount of Member Nonrecourse Deductions with respect to a Member Nonrecourse Debt for a Company fiscal year equals the excess, if any, of the net increase, if any, in the amount of Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt during that fiscal year over the aggregate amount of any distributions during that fiscal year to the Member that bears the economic risk of loss for such Member Nonrecourse Debt to the extent such distributions are attributable to the proceeds of such Member Nonrecourse Debt and are allocable to an increase in Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Section 1.704-2(i)(2) of the Treasury Regulations.
- B.59 **Membership Rights** means all of the rights of a Member in the Company, including a Member's: (i) Interest; (ii) right to inspect the Company's books and records; (iii) right to participate in the management of and vote on matters coming before the Company; and (iv) unless this Agreement or the Certificate of Organization provide to the contrary, right to act as an agent of the Company.
- B.60 **Negotiated Purchase Price** means the greater of Book Value or five (5) times the net income (determined in accordance with GAAP applied on a consistent basis throughout the periods covered) of the Company for the two most recent fiscal adjusted to exclude the effect of any income tax paid or payable by the Company with respect to such periods.
- B.61 **Net Cash** means, collectively, Net Cash from Operations and Net Cash from Sales or Refinancings.
- B.62 **Net Cash from Operations** means the gross cash proceeds from Company operations less the portion thereof used to pay or establish reserves for all Company expenses, debt payments, capital improvements, replacements and contingencies, all as determined by the Board. "**Net Cash from Operations**" shall include the net cash proceeds from all sales or other dispositions made in the ordinary course of business. "**Net Cash from Operations**" shall not be reduced by depreciation, amortization, cost recovery deductions, or similar allowances, but shall be increased by any reductions of reserves established pursuant to the preceding sentence.

- B.63 *Net Cash from Sales or Refinancings* means the net cash proceeds from all sales or other dispositions (other than in the ordinary course of business) and all refinancings of Company Property, less any portion thereof used to pay or establish reserves for all Company expenses, debt payments, capital improvements, replacements, and contingencies, all as determined by the Board in its sole and absolute discretion. “*Net Cash from Sales or Refinancings*” shall include all principal and interest payments with respect to any note or other obligation received by the Company in connection with the sale or other disposition (other than in the ordinary course of business) of Company Property. For purposes of clarity, refinancings shall not include debt incurred by the Company in respect of (x) loans made by Members pursuant to Section 8.7, (y) lines of credit or other similar loan arrangements made for the purposes financing the Company’s working capital needs or (z) loans or capital leases incurred in connection with the Company’s acquisition of property, plant and equipment, but shall only be applicable to financing transactions made for the principal purpose of making an extraordinary distribution to the Members.
- B.64 *Non-Defaulting Member* has the meaning set forth in Section 8.3 of this Agreement.
- B.65 *Nonrecourse Deductions* has the meaning set forth in Section 1.704-2(b)(1) of the Treasury Regulations. The amount of Nonrecourse Deductions for a Company fiscal year equals the net increase, if any, in the amount of Company Minimum Gain during that fiscal year over the aggregate amount of any distributions during that fiscal year of proceeds of a Nonrecourse Liability that are allocable to an increase in Company Minimum Gain, determined according to the provisions of Section 1.704-2(c) of the Treasury Regulations.
- B.66 *Nonrecourse Liability* means any Company liability (or portion thereof) for which no Member or Related Person bears the economic risk of loss as set forth in Section 1.704-2(b)(3) of the Treasury Regulations.
- B.67 *Officer* and *Officers* have the meanings set forth in Section 13.1 of this Agreement.
- B.68 *Operating Agreement* has the meaning set forth in the Recitals to this Agreement.
- B.69 *Option Period* has the meaning set forth in Section 17.8 of this Agreement.
- B.70 *Percentage Interest* means, as of the date of any calculation, with respect to any Member, the Percentage Interest set forth opposite such Member’s name on **Schedule A**, as amended from time to time, or such percentage determined by dividing the number of Units held by such Member by the number of Units held by all Members, and as to an Interest Holder who is not a Member, the Percentage of the Member whose Interest has been acquired by such Interest Holder, to the extent the Interest Holder has succeeded to that Member’s Interest. In the event an Interest is Transferred in accordance with the provisions of this Agreement, the assignee of such Interest shall succeed to the Percentage Interest of the assignor to the extent it relates to the Transferred Interest.
- B.71 *Permitted Transfer* has the meaning set forth in Section 17.1(b) of this Agreement.
- B.72 *Permitted Transferee* has the meaning set forth in Section 17.1(b) of this Agreement.
- B.73 *Person* means and includes any individual, trust, corporation, partnership, limited partnership, association, limited liability company, business trust, or any other commercial entity.
- B.74 *Preferred Return Rate* means, for any day, the sum of (i) rate which is published by the *Wall Street Journal* (or by any publication generally recognized to be the successor therefor if the *Wall*

*Street Journal* ceases publication) as the “prime rate” on such day or if the *Wall Street Journal* is not published on such day, then the immediately preceding day on which the *Wall Street Journal* is published and (ii) 200 basis points (with respect to Member Loans made pursuant to Section 8.3(a)) or 400 basis points (with respect to Member Loans made pursuant to Section 8.3(b)(iii)).

- B.75 **President** has the meaning set forth in Section 14.1(b) of this Agreement.
- B.76 **Procedure** has the meaning set forth in Section 20.1 of this Agreement.
- B.77 **Profits** and **Losses** mean, for each Fiscal Year or other period, an amount equal to the Company’s taxable income or loss for such year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:
- (a) any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this Section shall be added to such taxable income or loss;
  - (b) any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i) and not otherwise taken into account in computing Profits or Losses pursuant to this Section shall be subtracted from such taxable income or loss;
  - (c) in the event the Gross Asset Value of any Company Property is adjusted pursuant to Section B.37(b) or Section B.37(c) of this **Schedule B**, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such Company Property for purposes of computing Profits or Losses;
  - (d) gain or loss resulting from any disposition of Company Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the Company Property disposed of notwithstanding that the adjusted tax basis of such Company Property differs from its Gross Asset Value;
  - (e) in lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such fiscal year or other period, computed in accordance with Section B.24 of this **Schedule B**;
  - (f) to the extent an adjustment to the adjusted tax basis of any Company Property pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution other than in complete liquidation of a Member’s Interest, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of such Company Property) or loss (if the adjustment decreases the basis of such Company Property) from the disposition of such Company Property and shall be taken into account for purposes of computing Profits or Losses; and
  - (g) notwithstanding any other provision of this Section, any items that are specially allocated pursuant to Section C.1 of **Schedule C** to this Agreement shall not be taken into account in computing Profits or Losses. The amounts of the items of Company income, gain, loss or deduction available to be specially allocated pursuant to Section C.1 of **Schedule C** to

this Agreement shall be determined by applying rules analogous to those set forth in Sections B.77(a) through B.77(f) of this **Schedule B**.

- B.78 ***Prohibited Transfer*** has the meaning set forth in Section 17.3 of this Agreement.
- B.79 ***Promissory Note*** has the meaning set forth in Section 17.7(b)(ii) of this Agreement.
- B.80 ***Proportionate Share*** has the meaning set forth in Section 17.8 of this Agreement.
- B.81 ***Related Person*** means a Person having a relationship to a Member that is described in Treasury Regulations Section 1.752-4(b).
- B.82 ***Remaining Members*** has the meaning set forth in Section 17.8 of this Agreement.
- B.83 ***Reorganization*** means the merger or conversion of the Company, or a sale or other disposition of assets of the Company, or sale or other disposition of Ownership Interests, or other transaction pursuant to which a Person or Persons acquire all or substantially all of the assets of, or Ownership Interests in, the Company in a single or series of related transactions, including a merger or conversion of the Company into a corporation or other entity, whether or not such corporation or other entity has the same owners as the Company and whether or not additional capital is contributed to such corporation or other entity.
- B.84 ***Respondent*** has the meaning set forth in Section 20.2 of this Agreement.
- B.85 ***Restricted Period*** has the meaning set forth in Section 23.1 of this Agreement.
- B.86 ***Revised Partnership Audit Procedures*** means the provisions of Subchapter C of Subtitle A, Chapter 64 of the Code, as amended by the Bipartisan Budget Act of 2015, P.L. 114-74 (together with any subsequent amendments thereto, Regulations promulgated thereunder, and published administrative interpretations thereof).
- B.87 ***Secretary*** has the meaning set forth in Section 14.1(d) of this Agreement.
- B.88 ***Secretary of State*** has the meaning set forth in Section 2.1 of this Agreement.
- B.89 ***Seller*** has the meaning set forth in Section 17.8 of this Agreement.
- B.90 ***Selling Holders*** has the meaning set forth in Section 17.9 of this Agreement.
- B.91 ***Tag-Along Right*** has the meaning set forth in Section 17.9 of this Agreement.
- B.92 ***Tax Distribution*** has the meaning set forth in Section 11.7 of this Agreement.
- B.93 ***Tax Matters Member*** has the meaning set forth in Section 16.6(a) of this Agreement.
- B.94 ***Tax Matters Representative*** has the meaning set forth in Section 16.6(a) of this Agreement.
- B.95 ***Transfer*** means, as a noun, any voluntary or involuntary transfer, sale, gift, pledge, hypothecation, encumbrance, transfer at death, passage by operation or process of law, or other disposition, of any Interest and, as a verb, voluntarily or involuntarily, to transfer, sell, give, pledge, hypothecate, encumber, transfer at death, pass by operation or process of law, or dispose of in any other manner, any Interest.
- B.96 ***Treasurer*** has the meaning set forth in Section 14.1(f) of this Agreement.

- B.97 *Treasury Regulations* means the regulations promulgated by the Department of the Treasury pursuant to the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).
- B.98 *Trigger Date* means:
- (a) With respect to a sale occasioned by the Bankruptcy of a Member, the date such Member became Bankrupt pursuant to the terms of this Agreement; or
  - (b) With respect to the occurrence of any event making a Member ineligible to own an Interest in the Company pursuant to any Applicable Law, or any other event giving rise to an Involuntary Transfer of a Member's Interest, the date that the Company has actual notice of such event.
- B.99 *Triggering Event* has the meaning set forth in Section 17.7(a) of this Agreement.
- B.100 *UCC* has the meaning set forth in Section 9.7 of this Agreement.
- B.101 *Units* has the meaning set forth in Section 9.1 of this Agreement.
- B.102 *Vice Presidents* has the meaning set forth in Section 14.1(c) of this Agreement.
- B.103 *Voluntary Withdrawal* means the dissociation of a Member from the Company by means other than an Involuntary Withdrawal.
- B.104 *Withdrawal Closing Date* has the meaning set forth in Section 17.7(b)(i) of this Agreement.
- B.105 *Withdrawal Purchase* has the meaning set forth in Section 17.7(b)(ii) of this Agreement.
- B.106 *Withdrawal Purchase Price* has the meaning set forth in Section 17.7(b)(ii) of this Agreement.
- B.107 *Withdrawing Member* has the meaning set forth in Section 17.7(a) of this Agreement.
- B.108 *Written Notice* has the meaning set forth in Section 17.8 of this Agreement.

## SCHEDULE C

C.1 **Special Allocations.** The following special allocations shall be made in the following order:

(a) **Minimum Gain Chargeback.** Except as otherwise provided in Treasury Regulations Section 1.704-2(f), notwithstanding any other provision of this **Schedule C**, if there is a net decrease in Company Minimum Gain during any Company fiscal year, each Member shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items so allocated shall be determined in accordance with Section 1.704-2(f)(6) and Section 1.704-2(j)(2) of the Treasury Regulations. This Section C.1(a) is intended to comply with the minimum gain chargeback requirement in such Sections of the Treasury Regulations and shall be interpreted consistently therewith.

(b) **Member Nonrecourse Debt Minimum Gain Chargeback.** Except as otherwise provided in Treasury Regulations Section 1.704-2(i)(4), notwithstanding any other provision of this **Schedule C** except Section C.1(a), if there is a net decrease in Member Nonrecourse Debt Minimum Gain attributable to a Member Nonrecourse Debt during any Company fiscal year, each Member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(5), shall be specially allocated items of Company income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt determined in accordance with Treasury Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items so allocated shall be determined in accordance with Section 1.704-2(i)(4) and Section 1.704-2(j)(2) of the Treasury Regulations. This Section C.1(b) is intended to comply with the minimum gain chargeback requirements in such Sections of the Treasury Regulations and shall be interpreted consistently therewith.

(c) **Qualified Income Offset.** In the event any Member unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section C.1(c) shall be made if and only to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Section C.1 have been tentatively made as if this Section C.1(c) were not in this Agreement. The provisions of this Section C.1(c) are intended to constitute a "qualified income offset" as that term is defined in Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be construed consistently with any administrative or judicial interpretations of such term.

(d) **Gross Income Allocation.** In the event any Member has a deficit Capital Account at the end of any Company fiscal year that is in excess of the sum of (i) the amount such Member is obligated to restore pursuant to any provision of this Agreement, and (ii) the amount such Member is deemed to be obligated to restore pursuant to the next to last sentences of Treasury Regulations Section 1.704-2(g)(1) and Treasury Regulations Section 1.704-2(i)(5), such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section C.1(d) shall be made if and only to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this **Schedule C** have been made as if Section C.1(c) and this Section C.1(d) were not in this Agreement.

(e) Nonrecourse Deductions. Nonrecourse Deductions for any fiscal year or other period shall be allocated to the Members in proportion to their Percentage Interests.

(f) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any fiscal year or other period shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Treasury Regulations Section 1.704-2(i)(1).

(g) Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any item of Company Property pursuant to Code Section 732, Code Section 734(b) or Code Section 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall, except to the extent such gain or loss is described in Section B.77 of **Schedule B** to this Agreement, be specially allocated to the Members in accordance with their Percentage Interests in the event Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or the Member to whom such distribution was made in the event Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

(h) Allocations Relating to Taxable Issuance of Company Interests. Any income, gain, loss or deduction realized as a direct or indirect result of the issuance of an Interest by the Company to a Member (the "Issuance Items") shall be allocated among the Members so that, to the extent possible, the net amount of such Issuance Items, together with all other allocations under this Agreement to each Member, shall be equal to the net amount that would have been allocated to each such Member if the Issuance Items had not been realized.

(i) Imputed Interest. To the extent the Company realizes taxable interest income pursuant to Section 483 or Sections 1271 through 1288 of the Code with respect to any Member's obligation to make a Capital Contribution under either Section 8.1 or Section 8.2:

- (i) such interest income shall be specially allocated to the Member to whom such obligation to make such Capital Contribution relates; and
- (ii) the amount of such interest income shall be excluded from the Capital Contribution credited to such Member's Capital Account in connection with the payment of any principal amount of such Capital Contribution.

(j) Capital Account Limit on Loss Allocation. In the event that any allocation of Loss would cause or increase a Member's Adjusted Capital Account Deficit as of the end of the Company fiscal year to which such allocation relates, and one or more other Members do not have Adjusted Capital Account Deficits as of the end of such year, then to the extent that such allocation of Loss would cause or increase the Member's Adjusted Capital Account Deficit, such Losses shall instead be charged to the Capital Accounts of Members that would not have an Adjusted Capital Account Deficit as a result of the allocation, in proportion to their respective Capital Accounts, but only to the extent that such Losses do not cause an Adjusted Capital Account Deficit with respect to such other Members. An allocation pursuant to this Section C.1(j) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this **Schedule C** have been tentatively made as if this Section C.1(j) were not in this Agreement.

(k) Curative Allocations. To the extent permitted by the Code and the Treasury Regulations, any special allocations of items of income, gain or loss pursuant to all of the preceding subsections of this Section C.1 or any other reallocations of such items pursuant to the Treasury Regulations under Section



704(b) of the Code prevailing over the allocations otherwise provided for in this Agreement shall be taken into account in determining subsequent allocations of income, gain and loss pursuant to this Section C.1 so that the net amount so allocated shall, to the extent possible, be equal to the net amounts that would have been allocated to each Member pursuant to the provisions of this Agreement if such special allocations or reallocations had not occurred.

**C.2 Other Allocation Rules.**

(a) In the event additional Members are admitted to the Company, the Profits or Losses allocated to the Members pursuant to Sections 11.1 and C.1 for each such fiscal year during which Members are so admitted shall be allocated among Members based upon the Percentage Interest each holds from time to time during such fiscal year in accordance with Code Section 706, using any convention permitted by Law and selected by the Tax Matters Member.

(b) For purposes of determining the Profits, Losses, or any other items allocable to any period, Profits, Losses, and any such other items shall be determined on a daily, monthly, or other basis, as determined by the Tax Matters Member using any permissible method under Code Section 706 and the Treasury Regulations thereunder.

(c) Except as otherwise provided in this Agreement, all items of Company income, gain, loss, deduction, and any other allocations not otherwise provided for shall be divided among the Members in the same proportion as they share Profits or Losses, as the case may be, for the fiscal year.

(d) The Members are aware of the income tax consequences of the allocations made by this Section and agree to be bound by the provisions of ARTICLE XVIII and **Schedule C** to this Agreement in reporting their share of Company income and loss for income tax purposes.

(e) To the extent permitted by Sections 1.704-2(h)(3) and 1.704-2(i)(6) of the Treasury Regulations, the Tax Matters Member shall endeavor to treat distributions of Net Cash from Operations or Net Cash from Sales or Refinancings as having been made from the proceeds of a Nonrecourse Liability or a Member Nonrecourse Debt only to the extent that such distributions would cause or increase an Adjusted Capital Account Deficit for any Member.

(f) If a Member's Interest is reduced (provided the reduction does not result in a complete termination of the Member's Interest), the Member's share of the Company's "unrealized receivables" and "inventory items" (within the meaning of Code Section 751) shall not, to the extent possible, be reduced, so that, notwithstanding any other provision of this Agreement to the contrary, that portion of the Profits otherwise allocable to such Member's Interest upon a liquidation or dissolution of the Company pursuant to ARTICLE XVIII that is taxable as ordinary income (recaptured) for federal income tax purposes shall, to the extent possible without increasing the total gain to the Company or to any other Member, be specially allocated among all of the Members in proportion to the deductions (or basis reductions treated as deductions) giving rise to such recapture.

**C.3 Tax Allocations; Code Section 704(c).**

(a) In accordance with Code Section 704(c) and the Treasury Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such Company Property to the Company for federal income tax purposes and its Initial Gross Asset Value.

(b) In the event the Gross Asset Value of any item of Company Property is adjusted pursuant to Section B.37 of **Schedule B** to this Agreement, subsequent allocations of income, gain, loss, and

deduction with respect to such Company Property shall take account of any variation between the adjusted basis of such Company Property for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Treasury Regulations thereunder.

Any elections or other decisions relating to such allocations shall be made by the Tax Matters Member in any manner that reasonably reflects the purpose and intention of this Agreement. Allocations pursuant to this Section C.3 are made solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items, or distributions pursuant to any provisions of this Agreement.

## SECTION G

The officers and managers of Logistec Everglades LLC will be:

President: Rodney Corrigan

General Manager: Andre Dubois

Port Manager: William N. Coleman

Superintendants:

- Ricky Headly

- Juan Barberena

The management will change as required by the business activity of Logistec Everglades LLC.

**RODNEY CORRIGAN**  
105-250 St. Laurent  
Saint-Lambert, Quebec, J4R 2S2  
(450) 923-4267  
E-mail: [rrcglo@netscape.net](mailto:rrcglo@netscape.net)

## **Professional Summary**

Several years experience successfully managing all aspects of several large stevedoring terminals in Eastern Canada and the US Midwest and East Coast. These responsibilities have involved implementing an automated distribution and inventory tracking system; selecting, managing and training staff (both unionized and non-unionized); establishing and monitoring productivity goals; developing and managing various financial budgets; developing sales and marketing strategies; business development, negotiating labour contracts and, full P & L responsibility.

## **Business Experience**

November 2010 - **Logistec Stevedoring Inc., Montreal, Canada**  
**Regional Vice-President, USA and the Maritimes**

The primary objective is to drive profits through focused, strategic workflow, staffing and business practice analysis. The scope of the operations includes handling bulk, break bulk, containers and intermodal cargoes.

Major Responsibilities includes:

- Implementing regional-wide strategic acquisition program in order to leverage our sizeable purchasing power,
- Reducing costs,
- Implementing efficient but collaborative processes across divisions,
- Create best practice policies that are consistent and monitor compliance,
- Lead negotiations of regional supplier contracts with the objective of securing competitive prices while maintaining quality standards and local service requirements,
- Continuously analyze market conditions and pricing in order to ensure competitive results,
- Provide professional leadership to the divisional General Managers

May 2007 - November 2010 **Novosteel SA, Neuchatel, Switzerland**  
**Vice-President Logistics for Novo-Group**

Reporting to the President my responsibilities include:

- Negotiating agreements with ports and stevedores
- Analyzing material flows in order to identify different approaches which may create more business
- Oversee contracts in order to ensure that suppliers and customers are receiving timely information to ensure compliance with vessel schedules etc
- Assist parent companies (Harris Steel Group and Nucor) with logistic concerns in North America
- Manage all container shipments world wide
- Manage transport claims and inter-face with insurance companies

January 2006 – May 2007 **North America Stevedoring Co LLC, Chicago, IL, USA**  
**Vice-President & General Manager**

Reporting to the Managing Board, my duties include overseeing all facets of the day-to-day operations of a marine terminal. These responsibilities include:

- Setting up the stevedoring company and terminal – NASCO started operations on January 1, 2006
- Negotiated contracts with clients, solicited new accounts and developed marketing strategies to attract new cargoes to the terminal
- Dismissed 3 unions previously working at the terminal and hired new labour and entered into agreements with subcontractors to supply labour when needed
- Negotiated long term lease and manning of mobile cranes at the terminal
- Negotiated to acquisition of USD 5 million in equipment and rolling stock
- Negotiated the 50 percent acquisition of Mineral Mart USA (a distributor and processor of various alloys for the steel industry) by NASCO
- Directing vessel and unloading operations
- Prepared the Occupational Health and Safety Program at the terminal in cooperation with OSHA
- Prepared the Homeland Security Plan in accordance with US Coast Guard Regulations
- Overseeing the repairs of the terminals rail sidings to comply with FR 1 regulations

Accomplishments;

- Handled 35 vessels and over 500 000 metric tons of cargo in first year of operation
- Continuous improvement to work procedures resulting in lower handling costs per metric ton and increased productivity (tons discharged per hour worked)
- Terminal was profitable in first year of operation

January 2002 – May 2007 **Quebec Stevedoring Company Ltd., Quebec, QC**

### **Vice-President, Sales and Marketing**

Reporting to the President of the company, my duties include all daily commercial matters such as pricing, customer service, and driving sales and marketing efforts for our parent company and the following affiliated companies: Sorel-Tracy Maritime Terminal, Oshawa Stevedoring Company, Great Lakes Stevedoring and Quebec Ports Terminal.

Accomplishments include:

- Increased sales volume by an average of 10 percent per year.
- Formulated a pricing program, which increased profits by 25 percent in the last fiscal year.
- Created a new marketing strategy based on customer focused marketing which included developing specific service offerings
- Built effective relationships with key stakeholders.

January 1998 – May 2007 **Sorel-Tracy Maritime Terminal Inc.**, Sorel, QC  
(A division of Quebec Stevedoring Company Ltd.)  
**General Manager**

Reporting to the Executive Vice-President, my duties include all functions related to the daily operation of a marine and warehousing terminal; receiving over 100 vessels per year, with an annual volume of approximately 800,000 metric tons of break bulk and bulk cargo. These responsibilities include:

- Directing vessel and unloading operations;
- The distribution of various cargoes to destinations across North America;
- The negotiation of the most recent collective agreement;
- Ensure that company cargo handling and inventory policies are followed by terminal and ship superintendent's;
- Ensure that equipment maintenance is in accordance with Coast Guard and Ship Safety Regulations;
- Acting Co-President of the Occupational Health and Safety Committee;
- Sit on various industry committees with Government and Trade Associations.

Accomplishments:

- Actively lead the operations planning and budgeting processes including the development of short and long-term capital budgets.
- Developed an operating culture that is accountable, collaborative and innovative with a focus on efficiency, communications and performance.
- Responsible for driving improvements for planning, sourcing, vendor selection and maintenance issues – recently oversaw the construction of a second pier and the expansion of the steel cargo terminal.

- Established and maintain positive labour-management relations - negotiated a 7 year collective agreement;
- Maintain a disciplined, motivated organization through the selection, training and development of employees.
- Developed aggressive, continuous improvement and safety initiatives with appropriate metrics to measure results; the creation of an Occupational Health and Safety Committee which has reduced accidents by 10 percent every year and a 35 percent in fees paid to the provincial workers compensation board.
- Continuous improvement to work procedures resulting in lower handling costs per metric ton.

Finally, I have full P&L responsibility for this division.

April 96-Dec. 97      **Quebec Stevedoring Company Ltd., Quebec, QC**  
Assistant Director, Sales and Marketing

Reporting to the Sales and Marketing Director, my duties included driving the sales and marketing efforts for the group, from retaining existing customers to acquiring new partnerships, developing marketing and sales strategies, and create competitive pricing strategies.

Sept. 90 – April 96      **Montreal Shipping Inc., Montreal, QC**  
**Chartering Manager, Abitibi-Price Shipping**  
**Operations Manager, Quebec/Maritimes for Mitsui OSK Lines**

As Chartering Manager for Abitibi-Price Shipping my responsibilities included operating five forest product carriers and providing information on freight rates, freight market trends and shipping strategies to our principal Abitibi-Price Sales Corporation.

As Operations Manager for MOL my responsibilities included managing all facets of the container operation in Eastern Canada; most notably, its reefer program.

## **EDUCATION**

**John Molson School of Business, Concordia University, Montreal, QC**  
**Executive MBA (graduating in April 2004)**

**Concordia University, Montreal, QC**  
**Bachelor of Commerce, With Distinction**  
Major: International Business  
Minor: Finance

**Concordia University, Montreal, QC**  
Successfully completed all courses in the Certified Management Accounting (CMA) Program

Ricky Headley  
6960 NW 82<sup>ND</sup> Court  
Tamarac, Florida 33321  
Tel#954-868-9941

**Professional Experience**

Coleary Transport Company, Inc.

2550 Eisenhower Blvd, Suite #308

Port Everglades, Florida 33166

**Superintendent, 2012 – to present**

Provide supervision and oversee vessel operations, cargo operations and terminal operations. Oversee equipment maintenance as well as operator of equipment in way of forklifts, yard mules and toppicks. Maintain and oversee all rigging equipment.

Portus

3505 SE 19<sup>TH</sup> Ave.

Fort Lauderdale, Florida 33316

**Supervisor, 2002 - 2012**

Provide supervision and oversee vessel operations, cargo operations and terminal operations. Oversee equipment maintenance as well as operator of equipment in way of forklifts, yard mules and toppicks. Maintain and oversee all rigging equipment.

**Skills**

Forklift Certified, CDL License, knowledge in rigging, assessment of vessel stow plans, crane operator for geared vessels

References can be provided upon request.



Juan Barberena  
961 Azure Lane  
Weston, Florida 33326  
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[Jbarberena@coleary.com](mailto:Jbarberena@coleary.com)

### **Professional Experience**

Coleary Transport Company, Inc.  
2550 Eisenhower Blvd, Suite #308  
Port Everglades, Florida 33166

#### **Superintendent, 2012 – to present**

Provide supervision and oversee vessel operations, cargo operations and terminal operations. Maintain documentation for outbound deliveries of bulk cargo. Maintain inventories of bulk cargo. Oversee equipment maintenance as well as operator of equipment in way of forklifts, yard mules and toppicks. Maintain and oversee all rigging equipment.

Portus  
3505 SE 19<sup>TH</sup> Ave.  
Fort Lauderdale, Florida 33316

#### **Supervisor, 2002 - 2012**

Provide supervision and oversee vessel operations, cargo operations and terminal operations. Maintain documentation for outbound deliveries as well as overseeing inventory control systems for bulk cargo. Equipment control regarding chassis, forklifts, mules and rigging. Oversee equipment maintenance as well as operator of equipment in way of forklifts, yard mules and toppicks. Maintain and oversee all rigging equipment.

### **Skills**

Forklift Certified, CDL License, knowledge in rigging, assessment of vessel stow plans, crane operator for geared vessels

References can be provided upon request.



# CERTIFICATE OF LIABILITY INSURANCE

|  |  |               |
|--|--|---------------|
| <b>PRODUCER</b><br>305-442-1500<br>SOUTHEAST INSURANCE BROKERAGE COMPANY<br>2665 SOUTH BAYSHORE DRIVE, SUITE 1001<br>COCONUT GROVE, FL 33133 | <b>THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.</b> |               |
|  | <b>INSURERS AFFORDING COVERAGE</b>   | <b>NAIC #</b> |
| <b>INSURED</b><br>COLEARY TRANSPORT COMPANY, INC.<br>200 SW 1ST AVENUE - SUITE 800<br>FORT LAUDERDALE, FL 33301                              | INSURER A: <b>LIBERTY MUTUAL</b>   |               |
|  | INSURER B: <b>AMERICAN EQUITY UNDERWRITERS</b>   |               |
|  | INSURER C: <b>PMA INS GROUP</b>  |               |
|  | INSURER D:   |               |
|  | INSURER E:   |               |

### COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| INSR ADD'L LTR              | INSRD  | TYPE OF INSURANCE   | POLICY NUMBER                               | POLICY EFFECTIVE DATE (MM/DD/YYYY) | POLICY EXPIRATION DATE (MM/DD/YYYY) | LIMITS  |                      |        |  |                    |  |                     |                            |  |                     |                             |  |                     |
|-----------------------------|--------|---|---|------------------------------------|-------------------------------------|---|----------------------|--------|--|--------------------|--|---------------------|----------------------------|--|---------------------|-----------------------------|--|---------------------|
| A                           | A      | <b>GENERAL LIABILITY</b><br><input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY<br><input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR<br><input checked="" type="checkbox"/> <b>STEVEDORES LEGAL</b><br><input checked="" type="checkbox"/> <b>TERMINAL OPTR</b><br>GEN'L AGGREGATE LIMIT APPLIES PER:<br><input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC | ATAAZ029003                                 | 5/23/2017                          | 5/23/2018                           | EACH OCCURRENCE \$ <b>1,000,000</b><br>DAMAGE TO RENTED PREMISES (Ea occurrence) \$ <b>50,000</b><br>MED EXP (Any one person) \$ <b>1,000</b><br>PERSONAL & ADV INJURY \$ <b>1,000,000</b><br>GENERAL AGGREGATE \$ <b>2,000,000</b><br>PRODUCTS - COMP/OP AGG \$ <b>1,000,000</b>   |                      |        |  |                    |  |                     |                            |  |                     |                             |  |                     |
|                             |        | <b>AUTOMOBILE LIABILITY</b><br><input type="checkbox"/> ANY AUTO<br><input type="checkbox"/> ALL OWNED AUTOS<br><input type="checkbox"/> SCHEDULED AUTOS<br><input type="checkbox"/> HIRED AUTOS<br><input type="checkbox"/> NON-OWNED AUTOS  |   |                                    |                                     | COMBINED SINGLE LIMIT (Ea accident) \$<br>BODILY INJURY (Per person) \$<br>BODILY INJURY (Per accident) \$<br>PROPERTY DAMAGE (Per accident) \$   |                      |        |  |                    |  |                     |                            |  |                     |                             |  |                     |
|                             |        | <b>GARAGE LIABILITY</b><br><input type="checkbox"/> ANY AUTO  |   |                                    |                                     | AUTO ONLY - EA ACCIDENT \$<br>OTHER THAN AUTO ONLY: EA ACC \$<br>AGG \$   |                      |        |  |                    |  |                     |                            |  |                     |                             |  |                     |
| A                           |        | <b>EXCESS / UMBRELLA LIABILITY</b><br><input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE<br>DEDUCTIBLE<br>RETENTION \$  | ATAAZ03E003                                 | 5/23/2017                          | 5/23/2018                           | EACH OCCURRENCE \$<br>AGGREGATE \$<br><b>CSL</b> \$ <b>\$4,000,000</b>  |                      |        |  |                    |  |                     |                            |  |                     |                             |  |                     |
| B<br>C                      |        | <b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b><br>ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input checked="" type="checkbox"/> N (Mandatory in NH)<br>If yes, describe under SPECIAL PROVISIONS below  | ALMA01392-02 (USLH)<br>0608950Y (STATE ACT) | 5/23/2017                          | 5/23/2018                           | <table border="1"> <tr> <td>WC STATU-TORY LIMITS</td> <td>OTH-ER</td> <td></td> </tr> <tr> <td>E.L. EACH ACCIDENT</td> <td></td> <td>\$ <b>1,000,000</b></td> </tr> <tr> <td>E.L. DISEASE - EA EMPLOYEE</td> <td></td> <td>\$ <b>1,000,000</b></td> </tr> <tr> <td>E.L. DISEASE - POLICY LIMIT</td> <td></td> <td>\$ <b>1,000,000</b></td> </tr> </table> | WC STATU-TORY LIMITS | OTH-ER |  | E.L. EACH ACCIDENT |  | \$ <b>1,000,000</b> | E.L. DISEASE - EA EMPLOYEE |  | \$ <b>1,000,000</b> | E.L. DISEASE - POLICY LIMIT |  | \$ <b>1,000,000</b> |
| WC STATU-TORY LIMITS        | OTH-ER |   |   |                                    |                                     |   |                      |        |  |                    |  |                     |                            |  |                     |                             |  |                     |
| E.L. EACH ACCIDENT          |        | \$ <b>1,000,000</b>   |   |                                    |                                     |   |                      |        |  |                    |  |                     |                            |  |                     |                             |  |                     |
| E.L. DISEASE - EA EMPLOYEE  |        | \$ <b>1,000,000</b>   |   |                                    |                                     |   |                      |        |  |                    |  |                     |                            |  |                     |                             |  |                     |
| E.L. DISEASE - POLICY LIMIT |        | \$ <b>1,000,000</b>   |   |                                    |                                     |   |                      |        |  |                    |  |                     |                            |  |                     |                             |  |                     |
|                             |        | <b>OTHER</b>  |   |                                    |                                     |   |                      |        |  |                    |  |                     |                            |  |                     |                             |  |                     |

**DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS**  
 CERTIFICATE HOLDER NAMED AS ADDITIONAL INSURED FOR LIABILITY AS PER THE CONTRACT.  
 WORKERS COMP INCLUDES USL&H COVERAGE  
 \$1,000,000 POLLUTION INCLUDED IN LIABILITY POLICY LIMITS (S&A)

|  |  |
|--|--|
| <b>CERTIFICATE HOLDER</b><br>BROWARD COUNTY<br>ATTN: PORT EVERGLADES DEPT.<br>1850 ELLER DR<br>FT LAUDERDALE, FL 33316<br>FAX 954 525 1910 | <b>CANCELLATION</b><br>SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL <u>30</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.<br>AUTHORIZED REPRESENTATIVE<br><b>THOMAS ANDERSEN</b> |
|--|--|

No.: 2016-378

Dated: May 05, 2017

This document supersedes any certificate previously issued under this number

This is to certify that the Policy(ies) of insurance listed below ("Policy" or "Policies") have been issued to the Named Insured identified below for the policy period(s) indicated. This certificate is issued as a matter of information only and confers no rights upon the Certificate Holder named below other than those provided by the Policy(ies).

Notwithstanding any requirement, term, or condition of any contract or any other document with respect to which this certificate may be issued or may pertain, the insurance afforded by the Policy(ies) is subject to all the terms, conditions, and exclusions of such Policy(ies). This certificate does not amend, extend, or alter the coverage afforded by the Policy(ies). Limits shown are intended to address contractual obligations of the Named Insured.

Limits may have been reduced since Policy effective date(s) as a result of a claim or claims.

**Certificate Holder:**

Broward County  
Department of Port Everglades  
1850 Eller Drive,  
Fort Lauderdale, FL 33316-4201

**Named Insured and Address:**

Logistec Everglades LLC  
2550 Eisenhower Blvd., Suite 308  
Fort Lauderdale, FL 33316

**This certificate is issued regarding:**

Coverage is effective as of May 23 2017.

| Type(s) of Insurance         | Insurer(s)                       | Policy Number(s) | Effective/Expiry Dates       | Sums Insured Or Limits of Liability   |                                |
|------------------------------|----------------------------------|------------------|------------------------------|---|--------------------------------|
| AUTOMOBILE                   | Argonaut Insurance Company, Inc  | AXA9399276-00    | May 31, 2016 to May 31, 2017 | Per Occurrence Combined Third Party Bodily Injury / Property Damage                   | USD 1,000,000                  |
| COMMERCIAL GENERAL LIABILITY | Liberty Mutual Insurance Company | MLTO807509016    | May 31, 2016 to May 31, 2017 | Any One Accident or Occurrence  | USD 1,000,000 locations in USA |
|                              |                                  |                  |                              | Per Occurrence and in the Aggregate with respect to Products and Completed Operations | USD 1,000,000 locations in USA |

**Additional Information:**

The Commercial General Liability policy includes sudden & accidental pollution.

Broward County is added as Additional Insured on the Commercial General Liability policy, but only with respect to liability arising out of the operations of the Named Insured.

NOTE: The Argonaut Insurance Company Automobile Liability Policy is placed by Marsh USA Inc. Marsh Canada Limited has only acted in the role of consultant to the client with respect to the placement of the policy.

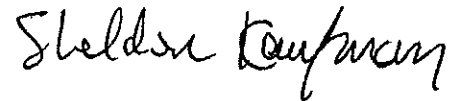
**Notice of cancellation:**

Should any of the above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with policy provisions.

**Marsh Canada Limited**

1981 McGill College Avenue, Suite 820  
Montréal, QC H3A 3T4  
Telephone: 514-285-5931  
Fax: 514-285-6626  
sheldon.s.kaufman@marsh.com

Marsh Canada Limited



By: \_\_\_\_\_  
Sheldon Kaufman

## SECTION K

Logistec Everglades LLC is a newly formed company and will commence its activities at Port Everglades once a franchise has been provided to the entity. The current financial information, is as follows:

- 1) Opening balance sheet of Logistec Everglades LLC at the inception of its operation.
- 2) The financial statements of Logistec USA Inc., i.e. the company that will acquire a sixty percent (60%) membership interest in Logistec Everglades LLC.

This financial are not audited but they form part of the audited financial statements of Logistec Corporation, the publicly traded parent company at Logistec USA Inc.

- 3) The audited annual report of 2016 for Logistec Corporation.

INCOME STMT SUMMARY - IFRS  
LOGUSA - Logistec USA - Legal

Logistec USA - Legal  
Income Statement  
December 31, 2016

USD \$  
04/28/17  
16:42

| Last year      | %              | Budget         | %              | Current        | %              | Description                  | YTD Last Year   | %              | YTD Budget      | %              | YTD Current     | %              |
|----------------|----------------|----------------|----------------|----------------|----------------|------------------------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|
| 5,083,735<br>0 | 100.00<br>0.00 | 5,370,243<br>0 | 100.00<br>0.00 | 5,751,693<br>0 | 100.00<br>0.00 | Revenue                      | 61,712,972<br>0 | 100.00<br>0.00 | 65,421,216<br>0 | 100.00<br>0.00 | 57,081,700<br>0 | 100.00<br>0.00 |
|                |                |                |                |                |                | Revenues in service contract |                 |                |                 |                |                 |                |
| <2,269,041>    | <44.63>        | <2,693,266>    | <50.00>        | <2,565,999>    | <44.61>        | Employee benefits expense    | <29,139,868>    | <47.21>        | <31,125,004>    | <47.00>        | <28,108,046>    | <49.24>        |
| <1,184,755>    | <23.30>        | <1,000,919>    | <18.00>        | <1,078,745>    | <18.75>        | Equipment and supplies       | <12,896,075>    | <20.89>        | <11,953,354>    | <18.00>        | <10,587,618>    | <18.54>        |
| <796,069>      | <15.65>        | <745,779>      | <13.00>        | <866,388>      | <15.06>        | Rental expense               | <8,715,011>     | <14.12>        | <8,869,984>     | <13.00>        | <8,880,164>     | <15.55>        |
| <718,528>      | <14.13>        | <608,127>      | <11.00>        | <540,446>      | <9.39>         | Other expense                | <8,201,900>     | <13.29>        | <6,548,306>     | <10.00>        | <7,592,192>     | <13.30>        |
| <243,412>      | <4.78>         | <295,096>      | <5.00>         | <245,307>      | <4.26>         | Deprec. and amort. Expense   | <2,555,587>     | <4.14>         | <3,090,885>     | <4.00>         | <2,375,708>     | <4.16>         |
| 0              | 0.00           | 0              | 0.00           | 0              | 0.00           | Share of profit              | 0               | 0.00           | 0               | 0.00           | 0               | 0.00           |
| 0              | 0.00           | 0              | 0.00           | 365,655        | 6.35           | Other gain & loss            | 1,454,198       | 2.35           | 0               | 0.00           | 394,598         | 0.69           |
| 0              | 0.00           | 0              | 0.00           | 0              | 0.00           | Impairment                   | 0               | 0.00           | 0               | 0.00           | 0               | 0.00           |
| <128,071>      | <2.51>         | 27,056         | 0.00           | 820,464        | 14.26          | Operating profit             | 1,658,729       | 2.68           | 3,823,673       | 5.00           | <67,431>        | <0.11>         |
| <142,905>      | <2.81>         | <138,995>      | <2.00>         | <149,872>      | <2.60>         | Finance expense              | <1,455,909>     | <2.35>         | <1,445,548>     | <2.00>         | <1,500,601>     | <2.62>         |
| 0              | 0.00           | 0              | 0.00           | 0              | 0.00           | Finance income               | 1,886           | 0.00           | 0               | 0.00           | 0               | 0.00           |
| <270,976>      | <5.33>         | <111,939>      | <2.00>         | 670,591        | 11.65          | Profit before income tax     | 204,705         | 0.33           | 2,378,125       | 3.00           | <1,568,032>     | <2.74>         |
| 194,077        | 3.81           | 70,031         | 1.00           | <180,225>      | <3.13>         | Income tax                   | <137,098>       | <0.22>         | <348,652>       | 0.00           | 715,225         | 1.25           |
| <76,899>       | <1.51>         | <41,908>       | 0.00           | 490,366        | 8.52           | Profit for the year          | 67,608          | 0.10           | 2,029,473       | 3.00           | <852,808>       | <1.49>         |
|                |                |                |                |                |                | Attributable to:             |                 |                |                 |                |                 |                |
| <76,899>       | <1.51>         | <41,908>       | 0.00           | 490,366        | 8.52           | Owners of the Company        | 67,608          | 0.10           | 2,029,473       | 3.00           | <852,808>       | <1.49>         |
| 0              | 0.00           | 0              | 0.00           | 0              | 0.00           | Non-controlling interests    | 0               | 0.00           | 0               | 0.00           | 0               | 0.00           |
| <76,899>       | <1.51>         | <41,908>       | 0.00           | 490,366        | 8.52           |                              | 67,608          | 0.10           | 2,029,473       | 3.00           | <852,808>       | <1.49>         |

BALANCE SHEET - IFRS  
LOGUSA - Logistec USA - Legal  
December 31, 2016

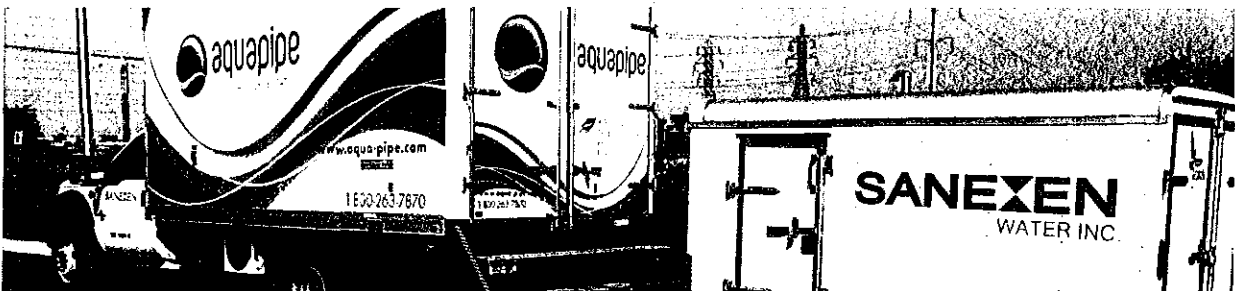
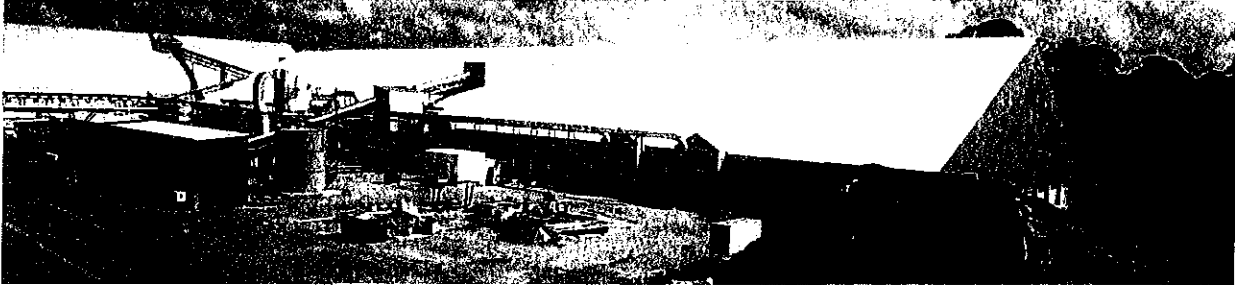
USD  
04/28/17  
16:32

| Description   | Current Year      | Current Budget | Last Year         |
|---|-------------------|----------------|-------------------|
| <b>ASSETS</b>   |                   |                |                   |
| <b>Current assets</b>                                   |                   |                |                   |
| Cash and cash equivalents                               | 2,499,928         | 0              | 2,033,433         |
| Short term investments                                  | 0                 | 0              | 0                 |
| Short term portion of investments in service contracts  | 0                 | 0              | 0                 |
| Trade and other receivables                             | 10,317,415        | 0              | 11,486,627        |
| Work in progress  | 0                 | 0              | 0                 |
| Current income tax assets                               | 560,656           | 0              | 617,485           |
| Deposits on fixed assets                                | 0                 | 0              | 0                 |
| Other current assets                                    | 858,691           | 0              | 402,943           |
| Other financial assets                                  | 0                 | 0              | 0                 |
| ST Notes receivable                                     | 0                 | 0              | 0                 |
| Inventories   | 0                 | 0              | 0                 |
| Assets available for sale                               | 0                 | 0              | 0                 |
| <b>Total current assets</b>                             | <b>14,236,690</b> | <b>0</b>       | <b>14,540,488</b> |
| <b>Non-current assets</b>                               |                   |                |                   |
| Investments in service contracts                        | 0                 | 0              | 0                 |
| Equity accounted investments                            | 0                 | 0              | 0                 |
| Joint Ventures:   | 0                 | 0              | 0                 |
| Associates:   | 0                 | 0              | 0                 |
| Investments in subsidiaries                             | 0                 | 0              | 0                 |
| Property, plant and equipment                           | 27,563,915        | 0              | 16,139,115        |
| Goodwill  | 4,245,035         | 0              | 4,245,035         |
| Other intangible assets                                 | 13,446,385        | 0              | 14,432,110        |
| Other non-current assets                                | 865,582           | 0              | 1,115,562         |
| Post-employment benefit assets                          | 0                 | 0              | 0                 |
| Non-current financial assets                            | 0                 | 0              | 0                 |
| Deferred income tax assets                              | 106,772           | 0              | 106,772           |
| <b>Total non-current assets</b>                         | <b>46,227,690</b> | <b>0</b>       | <b>36,038,594</b> |
| <b>TOTAL ASSETS</b>                                     | <b>60,464,380</b> | <b>0</b>       | <b>50,579,082</b> |
| <b>LIABILITIES</b>                                      |                   |                |                   |
| <b>Current liabilities</b>                              |                   |                |                   |
| Short-term bank loans                                   | 0                 | 0              | 0                 |
| Trade and other payables                                | 20,241,238        | 0              | 15,684,092        |
| Other financial liabilities                             | 0                 | 0              | 0                 |
| Deferred revenue  | 992,927           | 0              | 761,275           |
| Current income tax liabilities                          | 0                 | 0              | 269,558           |
| Intercompany payable                                    | 8,900,814         | 0              | 5,572,756         |
| Dividends payable                                       | 0                 | 0              | 0                 |
| Current portion of long-term debt                       | 0                 | 0              | 0                 |
| Provisions for other liabilities and charges            | 94,949            | 0              | 9,778             |
| <b>Total current liabilities</b>                        | <b>30,229,929</b> | <b>0</b>       | <b>22,297,459</b> |
| <b>Non-current liabilities</b>                          |                   |                |                   |
| Long-term debt  | 3,500,000         | 0              | 0                 |
| Other non current liabilities                           | 16,572,115        | 0              | 16,572,115        |
| Provision Inspection of vessels                         | 0                 | 0              | 0                 |
| Provisions for other liabilities and charges            | 0                 | 0              | 0                 |
| Post-employment benefit obligations                     | 0                 | 0              | 0                 |
| Deferred revenue  | 0                 | 0              | 0                 |
| Non-current financial liabilities                       | 0                 | 0              | 0                 |
| Deferred income tax liabilities                         | 4,826,575         | 0              | 5,520,938         |
| <b>Total non-current liabilities</b>                    | <b>24,898,690</b> | <b>0</b>       | <b>22,093,053</b> |
| <b>TOTAL LIABILITIES</b>                                | <b>55,128,619</b> | <b>0</b>       | <b>44,390,512</b> |
| <b>EQUITY</b>   |                   |                |                   |
| Share capital   | 2,889,522         | 0              | 2,889,522         |
| Share capital to be issued                              | 0                 | 0              | 0                 |
| Accumulated other comprehensive income                  | <1>               | 0              | 0                 |
| Retained earnings                                       | 2,446,240         | 0              | 3,299,048         |
| <b>Equity attributable to the owners of the company</b> | <b>5,335,762</b>  | <b>0</b>       | <b>6,188,570</b>  |
| Non-controlling interests                               | 0                 | 0              | 0                 |
| <b>TOTAL EQUITY</b>                                     | <b>5,335,762</b>  | <b>0</b>       | <b>6,188,570</b>  |
| <b>TOTAL LIABILITIES AND EQUITY</b>                     | <b>60,464,380</b> | <b>0</b>       | <b>50,579,082</b> |

**PEV Proforma BALANCE SHEETS**  
in thousands of US dollars

|   | As at May 16,<br>2017<br>\$ |
|---|-----------------------------|
| <b>Assets</b>   |                             |
| Current assets  |                             |
| Cash and cash equivalents                                 | 14                          |
| Trade and other receivables                               | 134                         |
| Current income taxes assets                               | -                           |
| Other financial assets                                    | -                           |
| Prepaid expenses  | 20                          |
| Inventories   | 5                           |
|   | <b>173</b>                  |
| Property, plant and equipment and Other intangible assets | 1,036                       |
| Goodwill  | -                           |
| Deferred income tax assets                                | -                           |
| <b>Total Assets</b>                                       | <b>1,209</b>                |
| <b>Liabilities</b>  |                             |
| Current liabilities                                       |                             |
| Short-term bank loans                                     | -                           |
| Trade and other payables                                  | 11                          |
| Payable to Logistec USA                                   | 198                         |
| Current income tax liabilities                            | -                           |
| Current portion of long-term debt                         | -                           |
| Provisions  | -                           |
|   | <b>209</b>                  |
| Long-term debt  | -                           |
| Deferred income tax liabilities                           | -                           |
| Deferred revenue  | -                           |
| Other non current liabilities                             | -                           |
| <b>Total Liabilities</b>                                  | <b>209</b>                  |
| <b>EQUITY</b>   |                             |
| Share units Logistec                                      | 600                         |
| Share units Coleary                                       | 400                         |
| Retained earnings   | -                           |
| Accumulated other comprehensive income                    | -                           |
| <b>Total Equity</b>                                       | <b>1,000</b>                |
| <b>Total Liabilities and Equity</b>                       | <b>1,209</b>                |

# 2016 Annual Report





## 2016 Financial Highlights

Logistec Corporation

| <i>(in thousands of dollars, except where indicated)</i>      | 2016    | 2015    | 2014    | 2013    | 2012    | Variation<br>15-16<br>% | Variation<br>12-16<br>% |
|---|---------|---------|---------|---------|---------|-------------------------|-------------------------|
| <b>Financial Results</b>                                      |         |         |         |         |         |                         |                         |
| Revenue   | 343,326 | 358,008 | 322,220 | 298,300 | 250,860 | (4.1)                   | 36.9                    |
| EBITDA <sup>(1)</sup>   | 42,034  | 56,321  | 55,557  | 57,297  | 37,586  | (25.4)                  | 11.8                    |
| Profit for the year <sup>(2)</sup>                            | 18,858  | 29,142  | 31,037  | 27,522  | 15,907  | (35.3)                  | 18.6                    |
| <b>Financial Position</b>                                     |         |         |         |         |         |                         |                         |
| Total assets  | 355,860 | 328,415 | 286,987 | 239,306 | 216,856 | 8.4                     | 64.1                    |
| Working capital   | 75,745  | 71,717  | 58,992  | 55,374  | 44,812  | 5.6                     | 69.0                    |
| Long-term debt (including the current portion)                | 60,325  | 32,079  | 29,268  | 5,632   | 21,987  | 88.1                    | 174.4                   |
| Equity <sup>(2)</sup>   | 201,383 | 189,413 | 163,501 | 151,891 | 126,005 | 6.3                     | 59.8                    |
| <b>Per Share Information <sup>(3)(4)</sup></b>                |         |         |         |         |         |                         |                         |
| Profit for the year <sup>(2)</sup> (\$)                       | 1.48    | 2.34    | 2.46    | 2.13    | 1.23    | (36.9)                  | 20.2                    |
| Equity <sup>(2)</sup> (\$)                                    | 15.77   | 15.20   | 12.96   | 11.78   | 9.69    | 3.7                     | 62.8                    |
| Outstanding shares (weighted average in thousands)            | 12,768  | 12,458  | 12,617  | 12,894  | 13,004  |                         |                         |
| Share price as at December 31                                 |         |         |         |         |         |                         |                         |
| Class A Common Shares (\$)                                    | 38.00   | 44.01   | 49.00   | 30.00   | 12.25   |                         |                         |
| Class B Subordinate Voting Shares (\$)                        | 35.10   | 38.00   | 41.00   | 27.50   | 12.25   |                         |                         |
| Dividends declared per share                                  |         |         |         |         |         |                         |                         |
| Class A Common Shares <sup>(5)</sup> (\$)                     | 0.3000  | 0.2750  | 0.9800  | 0.1950  | 0.1775  |                         |                         |
| Class B Subordinate Voting Shares <sup>(5)</sup> (\$)         | 0.3300  | 0.3025  | 1.0780  | 0.2145  | 0.1953  |                         |                         |
| <b>Financial Ratios</b>                                       |         |         |         |         |         |                         |                         |
| Return on average equity <sup>(2)</sup>                       | 9.65%   | 16.52%  | 19.68%  | 19.81%  | 13.20%  |                         |                         |
| Profit for the year / revenue                                 | 5.49%   | 8.14%   | 9.63%   | 9.23%   | 6.34%   |                         |                         |
| Long-term debt / capitalization <sup>(6)</sup>                | 23%     | 14%     | 15%     | 4%      | 15%     |                         |                         |
| Price / earnings ratio<br>(Class B Subordinate Voting Shares) | 23.76   | 16.24   | 16.66   | 12.88   | 10.00   |                         |                         |

<sup>(1)</sup> EBITDA is a non-IFRS measure and is calculated as the sum of profit attributable to owners of the Company plus interest expense, income taxes, depreciation and amortization expense, and customer repayment of investments in service contracts

<sup>(2)</sup> Attributable to owners of the Company

<sup>(3)</sup> For earnings per share per class of share, please refer to the "Selected Quarterly Information" table on page 25

<sup>(4)</sup> All per share information has been adjusted to reflect the two-for-one stock split of June 2014

<sup>(5)</sup> On May 7, 2014, the Company declared a special dividend of \$0.75 per Class A Common Share and \$0.83 per Class B Subordinate Voting Share, for a total consideration of \$9.9 million

<sup>(6)</sup> Capitalization equals long-term debt (including the current portion) plus equity attributable to owners of the Company

## 2016 Message to Shareholders

Logisrec Corporation

### Results for 2016

Results for 2016 were below our expectations, especially in the first three quarters, where we experienced reduced business activity. Fortunately, activity picked up during the last quarter, where we had record results, but certainly not enough to make up for three weak quarters.

Total revenue reached \$343.3 million, down by 4.1% while profit for the year closed at \$18.9 million. This decline stemmed from several factors that were largely linked to decreased activity, affecting both our marine and environmental services segments. It is also important to note the significant impact of non-operating charges and gains that were incurred and to compare them with 2015. These amount to a negative variation of \$5.9 million compared with 2015. They include a foreign exchange negative variance of \$4.3 million in 2016 versus 2015, and a non-recurring gain of \$1.9 million due to a favourable court judgment in 2015.

#### Marine Services

In 2016, our cargo handling results were affected by a number of headwinds, namely lower bulk volumes, particularly with respect to mining and biomass, as well as inefficiencies resulting from a fire in the previous year, the loss of an important customer in Sept-Îles (QC) and the start-up of our new container terminal in Montréal (QC).

The difficult economic context, notably in the mining sector due to the significant drop in commodity prices, has continued to affect the level of bulk volumes transiting our facilities. Activity on the Lower North Shore (QC) linked to iron ore and other projects was down significantly. We also experienced lower revenue in our other bulk facilities in Canada. Furthermore, we were affected by lower volumes of wood pellets at our specialized Brunswick (GA) facility. This was partially due to reduced imports in European markets. More importantly, our facility suffered a large fire in 2015, and we were rebuilding our storage facilities and conveyor system throughout 2016, which led to poor productivity and an inability to handle inbound rail volumes. The facility is now fully rebuilt, and we expect to regain our efficiency in 2017.

In 2016, our break-bulk terminals improved their financial and operational performance by handling increased volumes of project cargo, forest products and steel. This largely made up for the loss of an important contract in Sept-Îles (QC).

Volumes were stable in our container business, in the ports of Montréal (QC) and Saint John (NB). However, operations were affected by the start-up of our new container terminal in Montréal (QC), where construction and temporary equipment added costs to our operation. This challenge was expected as we were operating while awaiting delivery of cranes and terminal equipment. Most of the equipment was delivered by the fall, and the terminal is now fully operational. The final portion of this project is the gate complex, which should be completely functional by the summer of 2017.

On a positive note, some of our terminals had record results in 2016, but these increases were not enough to fully offset the headwinds. We were also pleased to see improved activity in the last quarter of 2016, where revenue for cargo handling returned to the levels seen in 2015. Profit reached a record level based on our cargo mix and lower costs. This bodes well for a return to improved activities in our terminal network.

In 2016, we continued to invest in our health, safety and environmental systems in order to enhance safety in our workplace and environmental compliance throughout our facilities. Our entire management team has been engaged to make this a priority every day. We believe nothing is more important than working safely and sustainably with the proper mindset, and this is the base on which we grow our business.

## 2016 Message to Shareholders

Logistec Corporation

Our marine transportation business, which operates under the acronym NEAS, had a year similar to 2015. This coastal shipping service is managed through a joint venture with The North West Company Inc., Makivik Corporation, and several smaller local Inuit partners. Our vessels made 11 voyages with over 100 visits to 46 northern communities, mines and sites. NEAS generates meaningful participation for local Inuit in the essential marine transportation business, including local training, employment, job promotion and vital ownership opportunities.

### Environmental Services

The highlight of 2016 was the agreement to purchase the minority shares in Sanexen. This business is now a fully integrated member of the Logistec family and will have all of our resources at its disposal to develop its services.

Despite a slight increase in revenue, which rose from \$151.5 million to \$157.3 million, profit before income taxes dropped significantly from \$17.5 million to \$9.5 million in 2016. This decline is largely due to temporary market conditions, as Sanexen enjoys a strong position in its three main markets.

In site remediation, our traditional market, we are unquestionably the number one player in Eastern Canada. In 2016, we not only completed the site remediation of a former aluminium smelter in Shawinigan (QC) and the environmental dredging of Sandy Beach (QC) in Gaspésie, but also continued the decontamination of part of a refinery site in Varennes (QC), disposed of contaminated soil from the Turcot Interchange and Champlain Bridge construction sites in Montréal (QC), and carried out many other projects.

As for water main rehabilitation, despite the downturn observed in Québec, the market remained robust in Ontario, and we continued to advance our penetration in the U.S. market. On a global level, our Australian licensee experienced some setbacks, and its first installations should be performed in 2017.

With regards to the manufacturing of woven hoses, Niedner had an excellent year, selling a record number of fire hoses to the U.S. Forest Service and continuing production and development of our Aqua-Pipe lining.

In 2016, we acquired Excava-Tech Inc., our main subcontractor for Aqua-Pipe excavation work in Québec, for \$5.6 million. This acquisition completes our vertical integration from inventor to manufacturer to installer.

We also acquired a small firm in Rouyn-Noranda (QC) in Abitibi, which is specialized in mining site revegetalisation. This acquisition not only secures our position in this important mining region, but also expands the range of services offered to this clientele.

Sanexen's revenue accounted for 46% of Logistec's revenue in 2016 (42% in 2015).

### Financial Position

Logistec continues to enjoy a healthy financial position. In 2016, total assets rose to \$356 million from \$328 million a year earlier, and working capital stood at \$76 million. Long-term debt closed at \$60 million.

### Strategic Development Plan

Logistec is committed to developing its services in both the marine and environmental services segments.

In our marine services segment, Logistec is a leading provider of cargo handling services in Eastern Canada and a growing player on the U.S. East Coast. Through its joint venture Transport Nanuk, it offers coastal transportation services to the Eastern Arctic, serving close to 50 different communities. Logistec also offers marine agency services to foreign shipowners and operators calling eastern Canadian ports.

## 2016 Message to Shareholders

Logistec Corporation

Cargo handling services occupy the largest revenue base in the marine services segment. Throughout its growing network of terminals, Logistec aims to be an innovative solutions-based service provider, bringing cargo handling, port logistics and other value-added services to industrial companies and carriers.

Our development plan for cargo handling is focused on strengthening and growing our network of facilities in North America. Over the last few years, we have succeeded in growing organically by targeting very specific growth markets, namely mining, biomass and port logistics.

Unfortunately, with the significant drop in commodity prices, the landscape for mining development has been negatively affected and is just beginning to recover. The turnaround is expected to be gradual, and we should see development opportunities in the coming years. On a brighter note, we recently received a new concession for the handling of bulk at the Port of Cleveland (OH), where we expect to handle some 3-4 million tonnes of iron ore and other bulk cargoes on an annual basis.

In biomass, we have rebuilt our facilities damaged by the fire in Brunswick (GA) and can now get back to our growth plan. We will immediately resume handling of all outbound movements for our main long-term customer, with the capacity to also seek new ones.

In our container business, our growth will be concentrated on Montréal (QC), where we inaugurated our new Viau terminal in late 2016. The first phase of this facility has a capacity of 350,000 TEUs, and an additional 250,000 TEUs will be developed in line with demand growth. This new terminal will provide our joint venture Termont with a total capacity of 1.1 million TEUs at the Port of Montréal (QC).

Although the economic environment is certainly difficult, with GDP growth at very low levels, we should be able to strengthen our Canadian gateway with new U.S. cargoes, while extending our geographic reach through the hub-and-spoke model of our customer MSC Group. This model allows them to competitively transload cargoes between North America and the rest of the world through the Port of Montréal (QC). As we no longer handle containers in Saint John (NB), we will work hard to retrieve and consolidate all eastern Canadian cargoes out of the Montréal gateway, thus eliminating the cost of an additional port call for our customer.

Our port logistics business in Montréal-Est (QC) is developing well. Here, we offer indoor and outdoor container stuffing and destuffing as well as transloading services via rail/container/truck. We are pleased with the progress made since we built our indoor storage and transloading facilities and are already looking at how we can further expand these service offerings. In Virginia, we had a difficult start to the year with low volumes from our existing customer base. However, we were able to diversify this base and end the year with solid volumes. We will continue to build on this more diverse customer base and are optimistic that progress will continue in 2017. We are also optimistic that we can continue to develop these services profitably based on the solid performance and growth of the Port of Virginia, as well as our unique service package, especially for companies requiring transloading to and from rail.

Given the more difficult economic environment for the industries we serve, we turned our energy to identifying potential acquisition opportunities. We were pleased to add Logistec Gulf Coast LLC to our family in early 2017. This newly formed company, in which we have a 70% interest, acquired the assets of Gulf Coast Bulk Equipment, Inc. It operates two terminal concessions out of the ports of Tampa and Port Manatee (FL). It also offers stevedoring services to bulk cargo importers and exporters in various terminals in the U.S. Southeast and Gulf of Mexico region, including Texas, Florida, Louisiana and along the Mississippi River.

Although 2016 was disappointing for our environmental services segment, we have laid the groundwork for a promising year in 2017.

We are already seeing a higher number of site remediation projects, and major improvement in the demand for our Aqua-Pipe technology in Québec, as well as a growing interest for this product in the USA. Started in 2014, the expansion of our Niedner plant in Coaticook (QC) will be completed in spring 2017

## 2016 Message to Shareholders

Logistec Corporation

and the focus will be on growing our Aqua-Pipe business. The recovery of activities in the energy industry in the USA should also promote the sale of large-diameter hoses.

With more than \$140 million, our backlog is strong and the number of tenders is high in our markets.

We will also continue to pursue acquisitions to ensure our growth.

### Outlook

Our specialized industrial services are leaders in their individual fields. They have each developed the capacity to proactively understand the marketplace and generate opportunities based on real customer needs. This market intelligence has led to new markets for both our cargo handling and environmental services businesses. The ongoing desire to continue to build and to go beyond the status quo is in our culture, and is reflected in our teamwork, solutions-based customer orientation, professionalism and innovation. It also encompasses a long-term view for environmental sustainability, as well as the health and safety of our employees and those around us.

We provide value-added services for our collective future by facilitating international trade, serving our northern communities, cleaning our environment and protecting our drinking water.

Overall, we are committed and confident that we can continue to build our business based on our specialized services and expertise. Despite the continued difficult economic environment, our service offerings, our geographic diversity, and our ability to invest in growth opportunities should allow us to continue to increase our services in both the short and long term. Clearly, our success rests on the strength of our highly dynamic team of experts who are customer oriented and consistently bring value to an expanding customer base.

We take this opportunity to express our gratitude to our directors, employees, customers, shareholders, partners and other stakeholders. Your support and energy contribute to our success every day and are the foundation upon which we will continue to grow our business.

*(signed) George R. Jones*  
George R. Jones  
Chairman of the Board

*(signed) Madeleine Paquin*  
Madeleine Paquin  
President and Chief Executive Officer

March 17, 2017

## 2016 Management's Discussion and Analysis

Logistec Corporation

### Introduction

This management's discussion and analysis ("MD&A") of operating results deals with Logistec Corporation's operations, results and financial position for the fiscal years ended December 31, 2016 and 2015. All financial information contained in this MD&A and the attached audited consolidated financial statements has been prepared in accordance with International Financial Reporting Standards ("IFRS").

In this report, unless indicated otherwise, all dollar amounts are expressed in Canadian dollars. This MD&A should be read in conjunction with Logistec's audited consolidated financial statements and the notes thereon.

### Our Business

Founded in 1952, Logistec Corporation is incorporated in the Province of Québec and its shares are listed on the Toronto Stock Exchange ("TSX") (ticker symbols LGT.A and LGT.B). The Company's consolidated revenue amounted to \$343.3 million in 2016 (\$358.0 million in 2015). The Company has earned a profit each year since going public in 1969 and posted a profit attributable to owners of the Company of \$18.9 million in 2016, which works out to \$1.48 per share (\$29.1 million and \$2.34 per share in 2015). The Company's largest shareholder is Sumanic Investments Inc.

The operations of Logistec Corporation, its subsidiaries and its joint ventures (collectively "Logistec", the "Company", "we", "us", or "our") are divided into two segments: marine services and environmental services.

#### Marine Services

Logistec provides specialized cargo handling and other services to a wide variety of marine and industrial customers. The Company is one of Eastern Canada's largest cargo handling companies and a growing player in the USA with revenue from its marine services segment amounting to \$186.0 million. Marine services accounted for 54.2% of the Company's consolidated revenue in 2016. Our services also include marine transportation and marine agency services.

#### Cargo Handling

With a presence in 30 ports and 48 terminals in eastern North America, our Company specializes in handling all types of dry cargo, including bulk, break-bulk and containers. Cargoes handled typically consist of forest products, metals, dry bulk, fruit, grain and bagged cargoes, containers, general and project cargoes. We also offer container stuffing and destuffing, warehousing and distribution, and other value-added services to industrial customers. We provide short-line rail transportation in Cape Breton (NS), a value-added service to an existing contract with an important customer. Finally, we offer ancillary trucking services in Virginia and Ontario.

Our strategy is focused on diversifying our operations to cover a wide geographical area with a broad cargo mix and a blend of import-export activities. This helps minimize the impact of a negative situation affecting any one particular region or cargo type.

Our extended network of port terminals allows us to specialize our facilities and thereby tailor our services to our customers' specific cargo handling needs. This improves the quality of services, enhances operating efficiencies, lowers the risk of cargo damage, and ensures greater control over costs. In general, this strategy enables us to provide our customers with top-quality cost-competitive services.

We aim to be a choice operator, facilitating the movement of cargo for industrial customers as well as shipowners and operators.

## 2016 Management's Discussion and Analysis

Logistec Corporation

### ***Other Marine Services***

Our other marine services include coastal transportation of cargoes to communities in the Canadian Arctic through our 50%-owned joint venture Transport Nanuk Inc. ("Nanuk"). Nanuk owns, in partnership with Inuit shareholders, four ice-class vessels and a 50% interest in NEAS Inc. In 2016, we served close to 50 communities in Nunavut and Nunavik. Nanuk's results are included in the Company's results using the equity method of accounting.

We also offer marine agency services to foreign shipowners and operators active in Canadian waters. A shipping agent is the local representative of a foreign shipping company and will usually take care of all routine tasks on its behalf. The agent ensures that essential supplies, crew transfer, customs documentation and waste declarations are all arranged with port authorities. The agency will ensure a berth for the incoming ship, obtain services for the pilot and organize the necessary contacts with the stevedores.

### **Environmental Services**

The Company, through its subsidiary Sanexen Environmental Services Inc. ("Sanexen"), operates in the environmental sector. It provides services to industrial, municipal and other governmental customers for the trenchless structural rehabilitation of underground water mains, regulated materials management, site remediation, risk assessment, and manufacturing of woven hoses.

Operational since 1985, Sanexen became a subsidiary of Logistec Corporation in 1992. Logistec Corporation entered into an agreement to acquire the non-controlling interest in 2016 and now owns 100% of the voting shares of this company, as described later in this MD&A. Revenue from the environmental services segment amounted to \$157.3 million in 2016, and accounted for 45.8% of the Company's consolidated revenue.

### ***Aqua-Pipe***

Sanexen has developed the Aqua-Pipe technology, a process involving structural lining with minimal excavation, for the rehabilitation of drinking water supply lines between 150 millimetres and 400 millimetres in diameter. Aqua-Pipe is a technology which creates a new structural pipe made of composite materials within aging pipes that have reached the end of their useful life.

Sanexen owns Niedner Inc. ("Niedner"), a manufacturer of woven hoses. Through Niedner, Sanexen manufactures the structural lining used in the Aqua-Pipe process as well as woven hoses destined for the fire-fighting market and the energy industry. Niedner also produces the resin that is part of the Aqua-Pipe installation process.

Sanexen either performs the installation of Aqua-Pipe itself or licenses the technology to specialized contractors. Developing, manufacturing and installing the product gives Sanexen a competitive advantage as it allows us to better understand all aspects of the product and its installation, and enables us to continue to improve the product and better assist our licensees. Our U.S. operations are handled through Sanexen Water Inc., with two offices, one in the east and the other in the west.

Using this technology, approximately 1,400 kilometres of water mains have been rehabilitated to date, directly or via licensees.

### ***Other Environmental Services***

Sanexen provides services for the characterization and remediation of sites as well as for risk assessment and for regulated materials management, and has carried out hundreds of projects involving a wide spectrum of decontamination issues. It offers turnkey solutions for the assessment of properties (phases I and II) and the clean-up of soils, groundwater, buildings, lagoons and underground tanks. Sanexen also analyzes and evaluates the human and environmental risks associated with contamination issues.

## 2016 Management's Discussion and Analysis

Logistec Corporation

### Mission and Development Strategy

"Logistec provides high-quality, specialized cargo handling and other services to its marine, industrial, and municipal customers through the expertise of its personnel, the use of the latest technologies and a network of strategically located facilities.

Logistec will maximize shareholder value through its focus on customer service, operational excellence and a commitment to growth."

In cargo handling, Logistec is an innovative, solutions-based service provider in North America. We provide cargo handling, port logistics and other value-added services to industrial companies and carriers. Our growth strategy is based on organic growth and business acquisitions. We aim to maximize cargo handled through our existing network of terminals while also diversifying our cargo base, where appropriate, to avoid overexposure to any specific commodity or product. Management is always seeking new business opportunities, and potential investment projects are regularly analyzed. Such opportunities may include the acquisition of other operators, the addition of port facilities, outsourcing and providing turnkey solutions or value-added solutions for existing or new customers. We apply very strict evaluation criteria from both a financial and a strategic fit perspective to all our projects. Indeed, prior to proceeding with an acquisition, we make sure that the investment is accretive, that it provides the proper return from future sustainable cash flows and, if financing is needed, that our financial position continues to present an acceptable debt level and debt/capitalization ratio. We are striving to expand our geographical presence while maintaining a balanced portfolio of commodities or products handled. A potential business acquisition is pursued only if it will contribute to maximizing shareholder value. In recent years, we have prioritized projects in the mining, biomass and port logistics sectors.

Sanexen's long-term development strategy, while maintaining a strong focus on its traditional business (regulated materials management, site remediation and risk assessment), relies extensively on the development of Aqua-Pipe and the large potential of the North American market as well as, to a lesser extent, the international market. Through Niedner, Sanexen controls the research, development and production of the lining and resin, two of the key components in the Aqua-Pipe process. The development of large-diameter woven hoses for Aqua-Pipe is an important part of Sanexen's growth plan.

### Performance Factors

Three performance factors are particularly important for the Company: a qualified and dedicated workforce, a reliable fleet of equipment and access to port facilities.

#### **Our Personnel**

Our employees are key to our successful business strategy, since they ensure optimal management of our facilities and efficient use of our fleet of equipment. Our success is a reflection of their skills.

We consider ourselves fortunate to count on a team of dynamic and qualified people to manage our operations despite a competitive job market. We have developed in-house programs to motivate, train and retain our employees, and we benefit from a low personnel turnover rate. We employ the equivalent of 1,572 people. This number is the full-time equivalent based on a forty-hour work week of all salaried and hourly employees, including longshoremen whose services are retained directly or under multi-employer jurisdictions as a complement to our direct employees. It also includes Sanexen's highly qualified employees, many of whom are university graduates, including some with masters and doctoral degrees. Sanexen's involvement in the environmental industry means that we require highly qualified personnel, as our solid reputation is based on our ability to attract and retain technical and professional staff.



## 2016 Management's Discussion and Analysis

Logistec Corporation

Being mostly a service provider (as opposed to a manufacturing business), employee benefits expense is the most significant expense for the Company and represented \$158.8 million or 46.2% of revenue in 2016 (\$177.0 million or 49.4% of revenue in 2015). Please refer to Notes 8, 25 and 34 of the notes to 2016 consolidated financial statements (the "2016 Notes") and to page 16 of this MD&A for further details on employee compensation and benefits.

### Fleet of Equipment

Specializing our port facilities enables us to deploy our equipment according to the particular cargo we handle. Each type of cargo requires unique methods and equipment to ensure safe and efficient handling.

Logistec has an impressive mix of equipment to handle bulk and break-bulk cargoes, as well as containers. We usually spend between \$10 million and \$15 million annually on equipment replacement. Such capital spending is in line with our annual depreciation charge. This practice allows us to maintain our production capacity and operational efficiency. In 2016, our consolidated capital expenditures were higher than usual at \$32.2 million. Of this amount, \$20.0 million was invested in updating or replacing aging equipment and \$12.0 million consisted of investments in new projects.

Sanexen owns numerous weaving machines and, with a research and development team unique in its industry, has the ability to develop and adapt its woven-hose products to a wide variety of customers. Within Niedner, we own the plant housing these machines, which are used to manufacture Aqua-Pipe hoses, and where we produce resin, two key ingredients in our aqueduct rehabilitation services. In order to meet the growing demand for Aqua-Pipe technology, in 2014, Sanexen initiated a modernization and expansion of the Niedner plant to obtain better operating efficiency and increase production capacity. This project should be completed in 2017 for a total investment of \$12.0 million.

Equipment and supplies constitute the second largest expense incurred by the Company as shown in the consolidated statements of earnings, and when combined with depreciation and amortization expense, totalled \$116.9 million in 2016, which represents 34.1% of revenue (\$103.3 million or 28.9% of revenue in 2015).

### Access to Port Facilities

Access to port facilities is a key success factor for a cargo handling company. It is also a barrier to entry in this segment of our business. The number of port facilities with adequate characteristics (geographical location, draft, loading and warehousing capacity, access to land transportation, etc.) is limited, and such facilities are generally leased on a long-term basis. We are present in 30 ports and 48 terminals or port facilities in eastern North America.

We lease the port terminals where we operate and a majority of the warehouses we use. Most of our sites are under long-term leases, permitting us to invest in proper infrastructure. The rent may be a fixed monthly charge, a throughput fee based on tonnage handled, or a combination of both. We have access to thousands of square metres of dock space along with several kilometres of dock front.

In the Company's consolidated statements of earnings, rental expense, which includes rent on leased properties, municipal taxes and maintenance costs of our sites, is the third largest expense at \$28.9 million or 8.4% of revenue in 2016 (\$29.1 million or 8.1% of revenue in 2015).

### Tracking Performance

In addition to a sophisticated accounting system that enables us to rigorously analyze the performance of each of our facilities and business units, we use a costing system that allows us to monitor our operations. We have developed a multitude of automated reporting and tracking tools that provide our managers with accurate and timely information, helping to optimize our operations.

## **2016 Management's Discussion and Analysis**

Logistec Corporation

Our senior management team meets once a month to discuss results, forecasts and development projects. This practice enables management to accurately assess results and development, and to allocate necessary resources as required in a timely manner.

In addition to these monthly meetings, senior management provides our Board of Directors and our Audit Committee with quarterly performance reports. The Audit Committee's members question management and hold regular in camera discussions with the independent auditor to ensure that publicly disclosed financial reports are accurate.

Finally, before any financial or regulatory information is issued to the public, it is reviewed by a Disclosure Committee composed of members of the Company's senior management, the President and Chief Executive Officer, and the Chairman of the Board.

### **Ability to Perform**

We have achieved a profit every year since becoming a public company in 1969. Our history of success attests to our long-term financial stability and our ability to perform on a sustained basis in a changing environment.

#### **Business Strategy**

In the marine services segment, our business strategy is rooted in the diversification of the cargoes we handle, the wide geographical area covered by our facilities and a well-balanced mix of import and export activities. This strategy has proven particularly effective over the years, as we have seen fluctuations in mining, steel, forest products, containers and other cargo volumes, where negative situations are often offset by positive ones. In the environmental services segment, we have positioned ourselves as a leader in our traditional markets, and we are counting on the penetration of Aqua-Pipe services in the USA and international markets for future growth.

We have sound internal expertise as well as access to a qualified labour force, an efficient, well-maintained and well-deployed fleet of equipment, and a solid reputation in both cargo handling and environmental services. These features have earned the trust of our customers, suppliers and partners, and contribute to our growth.

#### **Ability to Negotiate with Unions**

The majority of the employees working for the Company are unionized. The longshoremen working on the docks have a long history of union activity, and over the years, we have proven our ability to negotiate directly or through employer associations and reach agreements with these unions. The Company is party to 26 collective agreements. We signed two agreements in 2016, while three were still being negotiated at the end of 2016 and six will expire in 2017.

#### **Borrowing Capacity**

Logistec generates positive operating cash flows. These reached \$48.3 million and \$60.2 million in 2016 and 2015, respectively, which is more than sufficient to cover our capital expenditures and working capital needs.

At the end of 2016, our total consolidated long-term debt, including the current portion, was \$60.3 million, whereas our equity attributable to owners of the Company totalled \$201.4 million, giving us a debt/capitalization ratio of 23.1%.

The Company has organized its banking facilities in order to segregate credits available to its wholly owned activities and subsidiaries from credits available to non-wholly owned subsidiaries and joint ventures. All credits available to non-wholly owned subsidiaries and joint ventures are without recourse to Logistec. Logistec has available credit facilities, including short-term and long-term facilities, totalling \$104.6 million, of which \$63.0 million were used (including letters of guarantee) as at December 31, 2016.

**2016 Management's Discussion and Analysis**

Logistec Corporation

Please refer to Note 29 of the 2016 Notes for further details on long-term debt.

Joint venture available credit facilities totalled \$65.9 million at the same date (representing 100% of the value, i.e. not our proportionate share), of which \$58.8 million were used.

These figures demonstrate the Company's financial capacity and its ability to secure financial resources to ensure our performance and development over the long term.

**Selected Annual Financial Information**

years ended December 31

(in thousands of dollars, except earnings and dividends per share)

|   | 2016    | 2015    | 2014    | Variation 15-16 |        |
|---|---------|---------|---------|-----------------|--------|
|   | \$      | \$      | \$      | \$              | %      |
| Revenue   | 343,326 | 358,008 | 322,220 | (14,682)        | (4.1)  |
| Profit attributable to owners of the Company    | 18,858  | 29,142  | 31,037  | (10,284)        | (35.3) |
| Total basic earnings per share <sup>(1)</sup>   | 1.55    | 2.34    | 2.46    | (0.79)          | (33.8) |
| Total diluted earnings per share <sup>(1)</sup> | 1.48    | 2.34    | 2.46    | (0.86)          | (36.8) |
| Total assets                                    | 355,860 | 328,415 | 286,987 | 27,445          | 8.4    |
| Total non-current liabilities                   | 102,549 | 64,674  | 60,400  | 37,875          | 58.6   |
| Cash dividends per share:                       |         |         |         |                 |        |
| – Class A shares <sup>(2)(4)</sup>              | 0.3000  | 0.2625  | 0.9700  |                 |        |
| – Class B shares <sup>(3)(4)</sup>              | 0.3300  | 0.2888  | 1.0670  |                 |        |
| Total cash dividends                            | 3,814   | 3,408   | 12,748  |                 |        |

<sup>(1)</sup> Combined for both classes of shares<sup>(2)</sup> Class A Common Shares ("Class A shares")<sup>(3)</sup> Class B Subordinate Voting Shares ("Class B shares")<sup>(4)</sup> On May 7, 2014, the Company declared a special dividend of \$0.75 per Class A share and \$0.83 per Class B share, for a total consideration of \$9.9 million**2016 versus 2015**

Revenue was down by 4.1% in 2016, a decrease of \$14.7 million over 2015. The variation came from our marine services segment with a decrease of 9.9%, partially offset by a 3.9% increase in the environmental services segment.

Profit attributable to owners of the Company decreased by \$10.3 million or 35.3% in 2016. The variation came from both of our business segments: a 23.9% and 49.6% decrease for the marine and environmental services segments, respectively. This decline stemmed largely from lower cargo handling volumes for the marine services segment. The environmental services segment was less profitable due to significantly lower sales in Aqua-Pipe installation services.

Total assets amounted to \$355.9 million at the end of 2016, up by \$27.4 million over 2015. This growth in assets was mainly due to investments in capital expenditures, and to an increase in trade and other receivables. Our cash position decreased by \$7.8 million, which is mainly due to our investment activities of \$32.2 million, income taxes paid of \$7.5 million, and a negative change in working capital of \$15.3 million, partly offset by \$48.3 million in cash generated from operations.

Total non-current liabilities increased to \$102.5 million in 2016 from \$64.7 million in 2015, due mainly to the \$28.7 million increase in our long-term debt during the year in order to finance our investments in capital expenditures, and to the \$12.5 million increase of our other non-current liabilities related to the repurchase of the non-controlling interest in Sanexen.

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*Cash dividends* paid in 2016 increased by 11.8% to \$3.8 million from \$3.4 million in 2015.

### 2015 versus 2014

*Revenue* was up by 11.1% in 2015, an increase of \$35.8 million over 2014. The variation came from both our business segments: a 6.1% and 18.7% increase for the marine and environmental services segments, respectively.

*Profit attributable to owners of the Company* decreased by \$1.9 million or 6.1% in 2015. This decline stemmed largely from additional cargo handling costs due to flooding at our terminal in Virginia, a fire at our terminal in Georgia, and the start-up of our new container terminal in Montréal (QC). This was partially offset by greater profitability in our environmental services segment.

As the weighted average number of shares outstanding remained stable between 2015 and 2014 after adjusting for the two-for-one stock split in June 2014, *earnings per share* varied proportionately to profit attributable to owners of the Company.

*Total assets* amounted to \$328.4 million at the end of 2015, up by \$41.4 million over 2014. The growth in assets was mainly due to investments in capital expenditures. Capital expenditures were higher than usual at \$25.1 million, resulting in an \$11.3 million increase in property, plant and equipment. This increase was also due to an increase in *trade and other receivables* and *work in progress*. Our cash position decreased by \$1.6 million, mainly due to our investment activities of \$35.0 million, income taxes paid of \$8.8 million, a negative change in working capital of \$11.8 million, and financing activities of \$7.4 million, partly offset by \$60.2 million in cash generated from operations.

*Total non-current liabilities* increased to \$64.7 million in 2015 from \$60.4 million in 2014, due mainly to the \$1.9 million increase in our long-term debt during the year in order to finance our investments in capital expenditures, and to the \$3.0 million increase in our deferred income tax liabilities.

*Cash dividends* paid in 2015 were down by \$9.3 million from 2014. The 2014 cash dividend amount was higher due to the Board of Directors' approval of a special dividend. The 2015 cash dividend amount was more in line with our regular dividends paid.

### Repurchase of the Non-Controlling Interest in Sanexen

On March 24, 2016, Logistec entered into an agreement to acquire the remaining 29.8% equity interest it did not own in Sanexen for an agreed value of \$43.8 million.

To determine the value, we used the ratio of Logistec's shares on the stock market over Logistec's equity at book value, and applied the same ratio to Sanexen's equity at book value. In order to avoid any anomalies, we used the average of the daily close price of Logistec's LGT.A and LGT.B stocks on the TSX for the 30 calendar days prior to the transaction date.

As part of the transaction, the non-controlling interest shareholders of Sanexen exchanged their common shares in the capital of Sanexen for two classes of newly created non-voting and non-dividend bearing preferred shares of Sanexen, Class G Preferred Shares ("Class G shares") and Class H Preferred Shares ("Class H shares"), for an aggregate value of \$43.8 million, resulting in Logistec holding 100% of the common shares of Sanexen.

Immediately following the share exchange, Logistec and the non-controlling interest shareholders entered into a put and call option agreement ("Option Agreement") pursuant to which Logistec was granted call options, exercisable in whole or in part at any time, to acquire from them their Class G shares for cash consideration of \$15.9 million and to acquire their Class H shares in exchange for 754,015 Class B shares of Logistec. The number of Class B shares was determined using the average price for Class B shares over the prior 30 days (\$36.92).

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Pursuant to the Option Agreement, each non-controlling interest shareholder was granted a put option to sell to Logistec their Class G shares upon certain events, including termination of employment, and a put option to sell to Logistec their Class H shares as to one-fifth (1/5) on each of the first five anniversaries of the signature of the Option Agreement, each at the same price and consideration as the call options granted to Logistec.

A retention restriction was imposed to certain non-controlling interest shareholders who are executives of Sanexen as follows: a 40% discount, representing \$4.5 million, will be applied to the purchase price of the Class G shares of these shareholders should they leave Sanexen voluntarily before March 24, 2021.

The Board of Directors of Logistec received a fairness opinion from PricewaterhouseCoopers LLP to the effect that the consideration paid for the transaction was fair, from a financial point of view, to Logistec.

The recording of the transaction is summarized as follows:

Pursuant to the Option Agreement, the Class G shares will be repurchased for a fixed cash amount. Accordingly, the options are classified as a long-term liability in the consolidated statements of financial position of the Company.

The options have a nominal value of \$15.9 million. The portion related to the retention of certain Sanexen executives of \$4.5 million will be recorded as a compensation expense over the retention period using the straight-line method, with a corresponding increase to the long-term liability. The remaining \$11.4 million liability was recorded at the date of the transaction.

Since the options related to the Class G shares are not expected to be immediately exercisable, we recorded this long-term liability of \$11.4 million at its fair value of \$8.9 million, which represents the present value of our best estimate of when Logistec will exercise its call option, or when the non-controlling interest shareholders will exercise their put option, and a corresponding decrease to non-controlling interests. The long-term liability will accrete to \$11.4 million over the expected life of the option through an interest charge.

The Class H shares are redeemable in 754,015 Class B shares of Logistec, as described above. As opposed to the \$36.92 per share price that was used to determine the number of Class B shares of Logistec to be issued, the value used for accounting purposes was the current market price of Class B shares. On March 24, 2016, the closing trading price of the Class B shares on the TSX was \$39.75 per share. In addition, because the Class H shares are redeemable in Class B shares over a period of five years, we have determined the fair value of the Class B shares to be issued using a Black-Scholes option pricing model based on assumptions regarding the volatility of Logistec Class B shares, dividend yield and interest rates, resulting in a value of \$33.02 per share.

As a result, as at March 24, 2016, Logistec recorded share capital to be issued amounting to \$24.9 million with a corresponding decrease in retained earnings.

Furthermore the 754,015 Class B Shares to be issued will be included in our calculation of earnings per share presented on a fully diluted basis.

### Business Acquisitions

On March 8, 2016, the Company, through its subsidiary Sanexen, acquired Excava-Tech Inc. for \$5.6 million. This acquisition represents a vertical integration for Aqua-Pipe services.

Please refer to Note 6 of the 2016 Notes for further details on business acquisitions.

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### Results

Significant accounting policies applied in the 2016 consolidated financial statements are described in Note 2 of the 2016 Notes.

#### Revenue

Consolidated revenue totalled \$343.3 million in 2016, a decrease of \$14.7 million or 4.1% over 2015. Revenue was affected by the increase in the U.S. dollar against the Canadian dollar. For the year, the positive impact on revenue was \$3.1 million.

The marine services segment posted revenue of \$186.0 million in 2016, representing lower sales compared with the \$206.5 million reported in 2015. The decrease was mostly due to lower bulk activity.

The environmental services segment delivered a good performance in 2016, as revenue increased by \$5.8 million or 3.9% over 2015 to reach \$157.3 million. Revenue growth came primarily from increased activity in site remediation and Aqua-Pipe in the USA, partially offset by reduced Aqua-Pipe installation in Canada.

#### Employee Benefits Expense

Employee benefits expense decreased from \$177.0 million in 2015 to \$158.8 million in 2016. This \$18.2 million decrease reflects the overall reduction in activity in 2016, along with a lower labour ratio of employee benefits expense to revenue, from 49.4% in 2015 to 46.2% in 2016. The expense ratio is explained by two items in the environmental services segment. In 2016, charges related to long-term incentive plans were lower than in 2015 because targets were reached in 2015 and not in 2016. Furthermore, revenue mix in terms of labour ratio was more favourable. The marine services segment's ratio was similar to that of 2015.

#### Equipment and Supplies Expense

Equipment and supplies expense stood at \$102.6 million in 2016, an increase of \$11.6 million over 2015. This increase is, for the most part, influenced by Sanexen's revenue mix. Sanexen recorded more site remediation revenue, which has a higher equipment cost component. It is also a result of the new business we acquired, Excava-Tech, Inc., which contributes to the higher equipment cost component in the environmental services segment, as noted above. Consequently, the overall proportion of equipment and supplies expense to revenue was higher, posting a ratio of 29.9% for 2016, versus 25.4% for the same period in 2015.

#### Rental Expense

Rental expense was stable between 2016 and 2015, totalling \$28.9 million and \$29.1 million, representing 8.4% and 8.1% of revenue, respectively. This expense is stable in nature, unless changes occur within our network activities.

#### Other Gains and Losses

Other gains and losses showed a \$0.3 million loss for 2016, compared with a \$5.5 million gain in 2015. The variation is mostly due to a \$1.9 million gain on a judgment and general mutual release with a third party in 2015. It is also due to the decrease in the Canadian dollar against the U.S. dollar in 2015, which generated a gain on foreign currency translation of \$3.3 million in 2015 compared to a \$1.0 million loss in 2016.

#### Income Taxes

Income taxes stood at \$7.3 million for 2016. When the profit before income taxes is adjusted to exclude the effect of the share of the profit of equity accounted investments, the 2016 tax rate computes to 33.9% compared with 26.5% in 2015. This variation is within normal parameters considering that this average rate may vary depending on the distribution of profits over the various tax jurisdictions. Please refer to

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Note 12 of the 2016 Notes for a full reconciliation of the effective income tax rate and other relevant income tax information.

### Profit for the Year and Earnings per Share

In 2016, Logistec achieved a consolidated profit for the year of \$18.5 million, of which \$18.9 million was attributable to owners of the Company. This is lower than the 2015 consolidated profit of \$32.9 million, of which \$29.1 million was attributable to owners of the Company.

The 2016 profit attributable to owners of the Company computes to total diluted earnings per share of \$1.48, which corresponds to \$1.41 attributable to Class A shares and \$1.56 attributable to Class B shares.

All other expenses affecting operating profit varied within normal business parameters and were comparable to 2015 levels.

### Dividends

Logistec paid a total of \$3.8 million in dividends to its shareholders in 2016.

On December 9, 2016, the Board of Directors declared dividends of \$0.075 per Class A share and of \$0.0825 per Class B share, for a total consideration of \$1.0 million. These dividends were paid on January 16, 2017, to all Logistec Corporation shareholders of record as of January 3, 2017.

On March 17, 2017, the Board of Directors declared a dividend of \$0.075 per Class A share and \$0.0825 per Class B share, which will be paid on April 21, 2017, to all shareholders of record as of April 7, 2017. The estimated dividend to be paid is \$1.0 million.

All dividends paid in 2016 were eligible dividends for Canada Revenue Agency purposes.

The Company's Board of Directors determines the level of dividend payments. Although Logistec does not have a formal dividend policy, the practice has been to maintain regular quarterly dividends with modest increases over the years.

### Liquidity and Capital Resources

#### Capital Management

The Company's primary objectives when managing capital are to:

- Maintain a capital structure that allows financing options to the Company in order to benefit from potential opportunities as they arise;
- Provide an appropriate return on investment to its shareholders;
- Maintain a debt/capitalization ratio of less than 40%. The debt/capitalization ratio is defined as long-term debt (including the current portion) over long-term debt (including the current portion) plus equity attributable to owners of the Company.

The Company includes the following in its capital:

- Cash and cash equivalents and short-term investments, if any;
- Long-term debt (including the current portion) and short-term bank loans, if any;
- Equity attributable to owners of the Company.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with the objectives stated above and corresponds to the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may refinance its existing debt, raise new debt, pay down debt, repurchase shares for cancellation purposes pursuant to normal course issuer bids or issue new shares.

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When looking at business investment opportunities, the Company uses discounted cash flow models to ensure that the rate of return meets its objectives. Furthermore, investment opportunities must be accretive to earnings per share, therefore enhancing shareholder value.

The decision to repay debt is based on an assessment of current levels of cash in relation to expected cash that will be generated from operations. The Company has unused credit facilities with various financial institutions that can be utilized when investment opportunities arise.

**Capital Resources**

*Total assets* amounted to \$355.9 million as at December 31, 2016, up by \$27.4 million over the closing balance of \$328.4 million as at December 31, 2015.

*Cash and cash equivalents* totalled \$16.0 million at the end of 2016, down by \$7.8 million from \$23.8 million as at December 31, 2015. The main items behind this decrease were as follows:

(in thousands of dollars)

|  |                  |
|--|------------------|
| <b>Positive:</b>   |                  |
| Profit for the year  | 18,486           |
| Issuance of long-term debt   | 53,852           |
| Current income taxes   | 5,682            |
| Reduction of non-current assets (mainly due to a take-or-pay service contract) | 6,080            |
| Depreciation and amortization expense  | 14,288           |
|  | <b>98,388</b>    |
| <b>Negative:</b>   |                  |
| Acquisition of property, plant and equipment                                   | (32,198)         |
| Changes in non-cash working capital items                                      | (15,358)         |
| Repurchase of share capital  | (10,433)         |
| Share of profit of equity accounted investments, not distributed               | (4,310)          |
| Acquisition of other financial assets  | (4,039)          |
| Income taxes paid  | (7,473)          |
| Repayment of long-term debt  | (29,909)         |
|  | <b>(103,720)</b> |

**Working Capital**

As at December 31, 2016, current assets totalled \$125.9 million and current liabilities totalled \$50.1 million, computing into working capital of \$75.8 million for a current ratio of 2.51:1. This compares favourably with working capital of \$71.7 million and a 2.33:1 ratio as at December 31, 2015.

**Long-Term Debt**

Combining the current and long-term portions of long-term debt, the balance of \$32.1 million as at December 31, 2015, was up by \$28.2 million to \$60.3 million as at December 31, 2016. The increase mainly reflects our investment in capital expenditures, where we borrowed \$53.8 million in 2016 (excluding business acquisitions), less the repayments of \$29.9 million.

Under the terms of our various financing agreements, the Company, its subsidiaries and its joint ventures must satisfy certain restrictive covenants with respect to minimum financial ratios. As at December 31, 2016, all the group's entities complied with such covenants. In some cases, financing covenants may limit the ability of some subsidiaries or joint ventures to pay dividends to Logistec. However, Logistec generates sufficient cash flows from its wholly owned subsidiaries to meet its financial obligations.



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### Payments Due by Period

The following table provides a summary of the Company's long-term debt and contractual obligations:

| <b>Contractual Obligations</b><br><i>as at December 31, 2016</i><br><i>(in thousands of dollars)</i> |                |                     |                |                |                      |
|--|----------------|---------------------|----------------|----------------|----------------------|
|  | Total          | Less than<br>1 year | 1 – 3<br>years | 4 – 5<br>years | More than<br>5 years |
|  | \$             | \$                  | \$             | \$             | \$                   |
| Long-term debt   | 60,325         | 1,681               | 2,545          | 55,699         | 400                  |
| Operating leases   |                |                     |                |                |                      |
| – Equipment  | 9,955          | 3,162               | 4,717          | 590            | 1,486                |
| – Occupancy  | 41,089         | 10,909              | 18,774         | 3,231          | 8,175                |
| Purchase obligations <sup>(1)</sup>  | 6,220          | 6,220               | –              | –              | –                    |
| Long-term liabilities to shareholders  | 9,725          | –                   | –              | 9,725          | –                    |
| Non-current financial liabilities  | 2,788          | –                   | 768            | –              | 2,020                |
| <b>Total contractual obligations</b>   | <b>130,102</b> | <b>21,972</b>       | <b>26,804</b>  | <b>69,245</b>  | <b>12,081</b>        |

<sup>(1)</sup> Consists of equipment ordered, not yet delivered at the end of 2016

The reader is referred to Notes 25, 29, 31, 37 and 38 of the 2016 Notes for further details about post-employment benefit assets and obligations, long-term debt, provisions, commitments, and contingent liabilities and guarantees.

### Equity Attributable to Owners of the Company

Equity attributable to owners of the Company amounted to \$201.4 million as at December 31, 2016. Adding long-term debt yields a capitalization of \$261.7 million, which computes to a debt/capitalization ratio of 23.1%, significantly below the 40% threshold mentioned previously in the Company's capital management objectives. This also means that the Company has substantial financial leverage available should the need arise.

As at March 17, 2017, 7,412,122 Class A shares and 4,738,000 Class B shares were issued and outstanding. Each Class A share is convertible at any time by its holder into one Class B share. Please refer to Note 32 of the 2016 Notes for full details on the Company's share capital.

### Normal Course Issuer Bid ("NCIB")

Since October 20, 2005, Logistec has repurchased some of its shares for cancellation purposes pursuant to consecutive annual NCIBs, the latest of which terminated on October 25, 2016. On October 26, 2016, the Company launched another NCIB that will terminate no later than October 25, 2017. The Company believes that the repurchase of its shares may constitute an appropriate and desirable use of its available cash and, consequently, that the offer is in the best interest of Logistec and its shareholders. Pursuant to the current NCIB, Logistec intends to repurchase for cancellation purposes up to 370,696 Class A shares and 238,195 Class B shares, representing 5% of the issued and outstanding shares of each class as at October 14, 2016.

Shareholders may obtain a free copy of the notice of intention regarding the NCIB filed with the TSX by contacting the Company.

During 2016, under the NCIB programs, 23,600 Class A shares and 253,000 Class B shares were repurchased at average prices of \$41.01 and \$37.46, respectively. Please refer to Note 32 of the 2016 Notes for further details.

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### Equity in Joint Ventures

The Company's results include its share of operations in joint ventures, which are accounted for in the share of profit of equity accounted investments. The closing balance of \$31.1 million at the end of 2016 is mainly the result of the 2015 closing balance of \$29.0 million plus the 2016 share of profit of equity accounted investments of \$4.3 million, less \$2.2 million in dividends received.

As at December 31, 2016, the Company's 50%-equity interests are in the following joint ventures: Termont Terminal Inc., Transport Nanuk Inc., Quebec Mooring Inc., Moorings (Trois-Rivières) Ltd., Québec Maritime Services Inc., 9260-0873 Québec Inc. and Flexiport Mobile Docking Structures Inc. The Company also holds a 49%-equity interest in Qikiqtaaluk Environmental Inc. and Avataani Environmental Services Inc.

None of the Company's joint ventures are publicly listed entities and, consequently, do not have published price quotations.

The Company has one significant joint venture, Termont Terminal Inc., specialized in handling containers, which is aligned with the Company's core business. Please refer to Note 20 of the 2016 Notes for its financial information.

### Post-Employment Benefits

The Company offers either defined benefit retirement plans or defined contribution retirement plans to its employees. In consideration that a majority of beneficiaries from the defined benefit retirement plans were pensioners already, the Company elaborated a derisking strategy with regard to these plans.

A summary of the fair value of plan assets, benefit obligation, funded status of the retirement plans, and significant assumptions can be found in Note 25 of the 2016 Notes.

Calculations on the retirement plans' funded statuses have been performed by the Company's independent actuaries as of December 31, 2016. They calculated a benefit obligation of \$30.4 million, compared with a fair value of plan assets of \$18.7 million, which computed into a funded status deficit of \$11.7 million. The Company offers supplemental retirement plans to senior executives ("SERP"). The reader is referred to the description of the "Senior Management Pension Plan" in our information circular. These SERP are unfunded and the related obligation of \$11.3 million is included in the above numbers. Excluding the SERP obligation, the funded status deficit amounts to \$0.4 million.

Management's assumption for the discount rate was 4.0% in 2015 and 2016. Actuarial calculations made for actual funding and cash disbursements use different assumptions and therefore compute into different funded statuses. The Company's SERP are non-registered plans and, therefore, are not subject to actuarial valuations. The Company sponsors three registered defined benefit retirement plans. Of these plans, two were subject to actuarial valuations as of December 31, 2013, and one as of December 31, 2015. Based on these valuations, the Company's combined surplus amounts to \$0.3 million when calculated using the going concern method, and to a combined deficit of \$1.0 million when using the solvency method.

The next required valuations are as of December 31, 2016 for the three plans. The Company is therefore not currently in a position to provide an update on the funded status of its defined benefit retirement plans.

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**Other Items in the Consolidated Statements of Financial Position**

| Financial position as at<br>(in millions of dollars) | December 31,<br>2016<br>\$ | December 31,<br>2015<br>\$ | Var.<br>\$ | Var.<br>% | Explanation of variation   |
|--|----------------------------|----------------------------|------------|-----------|--|
| Trade and other receivables                          | 86.4                       | 77.3                       | 9.0        | 11.7      | The variation is explained mainly by a greater level of activity in the fourth quarter of 2016 compared with the same quarter of 2015.   |
| Work in progress                                     | 4.4                        | 6.4                        | (2.0)      | (31.7)    | Work in progress represents the gross unbilled amount that will be collected from customers for contract work performed to date in our environmental services segment.   |
| Other non-current assets                             | 1.5                        | 5.2                        | (3.7)      | (70.5)    | The majority of the variation stems from a take-or-pay service contract with a supplier. Other non-current assets are reduced as the services are received.  |
| Property, plant and equipment                        | 138.6                      | 111.0                      | 27.6       | 24.8      | The increase stems from acquisitions of \$32.2 million, added to the business acquisitions of \$6.5 million, which exceeds the depreciation expense of \$12.9 million.   |
| Non-current financial assets                         | 7.2                        | 5.0                        | 2.1        | 42.8      | The increase reflects the higher level of contract holdbacks at Sanexen at the end of 2016.  |
| Trade and other payables                             | 43.1                       | 46.4                       | (3.3)      | (7.1)     | The decrease is mainly due to the reclassification of the \$5.0 million cumulative charge for the Company's long-term incentive plans in 2015 to short-term payables, partially offset by the higher level of activity in the fourth quarter of 2016 compared with the fourth quarter of 2015. |
| Non-current financial liabilities                    | 12.5                       | 4.1                        | 8.4        | 207.7     | The increase is mainly due to the acquisition of the non-controlling interest in Sanexen. As a result of that transaction, Logistec recorded a long-term liability amounting to \$9.7 million as at December 31, 2016.   |
| Current portion of long-term debt                    | 1.7                        | 2.2                        | (0.5)      | (22.1)    | The variation stems from the \$23.9 million increase in long-term debt for cash flow needs, as previously discussed in the "Liquidity and Capital Resources" section.  |
| Long-term debt                                       | 58.6                       | 29.9                       | 28.7       | 96.0      |  |
| Share capital to be issued                           | 24.9                       | —                          | 24.9       | —         | The variation as at December 31, 2016 is due to the acquisition of the non-controlling interest in Sanexen, as discussed previously.   |
| Non-controlling interests                            | 1.8                        | 20.2                       | (18.4)     | (91.1)    |  |

Other items in the consolidated statements of financial position varied according to normal business parameters.

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### Financial Risk Management

By the nature of the activities carried out and as a result of holding financial instruments, the Company is exposed to credit risk, liquidity risk and market risk, especially interest rate risk and foreign exchange risk.

#### Credit Risk

Credit risk arises from the possibility that a counterpart will fail to perform its obligations. The Company conducts a thorough assessment of credit issues prior to committing to the investment and actively monitors the financial health of its investees on an ongoing basis. In addition, the Company is exposed to credit risk from customers. On the one hand, the Company does business mostly with large industrial and well-established customers, thus reducing its credit risk. On the other hand, the number of customers served by the Company is limited, which increases the risk of business concentration and economic dependency. Overall, the Company serves approximately 1,600 customers. In 2016, the 20 largest customers accounted for 45.7% of consolidated revenue (49.0% in 2015) and not a single customer accounted for more than 10% of consolidated revenue and trade receivables.

Allowance for doubtful accounts and past due receivables are reviewed by management at each reporting date. The Company updates its estimate of the allowance for doubtful accounts on a specific basis and, if required, using a set percentage applied to the aging of accounts receivable. Trade and other receivables are written off once determined not to be collectable.

Pursuant to their respective terms, trade and other receivables were aged as follows:

| <i>(in thousands of dollars)</i>      | As at<br>December 31,<br>2016<br>\$ | As at<br>December 31,<br>2015<br>\$ |
|---------------------------------------|-------------------------------------|-------------------------------------|
| Current                               | 28,342                              | 24,315                              |
| 31-60 days                            | 21,216                              | 21,818                              |
| Past due 1-30 days                    | 16,135                              | 12,296                              |
| Past due 31-60 days                   | 9,445                               | 5,089                               |
| Past due 61-120 days                  | 1,253                               | 2,152                               |
| Past due over 121 days <sup>(1)</sup> | 9,982                               | 11,663                              |
|                                       | <b>86,373</b>                       | <b>77,333</b>                       |

<sup>(1)</sup> Includes contract holdbacks amounting to \$1.9 million (\$4.2 million in 2015)

The movements in the allowance for doubtful accounts were as follows:

| <i>(in thousands of dollars)</i> | 2016<br>\$   | 2015<br>\$   |
|----------------------------------|--------------|--------------|
| Balance, beginning of year       | 2,519        | 1,480        |
| Bad debt expense                 | 462          | 1,012        |
| Reversals (write offs)           | (133)        | 27           |
| Balance, end of year             | <b>2,848</b> | <b>2,519</b> |

The Company's maximum exposure to credit risk with respect to each of its financial assets (cash and cash equivalents, investments in service contracts, trade and other receivables, and non-current financial assets) corresponds to its carrying amount.

#### Liquidity Risk

Liquidity risk is the Company's exposure to the risk of not being able to meet its financial obligations when they become due. The Company monitors its levels of cash and debt, and takes appropriate actions to ensure it has sufficient cash to meet operational needs while ensuring compliance with covenants.

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The following were the contractual maturities of financial obligations:

| As at December 31, 2016<br>(in thousands of dollars)        | Carrying amount<br>\$ | Contractual cash flows<br>\$ | Less than 1 year<br>\$ | 1-3 years<br>\$ | More than 3 years<br>\$ |
|---|-----------------------|------------------------------|------------------------|-----------------|-------------------------|
| Trade and other payables                                    | 43,081                | 43,081                       | 43,081                 | —               | —                       |
| Long-term debt <sup>(1)</sup>                               | 60,707                | 60,707                       | 814                    | 58,693          | 1,200                   |
| Non-current financial liabilities, excluding the derivative | 12,437                | 12,437                       | 1,836                  | 2,138           | 8,463                   |
|   | <b>116,225</b>        | <b>116,225</b>               | <b>45,731</b>          | <b>60,831</b>   | <b>9,663</b>            |

| As at December 31, 2015<br>(in thousands of dollars)        | Carrying amount<br>\$ | Contractual cash flows<br>\$ | Less than 1 year<br>\$ | 1-3 years<br>\$ | More than 3 years<br>\$ |
|---|-----------------------|------------------------------|------------------------|-----------------|-------------------------|
| Trade and other payables                                    | 46,352                | 46,352                       | 46,352                 | —               | —                       |
| Long-term debt <sup>(1)</sup>                               | 33,461                | 33,461                       | 2,582                  | 29,279          | 1,600                   |
| Non-current financial liabilities, excluding the derivative | 3,900                 | 3,900                        | —                      | 3,631           | 269                     |
|   | <b>83,713</b>         | <b>83,713</b>                | <b>48,934</b>          | <b>32,910</b>   | <b>1,869</b>            |

<sup>(1)</sup> Includes principal and interest

Given the actual liquidity level combined with future cash flows that will be generated by operations, the Company believes that its liquidity risk is low.

### Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's results or the value of its financial instruments. The Company is mainly exposed to interest risk and foreign exchange risk.

### Interest Risk

The Company is exposed to interest risk through interest rate fluctuations. Previously, the Company did not hold any financial instruments that mitigated the risk. However, since 2011, a subsidiary of the Company holds interest rate swap contracts to partly swap the floating rate to a fixed rate, thus decreasing the Company's sensitivity to interest rate fluctuations.

### Sensitivity Analysis

As at December 31, 2016, the floating rate portion of the Company's long-term debt was 92% (92% in 2015). Taking into account the interest rate swap contracts mentioned above, the floating rate portion was 80% as at December 31, 2016 (50% in 2015). All else being equal, a hypothetical variation of +1.0% in the prime interest rate on the floating rate portion of the Company's long-term debt held as at December 31, 2016, excluding the floating rate debt for which the floating rate has been swapped to fixed, would have a negative impact of \$0.6 million (\$0.2 million in 2015) on profit for the year. A hypothetical variation of -1.0% in the prime interest rate would have the opposite impact on profit for the year.

### Foreign Exchange Risk

The Company is mainly exposed to fluctuations in the U.S. dollar. The Company considers the risk to be limited and, therefore, does not use derivative instruments to reduce its exposure.

During 2016, all else being equal, a hypothetical strengthening of 5.0% of the U.S. dollar against the Canadian dollar would have a positive impact of \$2.2 million (\$1.6 million in 2015) on profit for the year and a positive impact of \$2.8 million (\$2.9 million in 2015) on total comprehensive income. A hypothetical

## 2016 Management's Discussion and Analysis

Logistec Corporation

weakening of 5.0% of the U.S. dollar against the Canadian dollar would have the opposite impact on profit for the year and total comprehensive income.

As at December 31, 2016, a total of \$42.4 million or US\$29.0 million and €2.5 million (\$36.1 million or US\$23.3 million and €2.6 million in 2015) of cash and cash equivalents and trade and other receivables is denominated in foreign currencies. As at December 31, 2016, a total of \$17.8 million or US\$11.7 million and €1.5 million (\$17.2 million or US\$11.0 million and €1.3 million in 2015) of trade and other payables is denominated in foreign currencies.

### Fair Value of Financial Instruments

As at December 31, 2016 and 2015, the estimated fair values of cash and cash equivalents, trade and other receivables, trade and other payables, and dividends payable approximated their respective carrying values due to their short-term nature.

The estimated fair value of long-term notes receivable was not significantly different from their carrying value as at December 31, 2016 and 2015, based on the Company's estimated rate for long-term notes receivable with similar terms and conditions.

The estimated fair value of an investment in a service contract was not significantly different from its carrying value as at December 31, 2016 and 2015, as terms and conditions were similar to current conditions.

The estimated fair value of long-term debt was not significantly different from its carrying value as at December 31, 2016 and 2015, since it mainly bore interest at floating rates and had financing conditions similar to those then available to the Company.

### Business Risks

The business risks to which we are exposed have been fairly consistent over the last few years. The following is a summary of these major risks:

**Market Risk** – The Company handles a wide variety of commodities and, although our geographical and product diversification strategy should protect us against significant impacts, major fluctuations in specific commodities or in specific regions may affect our performance.

**Port Terminal Related Risks** – Access to strategic terminals is critical to a successful cargo handling operation. Our facilities are generally leased on a long-term basis. Such leases give us operating rights in exchange for rent that are generally fixed costs for the Company. Consequently, we quickly feel the financial impact of a major decline in cargo volumes.

**Government Policies** – Government investment in port infrastructures, legislation, tariffs or taxation powers can have a direct impact on a site's profitability and even on the flow of cargo.

**Currency Fluctuations** – Fluctuations in the Canadian/U.S. dollar conversion rate may affect Canadian companies. This situation, although it may affect our customers, does not affect us directly. Indeed, we usually provide services locally and are paid in the same currency in which we incur costs. Hence, fluctuations in the U.S. dollar do not usually have a significant impact on our results, as our U.S. subsidiaries are financially self-sustaining. As discussed in the previous section "Financial Risk Management", the Company is mainly exposed to fluctuations in the U.S. dollar versus the Canadian dollar, particularly for its consolidated statements of financial position items held in U.S. dollars. However, the Company considers this risk to be relatively limited.

**Personnel and Labour Related Risks** – Some of our facilities are located near small urban centres where it can be difficult to find qualified labour. In addition, the industry in our marine services segment is strongly unionized and there is always a risk of strike or work stoppage when negotiating collective agreements.

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**Related Party Transactions**

In addition to compensation to key management personnel and dividends to shareholders that occur in the normal course of business and that are quantified in Note 34 of the 2016 Notes, services rendered to or by related parties are essentially professional services, rent, management fees, and operational costs charged to or by joint ventures. These transactions are also in the normal course of business, and their consideration is established and agreed to by the related parties. Included in the amounts owed from joint ventures is Nanuk's share of the post-employment benefit obligation of one of the Company's sponsored retirement plans.

**Selected Quarterly Information**

|   | Q1     | Q2     | Q3      | Q4     | Year    |
|---|--------|--------|---------|--------|---------|
| <i>(in thousands of Canadian dollars, except per share amounts)</i> | \$     | \$     | \$      | \$     | \$      |
| <b>2016</b>   |        |        |         |        |         |
| Revenue   | 64,859 | 79,616 | 103,093 | 95,758 | 343,326 |
| Profit (loss) attributable to owners of the Company                 | (138)  | 951    | 9,153   | 8,892  | 18,858  |
| Basic earnings per Class A share                                    | (0.01) | 0.08   | 0.72    | 0.70   | 1.48    |
| Basic earnings per Class B share                                    | (0.01) | 0.08   | 0.80    | 0.76   | 1.63    |
| Total basic earnings per share                                      | (0.01) | 0.08   | 0.75    | 0.73   | 1.55    |
| Diluted earnings per Class A share                                  | (0.01) | 0.07   | 0.67    | 0.68   | 1.41    |
| Diluted earnings per Class B share                                  | (0.01) | 0.08   | 0.75    | 0.74   | 1.56    |
| Total diluted earnings per share                                    | (0.01) | 0.07   | 0.71    | 0.71   | 1.48    |
| <b>2015</b>   |        |        |         |        |         |
| Revenue   | 60,372 | 89,262 | 115,933 | 92,441 | 358,008 |
| Profit attributable to owners of the Company                        | 2,518  | 6,668  | 12,102  | 7,854  | 29,142  |
| Basic and diluted earnings per Class A share                        | 0.19   | 0.51   | 0.94    | 0.61   | 2.25    |
| Basic and diluted earnings per Class B share                        | 0.21   | 0.57   | 1.03    | 0.67   | 2.47    |
| Total basic and diluted earnings per share                          | 0.20   | 0.54   | 0.97    | 0.63   | 2.34    |

**Seasonal Nature of Operations**

Operations are affected by weather conditions and are therefore of a seasonal nature. During the winter months, the St. Lawrence Seaway is closed. There is no activity on the Great Lakes, reduced activity on the St. Lawrence River, and no activity in Arctic transportation due to ice conditions.

Sanexen's activities are also affected by weather conditions, as the majority of the specialized services it offers depend upon the excavation of soils, which is more difficult during the winter.

Historically, the first quarter and, to a lesser extent, the second quarter have always presented a lower level of activity and yielded weaker results than the other quarters. The third and fourth quarters are usually the most active.

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## Fourth Quarter of 2016 Results and Comparative Figures

| <i>(in thousands of dollars, except per share amounts)</i> | Q4 2016<br>\$ | Q4 2015<br>\$ |
|--|---------------|---------------|
| Revenue  | 95,758        | 92,441        |
| Employee benefits expense                                  | (42,797)      | (46,462)      |
| Equipment and supplies expense                             | (26,064)      | (22,550)      |
| Rental expense   | (8,122)       | (7,786)       |
| Other expenses   | (3,986)       | (3,966)       |
| Depreciation and amortization expense                      | (4,141)       | (3,608)       |
| Share of profit of equity accounted investments            | 1,546         | 1,709         |
| Other gains and losses                                     | 955           | 874           |
| Operating profit   | 13,149        | 10,652        |
| Finance expense  | (520)         | (226)         |
| Finance income   | 33            | (168)         |
| Profit before income taxes                                 | 12,662        | 10,258        |
| Income taxes   | (3,775)       | (1,775)       |
| <b>Profit for the period</b>                               | <b>8,887</b>  | <b>8,483</b>  |
| Profit attributable to:                                    |               |               |
| <b>Owners of the Company</b>                               | <b>8,892</b>  | <b>7,854</b>  |
| Non-controlling interests                                  | (5)           | 629           |
| <b>Profit for the period</b>                               | <b>8,887</b>  | <b>8,483</b>  |
| Basic earnings per Class A share                           | 0.70          | 0.61          |
| Basic earnings per Class B share                           | 0.76          | 0.67          |
| Diluted earnings per Class A share                         | 0.68          | 0.61          |
| Diluted earnings per Class B share                         | 0.74          | 0.67          |

Revenue totalled \$95.7 million in the fourth quarter of 2016, up by \$3.3 million over the same period of 2015. This increase is explained mainly by strong activity in the environmental services segment during the fourth quarter.

Employee benefits expense to revenue ratio was lower at 44.7% and 50.3% for the fourth quarters of 2016 and 2015, respectively. The lower ratio is explained by higher revenue, which allowed us to better cover the fixed portion of our employee benefits expense.

Equipment and supplies expense for the fourth quarter of 2016 was higher at \$26.0 million, up by \$3.5 million when compared with the fourth quarter of 2015. This increase is, for the most part, influenced by Sanexen's revenue mix. Sanexen recorded more site remediation revenue, which has a higher equipment and supplies component. Consequently, the overall proportion of equipment and supplies expense to revenue was higher, posting a ratio of 27.2% for the fourth quarter of 2016, versus 24.4% for the same period in 2015.

Operating profit for the fourth quarter of 2016 amounted to \$13.1 million, which was higher than the \$10.7 million reported in the fourth quarter of 2015. The increase in operating profit is mainly due to better performance in the marine services segment compared with 2015 and lower employee benefits expense, as mentioned above.

All other expenses affecting operating profit varied within normal business parameters and were comparable to 2015 levels.



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### Significant Judgments, Estimates and Assumptions

In the application of the Company's significant accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from those estimates. The measurement of some assets and liabilities in the preparation of the financial statements includes assumptions made by management that are described in Note 4 of the 2016 Notes. Further details on judgments, estimates and assumptions can be found in the 2016 Notes, particularly regarding trade receivables (Notes 5 and 18), goodwill (Note 22), finite-life intangible assets (Note 23), equity accounted investments (Note 20), impairment of long-lived assets including goodwill (Note 22), deferred income taxes (Note 12), post-employment benefits (Note 25), and provisions (Note 30). The Company's significant accounting policies are applied consistently to all its reportable industry segments (Note 35).

### Application of New and Revised IFRS

On January 1, 2016, the Company adopted IAS 1, "Presentation of Financial Statements", which did not significantly affect the presentation of the financial statements. Please refer to Note 3 of the 2016 Notes for a full description of this standard.

Additionally, the following accounting standards have been published or modified: IFRS 9, "Financial Instruments"; IFRS 15, "Revenue from Contracts with Customers"; IFRS 16, "Leases"; and IAS 7, "Statement of Cash Flows". Again, please refer to Note 3 for further details on these standards.

### Environmental Matters

#### Climate Change

It is not possible to assess the impact of climate change on our business at this time. We believe it may create concerns but also opportunities. Although it may have an impact on water levels in certain ports, it may also lead to a longer season for Arctic transportation. These are monitored regularly to ensure that we will be well positioned to deal with any changes that may occur in the flow of trade.

#### Other Environmental Concerns

We handle various bulk commodities on sites that have had industrial activities for many years. It is more than likely that some sites were already contaminated from such activities prior to our arrival. We normally make a baseline assessment of the sites' contamination prior to signing a new lease. This limits our liability to our own operations. Logistec takes environmental matters very seriously and is committed to limiting and reducing its environmental footprint.

#### Environmental Policy

Logistec has a health, safety and environment ("HSE") policy that recognizes the importance of environmental aspects of the business. It commits us to take into account the possible repercussions on the environment of all our current and future decisions and operations.

## 2016 Management's Discussion and Analysis

Logistec Corporation

The policy states that the Company will subscribe to certain principles, such as:

- Respect of and compliance with current environmental laws and regulations in the conduct of all our operations;
- Reduction of our possible impact on the environment with protective and preventive measures;
- Use of environmentally friendly technologies;
- Adoption and application of programs aimed at continuous improvement, as measured through the monitoring of emissions and waste resulting from our activities.

### ***Green Marine***

As proof of its commitment towards the environment, Logistec has been a certified Green Marine participant since 2009. Green Marine is a joint Canada-USA initiative aimed at implementing a marine industry environmental program throughout North America. Founded in 2008 by CEOs of leading marine services companies in Eastern Canada, including our CEO, Green Marine has rapidly gained a reputation for credibility and transparency, and for challenging participant companies to improve their environmental performance beyond regulatory compliance. The cornerstone of the Green Marine initiative is its far-reaching environmental program, which makes it possible for any marine company operating in Canada or the USA to voluntarily improve its environmental performance by undertaking concrete and measurable actions.

Although the program was originally conceived for the Great Lakes and St. Lawrence corridor, the interest it has generated throughout the marine industry has enabled it to evolve and cover North America in its entirety. Companies participating in the voluntary program evaluate their performance yearly on a scale that ranges from regulatory compliance to excellence in their practices with respect to seven priority environmental issues, namely: aquatic invasive species, pollutant air emissions, greenhouse gases, cargo residues, oily waters, conflicts of use in ports and terminals, and environmental leadership.

### ***Opportunities***

Serving the marine industry may represent an opportunity from an environmental point of view. Indeed, carrying goods by ship is one of the most economical and environmentally friendly means of transportation. The large volume of cargoes being transported on each sailing generally converts into a lower consumption of energy per tonne of cargo handled versus ground transportation. Environmental pressures from authorities to lower greenhouse gas emissions may favour marine transportation (via the St. Lawrence River for instance) which in turn may favour our business, since such ships will need to be loaded and unloaded.

Our subsidiary Sanexen is active in the field of environmental cleanup and rehabilitation of water mains, and the more conscientious businesses and municipalities become, the more opportunities this may represent for Sanexen.

## Corporate Governance

Logistec has implemented high standards of corporate governance. Logistec has in place corporate governance practices that are consistent with the requirements of National Policy 58-201 "Corporate Governance Guidelines" and National Instrument 58-101 "Disclosure of Corporate Governance Practices". Seven of Logistec's 11 directors are independent, and the roles of Chairman and Chief Executive Officer are separate. The Governance and Human Resources Committee and the Audit Committee consist exclusively of independent directors. The Audit Committee, which is involved in the review of interim and annual reports and financial statements prior to their submission to the Board of Directors for approval, meets separately with the Company's independent auditor. The Board of Directors recommends the

## 2016 Management's Discussion and Analysis

Logistec Corporation

appointment of the independent auditor to shareholders after the Audit Committee has made a proper analysis.

Pursuant to the requirements of National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings", the President and Chief Executive Officer and the Vice-President, Finance are responsible for the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"). They are assisted in these tasks by a Certification Steering Committee, which is comprised of members of the Company's senior management including the two previously mentioned executives.

They have reviewed this MD&A, the annual financial statements, the annual information form and the information circular, which includes a compensation disclosure and analysis (the "Annual Filings"). Based on their knowledge, the Annual Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the Annual Filings. Based on their knowledge, the annual financial statements, together with the other financial information included in the Annual Filings, fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date and for the periods presented in the Annual Filings.

Under the supervision of the Certification Steering Committee, the effectiveness of DC&P was evaluated. Based upon this evaluation, the President and Chief Executive Officer and the Vice-President, Finance concluded that the DC&P were effective as at the end of the fiscal period ended December 31, 2016, and that the design of these DC&P provided reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, was communicated to them in a timely manner for the preparation of the Annual Filings, and that information required to be disclosed in its Annual Filings was recorded, processed, summarized and reported within the required time periods.

The President and Chief Executive Officer and the Vice-President, Finance have also designed such ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Under the supervision of the Certification Steering Committee, the effectiveness of ICFR was evaluated. Based upon this evaluation, the President and Chief Executive Officer and the Vice-President, Finance concluded that ICFR is adequate and effective to provide such assurance as at December 31, 2016.

There has been no change in the Company's ICFR that occurred during the fourth quarter of 2016 that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

### Outlook

The year 2016 started slowly, with a loss in the first quarter, an occurrence we had not seen in four years. In spite of a slow second quarter and a sluggish economy, we began to see a turnaround in the third quarter, and we finished in the fourth quarter with record revenue and profit. These are encouraging signs, as the trend has continued into 2017.

In 2017, we have acquired a 70% majority interest in Logistec Gulf Coast LLC, which handles bulk at Port Manatee (FL), Tampa (FL), and other ports. This investment solidifies our presence in the U.S. Southeast and the Gulf of Mexico. We have also won a bid to operate at the Port of Cleveland (OH), another bulk operation and an additional port in our network.

Some of the challenges that slowed us down in the last two years are now behind us. We have completed the reconstruction of our biomass handling facility in Brunswick (GA) following the fire in 2015, and the facility is now operating efficiently. Additionally, we have almost completed the development of our new container terminal in Montréal (QC) and are already seeing productivity gains.

Even Mother Nature seems to be on our side recently, giving us significant amounts of snow that required higher than usual salt deliveries, which in turn should bring more salt volumes to inventories.

## 2016 Management's Discussion and Analysis

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Finally, our port logistics operations, both in Montréal (QC) and Virginia, are picking up. Revenue is increasing, cost efficiencies are kicking in and results are encouraging.

In our environmental services segment, the outlook is also looking more positive. The first few months of 2017 have allowed us to replenish our order book, which now stands at a very strong \$140 million. Our Aqua-Pipe business is expecting a busy year, with large bids already won with the Ville de Montréal (QC). Furthermore, with two strategically located offices in the USA and proper deployment of equipment, we are now all set for our U.S. operations through Sanexen Water, Inc.

There are positive signs in both our marine and environmental services segments, but we must remain prudent. If increasingly protectionist policies and measures continue to be adopted in the USA, it could lead to decreased world trade, impacting our business negatively.

From a business development and acquisition point of view, we are actively studying several opportunities. We are very encouraged by the recent successes mentioned earlier and are working hard to maintain our growth efforts. We hope to add more facilities and activities to our portfolio of marine and environmental services in the years to come.

*This management's discussion and analysis along with the annual report, audited annual consolidated financial statements, the annual information form and the information circular and compensation disclosure and analysis are all filed on SEDAR's website ([www.sedar.com](http://www.sedar.com)) and some of these documents can also be consulted on Logistec's website ([www.logistec.com](http://www.logistec.com)), in the Investors section.*

*The interim financial reports and financial press releases can also be consulted on SEDAR and Logistec's website.*

*For the purpose of informing shareholders and potential investors about the Company's prospects, sections of this document may contain forward-looking statements, within the meaning of securities legislation, about the Company's activities, performance and financial position and, in particular, hopes for the success of the Company's efforts in the development and growth of its business. These forward-looking statements express, as of the date of this document, the estimates, predictions, projections, expectations or opinions of the Company about future events or results. Although the Company believes that the expectations produced by these forward-looking statements are founded on valid and reasonable bases and assumptions, these forward-looking statements are inherently subject to important uncertainties and contingencies, many of which are beyond the Company's control, such that the Company's performance may differ significantly from the predicted performance expressed or presented in such forward-looking statements. The important risks and uncertainties that may cause the actual results and future events to differ significantly from the expectations currently expressed are examined under "Business Risks" in this document and include (but are not limited to) the performances of domestic and international economies and their effect on shipping volumes, weather conditions, labour relations, pricing and competitors' marketing activities. The reader of this document is thus cautioned not to place undue reliance on these forward-looking statements. The Company undertakes no obligation to update or revise these forward-looking statements, except as required by law.*

*(signed) Jean-Claude Dugas*  
Jean-Claude Dugas, CPA, CA  
Vice-President, Finance

March 17, 2017

## 2016 Consolidated Financial Statements

Logistec Corporation

### Independent Auditor's Report

To the Shareholders of Logistec Corporation

We have audited the accompanying consolidated financial statements of Logistec Corporation, which comprise the consolidated statements of financial position as at December 31, 2016 and December 31, 2015, and the consolidated statements of earnings, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Logistec Corporation as at December 31, 2016 and December 31, 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

(s) Deloitte LLP<sup>1</sup>  
March 17, 2017  
Montreal, Québec

<sup>1</sup> CPA auditor, CA, public accountancy permit No. A109522

**2016 Consolidated Financial Statements**

Logistec Corporation

**Consolidated Statements of Earnings**

years ended December 31

(in thousands of Canadian dollars, except for per share amounts)

|  | Notes  | 2016<br>\$    | 2015<br>\$    |
|--|--------|---------------|---------------|
| Revenue  | 7      | 343,326       | 358,008       |
| Employee benefits expense  | 8      | (158,784)     | (176,953)     |
| Equipment and supplies expense                                     |        | (102,636)     | (91,000)      |
| Rental expense   |        | (28,899)      | (29,062)      |
| Other expenses   |        | (15,230)      | (14,673)      |
| Depreciation and amortization expense                              | 21     | (14,288)      | (12,328)      |
| Share of profit of equity accounted investments                    | 20     | 4,310         | 4,264         |
| Other gains and losses   | 9, 39  | (345)         | 5,528         |
| Operating profit   |        | 27,454        | 43,784        |
| Finance expense  | 10     | (1,894)       | (936)         |
| Finance income   | 11     | 194           | 313           |
| Profit before income taxes   |        | 25,754        | 43,161        |
| Income taxes   | 12     | (7,268)       | (10,288)      |
| <b>Profit for the year</b>   |        | <b>18,486</b> | <b>32,873</b> |
| Profit attributable to:  |        |               |               |
| <b>Owners of the Company</b>                                       |        | <b>18,858</b> | <b>29,142</b> |
| Non-controlling interests  |        | (372)         | 3,731         |
| <b>Profit for the year</b>   |        | <b>18,486</b> | <b>32,873</b> |
| Basic earnings per Class A Common Share <sup>(1)</sup>             | 14, 32 | 1.48          | 2.25          |
| Basic earnings per Class B Subordinate Voting Share <sup>(2)</sup> | 14, 32 | 1.64          | 2.47          |
| Diluted earnings per Class A share                                 | 14, 32 | 1.41          | 2.25          |
| Diluted earnings per Class B share                                 | 14, 32 | 1.56          | 2.47          |

<sup>(1)</sup> Class A Common Share ("Class A share")

<sup>(2)</sup> Class B Subordinate Voting Share ("Class B share")

**2016 Consolidated Financial Statements**

Logistec Corporation

**Consolidated Statements of Comprehensive Income**

years ended December 31  
(in thousands of Canadian dollars)

|   | Notes | 2016<br>\$     | 2015<br>\$    |
|---|-------|----------------|---------------|
| <b>Profit for the year</b>  |       | <b>18,486</b>  | <b>32,873</b> |
| <b>Other comprehensive income (loss)</b>  |       |                |               |
| Items that are or may be reclassified to the consolidated statements of earnings  |       |                |               |
| Currency translation differences arising on translation of foreign operations   |       | (1,158)        | 6,275         |
| Losses on derivatives designated as cash flow hedges  |       | -              | (187)         |
| Transfer of losses on derivatives designated as cash flow hedges to the consolidated statements of earnings                                       |       | 167            | 80            |
| Income taxes relating to derivatives designated as cash flow hedges   |       | (45)           | 31            |
| <b>Total items that are or may be reclassified to the consolidated statements of earnings</b>   |       | <b>(1,036)</b> | <b>6,199</b>  |
| Items that will not be reclassified to the consolidated statements of earnings  |       |                |               |
| Remeasurement losses on benefit obligation  | 25    | (44)           | (239)         |
| Return on retirement plan assets excluding amounts included in profit for the year  | 25    | 669            | (199)         |
| Income taxes on remeasurement losses on benefit obligation and return on retirement plan assets excluding amounts included in profit for the year | 12    | (168)          | 118           |
| <b>Total items that will not be reclassified to the consolidated statements of earnings</b>   |       | <b>457</b>     | <b>(320)</b>  |
| Share of other comprehensive income of equity accounted investments, net of income taxes  |       |                |               |
| Items that are or may be reclassified to the consolidated statements of earnings  |       | 1              | (7)           |
| Items that will not be reclassified to the consolidated statements of earnings  |       | 12             | (6)           |
| <b>Total share of other comprehensive income of equity accounted investments, net of income taxes</b>   |       | <b>13</b>      | <b>(13)</b>   |
| <b>Other comprehensive income (loss) for the year, net of income taxes</b>  |       | <b>(566)</b>   | <b>5,866</b>  |
| <b>Total comprehensive income for the year</b>  |       | <b>17,920</b>  | <b>38,739</b> |
| <b>Total comprehensive income (loss) attributable to:</b>   |       |                |               |
| Owners of the Company   |       | 18,292         | 35,008        |
| Non-controlling interests   |       | (372)          | 3,731         |
| <b>Total comprehensive income for the year</b>  |       | <b>17,920</b>  | <b>38,739</b> |

2016 Consolidated Financial Statements

Logistec Corporation

Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

|  | Notes  | As at<br>December 31,<br>2016<br>\$ | As at<br>December 31,<br>2015<br>\$ |
|--|--------|-------------------------------------|-------------------------------------|
| <b>Assets</b>                                      |        |                                     |                                     |
| <b>Current assets</b>                              |        |                                     |                                     |
| Cash and cash equivalents                          | 16     | 15,971                              | 23,811                              |
| Investment in a service contract                   | 17     | 865                                 | 1,157                               |
| Trade and other receivables                        | 18     | 86,373                              | 77,333                              |
| Work in progress                                   |        | 4,395                               | 6,438                               |
| Current income tax assets                          | 12     | 3,767                               | 2,569                               |
| Other financial assets                             |        | 1,014                               | —                                   |
| Assets available for sale                          |        | 330                                 | —                                   |
| Prepaid expenses                                   |        | 5,654                               | 7,952                               |
| Inventories  | 19     | 7,506                               | 6,553                               |
|  |        | 125,875                             | 125,813                             |
| Equity accounted investments                       | 20     | 31,141                              | 28,951                              |
| Property, plant and equipment                      | 21     | 138,591                             | 111,022                             |
| Goodwill   | 22     | 24,899                              | 22,615                              |
| Other intangible assets                            | 23     | 18,233                              | 20,247                              |
| Other non-current assets                           | 24     | 1,534                               | 5,194                               |
| Post-employment benefit assets                     | 25     | 706                                 | 522                                 |
| Non-current financial assets                       | 26     | 7,166                               | 5,019                               |
| Deferred income tax assets                         | 12     | 7,715                               | 9,032                               |
| <b>Total assets</b>                                |        | <b>355,860</b>                      | <b>328,415</b>                      |
| <b>Liabilities</b>                                 |        |                                     |                                     |
| <b>Current liabilities</b>                         |        |                                     |                                     |
| Trade and other payables                           | 28     | 43,081                              | 46,352                              |
| Deferred revenue                                   |        | 2,928                               | 2,700                               |
| Current income tax liabilities                     | 12     | 149                                 | 650                                 |
| Dividends payable                                  | 32     | 947                                 | 967                                 |
| Current portion of long-term debt                  | 29     | 1,681                               | 2,159                               |
| Provisions   | 30     | 1,344                               | 1,268                               |
|  |        | 50,130                              | 54,096                              |
| Long-term debt                                     | 29     | 58,644                              | 29,920                              |
| Provisions   | 30     | 800                                 | 766                                 |
| Deferred income tax liabilities                    | 12     | 13,382                              | 12,433                              |
| Post-employment benefit obligations                | 25     | 13,076                              | 12,955                              |
| Deferred revenue                                   |        | 4,133                               | 4,533                               |
| Non-current financial liabilities                  | 31     | 12,514                              | 4,067                               |
| <b>Total liabilities</b>                           |        | <b>152,679</b>                      | <b>118,770</b>                      |
| Commitments, contingent liabilities and guarantees | 37, 38 |                                     |                                     |
| <b>Equity</b>                                      |        |                                     |                                     |
| Share capital                                      | 32     | 15,618                              | 14,985                              |
| Share capital to be issued                         | 32     | 24,898                              | —                                   |
| Retained earnings                                  |        | 151,616                             | 164,154                             |
| Accumulated other comprehensive income             |        | 9,251                               | 10,274                              |
| Equity attributable to owners of the Company       |        | 201,383                             | 189,413                             |
| Non-controlling interests                          |        | 1,798                               | 20,232                              |
| <b>Total equity</b>                                |        | <b>203,181</b>                      | <b>209,645</b>                      |
| <b>Total liabilities and equity</b>                |        | <b>355,860</b>                      | <b>328,415</b>                      |

On behalf of the Board

(signed) George R. Jones  
Director

(signed) Madeleine Paquin  
Director



2016 Consolidated Financial Statements

Logistec Corporation

Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars)

|  | Notes | Attributable to owners of the Company |                                  |                        |                                    |                         |             |                                 |                    |
|--|-------|---------------------------------------|----------------------------------|------------------------|------------------------------------|-------------------------|-------------|---------------------------------|--------------------|
|  |       | Share capital<br>\$                   | Share capital to be issued<br>\$ | Cash flow hedges<br>\$ | Foreign currency translation<br>\$ | Retained earnings<br>\$ | Total<br>\$ | Non-controlling interests<br>\$ | Total equity<br>\$ |
|  |       |                                       |                                  |                        |                                    |                         |             |                                 |                    |
| Balance as at January 1, 2016  |       | 14,985                                | —                                | (139)                  | 10,413                             | 164,154                 | 189,413     | 20,232                          | 209,645            |
| Profit (loss) for the year   |       | —                                     | —                                | —                      | —                                  | 18,858                  | 18,858      | (372)                           | 18,486             |
| Other comprehensive income (loss)  |       |                                       |                                  |                        |                                    |                         |             |                                 |                    |
| Currency translation differences arising on translation of foreign operations  |       | —                                     | —                                | —                      | (1,158)                            | —                       | (1,158)     | —                               | (1,158)            |
| Remeasurement losses on benefit obligation and return on retirement plan assets excluding amounts included in profit for the year, net of income taxes | 25    | —                                     | —                                | —                      | —                                  | 457                     | 457         | —                               | 457                |
| Cash flow hedges, net of income taxes  |       | —                                     | —                                | 122                    | —                                  | —                       | 122         | —                               | 122                |
| Share of other comprehensive income of equity accounted investments, net of income taxes   |       | —                                     | —                                | 13                     | —                                  | —                       | 13          | —                               | 13                 |
| Total comprehensive income (loss) for the year   |       | —                                     | —                                | 135                    | (1,158)                            | 19,315                  | 18,292      | (372)                           | 17,920             |
| Repurchase of Class A shares   | 32    | (16)                                  | —                                | —                      | —                                  | (953)                   | (969)       | —                               | (969)              |
| Issuance and repurchase of Class B shares  | 32    | 649                                   | —                                | —                      | —                                  | (8,957)                 | (8,308)     | —                               | (8,308)            |
| Repurchase of non-controlling interests  | 32    | —                                     | 24,898                           | —                      | —                                  | (18,148)                | 6,750       | (18,062)                        | (11,312)           |
| Dividends on Class A shares  | 32    | —                                     | —                                | —                      | —                                  | (2,226)                 | (2,226)     | —                               | (2,226)            |
| Dividends on Class B shares  | 32    | —                                     | —                                | —                      | —                                  | (1,569)                 | (1,569)     | —                               | (1,569)            |
| Balance as at December 31, 2016  |       | 15,618                                | 24,898                           | (4)                    | 9,255                              | 151,616                 | 201,383     | 1,798                           | 203,181            |

**2016 Consolidated Financial Statements**

Logistec Corporation

**Consolidated Statements of Changes in Equity (Continued)**

(in thousands of Canadian dollars)

|  | Notes | Attributable to owners of the Company |                  |   |                |                   |               |                           |              |
|--|-------|---------------------------------------|------------------|---|----------------|-------------------|---------------|---------------------------|--------------|
|  |       | Share capital                         | Cash flow hedges | Accumulated other comprehensive income (loss) |                | Retained earnings | Total         | Non-controlling interests | Total equity |
|  |       |                                       |                  | Foreign currency translation                  |                |                   |               |                           |              |
|  |       | \$                                    | \$               | \$  | \$             | \$                | \$            | \$                        |              |
| <b>Balance as at January 1, 2015</b>   |       | <b>14,906</b>                         | <b>(56)</b>      | <b>4,138</b>                                  | <b>144,513</b> | <b>163,501</b>    | <b>15,923</b> | <b>179,424</b>            |              |
| Profit for the year  |       | -                                     | -                | -   | 29,142         | 29,142            | 3,731         | 32,873                    |              |
| Other comprehensive income (loss)  |       |                                       |                  |   |                |                   |               |                           |              |
| Currency translation differences arising on translation of foreign operations  |       | -                                     | -                | 6,275   | -              | 6,275             | -             | 6,275                     |              |
| Remeasurement losses on benefit obligation and return on retirement plan assets excluding amounts included in profit for the year, net of income taxes | 25    | -                                     | -                | -   | (320)          | (320)             | -             | (320)                     |              |
| Cash flow hedges, net of income taxes  |       | -                                     | (76)             | -   | -              | (76)              | -             | (76)                      |              |
| Share of other comprehensive income of equity accounted investments, net of income taxes   |       | -                                     | (7)              | -   | (6)            | (13)              | -             | (13)                      |              |
| <b>Total comprehensive income (loss) for the year</b>  |       | <b>-</b>                              | <b>(83)</b>      | <b>6,275</b>                                  | <b>28,816</b>  | <b>35,008</b>     | <b>3,731</b>  | <b>38,739</b>             |              |
| Repurchase of Class A shares   | 32    | (16)                                  | -                | -   | (974)          | (990)             | -             | (990)                     |              |
| Issuance and repurchase of Class B shares  | 32    | 95                                    | -                | -   | (4,641)        | (4,546)           | -             | (4,546)                   |              |
| Investment received from a non-controlling interest  |       | -                                     | -                | -   | -              | -                 | 578           | 578                       |              |
| Dividends on Class A shares  | 32    | -                                     | -                | -   | (2,047)        | (2,047)           | -             | (2,047)                   |              |
| Dividends on Class B shares  | 32    | -                                     | -                | -   | (1,513)        | (1,513)           | -             | (1,513)                   |              |
| <b>Balance as at December 31, 2015</b>   |       | <b>14,985</b>                         | <b>(139)</b>     | <b>10,413</b>                                 | <b>164,154</b> | <b>189,413</b>    | <b>20,232</b> | <b>209,645</b>            |              |

2016 Consolidated Financial Statements

Logistec Corporation

Consolidated Statements of Cash Flows

years ended December 31  
(in thousands of Canadian dollars)

|  | Notes | 2016<br>\$ | 2015<br>\$ |
|--|-------|------------|------------|
| <b>Operating activities</b>  |       |            |            |
| Profit for the year  |       | 18,486     | 32,873     |
| Impairment loss related to assets destroyed  |       | —          | 6,066      |
| Gain on insurance recovery of assets   |       | —          | (6,066)    |
| Items not affecting cash and cash equivalents  | 33    | 29,787     | 27,310     |
| Cash generated from operations   |       | 48,273     | 60,183     |
| Dividends received from equity accounted investments                                 | 20    | 2,213      | 2,434      |
| Contributions to defined benefit retirement plans                                    | 25    | (866)      | (1,119)    |
| Settlement of provisions   | 30    | (304)      | (126)      |
| Changes in non-cash working capital items  | 33    | (15,028)   | (11,765)   |
| Income taxes paid  |       | (7,473)    | (8,842)    |
|  |       | 26,815     | 40,765     |
| <b>Financing activities</b>  |       |            |            |
| Issuance of long-term debt, net of transaction costs                                 | 29    | 53,852     | 12,642     |
| Repayment of long-term debt  | 29    | (29,909)   | (9,945)    |
| Interest paid  |       | (1,867)    | (913)      |
| Issuance of Class B shares   | 32    | 607        | 113        |
| Repurchase of Class A shares   | 32    | (969)      | (990)      |
| Repurchase of Class B shares   | 32    | (9,484)    | (4,873)    |
| Dividends paid on Class A shares   | 32    | (2,227)    | (1,956)    |
| Dividends paid on Class B shares   | 32    | (1,587)    | (1,452)    |
|  |       | 8,416      | (7,374)    |
| <b>Investing activities</b>  |       |            |            |
| Customer repayment of an investment in a service contract                            |       | 292        | 209        |
| Interest received  |       | 206        | 320        |
| Cash acquired in a business acquisition  | 6     | 205        | —          |
| Business acquisitions  | 6     | (5,262)    | —          |
| Investment in a joint venture  |       | —          | 578        |
| Repurchase of a non-controlling interest   |       | (2,393)    | —          |
| Acquisition of property, plant and equipment   | 21    | (32,198)   | (26,118)   |
| Proceeds from disposal of property, plant and equipment                              | 21    | 363        | 704        |
| Acquisition of other financial assets  | 7     | (4,039)    | —          |
| Acquisition of intangible assets   | 23    | (33)       | (56)       |
| Repayment of non-current financial assets  |       | 3          | —          |
| Increase of other non-current assets   |       | (827)      | (10,640)   |
| Disposal of other non-current assets   |       | 68         | —          |
|  |       | (43,615)   | (35,003)   |
| Net change in cash and cash equivalents  |       | (8,384)    | (1,612)    |
| Cash and cash equivalents, beginning of year   |       | 23,811     | 26,381     |
| Effect of exchange rate on balances held in foreign currencies of foreign operations |       | 544        | (958)      |
| Cash and cash equivalents, end of year   |       | 15,971     | 23,811     |
| Non-cash transactions and supplemental information                                   | 33    |            |            |

## Notes to 2016 Consolidated Financial Statements

years ended December 31, 2016 and 2015

(in thousands of Canadian dollars, except for per share amounts)

Logistec Corporation

### 1. General Information

Logistec Corporation provides specialized cargo handling and other services to a wide variety of marine, industrial and municipal customers. The Company has cargo handling facilities in 28 ports in eastern North America; short-line rail transportation services; and marine agency services to foreign shipowners and operators serving the Canadian market. The Company is widely diversified on the basis of cargo type and port location with a balance between import and export activities. Furthermore, the Company, through its subsidiary Sanexen Environmental Services Inc. ("Sanexen"), operates in the environmental sector where it provides services for the trenchless structural rehabilitation of underground water mains, regulated materials management, site remediation, risk assessment and manufacturing of woven hoses.

The Company is incorporated in the Province of Québec and is governed by the Québec Business Corporations Act. Its shares are listed on the Toronto Stock Exchange ("TSX") under the ticker symbols LGT.A and LGT.B. The address of its registered office is 360 St. Jacques Street, Suite 1500, Montréal (QC) H2Y 1P5, Canada.

The Company's largest shareholder is Sumanic Investments Inc.

These audited consolidated financial statements were approved by the Company's Board of Directors on March 17, 2017.

### 2. Summary of Significant Accounting Policies

Significant accounting policies used in the preparation of these consolidated financial statements are set out below.

#### **Basis of Preparation**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

#### **Basis of Measurement**

The consolidated financial statements have been prepared on a historical cost basis, with the exception of certain financial instruments that are measured at fair value, including derivative financial instruments, post-employment benefit assets, post-employment benefit obligations, and provisions for asset retirement obligations.

#### **Basis of Consolidation**

The consolidated financial statements include the accounts of the Company and its subsidiaries.

#### ***Subsidiaries***

Subsidiaries are all entities controlled by the Company. Control is achieved where the Company has power over the investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of these returns. The subsidiaries continue to be consolidated until the date that such control ceases.

Revenue and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statements of earnings and of comprehensive income from the effective date of acquisition of control and up to the effective date of loss of control, as appropriate. Total comprehensive income of subsidiaries is attributed to owners of the Company and to non-controlling interests.

## Notes to 2016 Consolidated Financial Statements

years ended December 31, 2016 and 2015

(in thousands of Canadian dollars, except for per share amounts)

Logistec Corporation

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Company.

The Company uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of assets transferred, liabilities incurred and equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Company recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share in the recognized amounts of the acquiree's net assets.

Changes in the parent company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

All intra-group transactions, balances, revenue expenses, and cash flows are eliminated on consolidation until they are realized with a third party. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

The following subsidiaries are wholly owned by the Company:

Autoterm Inc., BalTerm, LLC, CrossGlobe Transport, Ltd., Excava-Tech Inc., Les Terminaux Rideau Bulk Terminals Inc., Logistec Marine Agencies Inc., Logistec Stevedoring Inc., Logistec Stevedoring (Atlantic) Inc., Logistec Stevedoring (New Brunswick) Inc., Logistec Stevedoring (Nova Scotia) Inc., Logistec Stevedoring (Ontario) Inc., Logistec Stevedoring U.S.A. Inc., Logistec USA Inc., Niedner Inc., Ramsey Greig & Co. Ltd., Sanexen Environmental Services Inc., Sanexen Environnement SAS, Mistral Environment SAS, Sanexen Water, Inc., SETL Real Estate Management Inc., Sorel Maritime Agencies Inc., Tartan Terminals, Inc., 189688 Canada Inc., 3088-6469 Québec inc, and 9223-5555 Québec inc. The Company also holds an 85.82% investment in MtlLINK Multimodal Solutions Inc.

### ***Non-Controlling Interests***

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity.

### ***Equity Accounted Investments***

Equity accounted investments consist of investments in joint ventures and associates of the Company.

#### **Joint Ventures**

A joint venture is a contractual arrangement whereby the Company and other parties undertake to have joint control over an arrangement, which exists only when decisions about the activities that significantly affect the returns of the arrangement require the unanimous consent of the parties sharing control. It involves the establishment of a corporation or a partnership and the parties having joint control have rights to the net assets of the arrangement.

## Notes to 2016 Consolidated Financial Statements

years ended December 31, 2016 and 2015

(in thousands of Canadian dollars, except for per share amounts)

Logistec Corporation

### **Associates**

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The profit or loss, assets and liabilities of equity accounted investments are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5, "Non-Current Assets Held for Sale and Discontinued Operations". Under the equity method, an investment in a joint venture or associate is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Company's share of profit or loss and of other comprehensive income or loss of the joint venture or associate. When the Company's share of loss of a joint venture or associate exceeds the Company's interest in that joint venture or associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the joint venture or associate), the Company discontinues recognizing its share of further losses unless the Company has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate.

Any excess of the acquisition cost over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of a joint venture or associate recognized at the acquisition date is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the acquisition cost, after reassessment, is recognized immediately in the consolidated statements of earnings.

When the Company transacts with its joint venture or associate, profit or loss resulting from transactions with the joint venture or associate is recognized in the Company's consolidated financial statements only to the extent of interests in the joint venture or associate that are not related to the Company.

### **Revenue Recognition**

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognized when it is probable that the economic benefits will flow to the Company, sale price is determinable, services are rendered or goods are shipped, and collectability is reasonably assured.

The Company earns revenue for stevedoring, material loading and unloading, container stuffing and destuffing, ship dockage, rail and road transportation, storage, tailgating (truck loading and discharging), and marine agency services. Revenue for stevedoring, material loading and unloading, container stuffing and destuffing, ship dockage, rail and road transportation, tailgating and marine agency services is recognized when services are performed. Fees for storage are recognized for material stored at the facilities.

The Company also earns revenue from environmental services relating to the rehabilitation of underground water mains, regulated materials management, site remediation, risk analysis as well as manufacturing of woven hoses. Revenue from rehabilitation of underground water mains, regulated materials management services, site remediation, and risk analysis is recognized based on the stage of completion of work, which, depending on the nature of the revenue arrangement, is determined by surveys of work performed. Revenue is calculated based on billing rates for the services performed or proportionally with its stage of completion at any given time by dividing the cumulative costs incurred as at the period end date by the sum of incurred costs and anticipated costs for completing a contract. When using the stage of completion method to recognize revenue, the cumulative effect of changes to anticipated costs and anticipated revenue for completing a contract are recognized in the period in which

## Notes to 2016 Consolidated Financial Statements

years ended December 31, 2016 and 2015

(in thousands of Canadian dollars, except for per share amounts)

Logistec Corporation

the revisions are identified. In the event that the total anticipated costs exceed the total anticipated revenue on a contract, such loss is recognized in its entirety in the period it becomes known. Estimates are required to determine the appropriate anticipated costs and revenue. Anticipated revenue on contracts may include future revenue from unapproved change orders, if such additional revenue can be reliably estimated and it is considered probable that it will be recovered. Also, anticipated revenue on contracts may include future revenue from claims, if negotiations have reached an advanced stage such that it is probable that the customer will accept the claim and that it is probable that the amount will be accepted by the customer can be measured reliably. Revenue from manufacturing of woven hoses is recognized when goods are shipped.

### Service Concession Arrangements under IFRIC Interpretation 12

IFRIC Interpretation 12, "Service Concession Arrangements", provides guidance on the accounting of certain qualifying public-private partnership arrangements under which the grantor, usually a government:

- Controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- Controls any significant residual interest in the infrastructure at the end of the term of the arrangement.

The concessionaire accounts for the assets related to the infrastructure as a financial asset when it does not assume the financial risk associated with the usage of the infrastructure, as an intangible asset when it assumes the demand risk and a mix of both when it shares the demand risk with the grantor.

Revenue from service concession arrangements associated with the construction of an infrastructure is recognized based on the stage of completion of work. Revenue from the operation of the infrastructure is recognized in the period in which the services are rendered. Finance income generated on financial assets is recognized using the effective interest method.

### Foreign Currencies

#### *Functional and Presentation Currency*

Items included in the financial statements of each of the Company's foreign operations are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional and presentation currency is the Canadian dollar.

The financial statements of foreign operations that have a functional currency different from that of the Company's presentation currency are translated into Canadian dollars. Assets and liabilities are translated at the rates in effect at the end of the reporting period; revenue and expense items are translated at the rates in effect on transaction dates. Gains or losses arising from translation are recorded in equity under the heading accumulated other comprehensive income – foreign currency translation.

#### *Transactions and Balances*

Revenue and expense items arising from transactions in foreign currencies are converted into the functional currency at the rates in effect on transaction dates. Monetary asset and liability items on the consolidated statements of financial position are translated into the functional currency at the rates in effect at the end of the reporting period; non-monetary items are translated at the rates in effect on transaction dates. Exchange gains or losses arising from translation are recognized in the consolidated statements of earnings, except where hedge accounting is applied as described under derivative financial instruments.

## Notes to 2016 Consolidated Financial Statements

years ended December 31, 2016 and 2015

(in thousands of Canadian dollars, except for per share amounts)

Logistec Corporation

### Income Taxes

Income tax expense comprises current and deferred income taxes. The income tax expense is recognized in the consolidated statements of earnings except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income.

#### *Current Income Taxes*

Current income taxes are the expected taxes payable on the taxable profit for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable with respect to previous years.

#### *Deferred Income Taxes*

Deferred income taxes are recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred income tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

#### Deferred Income Tax Assets

Deferred income tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Such deferred income tax assets are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred income tax assets are recognized for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

Deferred income tax assets arising from deductible temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures are only recognized to the extent that it is probable that there will be sufficient taxable profit against which the benefits of the temporary differences can be utilized and they are expected to reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

#### Deferred Income Tax Liabilities

Deferred income tax liabilities are generally recognized for all taxable temporary differences. Such deferred income tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction (other than in a business combination) that affects neither the taxable profit nor the accounting profit.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.



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### Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and in banks, short-term investments with maturity dates less than three months from the acquisition date, and short-term investments redeemable at all times without penalty.

### Trade and Other Receivables

Trade receivables are amounts due from customers for the rendering of services or sale of goods in the normal course of business. Trade and other receivables are classified as current assets if payment is due within one year or less. Trade and other receivables are initially recognized at fair value and subsequently measured at amortized cost, less impairment. The Company maintains an allowance for doubtful accounts to provide for impairment of trade receivables. The expense relating to doubtful accounts is included within other expenses in the consolidated statements of earnings.

### Work in Progress

Work in progress represents the gross unbilled amount for a given project that is expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognized by the Company to date less progress billings. If progress billings for a given project exceed costs incurred plus recognized profit, then the difference is presented as deferred revenue.

### Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis. Cost of work in progress and finished goods includes raw material cost, labour cost and appropriate overhead cost. Net realizable value represents the estimated sale price for inventories less all estimated costs of completion and costs necessary to make the sale.

### Investments in Service Contracts

Investments in service contracts are amounts paid by the Company for assets that will be used in service contracts where the customer has the exclusive right to all or a portion of these assets for a specific period and the Company is not able to sell or otherwise use these assets to service others without the customer's consent. The investments are accounted for as financing arrangements based on the return established in the terms of the contracts.

### Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of government grants, less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the consolidated statements of earnings during the period in which they are incurred.

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Property, plant and equipment, less their residual value, are depreciated using the straight-line method over their estimated useful lives. The estimated useful lives are as follows:

|  |               |
|--|---------------|
| Buildings                                      | 5 to 25 years |
| Machinery and automotive equipment             | 3 to 20 years |
| Computer equipment                             | 3 to 7 years  |
| Furniture and fixtures                         | 3 to 10 years |
| Leasehold improvements                         | 4 to 10 years |
| Automotive equipment held under finance leases | 5 years       |

The estimated useful lives, residual values and method of depreciation are reviewed annually, with the effect of any changes in estimates accounted for on a prospective basis.

The gain or loss on disposal of property, plant and equipment is determined by comparing the sales proceeds with the carrying amount of the asset and is included in the consolidated statements of earnings.

### Leases

Leases are classified as either operating or finance leases based on the substance of the transaction at the inception of the lease.

#### *Operating Leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Expenses under an operating lease are recognized in the consolidated statements of earnings on a straight-line basis over the period of the lease.

#### *Finance Leases*

Leases in which substantially all the risks and rewards of ownership are transferred to the Company are classified as finance leases.

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statements of financial position as a finance lease obligation and is classified in long-term debt.

Lease payments are apportioned between finance expense and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. A finance expense is charged directly to the consolidated statements of earnings, unless it is directly attributable to qualifying assets, in which case it is capitalized.

### Government Grants

Government grants related to the acquisition of capital expenditures are reflected as a reduction of the cost of the related assets. Accordingly, they are recognized in the consolidated statements of earnings over the life of the depreciable asset as a reduced depreciation expense. Government grants for expenses are recognized as a reduction of the related expenses. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

### Goodwill

Goodwill is measured as the excess of the acquisition cost over the Company's share in the fair value of all identified assets and liabilities. Goodwill is initially recognized as an asset at fair value and is subsequently measured at cost less any accumulated impairment losses.

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For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units ("CGU") (or groups of CGUs) expected to benefit from the synergies of the combination, and which represent the lowest level within the Company at which goodwill is monitored for internal purposes.

CGUs to which goodwill has been allocated are tested for impairment annually, except when certain criteria are met, or more frequently when there is an indication that the unit may be impaired. Recoverable amount is the higher of fair value less costs of disposal to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU for which the estimates of future cash flows have not been adjusted. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rated on the basis of the carrying amount of each asset in the unit. An impairment loss recognized on goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

### Intangible Assets

Intangible assets consist primarily of lease rights and location, and client relationships. Intangible assets have finite useful lives and are stated at cost less accumulated amortization and impairment losses.

Intangible assets are amortized using the straight-line method over their estimated useful lives. The estimated useful lives are as follows:

|                           |               |
|---------------------------|---------------|
| Client relationships      | 2 to 10 years |
| Computer software         | 3 to 5 years  |
| Dredging costs            | 2 years       |
| Lease rights and location | 21 years      |

Research expenditures are recognized as an expense as incurred. Development expenditures are recognized as an intangible asset when all the following criteria can be demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development expenditures that do not meet these criteria are recognized as an expense as incurred. Development expenditures previously recognized as an expense are not recognized as an intangible asset in a subsequent year.

### Impairment of Non-Financial Assets Other Than Goodwill

At the end of each reporting date, the Company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the

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impairment loss (if any). Where it is not possible to estimate the recoverable amount for an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

If the carrying amount of an asset (or CGU) exceeds its recoverable amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is immediately recognized in the consolidated statements of earnings.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statements of earnings.

### Provisions

Provisions include provisions for warranty, claims and litigation, provisions to further recognize the Company's share of losses of certain joint ventures for which it has incurred constructive obligations, and asset retirement obligations. Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event, when it is probable that the Company will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### Warranty

A subsidiary of the Company provides a limited warranty on its products to be free of defects in material and workmanship for a period of five years from the date goods are sold. The provision is based on management's best estimate of the amount required to settle the obligation.

### Claims and Litigation

A provision for claims and litigation is recognized when it is probable that the Company will be held responsible. The provision is based on management's best estimate of the amount required to settle the obligation.

### Asset Retirement Obligations

The Company's asset retirement obligations essentially derive from its obligations to remove assets and to restore its sites under operating leases. The fair value of a liability for an asset retirement obligation is recorded in the year in which it is incurred and when a reasonable estimate of fair value can be made. The fair value of a liability for an asset retirement obligation is the amount at which that liability could be settled in a current transaction between independent parties that is other than in a forced or liquidation transaction. The asset retirement cost is capitalized as part of the related asset and is amortized using a systematic and rational method over the asset's useful life.

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### Post-Employment Benefits

Certain employees have entitlements under the Company's retirement plans which are either defined contribution or defined benefit retirement plans. These plans take different forms depending on the legal, financial and tax regime of each country.

For defined benefit retirement plans, the level of benefit provided is based on the length of service and earnings of the person entitled. Also, the cost of retirement is actuarially determined using the projected unit credit method pro-rated on service and management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees.

The retirement liability recognized in the consolidated statements of financial position represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

The net interest expense is calculated on the net defined benefit liability (asset) by applying the discount rate used to calculate the defined benefit obligation at the beginning of the year.

Remeasurements are included in other comprehensive income, namely actuarial gains and losses on benefit obligations and return on plan assets excluding amounts included in profit for the year. Actuarial gains and losses are recognized in full in the period in which they occur, in other comprehensive income, without recycling to the consolidated statements of earnings in subsequent periods.

Past service cost is recognized at the earlier of the following two dates:

- i. When the plan amendment or curtailment occurs; or
- ii. When the entity recognizes related restructuring costs or termination benefits.

Contributions for defined contribution retirement plans are recognized as an expense when employees have rendered service entitling them to the contributions.

### Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets and liabilities are initially recorded at fair value.

#### **Financial Assets**

Financial assets are classified as available for sale, at fair value through profit or loss ("FVTPL"), held-to-maturity, or loans and receivables. The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

#### **Classification**

Cash and cash equivalents, trade and other receivables, non-current financial assets and investments in service contracts are classified as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period.

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### **Impairment of Financial Assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

### **Derecognition of Financial Assets**

A financial asset is derecognized when the contractual right to the asset's cash flows expires.

### ***Financial Liabilities***

Financial liabilities are classified either as at FVTPL or other financial liabilities.

#### **Classification**

Trade and other payables, dividends payable, long-term debt, long-term incentive plans, and workers' compensation are classified as other financial liabilities.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period.

#### **Transaction Costs**

Transaction costs related to financial liabilities classified as other than held for trading are netted against the carrying value of the liability and then amortized over the expected life of the instrument using the effective interest method.

#### **Derecognition of Financial Liabilities**

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

### **Derivative Financial Instruments**

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risk and to interest risk. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. The resulting gain or loss is recognized immediately in the consolidated statements of earnings unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in the consolidated statements of earnings depends on the nature of the hedge relationship.

#### ***Hedge Accounting***

Hedge accounting enables the recording of the effective portion of gains or losses from derivative financial instruments in the same period as for those related to the hedged item. The Company designates foreign exchange forward contracts as hedging instruments in respect of foreign currency risk related to some forecasted transactions of non-financial assets as cash flow hedges. The Company also designates interest rate swap contracts as hedging instruments in respect of interest risk related to floating interest rate debts as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge relationship and on

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an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading accumulated other comprehensive income – cash flow hedges. The gain or loss relating to the ineffective portion is recorded in the consolidated statements of earnings, if any, and is included in the other gains and losses line item.

The gains and losses previously recognized in other comprehensive income and accumulated in equity related to the forecasted transactions of the non-financial assets are transferred from equity and included in the initial measurement of the cost of the non-financial asset while those related to interest rate swap contracts are reclassified to the consolidated statements of earnings over the period that the floating rate interest payments on debts affect profit or loss.

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized only when the forecasted transaction is ultimately recognized in the consolidated statements of earnings. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss reported in equity is immediately transferred to the consolidated statements of earnings.

### Earnings per Share (“EPS”)

Basic EPS are calculated by dividing the profit (loss) for the year attributable to owners of the Company by the weighted average number of Class A and Class B shares outstanding during the year.

Diluted EPS are calculated by adjusting the weighted average number of Class A and Class B shares outstanding for dilutive instruments. Diluted EPS are calculated using the treasury stock method.

### Share Capital

Class A and Class B shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

### Share-Based Payment

Equity-settled share-based payment to employees is measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized prospectively in the consolidated statements of earnings such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

## 3. Application of New and Revised IFRS

On January 1, 2016, the Company adopted the following revised standard:

### *IAS 1, “Presentation of Financial Statements”*

IAS 1 was amended in December 2014 to clarify certain requirements already included in IAS 1 with respect to the application of the concept of materiality, the order of the notes and the presentation of certain line items and subtotals in the statement of financial position, the statement of earnings and the

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statement of comprehensive income. It did not have any significant impact on the Company's 2016 consolidated financial statements.

### Accounting Standards Issued but not yet Applied

The following accounting standards have been published: IFRS 9, "Financial Instruments"; IFRS 15, "Revenue from Contracts with Customers"; IFRS 16, "Leases"; and IAS 7, "Statement of Cash Flows". The Company has not yet assessed the impact of these standards on the consolidated financial statements.

#### *IFRS 9, "Financial Instruments"*

In July 2014, the final version of IFRS 9 was issued and it replaces IAS 39, "Financial Instruments – Recognition and Measurement". Classification and measurement of financial assets are based on a single approach, which reflects the business model in which they are managed and their cash flow characteristics. Requirements for financial liabilities largely carried forward existing requirements in IAS 39. Expected credit losses will be accounted for from when financial instruments are first recognized and the threshold for recognition of full lifetime expected losses is lowered. A new hedge accounting model is introduced, together with corresponding disclosures about risk management activity. The new hedge accounting model will allow entities to better reflect their risk management activities when hedging financial and non-financial risk exposures in the financial statements.

The standard is to be applied for accounting periods beginning on or after January 1, 2018, with early adoption permitted.

#### *IFRS 15, "Revenue from Contracts with Customers"*

IFRS 15, issued in May 2014, specifies when and how revenue will be recognized. It provides a single five-step model to be applied to all contracts with customers. It also provides additional disclosure requirements. The standard is to be applied for accounting periods beginning on or after January 1, 2018.

#### *IFRS 16, "Leases"*

IFRS 16, issued in February 2016, specifies how to recognize, evaluate and present leases and provide information about them. The standard contains a unique model for lessee accounting which requires the recognition of assets and liabilities for all contracts unless the contract term is 12 months or less or the underlying asset has a low value. However, the recognition by the lessor remains largely unchanged from IAS 17, "Leases", and the distinction between contracts of leasing and contract hire remains single. The standard is effective for accounting periods beginning on or after January 1, 2019.

#### *IAS 7, "Statement of Cash Flows"*

IAS 7 was amended in January 2016 to enable the users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

## 4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Company's significant accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.



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The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The measurement of some assets and liabilities in the preparation of these consolidated financial statements includes assumptions made by management, in particular regarding the following items:

### Trade Receivables

The Company must make an assessment of whether trade receivables are collectable from customers. Accordingly, management establishes an allowance for estimated losses arising from non-payment on a specific basis and, if required, using a set percentage applied to the aging of trade receivables. Trade receivables are written off once determined not to be collectable. If future collections differ from estimates, future profit would be affected.

### Goodwill and Other Intangible Assets

Goodwill and certain of the Company's other intangible assets, consisting of lease rights and location, and client relationships arise out of business combinations. The purchase method involves the allocation of the cost of an acquisition to the net assets acquired based on their respective estimated fair values. As part of this allocation process, the Company must identify and attribute values and estimated useful lives to the intangible assets acquired. These determinations involve significant estimates and assumptions regarding cash flow projections, economic risk and weighted cost of capital.

These estimates and assumptions are used to determine the amount allocated to other identifiable intangible assets and goodwill, as well as the amortization period for identifiable intangible assets with finite lives. If future events or results differ adversely from these estimates and assumptions, the Company would record the impact of the change on a prospective basis.

### Impairment of Long-Lived Assets, Including Goodwill

At each reporting date, if any indication of impairment exists for long-lived assets, including goodwill, and at least annually for the goodwill, the Company performs an impairment test to determine if the carrying amounts are recoverable. The impairment review process is subjective and requires significant estimates throughout the analysis. Refer to Note 22 for a discussion on the Company's goodwill impairment test.

### Deferred Income Taxes

The evaluation of the recoverability of deferred income tax assets is based on an assessment of the ability to use the underlying future tax deductions before they expire against future taxable profit. The assessment is based upon existing tax laws and estimates of future taxable profit.

### Work in Progress

Work in progress being measured at cost plus profit recorded by the Company to date, to which progress billings are subtracted, the Company must assess the profit to be accounted for on a given contract, which is based on the anticipated profit on the contract and the history for that type of contract.

### Prepaid Expenses

The assessment of the current and non-current portions of prepaid expenses relating to a take-or-pay service contract (Note 24) results from management's estimate of the future usage of the services provided.

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### Post-Employment Benefits

The actuarial techniques used to assess the value of defined benefit retirement plans involve significant financial (discount rate) and demographic (salary increase rate) assumptions. The Company uses the assistance of an independent actuary in the assessment of these assumptions.

The actuarial assumptions used by the Company may differ materially from actual results in future years due to changing market and economic conditions, regulatory events, judicial rulings, withdrawal rates, or participant life spans. Refer to Note 25 for further details on the significant actuarial assumptions used in the measurement of the Company's net benefit liability.

### Long-Term Incentive Plans

To determine the expense relating to long-term incentive plans, the Company must assess the probability of attaining each threshold creating a right to the long-term bonus, which depends on the expected results to be achieved.

## 5. Financial Risk Management

### Capital Management

The Company's primary objectives when managing capital are to:

- Maintain a capital structure that allows financing options to the Company in order to benefit from potential opportunities as they arise;
- Provide an appropriate return on investment to its shareholders;
- Maintain a debt/capitalization ratio of less than 40%. The debt/capitalization ratio is defined as long-term debt (including the current portion) over long-term debt (including the current portion) plus equity attributable to owners of the Company.

The Company includes the following in its capital:

- Cash and cash equivalents and short-term investments, if any;
- Long-term debt (including the current portion) and short-term bank loans, if any;
- Equity attributable to owners of the Company.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with the objectives stated above and corresponds to the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may refinance its existing debt, raise new debt, pay down debt, repurchase shares for cancellation purposes pursuant to normal course issuer bids or issue new shares.

The Company's Board of Directors determines the level of dividend payments. To date, the practice has been to maintain regular quarterly dividend payments with increases over the years.

The capital managed is as follows:

|   | As at<br>December 31,<br>2016<br>\$ | As at<br>December 31,<br>2015<br>\$ |
|---|-------------------------------------|-------------------------------------|
| Cash and cash equivalents                     | 15,971                              | 23,811                              |
| Long-term debt, including the current portion | 60,325                              | 32,079                              |
| Equity attributable to owners of the Company  | 201,383                             | 189,413                             |

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The Company monitors the debt/capitalization ratio on a quarterly basis. As at December 31, 2016, the ratio is 23.1% based on debt of \$60,325 divided by a capitalization of \$261,708 (14.5% as at December 31, 2015, based on debt of \$32,079 divided by capitalization of \$221,492), which is within the Company's objective.

### Financial Risk Management

By the nature of the activities carried out and as a result of holding financial instruments, the Company is exposed to credit risk, liquidity risk and market risk, especially interest rate risk and foreign exchange risk.

#### Credit Risk

Credit risk arises from the possibility that a counterpart will fail to perform its obligations. The Company conducts a thorough assessment of credit issues prior to committing to the investment and actively monitors the financial health of its investees on an ongoing basis. In addition, the Company is exposed to credit risk from customers. On the one hand, the Company does business mostly with large industrial and well-established customers, thus reducing its credit risk. On the other hand, the number of customers served by the Company is limited, which increases the risk of business concentration and economic dependency. Overall, the Company serves approximately 1,600 customers. In 2016, the 20 largest customers account for 45.7% (49.0% in 2015) of consolidated revenue and not a single customer accounts for more than 10% of consolidated revenue and trade receivables.

Allowance for doubtful accounts and past due receivables are reviewed by management at each reporting date. Allowance for doubtful accounts and past due receivables are presented in further detail in Note 18.

The Company's maximum exposure to credit risk with respect to each of its financial assets (cash and cash equivalents, investment in a service contract, trade and other receivables, and non-current financial assets) corresponds to its carrying amount.

#### Liquidity Risk

Liquidity risk is the Company's exposure to the risk of not being able to meet its financial obligations when they become due. The Company monitors its levels of cash and debt, and takes appropriate actions to ensure it has sufficient cash to meet operational needs while ensuring compliance with covenants.

The following are the contractual maturities of financial obligations:

| As at December 31, 2016                                     | Carrying amount<br>\$ | Contractual cash flows<br>\$ | Less than 1 year<br>\$ | 1-3 years<br>\$ | More than 3 years<br>\$ |
|---|-----------------------|------------------------------|------------------------|-----------------|-------------------------|
| Trade and other payables                                    | 43,081                | 43,081                       | 43,081                 | —               | —                       |
| Long-term debt <sup>(1)</sup>                               | 60,707                | 60,707                       | 814                    | 58,693          | 1,200                   |
| Non-current financial liabilities, excluding the derivative | 12,437                | 12,437                       | 1,836                  | 2,138           | 8,463                   |
|   | <b>116,225</b>        | <b>116,225</b>               | <b>45,731</b>          | <b>60,831</b>   | <b>9,663</b>            |
| As at December 31, 2015                                     | Carrying amount<br>\$ | Contractual cash flows<br>\$ | Less than 1 year<br>\$ | 1-3 years<br>\$ | More than 3 years<br>\$ |
| Trade and other payables                                    | 46,352                | 46,352                       | 46,352                 | —               | —                       |
| Long-term debt <sup>(1)</sup>                               | 33,461                | 33,461                       | 2,582                  | 29,279          | 1,600                   |
| Non-current financial liabilities, excluding the derivative | 3,900                 | 3,900                        | —                      | 3,631           | 269                     |
|   | <b>83,713</b>         | <b>83,713</b>                | <b>48,934</b>          | <b>32,910</b>   | <b>1,869</b>            |

<sup>(1)</sup> Includes principal and interest

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Given the actual liquidity level combined with future cash flows that will be generated by operations, the Company believes that its liquidity risk is low.

### **Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's results or the value of its financial instruments. The Company is mainly exposed to interest risk and foreign exchange risk.

#### **Interest Risk**

The Company holds interest rate swap contracts related to its debts to swap the floating rate to a fixed rate, thus decreasing the Company's sensitivity to interest rate fluctuations.

##### **Sensitivity Analysis**

As at December 31, 2016, the floating rate portion of the Company's long-term debt is 92% (92% in 2015). Taking into account the interest rate swap contracts mentioned above, the floating rate portion is 80% as at December 31, 2016 (50% in 2015). All else being equal, a hypothetical variation of +1.0% in the prime interest rate on the floating rate portion of the Company's long-term debt held as at December 31, 2016, excluding the floating rate debt for which the floating rate has been swapped to fixed, would have had a negative impact of \$557 (\$160 in 2015) on profit for the year. A hypothetical variation of -1.0% in the prime interest rate would have had the opposite impact on profit for the year.

##### **Interest Rate Swap Contract**

The interest rate swap was designated as a cash flow hedge until September 2016. As at December 31, 2016, the degressive notional principal amount of the outstanding interest rate swap contract was \$7,261 (\$8,571 in 2015). The floating interest rate on the interest rate swap is CDOR and the fixed interest rate is 1.79%. The interest rate swap contract settles on a monthly basis and will mature on August 27, 2018.

#### **Foreign Exchange Risk**

The Company is mainly exposed to fluctuations in the U.S. dollar. The Company considers the risk to be limited and, therefore, does not use derivative instruments to reduce its exposure.

During 2016, all else being equal, a hypothetical strengthening of 5.0% of the U.S. dollar against the Canadian dollar would have had a positive impact of \$2,205 (\$1,589 in 2015) on profit for the year and a positive impact of \$2,783 (\$2,864 in 2015) on total comprehensive income. A hypothetical weakening of 5.0% of the U.S. dollar against the Canadian dollar would have had the opposite impact on profit for the year and total comprehensive income.

As at December 31, 2016, a total of \$42,445 or US\$28,966 and €2,507 (\$36,115 or US\$23,296 and €2,577 in 2015) of cash and cash equivalents and trade and other receivables is denominated in foreign currencies. As at December 31, 2016, a total of \$17,775 or US\$11,669 and €1,487 (\$17,226 or US\$11,034 and €1,301 in 2015) of trade and other payables is denominated in foreign currencies.

#### **Fair Value of Financial Instruments**

As at December 31, 2016 and 2015, the estimated fair values of cash and cash equivalents, trade and other receivables, trade and other payables, and dividends payable approximated their respective carrying values due to their short-term nature.

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The estimated fair value of long-term notes receivable was not significantly different from their carrying value as at December 31, 2016 and 2015, based on the Company's estimated rate for long-term notes receivable with similar terms and conditions.

The estimated fair value of the investment in a service contract was not significantly different from its carrying value as at December 31, 2016 and 2015, as terms and conditions were similar to current conditions.

The estimated fair value of long-term debt was not significantly different from its carrying value as at December 31, 2016 and 2015, since it mainly bore interest at floating rates and had financing conditions similar to those then available to the Company.

### 6. Business Acquisitions

On March 8, 2016, the Company acquired Excava-Tech Inc. for \$5,562. This acquisition represents a vertical integration for Aqua-Pipe services.

At the acquisition date, the fair value of the underlying identifiable assets acquired and liabilities assumed was as follows:

|   | Excava-Tech<br>\$ | Other<br>\$ | Total<br>\$ |
|---|-------------------|-------------|-------------|
| Current assets  | 1,704             | 973         | 2,677       |
| Property, plant and equipment   | 5,262             | 1,244       | 6,506       |
| Goodwill  | 2,439             | 244         | 2,683       |
| Other non-current financial assets  | 44                | —           | 44          |
| Current liabilities   | (2,000)           | (1,431)     | (3,431)     |
| Deferred income tax liabilities   | (546)             | (80)        | (626)       |
| Long-term debt  | (1,341)           | (100)       | (1,441)     |
|   | 5,562             | 850         | 6,412       |
| Settlement  |                   |             |             |
| Cash  | 4,562             | 700         | 5,262       |
| Non-interest bearing balance of sale, payable in two annual instalments of \$500 in 2017 and 2018 for Excava-Tech Inc. and in one annual instalment in 2018 for the other company | 1,000             | 150         | 1,150       |
|   | 5,562             | 850         | 6,412       |

Receivables acquired (consisting primarily of trade receivables) as part of the acquisitions had a fair value and gross contractual amounts of \$1,610, and were collected for the most part and are expected to be fully collected.

#### Goodwill

Goodwill mainly arose in the acquisitions as a result of expected synergies and intangible assets not qualifying for separate recognition. Goodwill is not deductible for tax purposes.

#### Impact of the Acquisitions on the Results of the Company

For the year ended December 31, 2016, revenue amounted to \$2,190 and profit for the year was not significant.

Had these business acquisitions been made effective January 1, 2016, the Company's revenue would have amounted to \$345,197 and profit for the year would have been \$17,855.

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### 7. Revenue

|   | 2016           | 2015           |
|---|----------------|----------------|
|   | \$             | \$             |
| Revenue from the sale of goods                            | 39,769         | 35,257         |
| Revenue from the rendering of services                    | 303,458        | 322,583        |
| Interest revenue from an investment in a service contract | 99             | 168            |
|   | <b>343,326</b> | <b>358,008</b> |

#### Contract in the scope of IFRIC 12

In 2015, the Company won a public bid and entered into a service contract with a federal Crown corporation and a department of the Québec government whereby the Company was required to design and construct a groundwater pumping and treatment system (the "system") to better control migration of groundwater and to prevent it from flowing into the St. Lawrence River. The contract is for a period of 15 years.

The federal Crown corporation and the department of the Québec government jointly assume the management of the land bordering the St. Lawrence River.

In connection with the construction of the system, the Company recorded revenue of \$7,407 (\$1,850 in 2015). Payment of the total amount is as follows: 40% at the provisional completion of construction, 10% upon final completion of the construction, and 50% spread over the number of quarters corresponding to the period beginning on the date of the provisional completion and ending at the end of the initial term of 15 years, payable quarterly. The Company expects to recover an aggregate amount of \$5,530 in 2017, therefore this amount is presented in current assets. An amount of \$4,563 is included in accounts receivable and other receivables, including \$1,243 in consumption taxes, and an amount of \$968 is included in the current portion of other non-current financial assets. Also, an amount of \$4,012, which bears interest at a rate of 5.0%, is included in other non-current financial assets.

### 8. Employee Benefits Expense

The aggregate compensation of the Company's employees, including that of members of key management personnel, is as follows:

|   | 2016           | 2015           |
|---|----------------|----------------|
|   | \$             | \$             |
| Wages, salaries and fringe benefits             | 150,717        | 167,068        |
| Defined benefit retirement plans (Note 25)      | 1,498          | 1,506          |
| Defined contribution retirement plans (Note 25) | 1,982          | 1,975          |
| Government pension plans                        | 1,863          | 1,661          |
| Perigovernmental organization pension plan      | 442            | 303            |
| Other long-term benefits                        | 2,282          | 4,440          |
|   | <b>158,784</b> | <b>176,953</b> |

The compensation of key management personnel is further discussed in Note 34.

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### 9. Other Gains and Losses

|  | 2016         | 2015         |
|--|--------------|--------------|
|  | \$           | \$           |
| Net foreign exchange gains (losses)                            | (1,046)      | 3,340        |
| Impairment loss related to assets destroyed (Note 39)          | -            | 6,449        |
| Gain on insurance recovery of assets (Note 39)                 | -            | (6,449)      |
| Gain on disposal of property, plant and equipment              | 701          | 252          |
| Gain on judgment and general mutual release with a third party | -            | 1,936        |
|  | <b>(345)</b> | <b>5,528</b> |

### 10. Finance Expense

|  | 2016         | 2015       |
|--|--------------|------------|
|  | \$           | \$         |
| Interest on short-term bank loans                            | 154          | 16         |
| Interest on long-term debt                                   | 1,711        | 896        |
| Amortization of transaction costs and other interest expense | 29           | 24         |
|  | <b>1,894</b> | <b>936</b> |

### 11. Finance Income

|  | 2016       | 2015       |
|--|------------|------------|
|  | \$         | \$         |
| Interest on cash and cash equivalents    | 177        | 259        |
| Interest on non-current financial assets | -          | 3          |
| Other                                    | 17         | 51         |
|  | <b>194</b> | <b>313</b> |

### 12. Income Taxes

The reconciliation of income taxes calculated at the statutory income tax rate to the income tax expense is as follows:

|   | 2016          | 2015          |
|---|---------------|---------------|
|   | \$            | \$            |
| Profit before income taxes  | 25,754        | 43,161        |
| Less: share of profit of equity accounted investments                                     | (4,310)       | (4,264)       |
| Parent company's and subsidiaries' profit before income taxes                             | <b>21,444</b> | <b>38,897</b> |
| Income tax expense calculated at the statutory income tax rate of 26.63% (27.89% in 2015) | 5,711         | 10,847        |
| Non-deductible items  | 516           | 216           |
| Effect of recognition of previous capital losses  | 655           | (417)         |
| Adjustments in respect of prior years and other   | 386           | (358)         |
| Income tax expense recognized in profit or loss   | <b>7,268</b>  | <b>10,288</b> |
| Effective income tax rate   | <b>33.90%</b> | <b>26.45%</b> |

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Components of the income tax expense for the years are as follows:

|   | 2016  | 2015   |
|---|-------|--------|
|   | \$    | \$     |
| <b>Current income taxes</b>                               |       |        |
| Current income tax expense in respect of the current year | 5,383 | 8,809  |
| Adjustments in respect of the prior year                  | 299   | (15)   |
| <b>Deferred income taxes</b>                              |       |        |
| Deferred income tax expense recognized in the year        | 1,586 | 1,494  |
| Income tax expense recognized in profit or loss           | 7,268 | 10,288 |

### Deferred Income Tax Balances

The amounts recognized in the consolidated statements of financial position are as follows:

|                                 | As at<br>December 31,<br>2016 | As at<br>December 31,<br>2015 |
|---------------------------------|-------------------------------|-------------------------------|
|                                 | \$                            | \$                            |
| Deferred income tax assets      | 7,715                         | 9,032                         |
| Deferred income tax liabilities | (13,382)                      | (12,433)                      |
|                                 | (5,667)                       | (3,401)                       |

Deferred income tax balances for which a right of offset exists within the same jurisdiction are presented net in the consolidated statements of financial position as permitted by IAS 12, "Income Taxes".

The movements in deferred income tax assets and liabilities, prior to this offsetting of balances, are shown below:

|   | Property,<br>plant and<br>equipment | Unused tax<br>losses | Post-<br>employment<br>benefits | Other<br>intangible<br>assets | Other | Total  |
|---|-------------------------------------|----------------------|---------------------------------|-------------------------------|-------|--------|
|   | \$                                  | \$                   | \$                              | \$                            | \$    | \$     |
| <b>As at January 1, 2015</b>                        | 1,931                               | 4,291                | 2,992                           | 248                           | 2,330 | 11,792 |
| Benefit (expense) to statement of earnings          | 77                                  | (581)                | 127                             | (67)                          | 663   | 219    |
| Benefit to statement of comprehensive income        | —                                   | —                    | 118                             | —                             | —     | 118    |
| Effect of foreign currency exchange differences     | (212)                               | 262                  | —                               | —                             | 185   | 235    |
| <b>As at December 31, 2015</b>                      | 1,796                               | 3,972                | 3,237                           | 181                           | 3,178 | 12,364 |
| Acquisitions through business acquisitions (Note 6) | —                                   | —                    | —                               | —                             | 7     | 7      |
| Benefit (expense) to statement of earnings          | (142)                               | 253                  | 197                             | (106)                         | 627   | 829    |
| Benefit to statement of comprehensive income        | —                                   | —                    | (168)                           | —                             | (110) | (278)  |
| Effect of foreign currency exchange differences     | 52                                  | (10)                 | —                               | —                             | (48)  | (6)    |
| <b>As at December 31, 2016</b>                      | 1,706                               | 4,215                | 3,266                           | 75                            | 3,654 | 12,916 |



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| Deferred income tax liabilities                     | Property, plant and equipment<br>\$ | Investment in a service contract<br>\$ | Contract holdbacks<br>\$ | Other intangible assets<br>\$ | Other<br>\$ | Total<br>\$ |
|---|-------------------------------------|--|--------------------------|-------------------------------|-------------|-------------|
| As at January 1, 2015                               | (3,053)                             | (369)                                  | (2,470)                  | (6,418)                       | (413)       | (12,723)    |
| Benefit (expense) to statement of earnings          | (1,565)                             | 57                                     | (754)                    | 147                           | 402         | (1,713)     |
| Effect of foreign currency exchange differences     | —                                   | —                                      | —                        | (1,329)                       | —           | (1,329)     |
| As at December 31, 2015                             | (4,618)                             | (312)                                  | (3,224)                  | (7,600)                       | (11)        | (15,765)    |
| Acquisitions through business acquisitions (Note 6) | (608)                               | —                                      | (25)                     | —                             | —           | (633)       |
| Benefit (expense) to statement of earnings          | (2,564)                             | 291                                    | (404)                    | 508                           | (246)       | (2,415)     |
| Effect of foreign currency exchange differences     | —                                   | —                                      | —                        | 230                           | —           | 230         |
| As at December 31, 2016                             | (7,790)                             | (21)                                   | (3,653)                  | (6,862)                       | (257)       | (18,583)    |

### Unused Tax Losses

The Company has unused non-capital tax losses in the amount of \$19,543 (\$18,906 in 2015) of which \$5,562 has not been recognized (\$4,809 in 2015). These losses are expiring in the following years:

| Year         | As at<br>December 31,<br>2016<br>\$ | As at<br>December 31,<br>2015<br>\$ |
|--------------|-------------------------------------|-------------------------------------|
| 2026 to 2029 | 233                                 | 233                                 |
| 2030         | 60                                  | 3,062                               |
| 2031         | 213                                 | 6,217                               |
| 2032         | 6,336                               | 657                                 |
| 2033         | 1,083                               | 1,083                               |
| 2034         | 4,855                               | 4,882                               |
| 2035         | 3,640                               | 2,772                               |
| 2036         | 3,123                               | —                                   |

Tax benefits of \$3,574 (\$3,972 in 2015) have been recorded related to unused non-capital tax losses, including \$2,058 (\$2,489 in 2015) from foreign subsidiaries. The Company also has \$1,639 (\$552 in 2015) of unrecognized capital losses that may be carried forward indefinitely.

## 13. Operating Lease Arrangements

### The Company as Lessee

#### Lease Arrangements

Operating leases relate to lease agreements to rent offices, port facilities, and equipment that expire until 2031. The Company has the option to purchase some of the leased equipment at the end of the lease terms. The Company also has the option to renew certain lease arrangements to rent offices, port facilities and equipment. Contingent rentals are determined based on the volume and type of cargo handled.

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Payments recognized are as follows:

|                            | 2016          | 2015          |
|----------------------------|---------------|---------------|
|                            | \$            | \$            |
| Minimum lease payments     | 14,819        | 15,419        |
| Contingent rentals         | 6,411         | 6,840         |
| Sublease payments received | (1,655)       | (825)         |
|                            | <b>19,575</b> | <b>21,434</b> |

Future minimum sublease payments amounting to \$61 (\$327 in 2015) are expected to be received.

The Company's commitments under operating lease arrangements are further discussed in Note 37.

### 14. Earnings Per Share

The earnings and weighted average number of Class A shares and Class B shares used in the calculation of basic and diluted earnings per share are as follows:

|  | 2016              | 2015              |
|--|-------------------|-------------------|
| Profit attributable to owners of Class A shares (\$)           | 11,040            | 16,745            |
| Profit attributable to owners of Class B shares (\$)           | 7,818             | 12,397            |
|  | <b>18,858</b>     | <b>29,142</b>     |
| Weighted average number of Class A shares outstanding, basic   | 7,419,847         | 7,446,514         |
| Weighted average number of Class B shares outstanding, basic   | 4,777,058         | 5,011,558         |
|  | <b>12,196,905</b> | <b>12,458,072</b> |
| Weighted average number of Class A shares outstanding, diluted | 7,419,847         | 7,446,514         |
| Weighted average number of Class B shares outstanding, diluted | 5,348,861         | 5,011,558         |
|  | <b>12,768,708</b> | <b>12,458,072</b> |

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### 15. Financial Instruments

Financial assets and financial liabilities in the consolidated statements of financial position are as follows:

| Carrying amount   | As at<br>December 31,<br>2016<br>\$ | As at<br>December 31,<br>2015<br>\$ |
|---|-------------------------------------|-------------------------------------|
| <b>Loans and receivables</b>                                |                                     |                                     |
| Cash and cash equivalents                                   | 15,971                              | 23,811                              |
| Investment in a service contract                            | 865                                 | 1,157                               |
| Trade and other receivables                                 | 86,373                              | 77,333                              |
| Other financial assets                                      | 1,014                               | -                                   |
| Non-current financial assets                                | 7,166                               | 5,019                               |
|   | <b>111,389</b>                      | <b>107,320</b>                      |
| <b>Other financial liabilities</b>                          |                                     |                                     |
| Trade and other payables                                    | 43,081                              | 46,352                              |
| Dividends payable   | 947                                 | 967                                 |
| Current portion of long-term debt                           | 1,681                               | 2,159                               |
| Long-term debt  | 58,644                              | 29,920                              |
| Non-current financial liabilities, excluding the derivative | 12,437                              | 3,900                               |
|   | <b>116,790</b>                      | <b>83,298</b>                       |

The fair value of the Company's financial instruments is discussed in Note 5.

### 16. Cash and Cash Equivalents

|                           | As at<br>December 31,<br>2016<br>\$ | As at<br>December 31,<br>2015<br>\$ |
|---------------------------|-------------------------------------|-------------------------------------|
| Cash on hand and in banks | 15,971                              | 23,811                              |

### 17. Investment in a Service Contract

|                                  | As at<br>December 31,<br>2016<br>\$ | As at<br>December 31,<br>2015<br>\$ |
|----------------------------------|-------------------------------------|-------------------------------------|
| Investment in a service contract | 865                                 | 1,157                               |

The investment in a service contract, bearing interest at 9.66%, requires fixed monthly repayments of \$33 (including principal and interest). The contract was renewed in December 2014 and will continue through January 2017.

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Amounts receivable for this investment in a service contract are as follows:

|                                   | Minimum payments  |                   | Present value of minimum payments |                   |
|-----------------------------------|-------------------|-------------------|-----------------------------------|-------------------|
|                                   | As at             | As at             | As at                             | As at             |
|                                   | December 31, 2016 | December 31, 2015 | December 31, 2016                 | December 31, 2015 |
|                                   | \$                | \$                | \$                                | \$                |
| No later than 1 year              | 872               | 1,169             | 865                               | 1,157             |
| Less: unearned finance income     | (7)               | (12)              | —                                 | —                 |
| Present value of minimum payments | 865               | 1,157             | 865                               | 1,157             |

### 18. Trade and Other Receivables

|  | As at<br>December 31,<br>2016 | As at<br>December 31,<br>2015 |
|--|-------------------------------|-------------------------------|
|  | \$                            | \$                            |
| Trade receivables                                    | 71,106                        | 57,775                        |
| Allowance for doubtful accounts                      | (2,848)                       | (2,519)                       |
| Net trade receivables                                | 68,258                        | 55,256                        |
| Accrued revenue                                      | 6,667                         | 5,367                         |
| Contract holdbacks                                   | 5,831                         | 7,023                         |
| Insurance reimbursement receivable related to claims | 3,290                         | 6,446                         |
| Other  | 2,327                         | 3,241                         |
|  | 86,373                        | 77,333                        |

Pursuant to their respective terms, trade and other receivables are aged as follows:

|                                       | As at<br>December 31,<br>2016 | As at<br>December 31,<br>2015 |
|---------------------------------------|-------------------------------|-------------------------------|
|                                       | \$                            | \$                            |
| Current                               | 28,342                        | 24,315                        |
| 31-60 days                            | 21,216                        | 21,818                        |
| Past due 1-30 days                    | 16,135                        | 12,296                        |
| Past due 31-60 days                   | 9,445                         | 5,089                         |
| Past due 61-120 days                  | 1,253                         | 2,152                         |
| Past due over 121 days <sup>(1)</sup> | 9,982                         | 11,663                        |
|                                       | 86,373                        | 77,333                        |

<sup>(1)</sup> Includes contract holdbacks amounting to \$1,885 (\$4,163 in 2015)

The movements in the allowance for doubtful accounts were as follows:

|                            | 2016  | 2015  |
|----------------------------|-------|-------|
|                            | \$    | \$    |
| Balance, beginning of year | 2,519 | 1,480 |
| Bad debt expense           | 462   | 1,012 |
| Reversals (write offs)     | (133) | 27    |
| Balance, end of year       | 2,848 | 2,519 |

Credit risk exposure and mitigation are further discussed in Note 5.

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### 19. Inventories

|                  | As at<br>December 31,<br>2016<br>\$ | As at<br>December 31,<br>2015<br>\$ |
|------------------|-------------------------------------|-------------------------------------|
| Raw materials    | 1,661                               | 1,943                               |
| Work in progress | 2,525                               | 1,556                               |
| Finished goods   | 608                                 | 842                                 |
| Consumables      | 2,712                               | 2,212                               |
|                  | <b>7,506</b>                        | <b>6,553</b>                        |

The cost of inventories recognized as an expense during the year is \$41,205 (\$38,809 in 2015).

### 20. Equity Accounted Investments

#### Investments in Joint Ventures

The Company's results include its share of operations in joint ventures, which are accounted for using the equity method. The Company's 50%-equity interests are in the following joint ventures: Termont Terminal Inc., Transport Nanuk Inc., Quebec Mooring Inc., Moorings (Trois-Rivières) Ltd., Quebec Maritime Services Inc., 9260-0873 Québec Inc. and Flexiport Mobile Docking Structures Inc. and a 49%-equity interest in Qikiqtaaluk Environmental Inc. and Avataani Environmental Services Inc.

None of the Company's joint ventures are publicly listed entities and, consequently, do not have published price quotations.

The Company has one significant joint venture, Termont Terminal Inc., specialized in handling containers, which is aligned with the Company's core business. The address of Termont Terminal Inc.'s registered office is Port of Montréal, Section 68, P.O. Box 36, Station. K, Montréal (QC) H1N 3K9, Canada.

The following tables summarize the financial information of Termont Terminal Inc.:

|  | 2016<br>\$    | 2015<br>\$    |
|--|---------------|---------------|
| <b>Statement of financial position</b>   |               |               |
| Current assets (including cash and cash equivalents of \$1,402 (\$1,094 in 2015))  | 3,214         | 2,857         |
| Non-current assets   | 34,224        | 30,584        |
| Current liabilities  | (284)         | (57)          |
| <b>Net assets</b>  | <b>37,154</b> | <b>33,384</b> |
| <b>The Company's share of net assets presented as equity accounted investments</b> | <b>18,578</b> | <b>16,692</b> |
| <b>Results</b>   |               |               |
| Revenue  | 2,782         | 2,514         |
| Share of profit of an equity accounted investment                                  | 3,638         | 3,095         |
| Interest income  | 12            | 17            |
| Income taxes   | (599)         | (537)         |
| Profit for the year  | 5,270         | 4,546         |
| Other comprehensive income (loss)  | 2             | (2)           |
| Total comprehensive income for the year  | 5,272         | 4,544         |
| The Company's share of profit for the year   | 2,635         | 2,273         |
| The Company's share of total comprehensive income for the year                     | 2,636         | 2,272         |
| Dividend received by the Company   | 750           | 1,000         |

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The Company also has interests in individually immaterial joint ventures. The following table provides, in aggregate, the financial information for the Company's share of all immaterial joint ventures:

|  | 2016   | 2015   |
|--|--------|--------|
|  | \$     | \$     |
| Carrying amount of interests in individually immaterial joint ventures | 12,530 | 12,237 |
| Profit for the year  | 1,663  | 1,970  |
| Other comprehensive income   | 23     | 2      |
| Total comprehensive income for the year                                | 1,686  | 1,972  |
| Dividends received by the Company                                      | 1,463  | 1,403  |

### Investments in Associates

The Company's results include its share of operations in associates, which are accounted for using the equity method. The Company's equity interests are in the following associates, none of which is individually material: Sept-Îles Mooring Inc. (33.3% ownership), and St-Lawrence Mooring Inc. (25.0% ownership).

None of the Company's associates are publicly listed entities and, consequently, do not have published price quotations.

The following table provides, in aggregate, the financial information of all immaterial associates:

|   | 2016 | 2015 |
|---|------|------|
|   | \$   | \$   |
| Carrying amount of interests in associates                      | 33   | 22   |
| Profit for the year and total comprehensive income for the year | 12   | 21   |

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### 21. Property, Plant and Equipment

| Cost  | Land and buildings<br>\$ | Machinery, automotive equipment and automotive equipment held under finance leases<br>\$ | Computer equipment, furniture and fixtures<br>\$ | Leasehold improvements<br>\$ | Construction in progress<br>\$ | Total<br>\$    |
|---|--------------------------|--|--|------------------------------|--------------------------------|----------------|
| <b>As at January 1, 2015</b>                    | <b>42,297</b>            | <b>128,772</b>   | <b>3,173</b>                                     | <b>5,039</b>                 | <b>5,166</b>                   | <b>184,447</b> |
| Additions                                       | 7,608                    | 12,024   | 230  | —                            | 5,264                          | 25,126         |
| Disposals and write offs                        | (1,001)                  | (8,166)  | (81)   | (262)                        | —                              | (9,510)        |
| Transfers                                       | 3,899                    | 302  | —  | (56)                         | (4,145)                        | —              |
| Effect of foreign currency exchange differences | 1,103                    | 5,588  | 68   | 647                          | 401                            | 7,807          |
| <b>As at December 31, 2015</b>                  | <b>53,906</b>            | <b>138,520</b>   | <b>3,390</b>                                     | <b>5,368</b>                 | <b>6,686</b>                   | <b>207,870</b> |
| Additions                                       | 9,160                    | 11,019   | 238  | 385                          | 13,775                         | 34,577         |
| Addition through business acquisitions (Note 6) | 1,741                    | 4,756  | 9  | —                            | —                              | 6,506          |
| Disposals and write offs                        | (68)                     | (6,376)  | (58)   | —                            | —                              | (6,502)        |
| Transfers                                       | 4,932                    | 66   | —  | —                            | (4,998)                        | —              |
| Effect of foreign currency exchange differences | (267)                    | (928)  | (20)   | (117)                        | (43)                           | (1,375)        |
| <b>As at December 31, 2016</b>                  | <b>69,404</b>            | <b>147,057</b>   | <b>3,559</b>                                     | <b>5,636</b>                 | <b>15,420</b>                  | <b>241,076</b> |

| Accumulated depreciation                         | Land and buildings<br>\$ | Machinery, automotive equipment and automotive equipment held under finance leases<br>\$ | Computer equipment, furniture and fixtures<br>\$ | Leasehold improvements<br>\$ | Construction in progress<br>\$ | Total<br>\$    |
|--|--------------------------|--|--|------------------------------|--------------------------------|----------------|
| <b>As at January 1, 2015</b>                     | <b>8,268</b>             | <b>70,196</b>  | <b>2,144</b>                                     | <b>4,176</b>                 | <b>—</b>                       | <b>84,784</b>  |
| Depreciation expense                             | 1,175                    | 9,216  | 361  | 121                          | —                              | 10,873         |
| Elimination on disposal of assets and write offs | (106)                    | (2,481)  | (75)   | (262)                        | —                              | (2,924)        |
| Effect of foreign currency exchange differences  | 692                      | 2,768  | 55   | 600                          | —                              | 4,115          |
| <b>As at December 31, 2015</b>                   | <b>10,029</b>            | <b>79,699</b>  | <b>2,485</b>                                     | <b>4,635</b>                 | <b>—</b>                       | <b>96,848</b>  |
| Depreciation expense                             | 2,002                    | 10,318   | 407  | 131                          | —                              | 12,858         |
| Elimination on disposal of assets and write offs | (68)                     | (6,405)  | (37)   | —                            | —                              | (6,510)        |
| Effect of foreign currency exchange differences  | (14)                     | (562)  | (24)   | (111)                        | —                              | (711)          |
| <b>As at December 31, 2016</b>                   | <b>11,949</b>            | <b>83,050</b>  | <b>2,831</b>                                     | <b>4,655</b>                 | <b>—</b>                       | <b>102,485</b> |

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| Carrying amount         | Land and buildings<br>\$ | Machinery, automotive equipment and automotive equipment held under finance leases<br>\$ | Computer equipment, furniture and fixtures<br>\$ | Leasehold improvements<br>\$ | Construction in progress<br>\$ | Total<br>\$ |
|-------------------------|--------------------------|--|--|------------------------------|--------------------------------|-------------|
| As at December 31, 2015 | 43,877                   | 58,821   | 905  | 733                          | 6,686                          | 111,022     |
| As at December 31, 2016 | 57,455                   | 64,007   | 728  | 981                          | 15,420                         | 138,591     |

### 22. Goodwill

#### Cost

|   | 2016<br>\$    | 2015<br>\$    |
|---|---------------|---------------|
| Balance, beginning of year                      | 23,915        | 22,707        |
| Business acquisitions (Note 6)                  | 2,683         | —             |
| Effect of foreign currency exchange differences | (399)         | 1,208         |
| <b>Balance, end of year</b>                     | <b>26,199</b> | <b>23,915</b> |

#### Accumulated Impairment Losses

|                                    | 2016<br>\$ | 2015<br>\$ |
|------------------------------------|------------|------------|
| Balance, beginning and end of year | 1,300      | 1,300      |

#### Carrying Amount

|                               | As at<br>December 31,<br>2016<br>\$ | As at<br>December 31,<br>2015<br>\$ |
|-------------------------------|-------------------------------------|-------------------------------------|
| Cost                          | 26,199                              | 23,915                              |
| Accumulated impairment losses | (1,300)                             | (1,300)                             |
|                               | <b>24,899</b>                       | <b>22,615</b>                       |

#### Impairment Testing

The carrying amount of goodwill has been allocated to the following CGUs or groups of CGUs:

| Carrying amount | As at<br>December 31,<br>2016<br>\$ | As at<br>December 31,<br>2015<br>\$ |
|-----------------|-------------------------------------|-------------------------------------|
| Stevedoring     | 13,194                              | 13,370                              |
| Aqua-Pipe       | 6,038                               | 3,598                               |
| Environment     | 5,482                               | 5,462                               |
| Agencies        | 185                                 | 185                                 |
|                 | <b>24,899</b>                       | <b>22,615</b>                       |



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The recoverable amount of all CGUs or groups of CGUs has been determined based on value in use, which is calculated by discounting five-year cash flow projections from the budget approved by the Board of Directors covering a one-year period. These cash flow projections reflect past experience and future expectations of financial performance. A growth rate of 3.0% (3.0% in 2015) has been used to extrapolate cash flow projections beyond that one-year period.

The discount rates, before income taxes, used to calculate value in use are based on market data and were 9.1% (9.3% in 2015) for Stevedoring, 13.3% (7.6% in 2015), for Aqua-Pipe and 13.1% (7.4% in 2015) for Environment.

The 2014 calculation of value in use for Aqua-Pipe and Environment, which represented the most recent calculation of value in use, was used for the impairment test as at December 31, 2015, since the following criteria were met:

- The assets and liabilities making up the CGU have not changed significantly since the most recent recoverable amount calculation;
- The most recent recoverable amount calculation resulted in an amount that exceeded the carrying amount of the CGU by a substantial margin; and
- Based on an analysis of events that have occurred and circumstances that have changed since the most recent recoverable amount calculation, the likelihood that a current recoverable amount determination would be less than the current carrying amount of the CGU is remote.

### 23. Other Intangible Assets

| Cost  | Lease<br>rights and<br>location<br>\$ | Client<br>relationships<br>\$ | Dredging<br>costs<br>\$ | Computer<br>software<br>\$ | Total<br>\$ |
|---|---------------------------------------|-------------------------------|-------------------------|----------------------------|-------------|
| As at January 1, 2015                           | 17,286                                | 6,313                         | 317                     | 1,893                      | 25,809      |
| Additions                                       | —                                     | —                             | —                       | 56                         | 56          |
| Effect of foreign currency exchange differences | 3,337                                 | 649                           | 53                      | 49                         | 4,088       |
| As at December 31, 2015                         | 20,623                                | 6,962                         | 370                     | 1,998                      | 29,953      |
| Additions                                       | —                                     | —                             | —                       | 33                         | 33          |
| Fully amortized                                 | —                                     | (1,900)                       | —                       | —                          | (1,900)     |
| Effect of foreign currency exchange differences | (615)                                 | (120)                         | (12)                    | (9)                        | (756)       |
| As at December 31, 2016                         | 20,008                                | 4,942                         | 358                     | 2,022                      | 27,330      |

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| Accumulated amortization                        | Lease rights and location<br>\$ | Client relationships<br>\$ | Dredging costs<br>\$ | Computer software<br>\$ | Total<br>\$ |
|---|---------------------------------|----------------------------|----------------------|-------------------------|-------------|
| As at January 1, 2015                           | 1,948                           | 3,764                      | 270                  | 1,541                   | 7,523       |
| Amortization expense                            | 896                             | 374                        | 8                    | 177                     | 1,455       |
| Effect of foreign currency exchange differences | 443                             | 185                        | 51                   | 49                      | 728         |
| As at December 31, 2015                         | 3,287                           | 4,323                      | 329                  | 1,767                   | 9,706       |
| Amortization expense                            | 921                             | 384                        | 6                    | 119                     | 1,430       |
| Fully amortized                                 | —                               | (1,900)                    | —                    | —                       | (1,900)     |
| Effect of foreign currency exchange differences | (85)                            | (36)                       | (9)                  | (9)                     | (139)       |
| As at December 31, 2016                         | 4,123                           | 2,771                      | 326                  | 1,877                   | 9,097       |

| Carrying amount         | Lease rights and location<br>\$ | Client relationships<br>\$ | Dredging costs<br>\$ | Computer software<br>\$ | Total<br>\$ |
|-------------------------|---------------------------------|----------------------------|----------------------|-------------------------|-------------|
| As at December 31, 2015 | 17,336                          | 2,639                      | 41                   | 231                     | 20,247      |
| As at December 31, 2016 | 15,885                          | 2,171                      | 32                   | 145                     | 18,233      |

### Research and Development Expenditures

Research and development expenditures of \$819 (\$709 in 2015) were recognized as an expense during the year.

## 24. Other Non-Current Assets

|  | As at<br>December 31,<br>2016<br>\$ | As at<br>December 31,<br>2015<br>\$ |
|--|-------------------------------------|-------------------------------------|
| Amount owed from a joint venture (Note 34) | (118)                               | 132                                 |
| Prepaid expenses                           | 69                                  | 3,333                               |
| Other                                      | 1,583                               | 1,729                               |
|  | 1,534                               | 5,194                               |

### Prepaid expenses

In 2015, Sanexen disbursed \$10,000, which bears interest at 2.00%, as part of a take-or-pay service contract with a supplier. That contract will end in February 2018. Any use of services by the Company from this supplier will result in a corresponding reduction of prepaid expenses. At the end of the contract, in the event that the Company has not used all the services provided in the contract, the Company will not be reimbursed. As at December 31, 2016, prepaid expenses related to that contract amounted to \$1,914 (\$8,180 in 2015), of which \$1,914 (\$4,847 in 2015) was presented as a current asset. As at December 31, 2015, \$3,333 was presented as a non-current asset.

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### 25. Post-Employment Benefit Assets and Obligations

The Company has various defined benefit and defined contribution retirement plans providing retirement benefits to its employees.

The projected benefit obligation as at December 31, 2016, has been extrapolated using the projected benefit obligation based on the latest actuarial valuations.

The most recent actuarial valuations of the retirement plans for funding purposes were as of December 31, 2013 for two of the plans, and as of December 31, 2015 for the other plan. The next required valuations are as of December 31, 2016 for these plans.

The Company's retirement plans may be exposed to various types of risks. The Company has not identified any unusual risks to which its retirement plans are exposed. Regular asset-liability matching analyses are performed in order to align the investment policy with the plans' obligations. Allocation to fixed income investments is then adjusted following the plans' obligations evolution. Fixed income investments are made up of bonds and annuities. Annuities are purchased when opportunities arise on financial markets.

The weighted average duration of the defined benefit obligation is 16.2 years.

The following table presents information concerning the defined benefit retirement plans, as established by an independent actuary:

|  | 2016            | 2015            |
|--|-----------------|-----------------|
|  | \$              | \$              |
| Benefit obligation, beginning of year                                | (28,476)        | (26,685)        |
| Current service cost   | (1,121)         | (1,125)         |
| Interest cost  | (1,179)         | (1,106)         |
| Employees' contributions   | (166)           | (175)           |
| Remeasurement losses   |                 |                 |
| Actuarial loss arising from changes in economic assumptions          | -               | (53)            |
| Actuarial loss arising from experience adjustments                   | (82)            | (235)           |
| Benefits paid  | 598             | 903             |
| Past service cost  | 43              | -               |
| <b>Benefit obligation, end of year</b>                               | <b>(30,383)</b> | <b>(28,476)</b> |
| Fair value of plan assets, beginning of year                         | 16,540          | 15,358          |
| Interest income  | 674             | 638             |
| Return on plan assets, excluding amounts included in interest income | 940             | 56              |
| Administrative fees  | (13)            | (12)            |
| Employer's contributions <sup>(1)</sup>                              | 981             | 1,228           |
| Employees' contributions   | 166             | 175             |
| Benefits paid  | (598)           | (903)           |
| <b>Fair value of plan assets, end of year</b>                        | <b>18,690</b>   | <b>16,540</b>   |
| <b>Net benefit liability, end of year</b>                            | <b>(11,693)</b> | <b>(11,936)</b> |

Net benefit liability is comprised of:

|  |                 |                 |
|--|-----------------|-----------------|
| Post-employment benefit assets                     | 706             | 522             |
| Post-employment benefit obligations <sup>(2)</sup> | (12,399)        | (12,458)        |
| <b>Net benefit liability, end of year</b>          | <b>(11,693)</b> | <b>(11,936)</b> |

<sup>(1)</sup> Employer's contributions include contributions made by an equity accounted investment of the Company of \$115 (\$109 in 2015)

<sup>(2)</sup> Post-employment benefit obligations in the consolidated statements of financial position include \$677 (\$497 in 2015) for defined contribution retirement plans provided to certain members of key management personnel, for which no contributions were made

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The following table provides the reconciliation of the benefit obligation, the fair value of plan assets and plan deficit in respect of wholly and partially funded plans, and unfunded plans:

|                           | Wholly and partially funded |          | Unfunded |          | Total    |          |
|---------------------------|-----------------------------|----------|----------|----------|----------|----------|
|                           | 2016                        | 2015     | 2016     | 2015     | 2016     | 2015     |
|                           | \$                          | \$       | \$       | \$       | \$       | \$       |
| Benefit obligation        | (19,069)                    | (18,078) | (11,314) | (10,398) | (30,383) | (28,476) |
| Fair value of plan assets | 18,690                      | 16,540   | —        | —        | 18,690   | 16,540   |
| Plan deficit              | (379)                       | (1,538)  | (11,314) | (10,398) | (11,693) | (11,936) |

Plan assets consist of:

|                   | As at<br>December 31,<br>2016<br>\$ | As at<br>December 31,<br>2015<br>\$ |
|-------------------|-------------------------------------|-------------------------------------|
| Cash              | —                                   | 38                                  |
| Bonds             | 6,610                               | 5,778                               |
| Annuity contracts | 3,255                               | 3,338                               |
| Canadian stock    | 4,075                               | 2,610                               |
| Foreign stock     | 4,750                               | 4,776                               |
|                   | 18,690                              | 16,540                              |

The following table provides the reconciliation of the net expense for all defined benefit and defined contribution retirement plans in the employee benefits expense in the consolidated statements of earnings for the years ended December 31:

|   | 2016<br>\$ | 2015<br>\$ |
|---|------------|------------|
| Current service cost  | 1,121      | 1,125      |
| Net interest expense  | 505        | 468        |
| Past service cost   | (43)       | —          |
| Administrative fees   | 13         | 12         |
|   | 1,596      | 1,605      |
| Less: net expense assumed by an equity accounted investment of the Company    | (99)       | (99)       |
| Defined benefit cost recognized   | 1,497      | 1,506      |
| Net expense on defined contribution retirement plans                          | 1,982      | 1,975      |
| Net expense for all defined benefit and defined contribution retirement plans | 3,479      | 3,481      |

### Significant Actuarial Assumptions

The significant actuarial assumptions used in the measurement of the Company's net benefit liability are as follows:

|  | 2016<br>%  | 2015<br>%  |
|--|------------|------------|
| Accrued benefit liability              |            |            |
| Discount rate, end of year             | 4.0        | 4.0        |
| Expected rate of compensation increase | 3.5 to 4.0 | 3.5 to 4.0 |
| Benefit cost                           |            |            |
| Discount rate                          | 4.0        | 4.0        |
| Expected rate of compensation increase | 3.5        | 3.5        |

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### Sensitivity Analysis

As at December 31, 2016, all else being equal, a hypothetical variation of +1.0% in the discount rate would have a positive impact of \$4,411 (\$4,243 in 2015), whereas a hypothetical variation of -1.0% would have a negative impact of \$5,600 (\$5,411 in 2015) on the benefit obligation.

As at December 31, 2016, all else being equal, a hypothetical variation of +1.0% in the expected rate of compensation increase would have a negative impact of \$1,320 (\$1,374 in 2015), whereas a hypothetical variation of -1.0% would have a positive impact of \$1,221 (\$1,275 in 2015) on the benefit obligation.

### Contributions to Retirement Plans

Total cash payments for post-employment benefits for 2016, consisting of cash contributed by the Company to its funded retirement plans, cash payments made directly to beneficiaries for its unfunded other benefit retirement plans, and cash contributed to its defined contribution retirement plans, were \$2,542 (\$2,598 in 2015).

The Company expects to make a contribution of \$1,387 to the defined benefit retirement plans in 2017.

## 26. Non-Current Financial Assets

|                                   | As at<br>December 31,<br>2016<br>\$ | As at<br>December 31,<br>2015<br>\$ |
|-----------------------------------|-------------------------------------|-------------------------------------|
| Other non-current assets (Note 7) | 4,039                               | -                                   |
| Contract holdbacks                | 3,127                               | 5,019                               |
|                                   | <b>7,166</b>                        | <b>5,019</b>                        |

## 27. Short-Term Bank Loans

Until September 2016, the Company had access, through its subsidiary Sanexen, to a \$10,000 revolving line of credit or the U.S. dollar equivalent (see Note 29). As at December 31, 2015, the line of credit was unused.

Under the conditions of the agreement, the Company had to satisfy certain restrictive covenants as to minimum financial ratios (see Note 29). As at December 31, 2015, the Company was in compliance with all its bank loan covenants.

## 28. Trade and Other Payables

|                | As at<br>December 31,<br>2016<br>\$ | As at<br>December 31,<br>2015<br>\$ |
|----------------|-------------------------------------|-------------------------------------|
| Trade payables | 19,106                              | 19,274                              |
| Accruals       | 18,121                              | 25,065                              |
| Other          | 5,854                               | 2,013                               |
|                | <b>43,081</b>                       | <b>46,352</b>                       |

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### 29. Long-Term Debt

|  | As at<br>December 31,<br>2016<br>\$ | As at<br>December 31,<br>2015<br>\$ |
|--|-------------------------------------|-------------------------------------|
| Revolving credit facility, bearing interest at banker's prime rate with no principal repayment required until September 2020 <sup>(1)(2)</sup> | 55,699                              | 16,000                              |
| Term credit facility, bearing interest at CDOR plus 1.75%, reimbursed in September 2016 <sup>(2)</sup>   | —                                   | 13,393                              |
| Non-interest bearing government loan, repayable in 60 monthly instalments of \$33, starting January 2018, maturing in 2022                     | 2,000                               | 1,642                               |
| Balance of sale from business acquisitions, bearing no interest, maturing in 2018 (see Note 6)   | 1,150                               | —                                   |
| Non-interest bearing loan to purchase equipment, repayable in 2018   | 229                                 | —                                   |
| Other  | 1,247                               | 1,065                               |
|  | <b>60,325</b>                       | <b>32,100</b>                       |
| Less:  |                                     |                                     |
| Current portion  | 1,681                               | 2,159                               |
| Deferred financing costs   | —                                   | 21                                  |
|  | <b>58,644</b>                       | <b>29,920</b>                       |

<sup>(1)</sup> As of September 7, 2016, the Company and its wholly owned subsidiary, Logistec USA Inc., solidarily entered into a \$100,000 credit agreement.

The credit facility details are as follows:

- A \$100,000 four-year committed revolving credit facility or the U.S. dollar equivalent, to be used for short-term and long-term cash flow needs and investment purposes, and to refinance existing indebtedness. The facility can be used in the form of direct advances, bankers' acceptances, and letters of credit.

The interest rate charged on the borrowings made under this agreement depends on the form of the borrowing, to which is added a margin that varies according to the level of funded debt to EBITDA <sup>(1)</sup> ratio achieved by the Company.

This facility is secured by a \$30,000 first-ranking movable and immovable hypothec on all present and future assets of a subsidiary. As at December 31, 2016, the security includes inventories amounting to \$5,414 and property, plant and equipment with a carrying value of \$34,004.

<sup>(2)</sup> Prior to September 7, 2016, the Company and its wholly owned subsidiary, Logistec USA Inc., solidarily had a \$50,000 unsecured credit agreement.

The credit facility details were as follows:

- A \$50,000 three-year committed revolving credit facility or the U.S. dollar equivalent, to be used for short-term and long-term cash flow needs and investment purposes, and to refinance existing indebtedness. The facility could be used in the form of direct advances, bankers' acceptances, and letters of credit.

The interest rate charged on the borrowings made under this agreement depended on the form of the borrowing, to which was added a margin that varied according to the level of funded debt to EBITDA ratio achieved by the Company.

In addition, a subsidiary of the Company and its wholly owned subsidiary solidarily had a \$25,000 credit facility agreement.

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The credit facility details were as follows:

- A \$10,000 revolving facility or the U.S dollar equivalent, renewable annually, to be used as a line of credit for short-term cash flow needs; and
- A \$15,000 term loan used principally to finance the expansion of the subsidiary's woven-hose manufacturing facility. This term loan was reimbursed in September 2016. To decrease its sensitivity to interest rate fluctuations, the subsidiary of the Company entered into an interest rate swap contract to partially swap the CDOR rate to a fixed rate of 1.79%.

This facility was secured by a \$30,000 first-ranking movable and immovable hypothec on all present and future assets of the subsidiary. As at December 31, 2015, the security included inventories amounting to \$4,633 and property, plant and equipment has a carrying value of \$22,999.

The interest charged on the borrowings made under this agreement was based on a rate calculated using the bank's prime rate or banker's acceptance rate or LIBOR rate, which depended on the form of borrowing, to which was added a margin that varied according to the level of funded debt to EBITDA ratio achieved by the subsidiary.

Under the conditions attached to its long-term debt, the Company must satisfy certain restrictive covenants as to minimum financial ratios, which are EBIT<sup>(i)</sup> to interest and funded debt to EBITDA. As at December 31, 2016 and December 31, 2015, the Company was in compliance with all its covenants.

<sup>(i)</sup> EBITDA is a non-IFRS measure and is calculated as the sum of profit attributable to owners of the Company plus interest, income taxes, depreciation and amortization expense, and customer repayment of investment in a service contract

<sup>(ii)</sup> EBIT is a non-IFRS measure and is calculated as EBITDA, less depreciation and amortization expense

Long-term debt matures as follows:

|  | As at<br>December 31,<br>2016<br>\$ | As at<br>December 31,<br>2015<br>\$ |
|--|-------------------------------------|-------------------------------------|
| <b>Total principal repayments required</b> |                                     |                                     |
| Less than 1 year                           | 1,681                               | 2,159                               |
| Between 1 and 5 years                      | 58,244                              | 29,284                              |
| More than 5 years                          | 400                                 | 657                                 |
|  | <b>60,325</b>                       | <b>32,100</b>                       |

### 30. Provisions

|                                | Claims and<br>litigation<br>\$ | Share of losses<br>of certain joint<br>ventures<br>\$ | Other<br>\$ | Total<br>\$  |
|--------------------------------|--------------------------------|---|-------------|--------------|
| <b>As at December 31, 2015</b> | <b>973</b>                     | <b>462</b>  | <b>599</b>  | <b>2,034</b> |
| Additional provisions          | 561                            | 24  | 213         | 798          |
| Settlement of provisions       | (304)                          | —   | (120)       | (424)        |
| Reversal of provisions         | (129)                          | —   | (135)       | (264)        |
| <b>As at December 31, 2016</b> | <b>1,101</b>                   | <b>486</b>  | <b>557</b>  | <b>2,144</b> |
| Less: current provisions       | 1,101                          | —   | 243         | 1,344        |
| <b>Non-current provisions</b>  | <b>—</b>                       | <b>486</b>  | <b>314</b>  | <b>800</b>   |

Other provisions include provisions for warranty and provisions for asset retirement obligations. Provisions for asset retirement obligations essentially derive from the obligation to remove assets and to restore the sites under operating leases expiring until 2025.

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### Reimbursements

An amount of \$3,290 (\$6,446 in 2015) is recognized as an asset in trade and other receivables relative to the reimbursement to be received from the insurance company in connection with claims.

### 31. Non-Current Financial Liabilities

|   | As at<br>December 31,<br>2016<br>\$ | As at<br>December 31,<br>2015<br>\$ |
|---|-------------------------------------|-------------------------------------|
| Long-term incentive plans                           | 1,944                               | 3,108                               |
| Workers' compensation                               | 768                                 | 792                                 |
| Long-term liabilities due to shareholders (Note 32) | 9,725                               | —                                   |
| Other   | 77                                  | 167                                 |
|   | <b>12,514</b>                       | <b>4,067</b>                        |

### 32. Share Capital

Authorized in an unlimited number:

- First Ranking Preferred Shares, non-voting, issuable in series;
- Second Ranking Preferred Shares, non-voting, issuable in series;
- Class A Common Shares, without par value, 30 votes per share, convertible into Class B Subordinate Voting Shares at the holder's discretion;
- Class B Subordinate Voting Shares, without par value, one vote per share, entitling their holders to receive a dividend equal to 110% of any dividend declared on each Class A Common Share.

|  | As at<br>December 31,<br>2016<br>\$ | As at<br>December 31,<br>2015<br>\$ |
|--|-------------------------------------|-------------------------------------|
| <b>Issued and outstanding <sup>(1)</sup></b> |                                     |                                     |
| 7,412,722 Class A shares (7,436,322 in 2015) | 4,899                               | 4,915                               |
| 4,744,300 Class B shares (4,964,300 in 2015) | 10,719                              | 10,070                              |
|  | <b>15,618</b>                       | <b>14,985</b>                       |

<sup>(1)</sup> All issued and outstanding shares are fully paid

### Repurchase of the Non-Controlling Interest in Sanexen

On March 24, 2016, Logistec entered into an agreement to acquire the remaining 29.78% equity interest it did not already own in Sanexen for an aggregate consideration of \$40,818.

As part of the transaction, the non-controlling interest shareholders of Sanexen exchanged their common shares in the capital of Sanexen for two classes of newly created non-voting and non-dividend bearing preferred shares of Sanexen, Class G Preferred Shares ("Class G shares") and Class H Preferred Shares ("Class H shares"), resulting in Logistec holding 100% of the common shares of Sanexen.

Immediately following the share exchange, Logistec and the non-controlling interest shareholders entered into a put and call option agreement ("Option Agreement") pursuant to which Logistec was granted call options, exercisable in whole or in part at any time, to acquire from the non-controlling interest shareholders their Class G shares for cash consideration of \$15,920, and to acquire their Class H shares in exchange for 754,015 Class B shares in the capital of Logistec with a value of \$24,898.



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Pursuant to the Option Agreement, each non-controlling interest shareholder was granted a put option to sell to Logistec their Class G shares upon certain events, including termination of employment, and a put option to sell to Logistec their Class H shares as to one-fifth (1/5) on each of the first five anniversaries of the signature of the Option Agreement, each at the same price and consideration as the call options granted to Logistec. A 40% discount, representing \$4,518, will be applied to the purchase price of the Class G shares of certain non-controlling interest shareholders should they leave Sanexen voluntarily before March 24, 2021.

As at March 24, 2016, Logistec recorded a long-term liability amounting to \$8,856, representing the present value of the option to repurchase, for cash, the Class G shares of Sanexen amounting to \$11,402, net of the retention discount of 40% described above, and a corresponding decrease to non-controlling interest. The accretion of the long-term liability will be recorded as a charge to interest expense over the expected life of the option. An additional liability amounting to \$4,518 will be recorded on a straight-line basis, over a period of 60 months related to the retention discount through a charge to compensation expense.

As at March 24, 2016, Logistec also recorded share capital to be issued amounting to \$24,898, representing the fair value at the transaction date of the Class B shares to be issued, related to the option to acquire the Class H shares in exchange for 754,015 Class B shares in the capital of Logistec, as described above, and a corresponding decrease to retained earnings. The fair value of the Class B shares to be issued was determined using a Black-Scholes option pricing model based on assumptions of the volatility of Logistec Class B shares, dividend yield and interest rates, resulting in a fair value of \$33.02 per share.

Also in March 2016, but not as part of the transaction described above, Logistec disbursed \$2,392 to repurchase from certain non-controlling interest shareholders all the Class F Preferred Shares of Sanexen.

### Executive Stock Option Plan

The Company had set aside 580,000 Class B shares pursuant to the Executive Stock Option Plan. Said options are granted at market price. The options granted vest over a period of five years at the rate of 20% per year, starting at the grant date. Options to purchase 550,000 Class B shares were granted pursuant to this plan. There remains an unallocated balance of 180,000 Class B shares reserved for issuance pursuant to the plan as 150,000 options were not exercised and expired or were forfeited in a prior year, which options returned to the reserve of shares issuable pursuant to the Executive Stock Option Plan. There were no outstanding options as at December 31, 2016 and 2015.

### Employee Stock Purchase Plan ("ESPP")

Pursuant to the ESPP, 300,000 Class B shares were reserved for future issuance. On April 26, 2012, the number of Class B shares reserved for issuance under the ESPP was increased by 300,000, bringing the unallocated balance of Class B shares reserved for issuance to 335,400 at that date. As at January 1, 2016, there remained an unallocated balance of 280,600 Class B shares reserved pursuant to this ESPP. Eligible employees designated by the Board of Directors need to have at least two years of service. Participation is on a voluntary basis. The subscription price is determined by the average high and low board lot trading prices of the Class B shares on the TSX during five days, consecutive or not, preceding the last Thursday of the month of May of the year the shares are issued, less a maximum 10% discount. A non-interest bearing loan offered by the Company is available to acquire the said shares. The loans are reimbursed over a two-year period by way of payroll deductions. As at December 31, 2016, following the issuance of 33,000 (8,200 in 2015) Class B shares under this ESPP, there remains an unallocated balance of 247,600 Class B shares reserved for issuance pursuant to this ESPP. Those 33,000 (8,200 in 2015) Class B shares were issued for cash consideration of \$607 (\$113 in 2015) and for non-interest bearing loans of \$563 (\$214 in 2015), repayable over two years with a carrying value of \$462 as at December 31, 2016 (\$209 in 2015).

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### Normal Course Issuer Bid ("NCIB")

The Company repurchased some of its shares for cancellation purposes pursuant to NCIBs. Pursuant to the current NCIB, which was launched on October 26, 2016, and will terminate on October 25, 2017, Logistec intends to repurchase for cancellation purposes, up to 370,696 Class A shares and 238,195 Class B shares, representing 5% of the issued and outstanding shares of each class as at October 14, 2016.

Shareholders may obtain a free copy of the notice of intention regarding the NCIB filed with the TSX by contacting the Company.

Under the various NCIBs, repurchases were made through the TSX. The tables below summarize the number of shares repurchased by NCIB and by year:

| Shares repurchased by bid                        | Class A shares | Class B shares | Class A shares        | Class B shares        |
|--|----------------|----------------|-----------------------|-----------------------|
|  |                |                | Average price         | Average price         |
|  |                |                | \$                    | \$                    |
| NCIB 2014 (October 24, 2014 to October 23, 2015) |                |                |                       |                       |
| Repurchase in 2014                               | 1,200          | 22,600         | 48.44                 | 39.89                 |
| Repurchase in 2015                               | 15,800         | 101,200        | 49.59                 | 41.98                 |
| <b>Total NCIB 2014</b>                           | <b>17,000</b>  | <b>123,800</b> | <b>49.51</b>          | <b>41.57</b>          |
| NCIB 2015 (October 26, 2015 to October 25, 2016) |                |                |                       |                       |
| Repurchase in 2015                               | 4,600          | 15,900         | 44.70                 | 39.51                 |
| Repurchase in 2016                               | 22,400         | 233,500        | 41.15                 | 37.58                 |
| <b>Total NCIB 2015</b>                           | <b>27,000</b>  | <b>249,400</b> | <b>41.75</b>          | <b>37.70</b>          |
| NCIB 2016 (October 26, 2016 to October 25, 2017) |                |                |                       |                       |
| Repurchase in 2016                               | 1,200          | 19,500         | 38.51                 | 36.04                 |
| <b>Total NCIB 2016</b>                           | <b>1,200</b>   | <b>19,500</b>  | <b>38.51</b>          | <b>36.04</b>          |
| <b>Shares repurchased by year</b>                |                |                | <b>Class A shares</b> | <b>Class B shares</b> |
| 2015   |                |                |                       |                       |
| NCIB 2014  |                |                | 15,800                | 101,200               |
| NCIB 2015  |                |                | 4,600                 | 15,900                |
| <b>Total 2015</b>                                |                |                | <b>20,400</b>         | <b>117,100</b>        |
| 2016   |                |                |                       |                       |
| NCIB 2015  |                |                | 22,400                | 233,500               |
| NCIB 2016  |                |                | 1,200                 | 19,500                |
| <b>Total 2016</b>                                |                |                | <b>23,600</b>         | <b>253,000</b>        |

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The number of shares varies as follows:

|                                | Number of<br>Class A<br>shares | Number of<br>Class B<br>shares | Class A<br>shares<br>\$ | Class B<br>shares<br>\$ |
|--------------------------------|--------------------------------|--------------------------------|-------------------------|-------------------------|
| <b>As at January 1, 2015</b>   | <b>7,460,322</b>               | <b>5,069,600</b>               | <b>4,931</b>            | <b>9,975</b>            |
| Repurchased under the NCIBs    | (20,400)                       | (117,100)                      | (16)                    | (232)                   |
| ESPP                           | —                              | 8,200                          | —                       | 327                     |
| Conversion                     | (3,600)                        | 3,600                          | —                       | —                       |
| <b>As at December 31, 2015</b> | <b>7,436,322</b>               | <b>4,964,300</b>               | <b>4,915</b>            | <b>10,070</b>           |
| Repurchased under the NCIBs    | (23,600)                       | (253,000)                      | (16)                    | (518)                   |
| ESPP                           | —                              | 33,000                         | —                       | 1,167                   |
| <b>As at December 31, 2016</b> | <b>7,412,722</b>               | <b>4,744,300</b>               | <b>4,899</b>            | <b>10,719</b>           |

### Dividends

Details of dividends declared per share are as follows:

|                | 2016<br>\$ | 2015<br>\$ |
|----------------|------------|------------|
| Class A shares | 0.30       | 0.28       |
| Class B shares | 0.33       | 0.30       |

Details of dividends paid per share are as follows:

|                | 2016<br>\$ | 2015<br>\$ |
|----------------|------------|------------|
| Class A shares | 0.30       | 0.26       |
| Class B shares | 0.33       | 0.29       |

On March 17, 2017, the Board of Directors declared a dividend of \$0.075 per Class A share and \$0.0825 per Class B share, which will be paid on April 21, 2017, to all shareholders of record as of April 7, 2017. The estimated dividend to be paid is \$556 on Class A shares and \$391 on Class B shares.

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Logistec Corporation

### 33. Consolidated Statements of Cash Flows

#### a. Items not Affecting Cash and Cash Equivalents

|   | 2016          | 2015          |
|---|---------------|---------------|
|   | \$            | \$            |
| Defined benefit and contribution retirement plans expense | 1,679         | 1,645         |
| Depreciation and amortization expense                     | 14,288        | 12,328        |
| Share of profit of equity accounted investments           | (4,310)       | (4,264)       |
| Finance expense   | 1,894         | 936           |
| Finance income  | (194)         | (313)         |
| Current income taxes                                      | 5,682         | 8,720         |
| Deferred income taxes                                     | 1,586         | 1,568         |
| Other non-current assets                                  | 6,860         | 2,299         |
| Deferred revenue  | (400)         | (400)         |
| Non-current financial liabilities                         | 2,025         | 4,440         |
| Other   | 677           | 351           |
|   | <b>29,787</b> | <b>27,310</b> |

#### b. Changes in Non-Cash Working Capital Items

|   | 2016            | 2015            |
|---|-----------------|-----------------|
|   | \$              | \$              |
| Increase in trade and other receivables         | (2,058)         | (10,997)        |
| Decrease (increase) in income taxes             | 476             | (333)           |
| Increase in prepaid expenses                    | (276)           | —               |
| Increase in inventories                         | (715)           | (2,072)         |
| Increase in other financial assets              | (1,014)         | —               |
| Increase (decrease) in trade and other payables | (11,669)        | 1,412           |
| Increase in deferred revenue                    | 228             | 225             |
|   | <b>(15,028)</b> | <b>(11,765)</b> |

#### c. Non-Cash Transactions

During 2016, the Company acquired property, plant and equipment, of which \$1,717 (\$1,982 in 2015) is unpaid at the end of the year.

### 34. Related Party Transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties are disclosed hereafter.

## Notes to 2016 Consolidated Financial Statements

years ended December 31, 2016 and 2015  
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### Trading Transactions

The following tables summarize the Company's related party transactions with its joint ventures for the years:

|                      | 2016  | 2015  |
|----------------------|-------|-------|
|                      | \$    | \$    |
| Sale of services     | 1,819 | 2,078 |
| Purchase of services | 793   | 1,346 |

|                                  | As at<br>December 31,<br>2016 | As at<br>December 31,<br>2015 |
|----------------------------------|-------------------------------|-------------------------------|
|                                  | \$                            | \$                            |
| Amounts owed to joint ventures   | 1,487                         | 2,583                         |
| Amounts owed from joint ventures | 539                           | 792                           |

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

### Loans to Related Parties

The following balances were outstanding at the end of the reported periods:

|                          | As at<br>December 31,<br>2016 | As at<br>December 31,<br>2015 |
|--------------------------|-------------------------------|-------------------------------|
|                          | \$                            | \$                            |
| Key management personnel | 123                           | 56                            |

The Company has provided loans to several members of key management personnel in connection with the ESPP (Note 32).

### Transactions with Shareholders

The Company's largest shareholder is Sumanic Investments Inc. Transactions with the Company's shareholders were as follows:

|   | 2016  | 2015  |
|---|-------|-------|
|   | \$    | \$    |
| Dividends paid to Sumanic Investments Inc.                    | 1,743 | 1,525 |
| Dividends paid to certain members of key management personnel | 103   | 160   |

### Compensation of Key Management Personnel

The compensation of directors and of other members of key management personnel <sup>(1)</sup> during the years ended was as follows:

|                          | 2016         | 2015          |
|--------------------------|--------------|---------------|
|                          | \$           | \$            |
| Short-term benefits      | 4,525        | 5,942         |
| Post-employment benefits | 521          | 414           |
| Other long-term benefits | 1,306        | 3,810         |
|                          | <b>6,352</b> | <b>10,166</b> |

<sup>(1)</sup> The compensation of members of key management personnel includes the compensation of the president of one of the Company's joint ventures

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### 35. Segmented Information

The Company and its subsidiaries are organized and operate in two reportable industry segments: marine services and environmental services. The accounting policies used within the segments are applied in the same manner as for the consolidated financial statements.

The Company discloses information about its reportable segments based upon the measures used by management in assessing the performance of those reportable segments. The Company uses segmented profit before income taxes to measure the operating performance of its segments.

The financial information by industry and geographic segments is as follows:

#### Industry Segments

##### Revenue, Results and Other Information

|   | Marine<br>services<br>\$ | Environmental<br>services<br>\$ | Total<br>\$ |
|---|--------------------------|---------------------------------|-------------|
| <b>2016</b>   |                          |                                 |             |
| Revenue   | 186,020                  | 157,306                         | 343,326     |
| Depreciation and amortization expense   | 9,287                    | 5,001                           | 14,288      |
| Share of profit (loss) of equity accounted investments                        | 4,322                    | (12)                            | 4,310       |
| Finance expense   | 1,097                    | 797                             | 1,894       |
| Finance income  | 78                       | 116                             | 194         |
| Profit before income taxes  | 16,239                   | 9,515                           | 25,754      |
| Acquisition of property, plant and equipment, including business acquisitions | 32,522                   | 9,406                           | 41,928      |

|   | Marine<br>services<br>\$ | Environmental<br>services<br>\$ | Total<br>\$ |
|---|--------------------------|---------------------------------|-------------|
| <b>2015</b>                                     |                          |                                 |             |
| Revenue   | 206,537                  | 151,471                         | 358,008     |
| Depreciation and amortization expense           | 9,007                    | 3,321                           | 12,328      |
| Share of profit of equity accounted investments | 4,110                    | 154                             | 4,264       |
| Finance expense                                 | 465                      | 471                             | 936         |
| Finance income                                  | 103                      | 210                             | 313         |
| Profit before income taxes                      | 25,616                   | 17,545                          | 43,161      |
| Acquisition of property, plant and equipment    | 15,894                   | 9,232                           | 25,126      |

##### Assets and Liabilities

|                              | Marine<br>services<br>\$ | Environmental<br>services<br>\$ | Total<br>\$ |
|------------------------------|--------------------------|---------------------------------|-------------|
| <b>2016</b>                  |                          |                                 |             |
| Total assets                 | 233,839                  | 122,021                         | 355,860     |
| Equity accounted investments | 30,438                   | 703                             | 31,141      |
| Total liabilities            | 98,205                   | 54,474                          | 152,679     |
| <b>2015</b>                  |                          |                                 |             |
| Total assets                 | 226,509                  | 101,906                         | 328,415     |
| Equity accounted investments | 28,259                   | 692                             | 28,951      |
| Total liabilities            | 78,620                   | 40,150                          | 118,770     |

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Logistec Corporation

### Geographic Segments

The Company's revenue from external customers by country of origin and information about its non-current assets by location of assets are detailed below:

| Revenue                                  | Canada<br>\$ | USA<br>\$ | Total<br>\$ |
|--|--------------|-----------|-------------|
| 2016                                     | 255,756      | 87,570    | 343,326     |
| 2015                                     | 249,187      | 108,821   | 358,008     |
| <b>Non-current assets <sup>(1)</sup></b> |              |           |             |
| As at December 31, 2016                  | 152,498      | 61,900    | 214,398     |
| As at December 31, 2015                  | 138,299      | 49,730    | 188,029     |

<sup>(1)</sup> Non-current assets exclude post-employment benefit assets, financial instruments and deferred income tax assets

### 36. Government Grants

A subsidiary of the Company incurs research and development expenses eligible for investment tax credits. Investment tax credits are recorded based on estimates prepared by management in respect of amounts that should be recovered and are subject to a tax audit. These tax credits amount to \$158 (\$171 in 2015), and are recorded as a reduction in employee benefits expense.

### 37. Commitments

The Company is committed until 2031, under operating lease agreements, to rent offices, port facilities, and equipment. The minimum amounts payable over the next years are as follows:

|   | 2016<br>\$    | 2015<br>\$    |
|---|---------------|---------------|
| No later than 1 year                        | 14,071        | 13,915        |
| Later than 1 year and no later than 5 years | 27,313        | 30,632        |
| Later than 5 years                          | 9,660         | 14,226        |
|   | <b>51,044</b> | <b>58,773</b> |

As at December 31, 2016, the Company has \$6,220 (\$20,701 in 2015) of property, plant and equipment under order, not yet delivered. Delivery and payment are expected to occur in 2017.

### 38. Contingent Liabilities and Guarantees

As at December 31, 2016, the Company has outstanding letters of guarantee for an amount of \$2,651 (\$2,587 in 2015) relating to financial guarantees issued in the normal course of business. These letters of guarantee mature within the next 12 months.

In addition to the information disclosed in Notes 27 and 29, a subsidiary of the Company has granted a \$30,000 (\$30,000 in 2015) second-ranking movable hypothec on all its present and future trade receivables and on the totality of its assets as a guarantee for its performance bond facilities.

The Company, together with one of its partners, severally guarantees the obligations of an operating lease in one of its joint ventures. The guarantee is limited to a cumulative amount of \$4,647.

As at December 31, 2016, the Company has contingent liabilities totalling \$534 (\$987 in 2015) for contingent obligations to remove assets and to restore sites under operating leases.

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The Company indemnifies its directors and officers for prejudices suffered by reason or in respect of the execution of their duties for the Company to the extent permitted by law. The Company has underwritten and maintains directors' and officers' liability insurance coverage.

No amounts have been recorded in the consolidated financial statements related to the above contingent liabilities and guarantees.

### 39. Fire Incident

On July 11, 2015, a fire destroyed two leased warehouses, conveyor systems and certain other assets at the Company's bulk facility in Brunswick (GA). Pursuant to the lease agreement with the Georgia Ports Authority, the Company was required to rebuild and replace the assets destroyed.

The consolidated financial statements as at and for the years ended December 31, 2016 and 2015 reflect the impact of the fire as follows:

|  | As at<br>December 31,<br>2016<br>\$ | As at<br>December 31,<br>2015<br>\$ |
|--|-------------------------------------|-------------------------------------|
| <b>Consolidated statements of financial position</b> |                                     |                                     |
| Claim receivable from insurance                      | 2,246                               | 5,447                               |
| Property, plant and equipment (reduction)            | 10,663                              | (6,449)                             |
| <b>Consolidated statements of earnings</b>           |                                     |                                     |
| Included in "Other gains and losses"                 |                                     |                                     |
| Impairment loss related to assets destroyed          | -                                   | 6,449                               |
| Site remediation costs                               | -                                   | 5,641                               |
| Gain on insurance recovery of assets and other       | (491)                               | (12,090)                            |
| Impact on profit before income taxes                 | (491)                               | -                                   |

The proceeds received and expected to be received from the insurance coverage were sufficient to cover the replacement cost of the assets destroyed, as well as other costs incurred as a direct result of the fire. This reflects management's best estimates based on the information available as at the date of these consolidated financial statements. The Company has substantially completed the reconstruction and replacement of the destroyed assets. The total amount incurred for the reconstruction is approximately \$23,400.



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### 40. Subsequent Event

On February 16, 2017, the Company invested \$4,429 in Logistec Gulf Coast LLC ("LGC"), a newly formed company. The funds were used to acquire essentially all of the operating assets of Gulf Coast Bulk Equipment, Inc. ("GCBE"). The Company holds a 70% interest in LGC and GCBE holds the remaining 30% interest. The cash consideration is subject to adjustment based on the final determination of GCBE's financial results between October 1, 2016 and February 16, 2017.

This transaction consolidates and expands the Company's bulk cargo handling services in the U.S. Southeast and Gulf of Mexico region.

At the acquisition date, the preliminary fair value of the underlying identifiable assets acquired and liability assumed was as follows:

|                                     | Total<br>US\$ |
|-------------------------------------|---------------|
| Property, plant and equipment       | 6,100         |
| Goodwill                            | 900           |
| Long-term debt                      | (662)         |
|                                     | <u>6,338</u>  |
| Settlement                          |               |
| Cash                                | 4,429         |
| 30% non-controlling interest in LGC | 1,909         |
|                                     | <u>6,338</u>  |

The purchase price allocation is preliminary and is subject to change once final valuations of the assets acquired and liability assumed are completed.

The Company has the obligation to repurchase the 30% non-controlling interest in LGC on December 31, 2021 at the latest, or sooner, upon the occurrence of certain events. The purchase price will be the greater of: i) the book value of the 30% non-controlling interest or ii) a multiple of the applicable three-year average EBITDA, minus LGC's debt.

## Directors and Officers

Logistec Corporation

### Directors

**James C. Cherry**, FCPA, FCA <sup>(1) (3) (4)</sup>  
Corporate Director

**Serge Dubreuil**, Eng. <sup>(3) (4)</sup>  
Corporate Director

**George Gugelmann** <sup>(2) (3) (4)</sup>  
Private Investor

**George R. Jones** <sup>(1) (2) (3)</sup>  
Corporate Director

**Rudy Mack** <sup>(2) (4)</sup>  
Principal Consultant  
Rudy Mack Associates, Inc.  
Corporate Director

**David M. Mann**, Q.C. <sup>(1) (2)</sup>  
Corporate Director

**Madeleine Paquin** <sup>(3) (4)</sup>  
President and Chief Executive Officer  
Logistec Corporation

**Nicole Paquin**  
Vice-President, Information Systems  
Logistec Stevedoring Inc.

**Suzanne Paquin** <sup>(3)</sup>  
President  
Transport Nanuk Inc.

**J. Mark Rodger** <sup>(2) (4)</sup>  
Partner  
Borden Ladner Gervais LLP

**Luc Sabbatini** <sup>(1)</sup>  
Chief Executive Officer  
PBSC Urban Solutions Inc.

<sup>(1)</sup> Member of the Audit Committee

<sup>(2)</sup> Member of the Governance and Human Resources Committee

<sup>(3)</sup> Member of the Executive Committee

<sup>(4)</sup> Member of the Pension Committee

### Officers

**George R. Jones**  
Chairman of the Board

**Madeleine Paquin**  
President and Chief Executive Officer

**Jean-Claude Dugas**, CPA, CA  
Vice-President, Finance  
Assistant-Secretary

**Stéphane Blanchette**, CHRP  
Vice-President, Human Resources

**Suzanne Paquin**  
Vice-President

**Alain Sauriol**, M.Sc.  
Vice-President, Environmental Services

**Ingrid Stefancic**, LL.B., FCIS  
Vice-President, Corporate and Legal Services  
Corporate Secretary

**Luc Pilon**, CPA, CA  
Corporate Controller

## Corporate Information

Logistec Corporation

### Subsidiaries

Autoterm Inc.  
BalTerm, LLC  
CrossGlobe Transport, Ltd.  
Les Terminaux Rideau Bulk Terminals Inc.  
Logistec Gulf Coast LLC  
Logistec Marine Agencies Inc.  
Logistec Stevedoring Inc.  
Logistec Stevedoring (Atlantic) Inc.  
Logistec Stevedoring (New Brunswick) Inc.  
Logistec Stevedoring (Nova Scotia) Inc.  
Logistec Stevedoring (Ontario) Inc.  
Logistec Stevedoring U.S.A. Inc.  
Logistec USA Inc.  
MtlLINK Multimodal Solutions Inc.  
Mistral Environnement SAS  
Niedner Inc.  
Ramsey Greig & Co. Ltd.  
Sanexen Environmental Services Inc.  
Sanexen Environnement SAS  
Sanexen Water, Inc.  
SETL Real Estate Management Inc.  
Sorel Maritime Agencies Inc.  
Tartan Terminals, Inc.  
189688 Canada Inc.

### Associates

Sept-Îles Mooring Inc.  
St-Lawrence Mooring Inc.

### Joint Ventures / Partnerships

Avataani Environmental Services Inc.  
Flexiport Mobile Docking Structures Inc.  
Moorings (Trois-Rivières) Ltd.  
NEAS Inc.  
Northern Bear Shipping B.V.  
Northern Fox Shipping B.V.  
Nunavik Eastern Arctic Shipping Inc.  
Nunavut Eastern Arctic Shipping Inc.  
Qikiqtaaluk Environmental Inc.  
Quebec Maritime Services Inc.  
Quebec Mooring Inc.  
Termont Montréal Inc.  
Termont Terminal Inc.  
Transport Inukshuk Inc.  
Transport Mitiq Inc.  
Transport Nanuk Inc.  
Transport Qamutik Inc.  
Transport Umialarik Inc.  
9260-0873 Québec Inc.

### Banks

Bank of America  
Bank of Montreal  
Bank of Nova Scotia  
Canadian Imperial Bank of Commerce  
Harris Trust and Savings Bank  
HSBC Bank Canada  
The Toronto-Dominion Bank

### Independent Auditor

Deloitte LLP

### Transfer Agent and Registrar

Computershare Investor Services Inc.  
1500 Robert-Bourassa Blvd.  
7<sup>th</sup> Floor  
Montréal (QC) H3A 3S8

### Shares Listed

Toronto Stock Exchange

### Head Office

Logistec Corporation  
360 St. Jacques Street  
Suite 1500  
Montréal (QC) H2Y 1P5

Tel.: (514) 844-9381

Fax: (514) 844-9650

E-mail addresses:

info@logistec.com

ir@logistec.com

Internet: www.logistec.com

### Annual Meeting of Shareholders

Tuesday, May 9, 2017 at 11:30 a.m.

BMO Bank of Montréal, Hochelaga Room, 129 Saint-Jacques Street, 14<sup>th</sup> Floor, Montréal (QC)

### Ticker Symbols

LGT.A and LGT.B

### Trademarks

Logistec and logo are registered trademarks in Canada and in the USA

Aqua-Pipe is a registered trademark in Canada and in the USA

CrossGlobe and logo are registered trademarks in the USA

MtlLINK is a registered trademark in Canada

Logistec Corporation  
360 St. Jacques Street  
Suite 1500  
Montréal (QC) H2Y 1P5

[www.logistec.com](http://www.logistec.com)



SECTION L

**CREDIT INFORMATION**

**Logistec Port Everglades activities**

BANK: HARRIS BANK  
111 West Monroe St.  
Chicago, IL  
60603

Account Number: 3178969

Contact person : Brian Vachout  
Tel : (312) 995-3570

Three suppliers with whom we do business with:

Peopleready Florida Inc.

P.O Box 740345  
Atlanta, GA 30374-0435  
Tel : (954) 922-6913  
Fax : (954) 922-6914

Contact name :  
Jennifer Howard

Nationwide Lift Trucks

3900 North 28<sup>th</sup> Terrace  
Hollywood, FL 33020  
Tel : (954) 658-7286  
Fax : (954) 922-8182

Contact name :  
Michelle Damiano

Lank Oil Co.

P.O. Box 100909  
Fort Lauderdale, FL 33310  
Tel : (954) 978-6600  
Fax : (954) 974-0854

Contact name :  
Linda Barlet

SECTION M (1)

Considering the circumstances under which the applications are made by Logistec Everglades LLC, we hereby request, for the purposes of the applications, that the current indemnity instruments of Coleary Transport Co., Inc. ("CTC") be transferred in the name of Logistec Everglades LLC. This is submitted with the consent of CTC

Also, we wish to indicate that once the franchises of CTC are in the name of Logistec Everglades LLC, steps will be taken by Logistec to replace the current indemnity instruments by indemnity and payment Bonds, the whole in accordance with Port Everglades Tariff 12, item 960

### SECTION N (1,2 and 3)

Description of equipment owned and/or lease by Logistec Everglades LLC to be used in connection with the activities covered by the franchises that are subject matters of the applications.

| DESCRIPTION OF THE EQUIPMENT | YEAR OF BUILT | TYPE OF FUEL | EQUIPMENT DOMICILED IN PORT EVERGLADES |
|------------------------------|---------------|--------------|--|
| Kawasaka lift 2395           | 2009          | Gasoline     | YES                                    |
| Kawasaka lift 2396           | 2009          | Gasoline     | YES                                    |
| Kalmar lift 4500             | 2011          | Diesel       | YES                                    |
| Hyster lift 280 -2199        | 2010          | Diesel       | YES                                    |
| Hyster H36HD                 | 2008          | Diesel       | YES                                    |
| Huster H80                   | 2010          | Diesel       | YES                                    |

**Note:** Obviously, additional equipment will be added on as needed basis.

# BROWARD COUNTY LOCAL BUSINESS TAX RECEIPT

115 S. Andrews Ave., Rm. A-100, Ft. Lauderdale, FL 33301-1895 – 954-831-4000

**VALID OCTOBER 1, 2016 THROUGH SEPTEMBER 30, 2017**

**DBA:**  
**Business Name:** LOGISTIC EVERGLADES LLC

**Receipt #:** 329-284278  
**Business Type:** ALL OTHERS (CARGO HANDLING)

**Owner Name:** WILLIAM COLEMAN  
**Business Location:** 2550 EISENHOWER BLVD # 308  
FT LAUDERDALE

**Business Opened:** 05/23/2017  
**State/County/Cert/Reg:**  
**Exemption Code:**

**Business Phone:**

**Rooms**                      **Seats**                      **Employees**                      **Machines**                      **Professionals**  
3

| Tax Amount | For Vending Business Only |         |         | Vending Type: |                 | Total Paid |
|------------|---------------------------|---------|---------|---------------|-----------------|------------|
|            | Transfer Fee              | NSF Fee | Penalty | Prior Years   | Collection Cost |            |
| 16.50      | 0.00                      | 0.00    | 0.00    | 0.00          | 0.00            | 16.50      |

**THIS RECEIPT MUST BE POSTED CONSPICUOUSLY IN YOUR PLACE OF BUSINESS**

**THIS BECOMES A TAX RECEIPT**

**WHEN VALIDATED**

This tax is levied for the privilege of doing business within Broward County and is non-regulatory in nature. You must meet all County and/or Municipality planning and zoning requirements. This Business Tax Receipt must be transferred when the business is sold, business name has changed or you have moved the business location. This receipt does not indicate that the business is legal or that it is in compliance with State or local laws and regulations.

**Mailing Address:**

WILLIAM COLEMAN  
2550 EISENHOWER BLVD # 308  
FORT LAUDERDALE, FL 33316

**Receipt #** 02C-16-00004968  
**Paid** 05/23/2017 16.50

**2016 - 2017**



**Broward County Records, Taxes & Treasury Div.  
115 S. Andrews Ave. Fort Lauderdale, FL 33301**

|                               |                         |
|-------------------------------|-------------------------|
| <b>Transaction # 10361314</b> |                         |
| Cashier:                      | AW                      |
| Paid By:                      | LOGISTIC EVERGLADES LLC |
| Posted Date:                  | 05/23/2017 02:41PM      |
| Received Via:                 | In Person               |
| Num. Items:                   | 1                       |
| Total Tendered:               | \$16.50                 |
| Receipt #:                    | 02C-16-00004968         |
| Batch:                        | 513443                  |
| Drawer:                       | 2C                      |
| Status:                       | Complete                |

| Receipt      |  |                |         |         |
|--------------|--|----------------|---------|---------|
| Item         | Details                                    | Effective Date | Due     | Paid    |
| Business Tax | Acc# 140957<br>Rct# 329-284278<br>Yr: 2017 | 05/23/2017     | \$16.50 | \$16.50 |
|              | Total:                                     |                | \$16.50 | \$16.50 |
| Payment      | Details                                    |                |         | Paid    |
| Cash         | Cash                                       |                |         | \$20.00 |
| Cash         | Cash Change                                |                |         | \$-3.50 |
|              | Balance:                                   |                |         | \$0.00  |

SECTION P

# Logistec Everglades LLC

## SAFETY MANUAL

January 1, 2017

## **Logistec Everglades LLC**

### **Safety Manual Table of Contents:**

|           |   |
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| <b>3</b>  | Emergency Action Plan                                       |
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| <b>7</b>  | Duties of Equipment operators ... Crane and Winch operators |
| <b>9</b>  | Use of Electrical Devices                                   |
| <b>10</b> | Vehicle Safety  |
| <b>16</b> | Equipment Qualification Procedure                           |
| <b>17</b> | Refresher Training  |
| <b>18</b> | PPE   |
| <b>25</b> | Accident Loss / Reporting Program                           |
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### **EMERGENCY ACTION PLAN**

## INTRODUCTION

This **Emergency Action Plan** has been developed to provide employees with information and response actions to take in the event of emergency situations occurring in the workplace. While it is impossible to identify every possible emergency situation that may be encountered, this plan will cover the most likely scenarios, and this information can be adapted to most other situations. It should be understood that emergency situations are dynamic, and may change suddenly in both scope and nature.

Every situation will require the same initial approach, and then depending on the nature of the incident, incident specific actions will be taken according to the plan. Every incident will require consideration of the following:

**INCIDENT SIZE-UP:** A determination must be made as to the nature of the incident, the extent of the incident, and what resources are required to adequately address the incident. Specifically, it must be determined if the incident involves INJURY, PROPERTY DAMAGE, FIRE, or SPILL or CHEMICAL RELEASE. Each one of these types of incidents will involve a specific protocol for handling the incident.

**EVACUATION REQUIRED? :** Supervisory staff will determine whether evacuation is necessary. In the event that evacuation of the work area is necessary, employees will be given the evacuation signal/alarm, and will report to the primary or secondary evacuation assembly area. The alarm will consist of a broadcast over the radio to evacuate to the assembly area, and in the event that a ship is being discharged, repeated blasts from an air-horn or siren will signal evacuation if radios are not available. The pre-planned evacuation route will be followed at each location in the facility. Once at the assembly area, supervisors will account for all employees that had been working prior to the evacuation. The primary evacuation assembly site is the truck staging area, at the pre-vessel assemble point. In the event that this primary assembly area falls within the evacuation area, employees will be directed to a secondary evacuation assembly area. Employees working inside the office building shall evacuate the building immediately on hearing the internal alarm and assemble parking lot. In the event that that building has been determined to be within the evacuation zone employees shall report to the secondary assembly area at the security gate. Employees will refer to the Evacuation Routes on the site map to determine the best route to follow to the assembly areas. **Upon hearing the evacuation signal, all employees are to report to the assembly area immediately!**

### **COMMUNICATIONS:**

#### Reporting Fires or Other Emergencies:

Fires and other emergencies requiring outside resources shall be immediately reported via the 911 emergency activation systems. Supervisors shall be notified via the portable radios. Supervisors have two-way radios, which can communicate with the dispatch desk. During normal business hours, initial notification of an incident will be made through the two-way radio to the dispatcher or foreman. The dispatcher or foreman will then activate the appropriate protocol for the situation. Communication with agencies outside the facility will be through the telephone system. In the event that power is interrupted and the telephone system is not functioning, a cellular telephone will be used to contact the appropriate agencies. In the event that an incident occurs outside of normal working hours, or when the dispatch area is not staffed, contact with outside agencies will be made directly by the supervisor. The supervisor will use land telephones or cell phones, as appropriate. For fires occurring inside buildings with fire alarm systems, employees shall activate the alarm immediately upon discovering the fire.

#### Alarm systems:

There are three types of alarm systems used in emergency situations at this facility.

1. Two-way radios – yard employees and supervisors have a radio, or work in proximity to an employee who does. This is the primary means of notifying employees of an emergency situation.
2. The main office building is equipped with an internal fire alarm. Upon hearing the activated alarm, all employees are to exit the building following the emergency exiting procedures.
3. Longshore employees working on discharging a vessel and/or not equipped with a radio, will be alerted of an emergency evacuation order through the use of an audible alarm. This alarm will sound as repeated blasts on an air-horn type of device, sounded on the pier.

**DUTIES OF EMPLOYEES:** There are no critical facility functions or operations that must be implemented prior to evacuation. All employees are to report immediately to the employee assembly area when an evacuation has been ordered, or when the fire alarm has been activated. Those employees trained in first aid may assist others requiring such assistance, but should not do so if providing such help will place the provider in any danger. In the event of a small fire, controllable with the use of a fire extinguisher, employees trained in the use of fire extinguishers may use them. Employees not trained in the use of fire extinguishers should not attempt to use them. Rescue and fire suppression activities will be performed by outside emergency response personnel only. Supervisors will account for all employees working on the job at the time of the evacuation to determine if any workers are missing. In the event that the main office building or areas of the yard or dock need to be evacuated, workers are to:

1. Stop work immediately;
2. Shut off any motorized or mechanized equipment you are operating;
3. Quickly exit the building or work area using the established escape routes;
4. Supervisors and hatch bosses should conduct a rapid survey of their work area to be sure it has been evacuated.
5. Report immediately to the designated assembly area.
6. Report any injuries or missing co-workers to your supervisor immediately;
7. **Do Not** attempt to re-enter the evacuated building or work area for any reason;
8. Remain at the designated assembly area until given instructions to return to work or to leave the area.

At no time are employees to place themselves in danger during an incident.

**PROCEDURES TO ACCOUNT FOR EMPLOYEES:**

During an incident that requires an evacuation, employees shall proceed to the designated primary or secondary evacuation assembly area. The following procedures shall be used to account for personnel on site:

Terminal Personnel – The Director of Operations will be responsible to account for all workers assigned to the terminal operations. The absence of any employee, visitor or outside contractor must be reported to the supervisor and emergency personnel immediately.

Longshore Personnel – The Superintendent shall have overall responsibility to account for longshore workers. The Superintendent shall bring the assignment roster to the assembly area to verify the accounting of workers. Each lead man (header) shall account for individuals under their supervision, and report this information to the timekeeper.

Outside Truck Drivers and Contractors – The port security department will keep a log of all non-drivers on site. Outside contractors will sign in with either the security guard or the dispatcher upon entering the facility. In the event of evacuation, the sign in log will be brought to the assembly area for the accounting of personnel.

Refer to the specific Action Plan for the type of emergency encountered. For additional information regarding the EMERGENCY ACTION PLAN, please contact your supervisor, or Bert Suarez / Director of Operations. 1-786-371-6402

***PIER SAFETY RULES***

1. Keep immediate work area reasonably free of equipment and materials not in use.
2. Clear immediate work area of debris and other objects not directly associated with the work in progress and which might present a hazard to employees.
3. Maintain clear pedestrian and vehicular aisles and passageways.
4. Eliminate slippery walking and working surfaces in areas used by employees and to the extent possible, the conditions causing the slippery surfaces.
5. Encourage good housekeeping practices by seeing that trash containers are provided at specific locations and emptied when full.
6. Readily maintain a liberal supply of sand or other suitable absorbent materials to use as an aid in eliminating slippery surfaces.
7. Stack cargo and pallets to provide stability against sliding, shifting or collapse.
8. Provide proper and adequate illumination around immediate work areas.
9. Provide and maintain proper and adequate firefighting equipment.
10. Maintain clear and unobstructed access to all firefighting equipment.
11. Open fires and fires in metal drums or similar containers are prohibited.
12. Smoke only in authorized areas. (No smoking on the dock or vessels)
13. Perform repair or reconditioning of damaged cargo packages in an area that will not endanger employees.
14. Assure that floors of railcars and trucks are in visible safe condition prior to commencing loading and unloading.
15. Move with caution or otherwise prevent railcars and truck trailers from moving while employees are working within or near ends of these vehicles.
16. Provide protection from exposure to impact from other moving railcars when employees are working in or on stationary railcars.
17. Before fully opening rail car or truck trailer doors, slightly open doors to ensure that freight inside has not shifted during transit.
18. Stand clear of gondolas and flat cars while cargo is being hoisted or lowered unless there is a safe place to stand in or on the railcars.
19. Adequately support and secure truck trailers and containers on chassis being stuffed or stripped with use of forklifts to prevent landing gear collapse and vehicle movement.
20. Use cargo handling gear and equipment within its rated capacity.
21. When employees are known to have heart disease, epilepsy, defective, uncorrected eyesight or hearing or similar ailments which. May suddenly incapacitate them, they should be assigned tasks other than operating cranes, winches and other power-operated hoisting equipment or vehicles.
22. In the vicinity of each vessel being worked keep a U.S. Coast Guard, approved life ring with at least 90 feet of attached line and ladder giving access to the water readily available.
23. Maintain properly supplied first aid kits and make readily available near each job site.
24. Approved eye protection equipment should be provided to all employees.
25. Employees entering or working in hazardous atmospheres should be provided with and trained in the use of respiratory protective equipment.
26. Employees exposed to nuisance dust or to pneumoconiosis producing or toxic dusts should be provided with and trained in the use of respirators or approved dust masks.
27. Approved protective hard hats will be worn by all employees.
28. Special protective clothing will be worn by employees when circumstances necessitate such clothing.
29. Bridge Plates (car plates, dock plates) must be:
  - (a) Strong enough to carry loads imposed on them.
  - (b) Secured in position to prevent slipping or shifting.
  - (c) Sufficient size to practically fill rail car or truck trailer door openings.
  
30. Portable ramps must be:
  - (a) Strong enough to carry loads imposed on them.
  - (b) Provided with sideboards to prevent vehicles from rolling off edge.

- (c) Equipped with approved guard railing if slope is more than 20 degrees horizontal or if employees are exposed to falling more than 4 feet.
- (d) Provided with a slip resistant surfaces.

- 31. Spray painting or sandblasting should not be permitted in the immediate vicinity of cargo handling or other dock operations unless employees are properly protected.
- 32. Shield electric arc or gas welding operations so as to prevent eye injury to employees working in or near vicinity. Also, ensure that required permits have been obtained.
- 33. Park private vehicles in authorized areas.

### **SHIPBOARD SAFETY RULES**

In addition to general rules and special duties for precarious work categories, specific safety rules applying to shipboard work sites are recognized as a means of preventing injuries. Some of these are:

- 1. Maintain good housekeeping in working and walking areas. Remove or render safe with absorbent sand, oil dry, sawdust, salt, covering or other suitable means all slippery conditions caused by oil, grease, hydraulic fluid, cargo spillage, ice, snow or other substance.
- 2. Use safety ladders that are secure and unobstructed. At least one safe and accessible ladder should be provided for each gang in the hatch.
- 3. Rig ship's cargo handling gear for safe and efficient operation. Raise or lower booms with the supervisor present.
- 4. When working cargo over a deck load, provide a safe and adequate walkway for the designated signalman.
- 5. When an edge of a permanent landing platform is so exposed that there is danger of a person falling, guard the edge with a line, safety net, railing or similar safety device so placed as not to interfere with movement of cargo.
- 6. When two gangs are working in the same hatch on different levels, provide adequate protection to prevent workers and cargo from falling.
- 7. Keep work areas where winch drivers stand or sit in good order and see that seats are substantial and well secured.
- 8. Stow strong backs and hatch covers so as not to interfere with a safe walkway from hand rails to hatch coming or fore and aft, and secured so they cannot be tipped over or dragged into hatches or overboard by cargo or gear. This applies to all decks.
- 9. Secure stowed or piled cargo in a ship's hold when there is the possibility of collapse on workers below.
- 10. Use double slings where practical on cargo where in danger of sliding (dunnage, lumber, pipe, etc.).
- 11. Always use proper gear when slinging pallets.
- 12. Do not hoist baled cargo by hooks attached to the bands or fastenings unless the straps are of sufficient strength to support the weight of the bale.
- 13. Lift truck, dozer and loader operators must wear seat belts when equipment is in operation, even while working in the ship's hold. This is an OSHA requirement; non-compliance will result in disciplinary action.
- 14. Take necessary precautions to prevent falling, sliding, or spreading of cargo that is being raised or lowered by hoisting gear. Cargo should not be lifted or maneuvered over the heads of workers.
- 15. Protect manholes and other flush deck openings with covers or railings.
- 16. Handle hazardous materials in accordance with the Department of Transportation, state and local regulations and ensure appropriate handling and placards.
- 17. Check to make sure hatch cover is open to give more light before any personnel attempts to go down ladder into Hold through manhole.

### **DUTIES OF EQUIPMENT OPERATORS**

The duties of equipment operators are:

- 1. Test brakes, steering gear and mechanisms for raising, lowering and tilting mast before starting work, and report any defect to the foreman, or other supervisory representative on the job.

2. Operate lift truck in such a manner as to give an unobstructed view of the direction of travel and drive in reverse when necessary.
3. Be especially cautious and use horns when approaching blind corners or other places where vision is limited.
4. Obey all speed and traffic regulations and other applicable haulage equipment rules.
5. Have the equipment under control at all times so that it can be brought to an emergency stop.
6. Unless equipment is designed to accommodate passengers, employees are not permitted to ride on vehicles except on specific instructions from supervision.
7. Operate vehicle from seat or platform only, and not while standing or walking alongside unless equipment is designed to operate in this manner.
8. Operate vehicle in a safe manner.
9. Safety devices should not be removed or made inoperative.
  
10. A distance of at least 20 feet shall be maintained between the first two vehicles in line, and behind any vehicle which employees must work.
11. All lines to the chassis braking system should be connected during trucking operations.
12. Loads on lift truck- should not be suspended or swung over any person.
13. No lift trucks should travel with a load of loose material, which exceeds the height of mast.
14. When lift trucks are parked, forks should be tilted forward and be flush with floor and clear of aisles. When moving, lift trucks should be elevated high enough to clear all surfaces.
15. Shut off motor and apply parking breaks when leaving vehicle.
16. Do not drive under suspended loads.
17. Never pull or push loaded or empty rail cars without first checking the switch to insure that it is in the proper location.
18. Never pull or push loaded or empty rail cars over a road crossing without the assistance of a flagman.
19. Do not operate any company vehicle without a seat belt.
21. Insure that the safety basket is properly attached to the fork truck tines before lifting personnel. Do not lift personnel in any other way.
22. Perform pre-operational inspections and equipment checks.

#### **DUTIES OF CRANE & WINCH OPERATORS**

The safety duties of crane operators are:

1. Before starting hoisting operations, crane operators will do the following:
  - (a) Follow all established "start up" procedures.
  - (b) See that the crane is working properly by testing it without a load on the hook.
  - (c) Be familiar with all operating procedures of the particular piece of equipment to be operated.
  - (d) Report any defects to the foreman or stevedoring manager.
2. Operate the crane only on clear understood signals.
3. At all times operate the crane in a safe manner keeping the load under complete control.
4. When it is necessary to hold loads, insure that they are held over or landed on the deck or dock and not suspended overheads of men working under the hook.
5. Keep both hands free when going up and down ladders. Articles, which are too large to go into pockets or belts, shall be lifted to or lowered from the crane by hand line (except where stairs are provided).
6. If crane power goes off, immediately throw all controllers to "off" position until instructed to turn power on again by authorized person.
7. Pay special attention to the relative position of the blocks to avoid unnecessary tripping of the limit switch.
8. Do not hoist sling loads, which are improperly slung.
9. Adhere to manufactures operating procedures and applicable load ratings.
10. When two cranes are used to hoist a load, the load shall be rigged in a way, which will distribute the load in direct relation to the capacity of each crane. Two crane lifts should be made only under the supervision of a supervisor.
11. Side loading of crane booms is prohibited.
12. See that booms do not strike fixed objects or are struck by swinging loads.
13. Determine the capacity of the crane under the conditions of use and weight of loads to be hoisted, the crane must not be overloaded.



14. Adhere to all established wind warnings and crane securing procedures-.
15. Accessible areas within the swing radius of the out most part of the body of a revolving crane shall be guarded by suitable means during cargo operations so as to prevent an employee being in a position to be caught between the body of a crane and fixed parts of the vessel or of the crane itself.
16. When leaving the cab, see that all "shut down" procedures are followed including the position of all master controls in the neutral position, the placing of all friction controls in the disengaged position and the locking of all foot brakes.
17. Leave the cab and upper deck clean of all debris, oily rags, oilcans and trash. Restow all tools and equipment in the proper place.
18. Perform pre-operational checks on the equipment as directed.

### **Use of Electronic Devices while operating equipment**

**Purpose:**

**To enhance the safe operation of heavy motorized equipment at company facilities.**

**Policy:**

The use of certain electronic devices while operating forklifts, cranes, and other motorized equipment is prohibited. The prohibited devices include cellular telephones, portable musical devices requiring headphones, (i.e. walkmans, radios, cd players, etc). These prohibited devices shall not be used, worn, or otherwise engaged while operating motorized equipment.

This prohibition does not include devices used in the routine course of work, such as portable two-way radios or radios used for signaling. Vehicle installed radios not requiring the use of headphones are allowable when played at levels which do not interfere with the safe operation of the equipment.

Compliance / Non-Compliance:

All operators of equipment shall comply with this policy. Due to the safety implications of non-compliance, individuals not complying with this policy may be immediately removed as an equipment operator, and shall be subject to the discipline policy.

### **Vehicle/Forklift Safety**

It is the responsibility of the operator to report any defects that may affect the operation of a vehicle. A checklist will be furnished with each vehicle to be completed each day before the vehicle is dispatched. At any time the vehicle does not meet expectations, notify the supervisor immediately.

The Facility will establish a preventive maintenance program for each vehicle. Separate preventive maintenance programs will exist for vehicle. The Maintenance Foreman is responsible for maintaining the PM Program

The vehicle operator is responsible for:

1. Performing a pre/post vehicle inspection.
2. Safe operation
3. Vehicle cleanliness
4. Reporting of all accidents

**COMPANY VEHICLES WILL, AT ALL TIMES, BE OPERATED IN A SAFE MANNER.**

OSHA also requires that employers direct vehicle operators to comply with posted traffic controls signs (e.g., posted speed limits) or signals, and written traffic instructions (§1917.44). Other traffic controls that employers can implement include:

- Speed limit signs at appropriate locations;
- Stop lines and lane markings on pavement;
- Rumble strips/surface indentations at intersections and other critical areas to remind drivers of speed;
- Utility vans parked to guard terminal mechanics working in a container yard, traffic cones to alert vehicle operators of the location of employees, and alerts to warn drivers about the work;
- K-rails ( Jersey barriers) or other barriers used for directional traffic controls and to separate pedestrians from motor vehicle traffic;
- Sign(s) and barriers to alert drivers of construction projects and other changes to traffic routes;
- Traffic control information for OTR trucks entering terminals, including terminal maps and driving rules; and
- Supervisors or traffic guards to direct traffic in the terminal at busy intersections and work areas.

**Traffic control** - Install traffic controls and remind drivers to operate at safe speeds and protect pedestrians. Safety Manager will ensure the following traffic controls are in place and/or available for use as needed marine terminals:

- Stop signs shall be posted at main entrances and exits of structures where visibility is impaired;
- Stop signs shall be posted at blind intersections, unless direct traffic control or warning mirror systems or other systems of equivalent safety are provided; Vehicular routes, parking areas, and traffic rules shall be established, identified, and used; and
- Signs indicating pedestrian traffic shall be clearly posted at vehicular check-in and check-out lines and similar locations where employees may be working (§1917.44).

**Vehicle selection and maintenance** - Selecting safe vehicles and maintaining them in proper condition are critical components to effectively minimize traffic accidents in marine terminals. Employers should ensure that vehicle safety equipment such as horns, backup alarms, seatbelts, brakes, mirrors, and warning devices are maintained in good repair and utilized properly by the operator. Employers should also ensure that vehicle operators follow the manufacturer's design and operation parameters. Employers must also ensure that the equipment is not modified without either the manufacturer's prior written approval or the written approval of a professional engineer experienced with the equipment who has consulted with the manufacturer, if available.

OSHA standards for PITs used for material or equipment handling at a marine terminal are contained in 1917.43 and 1910.178(l). The rules apply to every type of PIT used for material or equipment handling within a marine terminal (e.g., straddle carriers, hustlers, top loaders, and container reach-stackers)<sup>3</sup>. The following are some of the provisions in §1917.43 that pertain to safe operation of PITs:

- Modifications that might affect the vehicle's capacity or safety shall not be performed without either the manufacturer's prior written approval or the written approval of a professional engineer experienced with the equipment who has consulted with the manufacturer, if available;
- Unauthorized personnel shall not ride on PITs. A safe place to ride shall be provided when riding is authorized;

- When a PIT is left unattended, load-engaging means shall be fully lowered; controls neutralized; and brakes set. Unless the PIT is in view and within 25 feet (7.62 m) of the operator, power shall be shut off. Wheels shall be blocked or curbed if the PIT is on an incline;
- PITs shall not be operated inside damaged highway vehicles or railcars if the vehicle or railcar could affect operational safety;
- PITs shall be marked with their rated capacities, which shall be visible to the operator;
- Only stable and safely arranged loads that are within the rated capacity of the PIT shall be handled;
- The employer shall direct PIT drivers to ascend and descend grades slowly;
- The employer shall direct PIT drivers to slow down and sound the horn at cross-aisles and other locations where visibility is obstructed;
- If the load obstructs the forward view, the employer shall direct PIT drivers to travel with the load trailing;
- Steering knobs shall not be used unless the PIT is equipped with power steering;
- When cargo is being towed on trucks or similar equipment, a safe means shall be provided to protect the PIT driver from sliding loads;
- Only designated persons shall perform maintenance and repair;
- Replacement parts whose function might affect operational safety shall be equivalent in strength and performance capability to the original parts they replace;
- Braking systems or other mechanisms used for braking shall be in safe and operable condition; and
- PITs shall be maintained in safe working order. Safety devices shall not be removed or made inoperative except as otherwise provided in §1917.43. PITs with a fuel system leak or any other safety defect shall be taken out of service until properly repaired.

Section 1910.178(I) establishes training requirements for PIT operators, including those working at marine terminals. The type of training required will be based on the type and amount of the operator's prior training; the operator's knowledge and demonstrated ability to operate PITs safely; the types of PITs the operator will be using at the terminal; and the conditions present in the workplace. For example, if an operator has received prior training in the topics below and been evaluated as competent to operate a PIT safely in the working conditions to be encountered, then initial training need not be repeated.

Where initial training is necessary, it must cover the following truck and work-related topics that are applicable to safe operation of the PIT in the terminal:

***PIT-related topics:***

- Operating instructions, warnings, precautions, and limitations, including those listed in the operator's manual;
- Differences between PITs and automobiles;
- PIT controls and instrumentation;
- Engine or motor operation;
- Steering and maneuvering;
- Visibility;
- Fork and attachment operation and limitations;
- Vehicle capacity and stability;
- Vehicle inspection and maintenance the operator will perform; and
- Refueling or recharging.

## **FORK LIFT OPERATING RULES & PROCEDURES**

The company has adopted the OSHA rules and regulations on the following pages as the basic minimum guidelines for the safe operation of forklifts. The key to the success of our program is the use of qualified and competent drivers.

The company will ensure that all operators are "**qualified**" or trained prior to allowing anyone to operate a forklift. Each driver will be reviewed at least annually for his or her ability to perform using the forklift safely. This will be done by utilizing a planned program review by qualified oversight personnel within the company or to use the services of an outside agency to "**Certify**" our forklift operators.

- Both drivers and employees who work around these vehicles are required to follow these operating rules and procedures:
- Only authorized drivers who are trained in safe operation may operate forklifts.
- Do not ride on the forks of any lift truck/forklift.
- Passengers are not allowed on any forklift.
- Do not place any part of your body outside the running lines of a forklift, or between the mast uprights or other parts of the truck where shearing or crushing hazards exist.
- Do not stand, pass, or work under the empty or loaded elevated portion of any industrial truck, unless it has been blocked effectively to prevent it from falling.
- Check the vehicle at least once each shift to ensure that the following are operating properly:

|            |        |             |         |               |           |
|------------|--------|-------------|---------|---------------|-----------|
| TIRES      | LIGHTS | FUEL SYSTEM | BATTERY | STEERING      | MECHANISM |
| CONTROLLER | HORN   | LIFT SYSTEM | BRAKES  | BACK-UP ALARM |           |

- Any vehicle in need of repair should not be used until repairs have been made.
- Look in the direction of travel, and don't move the vehicle until you see that your path is clear of people and objects.
- Do not drive toward anyone standing in front of a bench or other structure; if the vehicle fails mechanically, or you misjudge distance, that person may be trapped between your truck and the structure.
- Do not exceed the authorized safe speed.
- Do not pass other trucks traveling in the same direction at intersections, blind spots, or other dangerous locations.
- Maintain a safe distance from other vehicles. For trucks traveling in the same direction, a safe distance would be 3 truck lengths or a 3 second time lapse passing the same point.
- Observe all traffic regulations.
- Slow down and sound the horn at cross aisles and other locations where vision is obstructed.
- Carry the forks as low as possible consistent with safe operation.
- Cross over railroad tracks diagonally wherever possible. Do not park closer than eight feet six inches from the centerline of the railroad tracks.
- Do not load industrial trucks in excess of their rated capacity.
- Do not move a loaded vehicle until the load is secure.
- If the load obstructs forward view, drive backwards.
- Ascend or descend a grade slowly with the load upgrade.
- Do not tilt the load with the mast extended past the center of gravity.
- Do not drive a vehicle into any elevator unless you are specifically authorized to do so.
- Before entering the elevator, make sure that your vehicle and load will not exceed the rated capacity of the elevator. Once your vehicle is on the elevator, shut the power off, and set the brakes.
- Before you drive your vehicle on a floor, platform, or into rail cars, trucks, or trailers be certain the structure will support the loaded vehicle.
- When you leave the fork lift bring the mast to the vertical position, place the forks on the floor, shut the power off and curb or block the wheels (if parked on an incline).

## USING A FORKLIFT TRUCK TO ELEVATE EMPLOYEES

### THE PLATFORM

- When a forklift is used to elevate employees, the lift must be equipped with a **"safe" work platform**.

- The platform must be at least 24" x 24" square and it must be large enough to accommodate the employee and the material to be elevated.
- The platform must be securely attached to the forks and/or must be equipped with a standard guardrail with mid-rails on all open sides.
- The platform must have a slip-resistant floor and cannot have spaces or holes between the floor sections larger than 1 inch in size.
- The side of the platform resting against the forklift mast must be equipped with a substantial covering so that an employee cannot reach into the operation of the lifting mechanism. This covering or guard must extend from the floor of the platform to a minimum of 7 feet above the workers feet.

### **THE FORKLIFT**

- The forklift must be the proper size and capacity for the intended job.
- The forklift must be equipped with overhead protection whenever it is operated under conditions that expose the operator to danger from falling objects.

### **THE OPERATOR**

- The operator of the forklift must be at the control position of the lift while employees are on the elevated platform.

### **OPERATING RULES WHEN ELEVATING EMPLOYEES ON FORK LIFTS**

- Use a securely attached "safety platform".
- Make sure the lifting mechanism is operating smoothly.
- Place the mast vertical and never tilt it forward or rearward when it is elevated.
- Place the gears in neutral and set the parking brake.
- Lift and lower the work platform smoothly and with caution.
- Watch for overhead obstructions.
- Keep hands and feet clear of controls other than those controls being used
- Never travel with personnel on the work platform other than to make mirror adjustments for final positioning of the platform.
- Surface conditions where the PIT will be operated;
- Load composition, stability, manipulation, stacking, and un-stacking;
- Pedestrian traffic in areas where the PIT will be operated;
- Narrow aisles and other restricted places where the PIT will be operated;
- Hazardous (classified) conditions and closed environments where the PIT will be operated;
- Other unique or potentially hazardous environmental conditions in the workplace that could affect safe operation; and ramps and other sloped surfaces that could affect the vehicle's stability.

Training must be a combination of formal instruction (e.g., lecture/discussion, interactive computer learning, videotape, written material), practical training (e.g., demonstrations performed by trainer, training exercises by trainee), and evaluation of the operator's performance in the workplace.

Operators must also receive refresher training when they have been observed operating the vehicle in an unsafe manner, been involved in an accident or near-miss incident, received an evaluation of unsafe operation, are assigned to operate a different type of PIT, or when changes in workplace conditions could affect safe operation. In addition, every operator's performance must be evaluated at least once every three years.

***Walking safely in marine terminals*** - The employer should inform anyone walking and/or working in marine terminals about traffic hazards and how to protect themselves from injury. Employers should point out the following to pedestrians in marine terminals:

- The OSHA requirement that designated walkways must be provided and used. Marked or designated areas shall be set aside within a container or roll-on/roll-off terminal for passage of employees to and from active cargo transfer points, except where the employer provides transportation to and from these points (§1917.71(d)(1));
- Pedestrians should be aware that drivers cannot see them when they are in a vehicle's "blind spot." Pedestrians should avoid these blind spots whenever possible. When approaching or walking near vehicles, it is essential that they make eye contact with the operator and be sure that the operator acknowledges them;
- The OSHA requirement that each employee working in the immediate area of container handling equipment or in the terminal's traffic lanes wear a high visibility vest (or equivalent protection) (§1917.71(e));
- Pedestrians should make sure that their movements are predictable (not darting out suddenly from behind or between containers and not suddenly changing directions);
- Avoid placing items on rolling or moving equipment. Loose items can fall off the equipment and strike someone; and
- Be aware of the swing radius on forklifts and other similar vehicles. The rear wheels of forklifts enable these machines to turn sharply and quickly.

### **VEHICLE MAINTENANCE**

In the normal activities of vehicle maintenance, it is essential that adequate safety standards be prescribed and observed by all shop and company personnel. This should help promote efficiency and reduce the possibility of personal injury and property damage.

Oil and grease-soaked rags or other waste should be disposed of in self-closing metal waste cans approved (UL or FM) by SAFETY recognized fire protection laboratories.

### **MECHANICAL HOIST/LIFTS**

- Every mechanical automotive hoist should have a brake that will automatically hold twice the rated load at whatever level it may be when lifting ceases.
- Hydraulic lifts have devices that will hold the load independently of the lifting means at the maximum "up" position.
- Hoists should never be used to lift vehicles that weigh beyond the rate lift's capacity or to lift one end of the vehicle only.
- The condition of lifts should be checked monthly. Leaks should be repaired and oil levels maintained on hydraulic lifts.
- Controls on lifts should require continuous pressure from the operator and at a distance so the operator will not be struck by the falling load if the lift falls.
- No person should stand in front of vehicles being driven onto the lifts and no person should remain in a vehicle being lifted. No bystanders should be allowed near equipment being lifted.
- All lifts should have safety legs which will hold the load if the lift fails.
- Employees must always place these legs properly before working under raised equipment.
- Wearing safety goggles will save the annoyance of workers getting dust and an occasional serious injury from foreign particles in the eye.
- Employees should never put their hands over grease gun nozzles (grease can be forced under the skin if the gun handle is pulled).
- When lubricating springs, stand clear of lubricant spray to avoid inhalation.
- The tops of grease cylinders must be securely screwed or clamped in place to prevent blowing off under pressure.

### **JACKS**

- The rated load should be legibly and permanently marked in a prominent location on the jack by casting, stamping, or other suitable means.

### **OPERATION AND MAINTENANCE:**

- In the absence of a firm foundation, the base of the jack should be blocked. If there is a possibility of slippage of the cap, a block should be placed in between the cap and the load.
- The operator should watch the stop indicator, which should be kept clean, in order to determine the limit of travel. The indicated limit should not be overrun.
- After the load has been raised, it should be cribbed, blocked, or otherwise secured at once.
- Hydraulic jacks exposed to freezing temperatures should be supplied with an adequate antifreeze liquid.

### **TIRE REPAIRS (MULTI-PIECE AND SINGLE PIECE RIM WHEELS)**

All employees will not attempt repairs to any wheels. Tire Repairs, or wheels shall be taken to an outside sources (Tire Dealer).

### **CONTROLLING MOVING VEHICLES/TRAFFIC**

1. Movement of vehicles inside shops, and garages should be regulated by rigidly enforced traffic rules.
2. Vehicles with air brakes should not be moved until sufficient air pressure has been built up.
3. Mirrors should be installed at blind corners.
4. Vehicles should be moved in low gear and at low speed inside shop areas, especially up and down ramps.
5. Employees should stand out of the way of moving vehicles.
6. No vehicle should be backed in a garage without assistance from a signalman.
7. Mechanics should not work under vehicles while lying on "creepers" if there is any danger another vehicle will pass over the area where their legs are sticking out. If necessary, adjacent vehicles should be locked and tagged and/or adjacent spares should be blocked with barricades.
8. Mechanics should follow lockout procedures when working on vehicles to ensure that engines are not started and vehicles are not moved while they are at work.
9. Mechanics should:
  - a. Lockout the starting switch;
  - b. Place a warning tag on the starting control or steering wheel; and
  - c. Block wheels and all moving parts during maintenance.
10. Tilt cabs and engine hoods should be propped up when not in place.
11. To prevent steam burns, all vehicles should be equipped with a safety petcock, which should be opened to bleed steam off before removing radiator caps.

### **Equipment Qualification Procedures/Policy**

1. Due to the degree of training and safety considerations needed for equipment and to comply with OSHA regulations, qualification cards are formulated for operators.
2. The prospective operator must demonstrate knowledge of the machine's safety precautions, preoperational checks, controls and emergency operations. The person will also demonstrate the ability to safely operate the machine, discuss the reporting of damage equipment during initial inspection and during operation.
3. A list of the equipment qualifications are as follows:
  - a. Loader operator



- b. Excavator operator
  - c. Skid steer operator
  - d. JLG operator
  - e. Top pick Container lift operator
  - f. Fork lift operator
  - g. Sweeper operator
  - h. Track-mobile operator
4. Qualification Procedures:
- a. Safety Precautions:
    - Identify all general safety precautions related to the safe operation of the unit. -Identify all emergency stop stations.
    - Know and discuss the limitations of the equipment
  - b. Basic / General knowledge of machine:
    - Read and understand the operator's manual for the specified equipment
    - Identify all of the major components of the machine.
    - Identify and explain the functions of all controls at all stations.
  - c. Operational Tasks:
    - With qualified supervision:
      - Perform a pre and post operational checks and
      - Prove the ability to safely operate the equipment.
  - d. Final qualification requirements:
    - Supervisor will conduct an oral and/or written examination and give a recommendation for qualification.
    - Department manager, final signature
    - Noted/update qualification chart by Supervisor.
    - Supervisor/ HR will ensure logged in individual training record.

## Refresher Training Policy

Enclosure 1: Refresher Training Guide and Signature Sheet.

1. Per OSHA regulation 29 CFR 1910.178(l)(4)(i) Refresher training, including an evaluation of the effectiveness of that training, shall be conducted as required by paragraph (l)(4)(ii) to ensure that the operator has the knowledge and skills needed to operate the powered industrial truck(equipment) safely.
2. Refresher training/evaluation in relevant topics shall be provided to the operator when: (one of the following applies)
  - a. **1910.178(l)(4)(ii)(A)** The operator has been observed to operate the vehicle(equipment) in an unsafe manner;
  - b. **1910.178(l)(4)(ii)(B)** The operator has been involved in an accident or near-miss incident;
  - c. **1910.178(l)(4)(ii)(C)** The operator has received an evaluation that reveals that the operator is not operating the truck(equipment) safely;

- d. **1910.178(l)(4)(ii)(D)** The operator is assigned to drive a different type of truck(equipment);
  - e. **1910.178(l)(4)(ii)(E)** A condition in the workplace changes in a manner that could affect safe operation of the truck(equipment).
  - f. **1910.178(l)(4)(iii)** An evaluation of each powered industrial truck(equipment) operator's performance shall be conducted at least once every three years.
3. **1910.178(l)(5) *Avoidance of duplicative training.*** If an operator has previously received training in a topic specified in paragraph (l)(3) of this section, and such training is appropriate to the truck and working conditions encountered, additional training in that topic is not required if the operator has been evaluated and found competent to operate the truck safely.
  4. The employer shall verify the operator being retrained/evaluated has been previously qualified, has been trained and evaluated as required by this paragraph (l). The certification/evaluation shall include the name of the operator, the date of the training, the date of the evaluation, and the identity of the person(s) performing the training or evaluation.
  5. The operator must demonstrate knowledge of the equipment's safety precautions, pre-operational checks, controls and emergency operations. The qualified trainer/observer will be determined by management to be competent by reason of training or experience.
    - a. Safety Precautions:
      - Understand all general safety precautions related to the safe operation of the equipment.
    - b. Basic / General knowledge of machine:
      - Understand all of the major components of the equipment.
      - Understand and explain the functions of all controls at all stations.
    - c. Basic operation skills:
      - Perform basic operation skills for maintenance and or production.
    - d. Workplace-related topics:
      - Surface conditions where the vehicle will be operated;
      - Composition of loads to be carried and load stability;
      - Load manipulation, stacking, and un-stacking;
      - Pedestrian traffic in areas where the equipment will be operated;
      - Narrow aisles and other restricted places where the equipment will be operated;
      - Hazardous (classified) locations where the equipment will be operated;
      - Ramps and other sloped surfaces that could affect the equipments stability;
      - Closed environments and other areas where insufficient ventilation or poor equipment maintenance could cause a buildup of carbon monoxide or diesel exhaust;
      - Other unique or potentially hazardous environmental conditions in the workplace that could affect safe operation.
6. The Director of Operations will ensure the posted qualification list is updated with the latest training dates and posted. In addition, conduct quarterly audit of Training/qualifications. Human Resources will ensure the employee's jacket is updated and maintained.

## PERSONAL PROTECTIVE EQUIPMENT

### APPLICATION

Protective equipment, including personal protective equipment for eyes, face, head, and extremities, protective clothing, respiratory devices, and protective shields and barriers, shall be provided, used, and maintained in a sanitary and reliable condition wherever it is necessary by reason of hazards of processes or environment, chemical hazards, radiological hazards, or mechanical irritants encountered in a manner capable of causing injury or impairment in the function of any part of the body through absorption, inhalation or physical contact.

In areas and on the jobs requiring safety protection, wear and properly care for any special protective equipment provided. Special protective equipment includes respirators, life jackets, hoods, hearing protection, and safety belts, etc. Worn or damaged safety equipment should be returned to your supervisor for a replacement.

## EYE PROTECTION

Eye protection must be worn at all times when in the terminal. The only exceptions are

- (1) When you are between the gate and the break room.
- (2) When inside break areas, offices or rest rooms.
- (3) When operating vehicles or equipment with enclosed cabs.

## HEAD PROTECTION

Hard hats must be worn when there is a danger of an overhead fall hazard or when working with-in the working radius of a crane. The only exceptions are

- (1) When you are between the gate and the break room.
- (2) When inside break areas, offices or rest rooms.
- (3) When operating vehicles or equipment with overhead protective covering.

Hard Hats, which conform to ANSI Standard Z89.1-1969, will be worn at all times.

Mechanics cannot always wear head protection, especially when in an awkward position such as working on engines, motors, etc. Where the head is below the shoulders. In these situations, the hard hat will be kept nearby and handy so it can be placed on the head when the job or task is complete.

- (a) Safety shoes must be worn by all outside salaried and hourly employees. The only exception will be front office employees and employees with a doctor's excuse.
- (b) Reflective vest will be worn in all areas of the terminal by all personnel.

NOTE: Personal Protective Equipment will be worn in all areas mandated by your Immediate Supervisor. Your Supervisor can not allow you to wear Personal Protective Equipment that is less than Company Policy. This Policy is to include all PPE, Respiratory Protection, Electrical work and hot work

### 1. Employee-Owned Equipment

Where employees provide their own protective equipment, the employer shall be responsible to assure its adequacy, including proper maintenance, and sanitation of such equipment.

### 2. Design

All personal protective equipment shall be of safe design and construction for the work to be performed.

## EYE AND FACE PROTECTION

### GENERAL REQUIREMENTS

Each affected employee shall use appropriate eye or face protection when exposed to eye or face hazards from flying particles, molten metal, liquid chemicals, acids or caustic liquids, chemical gases or vapors, or potentially injurious light radiation.

Each affected employee shall use eye protection that provides side protection when there is a hazard from flying objects. Detachable side protectors (e.g. clip-on or slide-on side shields) meeting the pertinent requirements of this section are acceptable.

Each affected employee who wears prescription lenses while engaged in operations that involve eye hazards shall wear eye protection that incorporates the prescription in its design, or shall wear eye protection that can be worn

over the prescription lenses without disturbing the proper position of the prescription lenses or the protective lenses.

Eye and face PPE shall be distinctly marked to facilitate identification of the manufacturer.

Each affected employee shall use equipment with filter lenses that have a shade number appropriate for the work being performed for protection from injurious light radiation. The following is a listing of appropriate shade numbers for various operations.

As a rule of thumb, start with a shade that is too dark to see the weld zone. Then go to a lighter shade that gives sufficient view of the weld zone without going below the minimum. In oxy fuel gas welding or cutting where the torch produces a high yellow light, it is desirable to use a filter lens that absorbs the yellow or sodium line in the visible light of the (spectrum) operation.

These values apply where the actual arc is clearly seen. Experience has shown that lighter filters may be used when the arc is hidden by the work piece.

### **EYE AND FACE PROTECTION SELECTION CHART**

1. Care should be taken to recognize the possibility of multiple and simultaneous exposure to a variety of hazards. Adequate protection against the highest level of each of the hazards should be provided. Protective devices do not provide unlimited protection.
2. Operations involving heat may also involve light radiation. As required by the standard, protection from both hazards must be provided.
3. Face shields should only be worn over primary eye protection (spectacles or goggles).
4. As required by the standard, filter lenses must meet the requirements for shade designations in §1910.133 (a) (5). Tinted and shaded lenses are not filter lenses unless they are marked or identified as such.
5. As required by the standard, persons whose vision requires the use of prescription (P,) lenses must wear either protective devices fitted with prescription (P,) lenses or protective devices designed to be worn over regular prescription (13) eye wear.
6. Wearers of contact lenses must also wear appropriate eye and face protection devices in a hazardous environment. It should be recognized that dusty and/or chemical environments may represent an additional hazard to contact lens wearers.
7. Caution should be exercised in the use of metal frame protective devices in electrical hazard areas.
8. Atmospheric conditions and the restricted ventilation of the protector can cause lenses to fog. Frequent cleansing may be necessary.
9. Welding helmets or face shields should be used only over primary eye protection (spectacles or goggles).
10. Non-side shield spectacles are available for frontal protection only, but are not acceptable eye protection for the sources and operations listed for "impact".
11. Ventilation should be adequate, but well protected from splash entry. Eye and face protection should be designed and used so that it provides both adequate ventilation and protects the wearer from splash entry.
12. Protection from light radiation is directly related to filter lens density. See note 4. Select the darkest shade that allows task performance.

### **CLEANING AND MAINTENANCE**

1. It is important that all PPE be kept clean and properly maintained. Cleaning is particularly important for eye and face protection where dirty or fogged lenses could impair vision.
2. For the purposes of compliance with §1910.132(a) and (b), PPE should be inspected, cleaned, and maintained at regular intervals so that the PPE provides the requisite protection.
3. It is also important to ensure that contaminated PPE, which cannot be decontaminated, is disposed of in a manner that protects employees from exposure to hazards.

### **TRAINING**

The Facility shall provide training to each employee who is required by this section to use PPE. Each such employee shall be trained to know at least the following:

1. When PPE is necessary
2. What PPE is necessary
3. How to properly don, doff, adjust, and wear PPE
4. The limitations of the PPE
5. The proper care, maintenance, useful life and disposal of the PPE

Each affected employee shall demonstrate an understanding of the training specified in this section, and the ability to use PPE properly, before being allowed to perform work requiring the use of PPE.

When a supervisor has reason to believe that any affected employee who has already been trained does not have the understanding and skill required by this section, the supervisor shall retrain each such employee. Circumstances where retraining is required include, but are not limited to, situations where:

1. Changes in the workplace render previous training obsolete
2. Changes in the types of PPE to be used render previous training obsolete
3. Inadequacies in an affected employee's knowledge or use of assigned PPE indicate that the employee has not retained the requisite understanding or skill

The supervisor shall verify that each affected employee has received and understood the required training through a written certification that contains the name of each employee trained, the date(s) of training, and that identifies the subject of the certification.

#### **HAZARD ASSESSMENT AND EQUIPMENT SELECTION**

The Facility shall assess the workplace to determine if hazards are present, or are likely to be present, which necessitate the use of Personal Protective Equipment (PPE). If such hazards are present, or likely to be present, will:

- a. Select and have each affected employee use the types of PPE that will protect the affected employee from the hazards identified in the hazard assessment
- b. Communicate selection decisions to each affected employee
- c. Select PPE that properly fits each affected employee

The Facility shall verify that the required workplace hazard assessment has been performed through a written certification that identifies the workplace evaluated; the person certifying that the evaluation has been performed; the date(s) of the hazard assessment; and identifies the document as a certification of hazard assessment.)

This program is intended to provide compliance assistance for employers and employees in implementing requirements for hazard assessment and the selection of Personal Protective Equipment.

#### **CONTROLLING HAZARDS**

PPE devices alone should not be relied on to provide protection against hazards, but should be used in conjunction with guards, engineering controls, and sound manufacturing practices.

#### **ASSESSMENT AND SELECTION**

It is necessary to consider certain general guidelines for assessing the foot, head, eye and face, and hand hazard situations that exist in an occupational or educational operation or process, and to match the protective devices to the particular hazard. It should be the, responsibility of the Safety Manager with the assistance of supervisors to exercise common sense and appropriate expertise to accomplish these tasks.

#### **ASSESSMENT GUIDELINES**

In order to assess the need for PPE the following steps should be taken:

1. **Survey** Conduct a walk-through survey of the areas in question. The purpose of the survey is to identify sources of hazards to workers and co-workers. Consideration should be given to the basic hazard categories:

- a. Impact
- b. Penetration
- c. Compression (roll-over)
- d. Chemical
- e. Heat
- f. Harmful dust
- g. Light (optical) radiation

## 2. **Sources**

During the walk-through survey the employee should observe:

- a. Sources of motion (i.e., machinery or processes where any movement of tools, machine elements or particles could exist; or movement of personnel that could result in collision with stationary objects)
- b. Sources of high temperatures that could result in burns, eye injury or ignition of protective equipment, etc.
- c. Types of chemical exposures
- d. Sources of harmful dust
- e. Sources of light radiation (i.e., welding, brazing, cutting, furnaces, heat treating, high intensity lights, etc.)
- f. Sources of falling objects or potential for dropping objects
- g. Sources of sharp objects which might pierce the feet or cut the hands
- h. Sources of rolling or pinching objects which could crush the feet
- i. Layout of workplace and location of co-workers
- j. Any electrical hazards

In addition, injury/accident data should be reviewed to help identify problem areas.

## 3. **Organize Data**

Following the walk-through survey, it is necessary to organize the data and information for use in the assessment of hazards. The objective is to prepare for an analysis of the hazards in the environment to enable proper selection of protective equipment.

## 4. **Analyze Data**

Having gathered and organized data on a workplace, an estimate of the potential for injuries should be made. Each of the basic hazards should be reviewed and a determination made as to the type, level of risk, and seriousness of potential injury from each of the hazards found in the area. The possibility of exposure to several hazards simultaneously should be considered.

## 5. **Selection Guidelines**

After completion of the procedures in paragraph 3, the general procedure for selection of protective equipment is to:

- a. Become familiar with the potential hazards and the type of protective equipment that is available, and what it can do (i.e., splash protection, impact protection, etc.)
- b. Compare the hazards associated with the environment (i.e., impact velocities, masses, projectile shape, radiation intensities, with the capabilities of the available protective equipment)
- c. Select the protective equipment which ensures a level of protection greater than the minimum required to protect employees from the hazards
- d. Fit the user with the protective device and give instructions on care and use of the PPE. It is very important that end users be made aware of all warning labels for and limitations of their PPE.

## 6. **Fitting the Device**

Careful consideration must be given to comfort and fit. PPE that fits poorly will not afford the necessary protection. Continued wearing of the device is more likely if it fits the wearer comfortably. Protective devices are generally available in a variety of sizes. Care should be taken to ensure that the right size is selected.

## 7. **Devices with Adjustable Features**

Adjustments should be made on an individual basis for a comfortable fit that will maintain the protective device in the proper position. Particular care should be taken in fitting devices for eye protection against

dust and chemical splash to ensure that the devices are sealed to the face. In addition, proper fitting of helmets is important to ensure that it will not fall off during work operations. In some cases a chinstrap may be necessary to keep the helmet on an employee's head (Chin straps should break at a reasonably low force, so as to prevent a strangulation hazard). Where manufacturer's instructions are available, they should be followed carefully.

#### 8. **Reassessment of Hazards**

It is the responsibility of the Safety Manager to reassess the workplace hazard situation as necessary, by identifying and evaluating new equipment and processes, reviewing accident records, and reevaluating the suitability of previously selected PPE.

### **PERFORMING THE JOB SAFETY ANALYSIS**

One way to increase the knowledge of hazards in the workplace is to conduct a job hazard analysis on individual tasks. A job safety analysis (JSA) is a procedure which helps integrate accepted safety and health principles and practices into a particular operation. In a JHA, each basic step of the job is examined to identify potential hazards and to determine the safest way to do the job. Other terms used to describe this procedure are Job Safety Analysis (JSA), Job Hazard Assessment, and Task Hazard Analysis. For the purposes of this course we will consider the words "analysis" and "assessment" as synonymous.

The term "job" is used here to indicate a fairly broad activity which may or may not include all responsibilities of a single employee. A "job" might be "forklift operator" or "warehouse manager". A job is too broad to analyze so it is broken down into "tasks". "Task" is used to mean a specific work assignment, such as "operating a grinder for a specific purpose," or "using a pressure washer in a specific application."

The Job Safety Analysis observes a worker as he/she actually perform the task. The major advantages of JSA include that it does not rely on individual memory and that the process prompts recognition of hazards. For infrequently performed or new jobs, observation may not be practical. With these, one approach is to have a group of experienced workers and supervisors complete the analysis through discussion. An advantage of this method is that more people are involved allowing for a wider base of experience and promoting a more ready acceptance of the resulting work procedure.

Initial benefits from developing a JSA will become clear in the preparation stage. The analysis process may identify previously undetected hazards and increase the job knowledge of those participating. Safety and health awareness is raised, communication between workers and supervisors is improved, and acceptance of safe work procedures is promoted.

A written work procedure based on the completed JSA can serve as a teaching aid for initial job training and as a briefing guide for infrequent jobs. It may be used as a standard for health and safety inspections or observations and it will assist in completing comprehensive accident investigations.

As the auditor observes the employee performing the task, he/she notes any activity or situation that could reasonably be perceived as presenting a potential risk of injury. The auditor then determines if each hazard identified can be abated through use of Engineering Controls. If so, the appropriate actions are taken to ensure hazard abatement through Engineering Controls. If not, the auditor then determines if the hazard can be abated through Administrative Controls. If the hazard cannot be abated through Administrative Controls the auditor then determines what PPE would be required to protect the employee.

Ideally, all jobs and their related tasks should be subjected to a JSA. This may represent a very time consuming project in which case you must prioritize your JSA to ensure that the most critical jobs are examined first. In assigning a priority for analysis of jobs the following should be considered:

- Accident frequency and severity: jobs where accidents occur frequently or where they occur infrequently but result in disabling injuries
- Potential for severe injuries or illnesses: the consequences of an accident, hazardous condition, or exposure to harmful substance are potentially severe
- Newly established jobs: due to lack of experience in these jobs, hazards may not be evident or anticipated
- Modified jobs: new hazards may be associated with changes in job procedures
- Infrequently performed jobs: workers may be at greater risk when undertaking non-routine jobs and a JHA provides a means of reviewing hazards

### **Preparing for the JSA**

After a job has been chosen for analysis, the next stage is to break the job into tasks. A job task is a segment of the job of sufficiently limited scope to allow a thorough job hazard analysis. Care must be taken not to make the tasks too general, thereby missing specific steps and their associated hazards.

The worker to be observed should be fully briefed on the scope and purpose of the JSA and assured that the JSA is neither a time and motion study in disguise, nor an attempt to uncover individual unsafe acts. The job, not the individual, is being studied in an effort to make it safer by identifying hazards and making modifications to eliminate or reduce them. The job should be observed during normal times and situations. For example, if a job is routinely done only at night, the JSA review should also be done at night. Similarly, only regular tools and equipment should be used. The only difference from normal operations is the fact that the worker is being observed.

Based on observations of the job, knowledge of accident and injury causes, and personal experience, the auditor notes the things that could go wrong at each step. A second observation of the job being performed may be needed in order to ensure a thorough assessment.

### **Five Steps of a JSA**

This section is designed as an explanation of the Job Safety Analysis form included with this course. There are five primary steps to performing the JSA.

**Step 1.** Identify the Job to be Assessed. This section is discussed above.

**Step 2.** Identify The Tasks That The Job Requires. List these tasks on the form. If there are more than five tasks, use an additional form.

**Step 3.** Identify Potential Hazards Associated with Each Task. Note Potentially Hazardous Sources of:

- A. Motion
- B. Temperature Extremes
- C. Chemical Exposures
- D. Harmful Dust
- E. Light Radiation
- F. Falling Objects
- G. Dropping Objects
- H. Sharp Objects
- I. Rolling Pinching Objects (Which Could Crush the Feet)
- J. Hazards Due to Layout of the Workplace
- K. Hazards Due to Location of Co-workers
- L. Exposed Energized Electrical Equipment
- M. Falls (Working Above Floor Level, Slips/Trips/Falls)
- N. Noise
- O. Stress
- P. Repetitive Motion
- Q. Lifting Hazards
  - Twisting
  - Turning
  - Bending
  - Reaching
  - Heavy Lifting
- R. Sharp Objects
- S. Other

**Step 4.** Determine Hazard Abatement or Control by Engineering Controls or Administrative Controls:

List each hazard you identified above by Hazard Source and Task Number, such as P3 for Repetitive Motion for Task3. Then determine if the hazard can be abated through Engineering Controls. If it can, note the method. If it cannot, determine if the hazard can be abated through Administrative Controls. If it can, note the method. If it cannot, mark "Neither".



- Step 5.** Determine Proper PPE. List each hazard that can not be abated through Engineering Controls or Administrative Controls, by Hazard Source and Task Number, and determine if PPE provides proper protection.
- Eye & Face Protection from Flying Particles, Molten Metal, Liquid Chemicals, Acids/Caustics, Gases/Vapors, Other. See 1910.133
  - Respiratory Protection from Gases, Smokes, Sprays, Vapors, Other, Harmful Dusts, Fogs, Fumes, Mists, Gases, Smokes, Sprays, Vapors, Other. See 1910.134.
  - Head Protection from Falling Objects, Electrical Conductors, Other. See 1910.135.
  - Foot Protection from Falling or Rolling Objects, Objects Piercing the Sole, Electrical Hazards, Other. See 1910.136.
  - Electrical Protection. See 1910.137.
  - Hand Protection from Skin Absorption. Severe Cuts/ Lacerations, Severe Abrasions, Punctures, Chemical Burns, Temp. Extremes, Cuts, Electrical Shock, Amputation, See 1910.138.
  - Fall Protection. See 1910.27, .66

## **ACCIDENT/LOSS REPORTING PROGRAM**

### **PURPOSE**

To establish a standard system for the notification and reporting of accidents involving occupational injury or illness, property damage of public or private property.

### **OBJECTIVES**

1. To obtain the information necessary for the local, state and federal agencies and the insurance carriers.
2. To inform management of accidents resulting in serious employee injury or illness and property damage.

### **PROCEDURE**

#### **GENERAL REQUIREMENTS**

Timely reporting, within 4 hours, of any accident or loss is mandatory. The supervisor must thoroughly investigate the cause of each accident or loss occurring within their area of operation and record their findings and recommendations on the Accident/Injury/Damage Investigation Report form (Appendix 1-1). The office copy should be critically reviewed and signed by the Safety Manager, where applicable and routed to the Director of Operations. A copy may be retained in the supervisor's file for their record.

## **REPORTING EMPLOYEE INJURIES**

1. Regardless of the degree of injury, the employee must report to his supervisor or in writing on the date he was injured. **THIS REPORT MUST BE COMPLETED WITHIN 24 HOURS.**

First aid/medical treatment will be provided or arranged for by the supervisor. If necessary, the injured employee will be taken to the designated medical facility as applicable.

2. The supervisor must complete the form "Accident/Injury/Damage Investigation Report form" within 24 hours. Once the supervisor is told by the employee or is aware of the work-related injury, **IT MUST BE REPORTED TO THE OFFICE WITHIN 24 HOURS EVEN IF THEY THINK THE INJURY:**
  - a. Is minor;
  - b. Or might have been caused by unsafe actions such as inattention;
  - c. Or negligence;
  - d. Or aggravated an old injury;
  - e. Or is not work-related.

If the supervisor thinks any of the four above items are applicable, it should be stated on the "report" forms. **AT NO TIME SHOULD A SUPERVISOR WITHHOLD OR HINDER THE FILING OF AN EMPLOYEE INJURY REPORT TO THE OFFICE.**

3. A SUPERVISOR MUST **NOT ALLOW** AN EMPLOYEE TO RETURN TO WORK AFTER AN OCCUPATIONAL INJURY OR OCCUPATIONAL ILLNESS UNLESS THEY RECEIVE A SIGNED AUTHORIZATION TO RETURN TO WORK FROM THE TREATING PHYSICIAN. IF THE INJURED EMPLOYEE HAS BEEN OFF WORK MORE THAN 30 CALENDAR DAYS AND IS IN A NON-SEDENTARY POSITION, HE/SHE WILL BE REQUIRED TO TAKE A FIT FOR DUTY EXAM.

**Upon their return to work, we will make every attempt to put employees to work within the limitations specified by the treating physician.**

4. BECAUSE OF THE COMPLEXITY OF WORKER'S COMPENSATION LAWS, RULES, AND PROCEDURES, THE SUPERVISOR SHOULD NOT ATTEMPT TO ANSWER ANY QUESTIONS ABOUT WORKERS' COMPENSATION INSURANCE. REFER THE INJURED EMPLOYEE TO THE HUMAN RESOURCES OFFICE.

## **SERIOUS EMERGENCY REPORTING**

**Serious emergencies** are accidents that are life threatening or require more than routine first aid. If it is necessary to call for emergency medical service and transportation outside of the facility, by dialing the number **911**, tell them you have a **serious accident**. Describe the nature of the accident, i.e. burn, fall, electrical shock, cut, etc.

Tell them the **accident location**. Give them directions to the accident site, especially the specific location. If the location is difficult to find, send an employee to meet and direct emergency vehicles.

**Insist on an immediate response.** Note the time you called and with whom you talked. Make sure transportation for the injured to a doctor or a hospital is immediately dispatched. Give the doctor and/or hospital notice that the injured is in transit to them.

**Attend to the injured.** Make sure that there is no chance of further injury to the injured employee or anyone else. Provide immediate first aid as necessary until the emergency personnel arrive.

**Clear and secure the area** so that emergency treatment can be administered to the employee and there is clear access to the accident site for emergency vehicles and personnel.

If after hours, notify chain of command and the Safety Manager.

After the injured has been removed from the area, **rope off the area** and do not allow access to anyone until completion of all investigations, and authorization to proceed by the Safety Manager.

**Report to the office** any sudden severe illness or injury occurring to employees during regular hours requiring **EMERGENCY MEDICAL TREATMENT** (such as possible heart attacks, strokes, seizures, fainting, serious injuries, etc.). These must be reported to the Safety Manager and Personnel Department **by telephone** as soon as possible. They should then contact the family of the injured employee.

**OSHA NOTIFICATION.** Serious injuries must also be reported to OSHA **within 8 hours**. Serious injury is defined as "any injury or illness which requires inpatient hospitalization for a period in excess of 24 hours for other than medical observation or in which an employee suffers loss of any member of the body or any serious degree of permanent disfigurement".

### **HANDLING NON-SERIOUS ACCIDENTS**

Provide first aid for the injured employee. First aid supplies are available in the kits provided in the office.

Arrange for the employee to be seen by a doctor if there is any question that the first aid treatment may not be adequate. If the employee receives medical treatment he may not return to work unless he has a release from the doctor or treatment center.

All non-serious accidents and injuries are warning signs that a serious accident may occur. Report all non-serious accidents (see **ACCIDENT REPORTING SECTION**) as soon as possible to the immediate supervisor, Safety Manager and the Office, but don't delay in taking corrective action at the site.

### **FIRST AID TREATMENT**

The first priority in the treatment of an injured employee is to obtain proper medical attention. In an extreme emergency, immediate first aid may be necessary.

Normally we send our employees to a medical facility where first aid treatment is readily available. In the event that there may be a delay in getting to a medical facility or that there is not one reasonably accessible to provide treatment to the injured, a person with a valid certificate in **FIRST AID** training must be available at the site.

Each shift must have at least one supervisor on site at all times who is trained in First Aid. First Aid Training should be American Red Cross or American Heart Association, or their equivalent. Employees are encouraged to be CPR trained also.

### **PROPERTY/EQUIPMENT DAMAGE**

When property or equipment, including vehicles, is damaged or stolen, it must be reported on the proper report form provided by our insurance company. A formal investigation should follow within **24 hours**. The "Accident/Injury/Damage Investigation Report" should be used and filled out immediately.

### **VEHICLE ACCIDENT REPORTING**

1. When an employee is involved in a collision while operating a company or personal vehicle during business hours, he/she must call the police to the scene for investigation. Supervision must not interfere with police investigation.
2. The supervisor of the employee must also investigate the collision and complete the appropriate Accident/Injury/Damage Investigation Report within **24 hours**.
3. Employees, supervisors and Safety Manager must follow the Vehicle Policy.

### **CITIZEN/PUBLIC ACCIDENTS (NON-AUTO)**

Public accidents must be reported on an accident /incident form and forwarded to the Safety Manager within **24 hours** of the time the incident occurred. The "Accident/Injury/Damage Investigation Report" form should also be completed

within **24 hours**. However, when there is a serious injury, it must be reported by telephone immediately to the Safety Office and followed by the reports listed above.

### **ACCIDENT/INJURY/DAMAGE INVESTIGATION REPORT**

This report is to be used for the reporting or investigation of serious employee accidents/injuries, accidents involving property damage, or vehicle accidents, and any others.

### **RECORDKEEPING**

All accidents or injuries of any type must be recorded, logged, and filed in their respective office and personnel folders as may be applicable.

### **EMPLOYEE INJURIES**

#### **1. OSHA LOG OF RECORDABLE INJURIES**

When an injury occurs which is more than a first aid injury (See definition below), this would be classified as a "recordable injury" by OSHA definition. This log of injuries will be maintained by HR on the OSHA 300 log (see OSHA Record-keeping Guidelines).

(NOTE: A "FIRST AID" injury is one which only minor injuries occur and which can normally be handled by a trained first aid person. This also includes initial treatment and a onetime follow-up visit even if treated by a physician. However, once prescription medication is provided or stitches are required, the injury is then required to be classified as a "recordable injury" per OSHA.)

### **VEHICLE, PROPERTY DAMAGE, AND PUBLIC LIABILITY ACCIDENT REPORTS**

All other accidents and injuries reported to the office will be kept in separate accident files in order to maintain and monitor the accident history for each type category; I.E. vehicle accidents, customer property damage, and public liability. The files will identify the persons involved, i.e., driver, etc., site/location, supervisor, a short description of the accident, injury, time, date, and estimated cost.

## **ACCIDENT INVESTIGATION**

### **ALL ACCIDENTS MUST BE INVESTIGATED BY THE SUPERVISOR OR SAFETY MANAGER**

A supervisor's Accident/Injury/Damage Investigation Report must be filled out, signed by the supervisor, and then sent to the Safety Manager for each and every accident.

The main purpose of the investigation is not to determine who was at fault, but to understand what occurred and how to prevent it from happening again.

A sample copy of the Accident/Injury/Damage Investigation Report has been attached to this document. (See Appendix 1-1). Additional copies are available from the Safety Manager or the office. Also in computer form in the "I" drive, under COMPLIANCE,policies,safetymanual,accident investigation.

### **ACCIDENT INVESTIGATION PROCEDURE**

#### **PURPOSE**

The purpose of accident investigation is to identify those unsafe conditions and acts which contribute to injuries in order that solutions for accident prevention may be proposed.

Accident investigation is an invaluable tool in controlling losses. Each accident must be considered a total loss unless its true cause is objectively determined and all contributing deficiencies are corrected. Thorough

investigation, reporting, recording and corrective follow-up of each incident/accident can be time consuming. However, putting forth the necessary time and effort to prevent the recurrence of each accident is an invaluable investment that will pay compounded benefits to employees and management as the number of accidents decreases.

### **EMPLOYEE ACCIDENTS**

All accidents regardless of whether or not they result in injury should be thoroughly investigated by the employee's immediate Supervisor and reported to the Safety Office within **24 hours**. This should include "near miss" accidents. The investigation should be extensive enough to allow the Supervisor to suggest practical corrective action.

A written report should be made which includes:

1. Injured employee's statement concerning the accident.
2. Statements from other witnesses.
3. Complete description of the accident including the type of work in which the employee was involved.
4. Evaluation of unsafe conditions and acts.
5. Recommendations for action to prevent similar accidents.

### **DEFINITIONS**

1. **Industrial Injury:**

An injury arising out of and during the course of employment.

2. **Occupational Illness:**

A disease caused by specific hazardous conditions or materials when there is a direct relationship between the conditions under which the work is performed and the occupational disease.

### **PROCEDURES FOR INVESTIGATING AN ACCIDENT/LOSS**

#### **CHECK THE SCENE**

1. Begin where the accident occurred. The first step is to carefully examine where the injury occurred.
2. Reconstruct as much as possible the chain of events leading up to the injury, and attempt to determine the single event that caused the injury. Have the employee tell you what happened. If necessary, have him/her show you up to the point where the injury occurred. **DO NOT let them do the part of the incident that resulted in the injury.**
3. Draw a diagram of the location if it will be helpful in arriving at a conclusion.
4. Sketch in machinery, equipment and any other nearby physical objects, together with the places where witnesses were standing.

#### **WRITE IT DOWN**

1. Make notes on all facts that may relate to the cause of the injury. As an example: employee had complained of dizziness or employee had not used proper equipment, etc.
2. Write down any procedure used, i.e. unsafe act, or unsafe procedure, etc.
3. Write down any unsafe conditions in the work area, i.e. defective tools or faulty equipment noted.
4. Write down other items such as: the time of your investigation, the lighting conditions, the weather conditions, if pertinent a description of supplementary evidence, and conversations having a bearing on the case.

#### **COLLECT THE EVIDENCE**

If an injury or near miss occurs when machine parts or structures fail, it is essential to determine what failed and why. This can frequently be done without laboratory analysis and corrective action can be initiated without great expense. If, however, a detailed study is determined to be essential, then all components must be collected and submitted for study immediately if cost of analysis is economically feasible.

#### **INTERVIEW WITNESS**

It is important to interview witnesses at the scene or as soon thereafter as possible. Make brief notes and identify who gave the information. It is good practice to have the witnesses provide individual signed written statement.

## INTERVIEW THE VICTIM

1. Timing is important. If the injury is minor, the interview should be made as soon as the investigation of the scene and a review of the medical report are complete.
2. If the injury is serious, selecting the right time is a judgment factor. Too soon afterward and the victim may be confused and inaccurate; waiting too long may cause them to be cautious and evasive. Let the employee tell the story as they wish without actual interrogation, but a complete picture should be encouraged. The interview must be complete, and it may be necessary to question the employee or witnesses several times in order to verify information and stories.

## WEIGH THE EVIDENCE

1. It is essential to eliminate any inconsistencies in the testimony of the injured or witnesses even if further questioning is required.
2. When assembled, all facts should be reviewed for completeness before submission on the "Accident/Injury/Damage Investigation Report" to the Office. Ensure to provide a copy of all notes, sketches, pictures and/or interview sheets with the "Accident/Injury/Damage Investigation Report".

## **Incident Photo Procedures**

- Taking Effective Photos - Always use adequate lighting; ensure unobstructed view of the area or object; date the photograph; reference the measurement (i.e. place a ruler, measuring tape, another object or person, etc. next to the area or object); and keep copies of all photos taken. The more pictures you take at the scene, the better chance a few of them will come out perfectly. Take as many photos as possible.

Keep in mind the following tips when taking photos at the scene:

- Begin by taking general photos of the entire scene - Take wide shots from several angles. General photos of the scene will set the stage for the more detailed photos to follow.
  - Photograph all items (vehicle, mobile equipment, building, signs, etc.) involved in the incident - Photograph their proximity to the actual incident spot, and to each other. Include enough photos to demonstrate their position at the time of the incident.
  - Photograph weather conditions - Include any clouds, rain, or falling snow. Photograph the sun and its position on the horizon. Include night photos of the sky and an illuminated moon. Photos like these can prove or disprove an at-fault employee's contention weather played a role in the incident.
  - Photograph damaged objects - Look for and take photos of objects damaged by the incident.
  - Get close-ups of damage - Take close up photos of the damaged object. Remember to take photos from different angles. Incident photos should be as detailed as possible.
  - Look for broken or damaged parts not attached to damaged object - Check around the site for any debris that came off objects at the moment of impact. Take photos from close and wide angles to help identify which object the parts came from.
  - Include photos that identify the time and date of the incident - You can take a picture of someone else's cell phone, where the time and date are projected on its screen. Make sure the incident scene is in the frame. Be sure to engage the time and date stamp function on your camera.
  - Photograph injuries - Take a visual record of injuries sustained by everyone involved in the incident. Try to capture graphic images of lacerations, contusions, abrasions, blood, and broken bones.
- Video Footage - Logistec has surveillance cameras located throughout the facility. If the incident occurs in one of these areas you will need to review footage and make a copy for future reference.

## HAZARD COMMUNICATION AND CONTROL PROGRAM

### PURPOSE

This document is the **Transport Company Inc** program for HAZARD COMMUNICATION AND CONTROL. Its purpose is to set forth guidelines and procedures for the proper handling, storage, and disposal of hazardous substances in order to ensure a healthful and safe environment for all persons engaged in activities at the company's facility.

Upon request, this document shall be made available to employees, their designated representative, and authorized, State, or Federal safety officials.

### LEGAL REFERENCES

It is the intent of this document to reflect and incorporate the legal requirements of: OSHA Section 5194, AB2185, AB2187, and AB3377; Federal Hazard Communication Standard, CFR1910.1200; and SARA Title III, Emergency Planning and Community Right to Know Act of 1986, as they apply to Hazard Communication Standards.

### SITE OFFICER

The Director of Operations will be the site Officer for the Hazard Communication Program. The Director of Operations will be responsible to coordinate and manage the company Hazard Communication Program.

As appropriate, the Director of Operations may designate key personnel to assist with the Hazard Communication Program.

It is the responsibility of Director of Operations with the supervisors to ensure that storage, handling, and disposal of hazardous substances takes place in accordance with the guidelines and procedures set forth in this document.

## HAZARD DETERMINATION AND DISCLOSURE

Hazardous substances are those chemicals that are designated as hazardous by one of the following: the manufacturer; by the Material Safety Data Sheet; or if they are listed on the "Directors List" of hazardous chemicals, or similar Government List.

Manufacturers and suppliers are required to provide health and safety information to their customers on hazardous substances purchased. This is done through the use of Material Safety Data Sheets (MSDS), which must be provided to the purchaser prior to, or at the time of shipment.

## HAZARD COMMUNICATION AND CONTROL

The company is mandated by law to maintain copies of the required SDS for each hazardous substance in the work place and to ensure that these are readily accessible to employees when they are in their work area(s).

1. An ongoing inventory shall be taken and a complete and current list, including quantity, of all hazardous substances shall be compiled for each area where such substances are stored, handled, or utilized. The inventory shall be reported to the Safety Manager's office monthly. **(See front of SDS book for Inventory Sheet)**
2. Safety Data Sheets (SDS) shall be requested from manufacturers and suppliers, and all purchases of any item containing a "Hazardous Substance" must include the MSDS with the delivery.
3. Any hazardous substance received without the Safety Data Sheet (SDS) **should not be utilized** until a follow-up request has been sent and an MSDS received. If the vendor has not provided the SDS within 25 working days of the request, the local office of OSHA shall be notified for assistance as specified in the Law.
4. **Employees** shall have the authority to make purchases that involve "hazardous materials". All "designated" company employees who purchase materials **will ensure** that vendors and suppliers are notified of the SDS requirement. And, a copy of SDS is supplied to the Director of Operations.
5. It shall be the responsibility of Director of Operations to ensure that Safety Data Sheets and hazardous substance lists are developed, maintained in a current status, and posted or filed in the work place for employee use.
6. The Director of Operations will rely upon the manufacturer's determination of hazardous material as stated in the information provided on their published Safety Data Sheet (SDS) and the designated government lists of hazardous substances.

## LABELS AND OTHER FORMS OF WARNING

1. Each product, which contains hazardous substances, must be properly labeled, tagged, or clearly marked with: (1) the identity of hazardous substance(s) within; (2) appropriate hazard warnings; and (3) manufacturer's name.
2. Existing labels on incoming containers shall NOT be removed or defaced unless the container is immediately marked with the information required above.
3. If existing labels on containers received from suppliers already convey the required information, new labels do not need to be affixed.
4. Hazardous chemicals that are transferred to containers which are intended **only for "immediate use"** need not be labeled providing that such containers, upon completion of the transfer and use, shall be emptied and devoid of any hazardous residue.
5. Large containers or other stationary process containers may be labeled with signs, or other appropriate written information as long as the container to which the information applies is identified.
6. Substances that do not have the proper label and/or cannot be identified shall not be used, handled, or stored. In such cases the Director of Operations must be notified immediately. The material must then be identified and properly labeled or removed from the site under the direction of the company.

## EMPLOYEE INFORMATION AND TRAINING

1. At each department, or area where hazardous substances are used or stored, employees shall be provided with information and training on:
  - a. How to handle hazardous materials safely and use personal protective equipment.
  - b. Where to find and how to use Safety Data Sheets (SDS) and the hazardous substances labeling system.



- c. Potential physical and health hazards associated with the use of hazardous substances or mixtures.
- d. Methods and observations used to detect the presence or release of hazardous substances in the work place.
- e. First aid and emergency procedures to be utilized in the case of spills or accidental overexposure.
- f. General safety precautions necessary to prevent or minimize exposure to hazardous substances.
- g. Throughout the company, employees shall be informed whenever any temporary activity involving the use of hazardous materials is to take place. In such cases, employees shall be informed of the nature of the activity and advised of any necessary precautions or potential hazards to be avoided.
- h. Employees shall be advised of the location and availability of the company's written Hazard Communication and Control program.
- i. Employees shall be advised:
  - a). Of the right of the employee and/or the employee's physician to receive information regarding hazardous substances to which the employee may be exposed.
  - b). That the employee is protected against any form of discrimination due to the employee's exercise of the rights afforded to the provisions of the Hazardous Substances Information and Training Act.

## OUTSIDE CONTRACTORS

Whenever outside contractors, vendors, suppliers, or emergency responders enter or work at/in the company where hazardous substances are stored or utilized, **the Director of Operations, or supervisor shall inform them that their employees may encounter hazardous substances while performing their work, and provide the visitors with access to Safety Data Sheets (SDS) and suggested appropriate protective measures.**

Further, **a site map shall be prepared** to identify the location of areas where hazardous materials are stored or in use. The site map shall be made available to emergency responders and shall be provided upon request, or at the site Officer's discretion, to employees of outside contractors, vendors, or suppliers.

Whenever it becomes necessary for an employee to perform an unfamiliar, non-routine task, which involves exposure to or utilization of a hazardous substance, the **employee's supervisor shall ensure that the employee receives appropriate safety and hazard awareness training prior to the work.**

## STORAGE OF HAZARDOUS SUBSTANCES

1. To the maximum extent possible, all poisons, acids, and flammable chemicals shall be stored separately from all other substances, preferably in designated storage areas or cabinets that are approved for the type of exposure anticipated.
2. The Director of Operations shall schedule periodic inspections to ensure that all hazardous substances within the company are appropriately labeled and stored.
3. Chemicals and substances utilized in maintenance, and which are particularly vulnerable to incompatibility and possible adverse reaction or accident due to improper storage, should be minimized. To the maximum extent possible, for storage purposes, chemicals and substances should be separated into organic and inorganic groupings and further sorted into compatible families within the two major groupings.

## HAZARDOUS WASTES DISPOSAL PROCEDURES AND REGULATIONS

Federal, state, and local environmental regulations require strict control of the handling, storage, and disposal of all materials identified as being hazardous or toxic to human health or the environment. Once such materials have been used within the operations, specific restrictions and procedures apply as to their disposal. The Safety Manager's office will maintain a monthly inventory based on information gathered during his survey and reporting by the department, accordingly, the following procedures shall be carried out for all departments that generate hazardous waste:

1. No hazardous waste may be dumped in drains, sewers, dumpsters, or onto the ground. The only exception is small quantities of some chemicals may be disposed of by drain or dumpster, in accordance with local Sanitation District rules or OSHA guidelines or the Safety Data Sheet (SDS).
2. The Director of Operations office shall be the contact point for all information regarding storage and disposal of hazardous materials. It will arrange for periodic removal (a minimum of quarterly, or as required by law) of hazardous waste by a licensed hazardous waste hauler as needed.
3. Department of Transportation (DOT) storage drums are required for storage of waste oils, sludge, and solvents. Prior to removal, waste oils, sludge, and solvents shall be stored in Department of Transportation (DOT) approved and labeled storage drums with lids. Labels shall clearly identify the material being stored for removal and the date it was placed in

the drum. The average monthly quantity of each category and waste name shall be maintained and reported to the Safety Manager.

4. Hazardous wastes designated for disposal or treatment must be removed from the company by a licensed hazardous waste hauler. Arrangements for any hazardous materials disposal MUST be made through the Safety Manager's office. For removal, send an inventory sheet to the Safety Manager's office with name, quantity, and location of hazardous materials. **Before choosing the hauler, his identification and record will be checked.**
5. When hazardous waste is disposed of from a given site, a manifest list must be prepared by the hauler. Each list must identify the name and amount of each material for disposal. A copy of the Environmental Protection Agency (EPA) manifest list and any related documents MUST be forwarded to the Safety Manager's office as soon as they are completed. The ORIGINAL shall be kept on file.  
After the waste has been deposited at an approved dumpsite, another copy of the manifest will be returned to the Safety Manager's office to document proper disposal and site location.
6. The Director of Operations and affected department supervisors shall be responsible for keeping an on-going Hazardous Waste Disposal Manifest File, with copies of all information for the master file.

## **DISCLOSURE PROCEDURE FOR EMERGENCY RESPONDERS AND EMERGENCY RESPONSE PLAN FOR HAZARDOUS SPILLS**

1. Compulsory Federal Law (SARA Title III) provides that counties adopt ordinances mandating that businesses or persons using, handling, or storing hazardous materials provide information regarding the location, type and health risks of such materials to emergency responders such as fire department and paramedics.
2. To comply with SARA Title III, the company will provide the designated area agencies the Hazardous Chemical Inventories and Emergency Response Plans. Currently the law applies only to businesses or persons using, storing or handling hazardous materials where:

THERE IS AN ESTIMATED TOTAL YEARLY USE IN EXCESS OF 55 GALLONS OF LIQUIDS, 500 POUNDS OF SOLIDS, OR 200 CUBIC FEET OF GASEOUS SUBSTANCES.

**ONCE THE COMPANY HANDLES THIS AMOUNT OF PRODUCT, IT IS NECESSARY TO DETERMINE HOW MUCH WASTE IS THEN BEING GENERATED. IF IT IS NECESSARY TO RECYCLE OR DISPOSE OF WASTE THROUGH A LICENSED WASTE HAULER, RECYCLER, ETC., THEN THE COMPANY MUST THEN BECOME LICENSED AS A GENERATOR OF HAZARDOUS WASTES.**

Each department shall maintain an inventory of all hazardous chemicals, the quantities, and the Safety Data Sheets. The updated inventories shall be sent to the Director of Operations' office on a monthly basis.

## **IMPORTANT REFERENCE INFORMATION**

### **SAFETY DATA SHEETS**

Valuable information for the safe use, handling and disposal of chemical materials on the site may be obtained from the manufacturer or supplier in the form of a Safety Data Sheet (SDS). Each SDS describes the physical and chemical properties of one chemical material or substance. It also provides information for first aid treatment and special personal protection, procedures for cleanups, and precautions for storing and handling that are appropriate to the material.

The Safety Data Sheet is designed to inform the user of the properties of the material and to suggest proper controls for protecting employees, property and the environment against injury or damage. The data sheet also helps the user set up and maintain appropriate controls so that he can avoid preventable accidents.

Below is an outline of the contents of a Safety Data Sheet.

### **MANUFACTURING IDENTIFICATION**

Name, address and phone number of the manufacturer. Material and trade names, chemical family and other designations. Pay particular attention to the EMERGENCY TELEPHONE NUMBER. Should an emergency occur, this information should be readily available. The date the SDS was prepared is important because you should always refer to the most recent SDS for accurate information. Not only does new information on chemicals become available with time, but also product formulas change.

## **HAZARDOUS INGREDIENTS**

Hazardous ingredients and the percent (%) concentrations in the material, as well as their toxicity; also hazardous mixtures of other substances.

## **PHYSICAL DATA**

Properties such as boiling point, vapor pressure and density, solubility in water, evaporation rate, percent (%) volatile, and characteristic appearance and odor.

## **FIRE AND EXPLOSION HAZARD INFORMATION**

Properties such as flash point (method of ignition), auto ignition temperature, and lower and upper limits in the air. This information is very important for materials used near sources of ignition or within poorly ventilated spaces. Also, means of extinguishment and special procedures for fire fighting.

## **HEALTH HAZARD DATA**

Threshold limit value (TLV), effects of overexposure, and first aid treatment for eye or skin contact and inhalation. This information offers a guideline for monitoring exposure during use or handling.

## **REACTIVITY DATA**

Stability of the material and related conditions to avoid. Other materials that are incompatible. Hazardous decomposition products and hazardous polymerization with related conditions to avoid. This information outlines conditions of use and storage under which the material will remain stable, as well as likely conditions that could cause a dangerous chemical reaction.

## **SPILL OR LEAK PROCEDURES**

Recommended action for safe clean-ups and for final disposition without posing a hazard to people, property, or the environment.

## **SPECIAL PROTECTION INFORMATION**

Suggestions covering the need for ventilation, respiratory protection, eye protection, gloves, and other protective equipment during exposure to the material.

## **SPECIAL PRECAUTIONS**

Information on safe storage and handling to avoid hazardous reactions, and Department of Transportation classification.

## **GLOSSARY OF MATERIAL SAFETY DATA SHEET TERMS**

Information sheets, such as Safety Data Sheets for hazardous or toxic substances contain words that may be unfamiliar. The following explanation of terms will help you to understand the SDS.

### **ACGIH:**

The abbreviation for the American Conference of Governmental Industrial Hygienists. A private organization of occupational safety and health professionals. The ACGIH recommends occupational exposure limits for numerous toxic substances and it updates and revises its recommendation as more information becomes available.

### **CARCINOGENIC:**

Capable of causing cancer.

### **CEILING LIMIT:**

The maximum amount of toxic substance allowed to be in workroom air at any time during the day.

### **COMBUSTIBLE:**

Able to catch fire and burn.

### **CONCENTRATION:**

The amount of one substance in another substance.

### **DECOMPOSITION:**

Breakdown of a chemical.

**DENSITY:**

How much space a given weight of substance takes up. Gold is a very dense substance because a small piece of it weighs a lot. Styrofoam is not very dense because it weighs very little but takes up a lot of space. The density of a substance is usually compared to water, which has been given a density value of one (1). Substances more dense than water (which sink in water) have a density greater than one (1); substances that float on water have a density of less than one (1).

**DERMAL:**

By or through the skin.

**EXPLOSIVE LIMITS:**

The amounts of vapor in air sufficient to form explosive mixtures. Explosive limits are expressed as **LOWER EXPLOSIVE LIMITS** and **UPPER EXPLOSIVE LIMITS**; these give the range of vapor concentrations in air that will explode if heated. Explosive limits are expressed as a percentage of vapor in the air.

**FLAMMABLE:**

Catches on fire easily and burns rapidly.

**FLAMMABLE LIMITS:**

See EXPLOSIVE LIMITS

**FLASH POINT:**

The lowest temperature at which the vapor of a substance will catch on fire, and then go out, if heat is applied. Provides an indication of how flammable a substance is. Not to be confused with IGNITION TEMPERATURE.

**HEALTH HAZARD:**

Anything that can have a harmful effect on health under the conditions in which it is used or produced. There can be both ACUTE and CHRONIC health hazards.

**IGNITION TEMPERATURE:**

The lowest temperature at which a substance will catch on fire and continue to burn. The lower the ignition temperature, the more likely the substance is going to be a fire hazard.

**INFLAMMABLE:**

Same as FLAMMABLE.

**INGESTION:**

Swallowing.

**LC50:**

The concentration of a substance in air that causes death in 50% of the animals exposed by inhalation. A measure of acute toxicity.

**LD50:**

The dose that causes death in 50% of the animals exposed by swallowing a substance. A measure of acute toxicity.

**mg/kg**

A way of expressing dose: milligrams (mg) of a substance per kilogram (kg) of body weight. Example: a 100 kg (220 pound) person given 10,000 mg (about 0.02 pounds) of a substance would be getting a dose of 100 mg/kg (10,000 mg/100 kg).

**mg/m**

A way of expressing the concentration of a substance in air: milligrams (mg) of substance per cubic meter (m) of air.

**MILLIGRAM:**

One one-thousandth of a gram.

**MUTAGENIC:**

Capable of changing cells in such a way that future cell generations are effected. Mutagenic substances are usually considered suspect carcinogens.

**NIOSH:**

Abbreviation for the SAFETY Institute for Occupational Safety and Health, U.S. Department of Health and Human Services. NIOSH does research on occupational safety and health questions and makes recommendations to OSHA.

**ODOR THRESHOLD:**

The lowest concentration of a substance's vapor, in the air, that can be smelled. Odor thresholds are highly variable depending on the individual who breathes the substance and the nature of the substance.

**OXIDIZER:**

Any substance that reacts violently with oxygen or that gives off large amounts of energy in a chemical reaction.

**PEL:**

Permissible Exposure Limit: means the same as TLV. PEL is often used in OSHA Standards instead of TLV.

**PH:**

A measure of how acidic or caustic (basic) a substance is on a scale of 1-14. Ph 1 indicated that a substance is very acidic; Ph 7 indicates that a substance is neutral; and Ph 14 indicates that a substance is very caustic (basic).

**PPM:**

Parts per million: Generally used to express small concentrations of one substance in a mixture.

**REACTIVITY:**

The ability of a substance to undergo change usually by combining with another substance or by breaking down. Certain conditions, such as heat and light, may cause a substance to become more reactive. Highly reactive substances may explode.

**SOLUBILITY:**

The amount of a substance that can be dissolved in solution, usually water.

**SUSPECT CARCINOGEN:**

A substance that might cause cancer in humans or animals, but has not been proven to do so.

**TERATOGENIC:**

Capable of causing birth defects.

**TLV:**

Abbreviation for Threshold Limit Value (TLV). The average 8-hour occupational exposure limit. This means that the actual exposure level may sometimes be higher, sometimes lower, but the average must not exceed the TLV. TLV's are calculated to protect most workers for a working lifetime.

**TOXIC SUBSTANCE:**

Any substance that can cause acute or chronic injury to the human body, or that is suspected of being able to cause disease or injury under some conditions. Many toxic substances are chemicals or chemical mixtures, but there are other kinds of toxic substances as well (bacteria and viruses, for example).

**VAPOR:**

The gas given off by a solid or liquid substance at ordinary temperatures.

**VAPOR DENSITY:**

The density of the gas given off by a substance. It is usually compared with air, which has a vapor density set at 1. If the vapor is denser than air (greater than 1) it will sink to the ground; if it is less dense than air (less than 1), it will rise.

**VOLATILITY:**

A measure of how quickly a substance forms vapors at ordinary temperatures. Vapor pressure is a measure of volatility. The lower the vapor pressure, the lower the volatility.

## **HAZARDOUS WASTE MANAGEMENT PROGRAM**

### **TITLE AND PURPOSE**

This document is Coleary's program for HAZARD WASTE MANAGEMENT. Its purpose is to set forth guidelines and procedures for the proper disposal of hazardous substances. Upon request, this document shall be made available to employees, their designated representative, and authorized State, or Federal safety officials.

### **LEGAL REFERENCES**

It is the intent of this document to reflect and incorporate the legal requirements of: SARA Title III, the Federal Emergency Planning and Community Right to Know Act of 1986, as they apply. Also as applicable is the Resource Conservation and Recovery Act (RCRA).

### **SITE OFFICER**

The Director of Operations will be the site Officer for the Program and will be responsible to coordinate and manage the Program in conjunction with the company's Hazard Communication Program.

It is the responsibility of Director of Operations to ensure that storage, handling, and disposal of hazardous substances takes place in accordance with the guidelines and procedures set forth in this document.

### **STORAGE OF HAZARDOUS SUBSTANCE**

To the maximum extent possible, all poisons, acids, and flammable chemicals shall be stored separately from all other substances, preferably in designated storage areas or cabinets that are approved for the type of exposure anticipated. All flammable liquids must be stored in UL or FM approved flammable storage cabinets.

The Director of Operations shall schedule periodic inspections to ensure that all hazardous substances within the company are appropriately labeled and stored.

Chemicals and substances utilized in maintenance, and which are particularly vulnerable to incompatibility and possible adverse reaction or accident due to improper storage, should be minimized. To the maximum extent possible, for storage purposes, chemicals and substances should be separated into organic and inorganic groupings and further sorted into compatible families within the two major groupings.

### **HAZARDOUS WASTES DISPOSAL PROCEDURES AND REGULATIONS**

Federal, state, and local environmental regulations require strict control of the handling, storage, and disposal of all materials identified as being hazardous or toxic to human health or the environment. Once such materials have been used within the operations, specific restrictions and procedures apply as to their disposal. The Safety Manager's office will maintain a monthly inventory based on information gathered during his survey and reporting by the department, accordingly, the following procedures shall be carried out for all departments that generate hazardous waste:

1. No hazardous waste may be dumped in drains, sewers, dumpsters, or onto the ground. The only exception is small quantities of some chemicals may be disposed of by drain or dumpster, in accordance with local Sanitation District rules or OSHA guidelines or the Safety Data Sheet (SDS).
2. The Director of Operations office shall be the contact point for all information regarding storage and disposal of hazardous materials. It will arrange for periodic removal (a minimum of quarterly, or as required by law) of hazardous waste by a licensed hazardous waste hauler as needed.
3. Department of Transportation (DOT) storage drums are required for storage of waste oils, sludge, and solvents. Prior to removal, waste oils, sludge, and solvents shall be stored in Department of Transportation (DOT) approved and labeled storage drums with lids. Labels shall clearly identify the material being stored for removal and the date it was placed in the drum. The average monthly quantity of each category and waste name shall be maintained and reported to the Safety Manager.
4. Hazardous wastes designated for disposal or treatment must be removed from the company **by a licensed hazardous waste hauler**. Arrangements for any hazardous materials disposal **MUST** be made through the Safety Manager's office with name, quantity, and location of hazardous materials. **Before choosing the hauler, his identification and record will be checked.**
5. When hazardous waste is designated for disposal or treatment from our site, a "**MANIFEST LIST**" must be prepared by the hauler. Each list must identify the name and amount of each material for disposal. A copy of the Environmental Protection Agency (EPA) manifest list and any related documents **MUST** be forwarded to the Safety Manager's office as soon as they are completed. The **ORIGINAL** shall be kept on file.

After the waste has been deposited at an "approved dump site", another copy of the manifest will be returned to the Safety Manager's office to document proper disposal and site location.

6. The Director of Operations shall be responsible for keeping an on-going Hazardous Waste Disposal Manifest File, with copies of all information for the master file. As provided by law, the site Disposal Manifest File is subject to regular inspection by the local HEALTH DEPARTMENT. Appropriate fines may be levied for noncompliance.

### **DISCLOSURE PROCEDURE FOR EMERGENCY RESPONDERS AND EMERGENCY RESPONSE PLAN FOR HAZARDOUS SPILLS**

1. Compulsory Federal Law (SARA Title III) provides that counties adopt ordinances mandating that businesses or persons using, handling, or storing hazardous materials provide information regarding the location, type and health risks of such materials to emergency responders such as fire department and paramedics.
2. To comply with SARA Title III, will provide the designated area the Hazardous Chemical Inventories and Emergency Response Plans. Currently the law applies only to businesses or persons using, storing or handling hazardous materials where:

THERE IS AN ESTIMATED TOTAL YEARLY USE IN EXCESS OF 55 GALLONS OF LIQUIDS, 500 POUNDS OF SOLIDS, OR 200 CUBIC FEET OF GASEOUS SUBSTANCES.

**ONCE COMPANY NAME. HANDLES THIS AMOUNT OF PRODUCT, IT IS NECESSARY TO DETERMINE HOW MUCH WASTE IS THEN BEING GENERATED. IF IT IS NECESSARY TO RECYCLE OR DISPOSE OF WASTE THROUGH A LICENSED WASTE HAULER, RECYCLER, ETC., THEN COMPANY NAME. MUST THEN BECOME LICENSED AS A GENERATOR OF HAZARDOUS WASTES.**

Each department shall maintain an inventory of all hazardous chemicals, the quantities, and the Safety Data Sheets. The updated inventories shall be sent to the Director of Operations office on a monthly basis. The Safety Manager's office shall assist in coordinating the program.

## **HEARING CONSERVATION PROGRAM**

has established a Hearing Conservation Program to protect workers from the hazards of noise on the job.

OSHA regulations require that each employer implement a hearing conservation program when workers are exposed to noise levels **exceeding 85 dB**. It is not hard to exceed this level of noise on many of the jobs within our work. Typically, noise levels exceeding 85 dB are experienced when working with any type of pneumatic tools or machines, metal saws, and grinders.

has taken a conservative approach to this environmental hazard by establishing this program. The following elements establish the program:

1. An Audiometric Testing Program
2. An Employee Education and Training Program
3. Monitoring and Analysis of Workplace Noise Levels
4. Provide Suitable Engineering Control When Appropriate
5. Provide Hearing Protectors Where Required
6. Maintain Pertinent Records for The Above

### **AUDIOMETRIC TESTING**

Each new employee will receive an Audiometric Test as part of a prescreening physical examination.

Annually, each employee exposed to noise levels **exceeding 85 dB** will be given a follow-up Audiometric examination to monitor for any significant changes in their hearing ability. Employees will be formally notified if there is any change in their hearing as the result of this testing.

### **EMPLOYEE EDUCATION AND TRAINING**

Each new employee upon hire and annually thereafter will receive training in the Company's Hearing Conservation Program. This annual training will include the following:

1. A summary of the State noise standard;
2. Information on the effect of noise on hearing;
3. Specific information about job machine noise;
4. The role of administrative and engineering controls;
5. The contents of the Company's noise control plan;
6. A discussion of hearing protectors - the advantages and disadvantages of various types, and instructions on the selection, fitting, use, and care of the protectors; and
7. An explanation of the purpose of the audiometric testing and the test procedure, as well as the specific noise exposure for employees.

### **MONITORING AND ANALYSIS OF WORKPLACE NOISE LEVELS**

will periodically or as necessary, conduct noise level surveys of the workplace. The results of these surveys will be made available to employees upon request.

Any job area or company location found to be in excess of the allowable designated noise levels that cannot be brought into compliance with the noise standard will be designated as an area where hearing protectors are to be worn. Signs will be posted and areas will be in

### **PROVIDE SUITABLE ENGINEERING CONTROLS**

The noise hazard areas will be marked with caution sign denoting the necessity for personal protective equipment. Do not enter into an area marked with such signs without the proper equipment. If there is any doubt as to the level of noise in an area, vacate the area immediately and report to the supervisor.

Noise exposure levels where hearing protection will be required are as follows: (All levels are based on duration and sound levels measured on the A scale - slow response)

|            |              |
|------------|--------------|
| 8 hours    | 85 decibels  |
| 90 minutes | 102 decibels |
| 1 hour     | 105 decibels |
| 30 minutes | 110 decibels |
| 15 minutes | 115 decibels |

Exposure to impulsive or impact noise should not exceed 140 decibels peak sound pressure level.

Having determined the degree of noise reduction desired there are three ways to control a worker's exposure to the noise pollution.

Engineering design  
Personal protective devices  
Limitation of exposure time or (A combination of all three)

Some examples of the noise level of certain activities are:

|          |               |
|----------|---------------|
| 10 dB    | Whisper       |
| 30 dB    | Quiet House   |
| 70 dB    | Street Sounds |
| 80-90 dB | Factory       |
| 85 dB    | Subway        |
| 90 dB    | Sander        |
| 100 dB   | Pneumatic     |
| 120 dB   | Drill         |
| 120 dB   | Artillery     |



Where appropriate, will provide suitable engineering controls to reduce noise exposure. Due to the complexity of some jobs, it is difficult if not impossible to institute effective engineering controls for most noise exposures. Should this be the case, then employees will be required to wear suitable hearing protectors.

### **PROVIDE HEARING PROTECTORS WHERE REQUIRED**

will provide and require workers hearing protectors if their **8 Hr. TWA is above 90 dB**.

will also make hearing protectors available to all employees exposed to a TWA above **85 dB**. Any employee who may have a significant threshold shift of hearing level will be required to wear hearing protectors if they are exposed to a TWA of 85 dB.

will provide workers with a choice of at least one type of earplug and one type of earmuff. On most jobs, there will be a choice of two different types of earplugs.

will make a concerted effort to find the right protector for each worker, one that offers the right attenuation, is accepted on the terms of comfort, and is **used** by the employee.

### **MAINTENANCE OF RECORDS**

All recordkeeping for this program will be maintained by the HR office. Records will include: audiometric testing results; employee training. Safety Manager will maintain noise surveys; engineering controls implemented; and distribution and purchase of hearing protectors. Safety Manager will also maintain the spreadsheet for tracking the annual/new hire Hearing Testing. (See Appendix A)

### **WORK REQUIRING HEARING PROTECTORS**

There are many jobs or type of work generally produce noise levels that intermittently or for short durations exceed the permissible TWA. It is the policy of to require all workers who are engaged in the following jobs to wear hearing protectors;

1. Area on the pedestal when conveyor is in operation.
2. Workers using or adjacent to the use of pneumatic tools such as chippers, hammers, grinders, or others making excessive noise.
3. Extensive use of metal hammering, cutting, drilling, or forming. Use of impact devices for changing bucket cutting edges and bolts.
4. Work around operating compressors and other noisy machinery.
5. Use around sand blasting equipment.

### **HEARING CONSERVATION**

The following summary briefly discusses the required components of the hearing conservation program. (OSHA 3074).

### **MONITORING**

-The hearing conservation amendment requires employers to monitor noise exposure levels in a manner that will accurately identify employees who are exposed to noise at or above 85 decibels (dB) averaged over eight working hours, called an 8-hour time-weight average (TWA). The exposure measurement must include all noise within an **80 dB to 130 dB range** and must be taken during a typical work situation. This requirement is performance oriented since it allows employers to choose the monitoring method that best suits each individual situation.

-Under this revised amendment, employees are entitled to observe monitoring procedures and they must be notified of the results of the exposure monitoring of their workplace. The method used to notify employees is left to the discretion of the employers.

-Instruments used for monitoring employee exposures must be carefully checked or calibrated to ensure that the measurements are accurate. Calibration procedures are unique to specific instruments. Employers have the duty to assure that the measuring instruments they are using are properly calibrated. They may find it useful to follow the manufacturer's instructions to determine when and how extensively to calibrate.

### **AUDIOMETRIC TESTING**

- Audiometric testing not only monitors the sharpness or acuity of an employee's hearing over time, but also provides an opportunity for employers to educate employees about their hearing and the need to protect it.
- The important elements of an audiometric testing program include baseline audiograms, annual audiograms, training, and follow-up procedures.
- Audiometric testing must be made available to all employees who have average exposure levels over an **8-hour period of 85 dB**. And the audiometric testing program follow-up should indicate whether hearing loss is being prevented by the employer's Hearing Conservation Program.
- A professional audiologist (specialist dealing with individuals having impaired hearing), an otolaryngologist (physician specializing in the diagnosis and treatment of disorders of the ear, nose, and throat), or a physician must be responsible for the program. Both professionals and trained technicians may conduct audiometric testing. The professional does not have to be present when a qualified technician is conducting testing, however. The professional responsibilities include overseeing the program and the work of the technicians, reviewing problem audiograms, and determining whether referral is necessary.
- There are two types of audiograms required in the hearing conservation program: baseline and annual audiograms.

### **BASELINE AUDIOGRAMS**

The baseline audiogram is the reference audiogram against which future audiograms are compared. Baseline audiograms must be provided within 6 months of an employee's first exposure at or above an 8-hour time weighted average, TWA, of 85 dB. Where employers are using mobile test vans to obtain audiograms, baseline audiograms must be completed within one year after an employee's first exposure to workplace noise at or above a TWA of 85 dB. Where mobile vans are used and employers are allowed to delay baseline testing for up to a year, after 6 months their employees exposed at or above 85 dB must be issued and fitted with hearing protectors to be worn until the baseline audiogram is obtained.

Baseline audiograms taken before the effective date of this amendment are acceptable baselines in the program if the professional supervisor determines that the audiogram is valid.

### **AUDIOGRAM EVALUATION**

If an STS is identified, employees must be fitted or refitted with adequate hearing protectors, shown how to use them, and required to wear them. Employees must be notified within 21 days from the time the determination is made that their audiometric test results showed an STS. Some employees with an STS may need to be referred for further testing if the professional determines that their test results are questionable or if they have an ear problem of a medical nature that is thought to be caused or aggravated by wearing hearing protectors. If the suspected medical problem is not thought to be related to wearing protectors, employees must be informed that they should see a physician. If subsequent audiometric tests show that the STS identified on a previous audiogram is not persistent, employees whose exposure to noise is less than a TWA of 90 dB may discontinue the wearing of hearing protectors.

A subsequent audiogram may be substituted for the original baseline audiogram if the professional supervising the program determines that the employee's STS is persistent. This substitution will ensure that the same shift is not repeatedly identified. The professional may also decide to revise the baseline audiogram if an improvement in hearing has occurred. This will ensure that the baseline reflects actual hearing thresholds to the extent possible.

### **HEARING PROTECTORS**

Hearing protectors must be available to all workers exposed to 8-hour time-weighted average noise levels of 85 dB or above. This requirement will ensure that employees have access to protectors before they experience a loss in hearing.

Hearing protectors must be worn by:

1. Employees for any period exceeding 6 months from the time they are first exposed to 8-hour average noise levels of 85 dB or above until they receive their baseline audiograms are delayed because it is inconvenient for mobile test vans to visit the workplace more than once a year;
2. Employees exposed over the permissible exposure level, an 8-hour time-weighted average of 90 dB or above.

Employees should decide, with the help of a person who is trained in fitting hearing protectors, which size and type protector is most suitable for their working environment. The protector selected should be comfortable to wear and offer sufficient attenuation to prevent hearing loss.

Hearing protectors must adequately reduce the severity of the noise level for each employee's work environment. The employer must reevaluate the suitability of the employee's present protector whenever there is a change in working conditions that may cause the hearing protector being used to be inadequate. If workplace noise levels increase, employees must be given more effective protectors. The protector must reduce employee exposures to at least 90 dB and to 85 dB when a standard threshold shift has already occurred in the worker's hearing. Employees must be shown how to use and care for their protectors and must be supervised on the job to ensure that they continue to wear them correctly.

### **TRAINING**

Employee training is very important. When workers understand the reasons for the hearing conservation program's requirements and the need to protect their hearing, they will be better motivated to participate actively in the program and to cooperate by wearing their protectors and taking audiometric tests. Employees exposed to TWA's of 85 dB and above must be trained at least annually in the effects of noise, the purpose, advantages, and disadvantages of various types of hearing protectors; the selection, fitting and care of protectors; and the purpose and procedures of audiometric testing. The training program may be structured in any format, different parts being conducted by different individuals and at different times as long as the required topics are covered. The Safety Manager is responsible for ensuring initial hire and annual hearing conservation training is conducted.

### **RECORDKEEPING**

Noise exposure measurement records must be kept for **2 years**. Records of audiometric test results must be maintained for the duration of employment of the affected employee. Audiometric test records must include the name and job classification of the employee, the date, the examiner's name, the date of acoustic or exhaustive calibration, measurements of the background sound pressure levels in audiometric test rooms, and the employee's most recent noise exposure measurement.

### **Recording Occupational Hearing Loss on the OSHA 300 Log**

Employers must record work-related hearing loss cases when an employee's hearing test shows a marked decrease in overall hearing. If an employee's hearing test (audiogram) reveals that the employee has experienced a work-related Standard Threshold Shift (STS) in hearing in one or both ears, and the employee's total hearing level is 25 decibels (dB) or more below audiometric zero (averaged at 2000, 3000, and 4000 Hz) in the same ear(s) as the STS, you must record the case on the OSHA 300 Log. Employers can make adjustments for hearing loss caused by aging, seek the advice of a physician or licensed health care professional to determine if the loss is work related, and perform additional hearing tests to verify.

### **STANDARD THRESHOLD SHIFT: FOLLOWUP AND RECORDING REQUIREMENTS**

#### **I. Follow up Requirements**

**Step 1.** When a standard threshold shift from the baseline is identified on an employee's annual audiogram, it is important to determine if this shift is persistent and work related. To make this determination, contact either the original audiometric company or a qualified second provider to obtain a retest within 30 days. The retest can be the annual audiogram.

When any audiogram shows a STS or other problem it must be reviewed by an audiologist, otolaryngologist, or physician to determine the need for further evaluation. The employer must provide the following information to the person performing this evaluation:

- (A) A copy of OSHA hearing conservation standard--if needed by the reviewer;
- (B) The baseline audiogram and most recent audiogram of the employee to be evaluated;
- (C) Measurements of background sound pressure levels in the audiometric test room;
- (D) Records of audiometer calibrations.

**Step 2.** If from Step 1 the standard threshold shift is determined to be persistent and work related, you must:

- (A) Inform the employee *in writing* of the STS
- (B) Fit the employee with hearing protectors, train the employee in their use and care, and require the employee to use them.
- (C) Refit and retrain employees already using hearing protectors. Provide hearing protectors with a greater NRR, if necessary. Encourage an employee to wear dual hearing protection (ear muffs worn over insert plugs) if appropriate.

(D) Refer the employee for a clinical audio logical evaluation or an ontological examination, as appropriate, if additional testing is necessary or if a medical pathology of the ear may be caused or aggravated by the wearing of hearing protectors.

(E) Inform the employee of the need for an ontological examination if a medical pathology of the ear that is unrelated to the use of hearing protectors is suspected.

## II. RECORDING REQUIREMENTS FOR OCCUPATIONAL HEARING LOSS ON THE OSHA 300 LOG

Beginning on January 1, 2003, employers were required to record work-related hearing loss cases when an employee's hearing test shows a marked decrease in overall hearing. If an employee's hearing test (audiogram) reveals that the employee has experienced a work-related Standard Threshold Shift (STS) in hearing in one or both ears, and the employee's total hearing level is 25 decibels (dB) or more below audiometric zero (averaged at 2000, 3000, and 4000 Hz) in the same ear(s) as the STS, you must record the case on the OSHA 300 Log. Employers can make adjustments for hearing loss caused by aging, seek the advice of a physician or licensed health care professional to determine if the loss is work-related, and perform additional hearing tests to verify.

### Standard Threshold Shift

A Standard Threshold Shift, or STS, is defined in the occupational noise exposure standard at 29 CFR 1910.95(g)(10)(i) as a change in hearing threshold, relative to the baseline audiogram for that employee, of an average of 10 decibels (dB) or more at 2000, 3000, and 4000 hertz (Hz) in one or both ears. In this case the STS must only be reported to the employee. Please refer to the example below.

| Frequency (Hz) | Baseline (dB) | Current Audiogram (dB) | Difference (dB) |
|----------------|---------------|------------------------|-----------------|
| 2000           | 10            | 20                     | 10              |
| 3000           | 5             | 10                     | 5               |
| 4000           | 15            | 30                     | 15              |
| Average        | 10            | 20                     | 10              |

### STS & a 25-dB Overall Reduction in Hearing Level

If the employee has shown an STS you must then examine the employee's overall hearing ability in comparison to audiometric zero. Using the employee's current audiogram, average the hearing levels at 2000, 3000, and 4000 Hz to determine whether or not the employee's total hearing loss exceeds 25 dB from audiometric zero. In this case the STS must be reported to the employee AND recorded on the OSHA 300 log. Please refer to the example below.

| Frequency (Hz) | Baseline (dB) | Current Audiogram (dB) | Difference (dB) |
|----------------|---------------|------------------------|-----------------|
| 2000           | 20            | 30                     | 10              |
| 3000           | 30            | 35                     | 5               |
| 4000           | 10            | 25                     | 15              |
| Average        | 20            | 30                     | 10              |

### Entering a Hearing Loss Case in the OSHA 300 Log

In 2003, employers should record cases of occupational hearing loss either as an "injury" (single event acoustic trauma) or "other illnesses" (long term noise exposure), as appropriate to the situation. Beginning on January 1, 2004, employers will record these cases in a separate column specifically designated for occupational hearing loss on the OSHA 300 log.

## HOUSEKEEPING

**Good housekeeping** is a must in this company due to the types of material and equipment used and stored, much of which needs to be readily accessible. Loose equipment, slippery surfaces and trash are contributors to slips and falls, which are a significant cause of injuries. Constant emphasis on good housekeeping can reduce these accidents.

Some basic housekeeping rules are:

1. All walkways, steps, etc. should be clear of tools, trash, boards, barrels, hoses and slipping hazards such as oil, grease and water.
2. To the maximum extent possible, floors should be kept clear of tools, trash, boards, equipment and slipping hazards such as oil, grease and water.
3. Each work area should have a storage space or locker for tools and equipment used in that area.
4. Trash and disposal containers should be placed in different areas around the work area. These containers should be emptied often enough to prevent overflowing.
5. Combustible materials such as oil or oily rags are to be placed in covered receptacles specifically for flammable material **ONLY**.
6. Access to safety equipment such as fire extinguishers or hoses **must not be blocked** by any equipment or any other material that will not allow easy, rapid access.
7. All tools and equipment should be cleaned and properly stored after use.
8. All powered hand tools should be cleaned, inspected for damage, repaired (if necessary) and stored in the proper place after use.
9. Spills should be cleaned up immediately.

10. Non-deteriorating waste such as plastic bags, wrappers, wood, etc. will be properly disposed of in the containers provided.

## LADDER SAFETY

Falls from elevated surfaces account for a large percentage of serious accidents. The following safe practices for ladders can reduce the number and severity of these accidents.

1. Before climbing a ladder, it should be inspected for safe conditions.
2. If any ladder is found to be unsafe, remove it from service immediately and report it to the supervisor.
3. Ladders must not be placed in front of doors that open toward the ladder unless the door is locked or guarded.
4. When climbing or descending a ladder, a person should face the ladder and hold the side rails.
5. When working from a ladder, never extend further than arm's length to reach work. Move the ladder instead of extending outward.
6. Never climb a ladder, which has not been secured, particularly in windy conditions.
7. A person should not stand on top two steps or the spreader of a stepladder.
8. Someone should always hold a stepladder for a person who is working near the top.
9. Portable ladders, which have not been secured, should not be left standing unattended.
10. Ladders designated "For Emergency Use Only" should be used only in an emergency.
11. Properly secure the bottom of the ladder to prevent any movement or slipping.
12. Never use a ladder as a scaffold.
13. Ensure the ladder extends at least 3 feet above the top of the surface if using it to climb on top of a structure.
14. Set the ladder's base one foot out from its supporting structure for every 4 feet of working ladder height.

## Lockout/Tagout Procedure

### I. OBJECTIVE

The objective of this procedure is to establish a means of positive control to prevent the accidental starting or activating of machinery or systems while they are being repaired, cleaned and/or serviced. This program serves to:

- A. Establish a safe and positive means of shutting down machinery, equipment and systems.
- B. Prohibit unauthorized personnel or remote control systems from starting machinery or equipment while it is being serviced.
- C. Provide a secondary control system (tagout) when it is impossible to positively lockout the machinery or equipment.
- D. Establish responsibility for implementing and controlling lockout/tagout procedures.
- E. Ensure that only approved locks, standardized tags and fastening devices provided by the company will be utilized in the lockout/tagout procedures.

### II. ASSIGNMENT OF RESPONSIBILITY

- A. The Director of Operations will be responsible for implementing the lockout/tagout program.
- B. The Director of Operations will be responsible for enforcing the program and insuring compliance with the procedures in their departments.
- C. The Director of Operations will be responsible for monitoring the compliance of this procedure and will conduct the annual inspection and certification of the authorized employees.
- D. An authorized employee is defined as a person who locks out or tags out machines or equipment in order to perform servicing or maintenance on that machine or equipment. An affected employee becomes an authorized employee when that employee's duties include performing servicing or maintenance covered under 1910.147, The Control of Hazardous Energy (lockout/tagout). They are listed in attachment A.
- E. An affected employee is defined as a person whose job requires him/her to operate or use a machine or equipment on which servicing or maintenance is being performed under lockout or tagout, or whose job requires him/her to work in an area in which such servicing or maintenance is being performed.

### III. PROCEDURES

The ensuing items are to be followed to ensure both compliance with the OSHA Control of Hazardous Energy Standard and the safety of our employees.

#### A. Preparation for Lockout or Tagout

Employees who are required to utilize the lockout/tagout procedure (see Attachment A) must be knowledgeable of the different energy sources and the proper sequence of shutting off or disconnecting energy means. The four main types of energy sources are:

1. electrical (most common form);
2. hydraulic or pneumatic;
3. fluids and gases; and
4. mechanical (including gravity).

More than one energy source may be utilized on some equipment and the proper procedure must be followed in order to identify energy sources and lockout/tagout accordingly.

#### **Electrical**

1. Shut off power at machine and disconnect.
2. Disconnecting means must be locked or tagged.
3. Press start button to see that correct systems are locked out.
4. All controls must be returned to their safest position.
5. Points to remember:

- a. If a machine or piece of equipment contains capacitors, they must be drained of stored energy.



- b. Possible disconnecting means include the power cord, power panels (look for primary and secondary voltage), breakers, the operator's station, motor circuit, relays, limit switches, and electrical interlocks.
- c. Some equipment may have a motor isolating shut-off and a control isolating shut-off.
- d. If the electrical energy is disconnected by simply unplugging the power cord, the cord must be kept under the control of the authorized employee or the plug end of the cord must be locked out or tagged out.

#### **B. Hydraulic/Pneumatic**

1. Shut off all energy sources (pumps and compressors). If the pumps and compressors supply energy to more than one piece of equipment, lockout or tagout the valve supplying energy to the piece of equipment being serviced.
2. Stored pressure from hydraulic/pneumatic lines shall be drained/bled when release of stored energy could cause injury to employees.
3. Make sure controls are returned to their safest position (off, stop, standby, inch, jog, etc.).

#### **C. Fluids and Gases**

1. Identify the type of fluid or gas and the necessary personal protective equipment.
2. Close valves to prevent flow, and lockout/tagout.
3. Determine the isolating device, then close and lockout/tagout.
4. Drain and bleed lines to zero energy state.
5. Some systems may have electrically controlled valves. If so, they must be shut off and locked/tagged out.
6. Check for zero energy state at the equipment.

#### **D. Mechanical Energy**

Mechanical energy includes gravity activation, energy stored in springs, etc.

1. Block out or use die ram safety chain.
2. Lockout or tagout safety device.
3. Shut off, lockout or tagout electrical system.
4. Check for zero energy state.
5. Return controls to safest position.

#### **E. Release from Lockout/Tagout**

1. Inspection: Make certain the work is completed and inventory the tools and equipment that were used.
2. Clean-up: Remove all towels, rags, work-aids, etc.
3. Replace guards: Replace all guards possible. Sometimes a particular guard may have to be left off until the start sequence is over due to possible adjustments. However, all other guards should be put back into place.
4. Check controls: All controls should be in their safest position.
5. The work area shall be checked to ensure that all employees have been safely positioned or removed and notified that the lockout/tagout devices are being removed.
6. Remove locks/tags. Remove only your lock or tag.

#### **F. Service or Maintenance Involving More than One Person**

When servicing and/or maintenance are performed by more than one person, each authorized employee shall place his own lock or tag on the energy isolating source. This shall be done by utilizing a multiple lock scissors clamp if the equipment is capable of being locked out. If the equipment cannot be locked out, then each authorized employee must place his tag on the equipment.

#### **G. Removal of an Authorized Employee's Lockout/Tagout by the Company**

Each location must develop written emergency procedures that comply with 1910.147(e)(3) to be utilized at that location. Emergency procedures for removing lockout/tagout should include the following:

1. Verification by employer that the authorized employee who applied the device is not in the facility.
2. Make reasonable efforts to advise the employee that his/her device has been removed. (This can be done when he/she returns to the facility).
3. Ensure that the authorized employee has this knowledge before he/she resumes work at the facility.

#### **H. Shift or Personnel Changes**

Each facility must develop written procedures based on specific needs and capabilities. Each procedure must specify how the continuity of lockout or tagout protection will be ensured at all times. See 1910.147(f)(4).

#### **I. Procedures for Outside Personnel/Contractors**

Outside personnel/contractors shall be advised that the company has and enforces the use of lockout/tagout procedures. They will be informed of the use of locks and tags and notified about the prohibition of attempts to restart or re-energize machines or equipment that are locked out or tagged out.

The company will obtain information from the outside personnel/contractor about their lockout/tagout procedures and advise affected employees of this information.

The outside personnel/contractor will be required to sign a certification form (see Attachment E). If outside personnel/contractor has previously signed a certification that is on file, additional signed certification is not necessary.

#### **K. Training and Communication**

Each authorized employee who will be utilizing the lockout/tagout procedure will be trained in the recognition of applicable hazardous energy sources, type and magnitude of energy available in the work place, and the methods and means necessary for energy isolation and control.

Each affected employee (all employees other than authorized employees utilizing the lockout/tagout procedure) shall be instructed in the purpose and use of the lockout/tagout procedure, and the prohibition of attempts to restart or re-energize machines or equipment that are locked out or tagged out.

Training will be certified using Attachment B (Authorized Personnel). The documentation of training will be retained in the company's files.

#### **L. Periodic Inspection**

A periodic inspection (at least annually) will be conducted of each authorized employee under the lockout/tagout procedure. This inspection shall be performed by the Safety Coordinator.

The inspection will include a review between the Director of Operations and each authorized employee of that employee's responsibilities under the energy control (lockout/tagout) procedure. The inspection will also consist of a physical inspection of the authorized employee while performing work under the procedures.

### **TRAINING EVALUATION FORM**

**CONTROL OF HAZARDOUS ENERGY PLAN**

Logistec has a control of hazardous energy plan and procedure designed to provide a method of protection from hazardous energy situations employed with Logistec facilities. The following of this policy and procedures will help guarantee the safety of everyone on the facility site.

I understand that before participating in control of hazardous energy I must obtain knowledge in the company's Control of Hazardous Energy plan and situations that may arise in a Logistec facility. I have also been trained and understand the following:

**MAINTENANCE TECHNICIAN**

- | Yes                      | No                       |  |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | I have accepted knowledge of the company's Control of Hazardous Energy plan and understand the plan is in place for everyone's protection in hazardous situations. |
| <input type="checkbox"/> | <input type="checkbox"/> | I must follow all safety rules and regulations noted in Control of Hazardous Energy plan   |
| <input type="checkbox"/> | <input type="checkbox"/> | I must review all information and understand the hazards I may face dealing with hazardous energy situations.  |
| <input type="checkbox"/> | <input type="checkbox"/> | I understand how to conduct a lock out / tag out procedure as designed within the Control of Hazardous Energy plan.  |
| <input type="checkbox"/> | <input type="checkbox"/> | I must obey all other job and plant safety rules which may apply.  |
| <input type="checkbox"/> | <input type="checkbox"/> | I understand that failure to comply with all conditions and terms of the plan will result in disciplinary action up to and including discharge.                    |

\_\_\_\_\_

|      |           |            |
|------|-----------|------------|
| Date | Signature | Print Name |
|------|-----------|------------|

Instructor: \_\_\_\_\_ Duration of Training: \_\_\_\_\_

**Annual Maintenance Technician / Training Certification**

DATE OF TRAINING: \_\_\_/\_\_\_/\_\_\_

INSPECTOR: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_

Machine or equipment on which lock out / tag out procedures were performed:

\_\_\_\_\_

Associate(s) performing the lock out / tag out procedures:

Associate Name (Please Print) Associate Signature

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Reviewed with associate(s) who are authorized to perform service or maintenance on the following:

- 1. Have you had lock out / tag out training                      Yes / No (circle one)
- 2. Do you have safety lock    Yes / No (circle one)
- 3. Are lock out procedures for above machine / equipment available or posted?    Yes / No (circle one)
- 4. Does associate(s) understand his/her lock out responsibilities:                      Yes / No (circle one)

Were all the lockout / tag out procedures performed correctly?    YES / NO (circle one)

If "NO" ... comments on improper lock out / tag out procedures being used (ex. list improper procedures being used that require retraining for the associate or modification of procedures):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Duration of training \_\_\_\_\_

**Contractor/Other Personnel Certification Form**

Date: \_\_\_\_\_

As an outside contractor from \_\_\_\_\_, Our Company understands and agrees to follow the Logistec Lockout/Tagout Policy/Procedures when performing work on Logistec equipment/Facility. As the company representative, we agree to inform/train our company personnel on the Logistec Lockout/Tagout Policy/Procedures. We have received a copy of the Logistec Lockout/Tagout Policy/Procedures.

Printed Name: \_\_\_\_\_

Signed: \_\_\_\_\_ for Company \_\_\_\_\_

## **MACHINE GUARDING PROCEDURE**

The purpose of this machine guarding procedure is to prevent injury or death to personnel by requiring that certain precautions be taken before machine operation begins.

All wheels, pulleys, belts, pinch point or points of operation must be securely guarded before any machining operations begin.

Control systems must be in place using scissors, manual input and more selections. Interlocking and decision-making circuitry and output elements to a machine operating mechanism shall be in place.

An authorized person with authority and responsibility will perform specific inspections of all operating machine mechanisms to assure proper guarding.

All flywheels, belts, pulleys or nip-points less than seven feet off the ground must be guarded with a device which encloses the pulley, belt or wheel.

Prime movers to include steam, gas, oil, air engines, motors, steam and hydraulic turbines and other equipment used as a source of power, will be guarded at all points of operation where cutting, shaping, or forming is accomplished upon stock. And, shall include such other points as may offer a hazard to the operator in inserting or manipulating stock in the operation of a machine.

### **WARNING**

Any person responsible for operating a machine who removes or otherwise defeats a guarding system without authorization will be subject to dismissal.

### **EMPLOYEE TRAINING**

All employees who are responsible for following this procedure must receive training in the procedure. This includes employees who perform any machine operations.

Following initial training in machine guarding principals, each employee will receive an annual follow-up refresher training session. This training will be conducted by the safety manager. These sessions shall include at a minimum the following:

1. Lecture regarding this procedure including its' purpose, scope, and application.
2. Visual support materials including, but not limited to, video presentations of the importance of machine guarding.
3. Written procedure handout and a written quiz.

### **ENFORCEMENT / INSPECTION**

Due to the severity of injury that could occur while not following these procedures, ; will strictly enforce this policy. The primary responsibility lies with each supervisor for monitoring performance of their workers. Those employees found to be in violation of these procedures will be subject to the disciplinary policy.

All surveys of workers performance shall be documented on the Company's Safety Inspection Report Form. The "inspection" must include the following information:

1. Identity of the machine or equipment and how it is guarded and how the guard operates and is utilized.
2. Date of inspection.
3. Employees included in the inspection.
4. Persons performing the inspection.
5. Corrective actions required and taken.

### **PHYSICAL BARRIER GUARDS**

One category is the guard that is a physical barrier that prevents accidents at the point-of-operation during a production run of successive cycles. Three main types of guards are:

1. **FIXED BARRIER**

A non-movable enclosure guard arranged to enclose the point-of-operation before the press can be started.

This type is superior to other methods because of its simplicity and inherent permanence. Various types of materials and methods are used in making these guards including plastics (because of the good visibility they can provide), expanded metal and metal frame guards. Fixed barrier guards should be used whenever possible and when fixed barriers are not adaptable.

2. **ADJUSTABLE BARRIER**

Similar to the fixed barrier guard, its use is identical with the added adjust ability characteristics. When this type of guard is used, the operator must be instructed on how to make proper adjustments.

3. **INTERLOCK BARRIER**

An interlocked guard protects by enclosing the danger zone with a shield between the operator and the hand, and is not fixed. The guard may be removed when occasional jams or other situations may require access to the point-of-operations. However, it is mechanically or electrically interlocked with the operating mechanism to prevent operations with the guard removed.

## Respiratory Protection Program

### I. OBJECTIVE

The Transport Co. Inc. Respiratory Protection Program is designed to protect employees by establishing accepted practices for respirator use, providing guidelines for training and respirator selection, and explaining proper storage, use and care of respirators. This program complies with Occupational Safety and Health Administration (OSHA) respiratory protection requirements as found in 29 CFR 1910.134.

### II. ASSIGNMENT OF RESPONSIBILITY

#### A. Employer

is responsible for providing respirators to employees when they are necessary for health protection. will provide respirators that are applicable and suitable for the intended purpose at no charge to affected employees. Any expense associated with training, medical evaluations and respiratory protection equipment will be borne by the company.

#### B. Program Administrator

The Program Administrator for is the Director of Operations. The program Administrator is responsible for administering the respiratory protection program. Duties of the program administrator include:

1. Identifying work areas, process or tasks that require workers to wear respirators.
2. Evaluating hazards.
3. Selecting respiratory protection options.
4. Monitoring respirator use to ensure that respirators are used in accordance with their specifications.
5. Arranging for and/or conducting training.
6. Ensuring proper storage and maintenance of respiratory protection equipment.
7. Ensuring that qualitative fit testing with "Bitrex" is performed.
8. Overseeing the medical review program.
9. Maintaining records required by the program.
10. Evaluating the program.
11. Updating written program, as needed.

#### C. Supervisors

Supervisors are responsible for ensuring that the respiratory protection program is implemented in their particular areas. In addition to being knowledgeable about the program requirements for their own protection, supervisors must also ensure that the program is understood and followed by the employees under their charge. Duties of the supervisor include:

1. Ensuring that employees under their supervision (including new hires) receive appropriate training, and fit testing.
2. Ensuring the availability of appropriate respirators and accessories.
3. Being aware of tasks requiring the use of respiratory protection.
4. Enforcing the proper use of respiratory protection when necessary.
5. Ensuring that respirators are properly cleaned, maintained, and stored according to this program.
6. Ensuring that respirators fit well and do not cause discomfort.
7. Continually monitoring work areas and operations to identify respiratory hazards.
8. Coordinating with the Program Administrator on how to address respiratory hazards or other concerns regarding this program.

#### D. Employees

Each employee is responsible for wearing his or her respirator when and where required and in the manner in which they are trained. Employees must also:

1. Care for and maintain their respirators as instructed, guard them against damage, and store them in a clean, sanitary location.
2. Inform their supervisor if their respirator no longer fits well, and request a new one that fits properly.
3. Inform their supervisor or the Program Administrator of any respiratory hazards that they feel are not adequately addressed in the workplace and of any other concerns that they have regarding this program.
4. Use the respiratory protection in accordance with the manufacturer's instructions and the training received.

### III. APPLICABILITY



This program applies to all employees who are required to wear respirators during normal work operations, as well as during some non-routine or emergency operations, such as a spill of a hazardous substance.

In addition, any employee who voluntarily wears a respirator when one is not required (i.e., in certain maintenance and coating operations) is subject to the medical evaluation, cleaning, maintenance, and storage elements of this program, and will be provided with necessary training. **Employees who voluntarily wear filtering face pieces (dust masks) are not subject to the medical evaluation, cleaning, storage, and maintenance provisions of this program.**

All employees and processes that fall under the provisions of this program are listed in Attachment D.

#### IV. PROGRAM

##### A. Hazard Assessment and Respirator Selection

The Program Administrator will select respirators to be used on site, based on the hazards to which workers are exposed and in accordance with the OSHA Respiratory Protection Standard. The Program Administrator will conduct a hazard evaluation for each operation, process, or work area where airborne contaminants may be present in routine operations or during an emergency. A log of identified hazards will be maintained by the Program Administrator (See Hazard Evaluation, Attachment C). The hazard evaluations shall include:

1. Identification and development of a list of hazardous substances used in the workplace by department or work process.
2. Review of work processes to determine where potential exposures to hazardous substances may occur. This review shall be conducted by surveying the workplace, reviewing the process records, and talking with employees and supervisors.

The proper type of respirator for the specific hazard involved will be selected in accordance with the MSDS for the material being used. A list of employees and appropriate respiratory protection will be maintained by the Program Administrator (see Attachment D).

##### B. Updating the Hazard Assessment

The Program Administrator must revise and update the hazard assessment as needed (i.e., any time work process changes may potentially affect exposure). If an employee feels that respiratory protection is needed during a particular activity, he/she is to contact his/her supervisor or the Program Administrator. The Program Administrator will evaluate the potential hazard, and arrange for outside assistance as necessary. The Program Administrator will then communicate the results of that assessment to the employees. If it is determined that respiratory protection is necessary, all other elements of the respiratory protection program will be in effect for those tasks, and the respiratory program will be updated accordingly.

##### C. Training

The Program Administrator will provide training to respirator users and their supervisors on the contents of the Respiratory Protection Program and their responsibilities under it, and on the OSHA Respiratory Protection Standard. All affected employees and their supervisors will be trained prior to using a respirator in the workplace. Supervisors will also be trained prior to supervising employees that must wear respirators.

The training course will cover the following topics:

1. the Respiratory Protection Program;
2. the OSHA Respiratory Protection Standard (29 CFR 1910.134);
3. respiratory hazards encountered at and their health affects;
4. proper selection and use of respirators;
5. limitations of respirators;
6. respirator donning and user seal (fit) checks;
7. fit testing;
8. emergency use procedures;

9. maintenance and storage;

Employees will be retrained annually or as needed (e.g., if they change departments or work processes and need to use a different respirator). Employees must demonstrate their understanding of the topics covered in the training through hands-on exercises and a written test. Respirator training will be documented by the Program Administrator and the documentation will include the type, model, and size of respirator for which each employee has been trained and fit tested.

D. Voluntary Respirator Use

The Program Administrator shall authorize voluntary use of respiratory protective equipment as requested by all other workers on a case-by-case basis, depending on specific workplace conditions and the results of medical evaluations.

E. Medical Evaluation

Employees who are either required to wear respirators, or who choose to wear a half face piece APR voluntarily, must pass a medical review provided by \_\_ before being permitted to wear a respirator on the job. Employees are not permitted to wear respirators until a physician has determined that they are medically able to do so. Any employee refusing the medical review will not be allowed to work in an area requiring respirator use.

A licensed physician at Health-works, where all company medical services are provided, will provide the medical review.

A list of employees currently included in medical surveillance is provided in Attachment D of this program.

F. Fit Testing

Employees who are required to or who voluntarily wear half-face piece APRs will be fit tested:

1. prior to being allowed to wear any respirator with a tight-fitting face piece;
2. annually; or
3. when there are changes in the employee's physical condition that could affect respiratory fit (e.g., obvious change in body weight, facial scarring, etc.).

Employees will be fit tested with the make, model, and size of respirator that they will actually wear. Employees will be provided with several models and sizes of respirators so that they may find an optimal fit. Fit testing of powered air purifying respirators will be conducted in the negative pressure mode.

The Program Administrator will ensure fit tests are in accordance with the OSHA Respiratory Protection Standard.

G. General Respirator Use Procedures

1. Employees will use their respirators under conditions specified in this program, and in accordance with the training they receive on the use of each particular model. In addition, the respirator shall not be used in a manner for which it is not certified by its manufacturer.
2. All employees shall conduct user seal checks each time they wear their respirators. Employees shall use either the positive or negative pressure check (depending on which test works best for them) as specified in the OSHA Respiratory Protection Standard.
  - a. Positive Pressure Test: This test is performed by closing off the exhalation valve with your hand. Breathe air into the mask. The face fit is satisfactory if some pressure can be built up inside the mask without any air leaking out between the mask and the face of the wearer.
  - b. Negative Pressure Test: This test is performed by closing of the inlet openings of the cartridge with the palm of you hand. Some masks may require that the filter holder be removed to seal off the intake valve. Inhale gently so that a vacuum occurs within the face piece. Hold your breath for ten (10) seconds. If the vacuum remains, and no inward leakage is detected, the respirator is fit properly.
3. All employees shall be permitted to leave the work area to go to the restroom to maintain their respirator for the following reasons:
  - a. to clean their respirator if it is impeding their ability to work;

- b. to change filters or cartridges;
- c. to replace parts; or
- d. to inspect respirator if it stops functioning as intended.

Employees should notify their supervisor before leaving the area.

4. Employees are not permitted to wear tight-fitting respirators if they have any condition, such as facial scars, facial hair, or missing dentures that would prevent a proper seal. Employees are not permitted to wear headphones, jewelry, or other items that may interfere with the seal between the face and the face piece.
5. Before and after each use of a respirator, an employee or immediate supervisor must make an inspection of tightness or connections and the condition of the face piece, headbands, valves, filter holders and filters. Questionable items must be addressed immediately by the supervisor and/or Program Administrator.

#### H. Change Schedules

Respirator cartridges shall be replaced as determined by the Program administrator, supervisor(s), and manufacturers, recommendations.

#### I. Cleaning

Respirators are to be regularly cleaned and disinfected at the designated respirator cleaning station. Respirators issued for the exclusive use of an employee shall be cleaned as often as necessary. Atmosphere-supplying and emergency use respirators are to be cleaned and disinfected after each use.

The following procedure is to be used when cleaning and disinfecting reusable respirators:

1. Disassemble respirator, removing any filters, canisters, or cartridges.
2. Wash the face piece and all associated parts (except cartridges and elastic headbands) in an approved cleaner-disinfectant solution in warm water (about 120 degrees Fahrenheit). Do not use organic solvents. Use a hand brush to remove dirt.
3. Rinse completely in clean, warm water.
4. Disinfect all facial contact areas by spraying the respirator with an approved disinfectant.
5. Air dry in a clean area.
6. Reassemble the respirator and replace any defective parts. Insert new filters or cartridges and make sure the seal is tight.
7. Place respirator in a clean, dry plastic bag or other airtight container.

#### J. Maintenance

Respirators are to be properly maintained at all times in order to ensure that they function properly and protect employees adequately. Maintenance involves a thorough visual inspection for cleanliness and defects. Worn or deteriorated parts will be replaced prior to use. No components will be replaced or repairs made beyond those recommended by the manufacturer. Repairs to regulators or alarms of atmosphere-supplying respirators will be conducted by the manufacturer.

1. All respirators shall be inspected routinely before and after each use.
2. Respirators kept for emergency use shall be inspected after each use, and at least monthly by the Program Administrator to assure that they are in satisfactory working order
3. The Respirator Inspection Checklist (Attachment E) will be used when inspecting respirators.
4. A record shall be kept of inspection dates and findings for respirators maintained for emergency use.
5. Employees are permitted to leave their work area to perform limited maintenance on their respirator in a designated area that is free of respiratory hazards. Situations when this is permitted include:
  - a. washing face and respirator face piece to prevent any eye or skin irritation;
  - b. replacing the filter, cartridge or canister;
  - c. detection of vapor or gas breakthrough or leakage in the face piece; or
  - d. detection of any other damage to the respirator or its components.

#### K. Storage

After inspection, cleaning, and necessary repairs, respirators shall be stored appropriately to protect against dust, sunlight, heat, extreme cold, excessive moisture, or damaging chemicals.

1. Respirators must be stored in a clean, dry area, and in accordance with the manufacturer's recommendations. Each employee will clean and inspect their own air-purifying respirator in accordance with the provisions of this program, and will store their respirator in a plastic bag in the designated area. Each employee will have his/her name on the bag and that bag will only be used to store that employee's respirator.
2. Respirators shall be packed or stored so that the face piece and exhalation valve will rest in a near normal position.
3. Respirators shall not be placed in places such as lockers or toolboxes unless they are in carrying cartons.
4. The Program Administrator will store a supply of respirators and respirator components in their original manufacturer's packaging in the supply room.

#### L. Respirator Malfunctions and Defects

1. For any malfunction of an ASR (atmosphere-supplying respirator), such as breakthrough, face piece leakage, or improperly working valve, the respirator wearer should inform his/her supervisor that the respirator no longer functions as intended, and go to the designated safe area to maintain the respirator. The supervisor must ensure that the employee either receives the needed parts to repair the respirator or is provided with a new respirator.

All workers wearing atmosphere-supplying respirators will work with a buddy. The Program Administrator shall develop and inform employees of the procedures to be used when a buddy is required to assist a coworker who experiences an ASR malfunction.

2. Respirators that are defective or have defective parts shall be taken out of service immediately. If, during an inspection, an employee discovers a defect in a respirator, he/she is to bring the defect to the attention of his/her supervisor. Supervisors will give all defective respirators to the Program Administrator. The Program Administrator will decide whether to:
  - a. temporarily take the respirator out of service until it can be repaired;
  - b. perform a simple fix on the spot, such as replacing a head strap; or
  - c. dispose of the respirator due to an irreparable problem or defect and supply the employee with a new respirator.

When a respirator is taken out of service for an extended period of time, the respirator will be tagged out of service, and the employee will be given a replacement of a similar make, model, and size. All tagged out respirators will be kept in the safety supply room

#### M. Program Evaluation

The Program Administrator will conduct periodic evaluations of the workplace to ensure that the provisions of this program are being implemented. The evaluations will include regular consultations with employees who use respirators and their supervisors, site inspections, air monitoring and a review of records. Items to be considered will include:

1. comfort;
2. ability to breathe without objectionable effort;
3. adequate visibility under all conditions
4. provisions for wearing prescription glasses;
5. ability to perform all tasks without undue interference; and
6. confidence in the face piece fit.

Identified problems will be noted in an inspection log and addressed by the Program Administrator. These findings will be reported to USA Inc. management, and the report will list plans to correct deficiencies in the respirator program and target dates for the implementation of those corrections.

#### N. Documentation and Recordkeeping

1. A written copy of this program and the OSHA Respiratory Protection Standard shall be kept in the Program Administrator's office and made available to all employees who wish to review it.

Copies of training and fit test records shall be maintained by the Program Administrator. These records will be updated as new employees are trained, as existing employees receive refresher training, and as new fit tests are conducted.

ATTACHMENT A

Hazard Assessment Log

| Hazard Assessment Log |              |                               |       |          |
|-----------------------|--------------|-------------------------------|-------|----------|
| DATE _____            |              |                               |       |          |
| Department            | Contaminants | Exposure Level<br>(8 hr TWA*) | PEL** | Controls |
|                       |              |                               |       |          |
|                       |              |                               |       |          |
|                       |              |                               |       |          |
|                       |              |                               |       |          |
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|                       |              |                               |       |          |

ATTACHMENT B

Record of Respirator Use

| Required and Voluntary Respirator Use at <i>USA Inc.</i>  |                                  |
|---|----------------------------------|
| Type of Respirator  | Department/Process               |
| Filtering face piece (dust mask)                          | Voluntary use for vessel workers |
| Half-face piece APR or PAPR with P100 particulate filters |                                  |
|   |                                  |
|   |                                  |
|   |                                  |
|   |                                  |

ATTACHMENT C

Hazard Evaluation

| Process Hazard Evaluation for <i>USA Inc.</i> |               |
|---|---------------|
| DATE _____                                    |               |
| Process                                       | Noted Hazards |
|   |               |
|   |               |
|   |               |
|   |               |
|   |               |
|   |               |
|   |               |
|   |               |



ATTACHMENT D

Record of Respirator Issuance

| <b>USA Inc. Personnel in Respiratory Protection Program</b>                            |                   |  |                               |                        |
|--|-------------------|--|-------------------------------|------------------------|
| <i>Date</i>  |                   |  |                               |                        |
| Respiratory protection is required for and has been issued to the following personnel: |                   |  |                               |                        |
| <b>Name</b>  | <b>Department</b> | <b>Job Description/<br/>Work Procedure</b> | <b>Type of<br/>Respirator</b> | <b>Date<br/>Issued</b> |
|  |                   |  |                               |                        |
|  |                   |  |                               |                        |
|  |                   |  |                               |                        |
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|  |                   |  |                               |                        |

## ELECTRICAL SAFETY

### Legal references:

1. NFPA 70 – National Electric Code
2. NFPA 70B - 'Recommended Practice for Electrical Equipment Maintenance'
3. NFPA 70E- 'Standard for Electrical Safety in the Workplace'

### Definitions:

1. **Qualified Person:** The *Ontario Electrical Safety Code* defines a qualified person as:  
'Qualified person means one familiar with the construction and operation of the apparatus and the hazards involved'
2. **Authorized Person:** The *Ontario Electrical Safety Code* defines a qualified person as:  
'means a qualified person who, by the nature of their duties or occupation, is obliged to approach or handle electrical equipment; or a person who, having been warned of the hazards involved, has been instructed or authorized to do so by someone having authority to give the instruction or authorization.'
3. **Competent Person:** The *Occupational Health and Safety Act* defines a competent person as:  
'competent' person' means a person who,
  - (a) is qualified because of knowledge, training and experience to organize the work and its performance,
  - (b) is familiar with this Act and the regulations that apply to the work, and
  - (c) has knowledge of any potential or actual danger to health or safety in the workplace;

### Policies – ENERGIZED ELECTRICAL SYSTEMS (LIVE)

1. **General:** Electrical work may only be performed by a knowledgeable worker qualified by the appropriate training and / or knowledge and experience to perform the type of work involved. The worker must know the risks and hazards associated with the process, the equipment, the work area and any adjacent areas affected by the work.

*Work 'Permits' or an 'unusual hazards' electrical work approval process should be developed.*

### Second Person – 'Safety Monitor'

Where a worker is either working on live equipment;

Or Where a worker is near exposed live electrical equipment or wiring and, because of the nature of the work or the conditions and/or the location of the work place, it is necessary for another person to be in the area to ensure the safety of the worker, a second worker who is not engaged in the work must be appointed by the supervisor as a 'safety monitor.

### The function of the 'safety monitor' is to:

- 1) warn other people in the area of the hazard;
- 2) ensure that all safety precautions and procedures are complied with.
  - (a) A **safety monitor** must be:
    - 1) informed of the duties of a 'safety monitor' and of the hazards involved in the work;
    - 2) trained and instructed in the procedures to follow in the event of an emergency;
    - 3) authorized to immediately stop any part of the work that the monitor considers dangerous;
    - 4) not have any other duties or interruptions that might interfere with the duties as 'safety monitor.

### 2. Safety Procedures

All testing or work performed on electrical equipment must be performed by a qualified person or a worker under the direct supervision of the qualified person. Where the electrical equipment has a voltage in excess of 120 V (?) between any two conductors or between one conductor and ground:

1. The qualified person, and any individuals assisting, must use all required insulated protection equipment and tools necessary to protect themselves from injury during the performance of the work; and
2. All employees working with, or near, the live electrical equipment must be instructed and trained in the use of the insulated protective equipment and tools.

Where electrical equipment is not live, but is capable of becoming live:

- a. No employee is to work on the equipment unless it is completely isolated by a locking device,
- b. A safety ground is properly connected to that equipment, and

- c. The equipment is locked out as required by the (*name of your organization*) lockout procedures.

### **Rubber Gloves and Mitts**

Gloves and mitts issued, or available, to workers must be tested by the worker before being used. Visual and air testing methods are to be used for daily checks. Gloves and mitts issued to or available for use by a worker are to be electrically retested following the CAN/CSA Z259.4-M standard after a maximum of four months usage. Testing must be carried out by an approved testing facility

### **Qualified Person**

Where there is a dispute regarding the term 'qualified person' for purposes of this occupational safety and health standard, the following procedure will be used:

1. The worker or other individual(s) with concerns must raise the matter directly with the supervisor in charge of the area or work.
2. The employee's supervisor will review the employee's qualifications, level of knowledge and experience and decide upon the employee's status and work limitations as a qualified person.

### **Requirements of the 'Electrical Safety Monitor'**

Safety monitors must be present during any work that may breach exclusion zones or during work involving energized equipment or wiring. The 'monitor' does not need to be a licensed electrician or be able to perform the electrical work themselves.

#### **The requirements the 'safety monitor' meet are that they:**

1. are competent in emergency electrical response;
2. are aware of hazards and risks;
3. be competent to observe, warn and communicate effectively;
4. warn other individuals about unsafe approaches to the electrical equipment;
5. are competent to assist with the electrical work;
6. are authorized to stop the work if necessary; and
7. not be assigned to other duties while monitoring.

To 'assist' means to facilitate the performance of the work and:

- a. be competent in isolation techniques;
- b. be competent to rescue the person performing the electrical work; and
- c. be able to provide direct assistance in an emergency; and if necessary
- d. able to provide resuscitation (assessed in the last 24 months).

### **Live Test**

When Lockout Procedures are being used no employee is to give a 'guarantee' of isolation for the performance of a test on isolated electrical equipment where an auxiliary power source could make the equipment live. This does not apply when any live test to be performed on the electrical equipment will not be hazardous to the safety or health of the person performing the live test.

Where a 'guarantee' of isolation for the performance of a live test of isolated electrical equipment is given to a person in charge of the test, that person then becomes the person in charge of the tests, the work area and all related equipment, while the test is being performed. That person is also the person in charge of any other work that is being performed on the equipment while the 'guarantee' is in effect.

Every person performing a live test must warn all people who, during or as a result of the test, are likely to be exposed to a hazard.

Unless otherwise specified in writing by a competent electrical safety person; no employee is to work on or near live electrical equipment or wiring unless the employee is wearing outer clothing with full-length sleeves fastened at the wrists and the clothing is fabricated from tightly woven natural materials as outlined in the electrical work clothing requirements (NFPA 70E).

### **Testing of insulated clothing, equipment and tools**

- Determination of the protective clothing and equipment to be used is to be based on the appendices attached to this policy.
- Every article of insulated protective clothing, insulated equipment and insulated device or tool referred to in this policy must be designed, constructed and maintained to ensure it remains safe, adequate and reliable under all conditions of its intended use.
- Unless each article has been certified by a recognized testing agency before initial use, it must be checked and tested by a qualified person. It also must be tested annually (or more frequently) using an approved method to ensure it retains its integrity.
- No employee is authorized to work on electrical equipment unless that employee uses all protective and insulated clothing and equipment as required or is necessary to ensure their safety.

### **Electrical Test Equipment Inspections**

#### **1) Visual:**

Test instruments and equipment and all associated test leads, cables, power cords, probes, and connectors shall be visually inspected daily for external defects and damage before the equipment is used. If there is a defect or evidence of damage that might expose an employee to injury, the defective or damaged item is to be removed from service, and it cannot be used until repairs and tests necessary to render the equipment safe have been made.

#### **2) Specification Check:**

Look for the 1000-volt, CAT III (or 600-volt, CAT IV - not recommended for main panel boxes) rating on the front of meters and testers, and a 'double insulated' symbol on the back. There should be approval symbols from two or more independent testing agencies, such as CSA, UL, CE or TUV.

Ensure that the amperage and voltage of meter fuses is correct. Fuse voltage must be equal to or higher than the meter's voltage rating and able to support the full surge current of the maximum listed voltage at the voltage input terminals. Test equipment must perform properly in the presence of impulses on volts and amps measurement functions. Ohms and continuity functions are required to handle the full meter voltage rating without becoming a hazard.

Check the instrument's specifications to verify that the ohms and continuity circuit is protected to the same level as the voltage test circuit.

### **Separation of access to hazardous and non- hazardous wiring and equipment**

Every reasonable attempt must be made to keep electrical wiring and equipment used for communications separate from higher voltage electrical power wiring and equipment.

Where any of the following conditions occur:

- 1) electrical power is supplied to communication equipment using hard wiring into a panel box;
- 2) the electrical power panels are located in the same electrical room; or
- 3) the wiring for the electrical power supply and the wiring for the communications system share the same or similar conduits or raceways.

The panel boxes and / or wiring must be clearly identified as to the hazard and voltages.

Electrical power panel boxes, breaker boxes and any equipment which could be a hazard must be isolated or secured in a manner which prevents a communication specialist, or an unqualified person, from accidentally; or within reason; intentionally opening any box or accessing any other source of voltage over the voltages determined to be safe.

The power lines into the communication panels must be protected in a manner so that a communication specialist, or an unqualified person, cannot make accidental contact with any voltage defined as hazardous.

### **SUPPLEMENTAL ELECTRICAL SAFETY FOR 'LIVE' EQUIPMENT AND WIRING**

When working on an electrical system always consider exposed electrical parts to be 'live' until you have personally ensured that they have been properly disconnected and locked/tagged out and it has been verified that the equipment is off and all components which could store a charge have been discharged!

## **A. Electrical wiring and equipment may be:**

### **1. De-energized:**

Which means that any source of energy (electrical, mechanical, pneumatic, chemical, hydraulic) has been removed, lock/tagged out, and the removal or 'isolation' has been verified or 'guaranteed' before the work is started.

*Lockout/Tagout* (see Lockout Procedures) is the placement of a padlock and/or a warning tag on an energy-isolating device (disconnect) which ensures that equipment being controlled cannot be operated until the lockout device is removed.

### **2. Energized (live):**

This means that the equipment is energized, or some energized parts of the equipment, have either not had all sources of electrical power turned off, or are not locked/tagged out, or are in the 'on' position. Live parts which a worker could make contact with must always be turned off and de-energized unless:

- a. The de-energization of the equipment is not possible, due to the design of the equipment or the necessity of checking a power source or power function.
- b. The de-energization of the equipment will cause an additional or increased hazard such as deactivation of emergency alarm systems, shutdown of hazardous location ventilation systems, or removal of illumination for an area.  
If it is determined that work on energized electrical equipment is necessary, safe work practices, as outlined in these policies and procedures, must be followed to prevent injury or death while the work is in process. Safe work practices include following safe procedures, using the correct personal protective equipment, using insulated tools, ensuring a 'safety monitor' is present, and having an emergency plan in place and ensuring appropriate on the job training had taken place.

## **B. Personal Protective Equipment**

All workers who work in/around energized equipment and have the potential to come into contact with 'live' exposed parts must be provided with and use Personal Protective Equipment (PPE).

### **The following guidelines must be followed:**

- 1) PPE must be used whenever there is a chance of coming into contact with exposed electrical parts. This includes simple operations such as resetting a switch inside a piece of equipment or a panel box that contains exposed live wires, connectors or contacts. .
- 2) The PPE used must be appropriate for the work being performed. Ensure that electrical rated gloves, insulated tools, and other test equipment or protective devices are rated in excess of the voltage levels they will be used around. Electrically rated tools must be clearly labeled with the level of voltage for which they are approved. Never exceed the tool's electrical rating!
- 3) Always inspect electrical tools and PPE before each use to make sure they are in good condition and work properly. If a tool has been damaged, or the PPE has tears or holes, replace the item(s) before conducting the assigned work. In order to protect electrical insulated gloves from puncture, they can be worn under thicker, heavier electrically rated leather gloves.
- 4) Wear non-conductive head protection if working in a location that presents a possible electrical hazard to the head (bumping into exposed lines, parts, etc.). Head Protection: Class 'E' (Electrical): is tested using 20,000 volts; or Class 'G' (General): is tested using 2,200 volts
- 5) Wear eye and face PPE, such as an approved electrical face shield and safety glasses, (on higher voltages a chin cup is required) whenever there is a possibility of electrical arcs or explosion. Non-conductive safety glasses with side shields should always be worn underneath a face shield. A face shield alone does not provide enough protection.
- 6) All test instruments and equipment (volt, amp, ohm meters) and associated leads, cables, power cords, probes, and connectors must be visually inspected for external defects and damage before the equipment is used. If any defect or damage is noted remove the item from service.
- 7) All electrical workers are required to wear electrically rated steel-toed boots, identified with the omega symbol, at all times.
- 8) Utilize approved electrical tools and fuse handling equipment that is insulated in excess of the circuit voltage indicated on the box. Never use a non-insulated tool to remove a fuse.
- 9) You may need to utilize insulating materials, such as non-conductive matting and insulated blankets. They are intended to provide a barrier between your body and the energized parts.

### C. Safe Work Practices

The following work practices are part of all live electrical work procedures:

- 1) When normally enclosed live parts are exposed for maintenance or repair, they must be guarded to protect people from making accidental contact. Barricades can be used. If barricades are not sufficient, then an 'Electrical Safety Monitor' must be used.
- 2) Safety signs and tags must be used to warn employees of electrical hazards.
- 3) Never approach, or take any conductive object without an approved insulating handle, closer than 1 meter to any exposed energized parts. Approved electrical gloves, sleeves and/or tools must be utilized if approaching closer than 1 meter.
- 4) Conductive items must not be worn in the vicinity or while working on exposed energized parts.

Examples of items to avoid - jewelry, body jewelry, watch bands, bracelets, rings, key chains, necklaces, hair bands, conductive buttons, metal zippers or zipper parts, coins, etc..

- 5) Always use non-conducting ladders intended for electrical work when working around electricity. Ensure the ladder is clear of oils, grease or spilled liquids which could conduct electricity.
- 6) Do not work on circuits in wet locations or on outside outlets which don't have GFCI's (ground fault circuit interrupters) to prevent the worker's body from becoming the path to ground for 'leaking' current.
- 7) Ensure that all electrical boxes remain accessible at all times and never place equipment, etc. in front of them. Flammable and combustible materials should not be stored in electrical equipment rooms at any time.
- 8) Use instructions, signs, or barriers to protect people from electrical hazards. Always consider electrical equipment energized unless proven otherwise.
- 9) Never modify electrical devices beyond the intent of their design.

### D. Rescue Procedures

A person working on live power voltage should never be working alone. A 'Safety Monitor', who can assist the worker, but not in the hazardous zones should be present. Electricity, even at voltages of 115V, can cause severe injury or death by causing a person's heart or lungs to stop working. Electricity can also cause minor to severe burns. Serious electrical burns often appear to be minor since most of the damage to body tissues and organs is internal. If a worker has come into contact with electricity the worker may not be able to remove themselves from the electrical source.

### **DO NOT ATTEMPT TO PULL THE PERSON FROM THE ELECTRICAL SOURCE WITH YOUR BARE HANDS, YOU MAY BE ELECTROCUTED.**

The human body is a good conductor of electricity. If you touch a person while they are in contact with the electrical source, the electricity will flow through your body causing electrical shock. Always attempt to turn off the source of the electricity (disconnect). If the electrical source cannot readily and safely be turned off, **use a non-conducting object**, such as a fiber glass object or a wooden pole, to remove the person from the electrical source. Emergency medical services should be called as soon as possible. When the victim has been removed from the electrical source, check to see if the person is breathing and if they have a pulse. If necessary, administer CPR (if you are trained) until emergency personnel arrive at the scene. Never go near a victim that has been electrocuted by a high voltage transformer or line, even if they are no longer in direct contact with the power source, because electricity from the line or other source can arc several feet through the air and you could be electrocuted.

## ELECTRICAL EQUIPMENT INSPECTION AND REPAIRS

### **EXTENSION CORDS, DROP LIGHTS, PORTABLE HAND TOOLS**

1. If any electrical equipment is in need of repair, it is the employee's responsibility to turn it in to their supervisor for the needed repairs. The Terminal Maintenance shop will have the necessary repairs made or take steps to replace the equipment if warranted.
2. No repairs should be made on electrical equipment other than by a competent electrical repairman.

3. It is the responsibility of each supervisor who has the equipment under his control to ensure that the equipment is returned when it is determined to be defective. No defective equipment should be used unless prior permission has been obtained.
4. Prior to issuing any portable electrical tools or equipment to employees, the supervisor will check the equipment to ensure that it is safe to use at that time.

### **ELECTRICALLY POWERED SHOP EQUIPMENT**

1. All electrical powered shop equipment, which is rigidly wired from main switches to equipment, will be inspected on a regular basis. Any equipment found to be in an unsafe condition will be removed from service until repairs are made.
2. Grounding rods and attachments are required and must be used.

### **OFFICE ELECTRICAL EQUIPMENT**

1. Under the Zone Inspection Program all electrically operated office equipment is inspected periodically. This includes fans, typewriters, calculators, water coolers, electrical heaters, air conditioners, etc.
2. Any equipment found to be defective will be taken out of service and tagged "do not use".

### **GROUNDING OF ALL EQUIPMENT**

Upon installation of any electrical power service to any apparatus or device, grounding circuits will be run, attached, and inspected by a qualified electrician.

**The highlighted section is what the facility will educate the general employee for electrical safety ....**

### ***ELECTRICAL SAFE WORK PRACTICES***

**Never handle or touch exposed wiring. If wiring is exposed report the condition to your Supervisor immediately**

**Do not block any electrical panels, or power sources. OSHA regulations require at least 36 inches of clearance**

**Never attempt to work on any electrical equipment.**

**Never remove or tamper with any electrical equipment that has a lock out / tag out tag attached to that piece of equipment.**

## **Fall Protection Program**

### **I. OBJECTIVE**

The objective of the Fall Protection Program is to identify and evaluate fall hazards to which employees will be exposed, and to provide specific training as required by the Occupational Safety and Health Administration (OSHA) Fall Protection Standard, 29 CFR 1926, Subpart M.

### **II. POLICY**

It is the policy of to protect its employees from occupational injuries by implementing and enforcing safe work practices and appointing a competent person(s) to manage the Fall Protection Program. The Fall Protection Program shall comply with the OSHA requirements..

### **III. ASSIGNMENT OF RESPONSIBILITY**

#### **A. Employer**

It is the responsibility of the Director of Operations to provide fall protection to affected employees, and to ensure that all employees understand and adhere to the procedures of this plan and follow all instructions.

#### **B. Program Manager**

It is the responsibility of Director of Operations as the Fall Protection Program Manager to implement this program by:

1. performing routine safety checks of work operations;
2. enforcing safety policy and procedures;
3. correcting any unsafe practices or conditions immediately;
4. training employees and supervisors in recognizing fall hazards and the use of fall protection systems;
5. maintaining records of employee training, equipment issue, and fall protection systems used at jobsites; and
6. investigating and documenting all incidents that result in employee injury.

#### **C. Employees**

It is the responsibility of all employees to:

1. understand and adhere to the procedures outlined in this program;
2. follow the instructions of safety coordinator;
3. bring to management's attention any unsafe or hazardous conditions or practices that may cause injury to either themselves or any other employees; and
4. report any incident that causes injury to an employee, regardless of the nature of the injury.

### **IV. TRAINING**

A. All employees who may be exposed to fall hazards are required to receive training on how to recognize such hazards, and how to minimize their exposure to them. Employees shall receive training as soon after employment as possible, and before they are required to work in areas where fall hazards exist.

B. A record of employees who have received training and training dates shall be maintained by the safety coordinator. Training of employees shall include:

1. Nature of the fall hazards employees may be exposed to.
2. Correct procedures for erecting, maintaining, disassembling, and inspecting fall protection systems.
3. Use and operation of controlled access zones, guardrails, personal fall arrest systems, safety nets, warning lines, and safety monitoring systems.
4. Role of each employee in the Safety Monitoring System (if one is used).
5. Limitations of the use of mechanical equipment during roofing work on low-slope roofs (if applicable).
6. Correct procedures for equipment and materials handling, and storage and erection of overhead protection.
7. Role of each employee in alternative Fall Protection Plans (if used).
8. Requirements of the OSHA Fall Protection Standard, 29 CFR 1926, Subpart M.
9. Company requirements for reporting incidents that may cause injury to an employee.

C. Additional training shall be provided on an annual basis, or as needed when changes are made to this Fall Protection Program, an alternative Fall Protection Plan, or the OSHA Fall Protection Standard.

### **V. FALL PROTECTION SYSTEMS**

#### **A. Personal Fall Arrest Systems**



1. Personal fall arrest systems shall be issued to and used by employees as determined by safety coordinator and may consist of anchorage, connectors, body harness, deceleration device, lifeline, or suitable combinations. Personal fall arrest systems shall:
  - a. limit the maximum arresting force to 1800 pounds;
  - b. be rigged so an employee cannot free fall more than six (6) feet or contact any lower level;
  - c. bring an employee to a complete stop and limit the maximum deceleration distance traveled to three and a half (3 ½) feet;
  - d. be strong enough to withstand twice the potential impact energy of an employee free falling six (6) feet (or the free fall distance permitted by the system, whichever is less);
  - e. be inspected prior to each use for damage and deterioration; and
  - f. be removed from service if any damaged components are detected.
2. All components of a fall arrest system shall meet the specifications of the OSHA Fall Protection Standard, and shall be used in accordance with the manufacturer's instructions.
  - a. The use of non-locking snap-hooks is prohibited.
  - b. Dee-rings and locking snap-hooks shall:
    - i. have a minimum tensile strength of 5000 pounds; and
    - ii. be proof-tested to a minimum tensile load of 3600 pounds without cracking, breaking, or suffering permanent deformation.
  - c. Lifelines shall be:
    - i. designed, installed, and used under the supervision of the safety coordinator;
    - ii. protected against cuts and abrasions; and
    - iii. equipped with horizontal lifeline connection devices capable of locking in both directions on the lifeline when used on suspended scaffolds or similar work platforms that have horizontal lifelines that may become vertical lifelines.
  - d. Self-retracting lifelines and lanyards must have ropes and straps (webbing) made of synthetic fibers, and shall:
    - i. sustain a minimum tensile load of 3600 pounds if they automatically limit free fall distance to two (2) feet; or
    - ii. sustain a minimum tensile load of 5000 pounds (includes ripstitch, tearing, and deforming lanyards).

#### B. Safety Monitoring Systems

In situations when no other fall protection has been implemented, the safety coordinator or superintendents shall monitor the safety of employees in these work areas. The persons monitoring shall be:

1. competent in the recognition of fall hazards;
2. capable of warning workers of fall hazard dangers;
3. operating on the same walking/working surfaces as the employees and able to see them;
4. close enough to work operations to communicate orally with employees; and
5. free of other job duties that might distract them from the monitoring function.

No employees other than those engaged in the work being performed under the Safety Monitoring System shall be allowed in the area. All employees under a Safety Monitoring System are required to promptly comply with the fall hazard warnings of the persons monitoring.

## VI. ACCIDENT INVESTIGATIONS

All incidents that result in injury to workers, as well as near misses, regardless of their nature, shall be reported and investigated. Investigations shall be conducted by the safety coordinator as soon after an incident as possible to identify the cause and means of prevention to eliminate the risk of reoccurrence.

In the event of such an incident, the Fall Protection Program (and alternative Fall Protection Plans, if in place) shall be reevaluated by the safety coordinator to determine if additional practices, procedures, or training are necessary to prevent similar future incidents.

## VII. CHANGES TO THE PLAN

Any changes to the Fall Protection Program (and alternative Fall Protection Plans, if in place) shall be approved by the safety coordinator, and shall be reviewed by a qualified person as the job progresses to determine additional practices, procedures or training needs necessary to prevent fall injuries. Affected employees shall be notified of all procedure changes, and trained if necessary. A copy of this plan, and any additional alternative Fall Protection Plans, shall be maintained at the jobsite by the Director of Operations.

## **VII RESCUE PLAN FOR EMPLOYEES**

This facility has a 24 hours emergency response team that can be notified through any of the roaming security guards or by calling the security office.

All employees have cell phones and 2-way radios for constant communications.

Our employees must utilize the buddy system and always work in pairs when there is a need to utilize fall protection devices.

### **Working at Heights Rescue Procedures**

#### **Introduction**

The implementation and maintenance of a safe work environment is the collective responsibility of all employees, contractors, and visitors to the jobsite. It is Logistec policy to provide prompt medical treatment when a worker is injured on the jobsite. To do this, workers may have to perform a working at heights rescue to bring down a worker who has fallen and is suspended in a safety harness.

This procedure applies to all managers, supervisors, forepersons, employees, subcontractors, and visitors of the Logistec facility.

#### **Purpose of Working at Heights Rescues**

When a worker falls and is suspended in a harness, it's important to rescue him or her as quickly as possible because of the following reasons.

- The worker may have suffered injuries during the fall and may need medical attention.
- When workers are suspended in their safety harnesses for long periods, they may suffer from blood pooling in the lower body. This can lead to suspension trauma.
- Suspended workers may panic if they are not rescued quickly.
- The event that led to the fall may create additional risks that need to be addressed.

#### **Emergency Planning**

The three main parts of emergency planning are:

- Training
- Creating an emergency plan
- Outlining rescue procedures.

#### **Training**

Employees shall attend a site-specific safety training session where they will review emergency response procedures and receive instruction on alarms and assembly areas.

- Train Logistec employees on how to perform the rescue. These employees must know how to use the equipment that is available to them at the Logistec and where they can find the equipment. They should review the rescue procedure periodically.

#### **Emergency Response Plan**

If a worker falls and is suspended by a safety harness, implement the emergency fall rescue plan by following the steps below.

- The site supervisor (or alternate foreperson) takes control of the situation.

- The site supervisor sounds the emergency alarm—verbal, two way radio and cell phone. All employees in the immediate vicinity of the incident will stop working. The site supervisor quickly evaluates the situation and identifies any further hazards that could arise.
- The site supervisor or their designee goes to get help if workers are close by. If no one is close enough, the site supervisor calls for help using two way radios or cell phone.
- The site supervisor calls 911 to notify local police, fire, and ambulance if required as well as upper Management (GM, Operations Manager and Assistant Manager, Safety Manager, Maintenance Manager
- The site supervisor (or a worker assigned to the task) isolates the incident zone and its perimeter to limit further exposure.
- The site supervisor (or a worker assigned to the task) moves all non-affected personnel to a safe zone or directs them to remain where they are.
- The site supervisor enables radio silence at the facility, except for crisis communications from emergency responders. These communications are conducted on a pre-selected "emergency only" radio channel.
- The site supervisor sends a designated worker to the security entrance gate to meet the response team (police, medical, fire, etc.) and ensure that they have a safe access path to the incident scene.
- The site supervisor assembles the rescue team at the incident site as quickly as possible to determine the best rescue procedure for the situation.

### **Rescue Procedures**

JLG Platform Rescue — If the JLG is available on site and the suspended worker can be reached by the platform, follow the procedure below.

- Bring the JLG to the incident site and use it to reach the suspended worker.
- Ensure that rescue workers are wearing full-body harnesses attached to appropriate anchors in the JLG.
- Ensure that the JLG has the load capacity for both the rescuer(s) and the fallen worker. If the fallen worker is not conscious, two rescuers will probably be needed to safely handle the weight of the fallen worker.
- Position the JLG platform below the worker and disconnect the worker's lanyard when it is safe to do so. When the worker is safely on the JLG, reattach the lanyard to an appropriate anchor point on the JLG if possible.
- Lower the worker to a safe location and administer first aid or CPR as needed.
- Arrange transportation to hospital if required.

Forklift Man Basket Rescue – If the suspended worker can be reached by forklift utilizing a man basket the following procedures should be utilized.

- Attach man basket securely to the fork lift per attachment requirements
- Bring the fork lift to the incident site and use it to reach the suspended worker.
- Ensure that rescue workers are wearing full-body harnesses attached to appropriate anchors in the man basket.
- Ensure that the fork lift and man basket combined has the load capacity for both the rescuer(s) and the fallen worker. If the fallen worker is not conscious, two rescuers will probably be needed to safely handle the weight of the fallen worker.
- Position the man basket below the worker and disconnect the worker's lanyard when it is safe to do so. When the worker is safely in the man basket, reattach the lanyard to an appropriate anchor point on the man basket if possible.
- Lower the worker to a safe location and administer first aid or CPR as needed.
- Arrange transportation to hospital if required.

Ladder Rescue — If a JLG or forklift with man basket is not available, use ladders to rescue the fallen worker with the procedure outlined below.

- If the fallen worker is suspended from a lifeline, move the worker (if possible) to an area that rescuers can access safely with a ladder.
- Set up the appropriate ladder(s) to reach the fallen worker.
- Rig separate lifelines for rescuers to use while carrying out the rescue from the ladder(s).
- If the fallen worker is not conscious or cannot reliably help with the rescue, at least two rescuers may be needed.
- If the fallen worker is suspended directly from a lanyard or a lifeline, securely attach a separate lowering line to the harness.
- Other rescuers on the ground (or closest work surface) should lower the fallen worker while the rescuer on the ladder guides the fallen worker to the ground (or work surface).
- Once the fallen worker has been brought to a safe location, administer first aid and treat the person for suspension trauma and any other injury.
- Arrange transportation to hospital if required.

Rescue from Work Area or Floor Below — If the fallen worker is suspended near a work area and can be safely reached from the floor below or the area from which they fell, use the following procedure.

- Ensure that rescuers are protected against falling.
- If possible, securely attach a second line to the fallen worker's harness to help rescuers pull the fallen worker to a safe area. You will need at least two strong workers to pull someone up to the level from which they fell.
- Take up any slack in the retrieving line to avoid slippage.
- Once the worker has been brought to a safe location, administer first aid and treat the person for suspension trauma and any other injury.
- Arrange transportation to hospital if required.

### **Post-Rescue Procedure**

All non-affected workers should remain in the designated safe gathering zone until the site supervisor notifies them to do otherwise.

The site supervisor and health and safety representative should

- Begin the accident investigation.
- Quarantine all fall-arrest equipment that may have been subjected to fall fatigue effects and/or shock loading for further investigation.
- Secure the area (the OSHA requires that an accident scene not be disturbed where a fatal or critical injury has occurred).
- Determine whether or not the jobsite-specific rescue and evacuation plans were followed as designed.
- Record modifications or additions to the plans that the rescue team deems necessary.
- Record all documented communications with fire, police, MOL, and other contractors involved. (When a fall occurs and is arrested, you must notify the MOL in writing.)
- Record all documented statements from employees, witnesses, and others.
- Save all photographs of the incident.
- Record all key information such as dates, time, weather, general site conditions, and specific accident locales including sketches of the immediate incident area, complete with measurements if applicable.

## Attachment A

### Alternate Fall Protection Plan for Container Operations Handling Procedure

When moving containers onto or off of a vessel, a semi-automatic spreader bar (*If available*) will be employed.

When a semi-automatic spreader bar cannot be used due to the capacities of the crane or the location of the containers, and we must employ the use of wire rope cables to discharge or load containers, ladders will be used on the vessel to hook the cables onto the containers.

Any ladder that will be used for this purpose must be in good condition, and have intact non-skid feet (*Most vessel ladders will not meet these requirements*). A second employee should foot the bottom of the ladder to secure it from slipping.

If for any reason an employee is to be allowed on top of a container, that employee must:

- Be instructed to use a ladder to gain access onto the container, with another employee securing the feet of the ladder. The ladder must extend a minimum of three feet above the top of the container.
- Be instructed as to the definition of a fall hazard as it pertains to containers (within 3 feet of the edge).
- Be instructed to stay as far away from the edge of the container as possible.
- Be instructed to stay on hands and knees when approaching the fall hazard.
- Be instructed to move slowly when on top of the containers.

If an employee is to be allowed on top of a container for any reason, there must be a supervisor present at all times to ensure that the above instructions are followed.

Man-baskets attached to forklifts will be employed on the docks to hook or unhook the cables from the containers, eliminating the need for an employee to go on top of a container on the dock.

The supervisor will document any instructions and training given to the employee during the pre-vessel safety meeting as well as the start of the container operations.

There are three (3) elements necessary for a fire:

1. **Fuel** - Combustible material, i.e., wall coverings, paper products, furniture, etc. Flammable liquids, i.e., paints, thinners, lacquers, gasoline, and others.
2. **Heat** - Sufficient to raise the material to its ignition temperature. Primary causes can be cigarette smoking, electrical fires, grease fires, and fires caused by explosions.
3. **Oxygen** to sustain combustion. Oxygen is the one element that could be controlled by closing doors and isolating the fire as much as possible.

### **FIRE AND EXPLOSION PREVENTION**

Each supervisor will be responsible for the following fire prevention activities:

1. Make routine inspections of fire prevention and protection systems regularly and keep in good operating condition.
2. Review evacuation routes, as applicable with employees on a regular basis for each work area. Follow the designated routes and know the pre-designated safe areas previously established.
3. Train key employees, if necessary, in the use of fire protection equipment (extinguishers, hose, etc.).
4. Be familiar with known hazards that may affect your operations inside and outside any building.
5. Coordinate with the public fire department on pre-fire plans, training and evacuation procedures, as they may apply.

### **FIRE EXTINGUISHERS & EQUIPMENT**

#### **General Requirements**

1. Portable fire extinguishers must be maintained in a fully charged and operable condition and kept in their designated places at all times when they are not being used.
2. Extinguishers must be conspicuously located where they will be readily accessible and immediately available for use.
3. The selection of fire extinguishers for a given situation will depend upon the characteristics of a potential fire, the construction and occupancy of the individual property, the vehicle or hazard to be protected, ambient temperature conditions, and other factors.
4. The number of extinguishers required must be determined by reference to the layout criteria included in this manual.
5. Only employees who have been trained in their proper use are permitted to use fire extinguishers.

#### **Maintenance:**

1. At regular intervals, not less than annually, or when specifically indicated by an inspection, extinguishers must be thoroughly examined, recharged and/or repaired to ensure operability and safety, or replaced as needed.
2. Extinguishers removed from their locations to be recharged must be replaced by spare extinguishers during the period they are gone.
3. Each extinguisher must have a durable tag securely attached to show the maintenance or recharge date and the initial or signature of the person who performs this service.
4. Ensure Emergency Phone Numbers are posted near each phone.

### **FLAMMABLE AND COMBUSTIBLE LIQUID AND MATERIALS**

1. Flammable liquid containers must be clearly labeled and stored in a protected, separate area.
2. Flammable liquids must be used only in small quantities and in **approved (UL or FM)**, self-closing containers.
3. Do not refuel a hot or running engine. Clean up spills before restarting.
4. Never use gasoline as a cleaner or solvent. Anyone who may do so is subject to immediate discharge.
5. Only use approved containers for the transportation of flammable liquids, especially gasoline.
6. Never use air or machines to push flammables out of barrels.

### **SPECIFIC HAZARDS**

#### **Smoking**

Smoking is permitted in designated areas only. Don't use ashtrays as waste paper receptacles, or don't use waste paper receptacles as ashtrays.

**Electrical**

Make sure that all electrical cords are not frayed and that the connections with the receptacles and the machinery are intact. Do not overload wiring. If cords become warm, this is the first sign of a possible overload.

**Housekeeping**

1. Don't allow excess paper or combustible products to pile up in the open, near equipment, or buildings.
2. Don't allow materials or boxes to be placed in the way of exit travel.
3. Keep material away from access to electrical panels. (3 FT in each direction)

• **Fire / Explosion**

- Fire Dept. 911
- **Medical Emergency**
- E.M.T. Fire Rescue 911
- **Hazardous Material / Oil Spill**
- U. S. Coast Guard - Ft. Lauderdale (954) 927-1611
- National Spill Response (800) 424-8802

## **PURPOSE**

The purpose of this program is for the company to maintain compliance with applicable OSHA standards and requirements regarding bloodborne pathogens. Provided below is additional information regarding how the OSHA standard is now applicable.

## **SCOPE AND APPLICATION**

This program applies to all employees with occupational exposure to blood and other potentially infectious materials.

The risk of infection with bloodborne pathogens is dependent on the likelihood of exposure to blood and other potentially infectious materials wherever that exposure occurs.

## **EMPLOYEES AT RISK**

**DEFINITIONS:** Before becoming familiar with the program, there are several definitions that should be explained which apply specifically to the program and OSHA regulation. The following definitions are included in paragraph (b) of the OSHA standard and should be clearly understood by all personnel:

### **BLOOD Human blood, human blood components, and products made from human blood.**

**Bloodborne Pathogens** - Bloodborne means pathogenic microorganisms that are present in human blood and can cause disease in humans. These pathogens include, but are not limited to, Hepatitis B Virus (HBV) and Human Immunodeficiency Virus (HIV).

**Contaminated** - The presence of the reasonably anticipated presence of blood or other potentially infectious materials on an item or surface.

**Contaminated Sharps** - Any contaminated object that can penetrate the skin including, but not limited to, broken glass, edges of metal, wires or edges of any sharp material.

**Decontamination** - The use of physical or chemical means to remove, inactivate or destroy bloodborne pathogens on a surface or item to the point where they are no longer capable of transmitting infectious particles and the surface or item is rendered safe for handling, use or disposal.

**Occupational Exposure** - Reasonably anticipated skin, eye, and mucous membrane contact with blood or other potentially infectious materials that may result from performance of employee's duties.

**Universal Precautions** - Treating ALL blood or body fluids as potentially infectious. *(Note: Every person who may transmit infection cannot be identified. Do not take chances because it only takes one exposure to become infected.)*

**Work Place Transmission** - In the work place, bloodborne pathogens are transmitted in the same ways. HBV, HIV and other pathogens may be present in:

- \* Blood, vaginal secretions and certain other body fluids.
- \* Unfixed tissues or organs other than intact skin.

**Means of Transmission** - The method by which the virus enters the body. This can occur in several ways:

- \* Accidental cuts with a sharp object that is contaminated with infected blood or body fluids.
- \* Getting infected blood or body fluids on the skin, especially if the skin has open sores, nicks or cuts.
- \* Getting infected blood or body fluids in the mucous membranes of the eyes, nose or mouth.

## **OTHER POTENTIALLY INFECTIOUS MATERIALS**

1. **The following human body fluids:**
  - a. Semen
  - h. vaginal secretions



- b. Cerebrospinal fluid
  - c. Pleural fluid
  - d. Peritoneal fluid
  - e. Saliva in dental procedures
  - f. Any body fluid visibly contaminated with blood
  - g. All body fluids in situations where it is difficult or impossible to differentiate between body fluids
  - i. synovial fluid
  - j. pericardial fluid
  - k. amniotic fluid
2. **Any unfixed tissue or organ (other than intact skin) from a human (living or dead)**
  3. **HIV - containing cells or tissue cultures, organ cultures, and HIV - or HBV - containing culture medium or other solutions; and**
  4. **Blood, organs, or other tissue from experimental animals infected with HIV or HBV.**

### REGULATED WASTE

1. Liquid or semi-liquid blood or other potentially infectious materials;
2. Contaminated items that would release blood or other potentially infectious materials in a liquid or semi-liquid state if compressed;
3. Items that are caked with dried blood or other potentially infectious materials and are capable of releasing these materials during handling;
4. Contaminated sharps; and
5. Pathological and microbiological wastes containing blood or other potentially infectious materials.

### INTRODUCTION

Employees incur risk each time they are exposed to bloodborne pathogens. Any exposure incident may result in infection and subsequent illness. Since it is possible to become infected from a single exposure incident, exposure incidents must be prevented whenever possible.

### EXPOSURE CONTROL PLAN

To eliminate or minimize employee exposure to blood and other potentially infectious materials, the company was required by OSHA to develop a written **Exposure Control Plan**.

The **Exposure Control Plan** consists of the following elements:

1. The exposure determination;
2. The schedule and method of implementing other applicable portions of this program, i.e. methods of compliance and recordkeeping provisions; and
3. The procedures for evaluating circumstances surrounding an exposure incident.

One key element of the Exposure Control Plan is the exposure determination. In the exposure determination, we must identify and document the job classifications where occupational exposure to blood can occur. This determination will "be made without regard to using personal protective equipment".

### METHODS OF COMPLIANCE

There are various methods of compliance or control against exposure to bloodborne pathogens. It is mandatory that employees utilize at least one of the following methods when there is exposure or potential exposure to blood and/or other potentially infectious materials:

1. Universal precautions;
2. Engineering and work practice controls;
3. Personal protective equipment; and
4. Housekeeping.

### UNIVERSAL PRECAUTIONS

Universal Precautions is an approach to infection control. According to the concept of Universal Precautions, all human blood and certain body fluids are treated as if known to be infectious for HIV, HBV, and other bloodborne

pathogens. All employees must follow the written program for **UNIVERSAL PRECAUTIONS** as outlined in this manual.

### **ENGINEERING CONTROLS**

Engineering controls are controls that isolate or remove the bloodborne pathogens hazard from the workplace. Examples of engineering controls that the company requires employees to use include the following:

1. Hand washing facilities and/or antiseptic hand cleaners must be readily accessible to all employees.
2. Should sharps containers be necessary, we will utilize color-coded and puncture resistant ones.
3. Eyewash stations with at least a 15-minute flow capacity will be made available to all affected employees.

Engineering controls and work practice controls shall be used in preference to other methods as good industrial hygiene practices and are compatible in adherence to traditional controls.

### **MAINTENANCE OF CONTROLS**

To ensure their effectiveness, engineering controls shall be examined and maintained or replaced on a regularly scheduled basis. **At least monthly**, the effectiveness of the program is to be evaluated by the Safety Manager as part of their safety survey. The engineering controls are subject to periodic replacement or preventative maintenance by the Safety Manager.

### **WORK PRACTICE CONTROLS**

Work practice controls reduce the likelihood of exposure by altering the manner in which a task is performed. While work practice controls act on the source of the hazard, the protection they provide is based on management and employee behavior rather than installation of a physical device such as a protective shield.

Some examples of work practice requirements for designated employees, which are included in the MEDICAL SAFETY PROGRAM, are:

1. Hand washing is required when gloves are removed and as soon as possible after contact with body fluids.
2. Personal protective equipment (PPE) is to be removed after leaving the work area. It must be properly discarded by placing it in the appropriate container followed by hand washing.
3. Where there is a potential for exposure to bloodborne pathogens, the following activities are strictly prohibited and employees should:
  - a. Never eat or drink in the area;
  - b. Do not apply cosmetics or lip balm; and
  - c. Do not insert or adjust contact lenses.
4. All procedures involving the handling or potential exposure to blood or other potentially infectious material will be performed in such a way as to minimize exposure to splashing, spraying, or related exposure.

### **Training records:**

- a. Records of each training session conducted including: The date, summary of the content, names and job titles of attendees, and names and qualifications of the trainers, must be maintained for three years from the date of the training session, and made available for inspection and copying to employees, and authorized OSHA representatives upon request.
- b. Copies of the employee's training are placed in the employee's personnel file.

**General First Aid Response** - Always remember: If not trained in first aid, make as little contact with the injured worker as possible. If the injured worker is bleeding, leave on all regular personal protective equipment and get a pair of leak-proof gloves (latex or rubber) to wear under work gloves. **THIS PROCEDURE MAY SEEM TRIVIAL; BUT WEARING LEAK-PROOF GLOVES CAN LITERALLY BE A LIFE SAVER.**

**Emergency Assistance** - In case of emergency:

- \* Know what to do before an emergency occurs.
- \* Find a trained emergency care person (first aid trained) if not trained you.
- \* Do not take unnecessary risks.

- \* Shut off machinery if necessary and qualified to operate.
- \* Ensure someone notifies management and calls 911 for assistance.
- \* Do whatever must be done to save a life - BUT:
  - Do Not Touch Blood or Body Fluids
  - Do Not Give Unprotected Mouth-to-Mouth Resuscitation
- \* Wait for emergency professionals to arrive on scene.
- \* If you do get blood or other potentially infectious materials on the skin, immediately wash with non-abrasive soap and water. If the mucous membranes of the eyes, nose or mouth are exposed, immediately flush with running water at a sink or eyewash station.
- \* Considering the information above, focus should be given to stopping bleeding.
- \* Stay with the injured person.

**Clean Up** - Safely taking care of the accident victim is just the start of removing infectious bloodborne diseases from the work place. A hazardous situation continues to exist until:

- \* The entire area is cleaned of blood and/or body fluids.
- \* Contaminated cleaning equipment has been disinfected or disposed of properly and safely.

**Housekeeping** - When cleaning blood or body fluids on the job:

- \* Wear gloves to protect the hands. It is even recommended that two pairs of gloves are worn when cleaning up after an accident. Avoid tearing the gloves on equipment.
- \* Put on leak-proof apron so blood and/or body fluids will not get on clothes.
- \* Restrict access to the affected area.
- \* Use disposable towels to soak up most of the blood.
- \* Put all contaminated towels and waste in a sealed color-coded or labeled leak-proof container. Dispose of it as regulated waste.
- \* Clean with an appropriate disinfecting solution. Ten parts water to one part bleach will do. Bleach will kill both HIV and HBV. After cleaning, promptly disinfect mops and any other cleaning equipment. Otherwise the virus may spread to other areas.

**Other Exposure Hazards** - Accidents are not the only times when concern should be given in dealing with blood and other potentially infectious body fluids. Sometimes hazards that is less obvious while performing routine cleaning or maintenance tasks. These hazards are just as dangerous as an accident. For example; Blood may be present in vomit, urine or feces. Wear gloves and protective equipment if you must clean surfaces soiled with body fluids or excretions. Blood, even if it cannot be seen, can be almost anywhere that has to be cleaned such as:

- \*Toilets
- \*Sinks
- \*Trash

**Be Prepared** -

- \*Always wear gloves and a protective smock or apron whenever there is the slightest risk.
- \*Be alert for sharp objects such as broken glass or can lids when emptying trash.
- \*Do not pick up broken glass directly with the hands. Use a brush and dustpan.
- \*Place contaminated sharp objects and other contaminated wastes or cleaning materials in sturdy, puncture resistant, leak-proof containers and dispose of them.

**Common Sense Rules** - Be sure to wash hands and remove any protective clothing before:

- Eating
- Drinking
- Smoking
- Applying cosmetics or lip balm
- Handling contact lenses

Keep hands away from the face, especially the nose, mouth and eyes while cleaning.

**Hand washing** - This is one of the best defenses against spreading infection, including HBV and HIV. Always wash hands with non-abrasive soap and water at the end of the shift and after removing work gloves.

**Summary:** Protection from bloodborne diseases on the job requires knowing the facts, practicing good hygiene and taking a few sensible precautions. These are measures, which can be controlled. They are vitally important, so take them seriously.

### **FIRST AID**

Management will maintain a program, which will provide a trained first aid person. Every effort will be made to have members of supervision and the workforce trained and certified in first aid.

It is also policy that a first aid kit with supplies approved by management be maintained in a weatherproof container with individual sealed pack packages for each item. The contents of the kit should be checked at least weekly.

As a minimum, the first aid kit will consist of a weatherproof container with individual sealed packages for each type of item. The contents will include a sufficient quantity of at least the following items:

- Gauze roller bandages, 1 and 2 inch
- Gauze compress bandages, 4 inch
- Adhesive bandages, 1 inch
- Triangular bandage, 40 inch
- Ammonia inhalants and ampoules
- Antiseptic applicators or swabs
- Burn dressing
- Eye dressing
- Wire or thin board splints
- Forceps and tourniquet
- Leak-proof latex or rubber gloves

The primary objective in first aid is to sustain life by utilizing basic life support techniques to:

- Maintain an airway
- Maintain breathing
- Maintain circulation
- Control bleeding
- Treat for shock
- Get medical care for the victim

The first aid provider must avoid panic, offer reassurance, inspire confidence and do what is necessary until medical help arrives.

### **RECORDKEEPING**

believes that the only valid means of reviewing and identifying trends and deficiencies in a safety program is through an effective recordkeeping program. The recordkeeping element is also essential in tracking the performance of duties and responsibilities under the program.

This company is committed to implementing and maintaining an active, up to date recordkeeping program.

#### *Injury and Illness Data*

will maintain records of all work related injuries and illnesses to our associates and employees.

The following records are applicable only to work related injuries and illnesses.

Applicable forms or records:

- OSHA 300, Log of Work-Related Injuries and Illnesses or equivalent if required.
- OSHA 300A, Summary of Work-Related Injuries and Illnesses
- Supervisor's Report of Employee Injury Investigation
- STATE FORMS AS REQUIRED

The OSHA 300 Log of Work-Related Injuries and Illnesses will be maintained. The OSHA 301 Injury and Illness Incident Report or an acceptable equivalent will be established bearing a case number correlating with a case identifier on the OSHA 300 Log and all pertinent and required information. The information contained in or entered on these records will be maintained current within 6 working days of a recordable accident.

The OSHA 300A Summary will be posted in a conspicuous location for employee review no later than each February 1, for the previous calendar year, and will remain in place for a period of not less than 3 months.

All data pertaining to injuries or illnesses that did not require medical treatment, or were otherwise not recordable on the above-mentioned documents, will be maintained in written record form. This will include first aid treatment of any kind.

All injury and illness documentation will be reviewed on a regular basis by management and supervisors to analyze occurrences, identify developing trends and plan courses of corrective actions.

## **SAFETY PROGRAM ANALYSIS AND EVALUATION**

will review and analyze all records and documentation pertaining to the safety and health program and a written report will be prepared of the findings. This review will be conducted on an annual basis and will focus on hazard analysis and recognition of developing trends.

Trend analysis will identify recurring accidents and near miss incidents resulting in or potentially involving injury, illness and/or property damage. The analysis will also recognize repeatedly identified hazards/violations needing corrective action to establish what program component is failing that allows the hazard to exist.

Supervisors will provide information and recommendations for corrective measures for trends developing in their areas.

Employees will be made aware of developing trends and hazard exposures as they are recognized.

Trends of accidents or hazard recurrences will be a focal point for corrective action and employee training as needed.

Corrective measures will be followed until the causal factor has been eliminated or controlled.

Employee training records will be reviewed on a regular basis to ensure an adequate and effective training program is maintained. Employees will be interviewed from time to time to establish retention of training and determine when information should be supported or repeated.

The following is a list of Audits required with the frequency:

|                           |          |                        |
|---------------------------|----------|------------------------|
| LOTO Audit                | Annually | Director of Operations |
| Hazardous Communicatin    | Annually | Director of Operations |
| Safety and Health Program | Annually | Director of Operations |
| JSA                       | Annually | Director of Operations |
| Training                  | Annually | Director of Operations |
| Qualifications            | Annually | Director of Operations |
| Machine Guarding          | Annually | Director of Operations |

#### *Safety and Health Surveys and Inspections/Program*

will maintain and review records of all safety audits and inspections that are conducted within or that affect the company, our employees or facilities.

Reports generated as a result of comprehensive surveys conducted by outside professional agencies will receive immediate attention and consideration. All hazards identified and recommendations will be acted upon in a timely manner. All methods of addressing the issues contained in the reports will be documented in writing and a copy maintained with the survey report. This documentation will also show the date corrections were made or actions taken. These reports and all associated documentation will be maintained for record and periodic review. Members of management that receive these reports will ensure the corrective actions are taken.

Checklists will be developed as part of the inspection process. Checklists will be used and maintained including the name of the person performing the evaluation and the date the inspection takes place. The inspection checklists will be reviewed by management upon completion. All discrepancies identified during the survey will be evaluated as soon as possible. The inspection checklists will be reviewed and evaluated on a regular basis to ensure current applicability. This review will be performed throughout the workplace with input from supervisors and employees. The checklist will be retained along with other applicable data for review. The list will be developed with the assistance of professionals providing comprehensive surveys. The hazards and recommendations noted in the comprehensive surveys will be given consideration for addition to the inspection checklist. Supervisors will be responsible for requisitioning and assisting in the correction process.

#### *Safety or Other Related Meetings*

will maintain accurate records of all proceedings associated with the safety and health program of this company.

Applicable forms and records

\* Minutes, records and data resulting from safety meetings or other gatherings in which discussion occurs that affects the safety and health program.

A record will be maintained of all proceedings and appropriate management actions affecting the safety and health program. These records will include the name of the recorder, date, a list of attendees, details of the topics discussed and action or corrective measures suggested, recommended or taken. The purpose of these is to ensure that decisions affecting the safety and health program of this company are carried out, implemented and that results are tracked.

A recorder will be designated as responsible for keeping minutes or records at each meeting. During each subsequent meeting, the record of minutes for the previous meeting will be reviewed, discussed, resolved and the document closed with an authorized signature.

#### *Training Records*

will document and maintain records of all safety and health related training.

Applicable forms or records

- \* Training documentation records

All safety and health related training provided to employees of this company would be documented. This documentation will be maintained as proof of attendance and reviewed to assist in determining the need for additional or repeated training for employees on an individual basis. Records and documentation of training will include the presenters name, date of training, topic or subject, legible identification of the attendee and attendee signature. The person providing the training is responsible for generating the documentation. The training record will become part of the employee's permanent file.

#### *Accident Investigation*

will ensure proper records and documentation of all accident and incident investigation activities are maintained and reviewed.

Applicable forms and records

- \* Accident investigation forms and supporting data including photographs.
- \* Records of corrective action or preventative measures implemented.

All accidents and near miss incidents resulting in injury or illness to a person, property damage of any magnitude or the potential for either will be investigated and documented. All items on the designated accident investigation form will be addressed in detail as soon as possible following the accident/incident. The information acquired will be used and reviewed by management, supervisors and effected employees to establish all contributing factors and causes. From the investigation, a plan of corrective action will be established to prevent recurrence of the mishap. The plan of corrective action and implementation will be documented and reviewed by management.

#### *Equipment Inspection and Maintenance*

will maintain records and data pertaining to equipment inspection and maintenance programs performed.

Applicable forms and records

- \* Routine inspection and maintenance records.
- \* Documentation of services performed by contract agreement.
- \* Documentation of repair and replacement of parts or equipment.

Accurate records will be maintained involving all routine inspection and maintenance procedures performed on equipment at this company. Management will periodically review this documentation. The documentation will be utilized to determine an effective, ongoing equipment maintenance program and to ensure compliance with regulations that require inspections on certain equipment.

All records will be maintained for a minimum of one full year with the exception of the OSHA 300 form, which must be maintained for five years.

SECTION P

**LOGISTEC EVERGLADE LLC  
SUBSTANCE ABUSE POLICY**

**GENERAL POLICY STATEMENT**

Logistec Everglades LLC (Company) recognizes that the abuse of drugs and alcohol pose very serious problems. The Company has a strong commitment to provide a safe and efficient work place for all its employees and to promote high standards of employee health. The possession, consumption, sale, gift, exchange or use of controlled substances, illegal or unauthorized drugs, or alcohol and related paraphernalia on Company time or on Company property, is prohibited. Likewise, being under the influence of any non-prescribed controlled substance or of alcohol on Company time or on Company property is prohibited, as well as off-the-job illegal drug activity or alcohol abuse that adversely affects an employee's job performance or otherwise jeopardizes the safety of fellow employees, other individuals, or Company equipment. It is prohibited to be under the influence of any medication which may impair work ability, whether prescribed or not.

All applicants for employment must undergo a urine drug test and/or an alcohol screen prior to the commencement of employment for Logistec Everglades LLC.

**1.0 Objectives**

1. To assist in maintaining a safe and healthy working environment for the Company's employees, contractors, visitors, vendors, suppliers, customers, government officials, and members of the general public.
2. To maintain a work environment that is free from the effects of alcohol or illegal and unauthorized drugs.
3. To prevent injuries to persons and to protect the property of the company, its' employees, contractors, vendors, customers, government agencies, and the general public.
4. To protect the reputation of the Company and its employees within the community, the industry at large, and among our customers.
5. To minimize absenteeism and tardiness, improve productivity, and assure quality performance.
6. To provide a clear, understandable policy regarding substance abuse in our workplace.
7. To assure fairness and equal administration of this policy for all employees of our Company.
8. To articulate the procedures necessary for the administration of this program and policy.



## 2.0 Prohibited Behavior

2.1 It is prohibited to possess, and/or use on the Company premises, or on Company time, any substance, including but not limited to alcohol, marijuana, cocaine, stimulants, depressants, narcotics, hallucinogens, prescription drugs not properly prescribed, or not for a bona fide medical use, so called "look-alike" drugs and drug paraphernalia. This clause is not intended to apply to packages received as Christmas gifts and stored in an employee's car, unless such gifts were opened on the work premises.

2.2 It is prohibited for any employee on the Company premises or on Company time to engage in work under the influence of any substance within the provisions of Section 2.1

2.3 It is prohibited for any employee on the Company premises or on Company time to engage in work when that employee has unacceptable levels of a legal substance or unacceptable levels of an illegal substance as determined by proper screening and testing. Unacceptable levels shall be determined in accordance with Attachment A. A positive test result under the Company's random testing program shall constitute a violation of this policy.

2.3 It is prohibited for any employee to engage in any negotiation, barter or agreement regarding the sale or purchase of an illegal drug.

2.4 It is prohibited for any employee to work under the influence of any medication that may impair judgment, coordination or work ability, whether prescribed by a proper person or not. Employees taking such prescription medication must report that information to company management.

## 3.0 Administration

3.1 The company will select a recognized testing facility at each location where the Company has a terminal facility.

3.2 The company shall issue a formal written policy to each employee hired by the Company.

## 4.0 Enforcement and Administration Policy

4.1 This policy shall be enforced by qualified Company representatives upon personal observation of a prohibited act or complaint of a prohibited act, or behavior consistent with substance abuse. This policy shall further be enforced through the random testing of employees pursuant to the Substance Abuse Testing Policy.

4.2 Testing/screening for the enforcement and administration of this Company policy and work rule and the determination of unacceptable levels of the substances covered

under this policy shall be conducted under the authority of the Substance Abuse Testing Policy.

### 5.0 Consequences for Violation

5.1 Any employee found in violation of Section 2.1 through 2.4 of this policy will be disciplined up to and including termination of employment. No employee will be disciplined or discharged based on a positive test result unless the test has been conducted in accordance with applicable state and/or federal law.

5.2 (a) Any employee in violation of Sections 2.2 or 2.3 or both shall be immediately suspended from employment for fourteen (14) days. Employees shall then be referred to a Substance Abuse Professional (SAP) to determine if there is a chronic dependency problem, which warrants treatment at an approved rehabilitation facility, and any such employee shall be allowed to enter, for the purpose of treatment, a facility acceptable to the Substance Abuse Professional. The cost of such treatment shall be borne either by the employee or Union welfare program depending upon the employee's status and the insurance plan coverage, if any, in effect for the employee at the time he enters treatment, subject to the terms and conditions of such coverage.

(b) Employees who test positive under the substance abuse policy and are receiving treatment for their dependency will be subject to periodic random testing upon their return to work for a period of three years. Such periodic random testing shall not begin until thirty days after the employee's return to work, provided the employee is then actively enrolled in and participating in an ongoing treatment program. If the employee is a commercial motor vehicle operator, follow-up testing and random testing will be conducted in accordance with federal law.

(c) Any employee who tests positive under the substance abuse test policy within three (3) years after the first violation shall be discharged, except as provided in Section 5.5.

5.3 An employee who enters into a treatment program shall remain in the employ of the Company as long as the treatment program is successfully completed and there is no continuation of substance abuse or disregard for this policy.

5.4 Except as provided in Section 5.5, an employee who violates a section of this policy during a period of treatment or after the completion of treatment shall be dismissed from the employ of the Company.

5.5 An employee who tests positive for marijuana only, to the exclusion of all other substances, pursuant to a drug test that has been conducted more than 18 months after the employee's first violation of this policy, and whose use of marijuana as determined by a professional counselor under Section 5.2 is not chronic, shall not be subject to discharge and shall instead be suspended from employment for twenty-eight (28) days. If such

employee later tests positive within three (3) years of the employee's second violation, such employee shall be discharged

5.6 All employees shall be paid for all time spent in connection with initial screening or testing provided for under this policy.

5.7 No employee in a safety sensitive position or a commercial motor vehicle operator will be allowed to perform the safety sensitive function or operate the commercial motor vehicle while under the influence of any prohibited substance.

5.8 A refusal to be tested for drugs and/or alcohol will be deemed a positive test result.

5.9 Employees taking medications prescribed by a physician, that may cause impairment, must report such medication use to the company. The company may then verify that the medication will not cause impairment while working.

6.0 Policy Compliance with the Law

6.1 No part of these policies is intended to be in conflict with any state or federal law. To the extent that any section conflicts with state or federal law, then that section shall be null and void.

6.2 All test records will be kept in a confidential employee file, separate and apart from the employee's personnel file and will be maintained on a confidential basis.

## LOGISTEC EVERGLADES LLC SUBSTANCE ABUSE TESTING POLICY

### 1.0 Objectives

- 1.1 To assist in maintaining a safe and healthy working environment for the Company's employees, contractors, visitors, vendors, suppliers, customers, government officials, and members of the general public.
- 1.2 To maintain a work environment that is free from the effects of alcohol or illegal and unauthorized drugs.
- 1.3 To prevent injuries to persons and to protect the property of the Company, its employees, contractors, vendors, customers, government agencies, and the general public.
- 1.4 To protect the reputation of the Company and its employees within the community, the industry at large, and among our customers.
- 1.5 To minimize absenteeism and tardiness, improve productivity, and assure quality performance.
- 1.6 To provide counseling or rehabilitation assistance for employees when appropriate.
- 1.7 To provide a clear, understandable policy regarding substance abuse in our workplace.
- 1.8 To assure fairness and equal administration of this policy for all employees of our company.
- 1.9 To articulate the procedures necessary for the administration of this program and policy.

### 2.0 Definitions

- 2.1 Abuse: The wrongful use of any substance, legal or illegal, which may cause an alteration of body functions. Any use of an illegal substance shall be deemed abuse.
- 2.2 Accident: An unplanned event which results in personal injury, damage to property, or loss of time to correct the results of the event.
- 2.3 Company: Logistec Everglades LLC.

2.4 Company Premises: Includes all property owned or leased, vehicles, machines and areas used temporarily for Company functions.

2.5 Designated Agent: Shall mean the medical and laboratory facilities selected by the Company to implement this policy.

2.6 Employee: Any person employed by the Company directly or under any relevant agreement.

2.7 Reasonable Suspicion: Suspicion to believe that an employee is under the influence of drugs or alcohol which adversely affects or could adversely affect the employee's judgment and job performance. Reasonable suspicion shall be based upon personal observations by a qualified representative of the Company of an employee's physical appearance, erratic behavior, speech, poor or unsafe coordination. Reasonable suspicion may also be based conduct by the employee indicating the use or possession of drugs or alcohol, or other job related circumstances indicating the use or possession of drugs or alcohol, including involvement in an accident.

2.8 Qualified Person or Representative: A qualified person or representative shall mean a person who has successfully completed the prescribed training program which is endorsed by the Company.

2.9 Substance: Any substance that is ingested, inhaled or injected or is introduced into the body by any other means that has an effect on any body function.

### 3.0 Reasonable Suspicion Testing and Screening

3.1 When a qualified person, as defined in Section 2.8, has reasonable suspicion to believe that another is under the influence of a substance or has abused a substance, he shall, in the presence of a Union Representative, request the testing/screening of that person for substance abuse by the Company's Designated Agent. The Union Representative is present solely in his capacity as a union representative and shall have no right to overrule the request for testing or to advise the employee not to submit to testing.

3.2 When an employee of the Company is involved in an accident involving personal injury, damage to property, or loss of time to correct the result of such accident, a qualified person may request the testing or screening of that individual.

3.3 Any employee tested under this section shall not be allowed to return to work until the results of said testing have been completed. If test results are negative, then the employee shall be paid for any lost work he would otherwise have been eligible for at the Company including any lost work while waiting for the test results.

3.4 When a request for testing has been made, a refusal to provide an appropriate specimen will constitute a positive test result. In some cases, the employee may be unable to provide a urine specimen. After a reasonable waiting period, the Company Designated Agent may proceed with laboratory testing based upon blood specimens alone.

#### 4.0 Random Testing

4.1 All employees engaged in the Company's Deep Sea and Terminal Operations who are on the lists of regular and casual employees maintained for the Port of Manatee, shall be required to submit to random drug and alcohol testing.

4.2 The Company's random drug and alcohol testing program, including the selection of employees to be tested and the number of employees to be tested on a monthly and annual basis, shall be in accordance with the provisions of 49 CFR Parts 382 and 391 as applicable, and shall be administered by an outside third-party designated by the Company.

4.3 Employees tested under this section of the policy shall receive pay for any time lost during testing in the random testing program. In addition, any employee tested under this section shall be allowed to return to work until the results of said testing have been completed.

4.4 When an employee has been instructed to submit to a random test under this policy, a refusal to provide an appropriate sample or specimen (either urine or breath, as the case may be) will constitute a positive test result. Any inability of the employee to provide an appropriate sample or specimen due to valid medical reasons shall be handled pursuant to the applicable provisions of 49 CFR Part 40.

#### 5.0 Specimen Collection and Chain of Possession Procedures

5.1 The Company reserves the right to take any person who has been identified for testing/screening to an approved laboratory or medical facility where all specimens will be taken. In the alternative, specimens may be collected on site by an individual who is a qualified collector under 49 CFR Part 40.

5.2 The specimen collection and chain of possession procedures of the approved laboratory or medical facility, and those applicable to a qualified collector, shall be followed in all cases.

5.3 All employees requested to be tested under this policy will be required to sign a written consent to the drug and alcohol test and release of information form.

5.4 The Company may take disciplinary action based upon properly obtained laboratory results. Laboratory certification shall be in writing.

5.5 Any employee who submits or attempts to submit a urine specimen other than his or her own specimen, or who in any way alters or tampers with a urine specimen, or who in any obstructs the testing process, shall be treated as having a positive test result.

**LOGISTEC EVERGLADES LLC  
SUBSTANCE ABUSE POLICY**

**ATTACHMENT A**

| SUBSTANCE                                | DETECTION LIMIT |
|--|-----------------|
| Opiates                                  | 2000 ng/ml      |
| Cocaine (Benzoylecgonione)               | 300 ng/ml       |
| Amphetamines                             | 1000 ng/ml      |
| Cannabinoids (THC Metabolites)           | 50 ng/ml        |
| Phencyclidine (PCP)                      | 25 ng/ml        |
| Methadone                                | 300 ng/ml       |
| Benzodiazepines                          | 300 ng/ml       |
| Barbituates                              | 300 ng/ml       |
| Methaqualone                             | 300 ng/ml       |
| Propoxyphene                             | 300 ng/ml       |
| Ethanol (Alcohol) – breath or blood test | 0.04% w/vol     |

SECTION P

## *Logistec Everglades LLC*

### **New Hire Introduction**

#### **Introduction**

Welcome to Logistec. You are working for one of the nation's premier marine terminal and stevedoring companies, with an international reputation for excellence.

This orientation will provide information that you will need as you begin your Logistec employment, including key Logistec safety policies.

Our goal for orientation is to provide you with important safety and training information as well as key resources. You are encouraged to take time to thoroughly review the information provided as a part of your induction into your new role.

#### **Requirements**

1. All new hires for Logistec will have to be given new hire training by a management member or designee for that.
2. Training will have to be completed before the new hire can begin his/her job duties
3. The trainee will be responsible for ensuring the new hire comprehends, understands, and has the ability to perform safety functions as described in the training packet
4. In order to ensure full compliance with the OSHA training requirements, all training documents contained within the training packet will have to be completed before the new hire can begin work for Logistec.
5. All evaluation training and certification will be documented and kept on file

Please let Management know if you have any questions or concerns ...



***Logistec Everglades LLC*****NEW HIRE SAFETY ORIENTATION**

As an employee for Logistec, you have received information on Logistec's policies regarding Safety and Training. Specifically, Logistec has provided you training on the indicated programs listed below (please initial):

|  |  |
|--|--|
| <input type="checkbox"/> Safety Policy                           | <input type="checkbox"/> Mobile Equipment                  |
| <input type="checkbox"/> Safe Practices and Standards of Conduct | <input type="checkbox"/> Noise Conservation                |
| <input type="checkbox"/> 3 point Rule                            | <input type="checkbox"/> OSHA Managing                     |
| <input type="checkbox"/> First Aid / Blood borne                 | <input type="checkbox"/> Pedestrian                        |
| <input type="checkbox"/> Carbon Monoxide                         | <input type="checkbox"/> Personal Protective               |
| <input type="checkbox"/> Confined Space                          | <input type="checkbox"/> Powered Industrial Truck          |
| <input type="checkbox"/> Electrical                              | <input type="checkbox"/> Railroad Safety                   |
| <input type="checkbox"/> Electronic Devices                      | <input type="checkbox"/> Respiratory Protection            |
| <input type="checkbox"/> Emergency Response/Action Plan          | <input type="checkbox"/> Responsibility and Accountability |
| <input type="checkbox"/> Ergonomics                              | <input type="checkbox"/> Rigging                           |
| <input type="checkbox"/> Eyewash Station                         | <input type="checkbox"/> Safe Lifting                      |
| <input type="checkbox"/> Fall Protection                         | <input type="checkbox"/> Safety Committee                  |
| <input type="checkbox"/> Fire Prevention                         | <input type="checkbox"/> Seat Belt Policy                  |
| <input type="checkbox"/> Fire Extinguisher                       | <input type="checkbox"/> Signal Man                        |
| <input type="checkbox"/> Hazard Communication                    | <input type="checkbox"/> Slips Trips and Falls             |
| <input type="checkbox"/> Heat Stress                             | <input type="checkbox"/> Smoking policy                    |
| <input type="checkbox"/> Hot Works / Welding                     | <input type="checkbox"/> Spill Prevention                  |
| <input type="checkbox"/> Incident Investigation                  | <input type="checkbox"/> Strain Injury                     |
| <input type="checkbox"/> Ladder program                          | <input type="checkbox"/> Supervising for Safety            |
| <input type="checkbox"/> Line Handling                           | <input type="checkbox"/> Utility Cart                      |
| <input type="checkbox"/> Lockout / Tagout                        | <input type="checkbox"/> Vessel Crane Operator             |
| <input type="checkbox"/> Machine Guarding                        | <input type="checkbox"/> Housekeeping                      |
| <input type="checkbox"/> Man Overboard                           |  |

The purpose for providing these safety materials is to assist you in your responsibility in understanding our safety program and safe work practices. It is your responsibility to ensure you follow all safety requirements and procedures set forth by Logistec.

My signature below indicates I have received the indicated information and fully understand all instructions and / or materials given me in their entirety and had opportunity to ask questions. I am aware that it is my responsibility to work safely at all times while in the employ of Logistec USA Inc.

\_\_\_\_\_ New Hire Signature

\_\_\_\_\_ Date of New Hire Training

\_\_\_\_\_ Management Trainer

SECTION P (5)

Apart from the certificates that are provided herewith, it is important to note that for the union employees, the employers association and the local have the documentation for all their employees.



**Barloworld**  
Handling

**Certificate of Satisfactory Completion**

**Fundamental Powered Industrial  
Truck Operator Training**

*Having attended and demonstrated through attainment of a passing end of course examination score*

*Ricardo Headley*

---

*is certified to have satisfactorily completed this course.*

**Attested to**

**On This Date**

Trainer

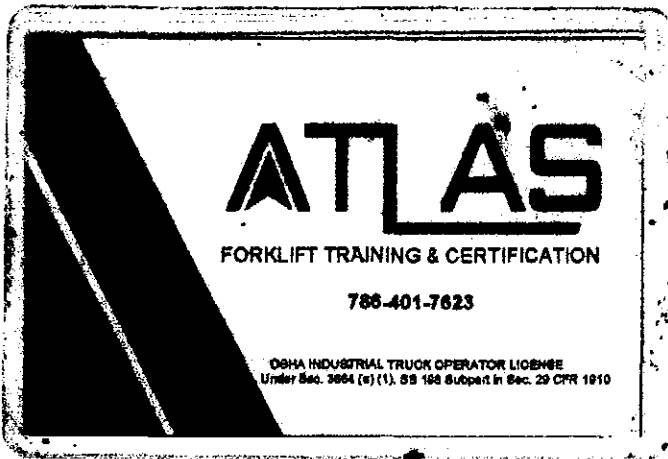
*E. Kiser*

---

*8/09/07*

---

An outline of the material contained in this course is on the reverse side.\*



OSHA INDUSTRIAL TRUCK OPERATOR LICENSE

Operator Name Luis Mesa

Date of Issue: 07/14/16 Expiration Date: 07/14/19

S.S.N. / I.D. # 9351 ID#: 813617

Lift types evaluated on, check all that apply:

Sit down Forklift  Clamp  Cherry-picker **OSHA**  
 Pallet Jack (Walkie / Ryder)  Stand up reach **COMPLIANT**

Trainer Signature: \_\_\_\_\_  
The Person named above has successfully completed  
the Certification Course for 40,000 lb Forklift



Search County Government

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## ENVIROS

### Enforcement Action Advanced Search

**⊗ No information was found matching your selection criteria. Please try again.**

Enforcement Action Number:

House Number:  To:

Street:      
**Direction Street Name Street Type Suite**

City:  Zip:

Section:  Township:  Range:

Respondent:

[Help on this p.](#)  
Screen ID: 2347



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Florida Department of Environmental Protection

**Hazardous Waste Facilities Search Results**

**Selection Criteria for This Handler Search:**

**EPAID:** % ; **Name:** LOGISTEC% ; **Address:** % ; **City:** % ; **County:** %

**For Facility Data Links:**

**A**ctivities -- provides a list of RCRA compliance activities and violations.

**M**apping in GIS -- this opens a **[NEW IMPROVED]** GIS mapping tool focused on the facility.

**D**ocuments -- this provides a list of electronic documents available online.

**E**rror Reporting -- send us feedback to address data errors.

**C**ounty Verification -- County or RPC verification of Facility and Waste for this site.

**For a Generator Status History:**

click on the **Status**. - **NOT** indicates a facility is a Non-Notifier and may not have been issued the associated EPAID - **Check with DEP before using that EPAID!**

[Legend of Status Types](#)

| EPA ID | Name | County | Address | Contact | Status | As of | Data Links |
|--------|------|--------|---------|---------|--------|-------|------------|
|--------|------|--------|---------|---------|--------|-------|------------|

**Search has retrieved 0 Facilities**

**Legend of Status Types:**

- LQG - Large Quantity Generator
- SQG - Small Quantity Generator
- CES - Conditionally Exempt Small Quantity Generator
- UOT - Used Oil Transporter
- TRA - Hazardous Waste Transporter
- TSD - Treatment/Storage/Disposal Facility
- CLO - Closed
- NHR - Non-Handler of Hazardous Waste



Florida Department of Environmental Protection

### Hazardous Waste Facilities Search Results

**Selection Criteria for This Handler Search:**

**EPAID:** % ; **Name:** COLEARY% ; **Address:** % ; **City:** % ; **County:** %

**For Facility Data Links:**

**A**ctivities -- provides a list of RCRA compliance activities and violations.

**M**apping in GIS -- this opens a **[NEW IMPROVED]** GIS mapping tool focused on the facility.

**D**ocuments -- this provides a list of electronic documents available online.

**E**rror Reporting -- send us feedback to address data errors.

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|--------|------|--------|---------|---------|--------|-------|------------|
|--------|------|--------|---------|---------|--------|-------|------------|

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- NHR - Non-Handler of Hazardous Waste





**OSHA** English | Spanish

Find it in OSHA



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## Establishment Search

### Reflects inspection data through 05/19/2017

This page enables the user to search for OSHA enforcement inspections by the name of the establishment. Information may also be obtained for a specified inspection or inspections within a specified SIC.

**Note:** Please read important information below regarding interpreting search results before using.

Search By:

*Your Establishment search returned 0 results.*

Establishment

State

OSHA Office

Case Status  All  Closed  Open

Violation Status  All  With Violations  Without Violations

Inspection Date

Start Date

End Date

#### Can't find it?

[Wildcard use %](#)

[Basic Establishment Search Instructions](#)

[Advanced Search Syntax](#)

#### NOTE TO USERS

The Integrated Management Information System (IMIS) was designed as an information resource for in-house use by OSHA staff and management, and by state agencies which carry out federally-approved OSHA programs. Access to this OSHA work product is being afforded via the Internet for the use of members of the public who wish to track OSHA interventions at particular work sites or to perform statistical analyses of OSHA enforcement activity. It is critical that users of the data understand several aspects of the system in order to accurately use the information.

The source of the information in the IMIS is the local federal or state office in the geographical area where the activity occurred. Information entered as events occur in the course of agency activities. Until cases are closed, IMIS entries concerning specific OSHA inspections are subject to correction and updating, particularly with regard to citation items, which are subject to modification by amended citations, settlement agreements, or as a result of contest proceedings. THE USER SHOULD ALSO BE AWARE THAT DIFFERENT COMPANIES MAY HAVE SIMILAR NAMES AND CLOSE ATTENTION TO THE ADDRESS MAY BE NECESSARY TO AVOID MISINTERPRETATION.

The Integrated Management Information System (IMIS) is designed and administered as a management tool for OSHA to help it direct its resources. When IMIS is put to new or different uses, the data should be verified by reference to the case file and confirmed by the appropriate federal or state office. Employers or employees who believe a particular IMIS entry to be inaccurate, incomplete or out-of-date are encouraged to contact the OSHA field office or state plan agency which originated the entry.

## UNITED STATES DEPARTMENT OF LABOR

Occupational Safety and Health Administration  
200 Constitution Ave., NW,  
Washington, DC 20210  
☎ 800-321-6742 (OSHA)  
TTY  
www.OSHA.gov

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*Your Establishment search returned 0 results.*

Establishment 
**State**  ▾  ▾

**OSHA Office**  ▾

**Case Status**  All  Closed  Open

**Violation Status**  All  With Violations  Without Violations

Inspection Date

**Start Date**  ▾  ▾  ▾

**End Date**  ▾  ▾  ▾
**Can't find it?**
[Wildcard use %](#)[Basic Establishment Search Instructions](#)[Advanced Search Syntax](#)
**NOTE TO USERS**

The Integrated Management Information System (IMIS) was designed as an information resource for in-house use by OSHA staff and management, and by state agencies which carry out federally-approved OSHA programs. Access to this OSHA work product is being afforded via the Internet for the use of members of the public who wish to track OSHA interventions at particular work sites or to perform statistical analyses of OSHA enforcement activity. It is critical that users of the data understand several aspects of the system in order to accurately use the information.

The source of the information in the IMIS is the local federal or state office in the geographical area where the activity occurred. Information entered as events occur in the course of agency activities. Until cases are closed, IMIS entries concerning specific OSHA inspections are subject to correction and updating, particularly with regard to citation items, which are subject to modification by amended citations, settlement agreements, or as a result of contest proceedings. THE USER SHOULD ALSO BE AWARE THAT DIFFERENT COMPANIES MAY HAVE SIMILAR NAMES AND CLOSE ATTENTION TO THE ADDRESS MAY BE NECESSARY TO AVOID MISINTERPRETATION.

The Integrated Management Information System (IMIS) is designed and administered as a management tool for OSHA to help it direct its resources. When IMIS is put to new or different uses, the data should be verified by reference to the case file and confirmed by the appropriate federal or state office. Employers or employees who believe a particular IMIS entry to be inaccurate, incomplete or out-of-date are encouraged to contact the OSHA field office or state plan agency which originated the entry.

## UNITED STATES DEPARTMENT OF LABOR

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### FEDERAL GOVERNMENT

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Disaster Recovery Assistance  
USA.gov  
Disability.gov  
Plain Writing Act  
Recovery Act  
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U.S. Office of Special Counsel

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#### SECTION Q (4)

Aware of the growing importance of environmental aspects in business, we are committed to taking into account the possible repercussions on the environment of all its current and future decisions and operations. In order to attain this objective, while ensuring that it remains competitive in its field, Logistec Everglades subscribes to the following principles:

- To meet or exceed current environmental laws and regulations in the conduct of all our operations;
- To reduce our possible impacts on the environment by adopting protective and preventive measures;
- To promote the installation and use of new technologies that consume less energy and are more environmentally friendly;
- To adopt and apply an Environmental Management Program aimed at continuous improvement, as measured through the monitoring of the environmental impact of our activities;
- To implement and maintain Emergency Preparedness Plans designed to allow an immediate response to incidents and situations that may have an impact on the environment;
- To implement an Environmental Training Program to inform employees of existing environmental laws and regulations, to communicate to them the corporate Environmental Policy and to make them aware of the importance of their participation in attaining the environmental protection objectives;
- To regularly communicate the environmental performance results of our operations to the Board of Directors; and
- We are also committed to reviewing our Policy periodically and revising it in light of new information regarding the types and locations of our activities.

## SECTION R

One of the key elements of the business agreement between Coleary Transport Co., Inc. ("CTC") and Logistec USA Inc. is that the Logistec Everglades LLC will benefit from the work of the Sales, Marketing and Business Development entire team of the Logistec Group.

This will allow Logistec Everglades LLC to benefit from growth opportunities apart from the obvious consolidation of the present business activities of CTC within Logistec Everglades LLC.