



GENERAL CONDITIONS OF CONTRACT

of

MERCER CELGAR LIMITED PARTNERSHIP

**GENERAL CONDITIONS OF CONTRACT
OF
MERCER CELGAR LIMITED PARTNERSHIP**

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ARTICLE I - CONTRACT DOCUMENTS

G.C.1 - Definitions and Interpretation

1.1 In the Contract Documents the following words wheresoever used shall have the meaning herein assigned to them unless the context otherwise requires:

- 1.1.1 "Arbitrator" means a single arbitrator to be appointed from time to time in respect of any dispute, question or determination referred to arbitration under the Contract pursuant to G.C.64;
- 1.1.2 "Change Order" shall mean a written order to the Contractor signed by the Owner's Representative issued after the execution of the Contract and authorizing a change in the Work, an adjustment in the Contract Sum, an adjustment of the date for completion of the Work, or any one or more of them;
- 1.1.3 "Construction Drawings" shall mean the drawings and instructions in writing issued by the Owner's Representative for the actual performance of the Work as provided in G.C.11, including all revisions thereto;
- 1.1.4 "Contract" and "Contract Documents" shall mean the Contract Agreement, and any Contract between the Owner and the Contractor as defined in the Contract Agreement, together with all modifications thereto and the Construction Drawings;
- 1.1.5 "Contract Agreement" shall mean the contract between the Owner and the Contractor incorporating by reference these "General Conditions of Contract of Mercer Celgar Limited Partnership" set out herein;
- 1.1.6 "Contract Drawings" shall mean the drawings so defined in G.C.11;
- 1.1.7 "Contract Sum" shall mean the contract price (as provided for in the Contract Agreement);

- 1.1.8 "Contractor" shall mean the person, firm or corporation so named in the Contract Agreement;
- 1.1.9 "Detailed Construction Schedule" shall mean the schedule to be determined in accordance with G.C. 10;
- 1.1.10 "Equipment" shall mean all equipment to be supplied and/or installed by the Contractor and all Subcontractors under the Contract;
- 1.1.11 [Not used]
- 1.1.12 "Force Majeure Event" shall mean an event beyond the control of a party including, without limitation, any of the following occurrences or events:
 - (a) war, hostilities or warlike operations (whether a state of war be declared or not), invasion, act of foreign enemy;
 - (b) rebellion, revolution, insurrection, mutiny, usurpation of civil or military government or civil war, or any, riot, civil commotion or terrorist acts;
 - (c) confiscation, nationalization, mobilization, commandeering or requisition by or under the order of any government or de jure or de facto authority or ruler or any other act or failure to act of any local state or national government authority;
 - (d) strikes, lock outs or other industrial actions, sabotage, embargo, shipwreck, epidemics, quarantine;
 - (e) earthquake, landslide, volcanic activity, fire, flood or inundation, tidal wave, typhoon or cyclone, hurricane, storm, lightning or other natural or physical disaster; or
 - (f) shortage of labour, materials or shortage or restriction of utilities where caused by circumstances that are themselves Force Majeure Events,

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where the circumstances of such occurrences or events are not within the reasonable control, directly or indirectly, of the party claiming relief in respect thereof and only if and to the extent that (i) such circumstance, despite the exercise of reasonable diligence, cannot be or be caused to be prevented, avoided or removed by such party, (ii) such occurrence or event or series of the same or different events materially adversely affects the ability of such party to perform its obligations under the Contract or Contract Documents, and such party has taken all reasonable precautions, due care, and reasonable alternative measures in order to avoid the effect of such event on such party's ability to perform its obligations under the Contract and/or Contract Documents and to mitigate the consequences thereof, and (iii) such event is not the result of the failure of the Contractor to perform any of its obligations under the Contract and/or Contract Documents; and under no circumstances shall any of the following occurrences or events be considered a Force Majeure Event:

- (a) late performance or failure to perform by such party caused by the acts or omissions of Subcontractors or the Contractor's suppliers (other than acts or omissions caused by a Force Majeure Event), or by the Contractor's failure to hire an adequate number of personnel or labour or by inefficiencies on the part of the Contractor;
- (b) delays resulting from reasonably foreseeable unfavourable weather or sea conditions or other similarly reasonably foreseeable adverse conditions;
- (c) economic hardship of any party or any of its affiliates or Subcontractors or its or their inability to pay debts;
- (d) the late payment by the Owner of money when otherwise due in accordance with the Contract or Contract Documents; and
- (e) infringements by the Contractor or Subcontractor or any of the Contractor's suppliers or any of their affiliates of any intellectual property rights.

1.1.13 "Other Contractor" or "Others" shall mean any person, firm or corporation employed or having a contract directly or indirectly with the Owner otherwise than through the Contractor;

- 1.1.14 "Owner" shall mean Mercer Celgar Limited Partnership;
- 1.1.15 "Owner's Representative" shall mean the person, firm or corporation so named in the Contract Agreement, or such other person, firm or corporation as the Owner may designate from time to time to be the Owner's Representative in accordance with G.C.5;
- 1.1.16 "Project" shall mean the total construction project contemplated by the Owner of which the Work may be the whole or a part;
- 1.1.17 "Site" shall mean the property owned or controlled by the Owner as defined in the Contract Documents;
- 1.1.18 "Site of the Work" shall mean the location or locations on the Site where the Work is to be performed;
- 1.1.19 "Specifications" shall mean the portions of the Contract Documents that set out the quality of the Work and complement the Contract Drawings;
- 1.1.20 "Subcontractor" shall mean a person, firm or corporation having a contract with the Contractor for the execution of a part or parts of the Work or for furnishing material called for under the Contract Documents and in accordance with the Construction Drawings or described in the Specifications, but shall not include suppliers of material to be so worked unless they also do the working; and
- 1.1.21 "Work" shall include all labour and material and all matters and things required to be done or furnished by the Contractor as shown or described in any of the Contract Documents.

1.2 The following abbreviations may be used in the Contract Documents:

G.C.	General Condition(s)
S.C.	Special Condition(s)
N.I.C.	Not Included in the Work of the Contract
B. of M.	Bill of Material
P.O.	Purchase Order

1.3 Words importing the masculine or neuter gender and persons shall include firms and corporations and vice versa.

1.4 The United Nation's Convention on Contracts for the International Sale of Goods as implemented by the

International Sale of Goods Act, R.S.B.C. 1996, c. 236, shall not govern the Contract and any Contract Documents.

- 1.5 The word "including" when following any general term or statement, is not to be construed as limiting the general term or statement to the specific term or matter set forth immediately following such word or to similar items or matters, but such general term or statement shall rather be construed as referring to all items or matters that could reasonably fall within the broadest possible scope thereof.

G.C.2 - Work

- 2.1 The Owner hereby employs the Contractor as an independent contractor to supply Equipment, perform installation and provide the services as detailed in the Contract Documents. The obligations of the Owner and the Contractor as set out herein are contractual in nature and comprise legal and binding obligations of the parties hereto.
- 2.2 The Contractor hereby agrees to supply the Equipment and perform the Work and the work of its Subcontractors in accordance with the terms hereof.
- 2.3 The Contractor hereby agrees to obtain all necessary consents, approvals, permits, authorities and licenses, including governmental approvals, required to carry on its business in British Columbia as conducted or proposed to be conducted (other than those permits to be supplied by the Owner under the Contract) and to enter into and perform its obligations under the Contract.

G.C.3 - Contract Documents

- 3.1 The Contract Documents may not indicate every detail of the Work. It is the intent of the Contract that all work shall be done in a good and workmanlike manner with material and workmanship of the best quality and that the finished Work shall be complete in every detail. Anything that is omitted from the Contract Documents which in the opinion of the Owner's Representative may be considered to be necessary for the proper execution and completion of the Work, shall be included in the Work.
- 3.2 Should an error or inconsistency appear in the Contract Documents, the Contractor before proceeding with the part or parts of the Work affected shall bring it to the attention of the Owner's Representative who shall in his sole discretion decide the intent and make the necessary corrections.

G.C.4 - Contractor Familiar with Site

- 4.1 The Contractor declares that he has visited the Site before

entering into the Contract, has familiarized himself with the Site and with the area of the Work and with all conditions, local or otherwise, affecting the carrying out of the Contract and is satisfied as to the adequacy and sufficiency of the description of the Work as contained in the Contract Documents.

- 4.2 The Contractor shall not plead ignorance of the conditions at the Site and surrounding the Work or of the provisions of the Contract Documents for his failure to complete the Work according to the terms and conditions of the Contract, and hereby declares and agrees that the Contract has been entered into by the Contractor on his own knowledge, examination, information and judgment respecting the Site, and the facilities at the Site, the character of the Equipment and facilities needed, transportation and accommodation costs, the general and local conditions and the labour and materials to be provided, and not upon any statement, representation, or information made or given by the Owner and any other statements, representations or information, if made or furnished but not made in writing by the Owner, are not warranted or guaranteed and may not be relied upon and no extra allowance or change will be made to the Contract or authorized for any extra work, loss or damage sustained in consequence of or by reason of any such information being incorrect or inaccurate.

ARTICLE II - THE OWNER'S REPRESENTATIVE

G.C.5 - The Owner's Representative

- 5.1 The Work, including changes in the Work, shall be done to the entire satisfaction and approval of the Owner's Representative, as well as in accordance with the Contract Documents.
- 5.2 In case of the termination of the employment of the Owner's Representative, the Owner shall appoint a capable and reputable Owner's Representative whose status under the Contract shall be that of the former Owner's Representative.
- 5.3 Subject to the Contract Documents the Owner's Representative shall decide all questions whatsoever which arise in regard to the interpretation of the Contract or the performance of the Work.

G.C.6 - Basic Reference Lines

- 6.1 The Owner's Representative will furnish only basic reference lines, bench marks and monuments from which the Contractor shall establish such other points and elevations as may be required for the execution of the Work.

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6.2 The Contractor shall protect all bench marks, survey pegs and monuments from damage or movement of any sort. If any of these are moved they shall be replaced and relocated by the Owner's Representative at the Contractor's expense.

G.C.7 - Emergencies

7.1 If, in the opinion of the Owner's Representative, the manner in which the Work is being performed affects or threatens to affect safety of life or the safety of any part of the Work or any adjoining property, or if any emergency arises which affects or threatens to affect safety of life or the safety of any part of the Work or any adjoining property, then the Owner's Representative may stop the Work and/or he may require the Contractor to take such steps as are necessary in the Owner's Representative's opinion to relieve the circumstances. The Owner's Representative shall as soon as possible confirm any instructions hereunder in writing. Any claim by the Contractor for an extension of time or extra compensation shall be dealt with subject and pursuant to G.C.33, and the Contractor shall have no other claim by reason of any action or instruction by the Owner's Representative hereunder.

ARTICLE III - THE CONTRACTOR

G.C.8 - The Contractor

- 8.1 The Contractor shall be deemed to be an independent Contractor in all respects and, except as otherwise provided in the Contract Documents, shall have complete control of his organization and shall supervise and direct the Work done by his forces, using his best skill and attention.
- 8.2 The Contractor shall keep on the Work, during its progress, a competent superintendent who shall in all matters and for all purposes represent the Contractor. The Contractor shall appoint as many assistants as in the opinion of the Owner's Representative are necessary for the proper direction and supervision of the Work. The superintendent and assistants shall be at all times satisfactory to the Owner's Representative. The superintendent shall not be changed except with the consent of the Owner's Representative unless the superintendent proves to be unsatisfactory to the Contractor and ceases to be in his employ.
- 8.3 All instructions, notices and demands given to the superintendent by the Owner's Representative or the Owner under the Contract shall be deemed to be properly given to the Contractor.
- 8.4 Before commencing the Work the Contractor shall provide the Owner's Representative with a chart of his organization, showing how he proposes to supervise the Work.

G.C.9 - Manner of Construction

- 9.1 The Contractor shall submit to the Owner's Representative in writing a general description of the manner in which he proposes to conduct the Work and, if required by the Owner's Representative, a more detailed description of the manner in which he proposes to conduct any portion of the Work.
- 9.2 In order to ensure the safety, accuracy and proper rate of progress of the Work, the Owner's Representative shall have the right to review with the Contractor the manner in which the Contractor proposes to perform or is performing a part or the parts of the Work. If the Owner's Representative does not approve such manner of performance he shall have the right to require the Contractor, without additional cost to the Owner, to change the manner of performance to one approved by the Owner's Representative.
- 9.3 The Owner's Representative's approval of the manner of performing any part of the Work shall not relieve the Contractor of his responsibility for the performance of the Work in accordance with the Contract, and the Contractor shall not rely on any acts, requirements or directions of the Owner's Representative or of any other person whatsoever as authority for any departure from the terms of the Contract.

G.C.10 - Detailed Construction Schedule

- 10.1 Unless otherwise stipulated, the Contractor shall promptly, after receipt of notification of the award of the Contract, prepare and forward to the Owner's Representative for approval a detailed working schedule for each portion of the Work and, if approved by the Owner's Representative, the Contractor's detailed working schedule shall become the Detailed Construction Schedule for the Contract.
- 10.2 If the Contractor does not prepare and forward a detailed working schedule to the Owner's Representative within fourteen (14) days of being notified of the award of the Contract or if the Owner's Representative does not approve any detailed working schedule received from the Contractor: (i) the Owner's Representative may prepare the Detailed Construction Schedule and forward a copy to the Contractor advising him that the schedule is the Detailed Construction Schedule pursuant to this G.C.10 and in this event there shall be no change in the Contract Sum and all other terms and conditions of the Contract shall remain unchanged; or (ii) the Owner may rescind the Contract without penalty.
- 10.3 During the course of the Work the Contractor may be required to submit to the Owner's Representative for approval a more detailed schedule of all or any portion of the Work, and when

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approved by the Owner's Representative the same shall form part of the Detailed Construction Schedule.

- 10.4 The Contractor shall perform and complete the Work and each portion thereof according to the Detailed Construction Schedule, and shall be liable to the Owner for any additional amounts payable by the Owner to anyone, including Other Contractors, as a result of the Contractor's failure to complete the Work according to the Detailed Construction Schedule.
- 10.5 The Contractor shall submit with the schedules required pursuant to G.C.10.1 a detailed list of things which are to be done under the Contract and shall give to each item on the list a weighting which shall represent his evaluation of the percentage which the value of the Work involved in that item is of the value of the entire Work and shall provide the Owner's Representative with a copy of the weighted list.
- 10.6 Once each week the Contractor shall furnish the Owner's Representative with a report on the progress of the Work using the Detailed Construction Schedule and the weighted list referred to in G.C.10.5, and showing the time taken as compared to the time allowed and the percentage completed for each item of the Work.

G.C.11 - Drawings and Instructions Issued for Construction

- 11.1 The drawings issued for tender and listed elsewhere in the Contract Documents are referred to in the Contract Documents as the Contract Drawings. They shall not be used for construction.
- 11.2 The drawings which the Owner's Representative furnishes to the Contractor for the actual performance of the Work are referred to in the Contract Documents as the Construction Drawings. The Contractor shall receive three copies of each of the Construction Drawings and they will be marked by the Owner's Representative "certified for construction".
- 11.3 Two sets of all other instructions of the Owner's Representative in writing relating to the performance of the Work will be issued to the Contractor at the Site.
- 11.4 The Construction Drawings and instructions of the Owner's Representative in writing may be revised from time to time during the course of the Work. When the Work is changed pursuant to G.C.34, the Construction Drawings will be revised to show the changes in the Work.
- 11.5 The Work shall be performed in accordance with the latest revisions to the Construction Drawings and such instructions in writing as the Owner's Representative may from time to time issue to the Contractor.

- 11.6 Some of the Construction Drawings may be issued with certain areas such as equipment pads or anchor bolts marked "hold" where the Owner's Representative is waiting for information from equipment vendors or where a portion of the design is incomplete for some part of the Work which the Contractor is not required to do at that time. In such case the Contractor shall proceed with parts of the Work not marked "hold" on the Construction Drawings.
- 11.7 If the Contractor has not received revised Construction Drawings or written permission from the Owner's Representative which enable the Contractor to proceed with the performance of a part of the Work marked "hold" at the time when that part of the Work is to be performed, then the matter shall be dealt with pursuant to G.C.33.
- 11.8 If in the opinion of the Owner's Representative the Construction Drawings or other instructions in writing of the Owner's Representative differ materially from the Contract Drawings or the Specifications and such difference would result in a change in the cost of carrying out the Work, then such difference shall be dealt with by Change Order as provided in G.C.34 and, except for Work being done on a unit price or cost-plus basis, the Contract Sum shall be adjusted subject and pursuant to the provisions of G.C.35.
- 11.9 The Contractor shall keep one copy of all Construction Drawings and other instructions in writing relating to the performance of the Work and one copy of the Contract Documents in good order on the Site available to the Owner's Representative and the Owner.
- 11.10 Figured dimensions only shall be followed. Should any dimensions be unobtainable from the Construction Drawings the Contractor shall obtain them from the Owner's Representative in writing.
- 11.11 Upon completion of the Work the Contractor shall furnish the Owner with three prints of each Construction Drawing necessary for the purpose marked to show the exact location of all things for which the location was not shown in detail on the Construction Drawings such as pipe, conduit and tubing runs, grounding wires and locally mounted pushbuttons and instruments or for which the location was changed on the instruction of the Owner's Representative in writing without the change being shown on a revised Construction Drawing.
- 11.12 All drawings and instructions in writing furnished by the Owner's Representative are the property of the Owner. They shall not be used by the Contractor on other work and with the exception of the executed Contract Drawings and one set of the Construction Drawings shall be returned to the Owner's

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Representative on completion of the Work.

G.C.12 - Contractor's Work Force

- 12.1 The Contractor shall employ competent and skilled workmen who are specialists in the trades which the Work demands.
- 12.2 The Contractor shall immediately discharge all incompetent, disorderly or intemperate workmen or workmen who violate the Owner's health and safety rules or interfere with the Owner's facilities at the Site, and all such persons shall be denied further admission to the Site. The Contractor shall also discharge for cause, immediately upon request, any superintendent, assistant or workmen who is unsatisfactory in the opinion of the Owner's Representative. Any costs to the Contractor resulting from such a discharge including any indemnity or compensation or replacement costs shall not be recoverable from the Owner.
- 12.3 The Contractor shall employ and require each Subcontractor to employ members in good standing of any trade union whose jurisdiction encompasses the Work to be done or any part thereof. Before commencement of the Work, the Contractor shall meet with the union representatives of the trades required to do the Work, to decide and resolve the jurisdiction of each.
- 12.4 During the course of the Work the Contractor shall, and shall cause each of his Subcontractors to, discuss with the Owner's Representative all labour disputes which may interfere with the progress of the Work or the operation of other facilities of the Owner in order that a course of action may be decided upon and approved to ensure that so far as possible the continuity of the Work shall not be jeopardized.
- 12.5 The Contractor shall submit to the Owner's Representative the names of persons to be employed on the Site for the Work. The Owner may issue identification tags to each of the Contractor's employees who will be required to wear these tags while on the Site.
- 12.6 The Contractor's employees shall enter and leave the Site through the entrance provided for construction personnel.
- 12.7 The Owner may provide a check in and out system and the Contractor's employees shall comply with the system. No person will be allowed on the Site unless he has proper identification.
- 12.8 The Contractor's employees shall be restricted to the areas on the Site in which they are required to perform the Work.
- 12.9 The Contractor shall submit to the Owner's Representative

and shall require each Subcontractor to submit separately to the Owner's Representative at the end of each working week a weekly labour distribution sheet in a form approved by the Owner's Representative showing the number of men in each trade employed on the Work and on extra work during that week for each major area of the Work, the total number of man hours of each trade during the week and the cumulative total number of man hours of each trade from the date of commencing the Work up to and including that week for each major area of the Work.

- 12.10 The Contractor agrees to and does hereby accept exclusive liability with respect to the employment of persons in the performance of the Contract, including the employment of Subcontractors and of persons employed by Subcontractors, for the performance of any and all obligations imposed upon employers under any statute of the Province of British Columbia or of Canada now or hereafter in force and, in particular, but without limiting the generality of the foregoing, any such statute relating to employment insurance, workers' compensation, annual holidays, pension plan contributions and income tax, including the payment and/or deduction and remittance of any and all contributions, fees, assessments, charges and taxes in pursuance of any such statutes. The Contractor shall fully comply with, and shall make all returns required by, any and all such statutes and shall indemnify the Owner from any cost, loss, liability or obligation which the Owner may sustain or incur by reason of the failure of the Contractor to perform any of the obligations referred to in this paragraph. The Contractor agrees to immediately qualify, and to cause all its Subcontractors to qualify, and remain qualified for the term of the Contract, as an employer or employers under any and all such statutes.
- 12.11 The Contractor's employees, including those of any Subcontractors, shall comply with all the Owner's regulations.
- 12.12 Transportation of the Contractor's personnel and the personnel of its Subcontractors to and from the Site, including on the Site and elsewhere, will be the responsibility of the Contractor.
- 12.13 Where the Contractor operates with an international or national agreement, the Contractor shall be required to obtain agreement from all trades that the parties will adhere to the Procedural Rules for the Umpire of Jurisdictional Work Assignments in British Columbia as amended or replaced from time to time, and other supplementary rules, agreements and memoranda as may be agreed upon from time to time by the Construction Labour Relations Association of British Columbia and the British Columbia and Yukon Territory Building and Construction Trades Council. The agreement made between the Contractor and the applicable trades shall be documented

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in the pre-job conference minutes of meeting for the Contract. The Contractor shall be responsible for collecting and remitting the requisite hourly surcharge to the jurisdiction assignment plan fund.

- 12.14 The Contract Sum is based on the Work being performed on a standard 40 hour work week and the performance of any overtime and shiftwork that the Contractor, pursuant to G.C. 36, may be required to perform in order to maintain the Construction Schedule or to recover lost time.
- 12.15 If, in the opinion of the Owner, it is not possible to obtain sufficient and competent labour to complete the Work at the Site according to the Construction Schedule on a 40 hour work week, then upon written notice to the Contractor by the Owner the Contractor shall forthwith increase the length of the work week.
- 12.16 Should the work week be increased in accordance with G.C. 12.15 beyond 40 hours, the Owner will only reimburse the Contractor for the actual cost of the premium portion of overtime labour and applicable labour cost additives in accordance with the respective collective agreements.
- 12.17 There will be no extra payment for construction equipment due to any increase in the standard 40 hour work week.
- 12.18 When part or all of the work of the Contractor and/or his Subcontractor(s) is normally done by the Owner's unionized employees and the Contractor's and/or Subcontractor's employees are not members of a union affiliated with the Canadian Labour Congress, the B.C. Federation of Labour or the Confederation of Canadian Unions, the Contractor shall:
 - 12.18.1 Pay employees who are tradesmen a minimum of the mill journeyman rate. All other employees must be paid a minimum of the Owner's base rate.
 - 12.18.2 Ensure any qualifying Subcontractors are also meeting the requirements of G.C. 12.18.1.
 - 12.18.3 Advise the Owner's Representative in writing, at the end of the job or at least once per month, of the number of straight time hours worked by the Contractor and Subcontractor(s) and their straight time wages earned. The Owner reserves the right to inspect the Contractor and Subcontractors' records to confirm these amounts.
 - 12.18.4 Ensure all Contractor and Subcontractor employees honour all legal picket lines.

ARTICLE IV - MATERIALS AND EQUIPMENT

G.C.13 - Materials

- 13.1 Unless otherwise specified, all materials shall be new. Both workmanship and materials shall be of the quality specified in the Contract Documents.
- 13.2 Unless otherwise stipulated in the Contract, the Contractor shall provide and pay for all permits, inspection fees, materials, labour, supervision and everything necessary for the execution of the Work including, without limiting the generality of the foregoing, falsework, tools, plant, equipment, temporary facilities, water, light, fuel, heat, power and overhead.
- 13.3 If requested by the Owner's Representative, the Contractor shall state the source of any material he proposes to use in the Work.
- 13.4 The Contractor at his own expense shall furnish for the Owner's Representative's approval such samples and manufacturers' specifications as the Owner's Representative may require. The Work shall conform to the samples and manufacturers' specifications approved in writing by the Owner's Representative, but no such approval shall prevent the subsequent rejection of all or any portion thereof by the Owner's Representative at his sole discretion which may turn out to be unsound or unfit for use.
- 13.5 If it is indicated in the Specifications that the Contractor may furnish or use a substitute that is equal to any material or Equipment specified and if the Contractor wishes to furnish or use a substitute he shall promptly after the award of the Contract make a written application to the Owner's Representative for approval of the substitute and certify in writing that the proposed substitute will perform adequately the duties imposed by the general design, be similar and of equal substance to that specified and be suited to the same use and capable of performing the same function as that specified. No substitute shall be ordered or installed without the written approval of the Owner's Representative who shall be the judge of the quality.
- 13.6 All materials and Equipment shall be applied, installed, connected, erected, used, cleaned and conditioned in accordance with the instructions of the applicable manufacturer, fabricator or processors except as otherwise specifically provided in the Contract Documents.
- 13.7 The following materials or products containing these materials are not permitted on the Owner's Site without the specific written authorization of the Owner's Representative:

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asbestos, nonylphenol ethoxylates (NPEs), octylphenol ethoxylates (OPEs), polychlorobiphenyls (PCBs), or halogenated/chlorinated compounds (including but not limited to: methylene chloride, 1,1,1-trichloroethane, chloroform, perchloroethylene, trichloroethylene, carbon tetrachloride. Through the Environmental Emergency (E2) Regulations, the Government of Canada requires the preparation and implementation of environmental emergency plans to manage toxic and other hazardous substances. The E2 regulations cover substances that if released to the environment, may harm human health or environmental quality. These substances are listed in Schedule I of the E2 regulations. Should any product under this agreement be identified on the Environmental Emergency Regulations List of Substances, the Owner’s Representative must be notified in writing. The National Pollutant Release Inventory (NPRI) managed by Environment Canada, is a Canadian database containing information on annual on-site releases of specific substances to the air, water and land, as well as disposals and off-site transfers for recycling that originate from industrial and institutional sources. One of the triggers for reporting to NPRI is the concentrations of NPRI substances in products. These substances are grouped into five different threshold categories/part #'s and can be found under “Substance Lists” on the Environment Canada website. Should any product under this agreement contain one or more NPRI substances, at or above the threshold concentration listed, the Owner’s Representative must be notified in writing.

G.C.14 - Taxes and Duties

- 14.1 The Contractor shall pay all Federal, Provincial and local taxes and duties whatsoever payable in respect of the Work, and shall cause all Subcontractors to pay all such taxes and duties payable in respect of any part or parts of the Work performed by them and shall charge the Owner with respect to any such taxes payable by the Owner to the Contractor under G.C. 14.3 hereof.
- 14.2 The Owner shall be entitled to receive for its own account all refunds of taxes and duties referred to in G.C. 14.1 paid by the Contractor and his Subcontractors, and for the purpose of assuring to the Owner the recovery of such refunds of taxes and duties the Contractor shall assign, and shall cause his Subcontractors to assign, to the Owner all the right, title and interest that the Contractor and his Subcontractors have or may have in or to such refunds of taxes and duties. The Contractor shall furnish, and shall cause his Subcontractors to furnish, to the Owner all the information, invoices, evidence and declarations that may be reasonably required by the Owner to establish a claim for such refunds.
- 14.3 Any sales tax, use tax, provincial or similar tax imposed by any

governmental authority on, or measured by, the transaction between the Owner and the Contractor shall be paid by the Owner in addition to the Contract Sum. In the event that the Contractor shall be required to pay any such tax, the Owner shall indemnify the Contractor therefor. The Owner may provide the Contractor at the time an order is entered with an exemption certificate or other document acceptable to the authority imposing the tax. The Owner will pay Goods and Services Tax as invoiced on the Contract Sum, as required by law, to the Contractor in addition to the Contract Sum.

- 14.4 All duties or charges payable upon importing the Equipment or any part thereof shall be paid by the Contractor. In the event that the Owner is required to pay any such duty or charge, the Contractor shall indemnify the Owner therefor.
- 14.5 The Contractor shall upon the request of the Owner supply to the Owner copies of such invoices and access to such accounting records relating to the Work that the Owner may reasonably require for its internal accounting and tax assessment and rebate purposes.

G.C.15 - Equipment

- 15.1 Before beginning the Work, the Contractor shall submit to the Owner's Representative a list of the Equipment that he intends to use and provide evidence satisfactory to the Owner's Representative that all such Equipment will meet the standards set by WorkSafeBC and any other applicable regulatory body. If any of the Equipment listed or later provided by the Contractor is, in the opinion of the Owner's Representative, inadequate or inappropriate for the quality of Work required, or to complete the Work in the period of time allowed, the Owner's Representative may in writing require the Contractor to substitute other Equipment, or to provide more Equipment, and the Contractor shall conform to such requirement without additional charge to the Owner.
- 15.2 The Contractor shall not remove any Equipment from the Site without the written approval of the Owner's Representative.
- 15.3 The Contractor shall ensure that it provides, or causes to be provided, to the Owner a certificate of compliance to all the applicable national standards and must bear evidence of either a mark or a label of a certification agency accredited by the Standards Council of Canada (CSA) or an approval label issued by the British Columbia Safety Authority under section 10 of the *Safety Standards Act*, which certificate must be issued by an accredited certification body, which must be recognized as such by the Standards Council of Canada.

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G.C.16 - Cutting, Patching and Digging

- 16.1 The Contractor shall do all cutting, fitting or patching that may be required to make the parts of the Work come together properly or to connect to the work of Others as shown upon or reasonably implied by the Contract Documents and as the Owner's Representative may instruct.
- 16.2 The Contractor shall not endanger any existing work by cutting, digging or otherwise, and shall not cut or alter the work of Others without the consent in writing of the Owner's Representative.
- 16.3 The Contractor shall obtain written permission from the Owner's Representative before performing any welding, flame cutting or preheating in or near any of the existing mill facilities, and when performing such welding, flame cutting or preheating, shall comply with all the Owner's rules for its performance.
- 16.4 The Contractor shall take particular care to keep clean and tidy all areas in which welding, flame cutting or preheating is being performed.
- 16.5 If, in the opinion of the Owner's Representative, the Contractor's welding procedures or the location in which the Contractor proposes to perform welding, flame cutting or preheating constitutes a hazard to any part of the Work or to the Owner's property, the Contractor shall change the procedure or location to one which does not, in the opinion of the Owner's Representative, present such hazard.

without the approval or consent of the Owner's Representative, it shall be uncovered for inspection, and made good at the Contractor's expense.

- 17.3 Inspection or re-inspection of any part of the Work may be ordered by the Owner's Representative at any time during the course of the Work and until the end of the warranty period or periods set forth in G.C.43, and the Contractor shall uncover or otherwise expose that portion of the Work for inspection. If such part of the Work is found to be in accordance with the Contract, then except as provided in G.C.17.2 the Owner shall pay the cost of exposing it and of the inspection, re-inspection and restoration. If such part of the Work is found to be not in accordance with the Contract, the Contractor shall pay such costs.
- 17.4 The Contractor shall test the Work as specified and shall submit test certificates to the Owner's Representative for each test stating the test results as compared to the specified results, the date of the test and the name of the person conducting the test. All testing shall be in the presence of the Owner's Representative unless otherwise instructed by the Owner's Representative in writing.
- 17.5 The Owner at its own cost may elect to employ the services of an independent testing agency to test materials and to inspect the manner in which the materials are being placed or otherwise incorporated in the Work. The Contractor shall allow persons employed by such an agency access to those areas where testing and inspection may be required by the Owner.
- 17.6 Any inspection and testing performed by such an agency shall in no way release the Contractor from his responsibility for providing material and workmanship in accordance with the standards presented in the Specifications and other provisions of the Contract.

ARTICLE V - INSPECTION AND REJECTION OF WORK

G.C.17 - Inspection of the Work

- 17.1 In order to inspect the Work and the progress thereof, the Owner and the Owner's Representative shall at all times have access to the Work both at the Site of the Work and in the premises of the Contractor and his Subcontractors or other places where any part of the Work is being fabricated or manufactured, and the Contractor shall provide facilities for such access and inspection.
- 17.2 If the Contract Documents, the Owner's Representative's written instructions, laws, ordinances, or any public authority require any part of the Work to be inspected, tested, or approved, the Contractor shall give the Owner's Representative advance notice of its readiness for inspection, and if the inspection is by an authority other than the Owner's Representative, he shall notify such authority and the Owner's Representative that such part of the Work is ready for inspection. If any such part of the Work should be covered up

G.C.18 - Rejected Materials and Work

- 18.1 The Contractor shall promptly remove from the Site all materials rejected by the Owner's Representative as failing to conform to the Contract, and the Contractor shall promptly replace them with materials conforming to the Contract and without expense to the Owner, and shall bear the expense of making good all work of Other Contractors destroyed or damaged by such removal or replacement.
- 18.2 If the Contractor does not remove such rejected materials within the time designated in writing by the Owner's Representative, the Owner may remove and store them at the expense of the Contractor, and in addition to any other remedies the Owner may have, the cost of such removal and

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storage by the Owner may be deducted and set-off by the Owner from moneys due to the Contractor.

- 18.3 The Contractor shall promptly replace and re-execute all parts of the Work rejected by the Owner's Representative as failing to conform to the Contract, without expense to the Owner, and shall bear the expense of making good all other work destroyed or damaged by such replacement and re-execution.
- 18.4 If the Contractor does not promptly replace and re-execute such rejected parts of the Work, the Owner may, without prejudice to any other rights which the Owner may have, cause such replacement and re-execution to be carried out by its own forces or by others in accordance with the provisions of G.C.37.

G.C.19 - Deductions for Uncorrected Work

- 19.1 If in the opinion of the Owner it is not expedient to correct defective parts of the Work or parts of the Work not done in accordance with the Contract Documents, the Owner will deduct from the Contract Sum a sum of money equal to the difference in value between the Work as done and the Work as called for in the Contract which deduction shall comprise an abatement to the Contract Sum. Such difference in value shall be determined by the Owner's Representative.

ARTICLE VI - GENERAL PROVISIONS

G.C.20 - Maintaining Site Cleanliness

- 20.1 The Contractor shall at all times during the course of the Work keep the Site of the Work neat, clean and free from accumulation of waste materials and rubbish regardless of source. As plastic and Styrofoam are a major contaminate at the Owner's site, the Contractor must not use plastic or Styrofoam unless no reasonable alternative is available. Damage to any Goods resulting from improper packing will be charged to the Contractor's account.
- 20.2 On completion of the Work the Contractor shall remove all waste materials and rubbish, temporary buildings and facilities, tools, plant, equipment and surplus materials resulting from or used for the Work, from and about the Site, and shall leave the working area clean.
- 20.3 If the Contractor fails to keep the Site of the Work clean and to remove waste materials and rubbish during and on completion of the Work, or to remove his temporary buildings and facilities, or tools, equipment and materials on completion of the Work, the Owner's Representative may arrange to have the Site cleaned, and the rubbish removed and disposed of, and the Contractor's materials, tools and equipment stored at

suitable locations, and the Owner will deduct the costs as determined by the Owner's Representative of such cleaning, removals and storage from the amount due to the Contractor under the Contract.

- 20.4 Unless otherwise specified elsewhere in the Contract the Contractor shall provide and maintain temporary washroom and toilet facilities on the Site for the use of all persons connected with the Work and remove such facilities and their contents on the completion of the Work.
- 20.5 The Contractor shall keep the Site of the Work in a clean and sanitary condition. He shall post notices and take such other precautions as may be necessary to keep the Site of the Work clean, and shall remove any waste matter deposited, and do any cleaning that may be directed by the Owner's Representative.

G.C.21 – First Aid Facilities and Safety Regulations

- 21.1 Unless otherwise specified elsewhere in the Contract Documents, the Owner shall provide all first aid personnel, facilities and supplies required by law.
- 21.2 The Contractor shall take all necessary precautions against risks of injury or loss of life and shall, without limiting the generality of the foregoing, provide security and adequate lighting for the Work and designate a responsible person at the Site whose duties shall include accident prevention.
- 21.3 In addition to complying with the safety rules and regulations of all governmental authorities as required pursuant to G.C.29, the Contractor shall comply with the safety standards practiced in the construction industry for the type of Work to be performed and the safety rules and regulations issued by the Owner or the Owner's Representative from time to time governing the conduct or welfare of all persons on the Site.

G.C.22 - Workers Compensation Act

- 22.1 The Contractor shall register under and abide by and comply with all provisions of the *Workers Compensation Act* of the Province of British Columbia and all regulations passed thereunder (the "WCA") and any other industrial insurance laws of said Province, and will carry compensation insurance insuring against any claims or liability which may arise under said laws.
- 22.2 The Contractor unconditionally guarantees to the Owner full compliance with the WCA and any other industrial insurance laws of British Columbia by any Subcontractor or other person employed by the Contractor, or with whom the Contractor may make any contract for the performance of any of the

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Work hereunder.

- 22.3 The Contractor unconditionally agrees to indemnify and save harmless the Owner from and against all loss, liability, costs, charges, claims, damages, demands, expenses or liens which may arise as a consequence of or grow out of any failure by the Contractor or any Subcontractor or other person employed by the Contractor or with whom the Contractor may make any contract for the performance of any of the Work hereunder to comply fully with the provisions of this G.C.22 or which may arise as a consequence of or grow out of any injury, illness or death of any employee of the Contractor or any Subcontractor or employee of any Subcontractor engaged for or participating in the performance of the Work.
- 22.4 The Contractor shall deliver to the Owner, before any Work has begun, satisfactory evidence and certification showing compliance by the Contractor with said laws.
- 22.5 At any time during the term of the Contract, when requested by the Owner, the Contractor shall provide such evidence of compliance by himself and his Subcontractors.

G.C.23 - Protection of Work and Property

- 23.1 The Contractor shall take all necessary precautions to ensure that all shoring, falsework, scaffolding, temporary works, construction equipment, materials, or any of his operations, or forces of nature which apply loads to any part of the Work shall not damage the Work, or anything adjacent to the Work, or any persons on the Site, and shall have all shoring, falsework, scaffolding and other temporary works designed by a qualified and competent professional on behalf of the Contractor.
- 23.2 If the Contractor
 - (a) encounters toxic or hazardous substances at the Site; or
 - (b) has reasonable grounds to believe that toxic or hazardous substances are present at the Site,
 the Contractor shall take all reasonable steps, including stopping the Work, to ensure that no person suffers injury, sickness or death and that no property is injured or destroyed as a result of exposure to or the presence of the substances, and immediately report the circumstances to the Owner's Representative and the Owner in writing.
- 23.3 If the Contractor is delayed in performing the Work or incurs additional costs as a result of taking steps required under G.C.23.2, the Detailed Construction Schedule shall be extended for such reasonable time as the Owner's

- Representative may recommend in consultation with the Contractor and the Contractor shall be reimbursed for reasonable costs incurred as a result of the delay and as a result of taking those steps.
- 23.4 The Contractor hereby covenants and agrees with the Owner that the Contractor shall comply in all material respects with all environmental laws, rules and regulations effecting or relating to the Owner's property, including any policies, rules and regulations implemented by the Owner from time to time, and will assume and perform any and all environmental liabilities and obligations for the clean-up of any contamination on, under or emanating from the Owner's property and resulting from the goods, material, Equipment and/or Work performed on the Owner's property by the Contractor and/or its Subcontractors, agents or employees.
- 23.5 The Contractor shall be liable for all loss and damage to and loss of use of property of the Owner including property of the Owner in the care, custody or control of the Contractor or used or occupied by him that is caused by or arises either directly or indirectly out of the negligence of the Contractor, his agents, Subcontractors or employees, or out of failure to comply with the covenants set out herein.
- 23.6 The Contractor shall, as the Owner's Representative may instruct, promptly repair or replace at his own expense any portion of the Work or property of the Owner that is lost, damaged, destroyed or injured in any way as a result of the Work, or shall, if the Owner's Representative so instructs, promptly reimburse the Owner for any or all such loss, damage, destruction or injury and shall reimburse the Owner for loss of use of such Work or property.
- 23.7 The Contractor shall indemnify and save harmless the Owner from and against all claims, damages, costs, expenses, actions and suits caused by or arising out of or in connection with, whether directly or indirectly, the carrying out of the Work or by reason of any matter or thing done, permitted or omitted to be done by the Contractor, his agents, Subcontractors or employees and whether occasioned by the negligence of the Contractor, his agents, Subcontractors, employees or otherwise.
- 23.8 The Owner shall not be liable for any loss or damage to the property of the Contractor or of the Contractor's agents, Subcontractors or employees unless caused by negligence of the Owner or its servants.
- 23.9 Except as may be otherwise specified in the Contract Documents the Contractor shall take all precautions necessary to protect the Work from fire to which end the Contractor shall designate a responsible member of his organization at

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the Site whose duties shall include the provisions and maintenance of fire protection equipment at the Site and the designation and training of the Contractor's employees in firefighting.

23.10 The Owner may provide guards and other security measures to protect the Owner's property and equipment and the provision of such guards and other security measures shall not relieve the Contractor of the responsibility to protect the Contractor's property and equipment.

G.C.24 - Use of Site by the Contractor

24.1 The Contractor shall confine his equipment, the storage of material and the operations of his workmen to limits indicated by law, ordinances, permits and instructions of the Owner's Representative, and shall not unreasonably encumber the Site of the Work with his materials.

24.2 The Contractor shall enforce the Owner's Representative's and the Owner's instructions regarding signs, advertisements, fires, smoking and Site security regulations.

24.3 The Contractor must take all due care to ensure any and all telecommunications, data, computer hardware or software, information technology networks or similar systems which are connected to or are granted access to the Owner's telecommunications, data, computer hardware or software, information technology networks or similar systems telecommunications, data, computer have current, managed, and monitored anti-malware systems. The Contractor agrees that it shall not, and shall cause its Subcontractors not to use, share with, publish or otherwise disclose to any legal or natural person in any manner whatsoever, by any means, any access, data or other information regarding the Owner's telecommunications, data, computer hardware or software, information technology networks or similar systems without Owner's prior written consent. In the event of an information security incident the Contractor will, and will cause all of its Subcontractors to, immediately disconnect from the Owner's information technology system and inform the Owner immediately of such an event. It is expected that the recipient will provide a clear, detailed description of the incident to the Owner's information technology group.

G.C.25 - Vehicles

25.1 The Contractor and its Subcontractors shall use the entrance designated by the Owner for the Site for ingress and egress of all personnel, construction equipment, construction vehicles and materials, supplies, machinery, Equipment, facilities and structures to be incorporated into the Project.

25.2 Only those vehicles which are required for the Work and which are properly insured in accordance with the Contract Documents will be allowed on the Site.

25.3 Only the Owner's and Contractor's work vehicles and construction equipment shall be allowed on the Site except that, the vehicles of commercial carriers will be permitted to enter the Site only while being used to transport equipment and materials to and from the Work and will only be permitted if such carrier is insured to an extent equal to that required of the Contractor under the Contract with respect to vehicles.

25.4 Passenger vehicles will not be permitted on the Site and shall be parked in areas to be designated by the Owner's Representative.

25.5 The Contractor shall file an application with the Owner for each vehicle required on the Site for the Work, the application to be in a form to be approved by the Owner's Representative. Such vehicles may be provided with an identification card by the Owner which shall in such case be displayed on the vehicle's windshield. If required by the Owner, all vehicles will be checked on and off the Site at the gate by the Owner's representative.

25.6 The Contractor shall coordinate, with the Owner, all construction materials shipped to the Site by government ferry, barge and/or beach craft.

25.7 Mooring facilities for private vessels will not be provided at the Site unless approved in writing by the Owner.

G.C.26 - Off loading and Storage

26.1 The Contractor shall, without delay, receive, off load, handle, transport on the Site, inspect and if necessary, store and re-handle and transport all equipment and materials supplied by the Owner for the Work which are scheduled to arrive on the Site during the time when the Contractor is to be on Site according to the Detailed Construction Schedule, and also all equipment and materials supplied by the Contractor for the Work regardless of when they arrive.

26.2 If equipment or materials which the Contractor is responsible for receiving, off-loading, handling, transporting and storing are off loaded, handled, transported or stored by the Owner, the expense so incurred by the Owner shall be reimbursed by the Contractor on demand or will be deducted by the Owner from money due or accruing due to the Contractor and shall be an abatement to the Contract Sum.

26.3 Demurrage charges incurred by the Owner because the Contractor failed to off load within the time allowed by the

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carrier will be deducted by the Owner from money due to the Contractor and shall be an abatement to the Contract Sum.

- 26.4 Except as may be otherwise provided for in the Contract, the Contractor shall provide in areas designated by the Owner's Representative storage, both open and protected from the weather, and heated where necessary, for all equipment and materials supplied for the Work both by the Owner and by the Contractor, to the entire satisfaction of the Owner's Representative.
- 26.5 The Contractor shall protect and care for all equipment and materials during storage.

G.C.27 - Receiving and Responsibility

- 27.1 The Contractor shall inspect all equipment and materials supplied by the Owner for the Work which are on the Site at the time that the Contractor arrives on the Site; and shall inspect those which arrive on the Site while the Contractor is on the Site immediately on their arrival.
- 27.2 If the Contractor's inspection reveals evidence of loss or damage, the Contractor shall at once so inform the Owner's Representative.
- 27.3 Unless the Contractor informs the Owner's Representative of loss or damage the Contractor shall be deemed to have received the equipment or materials into his care, custody and control without loss or damage.
- 27.4 From the time that the Contractor receives into his care, custody or control, equipment or materials supplied by the Owner for the Work until such time as the Work is completed, the Contractor shall: (i) pay to the Owner any fees or other amounts charged by the Owner for such equipment or materials as provided for in the Contract Documents; and (ii) be liable for, and shall indemnify the Owner in respect of all loss and damage to such equipment including all defects and deficiencies therein except latent or hidden defects and deficiencies which could not in the opinion of the Owner's Representative have been discovered at the time of the Contractor's inspection, and in respect of all costs of repurchasing, redelivery, dismantling, reinstalling, repairing and restoring such equipment or materials.

G.C.28 - Guarantee Bonds

- 28.1 The Owner shall have the right to require the Contractor to furnish the Owner a performance bond covering the due and faithful performance of the Contract, including the warranty of the Contractor under G.C.43, and/or a labour and material payment bond covering payment by the Contractor of all his

obligations arising under the Contract, both in the forms and amounts, if any, set forth elsewhere in the Contract Documents, or otherwise as the Owner may prescribe and, in all cases, with such sureties as the Owner may approve. The premium for such bonds will be paid by the Owner.

- 28.2 If at any time any such bond shall not be in full force and effect or shall not be obtainable except upon payment of a premium which in the opinion of the Owner is excessive under the circumstances, such event shall be deemed to be an additional event under G.C.45.1 and the Owner may proceed to terminate the rights of the Contractor under the Contract forthwith as provided in G.C.45.

G.C.29 - Laws, Rules, Permits, Notices and Patents

- 29.1 The Contractor shall comply with all laws, statutes, bylaws, ordinances and regulations, whether Federal, Provincial or Municipal, and whether elsewhere referred to in the Contract Documents or not, and shall give all notices required by such laws, statutes, bylaws, ordinances or regulations.
- 29.2 Unless otherwise stipulated herein, the Contractor shall obtain and pay for all necessary permits, licences and certificates of inspection required for the execution of the Work. The Contractor shall deliver to the Owner's Representative copies of all such permits, licences and certificates.
- 29.3 The Contractor shall pay all royalties and licence fees and shall save the Owner harmless from loss on account of suits or claims which may arise out of the performance of the Work for infringement of patents.
- 29.4 The Contractor shall comply with all regulations and policies of the Owner respecting security procedures concerning systems and data and remote access thereto and building security procedures.
- 29.5 All intellectual property rights, including copyrights, patents, patent disclosures and inventions (whether patentable or not), trademarks service marks, trade secrets, know-how and other confidential information, trade dress, trade names, logos, corporate names and domain names, together with all of the goodwill associated therewith, derivative works and all other rights (collectively, in this G.C.29, the "Intellectual Property Rights") in and to all documents, work product and other materials that are delivered to Owner under this Agreement or prepared by or on behalf of the Contractor in the course of performing the Work (collectively, in this G.C.29, the "Deliverables") shall be owned exclusively by the Owner. Contractor agrees, and shall cause its employees and permitted Subcontractors (collectively, in this G.C.29, the "Contractor Personnel") to agree, that such Deliverables are

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hereby deemed a "work made for hire" for the Owner. To the extent that any of the Deliverables do not constitute a "work made for hire," Contractor hereby irrevocably assigns, and shall cause the Contractor Personnel to irrevocably assign to the Owner, in each case without additional consideration, all right, title and interest throughout the world in and to the Deliverables, including all Intellectual Property Rights therein. The Contractor shall cause Contractor Personnel to irrevocably waive, to the extent permitted by applicable law, any and all claims such Contractor Personnel may now or hereafter have in any jurisdiction to so-called "moral rights" or rights of droit moral with respect to the Deliverables. Upon the Owner's request, the Contractor shall, and shall cause the Contractor Personnel to, promptly take such further actions, including the execution and delivery of all appropriate instruments of conveyance, as may be necessary to assist the Owner to prosecute, register, perfect or record its rights in or to any of the Deliverables.

corporation to whom he reasonably objects.

- 30.3 Nothing contained in the Contract Documents shall be construed as creating any contractual relationship between any Subcontractor and the Owner.
- 30.4 Notwithstanding any approval given by the Owner of any Subcontractor, if any event occurs or circumstance, arises with respect to any such Subcontractor that would, if it occurred or arose with respect to the Contractor, entitle the Owner, upon notice or otherwise, to terminate the rights of the Contractor under the provisions of G.C.45 hereof, then and in such event or circumstance the Owner may require the Contractor to give any notice to the Subcontractor which the Owner may require and/or to discharge such Subcontractor and cancel and terminate any contract between the Subcontractor and the Contractor with respect to the Work without liability to the Owner or the Owner's Representative.

ARTICLE VII - SUBCONTRACTORS AND OTHER CONTRACTORS

G.C.30 - Subcontracts

- 30.1 The Contractor shall not subcontract the Work nor any portion thereof without the prior written consent of the Owner, and if the Owner agrees to permit the subcontracting of any portion of the Work,
 - 30.1.1 the choice of the person, firm or corporation to be the Subcontractor shall also be subject to the approval in writing of the Owner;
 - 30.1.2 the Contractor shall bind the Subcontractor by a contract in writing to the terms of the Contract Documents insofar as they may apply to the work of the Subcontractor, including, without limiting the generality of the foregoing, all insurance and indemnity provisions of the Contract, and shall deliver to the Owner's Representative for his inspection the contract that he has with the Subcontractor; and
 - 30.1.3 the Contractor shall be held as fully responsible to the Owner for the acts and omissions of the Subcontractor and of persons directly or indirectly employed by the Subcontractor as for the acts and omissions of persons directly employed by the Contractor and shall, upon demand, assign in favour of the Owner his rights to insurance proceeds and/or indemnity from any Subcontractor.
- 30.2 In view of the responsibility of the Contractor for the acts and omissions of his Subcontractors, the Contractor shall not be obliged to employ as a Subcontractor any person, firm or

G.C.31 - Other Contractors

- 31.1 The Owner reserves the right to enter into other contracts in connection with the Project of which the Work is a part and the Contractor shall properly connect and coordinate his work with that of Other Contractors.
- 31.2 If the Contractor fails to connect or coordinate the Work properly with the work of Other Contractors, he shall not make any claims founded on delays which have resulted from his failure to connect or coordinate the Work, and he shall save the Owner harmless from all claims made by Other Contractors, which are founded on delays caused by his failure to coordinate the Work with such Other Contractors.
- 31.3 If any part of the Work depends for its proper execution or result upon the work of Other Contractors, the Contractor shall report promptly in writing to the Owner's Representative any defects in the work of such Other Contractors that interfere with the proper execution of the Work. Should the Contractor fail to report promptly such defects, he shall have no claim against the Owner except for latent defects not reasonably noticeable at the time of the commencement of the Work.

G.C.32 - Disputes Between Contractors

- 32.1 Should the Contractor cause damages relating to any Other Contractor on the Site, the Contractor agrees, upon receipt of written notice of such damage or delay, to make best efforts to settle with such Other Contractor, by agreement, any claim or potential claim brought by such Other Contractor. In any proceeding, legal, equitable or otherwise, to which the Owner is a party, whether brought by such Other Contractor or not,

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resulting from such damage or delay, the Owner shall notify the Contractor in writing of the claim of such Other Contractor, and the Owner will defend its own interests by employing counsel of its own choosing to represent its interests. However, the Contractor shall be responsible for and shall pay all judgments, awards, costs, settlements, and legal fees on a solicitor and own client basis incurred by the Owner that may result from such proceeding and shall fully indemnify and save the Owner harmless therefrom.

ARTICLE VIII - DELAYS, CHANGES AND ACCELERATION

G.C.33 - Delays

- 33.1 The Contractor shall notify the Owner's Representative in writing of any occurrence which in the opinion of the Contractor has caused or which he anticipates may cause delay in the performance of any part or parts of the Work in accordance with the Detailed Construction Schedule or the entire Work by the date for completion. Every such notice in writing shall be given as soon as possible and in any event not later than seven (7) days after the occurrence which in the opinion of the Contractor caused the delay or which gave rise to the anticipation of the delay.
- 33.2 If the Contractor believes that the delay arising from any notification provided in G.C.33.1 was caused by a Force Majeure Event, he may request in writing a revision to the Detailed Construction Schedule and/or an extension of the time for completing the Work. Every such request shall be delivered to the Owner's Representative and shall be accompanied by complete details of the reasons for the delay or anticipation of the delay, the extent of the delay which has occurred or which is likely to occur, and the effect of such actual or anticipated delay upon the Detailed Construction Schedule and the time required for completion of the Work.
- 33.3 If the Contractor believes that the delay arising from any notification provided in G.C.33.1 was the direct result of the act or neglect of the Owner or the Owner's Representative, then the Contractor may also submit a claim in writing for reimbursement of his additional field overhead costs which can be shown to result from the delay due to such act or neglect. Every such claim shall be delivered to the Owner's Representative and shall be accompanied by complete details of all items included in the claim.
- 33.4 Any request made by the Contractor pursuant to G.C.33.2 and any claim made by the Contractor pursuant to G.C.33.3 shall be delivered to the Owner's Representative concurrently with the Contractor's notification pursuant to G.C.33.1 of the occurrence which caused or gave rise to the anticipation of the delay in respect of which the request or claim is made, or, if it

is not reasonably possible for the Contractor to determine the full extent of the delay or the full amount of the additional field overhead costs at the time of such notification, at a later time, subject to the following requirements being observed in each such case:

- 33.4.1 The Contractor shall include with the applicable notification given pursuant to G.C.33.1, a written statement that the notification and the delay arising therefrom may be the subject of a subsequent request pursuant to G.C.33.2 or claim pursuant to G.C.33.3, as the case may be;
- 33.4.2 The request pursuant to G.C.33.2 or claim pursuant to G.C.33.3 shall be delivered not later than seven (7) days after the date on which the full extent of the actual delay or the full amount of the additional field overhead costs, as the case may be, could reasonably be determined; and
- 33.4.3 The request pursuant to G.C.33.2 or claim pursuant to G.C.33.3 shall be restricted to the delay arising from the occurrence specified in the Contractor's notification given pursuant to G.C.33.1.
- 33.5 If the Contractor fails to strictly comply with all of the requirements of G.C.33.1 and G.C.33.4 with respect to any request pursuant to G.C.33.2 or claim pursuant to G.C.33.3, the Contractor shall not be entitled to any revision to the Detailed Construction Schedule or any extension of the time for completion of the Work or to reimbursement for his additional field overhead costs, as the case may be.
- 33.6 Upon receipt of any request made by the Contractor pursuant to G.C.33.2, and within the time limited by G.C.33.4, the Owner's Representative shall decide the validity of the request. Where any such request is valid, the Owner's Representative shall also decide the effect of the delay upon the time required for completion of the Work and the various parts thereof, and the time for completion of the Work may be extended by Change Order in accordance with such decision of the Owner's Representative, in which event the Detailed Construction Schedule shall be revised accordingly by the Owner's Representative. If the time for completion of the Work is not so extended, the Owner's Representative may require the Contractor in writing to complete the Work according to the subsisting Detailed Construction Schedule and by the subsisting completion date, pursuant to the provisions of G.C.36.2. Where the Contractor has requested only a revision to the Detailed Construction Schedule, it shall be revised by the Owner's Representative in accordance with his decision upon the effect of the delay.

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- 33.7 Upon receipt of any claim made by the Contractor pursuant to G.C.33.3, and within the time limited by G.C.33.4, the Owner's Representative shall decide the validity of the claim. Where any such claim is valid, the Owner's Representative shall examine the Contractor's claim for reimbursement and decide the amount, if any, of the Contractor's additional field overhead costs which properly result from the delay and shall issue a certificate to the Owner stating such amount. Any amount so certified shall be paid by the Owner to the Contractor upon and subject to the provisions of G.C.38.7 and G.C.39.
- 33.8 Decisions to be rendered by the Owner's Representative pursuant to G.C.33.6 and G.C.33.7 shall be given in writing to the Owner and the Contractor and may be made either immediately after the receipt of the Contractor's request or claim or may be made at a later date, including a date after the completion of the Work, if the Owner's Representative considers that his decision can be best rendered at that time having regard to all the circumstances. Such decisions shall be final and binding upon the Owner and the Contractor unless either shall notify the other and the Owner's Representative within thirty (30) days after receipt of the Owner's Representative's decision that the decision is disputed.
- 33.9 Notwithstanding any of the provisions of this G.C.33, the Contractor shall not be entitled to any revision of the Detailed Construction Schedule or to any extension of the time for completion of the Work or to reimbursement of any additional field overhead costs in any case where the Contractor, after encountering possible delay, is or was in the opinion of the Owner's Representative able to adjust his forces by moving them to other parts of the Work, or being unable to so adjust his forces, in the opinion of the Owner's Representative failed to reduce his forces in relation to the delay.
- 33.10 If the Contractor shall not have received the Construction Drawings needed for him to make proper preparation to begin the construction on the Site of a part of the Work on the date indicated in the Detailed Construction Schedule, he shall make a written request to the Owner's Representative for such Construction Drawings not earlier than twenty-one (21) days nor later than seven (7) days before the date indicated in the Detailed Construction Schedule. Notwithstanding any of the provisions of this G.C.33, the Contractor shall not be entitled to any revision of the Detailed Construction Schedule or any extension of the time for completion of the Work or any reimbursement of his additional field overhead costs based upon lack of such Construction Drawings unless the Contractor shall have made a written request for them as prescribed in this G.C.33.10.

G.C.34 - Changes in the Work

- 34.1 The Owner or the Owner's Representative may make changes by altering, adding to or deducting from the Work without invalidating the Contract. Changes in the Work may be made before, during or after the actual construction of the parts of the Work affected by the changes.
- 34.2 Except as provided in G.C.7, no change shall be made to the Work unless as a result of a Change Order and no revision of the Detailed Construction Schedule or extension of the time for completion or addition to the Contract Sum by reason of a change in the Work will be considered or allowed unless the change has been so ordered.
- 34.3 [Not used]
- 34.4 All changes in the Work shall be carried out under the terms and conditions of the Contract and the adjustments, if any, to be made to the Contract Sum and/or the completion date for the Work and/or the Detailed Construction Schedule by reason thereof shall be made only as set forth in this G.C.34 and G.C.35.
- 34.5 A Change Order specifying changes in the Work may also specify an adjustment by way of advancement or postponement to be made in the date for completion, and in such case, the Detailed Construction Schedule shall be revised accordingly by the Owner's Representative.
- 34.6 Notwithstanding that the Contractor may, in respect of any change or changes in the Work ordered pursuant to this G.C.34, desire to make a claim pursuant to G.C.34.7 and G.C.34.8 or either of them, the Contractor shall nevertheless and without delay carry out the change or changes so ordered, but the carrying out of any such change shall not prejudice any claim that the Contractor may have under G.C.34.7 or G.C.34.8 in respect of such change.
- 34.7 Any claim by the Contractor for an extension of the time for completion or for a revision of the Detailed Construction Schedule arising by reason of a change in the Work shall be dealt with pursuant to G.C.33 at the time of issue of the Change Order covering the change to the Work.
- 34.8 If the Contractor believes that any change in the Work or any other circumstances beyond the control of the Contractor arising during the course of the Work (except those provided for in G.C.7, G.C.33 and G.C.42) justifies an addition to the Contract Sum, then the Contractor may submit a claim in writing to the Owner's Representative for an addition to the Contract Sum. Every such claim shall be delivered to the Owner's Representative within seven (7) days of the date of

receiving the Change Order or revised Construction Drawings, or of the date on which such other circumstances arise, as the case may be, and if the claim is not delivered to the Owner's Representative within such time, the Contractor shall not be entitled to any addition to the Contract Sum. All claims by the Contractor under the provisions of this G.C.34.8 shall be accompanied by a detailed list of the changes in the Work or other circumstances in respect of which the claim is made and a detailed estimate of the cost of each, together with references to the Construction Drawings.

- 34.9 Upon receipt of a claim made by the Contractor pursuant to and within the time specified in G.C.34.8, the Owner's Representative shall decide the validity of the Contractor's claim. Where any such claim is valid, there shall be an addition to the Contract Sum, the amount of which shall be determined pursuant to G.C.35.
- 34.10 Where any change in the Work has resulted or will result in a decrease in the cost of carrying out the Work, which shall in the first instance be decided by the Owner's Representative, there shall be a deduction from the Contract Sum, the amount of which shall be determined pursuant to G.C.35.
- 34.11 Decisions to be rendered by the Owner's Representative pursuant to G.C.34.9 and G.C.34.10 shall be given promptly in writing to the Owner and the Contractor. Such decisions shall be final and binding upon the Owner and the Contractor.

G.C.35 - Valuations of Changes in the Work

- 35.1 Changes in the Work or any other circumstances which result in a valid claim for an addition to the Contract Sum pursuant to G.C.34 shall be valued at the unit prices, if any, set forth in the Contract Documents where, in the opinion of the Owner's Representative, they are applicable.
- 35.2 If there are no such unit prices or if in the opinion of the Owner's Representative, such unit prices are not applicable, then the changes in the Work or such other circumstances shall be valued at lump sums or unit prices mutually agreed by the parties hereto.
- 35.3 If such lump sums or unit prices cannot be mutually agreed upon, then the changes in the Work or such other circumstances shall be valued on a cost-plus basis as the sum of the following:

- 35.3.1 For labour and foremen engaged wholly on the part of the Work in which the change is made, the current local rates of wages, the cost of holiday pay, workers' compensation insurance, unemployment insurance, any other labour additives required by law, living allowances, costs of board and lodging and other such costs which form part of the employee's terms of employment;
- 35.3.2 For all permanent and temporary materials purchased by the Contractor and actually used in the part of the Work in which the change is made, the actual cost of such materials, including transportation charges, as shown by invoices or other records of payment satisfactory to the Owner's Representative;
- 35.3.3 To cover all other costs except those of machine powered tools and machine-powered equipment, but including general supervision, overhead consumables and tools other than machine-powered tools, and to provide for the Contractor's profit, the sum resulting from the application of the percentage set forth in the Contract Agreement to the cost of labour and materials pursuant to G.C.35.3.1 and G.C.35.3.2 respectively; provided always that the percentage shall not be applied to those portions of overtime wage rates for regular time; nor to any costs of board and lodging; and
- 35.3.4 For any machine-powered tools or machine-powered equipment required for the changes in the Work and approved by the Owner's Representative, the Contractor shall receive a rental price to be agreed upon in writing before the Work is begun, and the rental price shall include all fuel, lubricants, spare parts, and unless otherwise stipulated, shall apply only to actual operating time and unless otherwise agreed upon, shall not include the wages of the operator. To this rental sum no percentage will be added.
- 35.4 In the case of Work performed pursuant to G.C.35.3, not later than 3:00 p.m. of each working day, the Contractor shall submit to the Owner's Representative for certification a report in triplicate for the work done on the previous working day, using forms to be supplied by the Owner's Representative. These forms shall be completed by the Contractor to show the:
 - 35.4.1 date of the Work,
 - 35.4.2 number of the Change Order for the Work, as authorized by the Owner's Representative,

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- 35.4.3 description of the Work done,
- 35.4.4 details of labour, i.e. number of men, hours worked, rates of pay, and total cost of labour,
- 35.4.5 materials supplied,
- 35.4.6 Equipment, i.e. item number, equipment number, hours worked, rental rates and total cost, and
- 35.4.7 total cost for the day;

and shall be accompanied where possible by supporting invoices received by the Contractor and authorized warehouse requisitions. If the invoices for materials are not immediately available, the Contractor shall list the materials used and the estimated cost, and follow-up as soon as possible with the supporting invoice. The daily reports and invoices certified by the Owner's Representative shall be submitted monthly to the Owner's Representative with each application for payment.

- 35.5 Changes in the Work which, pursuant to G.C.34.10, result in a decrease in the cost of carrying out the Work shall be valued at the unit prices, if any, set forth in the Contract Documents, where in the opinion of the Owner's Representative they are applicable, and the Contract Sum shall be reduced accordingly.
- 35.6 If there are no such unit prices or if in the opinion of the Owner's Representative they are not applicable, the decrease in the cost of carrying out the Work shall be valued at lump sums or unit prices mutually agreed by the parties to the Contract, and the Contract Sum shall be reduced accordingly.
- 35.7 If such lump sums or unit prices cannot be mutually agreed upon, then the Contract Sum shall be reduced by an amount which, in the opinion of the Owner's Representative represents the value of the change in the Work, and the Contractor shall not receive any allowance for any loss of profit resulting from such change to the Work.
- 35.8 Where there have been changes to the Work which the Contractor intends to have performed by a Subcontractor and when valuation of payment for such changes is to be made pursuant to G.C.35.3, then the Contractor shall be governed as follows:
 - 35.8.1 No Subcontractor shall be allowed to do such changes in the Work or any portion thereof without having obtained the written consent of the Owner's Representative prior to the commencement of such Work and if such Work is done without such prior consent, the Contractor shall be entitled hereunder

only to such payment as he would have received if he had done the Work with his/her own forces;

- 35.8.2 If the Owner's Representative has given written approval that such changes in the Work shall be done by a Subcontractor, no change shall be made in the basis of payment to the Contractor as set out in G.C.35.3 except that the percentage to be paid to the Contractor shall be the percentage set forth in the Contract for changes in the Work to be done under subcontract and where such a percentage is not set forth in the Contract, the Contractor shall submit to the Owner's Representative for approval a percentage to be paid to the Contractor which shall include the percentage to be paid by the Contractor to the Subcontractor; and
- 35.8.3 If the Owner's Representative does not approve the percentage submitted then the Contractor shall proceed with the changes in the Work himself according to the terms of the Contract.

G.C.36 - Acceleration of the Work

- 36.1 If the Contractor fails to complete any part of the Work in the time specified in the Detailed Construction Schedule, or if it becomes apparent to the Owner's Representative that the Work will not be completed in the time specified in the Contract or determined pursuant to G.C.33, then the Owner's Representative may in writing require that the Contractor expedite the Work and, should it become necessary to work overtime, to add additional shifts, to employ additional men, or to provide additional equipment to accomplish this, the premium for such overtime and/or for such additional shifts, the cost of employing additional men or equipment, together with any other additional costs thereby incurred shall be at the Contractor's sole expense.
- 36.2 The Owner's Representative may in writing require the Contractor to complete the Work or any part thereof before the date set forth in the Detailed Construction Schedule, or require the Contractor to complete the Work according to the Detailed Construction Schedule and within the time specified in the Contract when the Detailed Construction Schedule or date for completion would otherwise be revised pursuant to G.C.33.6. The Contractor may submit a claim for reimbursement for his additional costs that can be shown to be the direct result of such an acceleration required pursuant to this G.C.36.2, including the costs of additional shifts or overtime if the Contractor is required by a labour agreement to pay a premium over and above normal wage rates for such work. This premium shall include the actual extra labour cost over the rate for regular time and shall also include any

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mandatory labour additives. If approved by the Owner's Representative the premium shall also apply to the Contractor's supervisory and clerical staff where the payment of overtime is required under the terms of his employment. Time slips covering ordered overtime or additional shifts will be checked and subject to approval by the Owner's Representative.

36.3 Except as expressly provided in G.C.36.2 or in the Contract Agreement, the Contractor shall not be entitled to any bonus or other additional compensation of any kind by reason of the completion of the whole or any part of the Work before the time for completion of the same as provided in the Contract Documents or the Detailed Construction Schedule, or as determined pursuant to G.C.33.

G.C.37 - Owner's Right to Do Work

37.1 If the Contractor should fail to comply with any provision of the Contract including failure to perform properly any portion of the Work or comply with any instruction or requirement of the Owner's Representative, or should he fail to perform any of the Work in the time specified in the Detailed Construction Schedule or to comply with any Owner's Representative's requirement to accelerate the Work pursuant to G.C.36, and if the Owner wishes to make good such failure with his own forces or to employ Other Contractors to make good such failure, the Owner may, three (3) days after giving written notice to the Contractor, and without prejudice to any other rights that the Owner may have under the Contract, delete portions of the Work from the Contract, and the Contractor shall continue to perform the balance of the Work under the terms of the Contract if the Owner so requires.

37.2 The Contractor, on receiving such notice, shall promptly vacate those areas in which he is no longer required to perform the Work, and shall fully cooperate and coordinate the balance of the Work with the Owner or Other Contractors coming to the Site to make good the Work.

37.3 All additional costs that the Owner incurs as a result of action being taken under this G.C.37, including any excess costs of completion over and above that which would have been paid to the Contractor, shall be paid by the Contractor to the Owner forthwith on demand and in addition to any other rights the Owner may have, such costs may be deducted from any payment then or thereafter due to the Contractor, or if no such payments are then or thereafter due, the Contractor shall pay such additional costs to the Owner, and shall not remove his goods, plant or equipment until he has paid such additional costs to the Owner.

ARTICLE IX - PAYMENT AND COMPLETION

G.C.38 - Application and Valuation of Work for Progress Payments

38.1 On or before the 5th day of each month following a month in which Work has been done by the Contractor, the Contractor shall submit to the Owner's Representative for his approval an application for payment for the value of the amount of Work and changes to the Work done up to and including the last day of the preceding month. The application for the final payment may be submitted at any time after the completion of the Work. The applications shall be made in such form as the Owner's Representative may approve.

38.2 If required by the Owner's Representative, the Contractor shall also submit with each application, audited payroll statements showing his payments for labour and vouchers and receipted invoices showing his payments for materials incorporated in the Work and a statutory declaration stating that the Work which was carried out, as well as the Site and other property of the Owner, was free and clear of all liens and claims for wages, services, workers' compensation assessments, materials or otherwise, and that no claims exist in respect of which a lien could attach upon any property of the Owner arising from the performance of the Work, and that in the case where the application is for final payment, the time for filing any such lien has expired.

38.3 When the Work or change to the Work is being done on a unit price basis, the value of the amount thereof done shall be based upon the number of fully completed units of the Work measured as described in the Contract Documents, and unless otherwise stated in the Contract Documents, there shall not be included in such value the value of materials delivered to the Site and not yet incorporated in the Work.

38.4 When the Work or change to the Work is being done on lump sum basis, the value of the amount thereof done shall be based on the percentage of the Work performed by the Contractor and there shall be included in such value the value of materials delivered to the Site but not yet incorporated in the Work.

38.5 When the Work or change in the Work is being done on a cost-plus basis, the value of the amount thereof done shall be based on payments that the Contractor has made, all as substantiated by certified payroll vouchers and receipted invoices to the satisfaction of the Owner's Representative, plus the percentage, or, in the case of a fixed fee, plus the percentage of the fee that is equal to the percentage of the Work completed.

38.6 If the Owner's Representative approves the amount of Work

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and changes to the Work set forth in the Contractor's application for payment and the sum claimed by the Contractor to be payable for the same, the Owner's Representative shall forthwith issue a certificate to the Owner that such application for payment is approved. Should the Owner's Representative not approve the application for payment, the Owner's Representative will determine the amount of Work and changes to the Work completed by the Contractor up to and including the last day of the preceding month and the sum payable for the same, and shall issue a certificate to the Owner stating such amounts and such sum payable.

38.7 Within thirty (30) days of receipt of each certificate of the Owner's Representative approving an application under G.C.38.6 or stating the amount of Work and changes to the Work completed by the Contractor and the sum payable in respect of completed Work and changes to the Work, the Owner shall pay to the Contractor the sum so approved or stated, less the following sum or sums:

- 38.7.1 The aggregate of all previous payments accrued under this G.C.38.7;
- 38.7.2 An amount certified by the Owner's Representative as sufficient to indemnify the Owner against any defective workmanship or materials in accordance with G.C.18 and which shall not have been corrected prior to the date of the payment;
- 38.7.3 Any moneys that may be due or accruing due by the Contractor to the Owner under the provisions of the Contract or otherwise howsoever;
- 38.7.4 Any amount which the Owner is entitled to withhold or deduct pursuant to G.C.40; and
- 38.7.5 Any amount required to be held back under the provisions of the *Builders Lien Act* (British Columbia).

38.8 The receipt by the Owner of a certificate of the Owner's Representative shall be a condition precedent to the obligation of the Owner to make any payment to the Contractor under this G.C.38, under G.C.39 or under any other provision of the Contract Documents.

G.C.39 - Completion and Final Payment

39.1 Upon receipt of a written notice that the Work is ready for final inspection and acceptance and upon receipt of an application by the Contractor for final payment, the Owner's Representative will promptly make such inspection, and when the Owner's Representative finds the Work to his entire

satisfaction under the Contract Documents (save as to defective work, if any, falling within the provisions of G.C.18) the Owner's Representative shall promptly date and issue a certificate of final payment certifying:

- 39.1.1 the date of completion, the total amount of the Contract Sum in respect of the completed Work and changes to the Work and the total amount, if any, of the deductions to be made under G.C. 19; and
- 39.1.2 the details and amount of any claim or claims duly submitted by the Contractor for additional payment but not approved by the Owner's Representative and remaining outstanding.

39.2 The balance unpaid of the total amount certified by the Owner's Representative as being the Contract Sum shall be paid by the Owner to the Contractor after receipt of the certificate of final payment, but there shall be deducted from such final payment the following sum or sums:

- 39.2.1 Any moneys that may be due or accruing due by the Contractor to the Owner under the provisions of the Contract or otherwise howsoever;
- 39.2.2 Any amount which the Owner is entitled to withhold or deduct pursuant to the provisions of the Contract; and
- 39.2.3 An amount sufficient to protect the Owner in respect of unremedied matters notified to the Contractor pursuant to G.C.43 since the date of the certificate of final payment.

39.3 The issuance of the certificate of final payment by the Owner's Representative and the acceptance by the Contractor of the amount tendered for payment by the Owner under G.C.39.2 shall constitute a waiver and release by the Contractor in favour of the Owner of all claims by the Contractor under the Contract, except only those claims, if any, specified in the certificate of final payment as being not approved by the Owner's Representative and remaining outstanding and claims in respect of deductions made under G.C.39.2.2 or G.C.39.2.3.

39.4 In order to assist the Owner's Representative in establishing the cost of the Work where necessary for the purposes of this G.C.39, the Contractor upon request shall give full and correct information as to the number of men employed and the materials used in connection with each portion of the Work. The Contractor shall keep a separate set of complete and accurate records in connection with the Work and all of his books of account, payrolls, vouchers, invoices and documents relating to the Work shall be accessible to the Owner for

inspection at any time, and the Owner shall have the right to make extracts herefrom.

39.5 Notwithstanding the provisions of G.C.39.2, in the case of a Contract which includes wholly or in part the installation of Equipment and services (other than road, rail and underground services) the balance unpaid of the total amount certified by the Owner's Representative as being the Contract Sum shall be paid, subject to the deductions referred to in G.C.39.2, by the Owner to the Contractor:

39.5.1 as to the portion for Work other than that performed on Equipment and services, forty-five (45) days after receipt of the certificate of final payment;

39.5.2 as to one-third of the portion for Work performed on Equipment and services, forty-five (45) days after receipt of the certificate of final payment; and

39.5.3 as to two-thirds of the portion for Work performed on Equipment and services, ninety (90) days after the start-up of the processes or functions of which all such Equipment and services form part, and in such case the Owner's Representative shall state separately in the certificate of final payment the portion of the Contract Sum for Work performed on Equipment and services.

G.C.40 - Payment By The Contractor and Liens

40.1 To protect the Owner's property from liens, the Contractor shall pay promptly for all materials, equipment and labour used on the Work, and all taxes, duties, assessments and costs in respect of the material, equipment and labour so used, and shall pay promptly all Subcontractors doing portions of the Work and shall require each Subcontractor to make promptly such payments in respect of the subcontracted Work, and in the event that the Subcontractor does not make such payments promptly the Contractor shall make such payments promptly on behalf of the Subcontractor, and shall not suffer or permit any lien or encumbrance of any kind to be filed against or upon the Owner's property regardless of the basis for such lien.

40.2 The Contractor agrees to promptly discharge all liens that may be filed in connection with the Work and hold the Owner harmless therefrom. When required by the Owner, the Contractor shall provide, in a form satisfactory to the Owner, lien waivers from its Subcontractors and suppliers. The Owner shall have the right to pay and to discharge whether by way of payment into court or otherwise, any liens or claims for which the Owner or any of its property may become liable at any time arising out of the Work, whether or not such liens or

claims constitute valid liens or claims, and the amount of any such lien or claim and the costs of discharging the same shall forthwith be due from the Contractor to the Owner and may be deducted from any payment then or thereafter due from the Owner to the Contractor; provided that if the Contractor wishes to dispute the validity of any such lien or claim and such dispute shall not in the opinion of the Owner unduly prejudice or inconvenience the Owner, the Contractor may proceed to dispute such lien or claim upon first furnishing the Owner with a good and sufficient bond in an amount and from an insurance or indemnity company authorized and qualified to carry on business in British Columbia and approved by the Owner indemnifying the Owner against such lien or claim and any loss or damage which may be occasioned thereby provided, however, that the Owner shall be entitled to discharge any liens or claims if so required by any financial institution providing funding in respect of the Work as a condition to further advances or otherwise.

40.3 Neither the final payment by the Owner nor any part thereof shall become due until the Contractor, if required by the Owner or the Owner's Representative, shall obtain and deliver to the Owner a complete release of all liens arising out of the Work and shall cause each such lien to be cancelled and discharged from the records of the appropriate Land Title Office.

40.4 If any lien remains unsatisfied, or any amount owed by the Contractor remains unpaid or if any additional assessments are made by any governmental authority in respect of the Work, after the Contractor has received the final payment from the Owner, and if the Owner should discharge such lien, make such payment or pay such assessment, then the Contractor shall reimburse the Owner on demand for all costs incurred in discharging such lien, or paying such assessment or amount including any legal fees thereby incurred on a solicitor and own client basis.

40.5 The Owner shall have the right at any time, and from time to time, to require the Contractor to produce evidence to the satisfaction of the Owner that the Work as well as the Site and other property of the Owner are free and clear of all liens and claims for wages, services, workers' compensation assessments, materials or otherwise arising out of the performance of the Contract and that no claims exist in respect of which any such lien or claim could attach upon the Work, the Site and other property of the Owner, and to withhold payment of any amount due or accruing due to the Contractor until the Owner shall have been so satisfied, and the Contractor shall in any event indemnify and save harmless the Owner from and against any and all such liens and claims.

40.6 The Owner may withhold builders' lien holdbacks which are

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required under the *Builders' Lien Act* (British Columbia) or any other applicable lien legislation or law to be withheld from any payment otherwise due to the Contractor, in which case such builders' lien holdbacks shall be released in accordance therewith.

40.7 The provisions of this G.C.40 shall apply notwithstanding anything elsewhere contained in the Contract Documents.

G.C.41 - Provisional Sums

41.1 The Contractor shall include in the Contract Sum all provisional sums if any, that are mentioned in the Contract Documents, which provisional sums shall be expended in whole or in part as the Owner's Representative shall direct, the amount of the Contract Sum being adjusted to conform with the actual amount of the provisional sums so spent, all as determined by the Owner's Representative. The Contract Sum shall include an allowance for the Contractor's expenses and profit pertaining to the Work to be paid for from the provisional sums.

G.C.42 - Use of Completed Portions By The Owner

41.2 The Owner shall have the right to take possession of and use any completed or partially completed portions of the Work, notwithstanding that the period of time for completing the Work, or such portions thereof, may not have expired. Such taking possession of and use shall not be deemed an acceptance of any of the Work not carried out in accordance with the Contract Documents. If the Contractor believes that such prior use has increased the cost or delayed the completion of the Work, the matter shall be dealt with subject and pursuant to G.C.33.

G.C.43 - Warranty

43.1 Neither the certificate of final payment nor the final payment nor any provision in the Contract Documents shall relieve the Contractor from responsibility for, or be construed as an acceptance of, any Work or part thereof not in accordance with the Contract Documents, or any faulty materials, workmanship, or faulty design on the part of the Contractor, appearing within a period of **[two years]** from the date of completion of the Project, and the Contractor shall correct, at the Contractor's sole expense, the Work or remedy any defects due to such faulty workmanship, materials, or Contractor design which appear within such period and pay for any damage to other work resulting therefrom. The Owner will give notice promptly to the Contractor of observed Work not in accordance with the Contract Documents and of observed faulty materials, workmanship, or Contractor design. Notwithstanding the provisions of this G.C.43, if any law of the

Province of British Columbia creates a more extended liability for faulty materials, workmanship, or Contractor design then the provisions of that law shall apply. The warranty provided hereby is in addition to and is not in substitution of any other warranty of the Contractor, supplier or manufacturer, as the case may be.

43.2 If and so often as the Contractor fails to commence the correction of the Work or the remedying of any defect due to faulty workmanship, materials, or Contractor design within seven (7) days after a notice is given by the Owner pursuant to G.C.43.1 or fails to prosecute such correction or remedying diligently and continuously to completion, and if and so often the Owner wishes to make good any such failure with his own forces or to employ Other Contractors to make good such failure, then the Owner may proceed to do so upon and subject to the provisions of G.C.37.

43.3 The Contractor shall arrange that manufacturer's guarantees or warranties on equipment and material that he furnishes for the Work shall be made out in the name of the Owner and commence from the date that the Equipment or material are put into full time operation. Guarantees and warranties that the Contractor obtains from vendors or suppliers of Equipment and materials shall not relieve the Contractor of his obligations and responsibilities under this G.C.43.

ARTICLE X - ASSIGNMENT

G.C.44 - Assignment

44.1 The Contractor shall not assign the Contract or any portion thereof, or any benefit or moneys accruing to it thereunder, without the written consent of the Owner first had and obtained, which consent may be arbitrarily withheld, and any such assignment without such consent shall be void. The Contract shall not be or be deemed to be an asset in bankruptcy of the Contractor.

ARTICLE XI - TERMINATION AND STOPPAGE OF WORK

G.C.45 - Owner's Right to Terminate Contract

45.1 The Owner shall be entitled to terminate all rights, benefits and privileges of the Contractor under the Contract by notice in writing to the Contractor as follows:

45.1.1 Without prior notice without cause;

45.1.2 Without prior notice if the Contractor becomes insolvent, or if a petition in bankruptcy is filed by or against him, or if he should make a general assignment for the benefit of creditors, or if a

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receiver should be appointed for the Contractor's property or any part thereof;

- 45.1.3 Ten (10) days after giving the Contractor written notice of the Contractor's failure to comply with any term or condition of the Contract, and provided that the Contractor has not corrected such failure within the ten (10) days;
- 45.1.4 Without prior notice if the Project should be lawfully and permanently stopped under an order made by any court or duly appointed governmental authority; and
- 45.1.5 Without prior notice if the Owner, in its sole discretion, shall conclude that the Contract should be terminated and the Contractor should leave the Site because of an existing or possible labour dispute and gives such notice to the Contractor, whereupon the Contractor shall forthwith accept and comply with the notice.

- 45.2 In the event of termination by the Owner under any provision of this G.C.45 the Owner shall have the right to take title to and possession of the Work and all materials, tools, appliances, plant and Equipment thereon, and to complete the Work by whatever method the Owner may deem expedient. On or before the completion of the Work the Owner will return to the Contractor the tools, appliances, plant and Equipment of which he had taken possession.
- 45.3 In the event of termination under this G.C.45, the Owner will pay to the Contractor such sum as shall, in the opinion of the Owner's Representative be sufficient to compensate the Contractor for all Work properly done and materials supplied by him and the use of materials, tools, appliances, plant and Equipment pursuant to G.C.45.2 but not for loss of anticipated profit on the unexecuted portions of the Work, less the amount of any costs or damages incurred by the Owner as a result of any default of the Contractor.

G.C.46 - Contractor's Right to Stop Work or Terminate Contract

- 46.1 The Contractor shall be entitled to stop the Work or terminate the Contract by notice in writing to the Owner:
 - 46.1.1 without prior notice if the Work should be lawfully and permanently stopped under an order of any court or duly constituted governmental authority of competent jurisdiction and of final resort; or
 - 46.1.2 fourteen (14) days after giving notice to the Owner should the Owner fail to pay to the Contractor any

sum payable as approved or stated in any Owner's Representative's certificate within a period of thirty (30) days of the due date of payment, and provided the Owner has failed to pay the sum due within such fourteen (14) days.

- 46.2 The Contractor's right to stop the Work or terminate the Contract pursuant to G.C.46.1.2 shall be subject to the Owner's rights to withhold or deduct money pursuant to the Contract.
- 46.3 After termination of the Contract pursuant to this G.C.46 the Contractor shall be entitled to recover from the Owner payment for all Work executed with a reasonable allowance for profit, and for any loss sustained upon any plant, equipment and/or material, but not for any anticipated profit.

ARTICLE XII - INSURANCE

G.C.47 - Insurance to be Provided by the Contractor and Subcontractors

- 47.1 Motor Vehicle Liability Insurance
 - 47.1.1 The Contractor shall provide, at its expense, and maintain in force during the continuance of the Contract, Statutory Motor Vehicle Liability Insurance, covering all its owned or leased vehicles for minimum limits of liability of \$5,000,000 including bodily injuries and property damage.
- 47.2 Comprehensive General Liability Insurance
 - 47.2.1 The Contractor shall provide at its own expense and maintain in force during the continuance of the Contract and for the periods specified in G.C.47.4.4, Comprehensive General Liability Insurance for the benefit of the Owner, the Contractor and such other corporation or person as the Owner may determine on terms satisfactory to the Owner and the Contractor shall maintain such insurance for minimum, limits of liability of \$5,000,000 including bodily injuries and property damage on terms satisfactory to the Owner. The Comprehensive General Liability Insurance Policy shall provide, inter alia, that the insurer thereunder will pay all expenses, including legal costs, incurred in connection with any claims that may be requested to be contested by an insured party and will include clauses providing for cross liability coverage and breaches of conditions by an insured and shall provide that the Owner be given at least thirty (30) days' written notice of cancellation of coverage.

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47.3 Insurance On Construction Equipment

47.3.1 To the extent applicable, the Contractor shall provide at its own expense and maintain in force during the continuance of the Contract, insurance commonly referred to as "Inland Marine" covering all construction equipment, tools and apparatus, including vessels and temporary buildings, owned or leased by the Contractor.

47.3.2 The Contractor shall arrange, and cause each Subcontractor engaged by the Contractor to arrange, for all policies of insurance to be provided pursuant to this G.C.47 to contain a waiver of subrogation clause against the Owner, Contractor, Owner's Representative and each of the Subcontractors and Other Contractors connected with the Project.

47.4 General

47.4.1 The Contractor shall cause each Subcontractor engaged by it to obtain and maintain during the continuance of his subcontract with the Contractor, insurance of the nature prescribed for the Contractor in this G.C.47 and in default of so doing shall accept such liability and save the Owner harmless therefrom.

47.4.2 All policies of insurance required under this G.C.47 shall be subject to the approval of the Owner as to the insurers and as to the adequacy of protection, and the Contractor shall furnish, and shall cause each Subcontractor engaged by it to furnish, to the Owner satisfactory evidence of obtaining and maintaining in force of all such insurance. All such policies shall contain provision that the policies cannot be cancelled or materially altered without at least thirty (30) days' prior written notice to the Owner.

47.4.3 If the Contractor fails to insure or keep insured, or fails to cause any Subcontractor to insure as provided in this G.C.47 the Owner may do all things necessary to effect and maintain such insurance and any moneys expended by it for that purpose shall be repayable by the Contractor on demand, or may be deducted from any amount due the Contractor from the Owner.

47.4.4 The Contractor shall maintain all such insurance in effect, at all times, until the Work called for by the Contractor in the Contract Documents has been completed and finally accepted by the Owner and all operations at the Site, including removal of construction equipment have been concluded, and for a period of 12 months thereafter except with respect to completed operations coverage that shall be maintained for a period of 24 months thereafter.

ARTICLE XIII – MISCELLANEOUS PROVISIONS

G.C.48 - Entire Agreement

48.1 The Contract Documents are complementary, and what is called for in any one shall be as binding as if called for by all. The Contract Documents shall be interpreted as a whole and the intent of the whole rather than the interpretation of any special part shall govern the entire agreement between the parties and except as stated therein, the Contract Documents and the instruments and documents to be executed and delivered pursuant thereto, contain all of the representations, warranties, covenants and agreements of the respective parties hereto.

G.C.49 – Waivers

49.1 The failure of either party to enforce at any time any of the provisions of the Contract or to require at any time performance by the other party of any of such provisions, shall in no way be construed to be a waiver of such provision, nor in any way to affect the validity of the Contract or any parts thereof, or the right of either party thereafter to enforce each and every provision.

G.C. 50 - Modification

50.1 No waiver, modification, or amendment of any of the provisions of the Contract shall be binding unless it is in writing and signed by duly authorized representatives of both parties.

G.C. 51 - Headings

51.1 The headings used in the Contract are not to be construed as modifying, limiting or expanding in any way the scope or extent of the provisions in the Contract.

G.C. 52 - Assignment

52.1 The Contract may not be assigned by the Contractor without the prior written consent of the Owner, which consent may be unreasonably withheld. Any purported assignment

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without such prior written consent shall be null and void.

G.C. 53 - Cooperation with Financing Parties

53.1 The Contractor agrees to cooperate within reason with the financial institutions and lessors that provide financing and/or insurance for the construction, ownership, and operation of the project in which the Equipment is being used, to supply such information and documentation (subject to the confidentiality undertakings of such institutions) and to grant such written consents to the assignment of the Contract as collateral security on terms reasonably acceptable to the Contractor.

G.C. 54 - Governing Law and Attornment

54.1 The Contract shall be governed by, and construed in accordance with, the laws of the Province of British Columbia and the rights and remedies of the parties will be determined in accordance with those laws. The parties hereby irrevocably agree that any legal action or proceedings with respect to this Agreement may be brought in the courts in Vancouver, British Columbia or in such other court as the parties may elect and, by execution and delivery of this Agreement, the parties hereby irrevocably submit to the jurisdiction of such court.

G.C. 55 - Authority

55.1 The parties each hereby warrant to the other that they are fully authorized to enter into the Contract and to carry out their respective obligations as set forth herein.

G.C. 56 – Severability

56.1 If any portion or portions of the Contract shall, for any reason, be declared by a court of competent jurisdiction to be invalid and unenforceable, the remaining portion or portions of the Contract shall remain valid and enforceable.

G.C. 57 - No Agency

57.1 The parties acknowledge that each is an independent entity and nothing herein constitutes a joint venture, partnership or similar relationship and that neither party has the right to bind or act for the other as agent or in any other capacity.

G.C. 58 - Further Assurances

58.1 The parties hereto shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated hereby, and each party hereto shall provide

such further documents or instruments required by the other party as may be reasonably necessary or desirable to effect the purpose of the Contract and carry out its provisions.

G.C. 59 - Enurement

59.1 The Contract shall be binding and enure to the benefit of the parties and their respective successors and permitted assigns.

G.C. 60 - Currency

60.1 All references to currency in the Contract are to Canadian dollars unless otherwise stated.

G.C. 61 - Articles and Sections

61.1 The division of the Contract into Articles and Sections is for convenience of reference only and shall not affect the interpretation or construction of the Contract.

G.C. 62 - Time of the Essence

62.1 The Contractor acknowledges that time is of the essence in respect of the supply of the Equipment and the performance of the Work hereunder and that prompt and timely performance of all such obligations, including all performance dates, timetables, milestones and other requirements hereunder is strictly required.

ARTICLE XIV - NON-RECOURSE

G.C.63 - Non-Recourse Clause

63.1 Other than Mercer Celgar Limited and/or any successor or assignee that agrees to be so bound, no person shall have any liability under the Contract or arising herefrom nor shall recourse be had to the assets of any person for payment of any amount owing under the Contract by reason of such person being considered or found to be a general partner of the Owner or to have taken part in the management of the business of the Owner.

ARTICLE XV - ARBITRATION

G.C. 64 - Agreement to Arbitrate

64.1 In the event of a dispute between the parties hereto with respect to any term or condition of the Contract, or with respect to any determination made by the Owner or Owner's Representative hereunder, which determination is specified to be subject to any party's right to dispute same, and which is so

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disputed, if such dispute or disputes cannot be resolved by the parties, then in any such event the matter shall be referred to an Arbitrator pursuant to the provisions of the *Commercial Arbitration Act*, R.S.B.C. 1996, c. 55, and amendments and substitutions thereto, whose decision shall be final and binding upon all parties hereto.

confidential basis from a third-party. The Contractor shall use the Confidential Information only for the purposes of the Work.

64.2 Whenever any determination, question or issue is referred to the Arbitrator, pending the decision of the Arbitrator the Contractor shall continue to diligently proceed with the Work subject to the following:

64.2.1 If the determination, question or issue relates to safety concerns of the Owner or Owner's Representative, the Owner's or Owner's Representative's determination shall govern pending the decision of the Arbitrator;

64.2.2 If the determination, question or issue relates to the amount of any payment to be made by the Owner or Owner's Representative to the Contractor or the Contractor to the Owner or Owner's Representative, the Owner or Owner's Representative and the Contractor shall agree upon a provisional payment pending the decision of the Arbitrator, or failing such agreement, such payment shall be withheld; and

64.2.3 If the determination, question or issue relates to any other matter, the parties shall make best efforts to agree to a provisional course of action pending the decision of the Arbitrator, but failing such agreement, the determination of the Owner or Owner's Representative shall govern in the interim.

ARTICLE XVI - CONFIDENTIALITY

G.C. 65 - Confidential Information

65.1 All non-public, confidential or proprietary information of the Owner, including, but not limited to, trade secrets, technology, information pertaining to business operations and strategies, and information pertaining to customers, pricing, and marketing (collectively, in this G.C. 65, the "Confidential Information"), disclosed by the Owner to the Contractor, whether disclosed orally or disclosed or accessed in written, electronic or other form or media, and whether or not marked, designated or otherwise identified as "confidential," in connection with the provision of the Work and hereunder is confidential, and shall not be disclosed or copied by Contractor without the prior written consent of the Owner. Confidential Information does not include information that is: (i) in the public domain; (ii) known to Contractor at the time of disclosure; or (iii) rightfully obtained by Contractor on a non-

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Version Tracking

Date	Version	Change
April 3, 2019	Rev. 1	Legal company name change to Mercer Celgar
April 3, 2019	Rev. 1	13.7 Use of toxic and other hazardous substances
June 18, 2019	Rev. 2	20.1 Plastic and Styrofoam
Sept. 20, 2019	Rev. 6	Updated revision number based on past use of numbers. Added standard footer. Added Code of Ethics requirements (12.18). Deleted redundant term "Field Work Order". Corrected G.C.21 – First Aid Facilities and Safety Regulations.