

**WORKER ACCOMMODATION CAMP PROJECT AGREEMENT**

**SCHEDULE 8**

**QUALITY MANAGEMENT**

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# WORKER ACCOMMODATION CAMP PROJECT AGREEMENT

## SCHEDULE 8

### QUALITY MANAGEMENT

#### 1 INTERPRETATION

##### 1.1 Definitions

In this Schedule 8 [Quality Management], in addition to the definitions set out in Schedule 1 [Definitions and Interpretation]:

“**Project Co’s Quality Manager**” has the meaning set out in Section 2.3 of this Schedule 8 [Quality Management];

“**Quality Assurance Plan**” has the meaning set out in Section 2.5 of this Schedule 8 [Quality Management];

“**Quality Management Program**” has the meaning set out in Section 2.4 of this Schedule 8 [Quality Management]; and

“**Quality System**” means an organizational structure, procedures, processes and resources necessary to implement a comprehensive, planned and systematic program, designed and implemented by Project Co pursuant to this Agreement, to ensure that the standards of quality control and quality assurance required by this Agreement are achieved by Project Co in every material aspect of the Design and Construction.

#### 2 QUALITY MANAGEMENT

##### 2.1 Quality of the Design and Construction

Project Co is solely responsible for the quality of the Design and Construction.

##### 2.2 Quality System

Project Co acknowledges that a comprehensive Quality System is critical for the proper and timely completion of the Design and Construction and accordingly Project Co will establish, implement and maintain a Quality System.

##### 2.3 Project Co’s Quality Manager

Project Co will appoint a qualified expert in quality management (“**Project Co’s Quality Manager**”) who:

- (a) has experience and expertise in quality matters in large complex projects similar to the Design and Construction;
- (b) has a minimum of 20 years of experience in manufacturing, installing and commissioning structures similar to the Facility, with an emphasis on the manufacturing process;
- (c) will have the delegated authority from Project Co’s Representative for all quality matters related to the Design and Construction; and

- (d) will be independent from persons otherwise responsible for the performance of the Design and Construction,

to develop, implement and oversee a Quality Management Program and Quality Assurance Plan.

Project Co will not permit Project Co's Quality Manager to perform any role in the Design and Construction except for the role described in this Section 2 of this Schedule 8 [Quality Management].

#### 2.4 Quality Management Program

Project Co's quality management program (the "**Quality Management Program**") will:

- (a) detail Project Co's measures required to complete all aspects of the Design and Construction pursuant to its Quality System and in accordance with the requirements of this Agreement including Schedule 2 [Design and Construction Protocols], Schedule 6 [Specifications and Drawings] and Schedule 29 [BC Hydro Offices – Specifications and Drawings];
- (b) address and apply to all aspects of the Design and Construction;
- (c) provide a graded approach to quality in which the appropriate level of quality assurance requirements for various elements of the Design and Construction are defined;
- (d) describe or comply with the following:
  - (i) the required quality level for each process or activity involved in the Design and Construction and the means of achieving it;
  - (ii) the steps to ensure that everyone participating in the Design or Construction is committed to the Quality Management Program;
  - (iii) the steps to ensure that the management and organizational structure and responsibilities are defined and understood by everyone participating in the Design or Construction;
  - (iv) require that all persons participating in the Design or Construction are competent to do their required tasks;
  - (v) require that individuals involved with the Quality Management Program will be held accountable for their work;
  - (vi) provide that the right people will have the right information at the right time;
  - (vii) provide that relevant experience for each process or activity will be sought and used;
  - (viii) Design and Construction activities are planned and controlled;
  - (ix) the right items, processes, and practices will be used;
  - (x) materials and services are verified to confirm that they are correct; persons giving verification will be sufficiently qualified and will be independent from those who perform or install the materials or services;

- (xi) peer reviews and inspections will be performed on a structured planned basis on all aspects of the Design and Construction and:
  - (A) errors and deficiencies will be identified and recorded;
  - (B) errors and deficiencies will be remedied or corrected and a record maintained of the remedy or correction; and
- (xii) maintain records as required by this Agreement;
- (e) provide for design verification in accordance with Good Industry Practice;
- (f) provide that professionals of record will:
  - (i) carry out on-site reviews, review materials testing and inspector's reports, undertake required surveying, measuring, and verification of materials and construction methods to ensure conformance with Accepted drawings and specifications and the Specifications and Drawings; and
  - (ii) provide a Certificate of Conformance that is an attestation that the Design and Construction has been performed in accordance with Accepted drawings and specifications and the Specifications and Drawings.

## 2.5 Quality Assurance Plan

Project Co will develop a reasonable quality assurance plan (the **Quality Assurance Plan**) that describes the implementation of the Quality Management Program in accordance with the following:

- (a) Project Co will deliver to BC Hydro a preliminary draft of the Quality Assurance Plan (that is based on the preliminary quality assurance plan included in the Proposal Extracts (Design and Construction)) no later than 20 Business Days after the Closing Date, failing which, BC Hydro will be entitled to make a Deduction of [REDACTED] for each week or part thereof after the date falling 20 Business Days after the Closing Date until Project Co has delivered to BC Hydro a preliminary draft of the Quality Assurance Plan but if Project Co has not delivered to BC Hydro a preliminary draft of the Quality Assurance Plan by the date falling 40 Business Days after the Closing Date, the Deduction applicable under this Section 2.5(a) will increase to [REDACTED]
- (b) BC Hydro will provide its comments, if any, on the preliminary draft to Project Co within 20 Business Days of receipt of the preliminary draft;
- (c) Project Co will deliver a revised draft of the Quality Assurance Plan to BC Hydro no later than 20 Business Days after receiving BC Hydro's comments, failing which, BC Hydro will be entitled to make a Deduction of [REDACTED] for each week or part thereof after the date falling 20 Business Days after BC Hydro's comments were received by Project Co until Project Co has delivered to BC Hydro a revised draft of the Quality Assurance Plan;
- (d) BC Hydro will, within 15 Business Days of receipt of the revised draft, advise Project Co whether BC Hydro accepts the Quality Assurance Plan, and if BC Hydro does not accept it BC Hydro will provide its reasons for such non-acceptance in sufficient detail to allow Project Co to address them;
- (e) if BC Hydro does not accept the Quality Assurance Plan, the parties will, acting reasonably, diligently work together with a view to revising the Quality Assurance Plan to address BC Hydro's reasons for non-acceptance;

- (f) if BC Hydro has not accepted the Quality Assurance Plan by the date that is 90 Business Days after the Closing Date, Project Co may refer the dispute to the Dispute Resolution Procedure to determine whether Project Co's proposed Quality Assurance Plan is reasonable.
- (g) any Deduction BC Hydro is entitled to make pursuant to Section 2.5(a) or Section 2.5(c) of this Schedule 8 [Quality Management] will be made from the first Monthly Service Payment payable to Project Co pursuant to Schedule 11 [Prices, Payment and Security]; and
- (h) Deductions made pursuant to this Section 2.5 will not be counted for the purposes of Sections 12.1 and 13.1(h) of this Agreement or Section 6.7 or 6.8 of Schedule 21 [Services Protocols and Specifications] and Section 6.7 or 6.8 of Schedule 30 [BC Hydro Offices – Services Protocols and Specifications].

Project Co will promptly implement and strictly comply with the Quality Assurance Plan developed under this Section 2.5.

## 2.6 Reporting

Project Co will deliver to BC Hydro a monthly report of the Quality Assurance Plan prepared by Project Co's Quality Manager by the 10th day of each Contract Month covering all aspects of the Design and Construction completed in the reporting period that are relevant to the Quality Assurance Plan. Project Co will highlight any deficiencies identified and corrective actions taken to address such deficiencies during the period covered by such report. The report will include all supporting documentation including field reviews, photographs, reports and other material.

## 2.7 Quality Review by BC Hydro

BC Hydro may, at its discretion, perform its own audits of the Quality Management Program and for that purpose Project Co will make available for review by BC Hydro, upon request from BC Hydro, all records of the Quality Management Program and the Quality Assurance Plan to permit BC Hydro to be satisfied that Project Co is following its Quality Assurance Plan.

## 2.8 Inspection at Place of Manufacture

Project Co will ensure that in any significant Subcontract for the manufacture of any material component a Worker Accommodation Building(s) that such Subcontract includes the ability for BC Hydro, at its discretion and upon reasonable notice, to attend at the place of manufacture and inspect the components as they are being manufactured.