

MEMORANDUM OF AGREEMENT

BETWEEN

M/S ITALIAN SPACE AGENCY (ASI)-SAN MARCO PROJECT OF P.O. BOX 203, MALINDI (hereinafter referred to as the "COMPANY/EMPLOYER" of the First Part)

AND

KENYA BUILDING, CONSTRUCTION, TIMBER, FURNITURE AND ALLIED INDUSTRIES EMPLOYEES UNION OF P.O. BOX 49628-00100, NAIROBI (hereinafter referred to as the "UNION" of the Second Part).

IN THE MATTERS OF MINIMUM WAGES, TERMS AND CONDITIONS OF EMPLOYMENT.

PREAMBLE:

The Italian Space Agency was appointed by the Italian Government to manage the San Marco Project activities (hereinafter referred to as "the Project") based on the Luigi Broglio Space Centre in Malindi as per the Agreement between the Kenya/Italian Governments.

Whereas by terms of recognition and negotiating procedure agreement signed between the two parties on 18th May 2005, it was agreed that the Company recognizes the Union as the sole Trade Union representing the interest of the San Marco Project employees.

Now, therefore, the Company and the Union meeting together in free heart and voluntary association have agreed and enter into this agreement in matters of wages and other terms and conditions of employment negotiated between them at their joint negotiating committee.

The employer shall draw the attention of this agreement to all sub-contractors, labor contractors/agents who may not be party to this agreement and ensure that they adhere, and observe fair labor practices in the sites and guard against underpayment contrary to this Collective Bargaining Agreement.



1. APPLICATION:

This agreement shall apply to all employees of the Company but shall exclude managerial and executive staff of the Company as per Appendix C of the Industrial Relation Charter.

2. INTERPRETATION

All clauses, paragraphs, appendix and parts, as contained in the Agreement, shall be taken to mean as they read. In the event of any dispute on interpretation of any paragraph, Clause or part, an "Ad Hoc" Committee composed of two representatives from employer's side (to be appointed by the employer) and two representatives from Union's side (to be appointed by the union) shall be requested to interpret the paragraph, clause or part in dispute within a period of 10 days.

The decision of the committee so appointed as provided above, shall be communicated to both parties in writing by the secretary to be appointed by the Ad Hoc interpretation committee from amongst its members. In the event of failure to reach agreement at that level, both parties shall refer the dispute to the Ministry of Labor and Human Resource Development in accordance with the provisions of the Trade Disputes Act.

3. BASIC MINIMUM MONTHLY RATE (EXCLUSIVE OF HOUSING ALLOWANCE).

- a) The basic minimum wage to be paid to an employee shall not be less favorable than specified in relation to the employee's category in the hereinafter attached Appendix on the wages schedule.
- b) Any employee taken by the organization to another area shall not be paid less wages than that applicable to his category.

4. HOUSING ALLOWANCE.

Employees who are not provided with reasonable free housing accommodation by the organization shall be entitled, in addition to their wages a housing allowance at a rate of 20% of their basic wages or to basic housing allowance of Kshs. 2,500/= whichever is greater



NOTE:

For the purpose of calculating housing allowance for employees who are employed for a period of less than one month, daily rate of housing allowance shall be deemed to be the employee's monthly wage divided by 26 multiplied by 20% or Kshs. 2,500/= divided by 26 whichever amount is greater.

5. HOURS OF WORK.

- I. The normal working week shall consist of forty-five hours of work at the rate of eight hours of work per day from Monday to Friday inclusive and five hours on Saturday, or nine hours per day spread over 5 days of the week from Monday to Friday, should operation necessitate work on Saturday, it shall be considered as a working day. Provided that:
 - a) In the case of a watchman the normal hours of work per week shall be sixty hours consisting of six shifts of ten hours each;
 - b) In the event of inclement weather conditions, the employer may prevent or stop any employee from working for any time during the normal hours of work per day and the employee shall, if he has reported for duty and remains available for work during such time be deemed to have worked for one-half of such time at his normal rate of wages per day, except that nothing in this paragraph shall be construed so as to prevent an employee from reporting for duty each morning.
- II. For the purpose of subparagraph (I), any employer who prevents or stops his employees from reporting for work for any period of time due to inclement weather conditions shall treat such employees as having reported for duty and pay them as stipulated in that subparagraph.
- III. Except as provided in subparagraph (II) and without prejudice to any contract of service being terminable by either party no contract of service shall be for less than the normal hours of work per week or in the case of an employee engaged after the start of the week, for less than the normal hours of work per day on each of the remaining days of the week, and any employee who is forced by his employer to work less than normal hours of work per day shall be paid at a rate not less than the employee's daily rate wages.
- IV. An employee who is stopped from working by his employer for any period of time for any reason other than termination of employment, dismissal or inclement weather conditions, shall be entitled to his full rate of wages per hour or per day, as the case may be.



6. OVERTIME

- I. Every employee who works for any time in excess of the normal hours of work specified in paragraph 5 shall be entitled to be paid for the overtime thereby worked at the following rates:-
 - a) One and a half times his normal rate of wages per hour in respect of any time worked in excess of the normal hours of work; and
 - b) Twice the normal rate of wages per hour in respect of anytime worked on a Sunday.
- II. For the purpose of calculating payment for overtime in respect of those employee in receipt of monthly rates of wages, the normal hourly rate of wages shall be deemed to be not less than one-hundred and ninety-five (1/195th) of the employees monthly wage; and one-eight (1/8) in respect of those employees in receipt of daily rates of wages.
- III. Watchmen (security guards) who are paid on ten hours shift basis shall be paid overtime at one-and-a-half times the normal rate of wages for any time worked in excess of sixty hours during any one week.

Provided that the basis of calculating payment for overtime in respect of watchmen shall be deemed to be less than one-tenth of the watchman's shift rate.

7. NIGHT WORK ALLOWANCE.

Where an employee (other than a night watchman) is required to work on a night shift, he shall be paid an allowance of 25% of his basic salary daily rate.

8. HOLIDAYS WITH FULL PAY

The following days and all gazetted public holidays shall be holidays with full pay:-

New year's day (1st of January)
Easter Monday
Madaraka Day (1st of June)
Idd-UI-Fitr Day
Christmas Day (25th of December)
Moi Day (10th of October)

Good Friday
Labour Day (1st of May)
Kenyatta Day (20th of October)
Independence Day (12th of December)
Boxing Day (26th of December)



9. WORKMEN'S COMPENSATION.

An employee injured while performing organization's business shall be treated and paid as specified in the workmen's compensation act of the laws of Kenya as amended from time to time and while the assessment is being processed and calculated the injured person shall continue to receive his wages in full, as per law.

10. SICK LEAVE

When an employee is absent from work due to illness or other physical incapacity, he shall be paid by the organization at his normal rate of wages provided that:-

- a) Employees shall not be entitled to such payment unless they produce to the organization a certificate of incapacity covering the period of absence signed by a qualified medical practitioner or person authorized by him in writing and acting on his behalf in charge of a dispensary of medical aid center.
- b) When an employee who is in receipt of a housing allowance in accordance with Clause 4 of this agreement is absent from work due to illness or any other physical incapacity, he shall continue to be paid by the organization such housing allowance in full.
- c) For the purpose of payment for sick leave, an employee shall only be entitled to sick leave for a period of 50 days with full and 60 days with half pay during any period of one calendar year.
- d) An employee shall not be eligible for payment under this paragraph in respect of any incapacity due to gross neglect on his part.

11. MATERNITY LEAVE

- a) A woman employee shall be entitled to two months maternity leave with full pay.
- b) Child-birth in respect of a woman employee shall not be deemed to be sickness as provided for under clause 10 of this agreement and the employer shall not be required to meet medical costs incurred thereon.
- c) A female employee who takes maternity leave shall not incur any loss of privileges during such period including her annual leave.



12. MEDICAL

An employee who falls sick and requires medical treatment shall be entitled to reimbursement of expenses incurred in respect of such medical treatment up to KSh. 20,000 in a period of 12 months on production of receipts issued by registered medical practitioners.

No employee shall suffer dismissal or any other discriminatory tendencies on account of being HIV positive.

13. TERMINATION OF EMPLOYMENT.

- a) The first two weeks of employment with the employer may be treated as a probationary period and during such period the contract may be terminated by not less than one day's notice to be given by either party or one day's in lieu of notice, such notice to expire at the end of the normal hours of work on any day.

Provided that:

- I. In the case of an employee who has completed two weeks but less than two months continuous service with the employer, the employment shall be terminable by not less than seven days notice in writing to be given by either party, or otherwise by the payment by either party in lieu of notice of not less than seven days month's wages;
- II. In the case of an employee who has completed two months but less than three years' continuous service with an employer, the contract shall be terminable by not less than one month's notice in writing to be given by either party or otherwise by the payment by either party in lieu of notice of not less than one month's wages;
- III. In the case of an employee who has completed three years' service with an employer, the contract shall be terminable by not less than two month's notice in writing to be given by either party or otherwise by the payment by either party in lieu of notice of not less than two month's wages;
- IV. In the case of an employee's service being terminated at the initiative of the employer after completion of two years' continuous service, such employee shall be entitled to payment at the rate of twenty (20) days' salary for every completed year of service by way of gratuity to be based on the employee's wages at the time of termination of his service.

- b) Nothing in this paragraph shall prejudice the right of either party to terminate a contract summarily for any lawful cause.

14. PROTECTIVE CLOTHING.

The employer shall provide protective clothing, uniform and other necessary equipment to his employees as specified here below and such protective clothing and uniform shall be maintained and cleaned by the employer who may opt to provide a bar of washing soap or its equivalent in a month to each employee using such protective clothing and uniform.

- a) Watchman (security guards) shall be issued with torch, whistle and heavy overcoat.
- b) Light overalls shall be issued to painters, mechanics, assistant mechanics, boiler-men, welders, drillers and sanitary sweepers; greasers in motor workshops, carpenters and masons in established workshops.
- c) Light over jackets shall be issued to store-keepers and laboratory staff.
- d) Uniforms shall be issued to messengers and drivers.
- e) Gumboots shall be issued to terrazzo paviours, sanitary sweepers, asphalters and concrete block makers.
- f) Motor cycle drivers will be issued with uniforms and will also be given raincoats, hand gloves and helmets.

Provided that the above items shall be replaced as and when the issues are inadequate for the purpose for which they were intended.

15. SAFARI ALLOWANCE.

- 1) An employee who is required to perform work away from his principal area of employment shall be entitled to a paid subsistence and accommodation allowance as follows:
 - a) Meals allowance when an employee goes on a Safari for a day without overnight stay KSh 500;
 - b) For an overnight stop in Nairobi, Mombasa and Kisumu an employee shall be entitled to accommodation allowance of KSh 1000;
 - c) For an overnight stop when the employer provides accommodation, the rate will be equivalent to a total amount of KSh 500 as above and as they may be applicable.

(2) The substance and accommodation allowance payable under subparagraph (1) of this paragraph shall cease to be payable to an employee after thirty consecutive days of absence on duty from his principal area of employment and thereafter an agreement in respect of additional accommodation and subsistence allowance shall be negotiated between the employer and the employee (s) or employees' representative.

16. REDUNDANCY

1) It shall be a condition of every contract that, where the employment of an employee is to be terminated on account of redundancy the following principles shall apply-

- a) The union of which the employee is a member shall be informed of the reason for and the extent of the intended redundancy seven days prior of the issue of notice.
- b) The employer shall have due regard to the seniority in time ability and reliability of each employee belonging to the particular category of employees affected by the redundancy.
- c) Any leave due to any employee who is declared redundant shall be paid for in cash.
- d) An employee declared redundant shall be entitled to severance pay at the rate of twenty days' pay (20) for each completed year of service.
- e) Any redundant employee with less than four years continuous service with any employer shall be entitled to one month's notice in writing or one months' wages in lieu of notice: and
- f) An employee with four or more years continuous service shall be entitled two months notice in writing or two months wages in lieu of notice.

2) For the purpose of this paragraph-

- a) "redundancy" means the termination of employment by an employer before work is completed on the section of which an employee was engaged:
- b) Loss of employment caused by closure or sale of an undertaking or part of the undertaking shall be deemed to be redundancy.

17. SERVICE GRATUITY/RETIREMENT BENEFITS.

1) On completion of four years' service with an employer an employee shall be entitled to twenty-four (24) days' pay for every completed year of service by way of gratuity to be based on employees' wages at the time of termination of his service.

(2) An employee who resign for reasons other than certified ill health or old age or is dismissed summarily for any lawful case shall no be entitled to gratuity.

Provide that-

a) in the event of any dispute as regards resignation on medical grounds the verdict of a qualified medical practitioner shall prevail:

b) the normal retirement age shall be 55 years provided that the employee has the option of retiring at the age of 50 years:

c) on retirement the employee shall be paid one way travelling allowance to his home area.

3) In case of death of an employee the retirement benefits provided for under this paragraph shall be paid by the employer to the labour officer of the area or to the district commissioner for payment to the lawful heirs of the diseased.

4) The employment shall be terminable by not less than two months notice in writing to be given by either party or otherwise by payment by either party in lieu of notice of not less than two months' wages.

18. WARNING SYSTEM.

An employee whose work or conduct is unsatisfactory or commits a default which does not warrant summary dismissal shall be warned in writing and the following procedure shall apply-

a) The first and second warnings shall be entered an the employees employment record and copies of the warnings shall be forwarded to the shop-steward and such warnings shall be valid for twelve months from the date of their issue: and

b) If within the twelve months' period referred to in above paragraph the employee commits a further default which does not warrant instant dismissal for any other default, shall be issued and a copy of the final warning shall be copied to the area branch secretary of the union:



Provided that the employee completes twelve months from the date of the issue of the first, second or final warning without committing a further default, any warning entered in his employment records shall be cancelled and cease to be valid.

19.1 ANNUAL LEAVE.

- a) After each period of 12 months consecutive service with an employer, an employee shall be entitled to annual leave for a period covering 28 working days with full pay and such leave may be taken at any time during the ensuing 12 months.
- b) Where employment is terminated before the completions of any twelve (12) months' leave-earning period, the employee shall be entitled to two and a quarter days' leave with full pay for each month of service completed since the start of such leave-earning period.
- c) Any pro-rata leave earned within a period of twelve months at the time of termination of service shall be paid in cash
- d) For the purpose of this paragraph, Saturdays shall be regarded as any other working day.

19.2 LEAVE TRAVELLING ALLOWANCE

An employee who is taking his annual leave shall be paid traveling allowance of KShs 3500.

20. COMPASSIONATE LEAVE.

Where an employee wishes for compassionate leave, he shall by prior arrangements with the employer be granted such leave up to his earned entitlement which may subsequently be set off against his annual leave.

21. RELIGIOUS HOLIDAYS.

An employee deciding to take time off for religious purposes may be granted such time off without pay, or alternatively, such employee shall have the option to having the number of days taken for religious purposes set off against his annual leave entitlement.

NOTE:

For the purpose of this clause, an employee shall be deemed to be a member of one religion only.

22. ACTING ALLOWANCE.

Where an employee is required to work in a full acting capacity for a period not less than one month in an occupation or grade for which the minimum wage prescribed in this agreement is higher than the minimum wage normally earned by an employee, he shall be paid acting allowance at a rate not less than the difference between such higher rate and his normal wage rate.

23. SAFETY AND HEALTH

- I. The company will make every reasonable effort to provide safe and healthful conditions of work for employees at all jobs sites and workshops and will provide employees with any necessary protective equipment. Tool and such equipment, which are issued to the employees, must be returned to the employer anytime they are required.
- II. The company shall ensure that there are properly cleaned and maintained toilets for employees at all jobs sites and workshops.

24. CERTIFICATE OF SERVICE

Every employee shall be given certificate of service by the company upon the termination of his employment unless such employment has continued for a period of not less than four consecutive weeks and every such certificate shall contain:-

- a. The name of the employer and his postal address.
- b. The name of the employee
- c. The date when the employment commenced
- d. The nature and usual place of employment
- e. The date when employment ceased and
- f. Such other particulars may be prescribed.

25. LETTER OF APPOINTMENT.

Each employee shall be issued with a letter of appointment by the company which letter shall indicate the following:-

- a. Name and address of the employer.
- b. Name of the employee
- c. Date of engagement
- d. Nature of work or occupation.



26. PAYMENT OF WAGES

- (1) Payment of wages shall be made on a working day during working hours and at the place of employment.
- (2) The method or mode of payment of wages shall in no way prejudice the right of an employee to enjoy any or all fringe benefits stipulated in this Agreement, for this purpose and no matter how an employee is employed or paid, such an employee shall be entitled to all benefits earned by him.
- (3) Where an employer pay wages outside working hours, the time spent in paying wages shall be regarded and paid for as overtime in accordance with overtime clause of this Agreement.

27. TOOLS ALLOWANCE



Machine tools shall be provided by the employer in an established workshop. Where tools are not provided by the employer, the employee shall be paid tools allowance if he has tools as specified in the list of the Director of Industrial Training or that the employee has the necessary tools required by the employer for the work assigned to the employee at the following rates:

Category	Kshs. per month
Mechanics	250
Carpenters, joiners, electricians, plumbers	200
Mason, stone dressers, bricklayers, plasterers, terrazzo paviours, steel fixers, steel erectors, metal workers	150
Painters, decorators, benders, twisters, asphalters, floor layers, roofers	125

Provided that in the case of painters, brushes will be supplied by the employers.

28. ABSENCE FROM DUTY.

No employee shall suffer dismissal termination of employment on grounds of absence from duty provided that such absence does not exceed seven (7) continuous working days and provided further that the employee has sufficient and convincing reasons for the absence and no payment shall be due to the employee during the period of such absence.



29. FUNERAL /BURIAL ASSISTANCE (DEATH IN SERVICE)

In case of death of an employee, the employer shall assist towards funeral/burial expenses by way of payment of not less than Kshs. 20,000/= transport and coffin. Nothing in this Clause shall prevent an employer from offering any further assistance, other material or monetary form.

30. GENERAL WAGES INCREASE FOR EXISTING EMPLOYEES

- I. For the existing employees already employed at ASI-San Marco Project Malindi, there will be a general wages increase of 13.50% on their basic individual salary for the first year (2008), and 13.50% for the second year (2009) and 13.50% for the third year (2010).
- II. Any monthly or daily paid unionisable employee whose job is not categorized in this agreement shall be entitled to wage increase on top of his/her wages at the rate of not less than 13.50% on their basic individual salary for the first year (2008), and 13.50% for the second year (2009) and 13.50% for the third year (2010).
- III. Where provision has been made for learners, service with other employers shall count, provided that it has been in the same trade and is of not less than three months duration of this agreement.
- IV. All workers to whom this Collective Bargaining Agreement shall apply/benefit will be deducted Trade Unions dues in accordance to the Trade Dispute Act.

31. LONG SERVICE INCREMENT

Any employee who completes 3 years (continuously) service with ASI starting from this Collective Bargaining Agreement (2008), will be entitled to a Long Service Increment of Kshs 400= monthly for a total amount of Kshs 4,800= and they will get this increment at the completion of every 3 years of service.

32. ADDITIONAL PAPER TO CBA

The management of ASI and Shopfloor workers representatives shall consult each other in the detailed aspects related to the employment policy, for example Special Responsibility allowance, Risk allowance, emergency Shift at platform, food allowance etc.

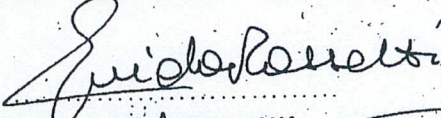
33. DURATION AND EFFECTIVE DATE OF THIS AGREEMENT.

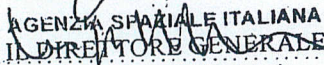
This Agreement shall be effective from 01/01/2008 and shall remain in force for a period of 36 months from the effective date.

Thereafter the Agreement shall remain in force but may be revised subject to either party giving the other party three months notice of intention to revise, amend or add new clause giving details of revisions additions or amendments desired.

SIGNED:

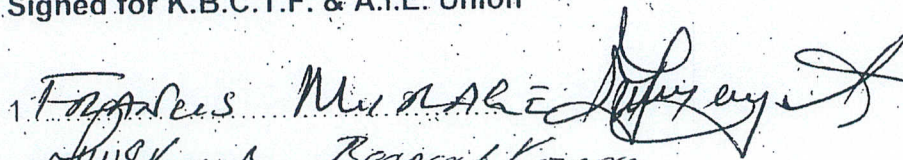
Signed for ITALIAN SPACE AGENCY (ASI)

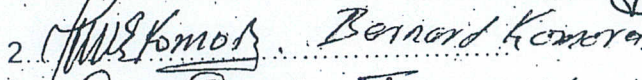
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2. 
AGENZIA SPAZIALE ITALIANA
IN DIRETTORE GENERALE
Ing. Luigi de Magistris

3.

Signed for K.B.C.T.F. & A.I.E. Union

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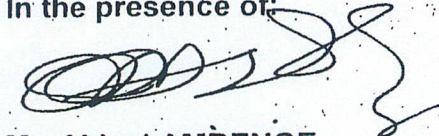
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4. 

SIGNED AT Mombasa THIS DAY 7/11/ 2002

JM/jnk.

In the presence of:



Mr. Abisai AMBENGE
Senior Executive Officer
Federation of Kenya Employees



G1 ARTISANS

2007 2008 2009 2010
Basic (+13.5%) (+13.5%) (+13.5%)

Those include Mechanics, Welders,
Masons, Carpenters, Electricians,
Plumbers, Painters, Lathe operator.

Ungraded Artisan	9.659,4	10.963	12.443	14.123
Artisan Grade III	12.459,7	14.142	16.051	18.218
Artisan Grade II	14.120,0	16.026	18.190	20.645
Artisan Grade I	17.464,5	19.822	22.498	25.536

G2 CLERICAL/ADMINISTRATION

a) Telephone operator, copy typist,
general clerk, storekeeper
b) junior clerk, storemen,
c) cleaners, sweeper, office manager,
labourer managers, laundry men

2007 Basic	2008 (+13.5%)	2009 (+13.5%)	2010 (+13.5%)
13.267,0	15.058	17.091	19.398
10.768,1	12.222	13.872	15.744
8.228,3	9.339	10.600	12.031

G3 VEHICLE OPERATORS

a) greasers, drivers mates, tyreman
b) up to 2 tons – drivers
c) over 2 tons to 8 tons drivers
d) over 8 tons to 15 tons – drivers
e) over 15 tons – drivers

2007 Basic	2008 (+13.5%)	2009 (+13.5%)	2010 (+13.5%)
8.917,4	10.121	11.488	13.038
9.269,3	10.521	11.941	13.553
11.993,3	13.612	15.450	17.536
17.462,9	19.820	22.496	25.533
0	0	0	0

G4 SECURITY

	2007 Basic	2008 (+13.5%)	2009 (+13.5%)	2010 (+13.5%)
Security Guards (per 10 hrs shift)	9.676,0	10.982	12.465	14.148

G5 DISPENSARY

	2007 Basic	2008 (+13.5%)	2009 (+13.5%)	2010 (+13.5%)
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Nurses	17.588,0	19.962	22.657	25.716
Dispensary attendant	8.228,3	9.339	10.600	12.031

G6 KITCHEN/CANTEEN

	2007 Basic	2008 (+13.5%)	2009 (+13.5%)	2010 (+13.5%))
Cook	13.267,0	15.058	17.091	19.398
Assistant Cook	10.215,2	11.594	13.159	14.936
Waiter	9.676,0	10.982	12.465	14.148

G7 HOUSEKEEPING/GARDENING

	2007 Basic	2008 (+13.5%)	2009 (+13.5%)	2010 (+13.5%))
Room steward, sanitary cleaner, laundry cleaner	8.228,3	9.339	10.600	12.031
Gardeners	9.676,0	10.982	12.465	14.148

G8 MARINE:

	2007 Basic	2008 (+13.5%)	2009 (+13.5%)	2010 (+13.5%))
Mate	22.984,2	26.087	29.609	33.606
Coxwein	12.947,8	14.696	16.680	18.931
Ass. Coxwein	9.959,8	11.304	12.830	14.563
Sailors	8.631,8	9.797	11.120	12.621
Divers	12.947,8	14.696	16.680	18.931
Rubber Boat operator	9.177,1	10.416	11.822	13.418
Crane operator	11.008,2	12.494	14.181	16.095

G9 FIREMEN

	2007 Basic	2008 (+13.5%)	2009 (+13.5%)	2010 (+13.5%))
Firemen	9.676,0	10.982	12.465	14.148