

LABOUR AGREEMENT

2005 - 2010

BETWEEN

NEUCEL SPECIALTY CELLULOSE LTD.

(the Company)

- and -

**COMMUNICATIONS, ENERGY, AND PAPERWORKERS
UNION OF CANADA**

LOCAL 514

(the Union)

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ARTICLE I – GENERAL

SECTION 1: PURPOSE

The general purpose of this Agreement is, in the mutual interest of the employer and employee, to provide for the operation of the mill hereinafter mentioned under methods which will further, to the fullest extent possible, the safety and physical welfare of the employees, economy of operation, quality and quantity of output, cleanliness of mill and protection of property. It is recognized by this Agreement to be the duty of the Company and the Union to cooperate fully for the advancement of said conditions.

The Company and Union recognize their respective obligations and responsibilities to provide a work environment free from sexual and personal harassment.

SECTION 2: MUTUAL RESPONSIBILITIES

It is recognized by this Agreement to be the duty of the Company to explain fully the terms of this Agreement to all its officers, foremen and others engaged in a foreman capacity and it is recognized to be the duty of the Union to explain fully to its members, its and their responsibilities and obligations under this Agreement.

SECTION 3: NO INTERRUPTION OF WORK

It is agreed by the Union that there shall be no strikes, walkouts or other interruption of work during the period of this Agreement. It is agreed by the Company that there shall be no lockouts during the period of this Agreement.

SECTION 4: HUMAN RIGHTS

1. The Company and Union subscribe to and support the principles of the Human Rights Code of British Columbia.

ARTICLE II - DEFINITIONS

Wherever used in this Agreement, including Exhibits:

- (a) The word EMPLOYEES means all persons on the payroll of the Company at the mill excepting: those engaged in administration, in actual supervision, in sales, engineering, technical and research, accounting, clerical, stenographic and other office work, excluding those employed on jobs listed in Exhibit "A".

A complete list of the job categories and rates of the EMPLOYEES under this Agreement is attached hereto as Exhibit "A".

- (b) The words TOUR WORKERS mean employees when engaged in operations scheduled in advance for at least twenty-four (24) hours continuous running; it being understood, however, that if a Tour Worker is temporarily assigned to work not connected with the continuous operation on which he is usually employed, his status as to tour or day work during such temporary assignment is determined by the nature of such assignment. All other employees are considered Day Workers.

Comment [MSOffice1]: Rather than list out the legislative requirements that can and do change the phrase as it now stands encompasses the protection provided under the Code.

- (c) The word DAY means a period of twenty-four (24) hours beginning at 8:00 a.m. or at the regular hour of changing shifts nearest to 8:00 a.m.
- (d) The word WEEK means a period of seven (7) calendar days beginning at 8:00 a.m., or at the regular hour of changing shifts nearest to 8:00 a.m., on the day on which the actual work week begins.
- (e) GRIEVANCE, DISPUTE or COMPLAINT means any difference between the persons bound by this Agreement concerning its interpretation, application, operation, or any alleged violation thereof, and PARTY means either one of the parties to this Agreement.

ARTICLE III - BARGAINING AGENCY

SECTION 1: RECOGNITION

The Company recognizes the Communications, Energy, and Paperworkers Union as the only agency representing all employees as defined in this Agreement for the purpose of collective bargaining.

SECTION 2: BULLETIN BOARDS AND WEB SITES

The Company shall supply adequately enclosed official bulletin boards for the use of the Union in posting of officially signed bulletins. The Company will supply each employee with an internet logon to the company website which will provide access to internet terminals at the workplace to access information.

ARTICLE IV - UNION SECURITY

SECTION 1: COOPERATION

The Company will cooperate with the Union in obtaining and retaining as members, the employees as defined in this Agreement, and to this end will present to new employees and foremen the policy herein expressed.

Any new employee shall be introduced to the Shop Steward by his foreman within three (3) days of starting work.

SECTION 2: UNION SHOP

All employees in the employment of the Company shall, as a condition of continued employment, maintain membership in good standing in the Union. New employees shall, as a condition of continued employment, become members of the Union thirty (30) days after becoming employed by the Company.

SECTION 3: DISCHARGE OF NON-MEMBERS

Any employee who fails to maintain his membership in good standing in the Union shall be discharged after seven (7) days written notice to the Company by the Union, of the employee's failure to maintain his membership in good standing.

SECTION 4: APPLICATION FOR MEMBERSHIP

No employee shall be subject to any penalties against his application for membership or reinstatement, except as may be provided for in the Constitution and By-Laws of the National Union and the Union. A copy of such Constitution and By-Laws, and any changes thereto, shall be transmitted to the Company.

SECTION 5: UNION DUES DEDUCTION

The Company will deduct union dues from new employees who have worked a minimum of forty (40) hours.

ARTICLE V - STANDING COMMITTEE

A Standing Committee shall be maintained in the mill in the following manner:

1. The Mill Manager shall appoint a Company Standing Committee of three (3) individuals which shall represent the Company.
2. The Union shall select from its membership a Union Standing Committee of three (3) which shall represent the Union for the purposes stated in this Agreement.

ARTICLE VI - HOURS OF WORK

SECTION 1: BASIC WORK WEEK

Both parties to this Agreement are committed to maintain the principle of a basic work week of forty (40) hours, but agree that additional time may be worked to permit operation or protection of the Mill when paid for as shown in Section 2 herein.

SECTION 2: OVER TIME

Overtime at the rate of time and one-half will be paid on the following basis:

1. **Day Workers**
 - (a) On holidays as specified in Article XIV of this Agreement.
 - (b) For all work in excess of eight (8) hours in any one day or in excess of eight (8) consecutive straight time hours.
 - (c) For work performed on an employee's designated day off as provided for in Section 3 herein

- (d) For work in excess of forty (40) hours average per week. By average is meant the number of weeks mutually agreed upon in advance as the correct schedule.

2. Tour workers

- (a) On holidays as specified in Article XIV of this Agreement
- (b) For all work in excess of eight (8) hours in any one day or in excess of eight (8) consecutive hours except: (i) when such work in excess of eight (8) hours is caused by the change of shifts, (ii) overtime work by special arrangement between a Tour Worker and his mate to exchange shifts with the approval of his Foreman, and when this can be accomplished without additional cost or penalty to the Company.
- (c) For work in excess of forty (40) hours average per week. By average is meant the number of weeks mutually agreed upon in advance as the correct schedule.
- (d) For work performed on an employee's designated day off as provided for in Section 3 herein.

In the payment of overtime on the bases provided above, the one basis which results in the payment of the largest amount of overtime shall be used.

3. Banking of Overtime

- (i) Tour Workers who work in excess of eight (8) consecutive hours shall have the option of receiving the overtime premium on the basis of this Section or of receiving straight time for hours in excess of eight (8) consecutive hours and taking equivalent time off in units of not less than four (4) hours at the hourly rate for the job when the work was performed, at a time suitable to the employee and the Company during the contract year. Any overtime remaining at the end of the contract year in which it is banked may be carried over to the next contract year for purposes of taking equivalent time off. If equivalent time off is not taken by the end of the contract year following the contract year in which it is earned, the Company shall pay the deferred one-half premium pay. Tour Workers who choose to bank overtime may later re-elect to receive the deferred one-half premium pay.
- (ii) Day Workers who work in excess of ten (10) hours in a day shall have the option of receiving the overtime premium on the basis of this Section or of receiving straight time for hours in excess of ten (10) hours in a day and taking equivalent time off in units of not less than four (4) hours at the hourly rate for the job when the work was performed, at a time suitable to the employee and the Company during the contract year. Any overtime remaining at the end of the contract year in which it is banked may be carried over to the next contract year for purposes of taking equivalent time off. If equivalent time off is not taken by the end of the contract year following the contract year in which it is earned, the Company shall pay the deferred one-half premium pay. Day Workers

who choose to bank overtime may later re-elect to receive the deferred one-half premium pay.

- (iii) When the banked time off is requested in writing seven (7) days in advance, employees shall receive written notice of the disposition of their request a minimum of seventy-two (72) hours prior to the requested time off. The payment of overtime shall not be a factor in cancelling approved time off.

SECTION 3: DAYS OFF AND SCHEDULE OF SHIFTS

- (a) The Company will designate regular periodic days off for each regular employee and will not change such designation without notice except in the case of breakdown. In the event the day or days off are changed to follow the original designated day or days off, then forty-eight (48) hours notice will be given in advance of the original day or days off. In the event the day or days off are changed to precede the original designated day or days off, then forty (40) hours notice must be given in advance of the new day or days off.

When sufficient notice is not given prior to the initial day or days off, then overtime will be paid for work performed on the original day or days off.

The employees may change their day or days off by mutual arrangement with the Foreman concerned without penalty to the employer.

- (b) Where a system of days off is now in effect, same shall remain in effect as long as mutually satisfactory to the Union and the Company, it being understood that this has reference to a mill system of days off and not to the individual employee's days off.
- (c) When the Company changes an employee's shift schedule after the start of the week without notification being given during the first eight (8) hours of his last shift preceding the new shift, the employee shall receive two (2) hours penalty payment at the straight time day rate for the first shift worked resulting from the change. If the change in shifts during the week is temporary, the penalty payment is not payable for the second change in shifts when the employee returns to his previously established shift schedule. When an employee's established shift schedule is changed, the Company will, whenever practicable, notify the employee personally of the change.
- (d) Where an employee is temporarily off work because of a shutdown of his job, department or plant of more than ten (10) days duration, the employee's regular schedule of hours per day and days per week, including his starting time and designated days off, shall, commencing with the eleventh (11th) day of such shutdown, be considered as having been suspended and shall not be in effect for the balance of said shutdown. Call Time shall not be payable for assignments to extra work during such latter period or for assignments in connection with the resumption of operation of the job. The ten (10) day period referred to above shall be exclusive of any recognized paid Statutory Holidays which may fall therein.

- (e) The Company will cooperate with any day worker called in after twelve midnight to ensure that this work does not preclude him working his regular eight (8) hour shift the following day. This may be accomplished by altering the hours of work to the mutual satisfaction of the employee and his foreman. No penalty shall apply to the Company as a result of such an arrangement
- (f) Relief employees, employed to provide relief of employees who follow regular schedules, will be scheduled when required for coverage. The Company will designate regular, periodic days off for all other employees and will not change such designation without notice except in the case of breakdown.

The Company shall use its best efforts:

- (i) to schedule days off for relief employees on a consecutive basis; and
- (ii) to provide established schedules for relief employees.

SECTION 4: STARTING AND STOPPING WORK

(a) Tour Workers

When a tour begins, each Tour Worker is required to be in his place. At the end of a shift no Tour Worker shall leave his place to wash up and dress until his mate has changed his clothes and reported to take on responsibility of the position.

If a Tour Worker does not report for his regular shift, his mate shall notify the Foreman. He shall remain at his post until a substitute is secured, and if necessary, he shall work an extra four (4) hours. If work in excess of twelve (12) hours is required by refusal of a mate to report in, or when no other qualified relief is available, then the employee shall complete the extra shift. It is the duty of a Tour Worker to report for his regular shift, unless he has already arranged with his Foreman for a leave of absence. If unavoidably prevented from reporting, he must give notice to his Foreman, or at the office, if reasonably possible, at least four (4) hours before his tour goes on duty.

(b) Day Workers

Day Workers shall be at their respective posts ready to begin work at the time their pay starts and shall not quit work in advance of the time their pay stops. For example, if a Mechanic's pay time is from 8:00 a.m. to 12:00 noon, and from 1:00 p.m. to 5:00 p.m., he shall be at his post ready to work at 8:00 a.m. and 1:00 p.m. and shall not quit work until 12:00 noon and 5:00 p.m.

SECTION 5: MEALS

(a) Tour Workers

A hot meal, if not declined, shall be furnished at the usual meal time by and at the expense of the Company to any Tour Worker required to work more than ten (10) consecutive hours. If he continues to work, a meal which shall be hot if

practical, shall be provided every four (4) hours thereafter. When an employee has to work one extra shift, arrangements shall be made, by the Company, to provide one meal at the start of the shift and another meal or lunch four (4) hours later. The meal shall be eaten on Company time.

(b) **Day Workers**

Any Day Worker required to work more than two (2) hours beyond the end of his regular scheduled eight (8) hour shift, shall be furnished a hot meal at the usual meal time by and at the expense of the Company. If he continues to work, a meal which shall be hot if practical, shall be provided every four (4) hours thereafter.

The meal may be eaten on Company time, or alternatively, the Company may allocate one-half hour and the employee eats on his own time.

(c) **All Workers**

Any employee called in for an emergency before his shift commences, without time to arrange for his normal lunch or meal, will be given meals, hot if practicable, at the usual meal hours, or as close to that time as can conveniently be arranged.

ARTICLE VII – WAGES

SECTION 1: WAGE SCALE

The wage scale for the term of this Agreement is attached as Exhibit "A" and forms part of this Labour Agreement. Any new job rate will become part of Exhibit "A".

SECTION 2: SHIFT DIFFERENTIAL

(a) **Tour Workers**

- (i) Tour workers following compressed work week schedules shall be paid the following shift differential in addition to the hourly rate for all work performed as follows:

	December 1, 2005
	(%of base rate)
8:00 am to 8:00 pm	0
8:00 pm to 8:00 am	2.5%

Where a tour work is scheduled 8-4, 4-12, and 12-8, the following shift differentials will be paid in addition to the hourly rate on all work performed:

	December 1, 2005
	(%of base rate)
4:00 pm to 12:00 am	2.5%
12:00 am to 8:00 am	2.5%

(ii) Tour workers not employed on a 20 or 21 shifts per week schedule:

	December 1, 2005
	(%of base rate)
4:00 pm to 12:00 am	2.50%
12:00 am to 8:00 am	2.50%

Comment [MSOffice2]: Originally read December 11.

(b) **Day Workers**

Day workers scheduled in advance to work on other than their normal day shift will receive shift differential in addition to the hourly rate for all work performed as follows:

	May 1, 2006
	(%of base rate)
4:00 pm to 1200 am	2.50%
12:00 am to 8:00 am	2.50%

Comment [MSOffice3]: Originally read 2000.

Note: Day workers normally scheduled in excess of eight hours in a day will receive the appropriate shift differential for all hours in excess of eight (8) hours as outlined above.

(c) **ALL EMPLOYEES**

The Company shall not include the shift differential in any employee's wage rate for the calculation of overtime.

ARTICLE VIII - ALLOWANCE FOR FAILURE TO PROVIDE WORK

SECTION 1: NO WORK

In case any employee reports for his regular scheduled shift, having been ordered to report for such work and then no work is provided, he shall nevertheless receive two (2) hours pay for so reporting.

SECTION 2: WHERE SHIFT COMMENCED

In any case where an employee has commenced his regular scheduled shift, he shall receive a minimum of Four (4) hours pay except in cases of accident, breakdown, interruption of power, acts of God, or in cases of Call Time as provided in Article IX hereof. In cases of accident, breakdown, interruption of power or acts of God, the employee shall receive a minimum of two (2) hours pay.

ARTICLE IX - CALL TIME

SECTION 1: QUALIFYING CONDITIONS

An employee shall receive two (2) hours Call Time at the straight time rate in addition to pay for time actually worked under the following conditions:

(a) **Call to work following a shift for an breakdown or emergency call in**

When required to report for work in the same day after completing his designated shift and leaving the mill

(b) **Assignment of work not connected with the initial call-in**

When a day worker is required to report for work in accordance with (a) above, he shall receive one (1) additional Call Time payment if the initial call-in was to perform emergency work and he is then required to perform work other than that which necessitated the call-in.

SECTION 2: PAYMENT

The employee shall receive a minimum payment of two (2) straight time hours pay including payment for Call Time and time worked, but not the payment provided in Section 1(b).

Not more than one (1) basis shall be used to cover the same period of work except as provided in Section 1(b).

The Call Time payment will not be added to or paid in lieu of allowances payable under Article VI and Article VIII.

ARTICLE X - JURY DUTY

SECTION 1: WAGE COMPENSATION

Any regular full time employee who is required to report for Jury Selection, Jury Duty, Coroner's Inquest or who is subpoenaed to serve as a witness in a court action, save and except actions involving the Company or Trade Unions, unless subpoenaed by the Crown, on a day when he would normally have worked, will be reimbursed by the Company for the difference between the pay received in such duty and his regular straight time hourly rate of pay for his regularly scheduled hours of work necessarily lost. It is understood that employees will be reimbursed by the Company for the difference between the pay received for such duty and his straight time rate of pay for his regularly scheduled hours of work in that week. The employee will be required to furnish proof of performing such service and such duty pay received.

SECTION 2: HOLIDAYS AND OVERTIME

Hours paid for such duty will be counted as hours worked for the purpose of qualifying for vacations and for recognized paid holidays, but will not be counted for hours worked for the purpose of computing overtime.

ARTICLE XI - BEREAVEMENT LEAVE

SECTION 1: COMPENSATION

When death occurs to a member of a regular full-time employee's immediate family, the employee will be granted an appropriate leave of absence and he shall be compensated at his regular straight time hourly rate for hours lost from his regular schedule for a maximum of three (3) days.

SECTION 2: DEFINITION OF FAMILY

Members of the employee's immediate family are defined as the employee's spouse, mother, father, brothers, sisters, sons, daughters, stepchildren, mother-in-law, father-in-law, sons-in-law, daughters-in-law, stepparents, grandparents and grandchildren.

SECTION 3: EFFECT ON VACATION ENTITLEMENT

Compensable hours under the terms of this Article will not be counted as hours worked for the purpose of qualifying for vacations and for recognized paid holidays, and will not be counted as hours worked for the purpose of computing overtime.

ARTICLE XII - LEAVE OF ABSENCE

SECTION 1: UNION AND PUBLIC OFFICE

The Company agrees that it is proper to grant leave to employees who have been elected or appointed to office in the Union, or who have been nominated, elected or appointed to Federal, Provincial, Municipal or Aboriginal office. However, it is not the intention of the Company to grant lifetime leaves of absence.

An employee appointed or elected to full-time office in his union, or to Federal, Provincial, Municipal or Aboriginal office, shall be granted as much leave as is necessary during the term of such office.

SECTION 2: STEAM PLANT LEAVE

Steam plant personnel shall be granted leave in accordance with the provisions of Exhibit "E" (Steam Plant Vocational Leave) for the purpose of attending vocational school.

SECTION 3: FIRST AID CERTIFICATES

- (a) A First Aid Attendant authorized by the Company to attend classes or write examinations for obtaining, renewing or upgrading a first aid ticket will be compensated for lost earnings. The duration of the course shall include graveyard shifts on the day immediately preceding the day the course/exam begins and the day the course/exam finishes. The Company shall compensate the first aid attendant for travel each way for training at the straight time hourly rate.

The maximum travel time shall be four hours for traveling to the course and four hours when returning from the course.

- (b) The Company will pay one (1) return air fare to a centre no further than Vancouver (when no local course is available) and will pay for the cost of course material and examination fees for successful renewal of tickets as required by the Workers' Compensation Board.
- (c) The Company will pay the First Aid/Watchman a daily living-out allowance for the duration of the renewal course up to and including the day of the Workers' Compensation Board examination.
- (d) It is agreed that the allowance will not be paid when;
 - (i) there is a local course available
 - (ii) the employee fails to renew the ticket
- (e) A First Aid Attendant granted a Leave of Absence under Article XII to renew or upgrade a First Aid Ticket will be provided with return airfare to Vancouver and two (2) weeks living-out allowance prior to departure. The Company will pay the course fee directly to the appropriate agency. The First Aid attendant will be required to sign a reimbursement agreement prior to departure.

SECTION 4: MATERNITY LEAVE

The Company will grant extended maternity leave without pay to female employees to a maximum of six (6) weeks in excess of that provided in the Employment Standards Act where there is a valid and documented medical reason applicable to the health or well-being of the mother and/or child.

SECTION 5: OTHER LEAVE

Granting of leave is a matter between the employees and the mill management. The Company will consider length of service and will endeavour to arrange leave of absence to suit the employee's wishes. Employees with ten or more years service will be given special consideration.

ARTICLE XIII – VACATIONS

SECTION 1: ENTITLEMENT

Subject to the requirements of this Article, every employee is entitled to a vacation and vacation pay as follows:

An employee who is on the payroll on May 1st, who has been continuously employed during the qualifying period, and who has:	Length of Vacation	Vacation Pay, being the greater of: % of the total wages earned by the employee during the preceding Vacation period or hours pay at the hourly rate of the employee's regular job.
(A) been employed for less than one year and does not qualify under (B) below;	3/16 day for each full week of actual work performed during the preceding vacation period providing no vacation of less than one day will be granted.	4½% or NIL hours
(B) been employed for less than one year but has worked not less than 1500 hours during the preceding vacation period or been employed for not less than one year and who has worked not less		

than 1200 hours during the preceding vacation period. The following hours will count as hours worked for the purpose of qualifying for a vacation: Vacations; ; Statutory Holidays; Special (Personal) Floating Holidays; Jury or Witness Duty; Bereavement Leave; Contractual Steam Plant, Apprenticeship and First Aid Leaves; Banked Days	2 Weeks	4½%	or 80 hours
(C) qualified for his 5 th vacation under this Agreement;	3 weeks	6½%	or 120 hours
(D) qualified for his 10th vacation under this Agreement.	4 weeks	8½%	or 160 hours

Note: All former Western Pulp employees hired by April 30th, 2006 will be Grandfathered to Level “B” vacation.

Comment [MSOffice4]: Not “returning employees” rather they are former WP employees.

SECTION 2: PAYMENT ON TERMINATION

In the event an employee's employment terminates either before he becomes entitled to a vacation with pay, or, being entitled to it, before he takes it, he shall be paid on termination 4½ %, 6½%, 8½% depending on whether he belongs in the category of employees described in (A), (B), (C), above respectively) of his wages earned during the period of employment ending with his termination, in respect of which no vacation or vacation pay to which he remains entitled has been paid or taken.

SECTION 33: GENERAL RULES

- (a) The vacation period is December 1 to November 30th.
- (b) Vacations with pay are not cumulative and must be taken during the vacation period except as provided below:

Vacations earned under Section 4(c).

- (i) Employees shall have the option at any time during the vacation year to bank vacation entitlement in excess of the statutory minimum to a maximum of 1 week per year. Employees may accumulate a maximum of 2 weeks vacation in the bank
- (ii) Banked vacations must be taken prior to retirement and will be paid at the employee's current rate of vacation pay at the time when taking the banked vacation time off.

- (c) A vacation with pay provided under Section 1 for employees in category (A) may be taken during the vacation period in which the entitlement thereto is established, or during the next following vacation period.
- (d) No employee may continue to work and draw vacation pay in lieu of taking the vacation
- (e) The allocation of vacation times is to be decided by the Company. However, the Company will endeavour, by discussion with the employees or the Union, to arrange vacations to suit the employee's wishes.
- (f) Time lost as a result of an accident recognized as compensable by Workers' Compensation Board, suffered during the course of employment with the Company, shall be considered as time worked for the purposes of calculating entitlement upon return to work.
- (g) Time not exceeding one year, lost as the result of a non-occupational accident, illness or approved maternity leave, shall be considered as time worked for the purpose of qualifying for vacation provided that, at the time of the accident or illness or commencement of maternity leave, the employee has been on the payroll for not less than one (1) year and returns to employment. It is understood that the employer may require that the employee provide a certificate from a qualified medical practitioner. Time exceeding one (1) year shall be recognized as uninterrupted service for the purpose of establishing vacation time off, upon return to work.
- (h) Time lost as the result of layoff shall not be considered as time worked for the purpose of qualifying for a vacation.
- (i) When operating conditions permit, the Company agrees in principle to granting two (2) days leave of absence to allow shift workers on a seven (7) day schedule a full seven (7) day tour off, for one (1) week's vacation - five (5) days with pay and two (2) without pay.

Due to mill start-ups, training and various operating schedules and practices involved, details should be resolved at mill level.

SECTION 4: COMPUTATION OF VACATION PAY

Where an employee's vacation pay for the current year is to be computed as a percentage of his "total wages earned" in the previous year, such "total wages earned" shall include the amount of vacation pay the employee received in the previous year.

ARTICLE XIV – STATUTORY HOLIDAYS

SECTION 1: RECOGNIZED DAYS

The following shall be the recognized Statutory Holidays:

New Year's Day	40 hours, 4:00 p.m. December 31 to 8:00 a.m. January 2
Easter Monday	24 hours, 8:00 a.m. Monday to 8:00 a.m. Tuesday
Canada Day	24 hours, 8:00 a.m. July 1 to 8:00 a.m. July 2
Labour Day	24 hours, 8:00 a.m. Monday to 8:00 a.m. Tuesday
Christmas Eve	24 hours, 8:00 a.m. December 24 to 8:00 a.m. December 25
Christmas Day	24 hours, 8:00 a.m. December 25 to 8:00 a.m. December 26
Boxing Day	24 hours, 8:00 a.m. December 26 to 8:00 a.m. December 27

SECTION 2: ADJUSTMENT IN HOURS

The hours of commencing and ending, specified above, may be varied by mutual agreement of the Company and the Union Standing Committee and the specified hour of commencing or ending will be adjusted to coincide with the regular hours for changing shifts.

In the event that Canada Day falls on Sunday, the following Monday will be observed and the specified hours correspondingly changed.

SECTION 3: HOLIDAY WORK

- (a) The Company will provide the Union with not less than 10 days notice of the general scope of operating and/or maintenance plans on statutory holidays. Unanticipated weather conditions or maintenance requirements may alter those plans.
- (b) On Christmas Eve, Christmas Day and Boxing Day, operational and maintenance manning required will be identified on a scheduled crew basis. Any employee scheduled to work who wishes to be excused from working on any of the three Christmas statutory holidays will be accommodated where practical provided a request for leave is requested 7 days in advance of the statutory holiday and provided that a trained volunteer can be found to replace him for the shift. If no trained volunteer is found, the employee will be required to work the shift.
- (c) Employees who work at Christmas shall be paid double time for work during that period identified in Clause (b).

SECTION 4: PAY FOR HOLIDAY WORK

Overtime shall be paid for all work performed during holidays at the rates hereinafter specified.

ARTICLE XV – SPECIAL (PERSONAL) FLOATING HOLIDAYS

SECTION 1: FLOATING HOLIDAYS

There shall be granted annually two (2) Special (Personal) Floating Holidays with pay to regular full-time employees, such special holidays to be arranged at a time suitable to the employee and the Company during the contract year, so that there will be no loss of production.

SECTION 2: QUALIFYING CONDITIONS

For each Special (Personal) Floating Holiday taken an employee will be granted eight (8) hours pay on the straight time rate of the employee's regular job. Those employees covered by a CWW agreement will be granted twelve (12) hours pay on the straight time rate of the employee's regular job. Employees shall qualify for the Special (Personal) Floating Holidays as follows:

- (a) A new employee must have been on the payroll for not less than ninety (90) days to qualify for his first Special (Personal) Floating Holiday and on the payroll for one hundred and eighty (180) days to qualify for his second, third, fourth and fifth Special (Personal) Floating Holidays.
- (b) Employees will not qualify for Special (Personal) Floating Holidays if on leave of absence of more than nine (9) months in the contract year except in the case of sickness or injury.
- (c) If an employee is required to work on any of these Special (Personal) Floating Holidays, after a definite date has been designated for such holidays, the employee shall be paid overtime for such work at the rate of time and one-half.
- (d) When the holiday is requested in writing seven (7) days in advance, the payment of overtime shall not be a factor in the granting of Personal Floating Holidays. The employee shall receive written notice of the disposition of his request a minimum of seventy-two (72) hours prior to the requested Personal Floating Holiday.

ARTICLE XVI - WELFARE PLAN

There shall be a Welfare Plan pursuant to the terms and conditions of Exhibit "C", which is attached hereto and forms part of this Agreement. Membership in the Plan for all eligible employees shall be a condition of employment on and after December 1, 2005.

All aspects of the plan are governed by a proposition that the employer and employee will share all costs on a 50:50 basis payments to an insurance policy or other aspects of the welfare plan.

ARTICLE XVII - PENSION PLAN

SECTION 1: THE PLAN

The Company agrees to contribute to a defined contribution pension plan. The employees will participate in the Pulp & Paper Industry Pension Plan which was established pursuant to the general principles set forth in the Pension Plan Summary dated December 6, 1975 and in subsequent documents.

In the event that the Trustees of the Pension Plan referred to above do not accept the Company for participation in the Plan, then after good faith consultation with the Union to attempt to resolve such difficulty, the Company shall not be obligated to participate in the Plan and the Union and the Employer will discuss alternatives to the Pension Plan.

In any event, the Company's obligations under the clause shall be limited to making the contributions set out in Section 2 herein. The Company shall not be obligated further in any respect of any Pension Plan; in particular, if the Trustees of the Pension Plan referred to in this Article require any contribution by the Company greater than that set out in Section 2 herein, the Company after good faith consultation with the Union to attempt to resolve any such difficulty, shall be free to withdraw from the Plan and make alternative arrangements with the Union.

The Company agrees to support the decision of the Local Union to continue with the Pulp and Paper Industry Pension Plan or to participate in a new plan which will be established by mutual agreement within 120 days. In the event a new plan is created, the governance of the plan shall be borne by the bargaining agent.

SECTION 2: CONTRIBUTIONS

Contributions made by the Company and the employees to the Industry Pension Plan shall be made in the following manner:

Company	7.5%
Employees	9.5%

Comment [MSOffice5]: As agreed.

SECTION 3: BOARD OF TRUSTEES

The parties to this agreement agree to the revised governance of the Pulp & Paper Pension Plan as follows:

- 3 Trustees appointed by the member employers
 - 3 Trustees appointed or elected by the CEP
 - 3 Trustees appointed or elected by the PPWC

ARTICLE XVIII – SENIORITY

SECTION 1: PRINCIPLES

The Company and the Union recognize seniority in this Collective Agreement only for the limited purposes set out in this Article XVIII.

The Company will maintain a seniority list of all employees in the bargaining unit. Seniority will be determined on the basis of date and time of day of hire by Neucel Specialty Cellulose Ltd. No seniority or service with any predecessor employer at the Port Alice Pulp Mill will be recognized for the purposes of this Collective Agreement.

In cases of promotion, demotion, transfer, layoff and recall of an employee, the primary considerations shall be the employee's qualifications, ability to perform the work and seniority. Where competing employee's have equal qualifications and ability to perform the work, only then will the principle of seniority be used to determine which employee shall obtain the promotion, demotion, transfer, layoff or recall.

The determination as to the employee's qualifications and ability will be solely in the discretion of the employer.

SECTION 2: RETENTION OF SENIORITY

- (a) Any employee whose employment ceases through no fault of his own, shall be recalled on the following basis:
 - (i) An employee with less than one (1) year of service shall retain these rights for six (6) months from the date of layoff.
 - (ii) An employee with one (1) or more years of service shall retain these rights for twelve (12) months from the date of layoff, plus two (2) additional months for each year of service up to an additional twenty-four (24) months.
- (b) Failure of an employee to report for work within one (1) week of notice by registered mail at his last address reported to and received by the mill, shall result in his termination of employment with the company. Bona fide reasons for failure to report shall not deprive an employee of his recall rights.

SECTION 3: TRAINING

To facilitate laid off employees exercising their mill seniority the following training will be provided:

- (a) Up to one (1) day where the layoff is estimated to be in excess of ten (10) days;
- (b) Up to two (2) days where the layoff is estimated to be in excess of twenty-one days;
- (c) Up to five (5) days where the layoff is estimated to be in excess of thirty-five days;
- (d) Where the layoff is estimated to be in excess of ninety (90) days, the Company will discuss with the Union training provisions of up to fifteen (15) days;

- (e) Where a layoff results from a permanent partial plant closure or a temporary closure in excess of one hundred and eighty (180) days, the Company will participate in a program of training or retraining for another job within the operation to facilitate the exercising of mill seniority, recognizing there will be limitations where special qualifications are required. Phasing in arrangements to implement the program will be discussed by the Company and the Local Union and shall not exceed three (3) months from the date of closure.

SECTION 4: LAYOFF AND VACATION ENTITLEMENT

Time on layoff shall not be considered as time worked for the purpose of qualifying for vacation pay.

SECTION 5: WELFARE COVERAGE

- (a) An employee with one (1) or more years seniority may have his welfare coverage continued for six (6) months while on layoff;
- (b) An employee with more than four (4) months but less than one (1) year of seniority may have his welfare coverage continued for three (3) months while on layoff;
- (c) An employee who elects to maintain coverage while laid off will be required to pay the employee portion of the premium in advance, on a monthly basis;
- (d) An employee who has welfare coverage as provided for in paragraphs (a) and (b) above, will on returning to work, have his welfare coverage for the period of his employment.
- (e) An employee will qualify for a new period of welfare coverage as provided in paragraphs (a) and (b) above if he returns to work for at least ten (10) days within a floating period of thirty (30) consecutive days.

ARTICLE XIX – JOB SECURITY

SECTION 1: OBJECTIVE

The Company and Union recognize that technological change, while necessary to the industry, may have an impact on employees. It is the purpose of the following provisions to assist employees in adjusting to the effects of such change.

SECTION 2: DEFINITION

Technological change, which term shall include automation, mechanization, and process change, means the introduction of equipment or material of a different nature or kind than that previously utilized, or a change in the operation that is directly related to the introduction of that equipment or material.

SECTION 3: JOINT COMMITTEE

The Standing Committee shall meet to study the effect of mechanization, technological changes and automation on employment in the mill at which it is appointed and to make such recommendations as are agreed upon, to the local mill manager, to ensure that the interests of the Company and of the employees are fairly and effectively protected.

SECTION 4: REQUIRED NOTICE

The Company will advise the appropriate committee or committees as soon as possible, and in any case not less than thirty (30) days before the introduction thereof, of mechanization, technological changes, and/or automation which the Company has decided to introduce and which will result in terminations or other significant changes in the employment status of employees.

The Company will advise the appropriate committee or committees as soon as possible, and in any case not less than thirty (30) days before the expected date of the change, of the anticipated time sequence of final installation and production start-up and the anticipated effect on the job status of individual employees.

SECTION 5: STATUS

An employee who is set back to a lower paid job because of mechanization, technological change or automation will receive the rate of his regular job at the time of the set-back for a period of six (6) months, and for a further period of six (6) months he will be paid an adjusted rate which will be midway between the rate of his regular job at the time of the set-back and the rate of his new regular job. At the end of this twelve (12) month period, the rate of his new regular job will apply.

SECTION 6: SEVERANCE ALLOWANCE

- (a) An employee with one (1) or more years of continuous service for whom no job is available because of mechanization, technological change or automation will, upon termination, receive a severance allowance calculated by one of the two following methods based on his or her last period of continuous service, it being the choice of the affected employee as to which of such methods of calculation is used:

Years of Employment	Severance Allowance	
	Weeks/year* OR	% of Earnings
1st ten years	2	4%
Subsequent years	1	2%
MAXIMUM SEVERANCE ALLOWANCE	45 weeks	1800 hours

**Computed on the basis of forty (40) straight time hours at the employee's regular rate.*

For employees with a minimum of one (1) year of employment during their last period of continuous service, severance allowance shall not be less than four (4) weeks' pay.

At the time of separation the employee shall have the option of receiving the severance allowance on termination, or he/she may elect to have his/her severance allowance held in abeyance for up to one (1) year from the date of termination. He/she may apply in writing at any time during the year, at which time his/her full severance allowance will be paid forthwith.

Where the right of recall and seniority retention under Article XVIII is elected, the employee's severance allowance will be held in abeyance for the duration of his/her recall rights at which time the employee will be terminated and his/her severance allowance paid forthwith.

Where the employee renounces the right of recall during this period, the employee will be terminated and his/her severance allowance paid forthwith with all seniority and recall rights being forfeited.

No payment will be made under this section in cases where the employee has already qualified under Article XXI, Section 5, Job Elimination, or under Article XX, Section 2, Permanent Mill Closure.

Such employees for whom no employment is available will be given at least thirty (30) days notice of separation.

SECTION 7: TRAINING

The Company agrees to participate in a program of training or retraining for another job within the operation for those employees who are displaced under the circumstances set forth herein.

ARTICLE XX - PERMANENT MILL CLOSURE

SECTION 1: NOTICE

An employee terminated as a result of a permanent planned closure of the mill shall be given a minimum of sixty (60) days notice of closure.

SECTION 2: SEVERANCE ALLOWANCE

Such employees shall be entitled to severance allowance based on that employee's years of employment during that employee's last period of continuous service computed on the basis of forty (40) straight time hours at the employee's regular rate on the following basis:

For the first ten (10) years of employment	2 weeks pay per year
For subsequent years of employment	1 week pay per year

For employees with a minimum of one (1) year employment during their last period of continuous service, severance allowance shall not be less than four (4) weeks pay.

No payment will be made under this section in cases where the employee has already qualified under Article XIX, Section 6, Job Security, or under Article XXI, Section 5. Job Elimination.

ARTICLE XXI – JOB ELIMINATION

SECTION 1: DEFINITION

Job elimination means permanent loss of employment as the result of Company decisions to eliminate positions, excluding those in Section 2 below.

SECTION 2: EXCLUSIONS

No payment will be made under Section 5 in cases:

- (a) of curtailments of a temporary or indefinite duration.
- (b) of employees hired for work of known or temporary duration.
- (c)
- (d) where the employee has already qualified under technological change or permanent mill closure provisions.)

SECTION 3: NOTICE

The Company will advise the Standing Committee at least forty-five (45) days prior to such job elimination. Crew reduction will be in accordance with Article XVIII - Seniority.

SECTION 4: ELIMINATION OPTIONS

An employee who qualifies under Section 1 above may elect one of the following options:

- (1) Recall and seniority retention as per Article XVIII - Seniority, or
- (2) Severance allowance as per Section 5 below.

Such employee must elect his option within thirty (30) days of notification that his loss of employment is permanent. If Option (2) is selected, the employee will be deemed to have terminated effective the last day worked. Where a temporary curtailment becomes permanent, severance eligibility will be determined by the status of the employee at the time of the temporary curtailment.

SECTION 5: SEVERANCE ALLOWANCE

Severance allowance will be calculated by one of the two following methods based on the last period of continuous service. It is the choice of the affected employee as to which of such methods of calculation is used.

Years of Employment	Severance Allowance	
	Weekly/yr*	or % of Earnings
First ten (10) years	2	4%
Subsequent years	1	2%
MAXIMUM SEVERANCE ALLOWANCE	45 weeks	1800 hours

* Computed on the basis of forty (40) straight time hours at the employee's regular rate.

For employees with a minimum of one (1) year of employment during their last period of continuous service, severance allowance shall not be less than four (4) weeks pay.

The severance allowance will not be more than the employee would normally receive if he/she remained at work at forty (40) hours per week to his/her normal retirement date.

At the time of separation, the employee shall have the option of receiving the severance allowance on termination, or the employee may elect to have his severance allowance held in abeyance for up to one (1) year from the date of termination. He may apply in writing at any time during the year, at which time his full severance allowance will be paid forthwith.

Where the right of recall and seniority retention under Article XVIII is elected, the employee's severance allowance will be held in abeyance for the duration of his recall rights, at which time the employee will be terminated and his severance allowance paid forthwith.

Where the employee renounces the right of recall during this period, the employee will be terminated and his severance allowance paid forthwith with all seniority and recall rights being forfeited.

ARTICLE XXII – CONTRACTING

- (a) The Company will notify the Union of its intention to have work performed by contractors in the mill and will, emergencies excepted, afford the Union the opportunity to review it with the Company prior to a final decision being made. For this purpose, the Standing Committee will be used as a forum to discuss the Company's contracting decisions.
- (b) The Company will not bring a contractor into the mill :
 - (i) which directly results in the layoff of employees, or;
 - (ii) to do the job of employees on layoff, or;
 - (iii) to do the job of a displaced employee working outside his job category.
- (c) It is not the intent of the Company to replace its regular workforce through the use of contract firms.
- (d) The Company will not send equipment out of the mill for repair which directly results in the layoff of tradesmen or apprentices.

For greater clarity it is agreed that :

- (a) The changes which provide that it is not the intent of the Company to replace its regular workforce through the use of contract firms will not set aside existing external work arrangements and practices.
- (b) Working under the flexible work practice provisions does not mean that an employee has been displaced and is working outside his job category.

ARTICLE XXIII – APPRENTICESHIP TRAINING PROGRAM

SECTION 1: TRAINING PROGRAM

It is agreed that there shall be an Apprenticeship Training Program, the provisions of which are set forth in Exhibit "D", which is attached hereto and forms part of this Agreement.

SECTION 2: APPRENTICESHIP ACT

It is understood however, that the grievance procedure as set forth in Article XXVII - Adjustment of Complaints, shall not be applicable to those matters covered by the Apprenticeship and Tradesmen's Qualification Act which, by said Act, are deemed to be outside the jurisdiction of the Union.

ARTICLE XXIV – COMPRESSED WORK WEEK

The Company and Union recognize the concept of the compressed work week. It is further understood that the compressed work week conditions will apply only to those departments that are on the compressed work week.

ARTICLE XXV – SAFETY AND OCCUPATIONAL HEALTH

SECTION 1: PRINCIPLE

Employees and the Company are to comply with established safety rules as amended by the Joint Safety Committees from time to time. Employees will not be expected to operate with unsafe equipment or under unsafe working conditions. Employees are expected to report immediately any unsafe equipment. An employee who has reasonable cause to believe that an unsafe condition exists may refuse to work under such conditions without being subject to discipline.

SECTION 2: JOINT SAFETY COMMITTEE

- (a) The Union and the Company shall cooperate in selecting one or more Safety Committees, which will meet at least once a month to consider all safety and occupational health problems.
- (b) The local Joint Safety Committee shall consist of equal representation from Company and Union. This Committee shall meet at least once a month to consider all safety and occupational health problems.

SECTION 3: SAFETY EDUCATION

The Union undertakes to promote safety and occupational health education among its members in an effort to overcome accidents and occupational health problems. The Company undertakes to promote safety and occupational health education among all its employees in an effort to overcome accidents and occupational health problems.

SECTION 4: JOINT LABOUR/MANAGEMENT SAFETY CONFERENCE

1. A Joint C.E.P., Industry Safety Conference of two (2) days duration will be held annually.
2. It shall be the basic aim of this Conference to develop a sincere desire by both Union and Management, at all levels, to promote joint safety programs in all of the respective mills.

3. Not more than two (2) accredited delegates from each Local Union may attend the said safety conference and they shall be compensated by their respective companies for any loss of wages and conference registration fees incurred as a result of their attending the said conference. It is understood that traveling and living expenses of those delegates will not be paid by their companies.
4. Mill managers, senior company officials, and representatives of the Workers' Compensation Board will be encouraged to attend. The attendance of senior company officials and mill managers is desirable for discussions with union mill delegates, even if the amount of representation is increased in some instances. Additional delegates of either labour or management will be permitted to attend on an observer basis.
5. The Planning Committee shall meet no later than thirty (30) days prior to the established date of the conference to draft the agenda from items submitted.
6. This Planning Committee shall be composed as follows:
 - (a) Three (3) Management members from Mill level.
 - (b) Three (3) members from the Communications, Energy, and Paperworkers Union who are the respective delegates from their locals.
 - (c) Two (2) members from the CEP National level.

ARTICLE XXVI – DISCIPLINARY ACTION

The Company has the right to discipline or discharge employees for just and reasonable cause.

The disciplinary record of an employee, including letters of reprimand or warnings, shall not be used against him/her at any time after twelve (12) months.

In cases involving suspension, the disciplinary notice will remain on the employee's file for twenty-four (24) months and not be used after that period provided no other discipline has occurred during that time.

The presence of a Union Shop Steward is mandatory unless waived by the employee at any meeting during which the employee is disciplined.

ARTICLE XXVII – ADJUSTMENT OF COMPLAINTS

It is mutually desired and intended by the parties that any dispute or complaint arising out of the interpretation of this Agreement will be communicated by the employee to his supervisor in order to provide an opportunity for discussion and timely resolution, prior to the issue becoming a grievance.

If an employee is not satisfied with the resolution offered by his immediate supervisor, he may then initiate a grievance. For the purposes of this agreement, no grievance will be recognized that precedes December 1st, 2005. Further, no grievance will be recognized more than 90 days after the alleged grievance occurred.

Comment [MSOffice6]:

SECTION 1: GRIEVANCE PROCEDURE

- Step One: In the event that a written grievance is submitted arising out of the operation of this Agreement, except in the cases of discharge or suspension, the employee shall continue to work as per the conditions existing prior to the time that the grievance arose. Any formal meeting to discuss the grievance shall be held in the presence of the shop steward.
- Step Two: If there is no satisfactory resolution at Step One, then the Union may, within seven (7) days, advise the department supervisor that the employee intends to proceed with the grievance. The department supervisor and chief shop steward will then have fourteen (14) days from the date of notification to deal with, and answer the grievance. Grievances other than those of individual employees may be initiated at Step Two by either party.
- Step Three: If there is no satisfactory resolution at Step Two, then either party may, within seven (7) days, refer the question to the Standing Committees by advising the Chairmen of the Standing Committees of the intention to proceed with the grievance. The Standing Committees will then have thirty (30) days to deal with, and answer the grievance.
- Step Four: If there is no satisfactory resolution at Step Three then the question may, within seven (7) days upon written request of either Standing Committee, be referred to the President of the Local Union and the Mill Manager who will then have thirty (30) days to deal with, and answer the grievance. Either party may elect to involve outside help at this step, such as a Regional Union Representative and/or a Management Representative from outside of the plant.
- Step Five: If there is no satisfactory resolution at Step Four then the matter may, within thirty (30) days, be referred to an Arbitrator.

The time periods may be extended by mutual agreement by Management and the Local Union.

Where a grievance arising from the discharge of an employee progresses to arbitration, either party may elect, in writing, to utilize the procedure set out in Section (5) below as an alternative to the arbitration procedure set out in Section (4).

SECTION 2: NATIONAL OFFICER

It is understood that in all discussions concerning grievances, any National Officer may accompany the Union Standing Committee in their meetings and the National Officer may call upon members of the Union Standing Committee or any other employee to accompany them in their meetings with Company officials.

SECTION 3: TIME LIMIT

- (a) In the event a grievance has not advanced to the next step within the time limit set forth in Section 1, then the grievance shall be deemed to be abandoned and all rights of recourse to the Adjustment of Complaints under this Agreement in respect of this grievance shall be at an end.
- (b) The time limit between steps may be extended by mutual consent.

SECTION 4: ARBITRATION PROCEDURE

- (a) The Company and the Union will endeavour to agree upon the selection of the Arbitrator. In the event the Company and the Union are unable to agree upon the selection of the Arbitrator, they will apply, within the thirty (30) day period, to have the Arbitrator appointed under the provisions of Section 86 of the Labour Relations Code of British Columbia.
- (b) After the Arbitrator has been chosen he shall meet and hear evidence of both sides and render a decision within fifteen (15) days after he has concluded his hearings, said decision to be final and binding upon all parties to this Agreement.
- (c) The parties shall bear, in equal portions, the fees and expenses of the Arbitrator and rental of any premises used for the hearing.
- (d) The Arbitrator shall be restricted to interpreting and applying the provisions of this Agreement and shall have no authority to alter, modify, subtract from or supplement them in any way.
- (e) In the case of discharge or suspension which the Arbitrator has determined to have been unjust, the Arbitrator shall order the reinstatement of the employee and shall award him back pay. In the case of back pay, should there be any doubt in the opinion of the Arbitrator, the Arbitrator may order all or part back pay as he deems fit.

SECTION 5: EXPEDITED ARBITRATION

- (a) A panel of six (6) arbitrators, each of whom shall be appointed for a two (2) year term, shall be selected by mutual agreement of the Pulp and Paper Employee Relations Forum on behalf of its member companies and the Communications, Energy, and Paperworkers Union on behalf of its local unions. Grievances processed under this section shall be assigned to the Arbitrators on a rotational basis.
- (b) An Arbitrator must meet and hear the evidence of both parties within fifteen (15) days after assignment. If an Arbitrator is unable to commit himself to do so, the

grievance shall immediately be assigned to the next Arbitrator in order of rotation.

- (c) The unavailability of counsel shall not be a reason to delay an arbitration under this section.
- (d) The parties will endeavour to agree on a statement of material facts which may be submitted to the Arbitrator in advance of the hearing.
- (e) The Arbitrator will give his decision and his written reasons within one week after the hearing. The reasons need not accompany the decision. Neither the decision nor the reasons will form precedent.
- (f) The provisions of Sections 4(b), (c), (d) and (e) as it applies to discharge, shall apply to this section.

ARTICLE XXVIII – FLEXIBLE WORK PRACTICES

Flexible work practices will be implemented consistent with the Letter of Understanding attached to this agreement.

ARTICLE XXIX – DURATION AND AMENDING PROCEDURE

SECTION 1: TERM OF AGREEMENT

This Agreement shall be in effect from midnight December 1, 2005 to midnight December 31, 2010 and thereafter from year to year, subject to the conditions as set out in Sections 2 to 5 which follow hereunder.

SECTION 2: LABOUR RELATIONS CODE

The parties agree that the operation of Section 50(2) of the Labour Relations Code of British Columbia is hereby excluded.

SECTION 3: NOTICE OF RE-OPENING

This Agreement may be opened for collective bargaining as to changes as follows: either party desiring any change shall mail to the other party, notice in writing, by registered mail, on or after July 1, 2010, but in any event not later than midnight, November 30, 2010, that a change is desired. And, if no such notice is given by either party on or after the said July 1 and before the said November 30, the earliest time at which such notice may be given by either party is the corresponding period in the following year.

All notices given under the provisions herein on behalf of the Union shall be given by the Union (or its representative) and similarly notices on behalf of the Company shall be given by the President of the Company (or his representative).

SECTION 4: COLLECTIVE BARGAINING

If notice of desire for changes has been given in accordance with Section 3 above, the parties shall, as soon as agreeable to the parties following such date of notice, meet for collective bargaining, the Company being represented in such negotiations by a Bargaining Committee appointed by the Company, and the Union being represented by a Bargaining Committee selected by said Union. Any agreement on changes arrived at and approved in such negotiations shall be binding upon the parties to this Agreement. If such negotiations cannot be completed prior to the January 1 following the date on which such notice was given, any changes in compensation to employees shall nevertheless be retroactive to the said January 1.

SECTION 5: TERMINATION

In case negotiations conducted in accordance with Section 4 above break down, either party may terminate this Agreement upon the expiration of ten (10) days notice, in writing, mailed by registered mail to the other party.

IN WITNESS WHEREOF, the undersigned have hereunto set our signatures this

_____ Day of _____, 2006

Neucel Speciality Cellulose

**Communications, Energy and
Paperworkers Union of Canada,
Local 514**

By:

By:

R.J. Bassett, CEO

D.G. Vye
President

S.L. Hagan, General Manager

A.A. McKay
1st Vice President

B. Lloyd
Wage Delegate

D.B. Schaub
National Representative

EXHIBIT "A"

WAGE RATES

It is agreed that the schedule of wage rates listed below will be considered as part of this Agreement and that all men hired, transferred or promoted to any job, excluding Mechanics' jobs, will receive the wage rate for such jobs on the dates so specified.

MECHANICS AND APPRENTICES

Mechanical classification and rates apply to all recognized trades, including those specifically listed as follows:

Carpenters, Electricians, Instrument Mechanics, Garage Mechanics, Lagger/Pipfitter, Machinists, Masons, Millwrights, Painters, Pipefitters, Tinsmiths, Welders. Multi-trade mechanics.

MECHANICS AND APPRENTICES

"A" Mechanic Journeyman - (5th Year Apprentice)	29.615
"B" Mechanic (4th Year Apprentice)	27.42
"C+" Mechanic (3rd Year Apprentice)	25.085
"C" Mechanic (2nd Year Apprentice)	23.93
"D" Mechanic (1st Year Apprentice)	23.515
Relief Foreman	30.75

Multi-Skilled Mechanics (two-tickets) 50 cents per hour above the "A" mechanic journeyman rate.

LABOUR RATE 22.37

BOOM

Boom Boat Operator	24.34
Dozer Operator	23.92
Boomman	23.52

LARGE LOG PLANT

Fitter	30.56
Saw Filer (over 36 months)	27.755
Saw Fitter Trainee:	
-25-36 months	24.51
-13-24 months	24.33
-3-12 months	23.31
-0-2 months	22.92
Knife Grinder	24.565
Sawyer	25.79
Sawyer/Chipper	26.01
Barker Operator	24.77
Transfer Operator	24.34
Chipper Operator	23.73
Utility	22.73
Chip Tender	22.735
Deckman	22.735
Woodplant Janitor	22.37
SMALL LOG PLANT	
Barker/Chipper Operator	24.34
Transfer Operator	24.135
Colby Crane Operator	23.92
Deckman	22.54
ACID PLANT	
Acid Maker-Sulphur Loader	26.21
DIGESTERS	
Digester Cook	29.125
1st Helper	25.60
2nd Helper	23.31

UNBLEACHED SCREEN ROOM

Unbleached Screen Tender 25.60

BLEACH PLANT

Bleach Plant Operator 29.535
1st Helper 25.39

MATERIAL HANDLING

Chemical Maker 24.565
Chemical Maker's Helper 22.735

BLEACHED SCREEN ROOM

Bleached Screen Operator 24.77

MACHINE ROOM

Machine Tender 28.51
Back Tender 27.03
3rd Hand 24.565
4th Hand 23.52
Machine Room Utility 22.54

FINISHING ROOM

Layboy/Rewinder Operator 25.39
Head Stacker 23.31
Head Stacker/First Aid 24.77
Trucker 23.31
Weigher 22.92
Trucker/Pulper 22.92
Roll/Bale Finisher 22.735
Roll/Bale Finisher/First Aid Relief 23.585

STEAM PLANT

Maintenance Engineer, 2nd 29.615

Assistant Shift Eng., 3rd	30.37
Maintenance Eng, 3rd (when used on Mtce.)	29.615
Power Boiler Engineer, 3rd	28.71
Recovery Boiler Eng., 4th	25.795
Power Boiler Engineer,4th	25.39
Hog Fuel Tender	23.52
2ndclass Engineer with 1st class ticket	40 cents additional
3rd class Engineer with 2nd class ticket	30 cents additional
4th class Engineer with 3rd class ticket	25 cents additional
Unticketed position with 4th class ticket	10 cents additional

Note: only one of the above bonuses is applicable-no stacking

EFFLUENT TREATMENT

Effluent Treatment Operator	26.21
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SERVICE CREW

Group Leader	25.795
Rigging	22.92
Splicer	23.73
Truck Swamper	22.445
Equipment Operator	24.135
Truck Driver - Hiab	23.52
Truck Driver - Tandem	23.31
Truck Driver - Single Axle	23.11
Jackhammer	22.92
Ship tie-up	22.79
Crane Operator	25.60
Shop Janitor	22.37

WAREHOUSE AND SHIPPING

Head Warehouseman	24.34
Warehouse Trucker	23.73

SUPPLY STORE

Receiver/Shipper	24.77
Counter Clerk	23.73
Kardex Clerk	
-over 6 months	23.31
-2 - 6 months	22.735
-0 - 1 month	22.37

FIRST AID/WATCHMAN

Level III Unrestricted	24.77
Level III Restricted	24.565
Safety Technician	25.19

LABORATORY

Special Tester	26.01
Environmental Technician	25.185
S-10 Tester	24.77
Pulp Tester (Main Lab.)	23.52
Bleach Plant Pulp Tester	23.52

MISCELLANEOUS

Janitor	22.37
Fire Protection Serviceman	24.135
Confined Space Safety Man	22.73

DEEP-SEA SHIP LOADING & BULK CARRIERS**DEEP-SEA SHIP LOADING**

Loading Lead Hand	28.295
Hatch Tender	26.29

Winch Operator (double)	26.77
Power Lift Operator in Hold	26.29
Lead Hold Man	26.29
Hold Man	25.895
Sling Man	25.455
Truckers - delivery from last place of rest to Sling	24.53
Checker	24.205

BULK VESSEL LOADING

Loading Lead Hand	28.295
Crane Operator	27.31
Ship Utilities	25.895
Truckers (delivery from last place of rest to Sling)	24.53

DEEP-SEA BARGE LOADING

Power Lift Truck Operator in Barge	26.29
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TRANS-SHIPING

Trans-shipping Trucker	25.41
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METRIC TOOLS

The Company will make available tradesmen's tools required upon the introduction of the metric system.

EXHIBIT "B"

DEFINITION OF MECHANICAL TRADES

Any employee whose work is primarily in any one or more than one of the trades listed hereunder shall be classed as a "MECHANIC".

Machinists	Tinsmiths and Sheet Metal Workers
Millwrights	Automotive Mechanics
Carpenters	Masons
Electricians	Roll Grinders
Pipefitters	Instrument Mechanics
Welders	Painters
Pipefitter/Lagger	

EXHIBIT "C"
WELFARE PLAN

This Exhibit "C" sets forth the respective coverage's, benefits, rights and obligations of the Company and its employees under the Welfare Plan established pursuant to Article XVI of this Agreement.

COMPLIANCE

- (a) The Company will comply with the terms and conditions set forth in this Exhibit "C", and provide the coverage's required therein.
- (b) The coverage's shall be subject to the limitations in the contracts of the selected carrier or carriers.
- (c) All costs of the welfare plan will be shared between the employer and employee on a 50:50 basis.

COVERAGES AND BENEFITS

(a) **Group Term Life Insurance**

The Welfare Plan will include Group Term Life Insurance in accordance with the following Table of Hourly Job Rate Brackets and corresponding coverage's. Benefits will be payable as a result of death from any cause on a twenty-four (24) hour coverage basis.

(b) **Accidental Death or Dismemberment Insurance**

In addition to the above Group Term Life Insurance coverage, the Welfare Plan will include Accidental Death Insurance as out-lined in the Table on a twenty-four (24) hour coverage basis.

Dismemberment and paralysis insurance benefits of the Welfare Plan will be in accordance with the schedules offered by the particular carrier involved, such coverage to be on a twenty-four (24) hour basis.

(c) **Non-occupational Accident and Sickness Insurance**

- i. The Welfare Plan will include Non-occupational Accident and Sickness Insurance in accordance with the Table. Weekly Indemnity benefits will be payable beginning with the first day of disability caused by non-occupational accident and beginning with the fourth day of disability caused by non-occupational sickness, except that in those cases of non-occupational sickness, which result in the claimant being hospitalized as a bed patient, and in those cases where surgery is performed which necessitates loss of time from work, the said Weekly Indemnity benefits will be payable beginning with the first day of sickness. Benefits will be payable for a maximum of fifty-two (52) weeks during any one period of disability.

Weekly Indemnity benefits which begin prior to age 65 will continue until the employee has received at least fifteen (15) weeks of benefits, or until the employee is no longer disabled or retires, whichever comes first.

Benefit payment will not be made beyond age 65 and in all cases, will cease upon recovery.

The premium structure for coverage of an employee over the age of 64 will be as follows:

First three months	75% of Normal Premium
Second three months	50% of Normal Premium
Third three months	25% on Normal Premium
Last three months	No Premium

ii. **Subrogation Agreement** (Weekly indemnity/LTD)

Where the employee recovers an amount from a liable third party for loss of income as a result of the same accident or illness, they must reimburse the Plan once they receive (100%) of their loss. One hundred percent (100%) of their loss includes gross wages lost.

iii. **Attempted Suicide**

The Weekly Indemnity Plan will provide benefits for time lost as a result of attempted suicide under the provisions of the Plan covering other mental illnesses. Coverage shall also include injury disability arising from attempted suicide.

iv. **Waiting Period**

Only one (1) waiting period will be required for serious illnesses which require kidney dialysis, chemotherapy, radiation or other similar recurring treatments. This will provide benefits, after the initial waiting period, for any subsequent lost time.

(d) **Medical-Surgical Coverage**

The Welfare Plan will include Medical-Surgical coverage as required by the B.C. Medical Commission. An Extended Health Benefit Plan with coverage as per the M.S.A. Pulp and Paper Industry brochure dated July 1, 1981, including Vision Care coverage for employees and eligible dependents, will also form part of this Agreement.

Effective July 1, 1984, the co-insurance rate for hospitalization will be incorporated into the Extended Health Benefit coverage to a maximum of \$8.50 per day.

(e) **Dental Care Plan**

The Welfare Plan will include a Dental Care Plan which will reimburse members for expenses incurred in respect of the coverage's summarized in Appendix "1".

The Plan will not duplicate benefits provided now or which may be provided in the future by any government program.

(f) **Long Term Disability Plan**

The Welfare Plan will include a Long Term Disability Plan summarized in Appendix "2".

(g) **Table of Hourly Job Rate Brackets and Corresponding Coverage's**

	<u>Group Term Life</u>	<u>AD&D</u>
May 1, 2002	\$ 80,000	\$ 80,000
January 1, 2007	\$ 81,000	\$ 81,000
January 1, 2008	\$ 82,000	\$ 82,000
January 1, 2009	\$ 84,000	\$ 84,000
January 1, 2010	\$ 86,000	\$ 86,000

<u>Hourly Job Rate*</u>	<u>Non-Occupational Weekly Accident & Sickness Insurance</u>
22.25 but less than 22.50	555
22.50 but less than 22.75	560
22.75 but less than 23.00	565
23.00 but less than 23.25	570
23.25 but less than 23.50	575
23.50 but less than 23.75	580
23.75 but less than 24.00	585
24.00 but less than 24.25	590
24.25 but less than 24.50	595
24.50 but less than 24.75	600
24.75 but less than 25.00	605
25.00 but less than 25.25	610
25.25 but less than 25.50	615
25.50 but less than 25.75	620
25.75 but less than 26.00	625
26.00 but less than 26.25	630
26.25 but less than 26.50	635
26.50 but less than 26.75	640
26.75 but less than 28.00	645
28.00 and over	650

* **Note:** Each of the hourly job rates in the above table are defined as the straight time rates of the employee's regular job, exclusive of all premiums and fringes.

WAITING PERIOD

All full-time employees who are actively working and have completed thirty (30) days service shall be enrolled for the coverage's and benefits set forth in this Exhibit as a condition of employment.

1. Union – Neucel Welfare Governance

The Standing Committee will act on behalf of the employees to address questions which may arise concerning the operations of the Welfare Plan.

CHANGES IN CLASSIFICATION

The regular wage rate of the employee in effect on July 1 and January 1 will determine his entitlement to Group Life and Accidental Death and Dismemberment and Weekly Indemnity coverage's as outlined in the schedule contained in Exhibit "C". Where an employee's regular duties consist of more than one job, his regular rate shall be deemed to be the average of the rates applicable to such jobs.

COSTS

Net costs of the coverage's and benefits made available to participating employees under the Welfare Plan will be shared between the Company and the said employees adhering to the 50:50 partnership principle and in accordance with the following:

Group Term Life Insurance, Accidental Death or Dismemberment Insurance, Medical-Surgical Coverage, Extended Health Benefit and Dental Plan

Company	50%
Employee	50%

Non-occupational Accident and Sickness Insurance, Long Term Disability Plan

Company	50%
Employee	50%

The Weekly Indemnity/Long Term Disability Plan will assume all costs for completion of forms required by the carrier. It is agreed that the cost for completion of forms will not exceed \$25.00 for each form.

REPORTING PERIOD

The report shall cover the twelve (12) month period ending November 30. Such reports will be submitted to the Joint Welfare Board not later than March 1 of each year.

The Board shall distribute copies of the reports to the Local Union concerned.

CHANGES IN PREMIUMS AND EMPLOYEE CONTRIBUTION

It is understood that any change in respect of either the premium rate charged by the carrier or the basis of the employer-employee sharing thereof, may only be made effective as of January 1 in any year.

DISTRIBUTION OF SURPLUS

It is understood that surplus accumulations, if any, will be used only for the purpose of reducing premium costs.

Surplus accumulations must be disposed of within reasonable time limits. Questions in this respect will be referred to the Joint Welfare Board for decision.

OPTIONAL PAYMENTS UNDER LIFE INSURANCE

In any case where the existing Company plan provides optional methods of payment to the beneficiary under the Life Insurance program, such policy provisions will remain in effect.

DISPUTES

No dispute arising out of the operation, administration or interpretation of any coverage contract between the Company and the carrier shall be subject to the Adjustment of Complaints procedure of the Labour Agreement. Any such dispute shall be adjudicated under the terms of such coverage contract.

- (a) Where the insurance carrier has denied an employee Weekly Indemnity or Long Term Disability Benefits, the issue shall be referred to a Standing Committee.

To assist in the appeal of benefits, in addition to a standard Weekly Indemnity or Long Term Disability claim form from the employee's physician, the Employer shall, within seven (7) days, confirm the following documentation has been forwarded to the carrier and copies provided to the Local Union:

- i. A completed job description
- ii. A physical demands analysis which indicates in detail the demands of the particular occupation

From these documents an evaluation is made to identify the essential and peripheral elements of the particular occupation. With input from the Employer, these evaluations will ensure appropriate identification of the key or essential elements of a particular occupation.

In the event the employee's claim is further denied and the employee wishes to further appeal the decision of the carrier, the claimant may, within

fourteen (14) days, refer the denial of the benefit to the Standing Committee.

If the Committee is unable to resolve the dispute claim, the issue will, within fourteen (14) days, be referred to a third party for resolution.

- (b) The mutually agreed upon third party shall have the right to review the claim file, require further examinations or testing of the claimant by a specialist. Costs incurred for medical examinations or specialist testing shall be borne by the carrier. The costs of the third party shall be borne equally by the Union and the Employer.
- (c) The third party will endeavor to complete the assessment and reach a decision on the issue under appeal within fourteen (14) days of referral.

DISPUTED WORKERS' COMPENSATION BOARD WEEKLY INDEMNITY CLAIMS

If an employee covered by the Welfare Plan suffers a disability, payment for which is in dispute with the Workers' Compensation Board, Weekly Indemnity payments under the Welfare Plan will be paid retroactively, as set forth in this Exhibit, if requested by the employee and provided he has been off work for at least two (2) weeks due to the disability without the Workers' Compensation Board having accepted the claim.

If the Workers' Compensation Board claim is subsequently established, the employee will then repay the weekly disability payment received to the appropriate fund or insurance company.

CHANGE IN BENEFITS

In the case of an employee who is on active claim arising from a disability which occurred before a negotiated change in benefits and which continues thereafter, the said employee shall, as from the effective date of the negotiated change, be paid the changed Weekly Indemnity benefit, be covered for the changed Group Term Life Insurance and Accidental Death and Dismemberment Insurance, and make the changed contributions.

COVERAGE DURING LEAVE OF ABSENCE

The following coverage will be provided up to a total of three (3) months in any one calendar year:

- (a) The Welfare Plan for employees on authorized leave of absence on Local Union business.
- (b) Group Term Life Insurance, Accidental Death and Dismemberment Insurance, and Medical-Surgical Coverage for employees on authorized leave of absence for extended vacation purposes.

SURVIVING SPOUSE AND DEPENDENTS COVERAGE

Where a surviving spouse and dependents of a deceased employee are not covered by such plans by reason of their own employment, the Company will extend the coverage under Medical-Surgical Plan, the Extended Health Benefit Plan and the Dental Plan for a period of six (6) months, commencing on the first of the month following the month in which the death occurs.

APPENDIX "1"
DENTAL CARE PLAN

A. BENEFITS

i. Diagnostic Services

All necessary procedures to assist the dentist in evaluating the existing conditions to determine the required dental treatment, including:

Oral examinations
Consultations
X-rays (complete mouth X-rays will be covered only once in a three (3) year period)

ii. Preventive Services

All necessary procedures to prevent the occurrence of oral disease, including:

Cleaning and scaling
Topical application of fluoride
Space maintainers

iii. Surgical Services

All necessary procedures for extractions and other surgical procedures normally performed by a dentist.

iv. Restorative Services

All necessary procedures for filling teeth with amalgam, synthetic porcelain, and stainless steel crowns. Gold inlays or onlays will be provided as a filling material only when teeth, in the professional opinion of a dentist, cannot be restored with any of the above materials. Gold foil will be provided only in cases of repair to pre-existing gold restorations.

v. Prosthetic Repairs

All necessary procedures required to repair or reline fixed or removable appliances.

Endodontics

All necessary procedures required for pulpal therapy and root canal filling.

vi. Periodontics

All necessary procedures for the treatment of tissues supporting the teeth.

vii. Prosthetic Appliances and Crown and Bridge Procedures

- a) Crowns and bridges.
- b) Partial and/or complete dentures, but not more than once in five (5) years.

viii. **Orthodontics**

The services of a certified Orthodontist, registered as such by the College of Dental Surgeons of British Columbia, only after the patient has been covered continuously for twelve (12) months. Appliances lost, broken or stolen will not be replaced.

The maximum lifetime benefit is \$3,500 per person for all services provided by an Orthodontist.

B. CO-INSURANCE

In respect of Benefits (i) to (vii), the Plan will provide reimbursement of 85% of eligible expenses.

Benefits (viii) and (ix) will be subject to 50% co-insurance.

APPENDIX "2"

LONG TERM DISABILITY PLAN SUMMARY

ELIGIBILITY

- (a) All hourly employees who are working full-time for full pay will be eligible for coverage. Minimum hours worked must be no less than thirty (30) per week.
- (b) Coverage will commence after thirty (30) days of service.
- (c) Employees must be actively at work, full-time and for full pay on the date coverage commences.

2. LEVEL OF BENEFITS

50% of regular weekly earnings calculated at forty (40) times the disabled employee's hourly straight time job rate at the date of onset of disability plus any negotiated increases to that hourly straight time job rate which would take place during the elimination period.

3. ELIMINATION PERIOD

Benefits commence after the employee has been totally and continuously disabled for fifty-two (52) weeks or has exhausted his weekly indemnity benefits, whichever occurs last.

4. L.T.D. BENEFIT PAYMENTS

- (a) There will be a minimum of sixty (60) months of benefit payment for persons with sixty (60) or less months of service.
- (b) Additional benefits will be paid on the basis of one (1) month for each two (2) months of continuous service beyond the sixty (60) months service with the Company, up to the date of onset of disability.
- (c) For those who were either on W.I. or L.T.D. effective July 1, 1988, and continue to be disabled, benefits will be paid to age sixty (60) as a minimum if the employee does not have sufficient service to carry him further under (b) above. At the point that he runs out of L.T.D. benefit, he can elect to either retire early or go on disability pension benefit until age sixty-five (65), at which time he will retire.
- (d) For new claims that commence after July 1, 1988, benefits will be paid to age sixty (60) as a minimum if the employee does not have sufficient service to carry him further under (b) above. At the point when he runs out of L.T.D. benefit, he will retire.

Benefit payment will not be paid beyond age sixty-five (65) and in all cases, will cease on recovery.

5. DEFINITION OF TOTAL DISABILITY

- (a) The disabled employee's inability to perform the duties of his own occupation for the first eighteen (18) months of L.T.D. disability payments and thereafter, his inability to perform the duties of any occupation for which he is qualified by education, training or experience.
- (b) During a period of disability the disabled employee must be under the regular care and attention of a medical doctor, or in cases of disability arising from a mental or nervous condition, a psychiatrist.

6. INTEGRATION WITH OTHER DISABILITY INCOME

- (a) The benefit from this plan combined with all other disability income to which the disabled employee is entitled will not exceed 70% of the employee's basic wage at date of disability.

All other disability income will include: C.P.P./Q.P.P. primary disability pension benefits, Workers' Compensation, disability income from a group or association plan, disability income arising out of any law or legislation, and wage continuation or pension plan of any employer including the Pulp and Paper Industry Pension Plan. Private or individual disability plan benefits of the disabled employee will not reduce the benefit from this plan.

In the event that all other disability income reduces the payment from this plan below \$25.00 per month, this plan will nevertheless pay a minimum of \$25.00 per month from the date disability income commences.

- (b) Increases in C.P.P./Q.P.P. disability pensions or Workers' Compensation disability pensions that result from increases in the Canadian Consumer Price Index and which occur after the date disability payments from this plan commence, will not further reduce the benefits from this plan.

7. REHABILITATIVE EMPLOYMENT

- (a) During a period of total disability under this plan, a disabled employee may engage in rehabilitative employment, in which case, the benefit from this plan will be reduced by 50% of the employee's rehabilitative employment income that exceeds \$50 per month. The benefit from this plan will be further reduced by the amount that remuneration from rehabilitative employment plus the benefit from the L.T.D. plan exceeds 75% of the employee's basic wage at date of disability.

- (b) Rehabilitative employment shall mean any occupation or employment for wage or profit or any course or training that entitles the disabled employee to an allowance, provided such rehabilitative employment has the approval of the employee and his doctor in consultation with the underwriter of the L.T.D. plan.
- (c) Rehabilitative employment will be deemed to continue until such time as the employee's earnings from rehabilitative employment exceed 75% of his straight time earnings at date of disability but, in no event, for more than twenty-four (24) months from the date rehabilitative employment commences.

8. EXCLUSIONS

Disabilities resulting from the following are not covered:

- (a) War, insurrection, rebellion or service in the armed forces of any country.
- (b) Participation in a riot or civil commotion.
- (c) Intentionally self-inflicted injuries.
- (d) Pregnancy, childbirth, miscarriage or abortion. Severe complications following termination of pregnancy will however, be covered.

9. PRE-EXISTING CONDITIONS

A disability that results from an accident, illness, mental or nervous disorder for which the employee received treatment or medical supplies within the ninety (90) day period prior to joining the plan, will not be covered unless the employee has completed twelve (12) consecutive months of employment during which he was not absent from work from the aforementioned accident, sickness or mental disorder.

10. SUCCESSIVE DISABILITIES

A subsequent disability that is related to a previous disability and occurs within six (6) months of an employee's return to work will be considered a continuation of the previous L.T.D. disability and the employee will not be eligible for weekly indemnity benefits. The employee under these circumstances will be eligible to receive benefits without the necessity of completing another elimination period.

11. TERMINATIONS

Coverage will cease:

- (a) On termination of employment.
- (b) On a date fifty-two (52) weeks prior to an employee's 65th birthdate.
- (c) On the date leave of absence commences except as provided for in the Labour Agreement.

- (d) On the date an employee is laid off except when an employee has requested continuation of coverage in accordance with section 6 of Article XXI of the Labour Agreement, in which case, coverage under the plan will continue only for the periods specified in the aforementioned sections of the Agreements. In the event an employee becomes totally disabled while covered by this plan under this provision, the elimination period will commence on the date such an employee is scheduled to return to active full-time employment.

Employees who have sufficient seniority and who request continuation of coverage under this plan during a period of lay-off will be required to pay their portion of the plan premium.

12. CONTRIBUTION WAIVER

Contributions are to be waived when an employee is in receipt of L.T.D. payments.

13. LONG TERM DISABILITY - ADJUSTMENT

An employee who is under 60 years of age and has previously reached his/her 5 year anniversary on long term disability, will have his/her future disability benefit recalculated using the greater of his/her existing long term disability benefit or a recalculation using the base rate.

An employee who reached a subsequent 5 year anniversary (i.e., 10 years, 15 years, 20 years, etc.) on long term disability and is under 60 years of age will have his/her future disability benefit recalculated using the greater of his/her existing long term benefit or a recalculation using the base rate that is in place on that date.

The recalculated weekly benefit when combined with all other disability income to which the disabled employee is receiving will not exceed 70% of 40 hours multiplied by the base rate in effect at the time of the recalculation.

CONDITIONS FOR IMPLEMENTING THE PLAN

- (1) The Long Term Disability Plan is payment in kind of the employee's share of the reduction in the Unemployment Insurance Premium resulting from the qualification of the Weekly Indemnity Plan under the Unemployment Insurance Regulations. The full U.I.C. premium reduction, including the employee 5/12th's share, will be retained by the employer.
- (2) When an employee becomes totally disabled under this plan he or she will be paid any outstanding entitlement with respect to vacations, supplementary vacations, statutory holidays, special (personal) floating holidays, and any half-time portion of banked overtime.
- (3) Upon commencement of L.T.D. benefits, all terms and conditions of the Collective Agreements will become inoperative except where provided for in Article 4 (b), (c) and (d) below.

- (4) (a) Negotiated wage increases will apply as per Article 2 of the Plan Summary but subsequent increases in plan benefits will not affect employees on L.T.D. benefits.
- (b) Employees in receipt of L.T.D. benefits from this plan will continue to accrue credit under the Pulp and Paper Industry Pension Plan provided such employees are not in receipt of a disability pension under the Pulp and Paper Industry Pension Plan.
- (c) Employees in receipt of disability payments from this plan will continue to be covered under his employer's medical, extended health and dental plans. Coverage under the employer's group life and A.D. & D. plans will also continue in accordance with the conditions of those plans.
- (d) An employee returning to work from an L.T.D. claim will return to a job his seniority, qualifications and ability to perform the work properly entitle him to.
- (e) Active claims, as referred to in Section 14 of Exhibit "C" of the Labour Agreement, will be defined as that period of time during which an employee is in receipt of weekly indemnity payments only.

EXHIBIT "D"
APPRENTICESHIP TRAINING PROGRAM

1. The purpose of the Program is to provide tradesmen of the highest calibre.
2. The Apprenticeship Training Program will cover the trade where applicable for the mill, as set forth below:

Electrician
Machinist
Pipefitter
Carpenter
Welder
Painter
Pipefitter / Lagger

Mason
Automotive Mechanic
Instrument Mechanic
Sheet Metal Worker
Millwright
Heavy Duty Mechanic

GENERAL PRINCIPLES

3. The period of Apprenticeship Training will be as defined by the Apprenticeship Branch for each trade. The Apprentice will receive the Journeyman rate on successful completion of his Apprenticeship or after successful completion of four (4) years, whichever happens sooner, only on the understanding that he completes his full term of training. If the Apprentice refuses to continue his training, he will be removed from the Program with no standing as a Journeyman in his trade.
4. Training syllabus for each trade to be designed to meet the requirements of the particular trade involved.
5. All provisions of the Labour Agreement shall be applicable to Apprentices in the Program.
6. Apprentices hired with previous training may be placed into the Training Program at a level determined by the Joint Apprenticeship Committee, with advice from the Apprenticeship Branch.
7. Under the Program, Apprentices will receive rates as per Exhibit "A" of the Labour Agreement. Progression through the schedule of rates is subject to successful completion of prescribed theoretical training, practical training and tests. The schedule of rates applies on date of qualification or as otherwise provided for in Item 12.

JOINT UNION-MANAGEMENT APPRENTICESHIP COMMITTEE

8. This Committee will be comprised of an equal number of Union and Management representatives not to exceed, in total, three (3) from each group.

The purpose of the Committee will be to develop and supervise the procedures required to carry out the intent of the Program as agreed to. The Committee will also carry out the following duties:

- (a) The Company to establish in-plant training programs to support the training syllabus as developed by the Industry Training Authority for each trade involved. Supervision of the established Program shall be the responsibility of the Joint Committee.
- (b) Set standards for entry into the Apprenticeship Program that are not inconsistent with the standards recommended by the Industry Training Authority.
- (c) Carry out periodic reviews of the training programs at intervals of not more than three (3) months.
- (d) See that the required practical tests are carried out in cooperation with the Industry Training Authority
- (e) Determine the tool requirements by years of training.
- (f) Joint Committee to review any case of lost time from the program because of sickness, accident, etc., and to determine the amount of additional time necessary before an employee meets his requirements of time served.

CENTRAL ADVISORY COMMITTEE

9. There shall be established a Central Advisory Committee of representatives of Labour and Management, for the purpose of considering policy questions and possible necessary amendments from time to time. This Committee is to be composed of equal representation from Labour and Management, not to exceed, in total, three (3) from each group.

ENTRY TO PROGRAM - NEW APPRENTICES

10. Selection for entry into the Program of persons who have no previous training in the trade will be made by the Company, provided that the standards for acceptance established by the Joint Union/Management Apprenticeship Committee and the Industry Training Authority are applied and that first consideration is given to mill employees.

SCHEDULE OF TRAINING FOR APPRENTICES

11. Upon completion of each period of training at an approved Vocational School, an Apprentice will be required to pass examinations set by the Industry Training Authority. Practical examinations shall be confined to the area of training received. In the event of failure to pass examinations, the Apprentice shall be required to undergo a period of re-training on subject material specified by the Industry Training Authority and will be required to be re-examined within twelve (12) months.

Failure to pass the second examination will result in a review of his position by the Joint Apprenticeship Committee and could result in his removal from the Program. Employees who are removed from the Program will be offered an entry job in keeping with their plant seniority.

12.

- (a) Successful applicants will be assigned to a specific trade as a probationer for a two month period. During the probationary period, he shall receive the first year apprentice rate.
- (b) During each year of Apprenticeship, he shall work at the trade and attend Vocational School as required by the regulations pursuant to the Apprenticeship Act.
- (c) Upon the successful completion of his term of Apprenticeship and receipt of his certificate of Apprenticeship, issued by the Provincial Apprenticeship Committee, the Apprentice shall be designated as a certified Journeyman at the regular hourly rate for "A" Mechanics.
- (d) If any of the aforementioned work periods are exceeded due to the unavailability of Vocational School facilities, such extra time will be credited to the Apprentice in succeeding training requirements. Also, the Apprentice's rate shall be adjusted retroactively to the commencement of the scheduled year providing he successfully passes the examinations. Retroactivity will not apply where re-testing is necessary.
- (e) For trades exceeding four (4) years, the following shall be in addition to the above. On successful completion of the fourth period of training at the Vocational School, and having spent twelve (12) months as a fourth year apprentice, he shall be reclassified and paid the fifth year Apprentice rate which is equivalent to the "A" Mechanic rate for the following twelve (12) months. On completion of the final period at the Vocational School, the fifth year apprentice shall write his final examination set by the Industry Training Authority and upon becoming certified, shall be designated as a certified Journeyman at the regular hourly rate for "A" Mechanics.

13. Wherever reference is made to a year (or twelve months) as an apprentice, it shall mean a period of not less than 1600 hours worked, the said period to include time spent at the vocational school.

COST OF BOOKS

14. The Company will pay 100% of the cost of textbooks specified by the Industry Training Authority. The apprentice will keep these books as his personal property.

ALLOWANCES AND WAGE MAKE-UP

15. While attending an approved Vocational School, the Apprentice will receive from the Government, allowances and school expenses in accordance with the

Government's schedule of grants pertaining to Apprenticeship Training. In addition, the employee shall receive from his employer, an allowance comprised of the difference between his regular straight time rate, based on a forty (40) hour week, and the weekly living allowance granted by the appropriate government authorities. Allowances provided by the employer shall not apply to any periods of retraining as specified in Item 11.

GENERAL

- (a) The Company agrees to develop and provide a program of on-the-job training for each trade, which shall include doing jobs of gradually increasing skills consistent with the apprentice's training and ability.
- (b) Apprentices will be required to acquire and build a kit of tools progressively throughout the program, as specified by the Industry Training Authority and the Joint Union/Management Apprenticeship Committee.
- (c) A category known as "Trade Utility" may be established in the Mechanical Department and complement for such category will be determined at the Mill level.

Employees in this category will be employed to assist tradesmen and apprentices with labour and similar work but will not be used in a manner that will interfere with the application of the training program. Trade Utility rates will be paid in accordance with Exhibit "A".

EXHIBIT "E"
STEAM PLANT VOCATIONAL LEAVE

1. FOURTH CLASS CERTIFICATE

Upon successful completion of the BCIT Correspondence Course for a FOURTH CLASS POWER ENGINEERING CERTIFICATE, or possessing equivalent qualifications acceptable to the Vocational School authorities, employees shall be granted three (3) weeks leave of absence with pay to attend an approved Vocational School to complete the course and write the examination for the Fourth Class Power Engineering Certificate.

During his first week at the School, the employee will be evaluated by the school authorities to determine his knowledge of the subject, and if the evaluation is favourable, he will continue his studies at the school during the two weeks and write the prescribed examination. In the event that the evaluation is not favourable, the school authorities will indicate to the employee those areas where further study is needed and he will return to the mill and carry out the recommended home studies. Upon completion of this additional studying, the employee will be granted three (3) weeks leave of absence, two (2) weeks with pay and one (1) without, to return to the Vocational School to complete the course and write the prescribed Fourth Class Certificate examination.

2. THIRD CLASS CERTIFICATE

Upon successful completion of the BCIT Correspondence Course for a THIRD CLASS POWER ENGINEERING CERTIFICATE, or possessing equivalent qualifications acceptable to the Vocational School authorities, employees shall be granted six (6) weeks leave of absence with pay to attend an approved Vocational School to complete the course and write the examination for the Third Class Power Engineering Certificate.

During his first week at the school, the employee will be evaluated by the school authorities to determine his knowledge of the subject, and if the evaluation is favourable, he will continue his studies at the school during the following four weeks and write the prescribed examination. In the event that the evaluation is not favourable, the school authorities will indicate to the employee those areas where further study is needed and he will return to the mill and carry out the recommended home studies. Upon completion of this additional studying, the employee will be granted five (5) weeks leave of absence, four (4) weeks with pay and one (1) without, to return to the Vocational School to complete the course and write the prescribed Third Class Certificate examination.

3. SECOND CLASS CERTIFICATE

Upon successful completion of the BCIT Correspondence Course for a SECOND CLASS POWER ENGINEERING CERTIFICATE, or possessing equivalent qualifications acceptable to the Vocational School authorities, employees shall be granted ten (10) weeks leave of absence with pay, on the basis set forth hereunder, to attend an approved Vocational School to complete the two-part course and write the examination for the Second Class Power Engineering Certificate:

- i) Five (5) weeks leave of absence with pay to complete Part "A" (Mathematics & Physics).
- ii) Five (5) weeks leave of absence with pay to complete Part "B" (Basic Engineering).

During his first week at school in each of the above mentioned cases (i) and (ii), the employee will be evaluated by the school authorities to determine his knowledge of the subject, and if the evaluation is favourable, he will continue his studies at the school during the following four(4) weeks and write the examination prescribed for Part "A" or "B", whichever is applicable. In the event that the evaluation is not favourable, the school authorities will indicate to the employee those areas where further study is needed and he will return to the mill and carry out the recommended home studies. Upon completion of this additional studying, the employee will be granted five (5) weeks leave of absence, four (4) weeks with pay and one (1) without, to return to the Vocational School to complete the course and write the examination prescribed for Part "A" or "B", whichever is applicable.

4. BASIS OF PAY

One (1) week's pay shall be equal to forty (40) hours at the straight time hourly rate of the employee's regular job.

5. ADDITIONAL LEAVE

Leaves of absence with pay will be granted to Steam Plant personnel on the basis as set forth in 1, 2, and 3 above. Any further Vocational Training required to pass each respective certificate shall be at the employee's expense and such additional leave of absence will be granted.

6. BOOKS

The Company will pay 100% of the cost of textbooks specified by the Vocational Training School as required for those writing for Power Engineering Certificates. The employee will keep these books as his personal property.

7. EXAMINATION AND TUITION FEES

The Company will bear the cost of the prescribed Examination and Tuition Fees, if any, required of candidates writing for Power Engineering Certificates.

8. TRANSPORTATION ALLOWANCE

The Company will grant transportation allowance to Steam Plant personnel attending Vocational School on the same basis that transportation allowance is being granted at the time by the Apprenticeship Branch to apprentices attending an approved Vocational School.

9. TIMING OF LEAVE

Leaves of Absence will be granted at a time suitable to the Company, bearing in mind the Vocational School curriculum.

10. **NUMBER ON LEAVE**

Normally it will not be possible to grant leave of absence to more than one Steam Plant employee at a time. However, if relief is available, this limit may, at the discretion of the Company, be exceeded.

11. **GOVERNMENT ALLOWANCES**

If at any time provision is made whereby transportation and/or other allowances are granted by the Government to Steam Plant personnel attending an approved Vocational School to write for Power Engineering certificates, the provisions set forth above will then be amended to take into account such Government allowances.

12. **LIVING OUT ALLOWANCE**

While an employee is attending Vocational School on the basis set forth in 1, 2, and 3 above, his employer will pay him a living out allowance which, combined with any Government living out allowance to which he may be entitled, is equal to the living out allowance he would receive from the appropriate Government authorities as an Apprentice, pursuant to Section 15 of Exhibit "D".

LETTER OF UNDERSTANDING - FLEXIBLE WORK PRACTICES

1. The introduction of flexible work practices is designed to improve productivity, improve product quality, reduce down time and lower costs while ensuring that the work is completed in a safe manner. The efficiencies that result from flexible work practices are also intended to assist in fulfilling the intention of Article 25 of the Labour Agreement.
2. The parties agree that this letter on flexible work practices recognizes that the primary responsibility for the operation of the mill will remain with operators and the primary responsibility for maintaining the mill will remain with trades persons and steam plant maintenance employees.
3. It is understood that the intent of this letter will supersede local practices, and verbal and written agreements which would impair the implementation of flexible work practices.
4. All work will be performed in a manner consistent with safety articles of the labour agreement as well as the Company's safety rules and the regulations issued by the Workers' Compensation Board of B.C. It is recognized that some tasks can only be performed by employees who possess certain government certifications and in that instance, the work will only be performed by employees who possess the required government certificate.
5. The intent of this agreement is to provide that all employees will safely utilize all of their existing skills and maximize their productivity and learn and use new skills to enhance their effectiveness.
6. The parties recognize that the acquisition of new skills that facilitate the implementation of flexible work practices is an ongoing process and will continue over time to support the changing needs of the business.
7. The Company agrees that no employee will lose their employment with the Company as a direct result of the implementation of flexibility initiatives under this letter. This provision applies to only those employees employed at the date of ratification of this agreement.
8. No trades person or apprentice will be involuntarily displaced from their respective trade on a permanent basis as a result of the implementation of flexible work practices.
9. It is not intended that flexible work practices shall result in a trades person being assigned to a non trades classification when someone outside of his trade is performing his trade core duties.
10. The Company agrees that no employee's regular job rate will be reduced when he is assigned to perform work under this work place flexibility agreement. This does not apply to an employee who is laid off or whose job is temporarily curtailed and is recalled or works in a different job category on the basis of mill seniority.

11. The Company commits to maintain apprenticeship agreements.
12. For the term of the renewed Labour Agreement, the Company and the Union agree to establish and participate in a Joint Committee, which will meet quarterly to discuss issues related to productivity, morale, profitability, work opportunities, market conditions, any alleged discrimination, the ongoing effectiveness of flexible work practices and any other problem
13. The parties agree that disputes relating to the implementation of this letter shall be reviewed by the Joint Committee which will make every effort to resolve these disputes in accordance with the spirit and terms of this letter.

Dated this ____ day of December 2005.

For Neucel

For CEP Local 514

LETTER OF UNDERSTANDING: APPRENTICESHIP

On successful completion of the required period of vocational school training, the Company will reimburse out-of-town expenses to a maximum of thirty dollars (\$30.00) per school day attended. This reimbursement will also apply to Steam Plant personnel.

It will be paid after the employee's return to work and when verification of vocational school attendance is received from the appropriate agency.

Dated this ____ day of December 2005.

For Neucel

For CEP Local 514

LETTER OF UNDERSTANDING: JOB SECURITY AND JOB ELIMINATION

In the event that downsizing occurs under the Job Security and Job Elimination articles of the Labour Agreement, the Company undertakes to discuss the application of the severance pay provisions with the Union.

Dated this ____ day of December 2005.

For Neucel

For CEP Local 514

**LETTER OF UNDERSTANDING
APPLICATION OF ARTICLE VI – HOURS OF WORK – BANKED TIME**

The parties agree that the provisions under Article VI – Hours of Work - Section 2: (3) Banked Time shall be suspended for the term of the 2005 – 2010 Labour Agreement.

Dated this ____ day of December 2005.

For Neucel

For CEP Local 514

**LETTER OF UNDERSTANDING
APPLICATION OF ARTICLE XXII – CONTRACTING OUT**

Due to the unique situations that will arise during the period of December 1, 2005 and November 30th, 2010, the parties agree that the work required during this period to get the mill operational and work required to accomplish the necessary capital improvements is critical for the future success of the Port Alice mill.

The parties agree that there may be occasions where there may be some exceptions to the provisions under Article XXII – Contracting Out during this period. These exceptions will be presented to the Standing Committee for discussion and review. The Company and Union are committed to finding a reasonable solution to ensure that mill employees are not displaced due to these exceptions.

Dated this ____ day of December 2005.

For Neucel

For CEP Local 514

**LETTER OF UNDERSTANDING
RETURN TO WORK PROTOCOL**

The parties agree that a meeting(s) shall be convened within two (2) weeks from the date of ratification to discuss and implement employees return to work.

If the parties fail to agree on an appropriate protocol then the Employer will be free in its sole discretion to hire or call employees to work as it sees fit.

Dated this ____ day of December 2005.

For Neucel

For CEP Local 514
